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

FINANCIAL SUPPORT TO UKRAINE: EU DISBURSED €500 MLN AND €250 MLN IN JUNE

Following its commitments with regard to financial support to Ukraine, in June EU announced allocations in the frameworks of the macro-financial assistance and state-building contract.

On June 17, European Commission, on behalf of the EU, today disbursed €500 million to Ukraine, the first loan tranche from the new EU Macro-Financial Assistance (MFA II) programme for the country.

This follows a disbursement of €100 million on 20 May from the previously agreed MFA programme (MFA I). The objective of both MFA programmes is to support Ukraine economically and financially in the current critical stage of its development.

Total EU MFA support for Ukraine comes to €1.61 billion, with €1.01 billion remaining after today’s disbursement.

The EU’s MFA complements the resources made available by the International Monetary Fund (IMF) and other donors in the context of the stabilisation and reform programme recently launched by the Ukrainian authorities. The assistance aims to reduce the economy’s short-term balance of payments and fiscal vulnerabilities.

In addition, on June 12 the EU disbursed €250 million of non-reimbursable assistance to Ukraine. The payment is the first, fixed tranche of the State Building Contract (SBC) which is worth up to €355 million in total.

The SBC is a major EU initiative to support Ukraine in addressing the fundamental problems that have hampered reform and European integration in the past. There is a particular emphasis on supporting Ukraine’s fight against corruption.

Macro-financial assistance and state-building contract are part of a wider package of support for Ukraine announced by the European Commission on 5 March and endorsed by EU leaders at the European Council of 6 March. The total amount of the EU support reaches €11 billion.

THOUSANDS OF UKRAINIAN STUDENTS WILL BE ABLE TO STUDY IN EUROPE UNDER ERASMUS+

In 2014, the EU launched a new education programme called Erasmus+, offering Ukrainian youth greater opportunities to study at European universities, pursue scientific research projects, and participate in internships and exchange programmes.

This programme will also allow Ukrainian universities to strengthen their capacities by creating consortiums and cooperating more closely with European universities. Erasmus+, an EU-financed educational programme, aims at integrating the higher education systems of EU partner countries, including Ukraine, into the European education area.
European education programmes are nothing new to Ukrainian youth who, for many years, have actively participated in the Erasmus Mundus programme, which offers opportunities for Master and PhD-level studies in Europe. Beginning in the upcoming academic year, Erasmus Mundus will be incorporated into the wider Erasmus+ programme. According to estimates of the European Commission, within the framework of Erasmus+, more than 4,000 young Ukrainians will benefit from university exchanges and more than 7,000 will take part in youth exchange projects between 2014 and 2020.

We spoke with Ukrainian alumni of the Erasmus Mundus programme about their time studying at European universities. Below is a brief summary of their experiences as well as their advice to current Ukrainian students who might be eligible to participate in an Erasmus+ exchange.

On their motivation for participating in Erasmus Mundus programmes. Opportunities to change their lives, to improve their knowledge and skills, to get a European diploma, and to live in a multicultural environment are cited by our respondents as key motivations for applying to Erasmus Mundus programmes. Erasmus Mundus Master and PhD programs are administrated by a consortium of universities, which provides students with the opportunity to study in two or more universities in nearly any European country. This also gives students the opportunity to earn diplomas from more than one university at the same time. While studying abroad, students live with fellow students from all over Europe. These benefits are of course accompanied by costs: students must leave their comfort zones, their friends, and their families for several years and start their lives from scratch in a new country with new people.

On the difference between the European and Ukrainian education systems. Erasmus Mundus alumni often point to the superior quality of the European education system, as compared to the Ukrainian system, as one of the motivating factors influencing their decision to take part in Erasmus Mundus programmes. All our respondents noted the more open and democratic attitude of European professors toward their students. While in Ukraine universities often encourage students to learn facts without critically reflecting upon them, Ukrainian Erasmus Mundus alumni say that European professors encourage their students to think. European universities also give their students more freedom: students can choose their courses, and professors do not monitor attendance. This means that each student is responsible for his or her own education. Understandably, the capacities of European universities and their library resources are more substantial than those of their Ukrainian counterparts.

On career prospects after graduation. Studying abroad and living in a multicultural environment can also have a positive impact on a student’s future professional achievements, whether in Europe or in Ukraine. Ukrainian graduates of European education programmes are better able to adapt to changes in the labour market. If a person has a European diploma, this often means that he or she not only has the associated professional skills, but also speaks one or more foreign languages, most importantly English. Our respondents report they are now working for international organisations, projects, companies and embassies or are continuing their studies at the doctoral level.

