

Strategic Framework for the Danish Neighbourhood Programme 2017-2021

The present note presents the overall strategic framework for the Danish Neighbourhood Programme (DANEP) 2017-2021 covering Ukraine and Georgia. The framework is complemented by and put into practice through individual country programmes for Ukraine and Georgia.



October 2017

1. Purpose, Vision and Theory of Change

The strategic framework for Danish Neighbourhood Programme (DANEP) is based on the understanding that a peaceful and stable Europe with freedom and progress for its citizens depends heavily on the development of democratic societies with accountable governments, vibrant civil societies, free media, well-functioning markets, sustainable economic growth and conflict resolution mechanisms across the continent.

The European Union (EU) plays an important role as a driving force for reforms. Denmark supports the strong EU commitment to the Eastern neighbourhood region and an EU that speaks with one voice in the region. EU is by far the biggest partner in terms of assistance to the region through financial instruments such as the European Neighbourhood Instrument (ENI), the financial arm of the European Neighbourhood Policy (ENP), contributing to strengthening EU-relations in the region and bringing tangible benefits in areas such as democracy and human rights, rule of law, good governance and sustainable development. The Danish bilateral assistance through DANEP aims at complementing the EU's assistance through targeted and flexible interventions. At the same time, the framework focuses on ensuring that the countries supported have the capacity to counter Russia's negative influence in the region and attempts to undermine the democratic reform processes.

The strategic framework and this phase of DANEP is built upon the new strategy for Denmark's development and humanitarian cooperation (2016), the Sustainable Development Goals (SDGs) as well as relevant trade and commercial interests. The Peace and Stabilisation Fund modality may also come into play from 2018.

DANEP has been, and will continue to be, an integral and important part of Denmark's foreign policy, seeking to promote a peaceful and prosperous Europe through bilateral relations and assistance within the framework of the ENP.

The new strategic framework is guided by the following principles:

- National demands/priorities in the targeted countries;
- Danish foreign and security policy interests, including potential commercial interests;
- Value added of Danish engagement;
- EU neighbourhood policies and priorities;
- Challenges, risks and opportunities in the neighbourhood region;
- Lessons learned and comparative advantages of DANEP so far.

Danish foreign and security policy interests in the region are important markers in the strategic framework. They are assessed to be in line with the priorities as set out in the ENP of the EU. More specifically, the strategic framework and the subsequent "translation" into the new phase of DANEP seek to promote, with various emphasis, the following foreign and security policy- as well as commercial interests:

- *Values* – human rights and democracy, peace and stability through development cooperation, humanitarian support and monitoring missions;
- *Economic diplomacy and market opportunities* – enhanced economic diplomacy to promote commercial relations while furthering sustainable solutions, e.g. within strategic areas like energy efficiency, renewable energy and green technology;
- *Public Diplomacy* – a strong and credible Danish and European image in the region.

Based on these suggested priorities, the theory of change of the DANEP programme framework is: ***If*** Denmark provides support to engagements specifically focusing on reforms and activities related to enhancing democracy and human rights and sustainable and inclusive economic growth, ***then*** the targeted countries will see improvements in their reform processes for democratic and economic development aligned with their association agreements with the EU, eventually ***leading to*** more peaceful and stable countries, contributing to the UN SDGs, and paving the way for future opportunities for cooperation with Denmark beyond traditional development assistance.

Based on the theory of change, the programme will focus on two major thematic objectives aligned with Danish policy priorities and the needs identified in the two targeted countries:

- 1) **Promoting human rights and democracy.**
- 2) **Strengthening sustainable and inclusive economic growth.**

2. Strategic Choices and Programme Design

The Neighbourhood programme was initially launched in 2004 and until 2017 around 2.7 billion DKK has been committed to countries in the European neighbourhood region. In the third phase from 2013-2017 seven priority countries were included as well as regional/thematic programmes: Albania, Bosnia-Herzegovina, Kosovo, Ukraine, Belarus, Moldova and Georgia. New interventions were formulated on a yearly basis and consequently the portfolio grew during each phase. Currently, the Neighbourhood programme has 30 ongoing programmes above 5 million DKK and 13 projects below 5 million DKK, in addition to secondments.

Following the reductions of the development budget in 2015 it was decided not to continue the neighbourhood support to Albania, Bosnia-Herzegovina, Kosovo, Belarus, and Moldova, and exclusively support Georgia and Ukraine.

The DANEP framework builds on the lessons learned from the past experience, including the evaluation of the current DANEP strategy (2008-2017).

The evaluation found DANEP to be strategically relevant, addressing key needs in the region and in alignment with EU policies and priorities. In addition, it found

that the programme has been particularly successful in supporting the public administration, institution building and economic growth.

There were, however, also room for further improving the framework by enhancing the focus as well as setting realistic targets aligned with the needs and the context in which it is implemented. The evaluation found that DANEP was particularly successful when focusing on longer-term interventions of continued Danish support to the same sub-sector and when it was aligned with larger reform processes associated with the EU accession. The evaluation also concludes that the programme has promoted Danish values but to a lesser extent Danish interests. It was recommended that economic diplomacy and the involvement of Danish competences should be further developed.

Based on the policy framework and the lessons learned, this phase will be geographically and thematically more focused. In addition, the two country programmes will consist of larger and fewer development engagements cover as a minimum 3-4 years each. For the next five years, DANEP will concentrate exclusively on Ukraine and Georgia where the reform processes are ongoing and where the alignment with the EU is advancing along with the reform initiatives. These countries are on the one hand marred by conflict and challenged by Russian involvement, which requires attention to enable democratic development. On the other hand, both countries have expanding investment opportunities and options for enhanced economic and commercial cooperation with Denmark and the EU. Therefore the next phase will also be supporting specific initiatives where Danish competences are put into play to the extent that the Danish procurement regulations allow. This will serve to further strengthen economic diplomacy between Denmark and the two targeted countries.

As mentioned, the programme will have two thematic areas aligned with the framework objectives focusing on: (i) democracy and human rights, and (ii) sustainable and inclusive economic growth. To ensure a lean design and emphasis on areas where Denmark can make a difference, the programme has been further focused to selected sub-themes. The focusing is based on:

- The identified needs in the two countries contextually, politically, technically, and financially;
- Sub-themes where Denmark has a clear comparative advantage and can make a real difference;
- Options for future Danish involvement beyond development assistance
- Sub-themes where there are opportunities for enhancing the role of youth and women in the democratic and economic development of the two countries;
- And sub-themes where using a Human Rights Based Approach (HRBA) will make a real difference.

The programme will focus explicitly on the ongoing reform processes that support the democratic and economic transition processes of Ukraine and Georgia. Consequently, major sub-themes include:

Decentralisation. The processes of decentralisation play a key role in both countries. With the decentralisation reform process, political, administrative and fiscal authority is devolved to the local level. The support to the reform process varies in the two countries. The Danish input will allow for a targeted approach, focusing explicitly on needs that are currently not met with support and that are in line with Danish priority areas. This includes:

- Supporting local level service delivery, not only to the citizens but also to small and medium size enterprises as well as allowing for economic development in small and medium sized towns and promoting growth in the two countries beyond the major cities. This is furthermore expected to enhance the tax revenues and increase the service level.
- Providing support to decentralised units of other line agencies to allow for e.g. improved service provision to young people in terms of career advice and linking young people's career path with the needs of the business sector.
- Enhancing women's role in the political system by further strengthening local level democracy and women's representation at decentralised level. This will also include support to gender budgeting processes as well as gender sensitive service delivery.

Human rights. Human rights constitute a core element in the programme. While both countries have come far, there is a need to ensure that the duty bearers are held to account and that the voice of the rights holders is heard. Focus will in particular be in two areas:

- Given the rural-urban divide in the two countries and the now substantial fiscal decentralisation (implemented and/or planned), the programme will focus on ensuring that there is outreach to the local level as well as an enhanced focus on political participation and access to justice and services at the decentralised level for all, with special emphasis on women, youth and minorities.
- Under the sustainable growth pillar of the programme, support will be provided to social dialogue with specific emphasis on human rights and the rights of employees as well as on strengthening the voice and participation of more excluded business communities.

Growth and employment. The programme approach to growth and employment focuses on the sustainable and inclusive aspects of the otherwise rapidly evolving business environment reform agenda. The programme will seek to support the development of an inclusive labour market that addresses issues such as youth employment and gender discrimination. It will support business and entrepreneurship development for job creation. In particular, in the light of the EU alignment process and the Deep and Comprehensive Free Trade Agreement (DCFTA), there is a substantial need for advisory services for businesses in

remoter areas and for smaller enterprises and marginalised business communities, otherwise without access to assistance. This segment is at risk of undermined competitiveness given the many regulatory and technical changes introduced by the reform agenda and the EU approximation process. By focusing on supporting improved social dialogue, a well-functioning and inclusive labour market as well as enhanced support for businesses, the programme aims at improving the business environment and creating more decent jobs and sustainable growth, particularly for youth and women.

Energy. The energy sector offers an entry point highly prioritised in both Georgia and Ukraine where Danish competences can be brought into play. To stimulate green growth and energy independence, a two-pronged approach is devised with focus on creating an enabling environment for sustainable energy solutions while at the same time promoting direct Danish investments into the sector to assist the countries in reaching their strategic goals for energy efficiency and renewable energy solutions. By using previous Danish expertise and competences in investing in Ukraine and Georgia through the Investment Fund for Developing Countries (IFU), the programme will be able to support small and medium sized business opportunities. With a gearing of between six and eight times, the Danish funds will be able to leverage the level of investment to the countries many-fold the amounts that Danida will eventually allocate for the initiative and de-risk the investments. By earmarking such funding to the energy sector, the programme will stimulate investments in renewable energy and energy efficiency and thus contribute to sustainable growth and at the same time prepare the grounds for increased Danish investment in the two countries.

Civil society and media. The design of the programme is well aligned with the already identified support to civil society and media. In light of the focus on decentralisation and reform processes, the efforts of the civil society and media outlets/organisations will focus on local level capacity development of civil society, strengthening media literacy, and the quality of media content which will contribute to the democratic discourse and increased governance transparency. The media support will be a much needed support for enhancing decentralised oversight of the duty bearers.

Three specific sub-themes will be addressed specifically for Ukraine, which will contribute to democratic, as well as economic, development in the country:

- Anti-corruption. While Georgia has come far in combatting corruption, it remains a major obstacle for the reform processes in Ukraine. Continued support to combatting corruption will thus contribute to holding the duty bearers to account and at the same time ensure a safer and more attractive investment climate for investments in the country. In light of the increased fiscal decentralisation, this support will in particular focus on the decentralised level supporting the decentralisation reform process and the local level business climate. Denmark is lead donor on anti-corruption in

Ukraine and can through DANEP further cement this role in a follow-up to the current EU Anti-Corruption Initiative (EUACI) programme.

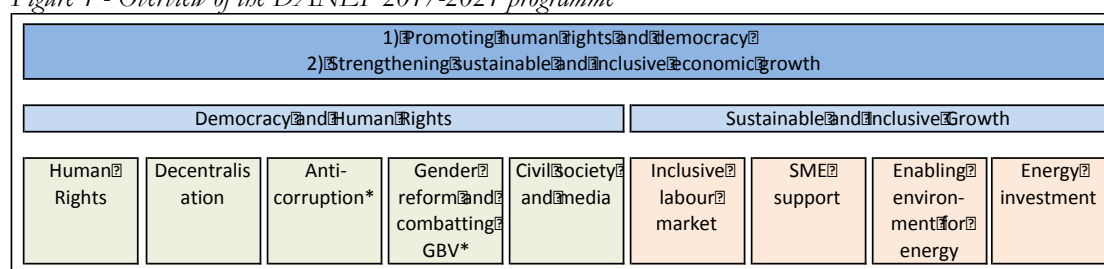
- Gender reform. The multiple reform processes in Ukraine require an enhanced focus on gender issues. Denmark can play a unique role in supporting gender mainstreaming in particular in relation to decentralisation reform, which Denmark is already supporting and enhance the gender dialogue in the reform programme. Through this process, Denmark can communicate its key focus on gender equality and women's empowerment and focus on areas, which are currently donor orphaned.
- Fighting Gender Based Violence in Eastern Ukraine. In light of the need to bridge the gap between humanitarian and development funding and the current fragilities in Ukraine, a specific intervention aimed at addressing sexual violence and gender-based violence in Eastern Ukraine is suggested included in the programme. In this area, Denmark can play a lead role in line with Danish priorities.

The framework is designed to explicitly focus on the key SDGs relevant to the contexts of the two countries. Specifically, Denmark will contribute to meeting the following SDGs in the two countries:

- SDG 5 – Gender equality
- SDG 7 – Affordable and clean energy
- SDG 8 – Decent work and economic growth
- SDG 16 – Peace, justice and strong institutions
- SDG 17 – Partnerships for the goals

The priorities, engagements and contribution to the SDGs will thus be close to similar in the two countries supported but with a stronger engagement and financial footprint in Ukraine. An overview of the programme is presented in Figure 1 below.

Figure 1 - Overview of the DANEP 2017-2021 programme



*Only in Ukraine

The individual engagements have been selected based on the following criteria:

- The engagement must contribute to and be aligned with DANEP overall objectives and values;
- The engagement must be aligned with the European Neighbourhood Instrument and Policy;

- Alignment with the SDGs 5, 7, 8, 16 and/or 17;
- Prioritising engagements where there are mutual benefits for Denmark and the two respective targeted countries in terms of improving economic and public diplomacy and in line with this where there are good opportunities for enhanced political dialogue;
- Prioritising engagements that have been effective in meeting objectives through past DANEP support;
- Prioritising engagements where there are opportunities for enhancing the role of youth in the democratic and economic development of the two countries;
- Ensuring engagements that sufficiently address the need for women's empowerment and gender equality;
- Ensuring engagements already have or will have the potential to be implemented using a HRBA including being participatory, accountable, non-discriminatory, and transparent;
- Supporting areas that are not already well covered by other development partners.

3. Partner Selection

The partners selected for implementing the identified development engagements have been chosen based on a careful assessment of their ability to deliver the desired results. Key criteria for identifying partners include:

- Partners that have a track record of delivering results effectively and efficiently in cooperation with Denmark in the past. This in effect also means that Denmark will continue supporting partners that are already engaged in the Neighbourhood Programme, where the interventions are aligned with the programme framework and results are satisfactory;
- Partners with built-in modalities that have proven effective in similar circumstances elsewhere;
- Partners that ensure that the programme can be implemented in a lean way limiting the transaction costs of the Ministry of Foreign Affairs of Denmark (MFA) as well as for the beneficiary institutions in Ukraine and Georgia;
- Partners that have a sound implementation arrangement in place ensuring proper monitoring and evaluation (M&E) and risk management;
- Partners that understand and apply modalities that are geared to become sustainable beyond the DANEP programme period.

4. Secondments

Secondments are used to support Danish interests and priorities in the countries covered by the Neighbourhood programme, as well as an instrument to strengthen international monitoring missions. In addition, secondments are used to promote the work in selected multilateral organisation and to ensure that Danish competences come into play.

As the Russian aggression in the region possess new security policy challenges for Europe and the neighbourhood countries, it has become an important factor for the Danish interests in the region and for allocation for resources via secondees.

The European Neighbourhood Department (EUN), and the Danish Embassy in Kiev will maintain contact with the secondees in order to include their knowledge from the countries and the organisations and add value to the work of the Ministry both in regards to the policy level and the development cooperation. On a yearly basis and if feasible a seminar is organised for all secondees with the aim of sharing experience and creating networks.

The positions are by default short-term – from one to two years with few possibilities for extension – demand-driven, and closely discussed and consulted with the receiving organisations.

Secondments will continue to be part of DANEP with a particular focus on Ukraine and Georgia. Until an improvement in the crisis-situation in Eastern Ukraine is seen, the main part of the secondments are provided to the Organization for Security and Co-operation in Europe's (OSCE) Special Monitoring Mission to Ukraine following the Danish obligation to OSCE.

In Georgia support to the European Union Monitoring Mission to Georgia will continue to be a priority.

A few secondees will also be posted in other Eastern neighbourhood DAC listed ODA recipient countries or in headquarters of multilateral institutions incl. EU in accordance with Danish interests and identified needs. Monitoring of conflicts will have a special priority. The programme is expected to support up to 25 secondments annually according to the Finance Act.

5. Communication and Public Diplomacy

The programme will have a multi-pronged approach to communication focusing on communicating results at multiple levels in Denmark, Ukraine and Georgia. Resources have been allocated to develop a detailed plan for the two country programmes, outlining communication and public diplomacy opportunities, responsibilities, target groups, and timelines.

The communication approach is closely linked to the type of engagements supported. Where Denmark will be part of large joint EU initiatives the communication will be in partnership with the EU. This communication will, as with the other communication, serve to inform decision-makers in Ukraine and Georgia, citizens in the two countries as well as the Danish population about the progress of the joint initiative. With the joint EU programmes, the communication will be particularly important vis-à-vis the recipient population, who, through this strategy, will have an improved understanding of the joint EU support provided and its contribution to democratic and economic development.

For engagements where Denmark plays a more direct active role, the implementing partners will be asked to provide a detailed outline of a communication strategy specifically focused on the Danish engagement. This is expected to include e.g. special attention to attracting investors to the two target countries or specific communication opportunities linked with the broader advocacy work towards gender equality and women's empowerment in the countries.

For the programme as a whole, the European Neighbourhood office (EUN) in close partnership with the Embassy of Denmark in Ukraine will be managing overall communication thus aligning political, development and humanitarian communication. A specific strategy will be developed for this process aimed at: (1) communicating key results to the public in Denmark, and (2) ensuring that Denmark's engagement is understood and appreciated by decision-makers and beneficiaries in Ukraine and Georgia. For a full overview see the communication strategy framework in Annex A).

6. Risk Management

At the overall contextual level, there are two major risks to which the programme will need to relate. First and foremost, the programme is heavily oriented towards the ongoing reform processes in Ukraine and Georgia. Thus, a key assumption for the programme is the continuation of this process, but with the risk that the political commitment to continue the reform process will dwindle. To mitigate this risk, the programme engagements are thus depending on the continued strong policy dialogue by Denmark and by Denmark's continued commitment to the policy dialogue of the EU vis-à-vis the Government of Ukraine and the Government of Georgia. The Association Agreement and the DCFTA will continue to be key elements in this dialogue.

Similarly, at the overall contextual level, major risks relate to the ongoing conflicts in Ukraine (the ongoing Russian-backed insurgency in the Donbas region and the Russian illegal annexation of Crimea) and in Georgia (related to the breakaway regions of Abkhazia and South-Ossetia). In particular, the conflict in Donetsk and Luhansk may escalate, which will impact the economy as well as the ability to operate in the East. The programme is designed to allow for development activities across the countries. In Georgia, this means attention to ethnic minorities in rural settings and areas bordering Abkhazia and South-Ossetia. In Ukraine, it means that the programme must be able to entail elements of specific support to the East and that it should be able to cope with changes in fragility and conflict.

Programmatically, all the engagements will have separate risk assessments and management arrangements. Either responding to joint donor approaches or separately for the engagements where Denmark is lead. For a more detailed assessment, see the risk management matrices in the two country programmes.

EUN will monitor the developments in the risk scenarios of the two countries with inputs from the Embassy of Denmark in Kiev. Furthermore, all implementing partners will be asked to develop risk management strategies on this and report on a regular basis to EUN. Finally, the external monitoring and evaluation support under the programme (the M&E agent. See Annex B) will also report on changes in the risk scenario and the effectiveness of risk response.

7. A Phased Framework Approach and Management Arrangements

The programme framework covers five years and commitments are made on a yearly basis through the Danish Finance Act as it has not been possible to ensure one commitment to the new five year programme. This means that the programme engagements will be phased in as funding becomes available. At the same time, there are already existing engagements that will continue to be implemented in the first years of the new programme. The programme is designed to ensure a gradual transfer to the new DANEP phase or a phase-out where this is deemed relevant. See Annex C for an overview of the phase out/in of different engagements.

This phased programme approach influences the design and quality assurance of the programme but also allows for enhanced flexibility. For the first three programme years, development engagements have been formulated with beneficiaries and implementing partners. These will be launched and signed once the Danish finance bills for 2017, 2018 and 2019 have been approved (for 2017 engagement documents will be signed already this year).

For the engagements planned for 2020 and 2021, indicative development engagements have been formulated based on the present context and needs. However, as the situation is expected to change over time, resources will be allocated to assist with the finalisation of the formulation of these engagement documents in early 2019 together with the beneficiaries and implementing partners (where feasible and relevant this will be based on the recommendations of review reports). The programme mid-term review will undertake a *de facto* post-appraisal of these last development engagements as part of the mid-term review, taking into consideration the changes in the context and major stakeholders in the two countries. These engagements will be signed once the Finance Act for 2020 and 2021 has been approved.

See Figure 2 below for overview of the phased programme framework approach as well as approval and quality assurance process.

Figure 2 - Phased programme framework approach

Year	2017	2018	2019	2020	2021
Engagement phase in/out	Civil Society phase in, UA and GE	Human Rights phase out, UA	Human Rights phase in, UA		Civil Society phase in, UA and GE
	Media phase in, UA	Gender reform and combatting GBV phase in, UA	Anti-corruption phase out, UA	Anti-corruption phase in, UA	Media phase in, UA
	Labour market reform phase in, UA and GE	Enabling energy environment phase in, UA	Decentralisation phase out, UA	Decentralisation phase in, UA	
		Energy investment phase in, UA and GE	IFU/UFA phase out, UA		
		Human Rights phase in, GE	SME support phase in, UA		
		Decentralisation phase in, GE	Young entrepreneurs IFAD phase out, GE	SME support phase in, GE	
			Energy efficiency NEFCO phase out, GE	Enabling energy environment phase in, GE	
Programme design process	Overall framework		Final design of engagements for 2020, 2021		
	Country programmes UA and GE				
	Full engagements 2017, 2018, 2019				
	Indicator engagements 2020, 2021				
Approval and quality assurance process					
	Appraisal and approval of full framework package	Mid-term review of selected individual engagements from DANEP 2013-2017	Mid-term review of full DANEP 2017-2021 programme framework and approval of 2020 and 2021 engagements	Mid-term review of selected individual engagements from DANEP 2017-2021	Mid-term review of selected individual engagements from DANEP 2017-2021
	Phase in	Phase out			

Denmark's engagement related to DANEP and the policy dialogue will be administered and coordinated by EUN. With more strategic, fewer and longer engagements in the new DANEP, focusing on supporting the reform processes in Ukraine and Georgia, the possibilities for synergies and linkages between the policy dialogue and the development cooperation have become more apparent.

