1. **IDENTIFICATION**

<table>
<thead>
<tr>
<th>Title</th>
<th>Framework Programme in support of EU-Ukraine Agreements (CRIS ref. ENPI/2011/22827)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total cost</td>
<td>EU contribution: EUR 30 million (including EUR 20 million for the CIB programme)</td>
</tr>
<tr>
<td>Aid method / Method of implementation</td>
<td>Project approach - direct centralised management, joint management</td>
</tr>
<tr>
<td>DAC-code</td>
<td>15110</td>
</tr>
</tbody>
</table>

2. **RATIONALE**

2.1. **Sector context**

In June 2010 the Economic Reforms Programme for 2010-2014 was approved by the President of Ukraine. This Programme forms the basis for governmental reforms in important areas such as sustainable economic and social development, business climate and modernisation of infrastructure. It targets many reform challenges specified in the list of the EU-Ukraine Association Agenda priorities for 2010¹, as well as aims at preparing ground for implementation of Ukraine's obligations under the future Association Agreement (AA) and Deep and Comprehensive Free Trade Area (DCFTA).

Effective implementation of the Programme is secured through assigning personal responsibility for each reform area to the relevant Vice Prime Ministries, Ministries and officials of the Presidential Administration, as well as by establishing a Coordination centre for economic reforms.

Ukraine has also recognised public administration reform (PAR) as a pre-condition for the successful implementation of the Economic Reforms Programme. Following the preparatory stage launched by the President of Ukraine in October 2010, the first phase of the PAR has been launched by the presidential decree of 9 December 2010 on 'the optimisation of the system of the central executive bodies'.

According to the decree, central government will operate through ministries and five types of central executive bodies: services, agencies, inspections, regulatory bodies and bodies with special status. The central bodies are coordinated by the Government through relevant members of the Cabinet of Ministers. Of a total of 112 central executive bodies, 72 have been retained: 16 ministries, 28 services and 7 inspections, 17 agencies and 4 bodies with special status.

Immediately after the decree of 9 December the Government has adopted a number of follow-up decisions: a) reduction of the staff of the Secretariat of the Cabinet of Ministers by 50%; b) reduction of the staff of the central executive bodies by 30%; c) creation of 35 commissions for reorganisation of central executive bodies; d) creation of 5 commissions for liquidation of concerned executive bodies.

The President foresees to submit to the Parliament a number of draft laws that will ensure implementation of the PAR (draft law on civil service, on central executive bodies, anti-corruption laws).

The launch of the PAR represents both an opportunity and a challenge for the implementation of this Framework programme. The present reform environment will stimulate a demand-driven approach toward capacity building support. However, political implications and social impact of the restructuring process may reduce the ownership and efficiency of the EU assistance to the initiated reforms.

Therefore, together with technical matters, the EU will aim at promoting broad changes of the administrative culture, including governance and accountability aspects, efficient public finance management and service-oriented approach to the relationship with citizens and business.

The CIB is a programme meant to support capacity building of selected institutions key in the negotiation and implementation of future agreements between the EU and Ukraine.

The CIB Framework Document for Ukraine includes one horizontal area related to overall policy making for regulatory approximation and three vertical sector areas linked to the implementation of the future DCFTA (sanitary and phyto-sanitary regulation, state aid control), as well as to the implementation of the Agreement on Readmission between Ukraine and the EU and the ongoing Visa Dialogue (migration).

The sector context related to these areas after the launch of the PAR is provided below.

2.1.1 Steering and implementation process for AA and DCFTA

The policy coordination in the field of regulatory approximation with the EU is led by various central executive bodies, including the Ministry of Foreign Affairs, the Department for European Integration of the Secretariat of the Cabinet of Ministers, the Ministry of Justice and the Ministry of Economic Development and Trade. Following the constitutional reform of October 2010, the role of the Presidential Administration has been significantly strengthened in steering the EU-Ukraine cooperation policy.

The Coordination Council for Approximation of the Ukrainian Legislation to the Legislation of the EU under the chairmanship of the Prime Minister of Ukraine is likely to face organisational problems due to the ongoing restructuring process in the majority of the above-mentioned central executive bodies.

