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**COMMISSION IMPLEMENTING DECISION**

of **XXX**

**on the Special Measure 2017 II in favour of Ukraine to be financed from the general  
budget of the Union**

## COMMISSION IMPLEMENTING DECISION

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### on the Special Measure 2017 II in favour of Ukraine to be financed from the general budget of the Union

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002, and in particular Article 84(2) thereof,

Having regard to Regulation (EU) No 236/2014 of the European Parliament and of the Council of 11 March 2014 laying down common rules and procedures for the implementation of the Union's instruments for financing external action<sup>1</sup>, and in particular Article 2(1) thereof,

Whereas:

- (1) Regulation (EU) No 232/2014 lays down the objectives and main principles for assistance to beneficiaries listed in Annex I to that Regulation.
- (2) The European Council on 19 March 2015 confirmed the EU support to Ukraine's reform process, together with other donors and in line with the International Monetary Fund (IMF) conditionality. It acknowledged the Ukrainian Government's reform efforts so far and called on it to further intensify its work.
- (3) In the framework of the fragile situation in Ukraine it was not possible to finalise the multi-annual programming exercise. In order to face the urgent needs related to the transition process in the country the Commission opted for implementing a Special Measure I in 2017<sup>2</sup>.
- (4) The objective pursued by the Special Measure II 2017 to be financed under the European Neighbourhood Instrument (ENI)<sup>3</sup> is to support key reforms in the area of energy efficiency and public finance management and contribute to economic revitalisation in Eastern Ukraine. The Special Measure II 2017 contains three actions.
- (5) The first action entitled “Energy Efficiency Support Programme for Ukraine” contributes to increase energy efficiency in the Ukrainian residential sector and reduce CO<sub>2</sub> emissions. The action will be implemented under direct management through procurement of services and supplies, and through grant contracts; and under indirect management with the International Financing Corporation (IFC – World Bank Group) and the United Nations Development Programme (UNDP).

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<sup>1</sup> OJ L 77, 15.3.2014, p. 95.

<sup>2</sup> Commission Implementing Decision C(2017)4581 of 07.07.2017.

<sup>3</sup> Regulation (EU) No 232/2014 of the European Parliament and of the Council of 11 March 2014 establishing a European Neighbourhood Instrument (OJ L 77, 15.3.2014, p. 27).

- (6) The second action entitled "Public Finance Management Support Programme for Ukraine – (EU4PFM)" contributes to improve Public Finance Management in Ukraine, thereby ultimately improving public service delivery and the business climate. The action will be implemented under direct management through procurement of services and through grant contracts; and under indirect management with the Swedish International Development Cooperation Agency (SIDA), with the Central Project Management Agency (CPMA - Lithuania), with the World Bank Group and with the United Nations Office for Project Services (UNOPS).
- (7) The third action entitled "EU Support to the East of Ukraine" contributes to peace, economic revitalisation and reconciliation in Eastern Ukraine through social and economic recovery, with special focus on Government Controlled Areas of Donetsk and Luhansk oblasts. The action will be implemented under direct management through procurement of services and through grant contracts; and under indirect management with the United Nations Development Programme (UNDP) and with Kreditanstalt für Wiederaufbau (KfW - Germany).
- (8) The envisaged assistance to Ukraine is deemed to strictly comply with the conditions and procedures set out by the EU restrictive measures concerning the said country.
- (9) It is necessary to adopt a financing decision the detailed rules of which are set out in Article 94 of Commission Delegated Regulation (EU) No 1268/2012<sup>4</sup>.
- (10) It is necessary to adopt a work programme for grants in accordance with Article 128(1) of Regulation (EU, Euratom) No 966/2012 and Article 188(1) of Delegated Regulation (EU) No 1268/2012. The work programme is set out in the Annexes.
- (11) The Commission should entrust budget-implementation tasks under indirect management to the entities specified in the Annexes to this Decision, subject to the conclusion of delegation agreements. In accordance with Article 60(1)(c) and (2) of Regulation (EU, Euratom) No 966/2012, the authorising officer responsible needs to ensure that these entities guarantee a level of protection of the financial interests of the Union equivalent to that required when the Commission manages Union funds. These entities comply with the conditions set out in points (a) to (d) of the first subparagraph of Article 60(2) of Regulation (EU, Euratom) No 966/2012 and the supervisory and support measures are in place as necessary.
- (12) The authorising officer responsible should be able to award grants without a call for proposals only in the exceptional cases set out in Article 190 of Delegated Regulation (EU) No 1268/2012.
- (13) It is necessary to allow the payment of interest due for late payment on the basis of Article 92 of Regulation (EU, Euratom) No 966/2012 and Article 111(4) of Delegated Regulation (EU) No 1268/2012.
- (14) Pursuant to Article 94(4) of Delegated Regulation (EU) No 1268/2012, any substantial change to a financing decision that has already been adopted should follow the same procedure as the initial decision. It is therefore appropriate that the Commission defines the changes to this Decision that are considered non-substantial in order to ensure that any such changes can be adopted by the authorising officer responsible.