The policy dialogue will be closely coordinated in accordance with the other Danish instruments and actors in Ukraine and Georgia, which among others include stabilisation funding (with the Stabilisation department in the MFA), private sector business support (with the Embassy of Denmark in Ukraine), humanitarian funding (with the Humanitarian Department in the MFA) as well as other development funding under the EUN.

Key mechanisms for the policy dialogue for Ukraine and Georgia are first and foremost the relevant EU fora for policy dialogue facilitated by the EU delegation and/or the EU Special Advisory Group on Ukraine (SGUA). SGUA was

established in April 2014 to support Ukraine in the implementation of the Association Agreement. It plays a key role in the EU dialogue with the government of Ukraine with focus on the reform agenda and enhanced coordination among EU member states and other donors. EUN will continue to participate in the ad-hoc dialogue with SGUA and participate actively in the bi-annual meetings.

Through bilateral political consultations e.g. in connection with visits of the Minister for Foreign Affairs, the policy dialogue and the bilateral development assistance will be linked and discussed.

The Embassy of Denmark in Kiev will support EUN in the planning and implementation of DANEP in particular in Ukraine and in terms of donor coordination, monitoring, and alignment with national priorities. In this context, the Embassy may within available resources participate with EUN in Steering Group meetings, primarily in Ukraine, but also in Georgia if this can be coordinated with planned visits to this country. The Embassy will participate in donor coordination meetings in Ukraine within the prioritized areas of DANEP like anti-corruption, decentralisation, rule of law, and energy, and will provide EUN with targeted reports on the country context, sectoral developments and risks relevant for programme implementation.

The programme will be managed in accordance with Danida's Aid Management Guidelines under the auspices of the EUN in the MFA. The fact that Denmark does not have decentralised representations with development budget oversight authority in the two countries means that the programme will have to rely on implementing partners' management and monitoring arrangements. Consequently, all funding will be provided through institutions, which have financial, procurement and monitoring capacity in accordance with international standards. In practice, this means that all funds will be channelled through:

- 1) Danish state institutions or non-governmental organisations or sub-contracted companies
- 2) Delegated partnerships with like-minded development partners
- 3) Multilateral organisations

All partners will report on progress to EUN on a quarterly or bi-annual basis in accordance with signed partnership agreements. Denmark will agree to use partner reporting if and when the reporting adheres to the standards required by the Danida Aid Management Guidelines. In addition, all partners will be required to report on communication activities and public diplomacy.

To the widest extent possible, Denmark will seek representation in the programme steering committees to partake in the oversight of the implementation of the programme. This will be combined with regular monitoring visits by the EUN.

In support of the monitoring process, funds will be allocated for an M&E agent for external monitoring and evaluation support to undertake regular monitoring visits, assess the context, risks and communication opportunities, and report on progress to EUN (see Annex B for details). The agent will also ensure proper monitoring and evaluation at the programmatic level of DANEP.

8. Budget

The budget of a total of DKK 860 million is designed to cater for the needs and demographics of the two countries and taking into consideration the current management setup, where the programme is managed in Denmark and with no Danish representation in Georgia. Consequently, 70% of the country specific funding is allocated for Ukraine and 30% for Georgia. Around 48% of the country specific budget is allocated to democracy and human rights and 52% for sustainable and inclusive economic growth.

To cater for the lean management arrangement and allow for sufficient collection of evidence to inform programme management and provide inputs to the communication and public diplomacy, a total of DKK 9 million (1% of the budget) has been allocated for these activities, including: (i) the midterm review; (ii) development engagement formulations in 2019; (iii) required technical assistance for communication and public diplomacy; and, (iv) external monitoring and evaluation support (M&E agent).

Finally, roughly 18% of the budget has been allocated for strategic secondments throughout the programme period. The budget is presented below.

Year/Country	Ukraine					Georgia				Reviews, TA, Comms., and M&E	Secondments	Total (DKK mill.)
	Demo. & HR		Sust. Growth			Demo. & HR		Sust. Growth				
2017	Civil Society	Media	Inclusive labour market			Civil Society		Inclusive labour market				2017
DKK mill.	30	30	19			30		19		2	30	160
2018	Gender reform and GBV			Energy environment	Energy investment	Human Rights	Decentralisation		Energy investment			2018
DKK mill.	15			20	35	15	24		30	1	35	175
2019	Human Rights		Inclusive labour market	SME Support	Energy investment			Inclusive labour market				2019
DKK mill.	30		12	20	66			9		3	35	175
2020	Anti-corruption	Decentralisation						SME Support	Energy environment			2020
DKK mill.	59	40						24	15	2	35	175
2021	Civil Society	Media	Inclusive labour market	SME Support	Energy investment	Civil Society		SME Support				2021
DKK mill.	20	20	23	30	7	19		20		1	35	175
Total (DKK mill.)	244		232			88		117		9	170	860
Democracy and HR Ukraine: 244												
Democracy and HR Georgia: 88												
Democracy and HR Total: 332												
Sustainable Growth Ukraine: 232												
Sustainable Growth Georgia: 117												
Sustainable Growth Total: 349												
Ukraine Total: 70 476												
Georgia Total: 30 205												

Annex A – Communication strategy framework

This communication strategy framework covers the entire DANEP programme 2017-2021, including the country level support in Ukraine and Georgia. The strategy framework is indicative and a more thorough communication strategy will be developed by DANEP during the inception phase of the programme.

For the programme as a whole, the EUN office in close partnership with the Embassy of Denmark in Ukraine will be managing overall communication thus aligning political, development and humanitarian communication.

Purpose

The communication strategy for DANEP serves four purposes:

- 1) Communicate the results to the Danish citizens to ensure transparency and accountability of the use of the Danish development funds
- 2) To enhance the knowledge of Danish citizens of the political and societal developments in the DANEP countries
- 3) Communicate the DANEP results to the Ukrainian and Georgian citizens to ensure transparency and accountability of the Danish support to the two countries
- 4) Ensure an informed policy dialogue with the governments of the two DANEP countries

Messages

The messages of the programme will be concise and relate specifically to the specific cases where Denmark or Danish funded partners have played a clear role. While the communication strategy is for the DANEP programme, communication will also target interventions where there are complementary Danish activities, such as stabilisation or humanitarian funded programmes.

Five types of messages are foreseen:

- 1) *Basic factual messages* concerning the individual programme and development engagements. This may include messages at engagement launch with information on engagement objectives, partners, funding level etc., as well as information about conclusions of key steps in the engagement or programme cycle. It may also include fact sheets underlining the Danish financial and technical contributions
- 2) *Major achievements* will be communicated immediately once documented. This could be Danish contribution to policy achievements such as changes to legislation or downstream achievements such as number of jobs generated in rural areas
- 3) *Thematic and policy priority messages* where there is specific focus on Danish policy priorities that needs to be communicated. For DANEP this will include specific thematic messages related to e.g. women's role in local politics, GBV, youth employment or Danish investments in Ukraine and/or Georgia
- 4) *Individual case stories* (personal or topical) that will exemplify the work undertaken in individual engagements (or sub-engagements) under the programme
- 5) *Response to crisis situations* or negative changes to risk scenarios. Details of such response to be developed as part of the full DANEP communication strategy

Strategy framework

The programme will have a multi-pronged approach to communication focusing on communicating results at multiple levels in Denmark, Ukraine and Georgia. The communication approach is closely linked to the type of engagements supported.

Where Denmark will be part of large joint EU initiatives the communication will be in partnership with the EU. With the joint EU programmes, the communication will be particularly important vis-à-vis the recipient population, who, through this strategy, will have an improved understanding of the joint EU support provided and its contribution to democratic and economic development.

For engagements where Denmark plays a more direct active role, the implementing partners will be asked to provide a detailed outline of a communication strategy specifically focused on the Danish engagement. This is expected to include e.g. special attention to attracting investors to the two target countries or specific communication opportunities linked with the broader advocacy work towards gender equality and women's empowerment in the countries.

Stakeholder responsibility

The different stakeholders in the programme will play roles according to their level of engagement and authority in the programme. Common for all stakeholders is that they should be (or be made) aware of their role in communicating the key messages of the programme. There are broadly three categories of stakeholders involved in the communication, which the EUN should engage and agree with on strategic communication:

- 1) *Internally in the Ministry/embassies.* Within the organisation, different departments will play different roles in accordance with the internal mandates in the Ministry. In the case of DANEP there are three entities of particular importance:
 - a. *The Embassy in Kiev.* The Embassy will be able to attend key events of the programme and communicate major results locally and engage with partners on the communication strategy. Similarly, the Embassy also has accreditation to Georgia and should include specific DANEP communication action points when visiting Georgia
 - b. *Other departments engaged in Ukraine.* This in particular concerns the Humanitarian and Stabilisation offices. EUN will agree with these departments on common communication efforts for the two countries targeted.
 - c. *The communication department.* EUN will ensure to feed in communication for overall reporting on MFA progress.
- 2) *Implementing partners.* The cooperation between EUN and implementing partners on the communication side will depend on the modality of the individual engagement. The following summary provides an overview of the nature of the cooperation:
 - a. *The EUACI programme.* The EUACI programme is unique as it is the only intervention, which the MFA implements directly through its own project office – the EUACI office. The EUACI is developing its own communication strategy under the auspices of the EUN, and will serve as a cornerstone for DANEP

communication. This will include communication of specific results as well as broader communication on developments in the sector

- b. *Implementation through DEA.* EUN will together with DEA identify a common communication strategy approach to ensure that there is attention to the authority-to-authority cooperation between Ukraine and Denmark. DEA will be required to report on any significant public diplomacy opportunity. In addition, options for joint communication opportunities between the Ministry of Foreign Affairs and the Ministry of Energy in Denmark will be sought
 - c. *Implementation through IFU.* IFU already has a communication strategy and EUN will ask for a special addendum to this to promote the DANEP related Danish investments in Ukraine and Georgia
 - d. *Delegated partnerships with other donors.* Where there is a delegated partnership arrangement, Denmark will have to first and foremost rely on the communication strategy of the lead donor and the implementing partner. However, the EUN will use its role in the Steering Committees to emphasise communication and seek opportunities for utilising documented results as part of the DANEP overall programme communication (this includes U-LEAD in Ukraine through the EU, civil society support in Georgia through Sida, and SME support in Georgia through implementing partners.
 - e. *Implementation through multilateral organisations.* These projects will have individual communication strategies as part of the institution's communication. However, the EUN will require the partners to design individual annexes with specific reference to the Danish support (this includes ILO and UNDP in Ukraine and Georgia; UN Women in Ukraine and the Council of Europe in Georgia)
 - f. *Implementation through tender procedures.* In cases where the DANEP programme will tender out implementation, the bidders will be asked to specifically relate to communication as part of their proposal and submit a communication plan during the inception phase of the programme (support to SME development in Ukraine)
- 3) *Partner institutions.* In most of the DANEP engagements support is provided to state institutions to enhance their capacity to deliver according to their mandate. This support is provided through implementing partners (except for EU ACI), and thus the communication will have to be agreed through the agreement with the implementing partner. However, Denmark will also use its policy dialogue with the state institutions (formally and informally) to identify and agree on mutual communication points and options for joint public diplomacy efforts as feasible.

Public diplomacy opportunities

The final communication strategy is still to be developed and should take into consideration the already obvious communication opportunities that the programme provides. All the individual engagements have expected results that contribute directly to Danish policy priorities such as gender equality, human rights and growth that needs to be communicated to the major target groups. The strategy should start by looking at the results matrices, but also consider the ripple effect of the Danish support.

Examples of opportunities include, but are not limited to:

- Danish investments in renewable energy in Ukraine and Georgia through IFU. The investments are expected to (a) facilitate additional investment in the two countries of multiple times more than the Danish funds, (b) increase the employment in the countries, (c) reduce CO2 emission and improve the environment, and (d) provide the basis for future enhanced Danish private investments in the DANEP region
- The Danish leadership in anti-corruption in Ukraine is expected to increase the national and international businesses interest in further investing in the country and improve Ukraine's standing on the doing business index
- The Danish support to decentralisation in Georgia as well as Ukraine is expected to ensure that a significant number of women will become engaged in politics and be represented at the local councils during the course of the programme
- Minorities in Georgia will have a significantly enhanced role in local government and be sure to access social and business services at local level in the future
- XX no. of young people in Ukraine and Georgia will have started their own businesses through the Danish supported support to SMEs

Next steps

The above is indicative only. A more through communication strategy will be developed by DANEP. This will include detailed public relations and work plans based on thorough engagement with partners and with clear delineation of roles and responsibilities of partners as well as division of labour within the Danish MFA and also the M&E agent of the programme. In addition, a crisis communication response plan will be developed to address major negative changes to programme risk scenarios.

Annex B – Role and responsibility of the DANEP M&E agent

1. Objective

The objective of the DANEP M&E agent is to ensure proper monitoring and reporting of the DANEP programme and provide inputs to the monitoring and communication process of EUN and by that assist EUN with its monitoring and communication responsibilities as laid down in grant documents and agreements and as per Danida Aid Management Guidelines.

2. Scope of Work

The M&E agent works for and under the auspices of the EUN in the Ministry of Foreign Affairs of Denmark. The scope of work of the M&E agent will enable:

- (a) A detailed assessment of progress of individual development engagements under DANEP based on the DANEP partners' reporting and field mission assessments
- (b) An overview of overall progress of the DANEP programme against the DANEP objectives and thematic theories of change in the programme

The M&E consultant will undertake four major areas of work:

- Undertake desk review of programme and context related documents
- Undertake field missions to verify programme progress on the ground
- Participate as observer in selected partner steering committee meetings
- Identify and produce inputs to EUN reporting and communication on DANEP

A list of key tasks include, but will not be limited to:

1. Review and assess progress and annual reports received from programme partners and provide feedback and inputs to EUN on possible changes to progress and risks that the EUN will need to include in the dialogue with the partners, as well as identify opportunities for public diplomacy, which the partner of the MFA should pursue;
2. Participate as observer in selected partner steering committee meetings with specific instructions from EUN prior to such meetings. After each meeting the consultant will draft short note of key points from meeting and participate in debriefings with EUN as required;
3. Alert and update EUN on changes case of suspicion or documented irregularities in project implementation of any implementing partner or beneficiary;
4. Provide assessment of partner work plans, budgets, and risk management and recommendations for possible reallocations for EUN approval;
5. Undertake dialogue with implementing partners on *ad hoc* issues as and when required;
6. Overall assessment of risk situation and management requirements by partners and EUN and provide recommendations for such;

7. Ensure that financial and narrative completion reports are received timely and in line with Danida Aid Management Guidelines standards;
8. Undertake annual monitoring visits to Ukraine and Georgia in consultation with programme partners;
9. Prepare and draft case stories and related communication briefs on the results of the programme for EUN to use as part of its communication strategy;
10. Liaise with the Embassy in Kiev and assist with programme related meetings if and when required;
11. Undertake annual assessment of political and related contextual development related to the DANEP objectives in the two countries;
12. Provide annual workplans for the M&E agent for EUN approval.

3. Outputs

Major outputs include:

- Briefing and debriefing notes in connection with preparation and participation in steering committee meetings;
- Short mission notes from annual monitoring missions;
- Written and oral questions/comments and recommendations on partner reports;
- Annual programme reports based on progress report received from the partners (max 10 pages, excl. annexes – using a format agreed with EUN);
- Annual contextual assessments of Georgia and Ukraine (max 10 pages per country);
- Case stories and related briefs on results for public diplomacy purposes.

4. Timing, reporting and financial proposal

The assignment will start 30 December 2017 and end 31 December 2021 with the option of extending the contract for another two years.

Annex C – Phasing of DANEP engagements

Development Engagement	2017	2018	2019	2020	2021	2022	2023	2024	2025
Ukraine									
Civil Society, UNDP (already approved)									
Media, Sida (already approved)									
Civil Society, CISU									
Human Rights, UNDP									
DED 1.1 Human Rights									
EU-Danida Anti-Corruption Initiative									
DED 2.1 Combatting Corruption									
EU Decentralisation, EU-LEAD									
DED 3.1 Decentralisation									
DED 4.1 Gender Reform, GBV and Conflict									
Trade Unions, IF									
DED 5.1 Inclusive Labour Market									
DED 6.1 Business Development Support, SME									
Renewable Energy and Efficiency, DEA/EBRD									
DED 7.1 Enabling Environment for Energy Invst.									
Ukraine Investment Facility (UFA), IFU									
DED 8.1 Energy Investment									
European Fund for Southeast Europe (UEA+GE)									

Georgia									
Civil Society, Sida (already approved)									
DED 1.1 Human Rights and Ethnic Minorities									
DED 2.1 Decentralisation									
DED 3.1 Inclusive Labour Market									
Youth in Abkhazia, DRC									
Young Entrepreneurs, IFAD									
DED 4.1 Business Development Support, SME									
Energy Efficiency, NEFCO/GE Min. of Energy (NIRAS)									
DED 7.1 (UA) Enabling Environment for Energy Invst.									
DED 8.1 (UA) Energy Investment									

Legend	
DANEP formulation 2017-2021 (2025)	
Current support	

DANEP 2017-2021

Ukraine Country Programme Document

(to be read in conjunction with the DANEP strategic framework document 2017-2021)

October 2017

Ukraine Country Programme under DANEP

Key results:

- Anti-corruption institutions function effectively
- The Ombudsperson addresses human rights violations at the local level
- Local governments deliver services effectively in a transparent and accountable manner
- SME growth for youth and women run businesses
- Substantial foreign direct investment in renewable energy
- Renewable energy reached 11% of the national consumption

Justification for support:

- The support identified is fully aligned with the DANEP strategic framework document
- The support is fully aligned with the Ukraine reform agenda and Vision 2020
- The support will be critical in assisting Ukraine in its efforts to meet the EU Association Agreement (AA) efforts and the agreement with the EU on the Deep and Comprehensive Free Trade Agreement (DCFTA)
- The support will include specific attention to ensure youth and women's rights protection and economic opportunities
- The support provides avenues for immediate and future Danish private sector investments in Ukraine for the future cooperation and job creation, and draws on Danish competencies where possible/relevant.

How will we ensure results and monitor progress:

- The programme is implemented through partners that have a long track-record of implementation in Ukraine and which Denmark has previous working experience with
- The programme will use partners' monitoring frameworks. To further triangulate evidence an M&E agent will be hired through the DANEP framework
- See DANEP strategic framework document for full overview

Risk and challenges:

- Major risk is the potential limited commitment to the ongoing reform process in Ukraine. Denmark will continue its policy dialogue efforts through the EU to mitigate this risk and emphasise the importance of compliance with the AA and the DCFTA
- The second major risk is the potential escalation of the conflict in the East of Ukraine. This would disrupt activities in these areas. However, activities implemented in these areas are designed to take the need for a stabilisation effort into consideration

File No.	F2: 2016-40165					
Country	Ukraine					
Responsible Unit	European Neighbourhood (EUN)					
Sector						
	<i>Mill.</i>	2017	2018	2019	2020	2021
Commitment		79	70	128	99	100
Projected ann. disb.						
Duration	2017-2021					
Finance Act code.	06.32.11.10					
Desk officer	Darriann Riber					
Financial officer						

SDGs relevant for Programme



Gender Equality



Affordable
Clean Energy



Decent Jobs,
Econ. Growth



Peace & Justice,
strong Inst.



Partnerships for Goals

Budget

Thematic Programme 1 – HR and Democracy	244
<i>Engagement - Civil society (two instalments)</i>	50
<i>Engagement - Media (two instalments)</i>	50
<i>Engagement - Gender reform and countering GBV</i>	15
<i>Engagement - Human rights</i>	30
<i>Engagement - Anti-corruption</i>	59
<i>Engagement – Decentralisation</i>	40
Thematic Programme 2 – Sust. and Incl. Growth	232
<i>Engagement - Inclusive labour market (three instalments)</i>	54
<i>Engagement – Sustainable energy enabling environment</i>	20
<i>Engagement – Sustainable energy investment (three instalments)</i>	108
<i>Engagement – SME and entrepreneurship development (two instalments)</i>	50
Programme Support (see DANEP strategic framework doc.)	
Total	476

Strat. objective(s)	Thematic Objectives	List of Engagements/Partners
DANEP objective: More peaceful and stable countries, contributing to the UN SDGs and paving the way for future opportunities for cooperation with Denmark beyond traditional development assistance	DANEP: Promoting human rights and democracy	<ul style="list-style-type: none"> – Civil society support implemented by UNDP – Gender reform and countering GBV implemented by UN Women – Human rights implemented by UNDP – Anti-Corruption implemented by the EU/Ministry of Foreign Affairs – Decentralisation implemented by EU – Media – Detector Media and Hromadske
	DANEP: Strengthening sustainable and inclusive economic growth	<ul style="list-style-type: none"> – Inclusive labour market implemented by ILO – Sustainable energy enabling environment implemented by DEA – Sustainable energy investment implemented by IFU – SME and entrepreneurship development implemented by a private contractor

1 Introduction

This country programme document presents the Danish support to Ukraine 2017-2021 under the strategic framework of the Danish Neighbourhood Programme (DANEP). The programme is an integrated part of DANEP. This means that the programme contributes to and feeds into the DANEP Theory of Change (ToC) and thematic objectives of DANEP, and is managed in accordance with the DANEP management framework as identified in the overall DANEP strategic framework document. For a full overview of the strategic choices, justification and lessons learned please refer to the DANEP strategic framework document.