2.1.2 Sanitary and phyto-sanitary regulation (food safety)

The State Veterinary and Phyto-Sanitary Service (SVPSS) has been established by the presidential decree of 9.12.2010. This Service will be coordinated by the Minister of Agricultural Policy and Food.

The Ministry of Agricultural Policy and Food is also undergoing a restructuring process in order to focus on policy making and regulatory functions and to transfer other functions (service delivery, control, sub-sector regulation) to the relevant agencies and services, including the SVPSS.

2.1.3 State aid control

The development of the system of state aid is developing quite slowly. The Government has rejected the Concept adopted in early 2010 and currently there is an intention to prepare a draft law on state aid.

According to a presidential decree in December 2010, the Ministry of Economy is to be reorganised in the Ministry of Economic Development and Trade. Other related institutions (Antimonopoly Committee and the Ministry of Finance) have not been particularly affected by the current restructuring process.

It seems that the current reform of the central government may contribute to clarifying roles and functions in the field of state aid control, including through adoption of a framework law defining main principles and responsible institutions.
2.1.4 Migration

On 22 November 2010 during the EU-Ukraine Summit, the Action Plan towards visa liberalisation has been adopted. This Plan sets out main conditions to be met by Ukraine to progress towards the establishment of a visa free regime as a long term perspective for short stay travel for Ukrainian citizens.

The Plan covers document security, illegal migration and readmission, public order and security, external relations. The CIB programme will therefore contribute to the implementation of this Action Plan.

The State Migration Service (SMS) has been established by presidential decree in December 2010. The Service will be coordinated by the Minister of Interior and its responsibility will include citizenship, immigration, registration of physical persons and migration issues linked to the legislation on refugees. It should be noted that the State Committee for Nationalities and Religions has been liquidated.

The Framework programme will focus both on the CIB and on other TA/twinning support.

2.2. Lessons learnt

The past assistance projects have identified inadequate capacity of the beneficiary institutions, instability of senior and middle level civil servants, low absorption capacity for external assistance, strong dependence of the projects’ outputs on the approval of new legislation by the Parliament.

Regarding the regulatory approximation, the main lesson is that political support at a high level is a crucial factor for the successful implementation of assistance projects. This support has not always been consistent and as solid as it was needed in the past. The EU will need to closely monitor the new political environment appeared after the elections and the current institutional/administrative reform.

Concerning other CIB areas (SPS, migration, state aid) experience shows that the lack of coordination, unclear division of tasks and insufficient budget allocations to the sector may affect greatly the progress of reforms. The lack of political determination at the Government's level or lack of policy consensus between the Government and the Parliament regarding the adoption of the basic legislative or policy documents is a major obstacle both for capacity development support and for the overall reform process.

It will therefore be crucial for the success of this Framework Programme to ensure that any new project is in-built in a “reform environment” within the sector in question. This means that there must be a clear commitment to reform in the sector prior to launching capacity development measures, which will ensure achievement and enforcement of project results and recommendations, especially related to legislation.

The process of optimisation of the central executive bodies launched in December 2010 could create an appropriate "reform environment" that could further contribute to clarifying institutional reform needs and capacity development support to be provided within this Framework programme.

Indicators for each reform programme will need to be clearly identified, in order to settle transparent and reliable milestones for all involved stakeholders.

2.3. Complementary actions

To ensure effective follow-up of the EU assistance channelled through sector policy support programmes and to support the Government's efforts regarding donor coordination, all activities under this Framework Programme will be harmonised and will build on the results of ongoing (programmed) EU interventions and support by other donors provided for the selected sectors.
The ongoing EU-funded projects linked to the CIB areas will be encouraged, to the extent possible, to support the drafting of the IRPs. In particular, ongoing projects related to the SPS and the state aid control, have already provided their support to drafting of the relevant Institutional Reform Plans. Other available instruments such as TAIEX will complement this Programme as well as policy advice from EU member states e.g. in state aid matters and on migration issues.

The Sigma Programme input is envisaged for an institutional assessment and targeted support regarding horizontal dimensions of governance (policy making, civil service, administrative legal framework).