Advice to Ukrainian students. Our respondents suggest that Ukrainians who want to continue their studies in Europe should have a clear plan for after they complete their degrees. They also need to improve their English (or other foreign language) skills and have enough patience to prepare the necessary application documents. The most important advice they have to give, however, is that students should find a profession or a topic that inspires them and that they will be happy to work toward every day.

In preparing this article we spoke with:

Volodymyr Khomenko, alumnus of an MA programme on Advanced Robotics, he studied in Italy and Poland;
Maksym Khomenko, alumnus of an MA programme in Economic Development and Growth, he studied in the UK and Sweden;
Tetyana Podobinska-Shtyk, alumna of an MA programme in Global Studies – European Perspective, she studied in Germany and Austria;
Victoria Polyarush, alumna of the Middle East Technical University, Ankara, Turkey;
Olena Vazhynska, a student of a post-master programme in Development Economics and International Cooperation, she studies in Italy.

EU ALLOCATES €24 MILLION TO DEVELOP LOCAL COMMUNITIES IN UKRAINE
The EU has allocated a further €24 million toward the realisation of 1,330 small local initiatives in rural Ukrainian communities. The third phase of the largest EU and UNDP-funded project in Ukraine, Community-Based Approach to Local Development (CBA), was officially launched on May 20 in Kyiv.

Like the first and second phases, CBA-III will encourage community-based initiatives throughout Ukraine that will help improve living conditions in villages and small towns with a new focus on decentralisation and energy efficiency.

The project is motivated by an idea that sustainable regional development depends on strong local governance and active community participation. Public control and participation are especially effective in that they help direct efforts toward solving the problems identified by citizens themselves.

CBA-III will directly involve 1.5 million citizens from 1000 villages and 15 towns from all over the country. As a result of the project, local communities and local authorities will be prepared for full-fledged community-led development approaches in the future. “It is not a small issue but rather a matter of systemic habits. Local communities are at the core of genuine transformation: if they are not reformed, the society will not change,” claims Alessandra Tisot, UN resident coordinator and UNDP resident representative in Ukraine. “People are at the heart of our work, and by engaging them in the development of their own communities we are fulfilling their aspirations for more prosperity and opportunity for all,” she says.

Phase three of the CBA project will also support the Government of Ukraine in working toward its decentralisation reforms, which aim to improve services to people and strengthen the capacities of regional and local authorities across Ukraine. “This new phase of the project is launched at the right moment, when the government is moving in the direction of decentralisation,” comments Andrew Rasbash, head of co-operation of the EU Delegation to Ukraine. “These small projects have strong influence on people’s mindsets. Empowerment of local communities is a strong tool in the fight against corruption and, I believe, a way forward for Ukraine,” he adds.

Energy efficiency in urban housing is one of the most important priorities of the CBA project and constitutes a central component of its third phase. The project aims to promote responsible use of resources and specifically targets municipalities under with 150,000 inhabitants. The project will develop models of success that can be replicated to solve similar housing sector problems in other towns. Anatoliy Oliynyk, head of the Vinnytsya oblast state administration, says that the initiative is a “great chance to reconsider our consumption philosophy and activate our resources”. “We have been given an effective instrument, and now we should get used to applying it on our own,” he adds.

Background: The CBA project is funded by the European Union and co-funded and implemented by the United Nations Development Programme (UNDP). It promotes sustainable socio-economic development at the local level by strengthening participatory governance and fostering community-based initiatives throughout Ukraine. The main goal of the project is to develop and carry out initiatives aimed at improving living conditions all over Ukraine from health care and water supply, to energy-saving street illumination, to renovated schools and kindergartens. Since it was launched in 2007, it has already directly affected 2.5 million Ukrainians all over the country. The third phase of the CBA will be implemented between 2014 and 2017 and has a total budget of €23.8 million provided by the EU (€23 million) and UNDP (€800,000).

More information: http://cba.org.ua

IS UKRAINE READY TO REDUCE ITS ENERGY CONSUMPTION?
EU Sustainable Energy Week in Ukrainian to break out in Lviv on June 23rd

On June 23-28 Ukraine will join the whole-European initiative – the European Sustainable Energy Week (EUSEW). For the fourth year in a row the EU Delegation to Ukraine, together with its international and Ukrainian partners, invites citizens to attend the EUSEW events in different cities across Ukraine in order to learn how each of us can reduce energy consumption in everyday life. Bright outdoor activities promoting energy efficient lifestyle, as well as conferences and experience sharing will be hosted by numerous NGOs, state institutions, business, international organisations and other stakeholders.