In light of the DANEP strategic framework there are three sets of engagements in this document:

- 1) Engagements that have already been approved by Danida through a separate approval process. These were designed and approved prior to the agreement on having a combined DANEP framework document and concern support to civil society as well as media 2017-2021;
- 2) Engagements, which have been consulted with implementing partners in full compliance with a standard formulation process. This covers all engagements 2017-2019. Note that the exception to this is the support to SME development planned to start in 2019. For this particular engagement, the Ministry of Economic of Development is still awaiting the final strategy and request from the Government of Ukraine to be able to finalise the document;
- 3) Engagements, which will be initiated in 2020 and 2021 are indicative, based on research and consultation, the engagements will require revision to take into consideration the latest contextual and policy changes in 2018 and 2019. These will be finalised late 2018/early 2019 and be approved as part of the 2019 mid-term review and cum appraisal of the DANEP programme.

2 Strategic considerations and justification

2.1 Ukraine Context

Following the ousting of President Yanukovich in 2014 and the reinstatement of the 2004 Constitution of Ukraine, the country has engaged in an extensive reform process aimed at transforming itself and enabling a process towards closer association to the European Union (EU) and Europe.

A large body of critical laws within the justice, human rights, anti-corruption and economic development sectors have been passed by Parliament (the Verkhovna Rada or the Rada). However, traction varies across the different reforms and in some cases it has stalled. There are still laws within sub-sectors that need to be passed to allow for the reforms to be fully implemented. The number and scale of reforms have also stretched the public sector, e.g. in terms of capacity, slowing down implementation.

The full package of reforms was revised and a new forward-looking vision adopted in April 2017. This included public consultations and was intended to result in an enhanced prioritisation of reforms. 25 key reforms are on the table, of which 10-12 fall under the thematic areas of DANEP.

This vision on the core reform areas and desired progress thereon has recently been approved by the Cabinet of Ministers until 2020¹.

The implementation of the reform process is closely linked with the Association Agreement (AA) signed 2014 and to the signing of the Deep and Comprehensive Free Trade Agreement (DCFTA). EU and the International Monetary Fund's (IMF) macro-financial assistance to Ukraine aims at helping alleviate Ukraine's large external financing needs and at supporting the ambitious reform programme of the authorities. Delays in the implementation of some agreed reforms have been observed, however, as of September 2016, the IMF programme for Ukraine had come back on track.

Universal for all areas of reform, corruption and lack of accountability remain key challenges for reform progress and economic development in the country. Corruption permeates every level of society, across sectors at central as well as local level. In spite of this, Ukraine has great business potential and prospects for growth, which may be further stimulated if the Government succeeds in improving the business environment, in which corruption is considered a major obstacle. However, systemic challenges mean that some of these processes will take considerable time.

The country is furthermore challenged by the Russian annexation of Crimea and the ongoing military action in the Donbas region, leaving large parts of Donetsk and Luhansk outside of Government control (the so-called Non-Government Controlled Areas (NGCAs)). The conflict has resulted in a massive displacement of over 1.6 million Ukrainians² and increase in human rights violations in and around the conflict areas³.

Despite the challenges at hand, since the mid-2015, Ukraine's economy has witnessed signs of economic stabilisation following the deep recession largely driven by the confidence loss and the damage to productive capacity associated with the armed conflict in the east. The stabilisation was supported by a strong fiscal and monetary policy response by the authorities as well as significant financing assistance from international donors. As a result, GDP returned to growth in 2016. Growth is projected at 2 percent in 2017. In the medium term, growth could pick up to 3-4 percent if deeper structural reforms bolster investor confidence and productivity.

Another key feature in the country is the rural-urban divide. Limited attention to the rural areas and smaller towns in the past means that the growth and development are centred around a handful of major cities with economic potential lost and with limited welfare and service delivery in the countryside. This is now being addressed through multiple reform processes extending services and political participation to the local level.

The political processes in Ukraine are not fully linear, with laws and counter-laws being approved, stalled or declined on a monthly basis, making it difficult to identify longer-term support to the country. Yet there are obvious areas in need of support.

There is still considerable donor focus on reforms and donor assistance provided to all key reform areas. It is thus important to act jointly, where feasible, and identify specific areas, which are orphaned or where Denmark has special expertise and comparative advantage.

¹ Please see: Cabinet of Ministers of Ukraine Decree "On Approving the Mid-Term Plan of Priority Action for the Government until 2020 and the Priority Action Plan for 2017" № 275-p as of 03.04.2017. Available at: <http://www.kmu.gov.ua/control/uk/cardnpd?docid=249935442> (Ukrainian only).

² The data on actual numbers of IDPs varies with time and some of the latest estimates (December 2016) state that there were 1 654 845 IDPs officially registered in the relevant state database. Available at: <https://helsinki.org.ua/prava-vnutrishno-peremischennyh-osib/>;

³ For more details, please consult the dedicated Chapters 8 and 9 of the Annual Report of the Ombudsperson published in 2017: http://www.ombudsman.gov.ua/files/Dopovidi/Dopovid_2017.pdf;

Human rights remain a priority area as long as the law enforcement and justice systems remain imperfect. This is likely to be the case beyond the DANEP programme. Human rights can be addressed by supporting the Ombudsperson and civil society. The Ombudsperson is one of the more well-functioning institutions (while also heavily dependent on the official leading the institution). Yet, there is a need to ensure and safeguard its performance in the future. There is in particular a need to continue to support the regionalisation process ensuring a stronger presence of the Ombudsperson at the local level linked to the ongoing decentralisation process of local administration as well as the justice institutions.

Donetsk and Luhansk areas in the east of Ukraine are in dire need of improved human rights. Some donors are working in this area including the UN system, United States Agency for International Development (USAID) and Department for International Development (DFID), but most of the funding is through humanitarian assistance. There are options for engaging in this area specifically focused on addressing underlying causes of Gender Based Violence (GBV) and women's access to local level decision-making processes.

Within the broader governance areas, **corruption** remains a key issue. Corruption will not be alleviated in the near future in Ukraine and remains a major obstacle for development and this is a priority area for DANEP as well. Denmark is well placed to continue to play a lead role as implementer of the EU-Danida Anti-Corruption Initiative (ACI). There is a need to expand the focus of the ACI programme to include the decentralisation reform process in a possible new phase of the programme.

Similarly, **decentralisation** remains a key priority area. The magnitude of the decentralisation process, versatility of its aspects (both administrative and sectoral), as well as substantial uncertainties means that decentralisation will remain a major area in need of support for the next decade at least. There are opportunities for linking with the sustainable and inclusive growth objective of the DANEP programme by strengthening local governments' ability to deliver services to the private sector as well as ensuring energy efficiency. There is also a need to support civic oversight at the local level.

With generally weak attention to **gender** among government and donors, there is an immediate need for engaging in gender mainstreaming in the reform processes as well as ensuring women's participation in political processes. Swedish International Development Cooperation Agency (Sida) is engaged at the overall level (central government focal point) and with some thematic reform processes, but so far there is limited attention to the role of women in the decentralisation reform, which nonetheless will have substantial influence on women's welfare. Denmark can play a key role in this process by being strategic and providing its assistance in an impactful way with limited funding.

There is a huge demand for support to smaller **businesses** across Ukraine. The DCFTA holds much promise in terms of future market access, foreign direct investments, and other economic opportunities. However, businesses need support to benefit from this potential in terms of identifying, exploring and adjusting to the new market demands while seeking to remain competitive in the light of the many changes introduced by the DCFTA. This can be coupled with general business advice and possibly entrepreneurship development targeting youth, especially at regional/municipality levels. Access to finance is a major issue but appears well-covered by other donors. The access to advisory services might be further supported by Denmark, especially with a

view to extending services to district/municipality levels, enabling business communities and entrepreneurs to access assistance at regional level.

The field of addressing structural **employment and labour market** challenges appears to be somewhat overlooked by both the government and donors, and The Ministry of Social Policy has not seen much donor support towards its reform endeavours, for example in employment services. Strengthening social dialogue and tripartite mechanisms for addressing labour market issues and furthering a more inclusive, more social orientation is needed. Support is needed for the approximation to the EU Social Charter, completely aligned with core labour standards securing workers' rights and stimulating the creation of decent work, including for youth. Donors' engagement in this area is rather scattered and may present an opportunity for a Danish engagement.

There is a need for a concerted effort for coordination of policy and initiatives related to youth employment. Entrepreneurship development and support to business start-up and expansion see scattered support, and is consider an opportunity for Danish interventions. One almost completely overlooked approach to addressing youth employment is career guidance, including considering self-employment and entrepreneurship development. Active labour market polices, including employment services, addressing informal employment and the huge challenge as skills mismatch equally needs addressing. Tripartite dialogue and inter-ministerial coordination are decisive for addressing these major constraints.

Moreover, to stimulate growth and job creation, especially for youth, supporting development of smaller enterprises seems to offer much potential. There is a need for job creation per se, but also for measures to secure decent work, for example by addressing an enormous share of informal employment, which is particularly predominant for youth. The need for a concerted effort has been acknowledged and the Ministry of Economic Development has recently formulated the National SME Development Strategy, which was approved in May 2017. From donors' side there is also revamped coordination efforts to assist this segment in an effective manner and it is expected that a coordination group will be established.

Energy security became a high priority in 2014 after Ukraine faced the prospect of energy supply disruptions from Russia. The "President's Sustainable Development Strategy 2020" emphasizes energy independence, through transition towards more **sustainable energy solutions** and introduction of **innovative technologies**. The current Danish involvement in Ukraine comprises four engagements: The Neighbourhood Energy Facility through the Danish Investment Fund for Developing Countries (IFU), NEFCO, the European Bank for Reconstruction and Development (EBRD/E5P) and the Ukrainian-Danish Energy Centre (UDEC) implemented by the Danish Energy Agency (DEA). With a view to focussing the efforts thematically under the sustainable and inclusive growth pillar and developing managerial synergies, it is envisaged that the engagements can be narrowed down to two development engagements, namely:

- 1) Support the policy level in creating an enabling environment for private sector sustainable energy investments;
- 2) Facilitation of Danish investments for energy efficiency and promotion of renewable energy to meet national targets and be a catalyst for further investments (national or foreign).

Summing up, there are clear opportunities for Denmark to continue support to complete the reform processes in key areas such as human rights, decentralisation, anti-corruption, and energy, while

enhancing the Danish footprint in new areas in terms of enabling international as well as national investments in the country, creating opportunities for young and female entrepreneurs, and assisting smaller enterprises to remain competitive, operate in a sustainable manner and create decent jobs.

In accordance with the DANEP strategic framework document and the justification of programme areas outlined in this, the programme for Ukraine will contribute to the two thematic programme objectives of DANEP:

- 1) Promoting human rights and democracy**
- 2) Strengthening sustainable and inclusive economic growth**

In accordance with the needs identified in the strategic framework document, and as derived from the background context above, Denmark will support strategic focused sub-themes under the two thematic programmes. These include:

- Under human rights and democratic development:
 - Decentralisation
 - Human rights
 - Civil society and media
 - Anti-corruption
 - Gender reform and countering GBV in eastern Ukraine
- Under sustainable and inclusive economic growth:
 - Inclusive labour market for job creation
 - SME development
 - Enabling environment for sustainable energy investment
 - Sustainable energy investment

In line with the DANEP strategic framework, the programme for Ukraine will have explicit focus on the key SDGs relevant to the country context. Specifically, Denmark will contribute to meeting the following SDGs in the two countries:

- SDG 5 – Gender equality
- SDG 7 – Affordable and clean energy
- SDG 8 – Decent work and economic growth
- SDG 16 – Peace, justice and strong institutions
- SDG 17 – Partnerships for the goals

2.2 Justification

The country programme for Ukraine is designed to support key reform areas in Ukraine, in accordance with the revised reform policy agenda⁴. Support is provided: (1) directly to reform areas,

⁴ For this, please refer to the Cabinet of Ministers of Ukraine Decree “On Approving the Mid-Term Plan of Priority Action for the Government until 2020 and the Priority Action Plan for 2017” № 275-p as of 03.04.2017. Available at: <http://www.kmu.gov.ua/control/uk/cardnpd?docid=249935442> (Ukrainian only).

(2) supporting the integration between the different reform processes, and (3) by enhancing the application of a human rights based approach and ensuring a focus on gender equality and involvement of youth where feasible. Key features and examples of this in the programme include:

- *Support to direct reform processes* include the support to: (i) the anti-corruption reform, (ii) the decentralisation reform, (iii) the energy reform process, and (iv) labour market reform. These all relate to further enhance Ukraine's alignment with the EU AA and DCFTA.
- *The reforms all have cross-sectoral elements, which the programme will support.* This is in particular strong in decentralisation, where the Danish support will contribute to (i) enhancing services to citizen's employment with a special focus on youth and women, and (ii) easing the access of SMEs to municipal service delivery, such as building permits. Similarly, the decentralisation reform process will be supported by the other development engagements by e.g. (a) strengthening anti-corruption efforts at the decentralised level through the next phase of the anti-corruption programme, (b) supporting SME development through the regional business centres, possibly in conjunction with support to a central SME development organisation to effectively implement and coordinate the SME support, and (c) supporting the strengthening of public employment services for the benefit of all regions, including with entrepreneurship development for youth.
- *From a human rights based perspective,* the reform processes will be a key entry point of support as well. This is first and foremost ensured by continuing to strengthen the Office of the Ombudsperson to hold the duty bearers to account when the reforms are implemented. A key element of this is the enhanced presence of the Ombudsperson at the sub-national level, which will strengthen the rights holders' opportunities for demanding their rights as the decentralisation process moves forward. Similarly, the support to a better functioning labour market captures rights at work, by for example addressing the significant informal economy where workers' rights are non-existent and by furthering the dialogue and voice through strengthening of the tri-partite system, including at regional level. The efforts of supporting the anti-corruption institutions at the (sub)national level, will furthermore enhance transparency in public administration. The focus on citizen (and in particular women and youth) involvement in the decentralisation process will improve the participation in the political processes. Across the reforms, enhanced accountability and transparency is sought by strengthening the media and civil society's efforts towards holding the duty bearers to account: (i) in general by support to local level civil society organisations and building their capacities to monitor and engage with the local and national government, and (ii) by the targeted civil society support within the anti-corruption programme.
- *From a gender perspective,* the programme will specifically support mainstreaming of gender and enhanced equality efforts in the decentralisation and law reform processes through a dedicated engagement. Similarly, gender equality will be ensured in the labour market reform processes by supporting the revision of relevant legislation. The gender equality efforts will furthermore be emphasised in the implementation of the SME support and entrepreneurship development. The envisaged cooperation with the Ministry of Economy on SME support will include a thorough gender analysis that will guide the implementation. Finally, from a rights perspective there will be an enhanced focus on countering GBV in conflict-affected areas of Ukraine.

- The design of the programme has sought to *bring youth issues to the forefront*. Most notably, youth unemployment is a major challenge in Ukraine and development engagement with the ILO has a focus on youth in terms of supporting youth entrepreneurship, the high level of informality and to address the huge skills mismatch in the labour market system, which is assessed to be a major cause of youth unemployment. Also advisory services to SMEs will include activities to guide on enterprise start-up (in conjunction with the ILO component on entrepreneurship development and career guidance), whereby youth are encouraged to consider self-employment as a career option.

From an aid effectiveness perspective, the programme is marred by the general more limited harmonisation and joint donor initiatives across all sectors in the country. However, the programme's implementing partners have been selected with a view to further the harmonisation and alignment process by focusing on joint or multilateral initiatives where these are present in the sector. In summary this means that:

- Where Denmark is supporting major resource-intensive reform initiatives such as within decentralisation and anti-corruption, priority has been given to joint EU-led initiatives.
- Where there is a need for a more targeted approach in more donor orphaned areas, such as supporting labour market reform or e.g. ensuring gender mainstreaming of specific reforms priority has been given to supporting multilateral organisations with the specific mandate in this field.
- And, where Denmark can play a more catalytic role with specialised Danish support, such as within renewable energy enabling environment and stimulating investment in sustainable energy solutions, the programme has been designed to draw specifically on such direct bilateral engagements.

The programme will be implemented in a context where the bulk of the work undertaken across most of the territory will be in the form of more traditional development. However, the design specifically takes the ongoing military conflict in eastern Ukraine as a departure of several engagements complementing the development approach. This is most explicit in the support to countering conflict-related GBV in Luhansk and Donetsk regions through the UN Women's support to community security. The findings and lessons learned from this support will also feed into UN Women's work with the law enforcement and decentralisation reform processes. Similarly, the support to the Ombudsman Office will include targeted support to protect the rights of the 1.6+ million IDPs in Ukraine through specific outreach and local office representational initiatives. It is furthermore envisaged that the SME support will also reach out to the conflict-affected areas of the country. Finally, the major reform programmes, such as decentralisation and employment services will also be covering the conflict-affected areas of Luhansk and Donetsk.⁵ The support is also expected to be complementary to the possible new support through the Peace- and Stabilisation Fund (PSF).

The programme design will draw explicitly as well as implicitly on Danish expertise and strengths where relevant. Most significant Danish footprint in the programme design includes:

- The support to sustainable energy investment implemented by IFU. This support is expected to draw extensively on Danish expertise in renewable energy solutions as well as in energy

⁵ Note however, that due to the present security situation, none of the programmes will be able to operate in the Non-Government Controlled Areas.

efficiency, which may include support to the establishment of e.g. more wind farms in the country.

- Support to improved energy investment climate facilitated through an authority-to-authority cooperation led by the Danish Energy Agency, where the Danish state-level know-how and technologies are shared.
- Continued Danish leadership in the implementation of the EU-Danida Anti-Corruption Initiative. Denmark leads the largest anti-corruption programme in Ukraine for the EU bringing in specific Danish expertise from the Ministry of Foreign Affairs and drawing on the Danish, as well as the EU, resource base. This is expected to continue under the new DANEP framework.
- In the field of supporting the labour market development, the Danish tripartite system and tradition of social dialogue is widely recognised and the ILO is considering to use the Danish system as a demonstration model and establish exchange with the Danish Social Partners.

As described in the DANEP strategic framework document, there are two major risks at the overall level, to which the programme will need to relate. First and foremost, the programme is heavily oriented towards the ongoing reform processes in Ukraine. Thus, a key assumption for the programme is the continuation of this process, but with the risk that the political commitment to continue the reform process may dwindle and may be negatively impacted by the election process. To mitigate this risk, the programme engagements are thus depending on the continued strong policy dialogue by Denmark and by Denmark's continued commitment to the policy dialogue of the EU vis-à-vis the Government of Ukraine. The Association Agreement and the DCFTA will continue to be a key element in this dialogue.

Similarly at the overall contextual level, major risks relate to the ongoing conflict in the east and annexation of Crimea by Russia. In particular the conflict in Donetsk and Luhansk may escalate, which will impact the economy as well as the ability to operate in the east of the country. The programme is designed to allow for development activities across the country, and with elements of specific support to the east and the related effects of the conflict and should be able to cope with changes in fragility and conflict.

There are three possible risk scenarios for the next five years, to which the programme must relate:

- 1) *Positive incremental changes.* Continued commitment to the EU AA and the DCFTA and the effect of the demand-side to hold the government to account of results in an enhancement of the implementation of the reform process and a reduction in the level of corruption. In this case, Denmark may consider moving further on the aid effectiveness agenda and start channelling funding through some of the targeted state institutions in the engagements that phase in from 2020 and onwards or in a possible follow-up phase to DANEP 2017-2021.
- 2) *Reform stagnation.* Political turmoil means that the reform process is stalled and progress towards the DANEP objectives is slowed down. Democratic institutions however remain intact. Denmark may consider reallocating funds from non-performing institutions, to institutions that are reform-oriented to motivate change. Additional funding may also be

allocated to demand-side institutions to further enhance the pressure on the Government combined with a strong policy dialogue joined with the EU and EU member states.

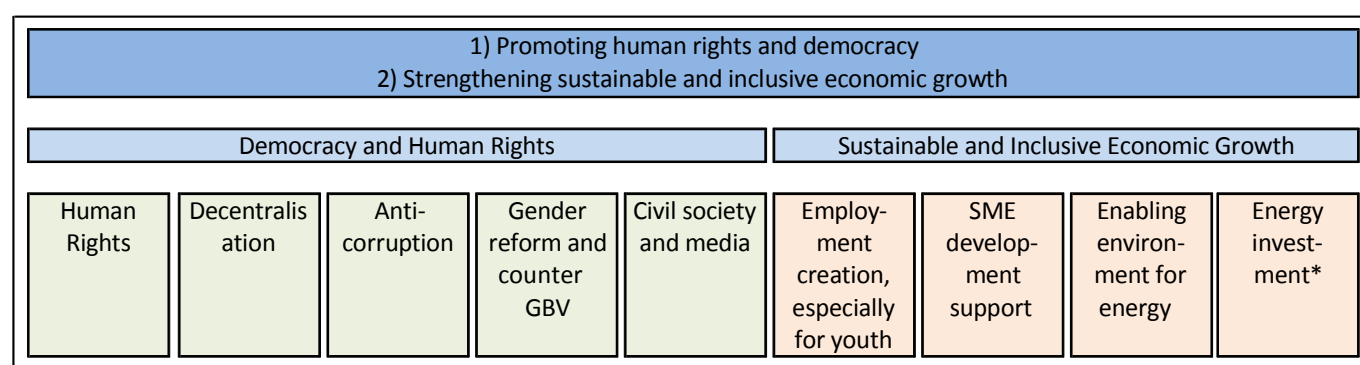
- 3) *Roll-back of reforms.* There is a significant change in the government orientation and a combination of crack down on civil liberties and a significant setback on the AA and the DCFTA process. Such a process would stall and/or reverse the reform processes and run counter to the objectives of the DANEP programme. In this case, Denmark should consider reallocating more funds to independent demand-side organisations, such as civil society and the Ombudsperson.