Complementarity will be ensured through Government-Donor Coordination operating on the basis of the regular meetings between national stakeholders and donors in the framework of thematic groups.

Due to the ongoing re-structuring of central executive bodies delays in the drafting of all IRPs have been experienced since this public sector reform process was started by Presidential decree of 9.12.2010. This also concerns the SPS IRP which had so far been most advanced.

2.4. Donor coordination

The existing Government-Donor coordination mechanism should be used in order to associate the national stakeholders, the EU and donor community to implementation of this Framework Programme. Donor coordination will be particularly important for the CIB programme as it is open to participation and funding of other donors like EU Member States and international organisations. The coordination by Government of Ukraine remains a challenge and it will therefore be increasingly requested to lead the overall coordination process focusing particularly on the four CIB areas.

Monthly EU donor coordination meetings, chaired by the EU Delegation give the opportunity to exchange information between the EU Member States interested to support the CIB areas and other priorities of the EU-Ukraine Association Agenda. For the time being, the UK will provide a targeted assistance to the development of the CIB Institutional Reform Plans regarding migration and state aid.

The effectiveness of donor coordination within this Framework Programme will considerably depend on the overall policy making and coordination capacities of the public authorities involved in the steering and implementation process for the AA and DCFTA and targeted under the horizontal priority of the CIB programme.

3. Description

3.1. Objectives

Overall objective:

To effectively raise Ukrainian institutions' capacities in the preparation and implementation of the EU-Ukraine Association Agreement, including the DCFTA and visa liberalisation dialogue, as well as in meeting the objectives of the EU-Ukraine Association Agenda.

Specific objectives:

- a limited number of (core) institutions that are central in preparing the ground for and implementing future Association Agreement, including the DCFTA and visa liberalisation dialogue are effectively enabled to perform their roles and functions through targeted capacity development support;

- enhanced capacities of relevant institutions within the Ukrainian administration allow them to comply effectively with the commitments set forth in the EU-Ukraine Association Agenda;
- preparatory, monitoring, evaluation and audit work necessary for timely and efficient launch and implementation of actions in priority sectors in line with EU-Ukraine Association Agenda is implemented.

### 3.2. Expected results and main activities

The expected results are the following:

- further progress on the Association Agenda commitments and overall reform process is achieved by closer EU-Ukraine cooperation and increased assistance in priority sectors;

- improved capacities of the Government for strategic planning, policy making and public finance management in line with national reform agenda and priorities of the regulatory approximation process with the EU;

- selected institutions have the capacity and the necessary human and financial resources to further negotiate the EU-Ukraine agreements and to implement the undertaken commitments;

- assistance to Ukraine under ENPI annual programming in the priority sectors is relevant and timely, and project implementation is monitored and evaluated.

To meet its objectives and results above, the Framework Programme will have the following components:

#### 1. Preparatory work for the development of CIB Institutional Reform Plans (IRP)

##### 1.1. Support to the CIB implementation

The Main Department of the Civil Service (MDCS) has been designated as the CIB Coordinator. It is also acting as the Twinning Programme Administration Office and focal point for TAIEX and Sigma.

It should be noted, that the MDCS has not been mentioned in the presidential decree on optimisation of the central executive bodies meaning this institution might either be liquidated with transfer of its functions to other central executive bodies, or be placed under the authority of the Presidential Administration as an auxiliary body. The future status of the MDCS is supposed to be clarified in 2011 with the submission of the draft law on civil service.

Despite final decision on the MDCS’ future status and functions, this sub-component will focus on supporting effective management of the overall IRP process, from design to implementation, as well as on ensuring monitoring and reporting of progress made in the implementation of the CIB programme and other EU-Ukraine Association Agenda priorities.

It is envisaged to structure support to the CIB implementation in the following way:

- strengthening project management capacity, including for the CIB institutions that will initiate and design capacity development measures based on their IRPs. This component will be also open to institutions dealing with other priorities of the EU-Ukraine Association Agenda;

- ensuring monitoring of the CIB implementation, impact assessment, awareness raising and information provision;

- supporting sustainable performance of the CIB Coordinator in terms of methodology, human capacity, overall coordination of the CIB programme.

