



Key events of the EU-Ukraine cooperation. April, 2014

EU COUNCIL APPROVES FINANCIAL SUPPORT AND TRADE MEASURES FOR UKRAINE

On 14 April the EU Council approved two key measures amongst a package of proposals aimed at providing economic and financial support to Ukraine.



It adopted a decision providing up to **EUR 1 bln** in macro-financial assistance to Ukraine to support its economic stabilisation and its structural reform agenda, supplementing resources made available under a financial arrangement with the IMF.

It also adopted a regulation granting unilateral trade preferences to Ukraine, providing for the temporary reduction or elimination of customs duties in accordance with a schedule of concessions set out in an annex to the EU-Ukraine association agreement.

intended to assist with the country's political transition and the package was endorsed by the European Council on 6 March.

The support package was announced by the Commission on 5 March in response to the unprecedented developments in Ukraine, and is intended to encourage political and economic reforms. The

Financial support

Approved under a fast-track procedure, the EU's macro-financial assistance (MFA) will be provided in the form of loans with a maximum maturity of 15 years. It will contribute to covering Ukraine's urgent balance-of-payments needs as identified in the government's economic programme supported by the IMF.

The assistance will be conditional on the fulfilment of economic policy and financial conditions, focusing on structural reforms and sound public finances, to be laid down in a memorandum of understanding (MOU) to be agreed between the EU and Ukraine. The MFA will be made available for a period of one year starting from the entry into force of the MOU.

The MFA will be released in two instalments, unless exceptional circumstances require its disbursement in a single tranche. The release will be conditional on the implementation of measures foreseen in the MOU and in the IMF's non-precautionary credit arrangement, as well as on Ukraine's respect for effective democratic mechanisms, including a multi-party parliamentary system and the rule of law, and for human rights.

Disbursement of the EU assistance can take place as soon as the Ukrainian authorities and the IMF have agreed on an economic programme supported by a financing arrangement.

Today's decision to provide loans of up to EUR1bn is additional to EUR610mn that was agreed in 2010 but is also conditional on the signature of an agreement between Ukraine and the IMF.

The Ukrainian economy has been in recession since the second half of 2012, with only one quarter of positive growth at the end of 2013, which was quickly reversed in the first two months of this year as a result of the deterioration of the political and security situation. The Ukrainian government lost access to international financial markets during 2013.

Trade measures

The regulation granting unilateral trade preferences is expected to enter into force on **23 April**, the day following its scheduled publication in the Official Journal. It will enable Ukraine to benefit from trade preferences without awaiting entry into force of a "deep and comprehensive" free trade area included in the EU-Ukraine association



agreement. The regulation will apply until title IV of the association agreement enters into force or, where appropriate, is applied provisionally, and until 1 November 2014 at the latest.

The political provisions of the EU-Ukraine association agreement were signed in the margins of the European Council meeting on 20 and 21 March. The EU and its member states remain committed to signing the remainder of the agreement which, together with the political provisions, constitutes a single agreement.

According to the Commission, Ukrainian exporters can be expected to save almost EUR 500 mn annually in customs duties in the free trade area foreseen by the association agreement.

The EU accounts for about one third of Ukraine's external trade. In 2012, the value of Ukrainian imports from the EU was EUR 23.8bn while the value of its exports was EUR 14.6bn.

More information:

EU-Ukraine association agreement – the complete texts:

http://eeas.europa.eu/ukraine/assoagreement/assoagreement-2013_en.htm

Factsheet on EU-Ukraine relations:

http://eeas.europa.eu/statements/docs/2014/140318_02_en.pdf

AMBASSADOR: EU ASSOCIATION IS ABOUT STRENGTHENING UKRAINE'S SOVEREIGNTY (VIDEO OF THE LECTURE)

The Association Agreement with the EU is not contrary to Ukraine-Russia relations but is about strengthening Ukraine's sovereignty and statehood, said Ambassador Jan Tombinski, Head of the EU Delegation to Ukraine, at a session of the EU Study Days in Odessa.

Watch the full video of his one-hour lecture by the following link:

<https://www.youtube.com/watch?v=MhkzA0sNxj4>

ANDREW RASBASH EXPLAINS ELEMENTS OF THE EU'S EUR 11 BILLION ASSISTANCE PACKAGE

Andrew Rasbash, Head of Cooperation of the EU Delegation to Ukraine (on photo below), explained students of the EU Study Days the details of the EU's assistance to Ukraine



Andrew Rasbash, Head of Cooperation of the EU Delegation to Ukraine, spoke to students of the EU Study Days, an EU Delegation education project, in Odessa on April 3. In his lecture he explained the details of the EU's assistance to Ukraine, in particular the recent €1 billion package pledged by the EU including €1.4 billion in grants from the European Neighbourhood programme.