The total budget for the Ukraine part of the DANEP programme 2017-2021 is DKK 476 million. Of these, DKK 244 million are allocated for the human rights and democracy thematic programme and DKK 232 million for the sustainable and inclusive economic growth thematic programme.

3 Thematic Programme summaries

There will be two thematic programmes under the Ukraine DANEP programme related to human rights and democracy, and sustainable and inclusive economic growth. The suggested programme is designed with a total of eight development engagements in addition to the already agreed engagements for civil society and media support. There are four engagements for each thematic area. These engagements build on existing DANEP engagements where there is a need for continuation and introduces new engagements where the needs and opportunities have been identified. To respond to the need for lean management of the overall DANEP programme, one of the development engagements in Ukraine will also cover the implementing partner's activities in Georgia as well (IFU). For a full programme overview, see figure 3.1 below.⁶

Figure 3.1 Ukraine programme overview



* This engagement also cover support to Georgia

Key expected impact results at the two thematic levels include:

- Anti-corruption institutions function effectively

⁶ For both thematic programmes the overall strategic objectives and justifications of the two thematic areas covered in Ukraine as well as Georgia are presented in the DANEP strategic framework document 2017-2021. Similarly, the strategic framework presents an overview of key lessons learned from the past DANEP interventions.

- The Ombudsperson addresses human rights violations at the local level
- Local governments deliver services effectively in a transparent and accountable manner
- SME growth for youth and women run businesses
- Substantial foreign direct investment in renewable energy
- Renewable energy reached 11% of the national consumption

See Annex C for detailed indicators against stated results.

3.1 Promoting human rights and democracy

In the following we present the theory of change of the human rights and democracy programme and an assessment of the thematic programme against the OECD-DAC quality criteria, followed by a short introduction to the individual development engagements (table 3.2).

Table 3.2 Theory of Change for Thematic Programme on Human Rights and Democracy

Level	Human rights and democracy
Input	<i>If</i> Denmark continues its support to the decentralisation process, but focuses more on service delivery to youth and support to the business environment; and if Denmark continues its support to human rights oversight at the decentralised levels as well as women's rights in the reform process; and if Denmark continues to combat corruption with other EU member states (MS) with enhanced focus on the decentralised level; and finally, if Denmark supports the efforts towards countering GBV in the east
Output	<i>Then</i> the key reform processes within the realm of governance, democracy, human rights and gender equality will be supported. Availability of decentralised services through the local government structures will be improved for women, men, youth and businesses. Human rights will be monitored and cases brought forward. This in particular concerns protection services for women in the East. Oversight of the service delivery at central, and not least, decentralised level be in place monitoring public spending and corruption
Outcome	<i>Leading to</i> improved performance of duty bearer institutions targeted resulting in women, men, and youth accessing services and participating in local democratic development less marred by corrupt practices and a reduction in GBV
Impact	Eventually <i>contributing to</i> overall DANEP objective of stability, democracy and growth and compliance with the EU Association Agreement

The theory of change is based on three key assumptions (see also section on scenario planning above):

- Continued commitment to the EU AA and DCFTA means an ongoing push for reforms in the human rights and democracy area albeit at different paces according to the political context
- That the institutions supported will have the political will and capacity to absorb and utilise the support provided for reform change
- That the conflict in the East remains at a level, which allows for operations in Luhansk and Donetsk

The design of the thematic programme has been undertaken to ensure that it is relevant and can deliver results according to the OECD-DAC quality criteria. See table 3.3 below for details.

Table 3.3 Justification against the OECD-DAC quality criteria

OECD-DAC criteria	Assessment
Relevance	The thematic programme is fully aligned with the major reforms within decentralisation and anti-corruption and thus aligned with the government's priorities and the EU AA. Furthermore, the support to the Ombudsperson, civil society and media provides for a strong demand-side component supporting the rights holders to balance the support to the duty bearer institutions. Specific attention has also been given to ensure protection against GBV and enhanced attention to women and youth in line with Danish policy priorities
Effectiveness	A key criteria for ensuring effectiveness under the thematic area is expected achieved through a combination of: (a) relevance and ownership. As described above alignment with policy objectives and policy dialogue is expected to facilitate change. Furthermore the pressure from the demand-side will help facilitate this process. And, (b) expected effectiveness as documented through delivery of results in the past. This includes the support to the Ombudsman and civil society implemented effectively by the UNDP in the past and the two EU programmes on decentralisation and anti-corruption
Efficiency	Efficiency is sought by focusing the major budget inputs on joint programmes through the EU ACI (II) and U-LEAD (II); working through delegated partnerships in the media component; and through existing structures that have proven efficient in the past such as the UNDP support to the Ombudsperson and civil society. Efficiency will however have to be monitored across all DEDs as the programme develops as there will be risks for expansion of administrative costs. Such assessments will form part of the DANEP M&E framework
Impact	As the support is assessed to be relevant and effective the probability of impact is assessed to be high. Some of the major impact areas expected include policy level such as changes to the laws and regulations to become increasingly more targeted towards gender equality; ensuring that the anti-corruption courts are fully operational; or ensuring that all men and women and young and old have access to the services of the Ombudsperson
Sustainability	Sustainability is sought first and foremost by emphasising capacity development of state and civil society institutions to enable these to perform their assignments. None of the development engagements for the state include direct funding of recurrent costs. There will be capital investments to e.g. expand the geographical outreach of the Ombudsperson and initial outreach of activities but eventually the Ombudsperson's work will be fully funded by the state. The most critical element in terms of sustainability is the support to civil society organisations. None of these receive substantial funding from their constituency and the support is thus not immediately sustainable. However,

OECD-DAC criteria	Assessment
	the support is expected to provide sustainable results as they will help facilitate the reform process

The thematic programme contributes to the DANEP thematic objective of promoting human rights and democracy through the support to six different engagements, of which two will be repeated in year one and five of the programme:

DED 1: Human Rights - Improving the human rights situation at the local and regional level, including in the East 2019-2023

This concentrates on investing into increased effectiveness of the Office of the Ombudsperson in Ukraine. The support is a continuation of ongoing assistance provided by the current DANEP programme. With the current support, the central level institution has been developed and is now more or less self-sustaining. However, with the expansion of its mandate and the need for decentralising the institution's services, there is a need to develop the capacities at the decentralised level. Denmark will thus provide earmarked support aimed at:

- Strengthening the institution's presence at the regional level in Ukraine to ensure outreach to the rural population and address upcoming issues pertaining to decentralisation and access to economic and social rights.
- Strengthening the institution's capacity to address human rights violations related to the ongoing conflict in the East with a special focus on outreach to Internally Displaced Persons (IDPs).

The expected results are presented in the table (3.4) below.

Table 3.4 Outcome level results for the support to the Office of the Ombudsperson

Outcome 1	By 2023, the Ombudsperson's Office effectively protects human rights, specifically economic and social rights, in all the territory of Ukraine reaching out to the local level, including rural areas that are most vulnerable
Outcome indicators	<ul style="list-style-type: none"> • % of regions covered by the OO regional offices staffed with civil servants and financed from the State budget (2016: 37%; 2023: 100%; MOV: Annual Desk Review by OO and UNDP). • Perception of adherence to economic and social rights by women and men on a scale of (1 – very bad, 2 – bad, 3 – satisfactory, 4 – good, 5 – very good) (2017: 2.2 bad; 2023: 3 satisfactory; MoV: Human Rights Baseline Study). Disaggregated by rural areas (2017: 2.1 bad; 2023: 3 satisfactory). • % of Ukraine's population that believes the Ombudsperson's Office is

	<p>an effective mechanism for human rights protection (2017: 6%, 2023: 12%, MoV: HRBS). Disaggregated by male/female (2017: 5,9%/5,3%, 2023: 12%/12%), rural (2017: 4,4%/8%), youth (2017: 5,6%, 2023: 12%), elderly (2017: 3,8%, 2023: 8%)</p> <ul style="list-style-type: none"> • % of policy recommendations by the Ombudsperson's Office since 2017 that are implemented by duty bearers (2017: n/a, 2023: 30%, MoV: Annual desk review of evidence by OO reports).
Outcome 2	By 2023, the Ombudsperson's Office effectively implements its human rights protection functions targeting conflict-affected women and men
Outcome indicators	<ul style="list-style-type: none"> • % of police officers that believe it is necessary or acceptable to restrict the rights of persons with different political views on the conflict (2017: 53%, 2023: 20%, MoV: Human Rights Baseline Study) • % of police officers that believe crimes committed during the conflict can be justified (2017: 37%, 2023: 15%, MoV: Human Rights Baseline Study) • % of conflict-related policy recommendations by the Ombudsperson's Office that are translated into concrete policies or strategies (Baseline and target TBD Annual desk review of evidence by OO and UNDP).
Outcome 3	By 2023, the Ombudsperson's Office is equipped with knowledge and systems to promote human rights at the national level (including by ensuring abiding by international human rights principles) and ensuring the integration of HRBA and gender equality in the national reform agenda
Outcome indicators	<ul style="list-style-type: none"> • % of women and men who know about the OO (2017: 48%, 2023: 60%, MoV: HRBS). Disaggregated by male/female (2017: 51%/46%, 2023: 60%/60%) • % of women and men know the mandate of the OO (2017: 7%, 2023: 15%, MoV: HRBS). Disaggregated by male/female (2017: 9%/4%, 2023: 15%/15%) • % of women and men who say they would try to protect their rights if violated (2017: 41%, 2023: 60%, MoV: HRBS). Disaggregated by male/female (2017: 52%/48%, 2023: 60%/60%), youth (2017: 47%, 2023: 60%) and elderly (2017: 38%, 2023: 60%) • % of women and men who think that human rights restrictions are acceptable due to different political positions on conflict-related issues (2017: 48%, 2023: 20%, MoV: HRBS). Disaggregated by male/female (2017: 51%/46%, 2023: 20%/20%) • % of actions in the Action Plan of the National Human Rights Strategy that were implemented (2016: 21%, 2023: 50%, MoV: Ombudsperson/CSO annual reports) • % of recommendations of UPR and CEDAW that have been implemented (2017: TBD 2023: 25%, Annual review of evidence by UPR and CEDAW reporting, including shadow reporting).

Key elements of the support will be capacity development to the Office of the Ombudsperson at central and local level. Special attention will be ensured for outreach to women and youth from the decentralised offices. The engagement will contribute to: the Sustainable Development Goal (SDG) 16 (peace and strong institutions), SDG 5 (gender equality) as well as SDG 17 (partnerships for the SDGs).

As in the current phase, the engagement will be implemented by UNDP Ukraine from 2019. UNDP is selected based on its mandate and track-record for managing Danish support to the Office of the Ombudsperson in the past DANEP phase. The support will be implemented through a bilateral agreement based on UNDP's monitoring, financial and management guidelines. The total budget for this engagement is DKK 30 million.

DED 2: Decentralisation - Improved decentralisation and local level service delivery 2020-2024

With decentralisation as one of the major reform processes in Ukraine and also underpinning the other engagements in the DANEP programme, Denmark will continue its support to decentralisation beyond the present U-LEAD programme phase, which ends 2020. During U-LEAD phase I, the amalgamation process will have finished and basic capacity should be in place at all decentralised institutions. Thus, the focus for the next phase should be on:

- Moving forward with enhancing the political participation of women, men, and youth in the decentralisation process and thus complement the so far significant focus on administrative decentralisation processes
- Ensuring a clear division of labour between the different levels of government in all major sectors
- Ensuring proper taxation practices and control mechanisms (including anti-corruption efforts)
- Service delivery and hromadas level especially aimed at youth and the business community. This last element in particular will also contribute to the inclusive growth thematic area of the DANEP programme and be aligned with the relevant engagements in this area.

The expected results are presented in the table (3.5) below.

Table 3.5 Outcome level results for the planned support to decentralisation

Outcome 1		Local government provide services effectively, accountable and transparent	
Outcome indicator 1		- Time it takes for citizens to access services from local governments (social services such as primary health and school; building services; tax registration services etc.) - Time it takes for SMEs to get key permits processed by local governments (registrations, building permits etc.)	
Baseline	Year	2020	TBD
Target	Year	2024	TBD

Outcome 2		Local government are participatory and inclusive in their operations	
Outcome indicator 2		<ul style="list-style-type: none"> - Percentage of female representative in hromada councils - Percentage of youth in hromada councils - Number of hromadas that are fully transparent in all major financial matters (budgets, procurement, politicians and management salaries, audits etc.) 	
Baseline	Year	2016	TBD
Target	Year	2020	TBD

A significant part of the funding is expected used for capacity development. Women and youth are expected to receive particular attention for the programme parts, which relate to political decentralisation and the enhancement of accountability and transparency to the citizens in the hromadas. The engagement will in particular contribute to SDG 16 (peace, justice and strong institutions) and SDG 8 (decent work and economic growth).

The final DED will be designed early 2019. However, it is expected that the funding will continue to be channelled through delegated cooperation with the EU, possibly implemented by other EU member states, e.g. Sweden and Germany as is currently the case. The formulation of the next phase will include an assessment of these current as well as possible different future implementing partners. The budget allocation for this engagement is DKK 40 million.

DED 3: Anti-corruption - Combating corruption at the national and decentralised level 2020-2024

It is suggested that Denmark continues to lead the anti-corruption agenda in Ukraine after 2020 by implementing the next phase of the EU-Danida ACI programme. At the end of the current phase of ACI, it is expected that the current new anti-corruption institutions close to fully operational and their strategic plans have been initiated. Thus in addition, to providing the last bid of support to the existing institutions, a new programme will be designed which in particular need to focus on combating corruption:

- At the decentralised level, which currently receives very little attention in spite of the substantive ongoing fiscal decentralisation. By combating corruption at decentralised level the engagement will contribute to an improved business environment for small and medium size enterprises operating outside the major cities
- By providing specific focus on the role of the private sector in fighting corruption and improving the investment climate in Ukraine
- By continuing to build capacities of the demand-side governance to hold the state to account on corruption issues

The expected results are presented in the table (3.6) below.

Table 3.6 Outcome level results for the planned support to anti-corruption

Outcome 1		Institutions that have the mandate of preventing and prosecuting high-level and high-volume corruption crimes deliver on their mandates and ensure solid adjudication work as a unified system	
Outcome indicator 1		a) Number of high-level, high-volume corruption cases resulting in a court decision per year; b) International monitoring mechanisms acknowledge significant progress in interaction between NACP, NABU, SAPO, ARMA and the possible Specialized Anti-Corruption Court (or any similar adjudication mechanism);	
Baseline	Year	2019	TBD
Target	Year	2023	TBD

Outcome 2		Relevant authorities (SBI and National Police) have increased capacities to address mid-level and smaller corruption crime, especially at the sub-national level	
Outcome indicator 2		- Level of trust to the National Police with respect to both personal integrity (officers not engaging in corruption) and efficacy in tackling smaller-level corruption crime; - Conviction rate in cases handled by SBI that pertain to corruption or corruption-related issues;	
Baseline	Year	2019	TBD
Target	Year	2023	TBD

Outcome 3		SME & sub-national government relations are built with an increasing level of trust, transparency and integrity	
Outcome indicator 3		- Percentage of SMEs operating in relevant hromadas who report no corruption-related hindrances from local level authorities (first-hand experience); - Percentage of local government representatives who report lack of businesses offering to address emerging issues through corruption or corruption-related activities;	

Outcome 4		Sub-national (and potentially local-level) civil society actors are knowledgeable about locally-relevant corruption risks, are able to exercise sound expert judgement on the cases being handled, and are empowered to litigate for the public good	
Outcome indicator 4		- Number of well-substantiated court cases brought forward regarding locally-relevant situations by civil society organizations (including investigative journalist initiatives) who have researched the problems in question;	
Baseline	Year	2019	TBD
Target	Year	2023	TBD

There will continue to be a high emphasis on capacity development to central and also to local level institutions in the programme. Interventions aimed at the combating corruption will be measured against gender-disaggregated indicators. In terms of empowering the SMEs to self-initiate measures for integrity and compliance, emphasis will be on businesses ran by young and female entrepreneurs as one of the dedicated target groups. The engagement will in particular contribute to SDG 16 (peace, justice and strong institutions).

Denmark will assist the EU with the formulation of the next phase to ensure appropriate future alignment with the latest contextual developments in Ukraine. The total budget for the next phase is DKK 59 million.

DED 4: Gender reform and counter GBV - Ensuring women's role in the decentralisation and law reform process and enhanced security for women in the East 2018-2022

As a new intervention, Denmark will support the inclusion of gender in the decentralisation and law enforcement reforms as well as working to enhance the security and counter GBV in the east of Ukraine. These areas are currently underfunded yet has significant influence on the lives of women in Ukraine, in particular in the east.

The UN Women project will work at the local level to integrate gender equality priorities in the decentralised local government structures as well as prevention and response to GBV of local government and local law enforcement offices. These lessons learned will then feed into reform national agenda where UN Women will advise the Ministry of Regional Development and Ministry of Interior on gender mainstreaming in their reform processes.

The expected results are presented in the table (3.7) below.

Table 3.7 Outcome level results for the support to countering GBV and promoting gender in the reform processes

Outcome 1		The decentralization and law enforcement reforms are compliant with the international standards on gender equality and are informed by the results of the gender-responsive regional and local pilot initiatives	
Outcome indicator 1.1		Number of adopted policy decisions compliant with CEDAW and other HR standards, as well as legal acts repealing discrimination against women and vulnerable groups.	
Baseline	Year	2017	<ul style="list-style-type: none"> Ministry of Interior drafted the Action Plan on the implementation of the UNSCR 1325 “On women, and peace and security” for 2017 – 2020; No gender sensitive programme/action plan exists in the Ministry of Regional Development; Process of integrating of gender into the regional development strategies and local socio-economic development plans has been launched in pilot hromadas in Luhansk and Donetsk oblasts; 1 statute and 1 socio-economic programme (Lyman hromada, Donetsk oblast) that is gender-responsive adopted;

Target	Year		<ul style="list-style-type: none"> • A set of recommendations for development of the local action plans on 1325 proposed to Donetsk and Luhansk State Regional Administrations. Out of 17 proposed recommendations 10 were integrated in the 1325 NAP of Luhansk oblast in 2016; • The Ministry of Interior established a working group to revise the internal legislation to advance women's participation in law enforcement bodies (with UN Women support);
		2022	<ul style="list-style-type: none"> • The reforms' policy frameworks integrate specific gender equality measures which are supported by public budget allocations; • Amendments to sectoral by-laws pertaining to the reforms, which repeal discrimination, are adopted;

Outcome 2		Local authorities, law enforcement and women's community groups co-develop and implement GBV prevention and response strategies and action plans in line with the international standards and national gender equality commitments	
Outcome indicator 2.1.		Number of GBV prevention and response interventions integrated into local action plans and jointly implemented by local authorities, law enforcement bodies and women from the communities in 4 pilot hromadas	
Baseline	Year	2017	<ul style="list-style-type: none"> • 0 local action plans integrate GBV prevention and response interventions either in oblast or in hromadas; • 35.1% of women in Donetsk oblast and 31% in Luhansk, 66% in Donetsk and 80% in Luhansk oblast feel safe in their communities during evening and night, compared to men⁷ (Perception survey); • 45% of the respondents don't trust police in Donetsk and Luhansk Oblast⁸ (Perception survey);
Target	Year	2022	<ul style="list-style-type: none"> • At least 8 GBV prevention and response interventions developed with participation of women's groups, law enforcement and media integrated in local action plans by newly amalgamated hromadas and supported by budget allocation; • Women's sense of safety and security in public places increased by 10% (Perception survey);

Capacity development will be provided to selected local authorities and women's group to pilot and document lessons learned as well as to the two targeted ministries in the form of advisory services. The support will contribute to SDG 16 (peace, justice and strong institutions) and SDG 5 (gender equality).

⁷ UNDP study on the Security and Justice in Ukraine, 2017

⁸ UN Women survey on attitudes towards GBV in Donbas, 2017

The support is suggested implemented by UN Women. UN Women is the only organisation already engaged in these two areas simultaneously and has a good reputation among NGOs, donors and government. The support will be provided through a bilateral agreement with UN Women and implemented in accordance with UN Women's monitoring, financial, and management guidelines. The total budget is DKK 15 million.

DED 5: Civil society 2017-2022 and 2021-2025

The support to civil society is divided into two engagements. One (formulated and approved through a separate process), and a follow-up approved initially as part of this programme and with final approval following the 2019-mid-term review. See more in the DANEP strategic framework document.

The first CSO intervention is designed to ensure that civil society will have a stronger impact on the reform processes in the country including in the regions in the areas of democracy and human rights and will contribute to more inclusive, democratic and rights-based governance, through enhanced capacity, better coordination and networking.

The project is formulated with three main components as defined below:

1. Strengthening CSOs as guardians and promoters of democracy and good governance in Ukraine.
2. Supporting human rights actors to promote and defend human rights in Ukraine.
3. Enhancing civic youth engagement and youth participation in decision-making.

The outcome level results framework is presented in the table (3.8) below.