Given the cross-cutting character of needs identified above, this sub-component will be integrated within the horizontal reform challenge of the CIB programme (see section 2.1).
1.2. Support to the development of Institutional Reform Plans

On 10 November 2010 the Government of Ukraine has adopted an Action Plan for the preparation of the Institutional reform Plans (IRPs), envisaging creation of the working groups in each CIB area, carrying out needs assessment and functional review in the relevant CIB institutions and conducting dialogue with the EU concerning the structure and content of the future IRPs. Draft IRPs are expected to be submitted to the Cabinet of Ministers by May 2011.

However, it should be noted that the optimisation of the central administration launched in December 2010 is likely to delay the finalisation of the IRPs due to the parallel restructuring processes associated with staff turnover and diffused responsibilities and coordination mechanisms.

On 7-8 December 2010 the MDCS has organised launching workshops with the CIB institutions dealing with regulatory approximation, migration and state aid control. Following these meetings, expected support to the IRPs development has been defined as follows:

<table>
<thead>
<tr>
<th>Steering and implementation process for AA and DCFTA</th>
<th>SIGMA programme</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sanitary and phyto-sanitary</td>
<td>Ongoing EU-funded projects in the sector</td>
</tr>
<tr>
<td>State aid control</td>
<td>TAIEX Assessment Mission, policy advice provided by the UK</td>
</tr>
<tr>
<td>Migration</td>
<td>TAIEX Assessment Mission, policy advice provided by the UK</td>
</tr>
</tbody>
</table>

Further to the establishment of the working groups in charge of the IRPs drafting in each CIB area, a number of preparatory actions have been implemented:

<table>
<thead>
<tr>
<th>Steering and implementation process for AA and DCFTA</th>
<th>SIGMA programme mission held on 1-2/02/2011 to assess the current institutional set-up for in the European integration policy coordination</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sanitary and phyto-sanitary</td>
<td>TAIEX Assessment Mission is under preparation</td>
</tr>
<tr>
<td>State aid control</td>
<td>- seminar on the UK experience in the sector held on 25 January 2011 - TAIEX Assessment Mission is under preparation</td>
</tr>
<tr>
<td>Migration</td>
<td>seminar on the UK experience in the sector, as well as TAIEX Assessment Mission are under preparation</td>
</tr>
</tbody>
</table>

If necessary, additional support for this component may be envisaged under this framework programme.

2. Support to the implementation of selected components of Institutional Reform Plans

As mentioned above, the IRPs within the four CIB areas are expected to be approved by the Government of Ukraine by May 2011, provided that the ongoing restructuring process does not delay the initial preparation schedule.

Given that the content of the IRPs is still to be defined, particularly in the context of the optimisation of the central government launched in December 2010, this section will point out main capacity development needs that would need to be addressed in the IRPs and further supported through this Framework Programme in the course of their implementation.

At the same time, based on a change readiness analysis of the CIB areas and given the current level of commitment expressed by relevant stakeholders, this Framework Programme will most probably focus
on two priorities representing one horizontal and one vertical (sector-related) reform challenge, as follows:

- Steering and implementation process for AA and DCFTA (section 2.1)
- Sanitary and phyto-sanitary (section 2.2).

Support to other CIB areas will depend on the progress in preparing and launching the relevant IRPs and remaining budget resources under the financial allocation foreseen for this Framework Programme.

2.1 Steering and implementation process for AA and DCFTA

- development and operation of an effective institutional and policy making framework for the AA and DCFTA coordination and implementation;
- strengthening capacity of the institutions involved in the steering and implementation process for AA and DCFTA (strategic management, procedures, human and technical capacity);
- ensuring monitoring and evaluation of the AA and DCFTA implementation, including assistance in impact assessment, awareness raising and information provision.

2.2 Sanitary and phyto-sanitary (food safety)

- harmonising Ukrainian food safety legislation with EU, including elimination of the system of technical regulations, permits and certificates for food products;
- development and operation of an effective institutional and policy making framework in the SPS area;
- training of relevant officials on implementing new legislation and using working methods of a modern food safety control service;
- supporting openness, accountability, transparency and stakeholder involvement in food safety policy development, monitoring implementation, and risk communication.