On general EU assistance to Ukraine. The EU has been cooperating with Ukraine since independence in 1991. So far the EU has committed €3.3 billion of grant assistance to Ukraine, and about €200 million are on the way, so we will have €3.5 billion by the end of this year. The main aim was to support reform, transition, and European integration.

But if we look at the situation at the end of 2012 with a corrupt regime in power that has a clear orientation toward Moscow, we would be forced to say that this assistance has not been very successful. However, now the people of Ukraine have changed the government. Now, once again the government has expressed a clear orientation towards Europe, so European integration is the main challenge, in the context of a major reform, of fundamental reform, that should already have taken place in the 1990s.



On the EU's new €1 billion assistance package. You may have heard that the president of the European Commission, Jos  Manuel Barroso, has come out with a very big number for the amount of support the EU will provide to Ukraine: **€1 billion**. If you put it in dollars, you get **\$15 billion**. This is the same amount of that Putin offered to Ukraine. But, as one foreign minister of an EU member state put it, the EU is willing to give Ukraine \$15 billion to support reform, whereas Russia was proposing \$15 billion to buy the whole country. So, you choose.

Read the full article: <http://euukrainecoop.com/2014/04/14/rasbash-3/>

JOIN THE EU SUSTAINABLE ENERGY WEEK IN UKRAINE!

The EU Delegation to Ukraine together with its international and Ukrainian partners is traditionally preparing the next edition of the European Union Sustainable Energy Week (EUSEW) to be held on June 22-28, 2014.



EU Sustainable Energy Week (EUSEW) is an initiative of the European Commission that first took place in 2006 with hundreds of participants each year.

The EU Delegation to Ukraine together with its international and Ukrainian partners is traditionally preparing the next edition of the European Union Sustainable Energy Week (EUSEW) to be held on June 22-28, 2014. For the 4th year in a row, through bottom-up efforts organizers will connect directly with citizens and energy stakeholders to explain through different activities, events and campaigns what sustainable energy and energy efficiency is.

From year to year our joint efforts are contributing to building sustainable energy future of Ukraine. This year a number of activities will be organized by the EU Delegation, its Member States and partners across Ukraine to promote renewable energy and energy efficiency.

You are warmly invited to take part in the EU Sustainable Energy Week through launching your own campaigns and events related to the topic of the week on June 22-30.

To join the program please fill in [the registration form](#) by May 30, 2014.

For additional information contact EU Delegation to Ukraine at delegation-ukraine@eeas.europa.eu (please indicate the subject of your mail as 'EU SEW-2014')

Background information:

EU Sustainable Energy Week (EUSEW) is an initiative of the European Commission that first took place in 2006 with hundreds of participants each year. It is part of the Sustainable Energy Europe Campaign, which aims to achieve the EU's energy policy targets within the areas of renewable energy and energy efficiency.

In 2011 Ukraine joined the EU Sustainable Energy Week for the first time. Between 11 and 15 April, the cities of Kyiv, Lviv, Poltava and Kovel hosted events to promote renewable energy.

In 2012 EU Sustainable energy week was held within the European Village initiative in Kyiv near the Arch of Friendship. **In 2013** EUSEW united over 28 event across Ukraine with a bright opening hosted by the EU Delegation in Zhytomyr.

EU PAYS €9 MILLION IN BUDGET SUPPORT FOR ENVIRONMENT AND BORDER MANAGEMENT



The European Commission has executed three payments today in favour of the Ukrainian Government for a total of €19.075 million, of which €14.775 million for meeting agreed targets in border management and €4.3 million for environmental protection.

The payments were made on the basis of progress achieved in the Ukrainian national policies in these fields, as assessed by the European Commission, in line with the conditions agreed between the EU and the Ukrainian Government in the Financing Agreement (FA) signed in 2011.

The Commission's assessment showed that Ukraine fulfilled five conditions (performance indicators) out of total nine in implementing the **Environment Sector Budget Support Programme**, for example the development of regional programmes on environmental protection or simplification of the environmental authorisation system. Some indicators like modernisation of the waste management infrastructure or stabilising the emissions of pollutants and greenhouse emissions in the air did not meet the targets agreed in the FA. Therefore **€4.3 million** out of a potential €10 million was paid.