Table 3.8 Outcome level results for the support to civil society

Outcome		Civil society will have a stronger impact on the reform processes in the country including in the regions in the areas of democracy and human rights and will contribute to more inclusive, democratic and rights-based governance, through enhanced capacity, better coordination and networking.	
Outcome indicator		<ul style="list-style-type: none"> • Civil society organisations engagement in implementation of the National Strategy for Civil Society Development at the subnational level • The extent to which CSO hubs' network is efficient, visible and capable. • Number of key policies and strategies (both within national and international commitments) developed, operationalized and promulgated with active CSO participation • Cases of working groups policies development and/or implementation with CSOs inclusion at the national level • Civil society capacities for human rights related to data collection, analysis and participation in policy development 	
Baseline	Year	2017	<ul style="list-style-type: none"> • 4 regional CSO actively engaged in implementation of the

			<p>National Strategy for Civil Society Development at the subnational level</p> <ul style="list-style-type: none"> • A network of 8 regional CSO hubs with limited visibility as a network; • No data available on policies and strategies (both within national and international commitments) developed, operationalized and promulgated with active CSO participation • 4 alternative stakeholders' reports prepared on human rights agenda by civil society
Target	Year	2022	<ul style="list-style-type: none"> • At least, 100 CSOs actively engage in implementation of the National Strategy for Civil Society Development at the subnational level • Existence of an efficient, visible and capable CSO hubs' network covering the territory of Ukraine • At least, 40 normative and regulatory acts reflecting new policies and strategies (both within national and international commitments) at subnational level developed, operationalized and promulgated with active CSO participation with at least 50% level of implementation per year • 14 (in each region where hubs are located) • At least, 5 alternative stakeholders' reports prepared by civil society networks and coalition on human rights agenda informed by various human rights mappings

For the second engagement on civil society support starting in 2021, it is suggested that focus is on possible next steps for a follow-up to the 2017 support. Following the 2017 engagement, institutional capacity will have been raised by a network of civil society actors in the regions (CSO hubs) in the areas of democracy and human rights. There will continue to be this need in 2021, but with the full roll-out of the decentralization reform in Ukraine, the need for a strong local level civil society will have increased to monitor, advocate and defend human rights at the local level. Such a focus would also align the CSO support closely with the remaining elements of the DANEP programme by strengthening the right holders voice to demand rights and services related to:

- 1) The economic and social rights to be delivered through: (i) the local governments, (ii) the SME and entrepreneurship assistance locally, and (iii) to voice their rights vis-à-vis the major energy investments across the country
- 2) The political and civil rights by monitoring and demanding justice for IDPs, GBV victims or victims of the ongoing conflict in the east, or by supporting the work of the Ombudsperson's Office at the local level;
- 3) Special provision should be given to provide capacity development of local CSOs that specifically target the rights of youth and women;

The engagement will build on the lessons learned from the previous two phases of the programme. UNDP will be asked to provide a documentation of these mid-2018, that will feed into the formulation of the next phase. A suggested results framework is presented in table 3.9 below.

Table 3.9 Results framework for CSO support 2021-2025 (indicative)

Outcome		Local level civil society undertake effective monitoring, advocacy and protection services for youth, women and men across Ukraine	
Outcome indicator		<ul style="list-style-type: none"> • No. of local level CSOs and their coalitions / networks providing reports on human rights situation at local level • No. of cases brought to the courts or the Ombudsperson's Office at the local level • No. of local government that have changed service practices or decisions following CSO advocacy work 	
Baseline	Year	2021	TBD
Target	Year	2025	TBD

As in the current phase, the 2017-2022 engagement will be implemented by UNDP Ukraine. It is suggested that this will continue in the engagement starting 2021. UNDP is selected in based on its mandate and tracked record for managing Danish support to CSOs in the past DANEP phase. The support will be implemented through a bilateral agreement based on UNDP's monitoring, financial and management guidelines. The total budget for this engagement is DKK 30 million for the 2017-2022 engagement and DKK 20 million for the 2021-2025 engagement.

DED 6: Media 2017-2021 (a and b) and 2021-2025 (c)

The media component for Ukraine has been approved through a separate process. The support 2017-2021 *de facto* comprises two separate development engagements to Detector Media and Hromadske respectively. The two engagements are mutually supportive, with Detector Media focusing on promoting the establishment of a democratic, free and professional media in Ukraine, while the Danish support to Hromadske as an independent media outlet enhancing access to free and fair media across Ukraine.

The outcome level results framework for the two engagements is presented in the table (3.10) below.

Table 3.10 Outcome level results for the support to media through Detector Media and Hromadske respectively

Outcome 1.0 Detector Media		Media literacy of citizens improved	
Outcome indicator		1: Development of media literacy index 2: Share of population understanding the need in knowledge about media owners 3: Share of population that treats the media product quality as a key criteria for the information source selection	
Baseline	Year	2017	1: No media literacy index 2: 34% 3: 23%

Target	Year	2021	1: Media literacy index developed and in use 2: 46% 3: 32%
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Outcome		Hromadske is an innovative media organization that has trust and impact, and serves transformation of the society for a more fulfilled life of its individual members.	
Outcome indicator		Development of Hromadske's presence on all its platforms, including the website and app, social media and TV channel	
Baseline	Year	2017	Varying quality of Hromadske's presence on certain of its platforms and brand awareness of 26%
Target	Year	2018 ⁹	Strong and high quality presence on all of Hromadske's platforms and increase brand awareness among 18-65 year olds to 35% by 2019.

The two engagements will be implemented through delegated cooperation with Sida. The budget for each engagement is DKK 15 million totalling DKK 30 million for the period 2017-2021.

The development engagement and results matrix for the media support 2021-2025 will be developed prior to the DANEP mid-term review 2019. The budget for this latter engagement is DKK 20 million.

3.2 Strengthening sustainable and inclusive economic growth

The following section presents the theory of change (table 3.11) of the sustainable and inclusive economic growth pillar of the programme and an assessment of the thematic programme against the OECD-DAC quality criteria, followed by a short introduction to the individual development engagements.

Table 3.11 Theory of Change for Thematic Programme on sustainable and inclusive economic growth

Level	Sustainable and inclusive economic growth
Input	If Denmark supports labour market institutions and mechanisms, including social dialogue, such as addressing the possible social lop side of the business environment reform agenda; mechanisms to stimulate youth employment, including entrepreneurship development; support to SMEs in the reform process, in particular concerning adjustments related to the DCFTA, and if Denmark continues support to improvement of the enabling environment and investment opportunities within the sustainable energy sector including public private partnerships for securing domestic energy supply...
Output	Then the government and the Social Partners are capacitated to enter into a constructive dialogue; possess technical knowledge and abilities for implementing necessarily reforms and address labour market challenges, SMEs are assisted in tackling the challenges of the new post-DCFTA environment, capacitating them to expand and create jobs. Youth is capacitated to make job orientated career choices including entrepreneurship. The enabling environment for investments in the

⁹ Hromadske current strategy period covers 2017-2018 so at outcome and output level, 2018 is the target year. Support after 2018 will depend on the results achieved in the current strategy period.

Level	Sustainable and inclusive economic growth
	sustainable energy sector will be conducive and thereby more attractive for investors.
Outcome	Leading to a broad-based and inclusive approach to the growth and reform; labour market structures that secure the creation of decent work, especially for youth; a flexible, inclusive labour market with sustainable and competitive enterprises able to compete in the new post-DCFTA environment while generating growth and jobs in a responsible manner. A more sustainable energy sector with a strong contribution from the private sector in terms of lifting the burden of the government in securing energy independence and reaching its goals for sustainable energy generation and growth.
Impact	Eventually contributing to overall DANEP objective of stability, democracy and growth and compliance with the EU Association Agreement

The theory of change is based on two key assumptions:

- Continued commitment to the EU AA and DCFTA in terms of reform orientation concerning economic development and balancing of economic, social and environmental aspects.
- That the institutions supported will have the political will and capacity to absorb and utilise the support provided for reform change.

The design of the thematic programme has been undertaken to ensure that it is relevant and can deliver results according to the OECD-DAC quality criteria. See table 3.12 below for details.

Table 3.12 Justification against the OECD-DAC quality criteria

OECD-DAC criteria	Assessment
Relevance	The thematic programme is fully aligned with the government policies, relevant reform areas, and strategies concerning the labour market development, the national SME development strategy and the energy strategy in close alignment with the national action plans on renewable energy and on energy efficiency. Special consideration has been given to how to target youth in the relevant areas, in line with the priorities in the Danish development assistance strategy.
Effectiveness	Effectiveness under the thematic area is expected to be achieved through a combination of: (a) relevance and ownership. As described above, alignment with policy objectives and policy dialogue is expected to facilitate change. Furthermore the pressure from the demand-side will help facilitate this process. And, (b) expected effectiveness as documented through delivery of results in the past. ILO has a track-record of specialised technical assistance and on energy both the engagements (with DEA and IFU) are continuations of previous successful cooperation.
Efficiency	Efficiency is sought by working with experienced partners, delivering assistance that is good value-for-money. Efficiency will however have to be monitored across all DEDs as the programme develops as there will be risks for expansion of administrative costs. Such assessments will form part of the DANEP M&E framework

OECD-DAC criteria	Assessment
Impact	As the support is assessed to be relevant and effective the probability of impact is assessed to be high. The programme is designed to address significant shortcomings concerning sustainable and inclusive growth, such as youth employment and sustainable energy provision and is as such providing support in areas that so far have seen less support.
Sustainability	Sustainability is sought by targeting the support to organisations that have the mandate to fulfil certain functions for which they need enhanced capacity. This include supporting a well-functioning tripartite system with qualified interaction between the government and representatives of workers and employees for the development of an inclusive labour market and policies that a.o. focusses on youth. The programme will capacitate structures to support the development of SMEs, whereby many SMEs can access assistance and generate jobs. In the areas of energy, the two-pronged approach with supporting the development of policies that create an enabling environment for investments in sustainable energy while at the same time leveraging Danish and other private investments in the sector is expected to contribute to a sound platform for the development of the sector.

The thematic programme contributes to the DANEP thematic objective of promoting sustainable and inclusive economic growth through the support to four different engagements.

DED 7: Inclusive labour market for job creation 2017-2022

The business environment reform is high on the government agenda, much driven by the EU AA/DCFTA alignment process. However, the scoping mission found that social and inclusive aspects were receiving less attention with the risk of a social lop side and particularly the need to address labour market issues. Strengthening social dialogue and tripartite mechanisms for addressing labour market challenges and structural employment is needed, especially concerning the high youth unemployment (22.4 per cent for the age group 15-24 years) and a huge informal economy. The approximation to the EU Social Charter, completely aligned with core labour standards, and the whole approximation process stipulated in the EU Association Agreements requires much reform, which is underway, but much support is needed to assist local partners with capacity enhancement and technical assistance. Hence, the key areas of support to improve the functions of the labour market and stimulate job creation are the following:

- Labour market governance, strengthening of employment services and support to innovation multi-partner approaches for addressing unemployment at local level.
- Addressing the skills mismatch, that is a major cause of youth unemployment and a threat to the competitiveness of Ukrainian companies combined with the promotion of youth entrepreneurship as a means for employment creation.
- Strengthening the tripartite system and social dialogue to enable broad-based dialogue to promote a well-functioning and inclusive labour market, enabled to address issues (including

workers' rights, the rising informality, and the gender pay gap) and engage in settlement of labour disputes and further collective bargaining processes.

The expected results are presented in the table (3.13) below.

Table 3.13 Outcome level results for the planned support to developing an inclusive labour market

Outcome 1		Labour market governance is improved through the strengthening of employment services and other labour market institutions
Outcome indicator		(1) Reform plan for the modernisation of public employment services has been consulted with the social partners and adopted by Ukrainian authorities including a monitoring and evaluation framework, (2) Job Search Assistance: Percentage of unemployed having received job search assistance from SES including long-term unemployed, women, IDPs, and youth; (3) Search Spells: Time elapsed between first period of active search and moment of labour market entry; (4) Number of employers sourcing services from SES offices;
Baseline	2017	Ad (1) ILO did a comprehensive functional assessment of PES which identifies areas for reform and intervention No improvement/reform plan existing nor adopted, Ad (2) 30% of unemployed having received job search assistance from SES(?), Ad (3) Baseline values are not available, to be determined during 6-month inception phase, Ad (4) Baseline values are not available, to be determined during 6-month inception phase.
Target	2022	Ad (1) reform plan adopted Ad (2) 50% of SES offices covered by the intervention /of unemployed having received job search assistance from SES(?); Ad (3) Search Spells reduced by 20% for SES offices covered by the intervention; Ad (4) No of employers seeking SES services increases by 25% for SES offices covered by the intervention

Outcome 2		Skills development and entrepreneurship training for new labour market entrants is better aligned with demand for skills with particular emphasis on the private sector
Outcome indicator		(1) Reduced skills mismatch: Share of young people and graduates whose educational attainment is higher or lower than the level required in their jobs (2) Reduced skills gap: Percentage of firms identifying an inadequately educated workforce as a major constraint (3) Increased entrepreneurial intentions: Number of participants in entrepreneurship training courses that intend to open their own business (at least XX % youth)
Baseline	2017	Ad 1) 37% (based on ILO school to work transition survey Ukraine 2015) Ad 2) Data have to be collected during inception phase (ILO could make use of sample of enterprises that participated in 2016 survey on enabling environment) Ad 3) 0
Target	2022	Ad 1) Skills mismatch is reduced by 20 % in two pilot sectors or regions, Ad 2) Skills gap is reduced - by 15% fewer firms pointing to the inadequately educated workforce as a major constraint Ad 3) est. 25% (based on extrapolations from the School-to-Work Transition Survey and the Global SIYB Trace Study of the ILO)

Outcome 3		Tripartite social dialogue and collective bargaining as means to create more and better jobs, especially for youth, are enhanced	
Outcome indicator		(1) Number of policies and programs promoting inclusive labour markets development adopted by government including recommendations of tripartite social dialogue bodies, including youth specific initiatives (2) Number of collective bargaining agreements signed in pilot sectors or regions, (3) Increase of membership of employers' and workers' organizations.	
Baseline	Year	2017	Ad 1) inception phase will be used to collect baseline Ad 2) inception phase will be used to collect baseline Ad 3) inception phase will be used to collect membership data from social partners involved in this component
Target	Year	2022	Ad 1) 6 new policies or programs have been initiated on the basis of recommendations of tripartite social dialogue bodies or the social partners, including on improved wage and income policies on reducing wage arrears, setting minimum wages, reducing the gender pay gap (GPG), and reducing undeclared and under-declared work, and measures targeting youth employment in particular Ad 2) No of collective bargaining agreements increases by 15% Ad 3) Membership base increases by 12%

The ILO is well-positioned to address the labour market challenges, of which many are articulated in its new Decent Work Country Programme for Ukraine and the ILO is already active in these technical fields and has a strong mandate for working with the key partners through the tripartite system, i.e. the government and the social partners.

The total budget is DKK 54 mill. for a six-year period (2017-2022), which will be committed in three rounds (2017, 2019 and 2021).

The support will contribute to SDG 8: Economic growth, employment and decent work.

DED 8: SME and entrepreneurship development 2019-2023

To address the gap in information and advisory services - both in general for smaller enterprises and on the DCFTA adjustment process in particular - business development services should be made more widely available, especially in more remote areas. The DCFTA holds much promise in terms of future market access, FDI and other economic opportunities. But smaller businesses need support to reap the potential, in terms of understanding and adjusting to the new market demands while seeking to remain competitive in the light of the many changes introduced by the AA/DCFTA and the loss of traditional markets. There is much potential for job creation, and for avoiding job losses. As of May 2017, the first National SME Development Strategy was approved, and it is assessed as essential as the current landscape for SME support is fragmented and uncoordinated. Even for reaching regional levels, a central and well-coordinated implementation structure is necessary with a technically competent leadership that ensures adherence to best practice, sustainability, etc. The possible support should hence be aligned with the SME strategy and action plan (still to be

developed), and also support that the central structure is in place for guiding country-wide assistance and coherence.

The Ministry of Economic Development is requesting assistance for implementation from the donor community but as the current engagement only will come into effect in 2019, the decision on concrete support will need to be made in the course of 2018. Preliminary assessments, based on consultations with the Ministry of Economic Development, donors and other stakeholders indicate that the most relevant areas of upcoming support could include:

- Support to the establishment/capacity development of an SME Development organisation (not yet specified in the strategy) in line with best international practice. Such a central level organisation would be important for coordination and effective implementation and the Ministry of Economic Development assesses that it might fit with the timing of the Danish support (from 2019);
- Support to the development of regional business centres that provide advisory services and guidance to entrepreneurs, both in general and also on DCFTA issues. The SME development strategy foresees regional 25 centres of which support is so far pledged to 18. The Chamber of Commerce is hosting eight of these centres.
- As the technical support envisaged through the business centres seems to target established enterprises, an additional feature could also be to expand their target group to better service start-ups and micro enterprises. (Here there may also be synergies with development engagement 7 on entrepreneurship development for youth – although engagement 7 focusses on the TVET system, the same entrepreneurship tools could be introduced in the business development services system).

The development engagement will have to be finalised when the Ministry of Economic Development has an overview of other donor involvement and when the Action Plan is in place, as well as the assessed needs from 2019. Given this uncertainty, the possible results presented in the table (3.14) below and in the development engagement document are merely indicative.

Table 3.14 Outcome level results for the planned support to SME and entrepreneurship development

Outcome 1		Structure for delivering business development services to SMEs in place, especially in remoter areas, with information and advisory services, in particular concerning the DCFTA adjustment process	
Outcome indicator		<ul style="list-style-type: none"> • Accessible regional SME support services available • SME's satisfaction rate: Percentage of SMEs receiving assistance that report to be satisfied with the support received. 	
Baseline	Year	2019	<ul style="list-style-type: none"> • Number of SMEs accessing services, disaggregated on youth and women • No monitoring of SME satisfaction rate
Target	Year	2023	<ul style="list-style-type: none"> • Xx SMEs have access to regional business development services, disaggregated on youth and women • SME service recipients' satisfaction rate (at least 80% are satisfied)

If the support is aligned with the SME development strategy, the main partner would be the Ministry of Economic Development. However, the business centres will be operated by local business development service providers, including the regional Chambers of Commerce, and will as such be partners as well. As of May 2017, many potential donors are contemplating how best to support SME development and there is no obvious entry point for a possibly delegated cooperation agreement. This may change over the coming two years and the situation should be reassessed. Alternatively, a tender can be made to contract a consultancy to deliver the relevant technical assistance.

The total budget for this engagement is DKK 50 mill. covering a five-year period (2019-2023), to be committed in 2019 and 2021.

The support will contribute to SDG 8: Economic growth, employment and decent work.

DED 9: Enabling environment - for energy investment 2018-2021

Ukraine's "National Renewable Energy Action Plan" has the target for the share of renewable energy supply to reach 11 per cent by 2020, as a part of its endeavours to promote more sustainable energy provision as well as to reduce Ukraine's dependence on imported energy. Achieving the target will be challenging without the creation of an enabling environment for private sector investment in renewable energy. Reform of the energy sector is needed to address the monopolistic and intransparent structures that dominate the sector, allowing for free competition and development of investor confidence. As of April 2017, the new electricity law was passed, paving the way for an open market, which is a positive step towards increasing investment. The energy efficiency field, including district heating, attracts ample support towards addressing the energy efficiency in public and residential buildings, but energy efficiency in the industries has however not received much attention yet. Support to the strengthening the sustainable energy sector would be within the following strategic areas:

- Providing assistance for the implementation of relevant areas of the National Energy Efficiency Action Plan and the National Renewable Energy Action Plan, including support to investment promotion, project development and One-Stop-Shops to assist investors.
- Providing capacity building to the Ministry of Energy to adhere to commitments under the EU AA and the DCFTA as well as to implement selected relevant areas for furthering and managing sustainable energy provision, and to monitor progress of the National Energy Strategy.
- Create a level playing field for private sector investors, securing an enabling environment for sustainable energy investments, with transparent regulation and incentive structures.

The expected results are indicatively presented in the table (3.15) below.

Table 3.15 Outcome level results for the planned support to the creation of an enabling environment for energy investment

Outcome		Ukraine supported in increasing the share of renewable energy in total energy consumption by 2020 and reducing the climate and environmental impact of the fossil fuel based energy sector.	
Outcome indicator		➤ Level of integration and implementation of renewable energy and energy efficiency projects.	
Baseline	Year	2017	▪ Current energy investment climate in Ukraine not attractive for renewable and energy efficient projects and technologies
Target	Year	2020	▪ Project and technology platform developed and established to attract investments to renewable energy and energy efficiency

The Danish Energy Agency is currently supporting the Ministry of Energy under the Authority-to-Authority modality, with the Ukrainian Danish Energy Centre (UDEEC) project. At the policy level, UDEEC has a meaningful role to play if allowed into the more strategic level and assisting the policy development and implementation. A possible next phase of the project is envisaged to start in 2018 when the current project ends. The support will contribute to: SDG 8 (economic growth, employment and decent work) and SDG 7 (access to sustainable and modern energy).

This development engagement (no. 9), endeavouring to create an enabling environment for sustainable energy investment is designed to have a strategic fit with the next engagement (no.10), seeking to further direct sustainable energy investment. There is great potential for synergies between the two engagements, and for deepening cooperation vis-à-vis commercial activities, supported by the Danish Embassy in Kiev, as there are already both exiting Danish investments in the sustainable energy sector as well as much interest from potential Danish investors. Synergies could for example be furthered by establishing a sustainable energy forum with regular network meetings and information exchange (including for example a monthly newsletter). It is envisaged that the Embassy can play an instrumental role in this.

DED 10: Energy investment 2018-2023

As already described under the previous development engagement, there is need for enhanced direct investment to assist Ukraine in reaching the 11 per cent renewable energy target, promoting sustainable growth and securing increased energy independence. Engaging the private sector in lifting the burden is instrumental in the process. Given Denmark's competences in the sector, promoting Danish investments in the field of energy efficiency and renewable energy solutions could assist Ukraine in meeting its national targets by:

- Improving the finance possibilities in the energy efficiency and renewable energy sectors and thereby incentivise the private sector's involvement in reducing the energy dependence while promoting sustainable growth;
- Using project investments as demonstration models and be a catalyst for further investments (national or foreign).

The expected results are presented in the table (3.16) below.