2.3 State aid control

- supporting for the development and operation of an institutional and policy making framework in the state aid control area;
- development of a system of state aid monitoring and control in Ukraine;
- building human and technical capacity in the institutions concerned;
- establishment of the state aid inventory, including an IT system for the collection and processing of relevant data for the inventory.

2.4 Migration

- capacity building for the effective management of migration in Ukraine;
- improvement of the legislative and regulatory framework related to migrants, asylum seekers and refugees in accordance with EU and international standards and best practices;
- capacity building concerning priority measures agreed within the visa dialogue.

3. Support to implementation of the EU-Ukraine Association Agenda
Timely and cost-effective implementation of Ukraine’s commitments under the EU-Ukraine Association Agenda will require the following activities:

1. Enhancing administrative capacity that will be achieved through improving the ability of the Ukrainian administration to understand and make use of EU standards, and adapting the institutional structure to the requirements stemming from bilateral agreements. Where appropriate, administrative capacity will be enhanced through exchanges of technical expertise, support to capacity-building and institutional strengthening. Where relevant it may also include the provision of advice on regulatory approximation to EU standard.

2. Supporting EU-compatible sector-wide strategies in the areas critical to achieve the objectives of the bilateral agreements (and where Ukraine is currently seeking to achieve substantial reform), and provide the tools for their implementation, possibly with the help of sector-based donor assistance.

3. Providing systemic approach towards legal approximation, helping to achieve in due time the critical mass of approximated legislation required by the bilateral agreements.

4. Providing capacity building for the public finance management system, including MTEF and public procurement. This area is particularly important in the context of the on-going and forthcoming sector policy support programme implemented through budget support modality.

5. Promoting accountability and integrity of the public administration through the support to anti-corruption and the continuation of the judicial reform, so as to ensure independence and efficiency of the judiciary.

6. Supporting formulation of actions related to implementation, monitoring, evaluation and audit of actions in the areas and sectors recognised as priorities and agreed with the Ukrainian authorities.

3.3. Risks and assumptions

The Constitutional Court decision of 30 September 2010 returned Ukraine to its 1996 Constitution whereby significantly reinforcing the President’s powers and competences. The enforcement of the 1996 Constitution will require important legal and institutional changes implying serious risks related to legal uncertainty and institutional instability and possibly politically motivated conflicts.

The presidential decree of 9.12.2010 on ‘Optimisation of the central executive bodies’ implies a comprehensive restructuring of all the ministries and central executive bodies (more that 60 institutions in total). Therefore, the main external risk is discontinuity of administrative structures potentially benefitting from assistance under this Framework programme. Due to this ongoing restructuring process there is a serious risk that the deadline, to submit draft IRPs to the Cabinet of Ministers by May 2011, will not be respected and, thus, undermine commitments taken by the Ukrainian beneficiaries.

Furthermore, the status and scope of competence of the MDCS has not been clarified by the above-mentioned decree. As a result, the coordinating partner on the Ukrainian side may be changed in the course of the preparation or the implementation of this Framework Programme.

Lack of improvement of the general economic situation in Ukraine could lead to shortage of public funds to implement the foreseen reforms, and to co-finance the CIB and Twinning projects.

Due to increased amounts of EU assistance to Ukraine and several large projects supporting reform of Ukraine’s SPS and of migration policy, the absorption capacity of main partner institutions could be a potential problem.

Furthermore, successful implementation of support measures will require appropriate legislative and regulatory changes, a clear division of competences, as well as public awareness actions.
The above-mentioned risks will be mitigated through continuous monitoring of the relevant sectors, including progress of the restructuring process, as well as through regular policy dialogue with Ukrainian stakeholders and involved implementing agencies.

Successful implementation of this programme shall be based on the following assumptions: a) Ukraine pursues its objective of improved relations and economic integration with the EU, maintains its trend of increased co-financing of EU-funded assistance projects, and pursue its efforts to improve its public administration based on European best practices; b) the Government continues and enhances its donor coordination effort and supports improvement of decision-making processes in line with European practice; c) twinning and technical assistance projects are designed taking into account its prioritisation and further proper sequencing.