The EUSEW will be solemnly opened in Lviv on June 23 at 10.00 near the Lviv city administration by Jan Tombinski, Ambassador, Head of the EU Delegation to Ukraine, Andriy Sadovy, the Lviv city Mayor, Andrii Bilousov, Deputy Minister of Regional Development, Construction, Housing and Utilities infrastructure of Ukraine as well as other officials. The opening will be followed by the bright flash mob ‘Energy to Ukraine’ with 100 students forming the map of Ukraine. Visitors of the EUSEW events in Lviv will have an opportunity to learn how to construct a solar collector from the materials at hand, to watch movies by spinning the pedals of the electric engine, visit the outdoor exhibition of energy efficient and renewable energy equipment etc. Children are welcome to participate in games and quests demonstrating the opportunities of renewable energy usage in everyday life. A number of conferences and round tables will gather in Lviv stakeholders from all over Ukraine. The events in Lviv are organized by the Lviv city council, Association ‘Energy Efficient cities’, Covenant of Mayors in partnership with the EU Delegation to Ukraine.

As the countrywide event, the EUSEW will as well include various activities, seminars, exhibitions, press-tours and workshops on energy efficiency and the wider use of renewable energy sources across Ukraine in Vinnytsya, Odesa, Rivne, Kharkiv, Kyiv, Kuznetsovsk etc. Its organisers aim at attracting attention of the general public’s on how to use energy without harming the environment and to find the answer to the question if Ukrainians are ready to consume less energy?

Media are warmly invited to attend the EUSEW across Ukraine, as well as the opening of EUSEW in Lviv on June 23rd at 10.00 and the press conference at 11.30 to be held at the square near the Lviv city administration.

Energy efficiency is becoming an especially important challenge for Ukraine. The country today is using three times more energy per person as the average EU-member state. Experts predict that energy saving technologies can help Ukraine to reduce its energy consumption up to 40%. In an attempt to help Ukraine in this ambitious plan the EU is supporting the country through numerous programs. Namely, the EU donated € 46.6 million is to intensify the state programs on energy efficiency, through the Eastern Europe Energy Efficiency and Environment Partnership Fund (E5) it is donating Ukraine €240 million to modernize municipal heating supplies in the cities, and the EU initiative Covenant of Mayors now being signed by 71 Ukrainian cities is consulting mayors on how to reduce energy consumption. The EBRD is already giving credits for improving energy efficiency of municipal buildings, while the EU-financed CBA program for more than 7 years of its implementation supported 275 communities of small Ukrainian cities and villages with $3.65 million to improve energy efficiency of local schools, hospitals, kindergartens etc.

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. 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. In 2011 Ukraine joined the EU Sustainable Energy Week for the first time.

For more information about the EUSEW events across Ukraine please visit [http://eusew-ukraine.com/](http://eusew-ukraine.com/)

**FREE TRADE: CHANCES FOR SMALL BUSINESSES**

On 10 June 2014, IBF International Consulting presented its first draft report assessing the major challenges facing Ukrainian small and medium-sized enterprises (SMEs) under Association Agreement, including Deep and Comprehensive Free Trade Area (DCFTA). The assessment was financed by the European Union under a special project* and presented under the auspices of the EU Delegation to Ukraine. During the presentation, the following topics were raised:

- **On EU assistance to the SMEs sector.** The implementation of the EU-Ukraine Association Agreement, including its DCFTA provisions, will have an effect on Ukrainian SMEs. The DCFTA requires effective cooperation between Ukrainian authorities and the private sector, enabling businesses to swiftly adapt to norms and regulations of the European Single Market. Acknowledging these needs, Andrew Rasbash, Head of Cooperation at the EU Delegation to Ukraine, announced the EU’s readiness to allocate over €100 million in the coming years to support SMEs in adjusting to the DCFTA. These funds will target the major challenges to the growth of SMEs in Ukraine.

The first draft report prepared by IBF International Consulting will be further examined by the European Commission before the EU makes final decisions on allocating support to the development of Ukrainian SMEs.

- **On the main barriers preventing the development of SMEs.** SMEs suffer most from corruption, excessive regulation, the challenging macroeconomic context, and the complicated finance system.

Jean Claude Duplouy, the project team leader at IBF, stressed Ukraine’s devastating ranking in Transparency International’s Corruption Perceptions Index (Ukraine ranks 144th out of 177 countries). Over-regulation creates favourable conditions for corruption and establishes yet another major barrier to the growth of SMEs. “Excessive regulation and many inconsistencies in the norms and regulations governing SMEs, combined with a lack of legal awareness and relevant knowledge among entrepreneurs, create an environment for rent-seeking behaviour among bureaucratic structures responsible for the registration, control and closure of SMEs,” Duplouy underlined.