Table 3.16 Outcome level results for the planned support to promotion of sustainable energy investment

Outcome		The projects contribute to increasing the provision of renewable energy, reducing energy consumption, greenhouse gas emission and the countries' dependence on imported energy.	
Outcome indicator		Ukraine: The country's 2020 renewable energy share of total energy consumption Number of jobs created ¹⁰	
Baseline	Year	2017	Ukraine: 8 per cent renewable energy in total energy consumption No jobs created yet
Target	Year	2023	Ukraine: 11 per cent renewable energy in total energy consumption 4550 jobs created (incl. leverage)

The Investment Fund for Developing Countries (IFU) is well-positioned to support investments and is an obvious partner when seeking to draw upon Danish competencies in the field of energy efficiency and renewable energy solutions. With IFU's gearing track-record of seven times, the effect could be considerable, both in terms of environmental gains, energy security and possibly an employment effect as well as a possible catalytic effect and inspiring further investments. IFU already manages the Ukraine Investment Fund, and has also supported a couple of projects in Georgia. The new fund - the Neighbourhood Energy Investment Fund (NEIF) - will cover both Ukraine and Georgia, and concentrate on sustainable energy investments. A project development facility will be established as energy projects often are challenged by high development costs, especially in renewable energy projects that require comprehensive due diligence and a long implementation period.

The support will contribute to SDG 8 (economic growth, employment and decent work) and SDG 7 (access to sustainable and modern energy). The total budget for the engagement is 153 million DKK, of which 108 million are allocated to Ukraine (in 2018, 2019 and 2021) and 45 million DKK allocated to Georgia (in 2018 and 2020).

Secondments in Ukraine

Secondments are used to support Danish interests and priorities in the countries covered by the Neighbourhood programme, as well as an instrument to strengthen international monitoring missions. In addition, secondments are used to promote the work in selected multilateral organisation and to ensure that Danish competences come into play.

As the Russian aggression in the region poses new security policy challenges for Europe and the neighbourhood countries, it has become an important factor for the Danish interests in the region and for allocation for resources via secondees.

¹⁰ Expected total number of decent jobs created: 4-5 direct jobs per one million DKK invested, out of which at least 35% will be women and 10% will be youth. 4-8 indirect jobs (jobs created in related enterprises, e.g. upstream or downstream a concerned value chain) For the SDG fund, the outcome indicator is 8000 direct jobs per one billion DKK invested, out of which at least 35% will be women and 10% will be youth, and 8.000-16.000 indirect jobs. The expected employment effect from NEIF is slightly lower, because climate projects employ fewer people once in operation.

The European Neighbourhood Department (EUN), and the Danish Embassy in Kiev will maintain contact with the secondees in order to include their knowledge from the countries and the organisations and add value to the work of the Ministry both in regards to the policy level and the development cooperation. On a yearly basis and if feasible a seminar is organised for all secondees with the aim of sharing experience and creating networks.

The positions are by default short-term – from one to two years with few possibilities for extension – demand-driven, and closely discussed and consulted with the receiving organisations.

Secondments will continue to be part of DANEP with a particular focus on Ukraine and Georgia. Until an improvement in the crisis-situation in Eastern Ukraine is seen, the main part of the secondments are provided to the OSCE's Special Monitoring Mission to Ukraine following the Danish obligation to OSCE. Monitoring of conflicts will have a special priority.

The DANEP programme is expected to support up to 25 secondments annually according to the Finance Act.

The secondments for Ukraine will be taken from the total DANEP budget frame of DKK 110 million for Georgia and Ukraine for the next five years.

4 Overview of management set-up

EUN has full overall responsibility for the DANEP programme implementation as well as the DANEP related policy dialogue. EUN will coordinate the dialogue response with other Danish initiatives in Ukraine including the stabilisation funding (with the Stabilisation department in the MFA), private sector business support (with the Embassy of Denmark in Ukraine), humanitarian funding (with the Humanitarian Department in the MFA) as well as other development funding under the EUN. Key mechanisms for the policy dialogue for Ukraine are first and foremost the relevant EU fora for policy dialogue such as the Brussels based dialogue related to the EU Support Group for Ukraine (SGUA) as well as the EU coordination and dialogue fora in Ukraine facilitated by the EU delegation. The Embassy of Denmark will play a key partner in the country level dialogue, representing EUN in these key fora as agreed in advance with the EUN.

Management will be undertaken in accordance with the Danida Aid Management Guidelines and as detailed in the DANEP strategic framework document. This means that EUN will be overall responsible for the implementation and monitoring of the programme and all partners will report to EUN on progress and changes to the implementation. An external M&E consultant will be contracted to assist EUN in the overall programme M&E (see M&E Annex in DANEP strategic framework document).

EUN is not present in Kyiv and will therefore rely on regular monitoring visits to the country to assess progress and participate in major events, such as selected steering committee meetings. To assist the EUN, the department will also rely on:

- The Embassy of Denmark in Kyiv, which will participate in donor coordination forums and steering committee meetings as agreed with EUN
- The M&E consultant, which will assess all reporting from partners and undertake spot checks of the implementation as and when required (see the DANEP strategic document)

EUN will rely on implementing partners' management and monitoring arrangements and the additional reporting provided by the M&E support under the DANEP strategic framework.

EUN will also be final responsible for assessing the progress against the possible changes to risk scenarios. This assessment will be based on: (a) political-economy and contextual reporting from the Embassy in Kyiv and others, (b) the KFU led mid-term review of the DANEP programme, (c) the reporting from the M&E consultant, (d) reporting from implementing partners, and (e) reporting/information sharing from other donors. Based on these reports, and in consultations with KFU, EUN will decide on possible re-prioritisation/reallocation of activities and funds to mitigate risks accordingly.

The funding to Ukraine will follow the DANEP programme review and QA cycle. This means that the Ukraine Country Programme will be subject to the DANEP 2019 mid-term review. The review will also serve as a post-appraisal of the engagements planned for 2020 and 2021. In addition for Ukraine, the SME development engagement will be subject to a specific desk appraisal end-2018, once the SME strategy is in place and the agreement with the Ministry of Economic Development has been reached with EUN.

All funding will be provided through institutions, which have financial, procurement and monitoring capacity, which is in accordance with international standards, and whom Denmark has a previous working relationship with. All partners will report on progress to EUN on a bi-annual or annual basis in accordance with signed partnership agreement. Denmark will agree to use partner reporting if and when the reporting adheres to the standards required by the Danida Aid Management Guidelines.

In terms of communication and public diplomacy, the EUN will have full responsibility of the implementation of the communication plan, however the communication strategy will be implemented in close cooperation with and with inputs from the Embassy in Kyiv, other MFA departments, donors and Government of Ukraine. In addition all partners will be required to report on communication activities and engage in public diplomacy. The communication plan will follow the strategy outlined in draft in the communication annex in the DANEP strategic framework document, and the final plan, once this has been developed (see Annex to the DANEP strategic framework document).

5 Programme budget

The budget for the Ukraine Country Programme is part of the overall budget for DANEP 2017-2021. Thus, the budget presented below is concerned with the individual development engagements

only as the funds for reviews, technical assistance, monitoring and evaluation, and secondments are presented in the DANEP strategic framework document.

A total of DKK 244 million is allocated for democracy and human rights (including DKK 90 million approved for civil society and media in 2017 in a separate process) and DKK 232 million for sustainable and inclusive economic development. Of the budget below DKK 257 million will be fully committed (covering all engagements 2017-2019 apart from the SME engagement) if approved by the Danish Finance Act 2018 and 2019. The SME engagement will be approved following the desk appraisal late 2018. These funds are thus, together with the funds earmarked for engagements in 2020 and 2021, earmarked as unallocated funds, totalling DKK 219 million.

The funding for the individual development engagement is phased in as the engagements from the previous DANEP phase end and in accordance with the yearly funding commitment system of the MFA (see Annex B in the DANEP strategic framework document). Figure 5.1 below outlines the DANEP budget specifically for engagements in Ukraine.

Figure 5.1 DANEP budget Ukraine 2017-2021

Year/Country	Ukraine					Total ² (DKK ³ mill.)
	Demo. ¹ /HR		Sust. ² Growth			
2017	Civil ³ Society	Media	Inclusive ¹ labour ² market			2017
DKK ³ mill.	30	30	19			79
2018	Gender ³ reform ² and ¹ GBV			Energy ² environment	Energy ² investment	2018
DKK ³ mill.	15			20	35	70
2019	Human ³ Rights		Inclusive ¹ labour ² market	Business ² Dev. ² Support	Energy ² investment	2019
DKK ³ mill.	30		12	20	66	128
2020	Anti-corruption	Decen- tralisation				2020
DKK ³ mill.	59	40				99
2021	Civil ³ Society	Media	Inclusive ¹ labour ² market	Business ² Dev. ² Support	Energy ² investment	2021
DKK ³ mill.	20	20	23	30	7	100
Total ² (DKK ³ mill.)	244		232			476

Annexes:

Annex A: Analysis of Programme Context (AMG matrix)

Annex B: Partner descriptions

Annex C: Results Framework at output level

Annex D: Risk management matrix

Annex E: Programme budget

Annex A – Ukraine country matrix

1. Overall development challenges, opportunities and risks
<i>Briefly summarise the key conclusions from the analyses consulted and their implications for the programme regarding each of the following points:</i>
<ul style="list-style-type: none"> – General development challenges including poverty, equality/inequality, national development plan/poverty reduction strategy, humanitarian assessment.
<ul style="list-style-type: none"> – Figures from 2010 estimated that 24,1% of the population lives below the poverty line. – Ukraine's GINI index in 2014 was 24,1, which indicates a low level of income inequality. – However, a key feature in Ukraine is the rural-urban divide: major inequalities with regards to development between rural areas and smaller towns, which have received limited attention, and the three or four major cities, around which growth and development are centred. – Ukraine's Gender Inequality Index in 2014 was 0,286 ranking 57 out of 155 countries. Ukraine thus falls under the High Level of Development category. – The Government of Ukraine's 2020 Strategy strongly emphasises turning Ukraine towards Europe. It is built around four pillars: Sustainable development of the country; Security of the country, business and people; Responsibility and social justice; Price for Ukraine in Europe and the world. While there is no explicit poverty reduction strategy, the development pillar aims to introduce reforms that will raise living standards, and the responsibility pillar includes social security system reforms. – Corruption and lack of accountability remain a key challenge for reform progress and economic development in the country, at every level of society across sectors at central and local levels. Ukraine has great business potential for creating an enabling business environment. However, systemic challenges mean that some of these processes will take considerable time. – The 2016 Humanitarian Needs Overview for Ukraine states that 3,1 million out of the 3,7 million people affected by the conflict in eastern Ukraine need humanitarian assistance in the form of protection, access to food and medicines, emergency water, food, health and shelter, and access to critical basic services and markets.
<ul style="list-style-type: none"> – Development in key economic indicators: GDP, economic growth, employment, domestic resource mobilisation, etc.
<ul style="list-style-type: none"> – Ukraine is categorised by the World Bank as a lower middle income country. – 2015 estimates of Ukraine's GDP was \$90,52 billion. The economic growth has slowed down significantly since the global financial crisis and the conflict in Crimea and eastern Ukraine escalated. After a severe recession in 2014-2015, with GDP decreasing about 16%, the country emerged in 2016 with a modest growth rate of 1,2%. This may be due to the EU-Ukraine Deep and Comprehensive Free Trade Area that started up on 1 January 2016, which is intended to help Ukraine integrate its economy with Europe by opening up markets and harmonizing regulations. – However, Ukraine still had modest growth rates in 2016, partly due to the fact that production and exports are concentrated in commodities and the agri-food sector, whereas more technology-intensive sectors are lagging behind.

<ul style="list-style-type: none"> – 2016 estimates indicate that 14,4% of GDP came from agriculture, 26,3% from industry, and 59,3% from services. – Job creation is a crucial issue, as underemployment, unemployment, and especially youth unemployment, remain high. General unemployment reached 10% of the labour force in 2016. 67,8% of the labour force works in services, 26,5% in industry, and 5,8% in agriculture (2014 estimates). – With regards to energy, Ukraine is considered highly energy-intensive by the International Energy Agency, with a considerable potential for energy savings across many sectors. It is ranked the world's fifth country in energy intensity and one of Europe's largest energy consumers.
<ul style="list-style-type: none"> – Status and progress in relation to SDGs, in particular those that are special priorities for Denmark.
<ul style="list-style-type: none"> – Denmark's prioritisation of the SDGs includes 1) Improving the situation in countries affected by war and conflict, 2) strengthen the focus on migration, including the readmission of developing countries' own nationals, 3) increase development financing especially to growth and employment, and 4) maintaining a strong focus on human rights, especially improving gender equality and the rights of women and girls. Especially the two latter ones are relevant for Ukraine. – Experts have evaluated and ranked the 17 SDGs according to which are most relevant for Ukraine. The top 5 are, in order: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all; End poverty in all its forms everywhere; Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation; Ensure healthy lives and promote well-being for all at all ages; and Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels. – In 2015, the President of Ukraine stated that so far, Ukraine has managed to reduce poverty rates threefold (but that due to the Russian aggression, this rate is expected to drop), improve the maternal health system, almost halve child mortality, reduce HIV/AIDS incidence rates, and make progress in combating tuberculosis.
<ul style="list-style-type: none"> – Political economy, including drivers of change (political, institutional, economic) (e.g. political will, CSO space, role of opposition, level of donor funding to government expenses, level of corruption, foreign investment, remittances, role of diaspora, youth, gender, discovery of natural resources or impact of climate change etc.)
<ul style="list-style-type: none"> – Ukraine's score on Transparency International's Corruption Perception Index (CPI) has declined the past few years, going from 25 out of 100 in 2013 to 29 in 2016. Its 2016 rank is 131 out of 176, much closer to the "Highly Corrupt" end of the CPI spectrum. – Home FDI (all investments in Ukraine made by residents/companies) amounted to \$65,95 billion in 2016, whereas FDI from abroad for the same year totalled at \$7,983 billion. – Total overall funding for humanitarian response plans to Ukraine in 2016 was \$244 million, of which \$95,6 million of appeal funding was received. The donors who contributed to this funding are the governments of Japan, Canada, Estonia, Germany, USA, Lithuania, Russian Federation, Sweden, Portugal, Norway, the UK, the Netherlands, Italy, Finland, Denmark, Poland, the Republic of Korea, the Philippines, private individuals and organisations, World Food Programme, UNICEF, European Commission, and the IOM.

- Ukraine's economy depends strongly on remittances. In 2015, remittances to Ukraine represented \$6 billion, the highest amount in the Europe and Central Asia region. The bulk of these remittances come from Russia, as Russia-Ukraine is the second-largest migration corridor in the world.
- The political process is not linear in Ukraine, and while critical reforms on anti-corruption, justice, human rights, and economic development have been passed by Parliament, some laws within sub-sectors still need to be passed in order to allow the reforms to be fully implemented, partly due to lack of political will and internal conflicts in government and Parliament.
- Ukraine has a vibrant civil society environment, and especially the youth expresses their willingness to partake in proactive civic action, though few actually do. This latent resource may be the social base for DANEP engagement in Ukraine. CSOs are especially active in the fields of human rights and justice, and this is particularly supported by a strong cooperation between CSOs and the Ombudsperson. However, CSOs have very little access to conflict areas of Donetsk and Luhansk, where human rights violations could be a lot more frequent than reported.

List the key documentation and sources used for the analysis:

Benefits and Costs of DCFTA: Evaluation of the Impact on Georgia, Moldova and Ukraine

Amat Adarov & Peter Havlik, the Vienna Institute for International Economic Studies and Bertelsmann Stiftung (December 2016)

The Government's Priorities for Danish Development Cooperation 2017 - Overview of the Development Cooperation Budget 2017-2020. Danida.

World Employment and Social Outlook 2016: Trends for Youth. ILO.

Eastern Europe, Caucasus and Central Asia: Highlights. Energy Policies

Beyond IEA countries. International Energy Agency. OECD/IEA, 2014

Central Intelligence Agency World Factbook Ukraine

Ukraine 2016 (Humanitarian response plan). Financial Tracking Service. UNOCHA.

Migration and Remittances: Recent Developments and Outlook. Migration and Development Brief 26. World Bank Group. April 2016.

Sustainable Development Goals: Ukraine. National Consultations. Kyiv, July 2016.

Sustainable Development Goals

Statement by the President at the UN Sustainable Development Summit. 27 September 2015. President of Ukraine Petro Poroshenko official website.

Are additional studies / analytic work needed? How and when will it be done?

2. Fragility, conflict, migration and resilience

Briefly summarise the key conclusions and implications for the programme of the analysis of the below points:

- Situation with regards to peace and stability based on conflict analysis and fragility assessments highlighting key drivers of conflict and fragility, protection and resilience, organised transnational crime and illicit money flows and how conflict and fragility affect inclusive private sector development and women and youth
- Ukraine is challenged by two major conflicts: the Russian invasion and de facto annexation of Crimea, and the ongoing insurgency in the Donbas region, leaving large parts of Donetsk and Luhansk outside of government control.
- The standing ceasefire in eastern Ukraine has been violated continuously. In August 2016, Russia accused Ukraine of plotting terrorist attacks in Crimea. A month later, Russia carried out a large intervention in Crimea in conjunction with military exercises across southern Russia, designed to demonstrate Russian control over the territory. At the same time, the Ukrainian military and Russian-backed separatists agreed to withdraw troops from several front-line areas, after agreeing to a fragile truce. These events caused a spike in violence and civilian casualties.
- The intensity in hostilities in eastern Ukraine has significantly increased in the beginning of 2017. The fighting is concentrated along the contact line in the government and non-government controlled areas of Donetsk region. In the Luhansk region, the security situation in areas close to the contact line has deteriorated.
- As a result of fighting, power lines were destroyed, affecting water supply and heating systems for civilians. An urgent cessation of hostilities is needed to restore the electricity lines and avoid significant consequences for the civilians living in the area.
- The total number of people affected by the conflict is 4,4 million. There are 1,7 million IDPs, while 1,4 million have fled to neighbouring countries as refugees. In total, 3,8 million people need humanitarian assistance.
- Identifying on-going stabilisation/development and resilience efforts and the potential for establishing partnerships and alliances with national, regional and other international partners in order to maximise effects of the engagements.
- Efforts to end the conflict have been in place for years. The Minsk Agreement, a peace plan agreed upon in early 2015 to end fighting and stabilise eastern Ukraine, is still not in effect. German chancellor Angela Merkel reiterated in early 2017 the importance of putting Minsk to effect, which the Ukrainian agreed with. The EU is divided on the issue of transatlantic sanctions on Russia until Russia and separatist militants uphold a lasting ceasefire and settlement. Italy, Greece and Slovakia are among countries which have repeatedly questioned the policy. With President Trump accessing the US presidency and his interest to increase ties with Russia as part of a united fight against ISIS, Ukraine is worried that the US could drop sanctions on Moscow that were imposed under the Obama administration as a response to its aggression in Ukraine, or recognise Russia's 2014 illegal annexation of Crimea. If this were to happen, it could break the EU consensus on sanctions.
- NATO does not recognise the illegal annexation of Ukraine and condemns Russia's continuing destabilisation of eastern Ukraine
- NATO is supporting a Regional Airspace Security Programme to help Ukraine better handle air security incidents, provides training to over 150 servicemen and women of the Ukrainian Armed forces on Medical Rehabilitation, as well as to nearly 800 Ukrainian military personnel through the Defence Education Programme. Furthermore, NATO provides anti-corruption training and advice to Ukrainian ministries and the NAB.
- As a NATO and EU member, Denmark is already engaged in international and regional partnerships to maximise the effects of the engagements.

– Issues and concerns of relevance to Danish interest in the area of security and migration.
<ul style="list-style-type: none"> – The conflicts in Ukraine have led to a massive displacement of 1,7 million people. However, only a very small amount have sought asylum in Denmark (200 in 2016, a reduction from 303 in 2015). – Denmark is aligned with the EU strategy and supports maintaining pressure on Russia. However, as a close US ally, Denmark could also risk some diplomatic tensions by supporting these sanctions.
– Identify where Denmark has comparative advantages that may lead to more effective and efficient programming and better results including where Denmark may contribute with deployment of specific expertise and capacities.
– Denmark can draw on its competences and experiences in the energy sector and contribute to increasing the share of the energy supply from renewable energy, which can support the country's goals of increasing energy independence and further sustainable growth.
– Considerations regarding the humanitarian situation, migration, refugee and displacement issues, including the need to integrate humanitarian-development linkages and long term strategies;
<ul style="list-style-type: none"> – The conflict in eastern Ukraine has led to 3,8 million people needing humanitarian assistance, including livelihood and early recovery. High numbers of IDPs have difficulty accessing government support and limited services in areas beyond government-controlled areas. The conflict highlights the need for an integrated humanitarian-development response, since it intensifies pre-existing systemic flaws, such as ageing infrastructure and legislative shortcomings. Civilians need protection from hostilities and its by-effects such as gender-based violence, and also need emergency shelter, access to water, and health services. The conflict also requires durable solutions to the disrupted livelihoods and the matter of IDPs' access to social benefits, without which many cannot survive. – The conflict-affected regions have traditionally been characterised by high crime rates, which intensive fighting in Donetsk and Lugansk oblasts and large flows of IDPs have increased. GBV in the conflict has especially gained public attention due to certain cases being covered in the media. However, administrative data on GBV is only the tip of the iceberg, due to stigmatisation deterring many victims from reporting the crime, and the fact that the reliability of the administrative data is declining as registered crime rates are influenced by problems with the statistical audit of criminal offences and total population numbers. Evidence has been found of increased vulnerability to various forms of violence in the conflict setting (15,2% of IDP women reporting at least one instance of violence outside the family before their displacement, compared to 5,3% of local women during the entire conflict). Among the most prevalent forms of abuse during the conflict, both local women and IDPs mentioned humiliation, insults, intimidation, blackmail, verbal threats, physical violence, confiscation of money, property, or official documents, forced labour with very little or no pay, and being subjected to improper sexual comments, as well as sexual violence. – However, it is not common practice to seek assistance from specialised organisations in cases of violence. The emotional support provided by friends and loved ones is regarded as the most effective coping strategy, though there are some expectations of help from psychologists and NGOs or women's support groups.
– Relevant issues and considerations related to radicalisation and violent extremism and the potential for Danish engagement to prevent and counter violent extremism (P/CVE)
– No information has been found that could indicate that violent extremism and radicalisation are relevant issues in the region.
<p>List the key documentation and sources used for the analysis:</p> <p>Humanitarian Needs Overview Ukraine 2017. November 2016. Global Protection Cluster.</p>

Tal på udlændingområdet pr. 31.12.2016. Udlændinge- og Integrationsministeriet.