3.4. Crosscutting Issues

*Good governance, human rights and the rule of law* are essential elements of the future Association Agreement between the EU and Ukraine and will therefore constitute an additional horizontal priority for the CIB programme in Ukraine. The following two main outcomes are expected in this regard: increased knowledge of EU standards and practices will raise democratic standards, involvement of civil society organisations will be a guarantee for an efficient and stable surveillance of the reform progress in main area covered by this Framework Programme.

*Integrity of public administration*: actions envisaged under this Programme shall include measures aimed at improving transparency of the administration and at eliminating or minimising opportunities for corruption and the misuse of public funds

*Other issues*: in implementation of this Programme and especially in each of the IRPs under the CIB programme attention will be paid to ensure equal opportunities, sustainable environment as appropriate.

3.5. Stakeholders

The key stakeholders will be the concerned policy-setting ministries and implementing agencies, concerned civil society groups and also, though indirectly, the donor community. This Framework Programme will primarily impact on the policy-setting and implementing agencies, particularly, in the areas covered by the future AA and the DCFTA, including those covered by the CIB programme.

On the Ukrainian side, this programme will be coordinated by the Main Department of the Civil Service (MDCS) that acts as the Coordinator for Twinning, TAIEX and Sigma, as well as the CIB coordinator.

The CIB implementation will require specific arrangements for stakeholders’ involvement:

- given a large number of the CIB institutions, it will be crucial that each IRP clearly identifies a leading institution and the division of roles within relevant components of the IRP;

- the extent of each institution’s involvement into the capacity building process will be defined by the institutional assessment results and implementation modalities of each IRP.

To ensure a participatory approach in the implementation of this Framework Programme, consultation with civil society will be held at all the programme’s implementation stages. In particular, on 3 December 2010 the Independent Expert Council under the Ukrainian Part of EU-Ukraine Cooperation Committee composed of representatives of civil society has organised a conference on the CIB programme and its features in Ukrainian context. This conference allowed sharing expert views on main capacity gaps and implementing risks related to the CIB areas selected for Ukraine and provided a useful input for the drafting this Framework Programme. The dialogue with civil society will be continued as part of the monitoring of the progress made in the implementation of the EU-Ukraine Association Agenda priorities and the CIB programme.
The existing Government-Donor coordination mechanism should be used in order to associate the national stakeholders, the EU and donor community to implementation of this Framework Programme.

4. IMPLEMENTATION ISSUES

4.1. Method of implementation

The main implementation method for projects under this framework programme will be direct centralised management. Service, twinning, grant and framework contracts are considered to be used for all Components, but for Component 2, according to the CIB guidelines, supply and works contracts can also be envisaged.

According to the Guidelines for the preparation of the CIB programme, CIB will also be open to co-financing from other donors and should allow for the participation of EU Member States and other donors willing to contribute to CIB programme implementation.

In specific circumstances and based on the needs and requests from the beneficiary, one or more Standard Contribution Agreements for the implementation of this framework programme could be signed with International Organisations (IO), except for twinning projects.

After an analysis of the priority areas defined by the EU-Ukraine Association Agenda and the CIB Framework Document, the following International Organisations are considered for joint management. All four meet the conditions as required by the Financial Regulation.

<table>
<thead>
<tr>
<th>International Organisations</th>
<th>Expected fields of expertise</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Organisation for Economic Cooperation and Development (OECD), SIGMA Programme</td>
<td>Horizontal dimensions of the public administration (policy making and coordination, public finance management, procurement, civil service and administrative legal framework, etc)</td>
</tr>
<tr>
<td>2. Food and Agriculture Organization of the United Nations</td>
<td>Sanitary and phyto-sanitary regulations, including relevant capacity building support</td>
</tr>
<tr>
<td>3. World Trade Organisation</td>
<td>Capacity building in the field of economic integration, including state aid control</td>
</tr>
<tr>
<td>4. Council of Europe</td>
<td>Election legislation, regional and local governance, legal assistance on various matters (constitutional framework, anti-corruption, media)</td>
</tr>
</tbody>
</table>

The precise formulation of the expertise needed in the context of the CIB will depend on the content of the IRPs that are developed by the Government. Their content will enable to select the most appropriate International Organisation(s) among the four.