Assessment of the eleven specific conditions foreseen in the FA for the **Border Management Sector Policy** showed that Ukraine partially or fully fulfilled seven conditions out of total eleven including the establishment of the *eCustoms* system and decrease by 20% waiting time at state border. Some indicators such as decreasing the level of corruption, progress in border demarcation or creating telecommunication and online networks between the border guard and the customs were not achieved. Therefore **€9.75 million** out of a potential €17 million was paid as a first variable tranche in addition to a fixed tranche of **€5 million**.

Mr Andrew Rasbash, the Head of Co-operations in the EU Delegation to Ukraine, said, *"These very timely payments are part of the ongoing cooperation between Ukraine and the EU. The precise amounts reflect reform "performance" in previous years... The relatively limited amount paid (€13 million was "lost") reflects the fact that agreed targets for sectorial reform were not met to a very significant extent..."*

Background: How does the European Commission provide budget support?

The Commission generally provides budget support using a combination of fixed (general) tranches linked to eligibility criteria, and variable (specific) tranches that are also linked to progress in meeting agreed targets in for example health, education, or public financial management. Budget support involves policy dialogue, financial transfers to the national treasury of the partner country, performance assessment and capacity-building, based on partnership and mutual accountability. It should not be seen as an end in itself, but as a means of delivering better aid and achieving sustainable development objectives by fostering partner countries' ownership of development policies and reforms. It addresses the source, not just the symptoms, of under-development, and provides the platform on which to engage in a broad policy dialogue with partner country on key development issues.

For more information on EU-Ukraine Cooperation projects, please contact the EU Delegation to Ukraine:

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'UKRAINE'S MOST VALUABLE ASSETS ARE UKRAINIANS, AND THIS RESOURCE HAS TO BE DEVELOPED' – INTERVIEW

In their interview the representatives of EU Project "Support to Ukraine's Regional Development Policy", Mr. Colin Maddock (on photo below) and Ms. Olha Grygorashchenko are talking about the challenges and possibilities of regional development in Ukraine.

The issue of regional development has become especially topical over the last few months. It is regarded as an essential element of democratic changes. In their interview the representatives of EU Project "Support to Ukraine's Regional Development Policy" Mr. Colin Maddock and Ms. Olha Grygorashchenko are talking about the challenges and possibilities of regional development in Ukraine.



- What are your observations on the current state of affairs in the field of Ukraine's regional development?

Colin Maddock: Ukraine is a country in transition and has been in transition for a long time. Ukrainians are sure that they do not want to live the way they are used to living, but they are still not quite sure in which direction they should move. But, irrespective of the direction that Ukraine takes, and we would of course recommend a European direction, what is clear that Ukraine deserves and is capable of a wonderful future. I need to say that in this world there are very few countries where you could take a handful of seeds, simply throw them on the ground, and they

will grow. Ukraine is one of them. Ukraine is endowed with resources that it has not even discovered yet. I mean that both literally and metaphorically. In my opinion, Ukraine's most valuable assets are Ukrainians themselves, and this resource has to be developed. Regional development should help Ukrainians to realise their potential and to direct it toward the common good. Regional development is just one instrument that exists in the wider context of national development.

Read the full interview: http://euukrainecoop.com/2014/04/14/regional_development/

"FOR 20 YEARS, THE TERM DISCRIMINATION WAS NOT USED IN THE UKRAINIAN LEGAL FRAMEWORK" – AN INTERVIEW

In her interview, Irina Fedorovych (on photo), coordinator of the project 'Reaching equality – participatory approach to enhancement of equality and non-discrimination in Ukraine' highlights what the frequently used word discrimination means in practice and how can discrimination be countered in everyday life.



"In Ukraine there is no positive quota, which allows to some extent limit the rights of the majority for the implementation of minority rights", – says Irina Fedorovych, coordinator of the project 'Reaching equality – participatory approach to enhancement of equality and non-discrimination in Ukraine'. In her interview, she highlights what the frequently used word discrimination means in practice and how can discrimination be countered in everyday life.

- The word discrimination is widely used nowadays. What does it mean for Ukrainians? Could we consider discrimination, for example, the fact that in Verkhovna Rada women are underrepresented in comparison with men?