Ukraine: People affected by the conflict in eastern Ukraine 2017. ECHO Daily Map. European Commission's Directorate-General for European Civil Protection and Humanitarian Aid Operations. February 2017.

"Fighting escalates in eastern Ukraine". 30 January 2017. Roman Olearchyk, Kathrin Hille and Stefan Wagstyl. The Financial Times Limited 2017.

Joint press point with NATO Deputy Secretary Rose Gottemoeller and the Prime Minister of Ukraine, Volodymyr Groysman. 9 February 2017. NATO Newsroom.

Ukrainian Centre for Social Reforms (2015), Gender-Based Violence in the Conflict-Affected Regions of Ukraine. Analytical Report.

Are additional studies / analytic work needed? How and when will it be done?

3. Assessment of human rights situation (HRBA) and gender¹¹

Briefly summarise the key conclusions and implications for the programme of the analysis of the below points:
The HRBA Guidance Note may provide further guidance, or hrbaportal.org

Human Right Standards (international, regional and national legislation)

- Identify the level of achievement of key human rights standards for the context you are working in.
 - Identify the most binding constraints on the intended target group in terms of human rights.
 - Given the analysis of achievement of human right standards, establish what Denmark should prioritise in the proposed outcomes of the programme.
-
- Human rights violations in Ukraine are primarily a concern related to the poor performance of the justice system in the past and as a by-product of the conflict in the east and the occupation of Crimea. The areas most marred by rights violations are Non-Government Controlled Areas: CSOs and IOs report evidence of substantive violence against civilians by both sides of the conflict, as well as violations against IDPs. But while there is a National Human Rights Strategy and Action Plan in place, it has been reported that only 10% of the activities planned have been implemented so far.
 - In Ukraine, women are vulnerable to sexual and gender-based violence, including domestic violence, especially women among the increasing amount of IDPs as a result of the conflicts currently taking place. This is also the case in Georgia, with the additional issue of early marriage, which affects mostly young girls.

The programme will apply a human rights based approach (HRBA) in accordance with Danida policies as outlined in the DANEP framework document. Specifically for Ukraine, this means that the programme is:

- Focuses on enhancing citizens' involvement in the democratic processes at the local level in particular, by supporting decentralisation and political devolution. In addition to direct support to the decentralisation reform, the participation is also ensured by strengthening civil society through the existing engagement in this area, and by introducing services for young entrepreneurs to improve their access to jobs and market. At the national level the focus on women's involvement in the reform processes is expected to enhance women's participation in political decision-making. Finally, the enhanced emphasis on strengthening the decentralised presence of the Ombudsman institution at decentralised level as well as in the east will improve rights holders access to justice.
- Accountability will be strengthened by improving local governments' ability to respond to rights holders needs through the decentralisation support. Similarly, the focus on combating corruption is expected to strengthen the citizens' oversight of the government, directly by strengthening the institutions and indirectly through the civil society support of the EUACI programme. Similarly, accountability will be strengthened in the business sector by supporting social dialogue and employers' adherence to rights and obligations to its employees.
- The programme will be promote non-discrimination in particular through the focus on improving women's role in the reform processes in the country. Similarly, the programme will enhance the voice and access to resources of the youth in the country by providing improved career advice and matching skills with business demands. And finally, but critically, by reducing the geographic inequalities between the cities and the rural areas through the strong support to decentralised service delivery and local level business development.
- Transparency is in particular sought through the continued engagement in the anti-corruption efforts. Strengthening the institutions as well as investigative journalism will including the publication of

¹¹ The purpose of the analysis is to facilitate and strengthen the application of the Human Rights Based Approach, and integrate gender in Danish development cooperation. The analysis should identify the main human rights issues in respect of social and economic rights, cultural rights, and civil and political rights. Gender is an integral part of all three categories.

conflicts of interests and assets, improving oversight institutions' work towards enhanced transparency in the public administration, and improved budgeting processes at the decentralised level as well, ensuring that the new decentralised institutions conform with their mandate as duty bearers.

Universal Periodic Review

- List recommendations from Council for Development Policy (UPR) relevant for the thematic programmes and from any treaty bodies, special procedures, INGOs, Human rights institutions etc. that require follow up by partners in the programme.

The latest UPR for Ukraine is from 2012, and the following one is scheduled for November 2017. UPR recommendations related to Human Rights:

- That any draft law that infringes fundamental human rights and violates commitments of Ukraine to international human rights law like the European Convention on Human Rights and the ICCPR be recalled
- Ensure that legislation, including the proposed Bill 8711, is fully compliant with Ukraine's international commitments, including under the European Convention on Human Rights
- Continue full and effective implementation of the decisions of the European Court of Human Rights
- Continue its effort to combat discrimination and promote equality in accordance with international treaties establishing guarantees of fundamental human rights and freedoms, and equality in the enjoyment of such rights, without privileges or restrictions based on race, colour, political, religious or other belief, gender, sexual orientation, ethnic or social origin, property status, place of residence, language or other grounds
- Further pursue its efforts to create appropriate institutional mechanisms to counter all forms of discrimination and further pursue its efforts to provide human rights training for police personnel to effectively fight hate crimes
- Increase efforts to improve the effective protection of LGBT persons, abandon legislation work on draft law no. 8711 on so-called "propaganda of homosexuality" and refrain from other legislation infringing on the human rights and fundamental freedoms of LGBT persons
- Further strengthening of the judiciary by investigating all allegations of human rights violations by law enforcement officers and the police
- Take concrete steps to improve the objectivity and independence of the criminal justice system by incorporating the recommendations of the Venice Commission, implementing the judgments of the European Court of Human Rights, and addressing concerns about selective justice
- Strengthen the effectiveness and the independence of the mechanisms to supervise the observance of human rights of inmates and persons under police custody with the aim of preventing ill-treatment
- Ensure that the new criminal procedure code respects the human rights of those held in custody, and that the statements informing migrants of the justification for their deportation is in one of the languages that the deportee understands
- Apply the relevant international experience in ensuring the protection of human rights in the zones of environmental crisis

UPR recommendations related to Gender:

- Adopt a comprehensive anti-discrimination law that addresses the worrying trend of incidents based on gender, sexual orientation, racial and ethnic discrimination
- Further strengthen a gender-sensitive approach in all poverty alleviation programmes
- Use a gender sensitive approach in all poverty alleviation programmes
- Implement temporary special measures, including quotas, to achieve gender equality in areas where women are underrepresented or disadvantaged and for women suffering from multiple

discrimination, such as Roma women

- Devote more efforts to harmonizing gender equality for guaranteeing their equal rights and opportunities in both the legislative and executive branches
- Step up the efforts to fight against discrimination by refraining from contradictory legislation and by amending the anti-discrimination legislation to include explicit references to sexual orientation and gender identity as possible grounds of discrimination
- Continue its effort to combat discrimination and promote equality in accordance with international treaties establishing guarantees of fundamental human rights and freedoms, and equality in the enjoyment of such rights, without privileges or restrictions based on race, colour, political, religious or other belief, gender, sexual orientation, ethnic or social origin, property status, place of residence, language or other grounds
- Respect its international commitments on fundamental rights related to non-discrimination, prevent the adoption of a law prohibiting freedom of expression with regards to homosexuality and raise awareness of civil society on combating all forms of discrimination, including discrimination based on sexual orientation and gender identity
- Implement the recommendation issued in 2010 by the Committee of Ministers of the Council of Europe on measures to combat discrimination based on sexual orientation or gender identity

Identify key **rights holders** in the programme

In terms of Human Rights and gender issues in Ukraine, rights holders span over various categories of the population. Women of all regions and social classes are disadvantaged compared to men. Youth rights are also under-, as shows the lack of any specific mentioning of youth in the Human Rights Strategy. The rights of IDPs deserve attention, as the number of IDPs is growing and especially women and children become especially vulnerable as a result of their displacement.

Identify key **duty bearers** in the programme

Human Rights Principles (PANT)

Participation

- Identify barriers for participation, inclusion and empowerment of rights holders.
- There are barriers to political participation and inclusion in public life and the labour force to women, youth, and minority groups. Youth participation in civil, social and political life is very low, reflecting the little importance given to engaging in public activity by youth, who are primarily concerned with employment or familial issues. Women also have limited involvement in the political sphere; Georgia ranks 114 out of 145 countries in terms of women's political participation, and 119 in terms of women's representation in Parliament. However, the limited involvement of women in decision-making seems to be first and foremost a consequence of practice rather than law.
- List key support elements included to promote participation and inclusion.
- The programme focuses on enhancing citizens' involvement in the democratic processes at the local level in particular, by supporting decentralisation and political devolution. In addition to direct support to the decentralisation reform, the participation is also ensured by strengthening civil society through the existing engagement in this area, and by introducing services for young entrepreneurs to improve their access to jobs and market. At the national level the focus on women's involvement in the reform processes is expected to enhance women's participation in political decision-making. Finally, the enhanced emphasis on strengthening the decentralised presence of the Ombudsman institution at decentralised level as well as in the east will improve rights holders access to justice.

Accountability

- Identify accountability mechanisms in the relevant area - both horizontal and vertical.
- Multiple areas. At central level there is substantial impunity among duty bearers and corruption. At

local level, the new decentralised units will need to relate to downwards accountability to the people and upwards to the centralised government system.

- List any key support elements included to promote accountability
- Accountability will be strengthened by improving local governments' ability to respond to rights holders needs through the decentralisation support. Similarly, the focus on combating corruption is expected to strengthen the citizens' oversight of the government, directly by strengthening the institutions and indirectly through the civil society support of the EUACI programme. Similarly, accountability will be strengthened in the business sector by supporting social dialogue and employers' adherence to rights and obligations to its employees.

Non-discrimination

- Identify groups among rights-holders excluded from access and influence in the thematic programme areas identified.
- Women are a disproportionately represented in politics and high leadership positions, where they are concentrated in traditionally "female" occupational areas, which also offer lower remuneration levels.
- List key support elements included to promote Non-discrimination. Are disaggregated data available on most vulnerable groups?
- The programme will be promote non-discrimination in particular through the focus on improving women's role in the reform processes in the country. Similarly, the programme will enhance the voice and access to resources of the youth in the country by providing improved career advice and matching skills with business demands. And finally, but critically, by reducing the geographic inequalities between the cities and the rural areas through the strong support to decentralised service delivery and local level business development.

Transparency

- Assess the extent to which information is accessible to rights holders including marginalised groups.
- There is overall a very high level of transparency in the government operations. There are no language barriers.
- If relevant, ensure that information is available in other than official languages.
- List key support elements included to promote Transparency.
- Transparency is in particular sought through the continued engagement in the anti-corruption efforts. Strengthening the institutions as well as investigative journalism will including the publication of conflicts of interests and assets, improving oversight institutions' work towards enhanced transparency in the public administration, and improved budgeting processes at the decentralised level as well, ensuring that the new decentralised institutions conform with their mandate as duty bearers.

Gender

- Identify key challenges and opportunities for gender equality.
- Ukraine is still dominated by patriarchal societal values which keep women subordinated to men professionally, publicly, and privately. Women occupy lower professional positions, there is a significant gender wage gap in both countries, and women occupy a minority of positions in politics and government.
- Identify assessments on gender, such as CEDAW-reporting, SDG National Action Plans, UPR, and other relevant gender analysis.
- There is a CEDAW report from February 2017 for Ukraine. Ukraine presented the first draft of the

National SDG Report in November 2016, which revealed that some global targets are too high, while others too low for the country. For example, efforts should not be put into enhancing access to primary education, but rather to improve the quality of vocational training and promoting lifelong learning for adults. Four national consultations on SDGs were conducted, focusing on the following areas: Sustainable Growth and Economic Development, Equitable Social Development, Effective, Accountable and Inclusive Government and Justice for All, and Environmental Sustainability and Resilience Building.

- Identify opportunities/constraints for addressing gender equality issues.
- Striving for gender equality in Ukraine will require a big change in society's understanding of women's role. There is a normative belief that confines women to low-paid care and administrative jobs, as well as a traditional exclusion from public and political life that makes very few women pursue careers and representation in politics and public service.
- Describe key strategic interventions to promote gender equality within each thematic programme.
- Identify gender equality indicators aligned with national targets on gender, if possible.
- While Ukraine has legal foundations protecting and promoting women's rights, policies for the most part remain gender-blind. Therefore, relevant indicators to measure progress on gender equality could include gender-based violence, women's access to the labour market, as well as female participation in political and public life both on national and local levels.

List the key documentation and sources used for the analysis:

Value Orientations of Contemporary Ukrainian Youth: Annual Report to the President of Ukraine and Parliament of Ukraine on the Status of Youth in Ukraine” [Ukrainian], p. 23, Ministry of Youth and Sports of Ukraine, November 2016

“Civic Literacy in Ukraine. Summary of the Main Findings”, p.6. UNDP with support of DMFA, January 2017:

Alternative report of non-governmental organizations on Ukraine’s compliance with the UN Convention on Elimination of all Forms of Discrimination against Women. VIII Periodic Report” Draft version. [Ukrainian]. January 2017.

"Analytical report: Research on conditions for economic empowerment of women in Ukraine as a contributing factor for gender equality" (initiated by the Ministry of Social Policy of Ukraine and supported by the OSCE Project Coordinator in Ukraine). Kyiv 2012. OSCE.

EU (2012): “Being Smart About Gender: Successful Approaches and Keys to Fostering Gender Equality in Ukraine 2008-2011”, EU-UNDP Equal Opportunities and Women’s Rights in Ukraine Programme UPR Info Database of Recommendations. UPR-Info 2008-2017.

Are additional studies / analytic work needed? How and when will it be done?

There is no specific youth analysis available on democracy, rights and youth in Georgia. More information will be sought during the scoping mission.

4. Inclusive sustainable growth, climate change and environment

Briefly summarise the key conclusions and implications for the programme of the analysis of the below points:

- Assess the overall risks and challenges to inclusive sustainable growth and development from the impact of climate change and environmental degradation; Assess the status of policies and strategies in the country / thematic areas / organisation to ensure that development is inclusive and sustainable, avoid harmful environmental and social impacts and respond to climate change; and assess the political will and the institutional and human capacity to implement these policies and strategies.
- Climate-driven changes such as higher temperatures, causing potential shifts in agricultural zones and leading to marked water deficiencies can compromise Ukraine's food security and economic growth
- Job creation is a challenge to sustainable development, as unemployment especially among young people remains high in the region. This can result in migration abroad to find employment opportunities.
- Ukraine is pursuing a strategy of conversion of solar energy into electricity with photoelectric cells, which is one of the most promising prospects of renewables development taking into account climate, government incentives, and availability of producers of semi-conductors, microelectronic and electric devices.
- Ukraine has an inefficient energy infrastructure, historically low energy prices and high industrial and agricultural energy sector demands. Climate-related donor efforts have focused on emissions reduction, and efforts to improve energy efficiency and management of renewable energy sources will benefit adaptive capacity.
- Climate projections predict an increased incidence of extreme weather events, including droughts and flash floods.
- Ukraine submitted its first Intended National Determined Contribution 19 September 2016. According to this, Ukraine is committed to not exceed 60% of the GHG emission level in 2030. Note however, that the commitment should be seen in light of the fact that substantial industrial areas in Ukraine: Dnoetsk, Luhansk and Crimea are not under the control of the Government of Ukraine.
- In order to pursue inclusive growth and sustainable development, reforming the business environment is central for Ukraine. Much can be done to introduce a transparent, fair, and enabling business environment with equal opportunities while reducing the influence of elitist interests.
- Ukraine has not prioritised climate- or environment-related SDGs, and there is no mention of climate in the Ukraine 2020 Strategy. There is, however, an "Environmental protection program", but it is not described in detail.
- Many donor efforts are currently focused on climate change mitigation efforts, particularly on improving energy efficiency, for example: Municipal Energy Reform Project by USAID, Hydropower Rehabilitation Project by the World Bank, Capacity Building for Low Carbon Growth in Ukraine by UNDP, Integrating Rio Conventions Provisions into Ukraine's National Policy Framework by UNDP and GEF, Finance and Technology Transfer Center for Climate Change in Ukraine by GEF, Energy Efficiency in Municipalities and Establishment of Energy Agencies in Ukraine by the German Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety.
- Identify opportunities for mainstreaming support to inclusive green growth and transformation to low-carbon and climate resilient economies in the programme thematic areas and DEDs.
- Under DED 8, Enabling environment for energy investment, there is opportunity for Denmark to provide upstream assistance for the design and implementation of the new National Energy Efficiency Plan and the National Renewable Energy Action Plan. Denmark could also provide capacity building to the Ministry of Energy to adhere to commitments under the DCFTA and to

<p>formulate and implement plans.</p> <ul style="list-style-type: none"> – Under DED 9, Support to increasing private sector investment in sustainable energy solutions and energy efficiency, there is opportunity to stimulate investment by making investments in energy efficiency and renewable energy less risky to incentivise the private sector to help lift the burden of reducing energy dependence, as well as by using project investments as demonstration models and further the catalytic effect for further investments. – Supporting these opportunities would contribute to SDG 7 and 8, the latter being highly prioritised by Ukraine.
<ul style="list-style-type: none"> – Identify potential risk and negative impacts related to environment and climate change from the proposed thematic areas and DEDs and consider how these may be mitigated in the design of the programme and the relevant DEDs.
<ul style="list-style-type: none"> – The DEDs aimed at democratisation and human rights cannot be said to have potential negative impacts on climate change mitigation or the environment. The DEDs related to sustainable growth
<ul style="list-style-type: none"> – Identify if EIA (Environmental impact assessment) or similar should be carried out, including legal requirements in partner countries / organisations.
<ul style="list-style-type: none"> – EIAs are foreseen in connection with IFU's projects in renewable energy. Will be part of the requirements to IFU
<ul style="list-style-type: none"> – Consider rights and access to key natural resources: land, water, energy, food and agriculture, including impacts on employment for youth, women and indigenous peoples, etc.
<ul style="list-style-type: none"> – Primarily a concern in the non-government controlled territories. Covered by Danish PSF support.
<p><i>List the key documentation and sources used for the analysis:</i></p> <p>ILO (2016), World Employment and Social Outlook: Trends for Youth Beyond IEA countries. International Energy Agency, (2014) Danish Ministry of Foreign Affairs (2016), Evaluation of the Danish Neighbourhood Programme 2008-2015 OECD/IEA, (2016) Eastern Europe, Caucasus and Central Asia: Highlights. Energy Policies Tbilisi State University, Migration, Journal of Migration Research Center Fact Sheet: Climate Change Risk Profile Ukraine. December 2016. USAID. UNFCCC (2016): Intended Nationally-Determined Contribution (INDC) of Ukraine to a New Global Climate Agreement</p>
<p><i>If this initial assessment shows that further work will be needed during the formulation phase, please list how and when will it be done?</i></p>

5. Capacity of public sector, public financial management and corruption

Briefly summarise the key conclusions and implications for the programme of the analysis of the below points:

- Capacity of the public sector for policy making, enforcement and service delivery.
- The political processes in Ukraine are not fully linear, with laws and counter-laws being approved, stalled or declined on a monthly basis
- Quality and capacity of PFM, including budget credibility, comprehensiveness and transparency as well as control and external scrutiny / audit in all phases of the budget process as well as participation of citizens / CSOs in monitoring public budgets and corruption.
- There are no recent PFM assessments for Ukraine (latest full assessment is from 2011. Assessment showed better performance in reporting and average for the region on all other indicators
- Strong oversight by parliament and civil society on PFM and budget execution
- In the process of undertaking full asset declaration
- Still: corruption one of the most pressing problems of the country
- Strong NGO oversight of budget, informally as well as formally through the RPR
- The corruption situation and relevant anti-corruption measures and reforms.
- Corruption and lack of accountability permeate every level of society across sectors, both at central and local levels.
- The anti-corruption realm in Ukraine currently sees a transition from the institution-building stage to actual full rollout of the anti-corruption work. However, the institutions have yet to become a well-functioning machinery working on cooperative arrangements. There is a risk that e.g. NABU and SAPO engage in turf wars against each other. The donor and IFI community system remains one of the strongest driving forces behind the anti-corruption reform process.

List the key documentation and sources used for the analysis:

Relevant documents may include:

National development strategies and progress reports; WB and other development partners' country analyses and diagnostics; national poverty assessments; IMF Article-4 and other country reports; national and UN SDG progress reports; UNDP Human Development Index; independent political-economy analyses.

Are additional studies / analytical work needed? How and when will it be done?

6. Matching with Danish strengths and interests, engaging Danish actors, seeking synergy

Briefly summarise the key conclusions and implications for the programme of the analysis of the below points:

Identify:

- Where we have the most at stake - interests and values,
- Where we can (have) influence through strategic use of positions of strength, expertise and experience, and
- Where we see that Denmark can play a role through active partnerships for a common aim/agenda or see the need for Denmark to take lead in pushing an agenda forward.
- Denmark's interests in the region are mainly commercial, as Ukraine could potentially become a relevant trade partner. However, it is also in Denmark's interest that the political conflict in Ukraine does not escalate, and that Russia does not gain more influence in the region, as this could result in security and migration challenges.
- In terms of values, Denmark can have an important role in promoting women's and girls' rights, youth's rights, and workers' rights. Denmark could also take a leading role in combating corruption both in Ukraine.
- Denmark can influence the much-needed labour market reforms in Ukraine, as well as the enhancement of the business environment.
- Brief mapping of areas where there is potential for increased commercial engagement, trade relations and investment as well as involvement of Danish local and central authorities, civil society organisations and academia.
- Renewable energy and agriculture.
- Assessment of the donor landscape and coordination, and opportunities for Denmark to deliver results through partners including through multilaterals and EU.
- Major donors to Ukraine and Georgia include the EU, the UN (hereunder ILO, UNDP, UNECE, UNHCR and UNICEF), the Swiss Agency for Development and Cooperation, the Canadian development agency, Sida, the World Bank Group, and the United States.