4.2. Procurement and grant award procedures

1) Contracts

All contracts implementing the action must be awarded and implemented in accordance with the procedures and standard documents laid down and published by the Commission for the implementation of external operations, in force at the time of the launch of the procedure in question.

Participation in the award of contracts for the present action shall be open to all natural and legal persons covered by European Neighbourhood and Partnership instrument (Regulation (EC) N° 1638/2006 of the EP and of the Council - OJ L 310/1 of 9.11.2006). Further extensions of this participation to other natural or legal persons by the concerned authorising officer shall be subject to the conditions provided for in article 21(7) of the ENPI Regulation.
2) Specific rules for grants

The essential selection and award criteria for the award of grants are laid down in the Practical Guide to contract procedures for European Commission external actions. They are established in accordance with the principles set out in Title VI 'Grants' of the Financial Regulation applicable to the general budget. When derogations to these principles are applied, they shall be justified, in particular in the following cases:

- Financing in full (derogation to the principle of co-financing): the maximum possible rate of co-financing for grants is 80%. Full financing may only be applied in the cases provided for in Article 253 of the Commission Regulation (EC, Euratom) No 2342/2002 of 23 December 2002 laying down detailed rules for the implementation of the Financial Regulation applicable to the general budget.

- Derogation to the principle of non-retroactivity: a grant may be awarded for an action which has already begun only if the applicant can demonstrate the need to start the action before the grant is awarded, in accordance with Article 112 of the Financial Regulation applicable to the general budget.

3) Joint management

All contracts implementing the action are awarded and implemented in accordance with the procedures and standard documents laid down and published by the relevant International Organisation.

4.3. Budget and calendar

The overall indicative budget of this Framework Programme is €30 million, including:

<table>
<thead>
<tr>
<th>Components 1 and 2 (CIB programme)</th>
<th>€20 million</th>
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</thead>
<tbody>
<tr>
<td>Component 3 (twinning, TA for the EU-Ukraine Association Agenda implementation)</td>
<td>€9.5 million</td>
</tr>
<tr>
<td>Provision for monitoring/evaluation/audit/interpretation/translation and visibility</td>
<td>€0.5 million</td>
</tr>
</tbody>
</table>

If funds from one component will not be spent, they could be reallocated to another component.

The Government of Ukraine is expected to contribute to the implementation of this Framework Programme financially or in kind. At least 20% co-financing will be required when EU funding will be used for supply and infrastructure contracts under the CIB programme.

In the case of twinning projects, the Beneficiary administrations are requested to make their co-financing of the measures explicit in the project’s budget. Such contribution may be estimated at a maximum of one third of the contribution of the Commission.

A minimum requirement for all assistance projects, including twinning and service contracts, is to provide the long-term project experts with adequate office space and basic communications.

It is foreseen that the operational duration of the action will be 48 months from the signature of the contracts / contribution agreement(s).

4.4. Performance monitoring

The monitoring of this framework Programme will follow standard procedures, based on benchmarks to be agreed during the preparation of each of the sub-projects to be defined under the Programme, in co-operation with the Ukrainian government and other stakeholders and, in the case of twinning, based on the mandatory results agreed during the project preparation phase.
The sub-projects under this Framework Programme will be monitored throughout their implementation by Results-Oriented Monitoring System of Projects and Programmes of External Co-operation. For overall monitoring of the CIB programme, it is envisaged to set up a Steering Committee, to involve all national stakeholders and donors, as well as all relevant project representatives and civil society.

4.5. Evaluation and audit

Each of the actions to be defined under this Framework Programme will undergo financial audit, as foreseen by the standard procedures, which foresee that such audit be properly budgeted under each of such actions. A mid-term evaluation and final evaluation of the CIB programme implementation is envisaged.

4.6. Communication and visibility

Proper communication and visibility of the measure will be achieved via widespread dissemination of project achievements and results, as well as international visibility of twinning and technical assistance projects, for which a specific budget will be allocated (section 4.3).

Each project under this Framework Programme will have its own communication and visibility component and budget, according to the EU Manual on Visibility of External Actions.