Ukrainian real GDP growth is expected to be at -4% in 2014 after the country experienced zero growth in 2013. The previously-signed agreements with the IMF, the EU, and other international donors, however, will allow Kyiv to fully cover its foreign liquidity shortages in 2014 and 2015. Duplouy noted that lack of sufficient access to financial support is another obstacle to the sustainable growth of Ukrainian SMEs, and adds that banks are reluctant to invest in small enterprises.

- **On ways to overcome the indicated barriers.** Bill McConkey, the project’s senior SMEs expert, noted the importance of a clear policy strategy in the field of SMEs development and appropriate budget, including a medium-term expenditure framework. This policy should focus on the development of governance capabilities, deregulation, and improving the business climate. Duplouy emphasised that cutting the red tape, in particular for tax administration and licensing permits, requires strict and decisive action. He added that making these improvements would likely also reduce corruption.
McConkey and Duplouy both also suggested that the government should develop loan guarantee schemes to reduce the risk banks face when loaning to SMEs. As to the current macroeconomic challenges, the IMF is taking the steps necessary to improve Ukraine’s situation.

*Background. Since 19 May 2014, IBF International Consulting has been implementing the EU-financed programme, “Ukraine – Sustainable Private Sector Development.” The project is aimed at uncovering the major barriers to the success of Ukrainian SMEs.

PROTECTED AREAS: MAKING NATURE CLOSER TO PEOPLE

How best can Ukraine promote protected areas? Where do Ukrainian and European practices overlap and where do they diverge? How does a piece of land become a protected area?

These and other questions were raised during a June 10 press tour organised by the Ministry of Ecology and Natural Resources within the framework of the EU-funded project* designed to help Ukraine to improve its environmental policies. The event helped to highlight the following issues: tourism in protected areas, nature conservation, and co-operation between Ukraine and the European Union in the field of ecology.

On protected areas in Ukraine. There are currently thousands protected areas in Ukraine: 8101 in total, including one marine reserve and 48 national parks. The country hopes to create 10 new national parks in the near future.

Governments around the world take on the responsibility of funding national parks and Ukraine is no exception. The problem is, however, that national parks in Ukraine, like schools or hospitals, are financed from the state budget, and the allocated funds are only enough to cover basic expenses. More and more often, grants and international initiatives are filling this gap.

Yuri Karpenko, Head of science, education and recreation for the Mezyn National Nature Park says that the park has “enough government money to pay for salaries and utilities, but not enough to take on the informational component: handouts, brochures, and other products to promote national parks as places for citizens’ recreation.” According to Anastasia Drapalyuk, an official of the Department of Protected Areas and National Parks of Ukraine’s Environment Ministry, international organisations and the EU help to develop protected areas, and have contributed by creating eco-trails and equipping visitor centres.

On quantity and quality of protected areas. About 21% of the territories of European countries have protected status. Some European countries, such as France and Germany, have fewer national parks than Ukraine, but the parks in those countries may be of a higher quality.

According to the Convention on Biological Diversity, which Kyiv has also signed, Ukraine is committed to designate 17% of land and 10% of marine areas as protected by 2020. Today this percentage is much lower, however.

Read the full article: http://euukrainecoop.com/2014/06/18/protected-areas/

INTERNATIONAL TRANSPORT WEEK HELD IN ODESA
The International Transport Week has been held again in Odesa on May 27-30. The event was aimed at discussing ways to modernize transport infrastructure in Ukraine and in the broader Black Sea Region.

In his address to the event, Mr Jan Tombinski, Ambassador and Head of EU Delegation to Ukraine, said that transport “will continue to stay high on the agenda with the new EU-Ukraine Association Agreement,” as it is “not only about infrastructure, but also about connections and building bridges.” He reminded that the EU “is ready to support Ukraine with over EUR 11 billion over the next couple of years” in the broad range of sectors, including transport; the package also comprises “EUR 1.5 billion foreseen as non-refundable aid in grants.”

The week included several events, including a forum “Transport: investments into future” (May 27) focused on discussing prospects of all-integrated transport as a way to increased mobility and sustainable growth.

A seminar on “Single Window – local solution” project (May 27) organized by the UN Economic Commission for Europe (UNECE) discussed prospects for establishing favourable conditions to facilitate trade procedures and to implement the Single Window Principles in Ukraine. The seminar focused in particular on Port Community System (IPCS) in Odesa as a key product of the cooperation project between UNECE and Ukrainian public and private partners. Thanks to this, several years ago the Odesa Port started clearing and issuing containers through Single Window System based on a new e-technology. The step-by-step approach of this initiative, will lead from a Port Community System in Odessa to a maritime, transport Single Window, and furthermore to a future national, trade and Customs Single Window. A Data Processing Centre (DPC) provides a technical support for system operation and development. The next stage — a maritime Single Window servicing all ports in the country — will be launched soon.