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<sup>4</sup> Commission Delegated Regulation (EU) No 1268/2012 of 29 October 2012 on the rules of application of Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council on the financial rules applicable to the general budget of the Union (OJ L 362, 31.12.2012, p. 1).

- (15) The measure provided for in this Decision is in accordance with the opinion of the European Neighbourhood Instrument Committee set up by Article 15 of Regulation (EU) No 232/2014,

HAS DECIDED AS FOLLOWS:

#### *Article 1*

##### **Adoption of the measure**

The “Special Measure 2017 II in favour of Ukraine”, as set out in the Annexes, is adopted.

The Special Measure 2017 II shall include the following actions:

- Annex 1: "Energy Efficiency Support Programme for Ukraine";
- Annex 2: "Public Finance Management Support Programme for Ukraine – (EU4PFM)";
- Annex 3: "EU Support to the East of Ukraine".

#### *Article 2*

##### **Financial contribution**

The maximum contribution of the European Union for the implementation of the Special Measure 2017 II referred to in Article 1 is set at EUR 150 million from the general budget of the Union for 2017:

- budget line 22 04 02 01 for an amount of EUR 38 million;
- budget line 22 04 02 02 for an amount of EUR 50 million;
- budget line 22 04 03 03 for an amount of EUR 62 million.

The financial contribution provided for in the first paragraph may also cover interest due for late payment.

#### *Article 3*

##### **Methods of implementation**

Budget-implementation tasks under indirect management may be entrusted to the entities identified in the Annexes, subject to the conclusion of the relevant agreements.

The elements required by Article 94(2) of Delegated Regulation (EU) No 1268/2012 are set out in the Annexes to this Decision.

Grants may be awarded without a call for proposals by the authorising officer responsible in accordance with Article 190 of Delegated Regulation (EU) No 1268/2012.

The eligibility of costs related to the grant contract to the International Monetary Fund under Annex 2 shall be authorised as from the date set out in this Annex.

The eligibility of costs related to the grant contracts to the International Monetary fund (IMF) under Annex 2 shall be authorised as from the dates set out in this Annex.

*Article 4*

**Non-substantial changes**

Increases or decreases of up to EUR 10 million not exceeding 20% of the contribution set in the first paragraph of Article 2, or cumulated changes to the allocations of specific actions not exceeding 20% of that contribution, as well as extensions of the implementation period shall not be considered substantial within the meaning of Article 94(4) of Delegated Regulation (EU) No 1268/2012, provided that they do not significantly affect the nature and objectives of the action.

The authorising officer responsible may adopt such non-substantial changes in accordance with the principles of sound financial management and proportionality.

Done at Brussels, 16.11.2017

*For the Commission*  
*Johannes HAHN*  
*Member of the Commission*