In general, discrimination means limiting of rights that is based exclusively on inalienable characteristics of a person. Respectively, a term vulnerable groups refers to women, older persons, handicapped, Romas. This might include different forms of discrimination. For instance, violation of Roma's rights in Ukraine is obvious: it refers first of all to refusal to give them passports, their low access to education and health services. However when a young woman with high-level competences cannot find a job only because she has a little child or can potentially get pregnant, this is discrimination as well.

As for the gender factor in Verkhovna Rada, underrepresentation of women in Ukrainian authorities regularly attracts attention of European organizations, in particular, UNO and Council of Europe. Mechanism of positive quotas that allows to limit majority rights to a certain degree on behalf of realization of minority rights is absent in Ukraine. This mechanism has its advantages and shortcomings, but its application for a limited time could influence the situation in a positive way.



Read the full interview: <http://euukrainecoop.com/2014/04/14/discrimination/>

'CHEAP ENERGY RESOURCES DO NOT CREATE AN IMPETUS FOR MORE EFFICIENT USE' – INTERVIEW

Interview with Mr. Angel Minev, Team Leader of the EU-funded Project "Capacity Building of the State Agency for Energy Efficiency and Energy Conservation in Ukraine" offers an overview of European experience in energy saving and perspectives of its application in Ukraine.



Energy efficiency is motivated by a principle "do the same with less"

Energy efficiency is always a crucial issue for Ukraine. Interview with Mr. Angel Minev, Team Leader of the EU-funded Project "Capacity Building of the State Agency for Energy Efficiency and Energy Conservation in Ukraine" offers an overview of European experience in energy saving and perspectives of its application in Ukraine.

- Is energy efficiency an actual topic for Ukraine?

I believe that this question should be announced a national priority. One of the challenging issues in the EU member states and in the whole world is to diversify energy supply and decreasing of dependency on the imported energy resources because it directly affects of national security and sovereignty. On March 28 Ukrainian government has decided to increase prices on gas, electric energy, and housing services by 35-40%. It means that an average bill of a consumer of these services will grow by half. Energy efficiency could decrease even these expenses. It might give the citizens a possibility to pay their bills in the framework of a new pricing policy. What matters for a consumer it is not a price of the energy itself but the bill that he or she has to pay for it. If the price of the energy resources increases than measures on energy efficiency are to be taken. In that case, the bills of the citizens could in fact remain unchanged.

- In the framework of energy efficiency, how can the energy resources be approached?

Energy efficiency is motivated by a principle "do the same with less". Energy efficiency does not put off the comfort. In this regard, we should make a difference between energy efficiency and energy saving. Motion detectors, which switch off the light in the corridors when no one is there, are an example of energy saving. In contrast, efficiency presupposes substitution of the light bulbs with more energy-saving ones, for example. It is more expensive, but in a long-term perspective it contributes significantly to more efficient and conscious consumption. Energy could be used efficiently in several areas: buildings, transport, services, and production. State should create such economic and legal conditions, when high prices on energy resources stimulate more efficient energy consumption. Citizens themselves can also contribute to this process by investing in renewable energy sources for their houses or by using energy-saving measures. By the way, in the EU there is a Directive, which forbids production of bulbs with capacity of more than 50 watts.

- Please tell about sustainable development concept that is currently central in Europe and all over the world. What is the role of energy efficiency in it?

"Sustainable development" means economic growth combined with preservation of the environment and social development. Energy efficiency is the most important instrument that enables functioning of this system, since this approach is not based on shortening of production, gives people a possibility to decrease their expenses even despite high prices on energy resources, and at the same preserves the environment by means of more conscious approach to consumption. From this point of view, an alternative case of China is interesting, as long as its



government reduces taxes for producers and enables their production to stay cheap and highly competitive until recently and at the expense of social development. However, ecology is not taken into account at all – cheap energy resources do not create an impetus for more efficient use. Similar situation took place in the former Soviet Union, where economy was developed according to the slogan “we will conquer the nature”. Just one of the consequences has almost completely destroyed Aral Sea. One should understand clearly: preservation of the environment really costs a lot; however, we could not allow ourselves to ignore an ecology factor any more. You should never ignore social development as well. That is exactly what sustainable development theory has been designed for.

Read the full interview: http://euukrainecoop.com/2014/04/14/energy_efficiency/

Useful links:

For more information on EU-Ukraine relations, consult the following resources
<http://euukrainecoop.com/useful-links/>

Calendar of past and future events: <http://euukrainecoop.com/calendar/>