The International Transport week also included a meeting of the BASPA (International Black and Asov Sea Ports Association) Council, and 13th INTER TRANSPORT International Exhibition (May 28-30). The exhibition presented leading Black Sea ports, railways, international forwarding companies, manufacturers of equipment and machinery for port and warehousing infrastructure. An enormous interest of visitors and guests of exhibition was attracted by the EU Project booth.

Finally, the week also hosted 13th International Conference “The Black Sea Area Transport Network: Complex of Communications between Europe, Asia and other Continents”. The conference participants discussed prospects for developing the Black Sea Area transport network — transport mainlines, intermodal services, a concept of regional transport network creation, aspects for port technology development as well as construction, rehabilitation, design of port and coast protection hydraulic structures.

Background

A traditional already meeting of transport intellectuals from CIS and foreign countries, the event was held within the plan of the Organisation for Black Sea Economic Cooperation (BSEC), and coordinated by the Ministry for Foreign Affairs of Ukraine, Ministry for Infrastructure of Ukraine, and Odesa Regional State Administration. The event was also actively supported by leading subsector professional associations and unions. From the EU side, it was also attended by Mr Walter Tretton, Head of infrastructure and environment Section of the EU Delegation, Ms Teodora Andreeva, transport project manager of EU Delegation, and Mr Bernard Semeria, EU project leader.


EU LAUNCHES A NEW INTELLECTUAL PROPERTY TWINNING PROJECT

The European Union, together with Spanish and Danish experts, launched the Twinning project, “Strengthening the protection and enforcement of intellectual property rights.”
To create a genuine market-based economy and facilitate Ukraine's continued movement towards political association and economic integration with the EU, corruption and anti-competitive practices must be eliminated, while creating a favourable investment environment and protecting intellectual property rights.

Responding to these needs and contributing to Ukraine's efforts towards EU integration, the European Union, together with Spanish and Danish experts, launched the Twinning project, "Strengthening the protection and enforcement of intellectual property rights."

Mykola Kovinia, beneficiary project leader and chairman of the state intellectual Property Service of Ukraine, praised the ongoing cooperation with European experts that is part of this project. He believes that Ukraine should build on EU expertise in the process of reforming its intellectual property rights system.

"It is important as the EU is moving towards a high-tech economy and intellectual property is an integral part of such an economy," Kovinia stressed.

In Ukraine's current circumstances, intellectual property protection is important not only for boosting employment and improving competitiveness in Ukraine, but also for making progress in its quest toward European integration. In this regard, the Twinning project will help Ukraine deliver on the commitments it has undertaken within the framework of bilateral agreements with the EU.

Jan Tombinski, EU Ambassador to Ukraine, confirms that the Deep and Comprehensive Free Trade Area deal (DCFTA) between the EU and Ukraine, which will likely be signed very soon, covers also issues related to the protection of intellectual property rights.

According to Tombinski, Ukraine's achievements in enhancing intellectual property rights protection, "are important parts of implementing the DCFTA."

"The European Union has moved towards a common European pattern in the intellectual property rights sphere, and Ukraine will be a part of it," Tombinski emphasised.

Background

On May 29, the inaugural conference of the EU-funded project, "Strengthening the protection and enforcement of intellectual property rights in Ukraine," was held in Kyiv. The event, which brought together EU Delegation to Ukraine representatives, Spanish and Danish experts, and Ukrainian officials, provided a platform for presenting key actions planned within the project and sharing information about the initiative's goals and anticipated achievements.

The project is jointly implemented by experts from the Spanish Trademark and Patent Office, the Danish Patent and Trademark Office, and their counterparts from the State Intellectual Property Service of Ukraine. The project has an expected duration of 18 months. Its budget is almost € 1,470 million.

The effective enforcement of intellectual property rights is an essential tool to attract foreign investment, encourage the transfer of technology and expertise, and protect owners of intellectual property in Ukraine. In the medium-to-long term, it will also encourage domestic authors, inventors, and investors and contribute to the country's economic development. In 2010, 56.5 million EU jobs out of a total of 218 million were directly generated by Intellectual Property Rights-intensive industries and these jobs had a wage premium of over 40% over other industries.
More information could be found at the project’s website: http://sips.gov.ua/en/twinning_eng

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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/