List the key documentation and sources used for the analysis:

Relevant documents may include:

National development strategies and progress reports; WB and other development partners' country analyses and diagnostics; national poverty assessments; IMF Article-4 and other country reports; national and UN SDG progress reports; UNDP Human Development Index; independent political-economy analyses.

Are additional studies / analytical work needed? How and when will it be done?

Annex B - Partner descriptions

UNDP in Ukraine

Since 1993, UNDP has assisted the Government of Ukraine (GoU) for establishing democratic systems and developing solutions for the transition from a planned economy to a market economy. UNDP has strengthened the capacity of the State and civil society institutions to engage effectively in policy reform, legislative and enhanced processes through engagement and partnership with national and sub-national institutions. Special efforts have been made to strengthen civil society to engage actively in the development processes. Gender equality and women's empowerment is another area where UNDP's work has been recognized by national partners and civil society organizations. Additionally to UNDP's work at the policy level, the Organisation has partnered with national and local authorities, community based organisations, private sector and UN agencies. UNDP has demonstrated the effectiveness of participatory governance for identification and implementation of local development solutions.¹²

In 2014, Mr. Neal Walker assumed his duties as the UN Resident Coordinator and UNDP Resident Representative in Ukraine. The UNDP works in close collaboration with the GoU through a number of key ministries, departments, and agencies.

Policy areas¹³

The strategic objective for the UNDP in Ukraine is to assist the country in implementing the SDGs contained in the Global Agenda 2030. It does so by working on three pillars:

- Governance reform
- Environmental and energy policy reform for innovative green and clean economic growth
- Recovery and peace building in conflict-affected areas.

Of the 24 projects, UNDP is implementing one project with Danish support concerning the Ombudsperson: "Strengthening Capacities of the Office of the Ombudsperson."

UN Women in Ukraine

Since 1999, UN Women has worked in Ukraine to help the country meet its gender equality commitments. In 2015, the Organisation up scaled its presence and programme. To better meet acute and lifesaving humanitarian needs, UN Women facilitates gender mainstreaming in humanitarian needs assessments and planning and supports greater engagement of women, particularly those facing compounds discrimination due to displacement, age, disability, ethnicity etc. UN Women furthermore contributes to recovery and peace building efforts advocating for and supporting implementation of the Women, Peace and Security Agenda. Accordingly, UN Women

¹² http://www.ua.undp.org/content/ukraine/en/home/operations/about_undp.html

¹³ http://www.ua.undp.org/content/ukraine/en/home/operations/about_undp/

builds capacity of state institutions on inclusive development and effective implementation of the National Action Plan on Women, Peace and Security. UN Women's focus is on community-level consultations and trainings for women activists as a response to their most urgent demands for information and capacity building as well as supporting groups of women committed to dialogue in and with the eastern region in order to identify the main dividing lines and a common ground for action. UN Women supports long-term national reforms while promoting gender equality and women's rights and accountability. UN Women is working closely with the UN Country Team to support gender-mainstreaming efforts in UN projects across the country.¹⁴

Policy areas:

UN Women works with the Government, parliament, civil society, and women's groups to support projects and initiatives in the following thematic areas:

- Women's leadership and political participation.
- Women, Peace and Security.
- National Planning and budgeting.

ILO in Ukraine

As an independent state, Ukraine has been a member of the ILO since 1991. In 1996, an important milestone in the cooperation between Ukraine and the ILO was reached with the establishment of the National Coordinator's office in Kyiv. Since the establishment, ILO has been active in a wide range of areas in Ukraine, including international labour standards, strengthening social dialogue institutions and mechanisms, combating child labour, promoting employment-friendly crisis recovery and labour rights of migrant domestic workers, improving youth employment, labor migration and skills policies as well as social security systems, improving safety and health at work, addressing HIV/AIDS in the workplace, strengthening labour inspection institutions, monitoring and assessing progress on decent work, promoting social inclusion of people with disabilities and elimination of human trafficking.

The Ministry of Social Affairs is the nodal ministry representing the government, while the ILO also partners with five employer's organizations and three worker's organizations. The ILO State Labour Inspectorate exercises its responsibilities directly in its headquarters and through its regional offices in all 27 administrative regions of Ukraine, including 24 oblasts, the Autonomous Republic of Crimea, and the cities of Kyiv and Sevastopol.

In April 2016, a new partnership agreement between the GoU and the ILO was signed marking the initiation of the fourth "Decent Work Country Programme" of Ukraine for the 2016 - 2019 period.

¹⁴ <http://eca.unwomen.org/en/where-we-are/ukraine>

The Program, which was developed with the participation of the Ukrainian government, employers' organizations and trade unions, focuses on three jointly agreed key priorities:

- Promoting employment and sustainable enterprises for stability and growth¹⁵.
- Promoting effective social dialogue.
- Enhancing social protection and conditions of work

Danish Energy Agency

The Danish Energy Agency (DEA) cooperates bilaterally with seven emerging economies, including Ukraine. The cooperation is assisting the countries in their transition from polluting greenhouse gas emissions as a means to reach the obligations that was pledged under COP21 while at the same time maintaining stable economic growth. The primary focus of the Danish Energy Agency's global assistance is anchored in government-to-government cooperation. The goal of the government-to-government cooperation is to enhance the energy regulating authorities of our partner countries in their transition towards a low carbon energy sector by bolstering the framework condition of the regulating authorities.

DEA is currently supporting the Ukrainian-Danish Energy Centre (UDEC) within six main areas:

1. Methodology of long-term forecast modelling for national energy balance
2. Methodology for greenhouse gas registry and UNFCCC reporting
3. Monitoring system of energy efficiency at industrial sub- sector level
4. Methodology and tools for analysis of integrating renewable energy in regional grids
5. Methodology and software for energy scenario analysis
6. Analysis of options for increased use of biomass and biogas in the heat sector

As of 2015, DEA Chief Advisor Anders Højgaard Kristensen is posted in Kyiv. Short-term experts from the DEA will furthermore provide insight from Danish experience to the Ukrainian experts.¹⁶

¹⁵ http://www.ilo.org/budapest/countries-covered/ukraine/WCMS_470662/lang--en/index.htm

¹⁶ https://ens.dk/sites/ens.dk/files/Globalcooperation/ukr_nytdesign.pdf

Annex C – Results Framework

Note: the thematic level impact indicators are selected from the respective DEDs based on relevance to the overall country programme

Governance thematic programme selected indicators

Impact 1.0	Anti-corruption institutions function effectively
Indicator 1.0	Number of high-level, high-volume corruption cases resulting in a court decision per year
Baseline 2019	TBD in 2019
Target 2023	TBD in 2019
Impact 2.0	The Ombudsperson addresses human rights violations at the local level
Indicator 2.0	Percentage of policy recommendations by the Ombudsperson's Office since 2017 that are implemented by duty bearers
Baseline 2018	TBD in 2018
Target 2023	30%
Impact 3.0	Local governments deliver services effectively in a transparent and accountable manner
Indicator 3.0	Time it takes for citizens to access services from local governments
Baseline 2020	TBD in 2020
Target 2024	TBD in 2020

Sustainable growth thematic programme selected indicators

Impact 4.0	SME growth for youth and women run businesses
Indicator 4.0	Turnover, number of new businesses registered, disaggregated on number of youth and number of women
Baseline 2019	TBD in 2019
Target 2023	TBD in 2019
Impact 5.0	Substantial foreign direct investment in renewable energy
Indicator 5.0	Amount of co-investment leveraged through the NEIF intervention
Baseline 2017	0 projects and 0 leverage
Target 2025	A total of 5-6 projects with a leverage factor of 7, corresponding to DKK 720-900 million (excluding NEIF's own participation)
Impact 6.0	Renewable energy reached 11% of the national consumption
Indicator 6.0	Renewable energy share in total energy consumption of Ukraine
Baseline 2017	8%
Target 2023	11%

DED 1 – Support to Human Rights

Outcome 1		By 2023, the Ombudsperson's Office effectively protects human rights, specifically economic and social rights, in all the territory of Ukraine reaching out to the local level, including rural areas that are most vulnerable
Outcome indicators		<ul style="list-style-type: none"> • % of regions covered by the OO regional offices staffed with civil servants and financed from the State budget (2016: 37%; 2023: 100%; MOV: Annual Desk Review by OO and UNDP). • Perception of adherence to economic and social rights by women and men on a scale of (1 – very bad, 2 – bad, 3 – satisfactory, 4 – good, 5 – very good) (2017: 2.2 bad; 2023: 3 satisfactory; MoV: Human Rights Baseline Study). Disaggregated by rural areas (2017: 2.1 bad; 2023: 3 satisfactory). • % of Ukraine's population that believes the Ombudsperson's Office is an effective mechanism for human rights protection (2017: 6%, 2023: 12%, MoV: HRBS). Disaggregated by male/female (2017: 5,9%/5,3%, 2023: 12%/12%), rural (2017: 4,4%/8%), youth (2017: 5,6%, 2023: 12%), elderly (2017: 3,8%, 2023: 8%) • % of policy recommendations by the Ombudsperson's Office since 2017 that are implemented by duty bearers (2017: n/a, 2023: 30%, MoV: Annual desk review of evidence by OO reports).
Baseline	2016	<ul style="list-style-type: none"> • All oblasts are covered by the OO regional network, but only 37% of full scale offices are staffed by civil servants and financed from the State budget • The level of adherence of economic and social rights is assessed as 2.2 all over Ukraine and 2.1 in rural area (1 – very bad, 2 – bad, 3 – satisfactory, 4 – good, 5 – very good)¹⁷ • 5.6% of Ukraine's population (5,9% male and 5,3% female; 4.4% of the rural population, 5,6% of youth and 3,8% of elderly people), believes that the OO is an effective mechanism for human rights protection¹⁸ • n/a
Target	2023	<ul style="list-style-type: none"> • all oblasts host full scale OO offices staffed by civil servants and financed from the State budget; • the level of adherence of economic and social rights is perceived as satisfactory (or better) all over Ukraine and in rural areas; • 12% of Ukraine's population (men and women, youth) and 8% of the

¹⁷ Source HRBS

¹⁸ Source HRBS

		<p>rural population and elderly people, believes that the OO is an effective mechanism for human rights protection</p> <ul style="list-style-type: none"> at least 30% of policy recommendations issued by the OO to duty bearers as a result of baseline monitoring are taken on board and positive trends are evident in the solving of socio-economic challenges
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Outcome 2		By 2023, the Ombudsperson's Office effectively implements its human rights protection functions targeting conflict-affected women and men
Outcome indicators		<ul style="list-style-type: none"> % of police officers that believe it is necessary or acceptable to restrict the rights of persons with different political views on the conflict (2017: 53%, 2023: 20%, MoV: Human Rights Baseline Study) % of police officers that believe crimes committed during the conflict can be justified (2017: 37%, 2023: 15%, MoV: Human Rights Baseline Study) % of conflict-related policy recommendations by the Ombudsperson's Office that are translated into concrete policies or strategies (Baseline and target TBD Annual desk review of evidence by OO and UNDP).
Baseline	2016	<ul style="list-style-type: none"> 52.7% of police officers believe it is necessary or acceptable to restrict the rights of persons with different political views on the conflict, 36.5% justify crimes committed during the conflict¹⁹ % of conflict-related policy recommendations of the OO are translated into concrete policies/ strategies (baseline and target to be determined) There is no legislative framework and insufficient analysis of peace-building and post-conflict settlement based on human rights principles
For Target	2023	<ul style="list-style-type: none"> Less than 20% of police officers accept restrictions of human rights due to different political views on the conflict, and no more than 15% justify crimes committed during conflict Comprehensive policy framework/regulations on peace-building and post-conflict settlement based on human rights principles are in place At least 40% of the OO's human rights related policy recommendations are translated into concrete policies and strategies

Outcome 3		By 2023, the Ombudsperson's Office is equipped with knowledge and systems to promote human rights at the national level (including by ensuring abiding by international human rights principles) and ensuring the integration of HRBA and gender equality in the national reform agenda
Outcome indicators		<ul style="list-style-type: none"> % of women and men who know about the OO (2017: 48%, 2023: 60%, MoV: HRBS). Disaggregated by male/female (2017: 51%/46%, 2023: 60%%/60%) % of women and men know the mandate of the OO (2017: 7%, 2023:

¹⁹ Source HRBS

		<p>15%, MoV: HRBS). Disaggregated by male/female (2017: 9%/4%, 2023: 15%/15%)</p> <ul style="list-style-type: none"> • % of women and men who say they would try to protect their rights if violated (2017: 41%, 2023: 60%, MoV: HRBS). Disaggregated by male/female (2017: 52%/48%, 2023: 60%/60%), youth (2017: 47%, 2023: 60%) and elderly (2017: 38%, 2023: 60%) • % of women and men who think that human rights restrictions are acceptable due to different political positions on conflict-related issues (2017: 48%, 2023: 20%, MoV: HRBS). Disaggregated by male/female (2017: 51%/46%, 2023: 20%/20%) • % of actions in the Action Plan of the National Human Rights Strategy that were implemented (2016: 21%, 2023: 50%, MoV: Ombudsperson/CSO annual reports) • % of recommendations of UPR and CEDAW that have been implemented (2017: TBD 2023: 25%, Annual review of evidence by UPR and CEDAW reporting, including shadow reporting).
Baseline	2016	<ul style="list-style-type: none"> • 41% of population tried to protect their rights if violated²⁰ (47% of youth, and 38 % of elderly population, 40,8% female and 46,9% male) • 49.5% of the population (47,8% of women and 51,5% of men) sees as acceptable restrictions to the human rights of those with different political views, in particular on conflict-related issues²¹ • 48% of the population (45,5% of women and 51,1% of men) know about the OO (6.5% (4,4% of female and 8,9% of male) know the OO mandate and 41.5% (41,1% of female and 42,2% of male) have heard of the institution)²² • UPR 2012 level of implementation 6% (CSO shadow report 2015); • 21% of the Action Plan of the National Human Rights Strategy is implemented (Ombudsman-CSO report 2016)
Target	2023	<ul style="list-style-type: none"> • 60% or more of population (men and women, young and elderly population) try to protect their rights if violated • Less than 20% of population (men and women, young and elderly population) think that human rights restrictions are acceptable because of different political positions on conflict-related issues • 60% of the population (men and women, young and elderly population) know about the OO (at least 15% know the OO's mandate) • At least 25% of UN treaty body recommendations (including CEDAW 2017, UPR 2017) are implemented • At least 50% the Action Plan of the National Human Rights Strategy is implemented.

Output 1	By 2023, women and men have better access to the services of the
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²⁰ Source HRBS

²¹ Source HRBS

²² Source HRBS

	Ombudsperson's Office at the local level, especially in rural areas
Output indicators	<ul style="list-style-type: none"> • Number of regions covered by OO coordinators regional network (2017: 16 regions are covered with OO regional presence and Kyiv is covered by central office; 2023: 24 regions; MoV: Desk review of OO and UNDP). • % of OO offices in regions that follow the "Ombudsman Plus" model through which civil servants cooperate with civic activists (2017:22%, 2023: 50% (12 regions); MoV: Desk review of OO and UNDP). • Number of administrative districts covered by OO regional network through field visits and reception of claimants conducted in rural area (2016: n/a , 2023: 50% of districts²³ MoV: administrative records of the OO) • Average number of at-distance intake of human rights concerns per month and per region²⁴ (Baseline and Target TBD; MoV: Monthly review of administrative records of the OO) • Number of women and men reached through at-distance intake of human rights concerns per year (2016: 1,305, 2023: 3,000, MoV: Annual review of administrative records of the OO) • Existence of electronic management and documentation system for the OO regional network (2017: no, 2023: yes, MoV: documentation of the electronic management system)
Output 2	By 2023, the Ombudsperson's Office has the knowledge and skills to collect data that is disaggregated by gender, age and vulnerabilities
Output indicators	<ul style="list-style-type: none"> • Number of OO staff with relevant M&E knowledge and capacities to collect disaggregated data to assess the level of human rights adherence (2017: 0 (no knowledge); 2023: 5: Very good knowledge); MoV: Follow up training surveys. • Electronic system of data collection and disaggregation covering national and local levels in place²⁵ (2017: no, 2023: yes, MoV: documentation of the electronic system) • % of regions covered by OO human rights monitoring per year (2017: TBD, 2023 100% (24 regions) MoV: OO annual reports).
Output 3	By 2023, the Ombudsperson's Office is able to effectively promote awareness of human rights
Output indicators	<ul style="list-style-type: none"> • OO has a strategy and roadmap on communication of and for human rights (2017: no, 2021: yes, MoV: strategy and roadmap) • Number of information campaigns to raise human rights awareness conducted by the OO at the local level and covering at least 30% of all regions (2016: 0, 2023: 3, MoV: documentation of local information

²³ Ukraine consists of 490 rayons including temporary occupied territories of Autonomous republic of Crimea and in Donbas

²⁴ through VoIP like Skype or Bibliomist-supported libraries (see <https://ula.org.ua/bibliomist/>)

²⁵ indicator subject to assessment in the first year of the project implementation

	<p>campaigns)</p> <ul style="list-style-type: none"> • % of the OO recommendations on development and human rights education incorporated into human rights study programmes (2017: 0%, 2023: 30%, MoV: Annual desk review of human rights study programmes) • Number of journalists equipped with the knowledge to apply HRBA in their professional practices (2016: 0, 2023: 200²⁶, MoV: Training records)
Output 4	By 2023, the Ombudsperson's Office proactively uses international human rights instruments
Output indicators	<ul style="list-style-type: none"> • % of OO recommendations provided within framework of alternative reporting that are included in concluding reports or observations of UN treaty bodies and instruments (UPR, CEDAW, etc.) (2016: TBD²⁷, 2023: 50%, MoV: Desk review of reports or observations of UN treaty bodies) • Number of OO advocacy campaigns or submissions to duty bearers aimed at facilitating implementation of international obligations/recommendations of UN treaty bodies (2016: 0²⁸, 2023: 18²⁹, MoV: Evidence of campaigns and documents of submissions)
Output 5	By 2023, the Ombudsperson's Office provides effective input into integration of HRBA into decentralization process with a focus on social and economic rights

²⁶ at least 30% women

²⁷ Will be based on recommendations of UPR 2017 which to be provided by the end 2017 or early 2018

²⁸ Will be based on recommendations of UPR 2017 which to be provided by the end 2017 or early 2018

²⁹ three per year from 2018 to 2023

Output indicators	<ul style="list-style-type: none"> Tools exist for day-to-day monitoring of human rights violations in the context of decentralization³⁰ (2017: no, 2023: yes, MoV: Monitoring tool documentation) Number of the OO recommendations focused on addressing systemic problems/algorithms of action to be taken by duty bearers, local authorities, communities, with a special focus on economic and social rights in the context of decentralisation (2017: 0, 2023: TBD, MoV: OO annual reports) Number of “package solutions” for right holders developed by the OO and promoted through OO regional network, CSOs partners and duty bearers, local authorities and communities (2017: 0, 2023: TBD based on monitoring results MoV: OO annual reports); Number of pilot local authorities, communities, public service providers, which integrated HRBA with support and in cooperation with OO and its regional network (2017: 0%, 2023: at least at least 3 local authorities/communities/public service providers, that work with population affected by the conflict, MoV: OO UNDP desk review).
Output 6	By 2023, the Ombudsperson’s Office has knowledge and skills to effectively address conflict related human rights
Output 6 indicators	<ul style="list-style-type: none"> The Ombudsperson’s monitoring tool to identify conflict-related human rights violations including GBV is operational (2017: no, 2023: yes, MoV: tool and training documentation) Number of “package solutions”³¹ for rights-holders affected by the conflict produced and disseminated (2017: 0, 2023: 5, MoV: guidance notes) Recommendations on legal aspects and problems of post-conflict regulations developed based on the principles of balance between security and human rights (2017: no, 2023: yes, MoV: OO annual reports) Average number of field consultations carried out by OO regional network in each region in eastern Ukraine³² (Baseline and target TBD; MoV: OO administrative data) Number of mediators in the field equipped with knowledge and skills on human right. (2017: 0; 2023: 50 (at least 30% women); MoV: OO annual reports).
Output 7	By 2023, the Ombudspersons’ Office effectively supports women and men and vulnerable groups at national and local levels
Output 7 indicators	<ul style="list-style-type: none"> The extent to which national action plans, strategies and regulations on implementation of the recommendations of international treaty bodies address the rights of women and men as well as vulnerable groups. (2017: 0; 2023: TBD; MoV: Qualitative desk review).

³⁰ disaggregated women and men, youth and elderly people, other social groups

³¹ detailed step-by-step guidance notes)/ recommendations

³² high concentrations of persons affected by the conflict

	<ul style="list-style-type: none"> Monitoring system on implementation of relevant national action plans, strategies and regulations on adherence of rights of women, men and vulnerable groups is in place (2017: no; 2023: yes; MoV: Monitoring review) Monitoring tool to identify DV and GBV is in place (Baseline: No; Target: yes; MoV: Monitoring Report) Number of legal acts on ensuring equal rights and opportunities for women and men developed and adopted, with the OO support³³ (2017: 0; 2023: 5; MoV: OO annual reports) Number of legal acts which ensure empowerment and inclusion of vulnerable groups developed and adopted with the OO support (2017: 0; 2023: 5; MoV: OO annual reports)
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DED 2 – Decentralisation

Engagement Title		Support to U-LEAD II	
Outcome 1		Local government provide services effectively, accountable and transparent	
Outcome indicator 1		- Time it takes for citizens to access services from local governments (social services such as primary health and school; building services; tax registration services etc.) - Time it takes for SMEs to get key permits processed by local governments (registrations, building permits etc.)	
Baseline	Year	2020	TBD
Target	Year	2024	TBD
Output 1.1		Capacity of local governments to effective delivery of services enhanced	
Output 1.1 indicator		a) Number of hromadas and rayons with revised organisational structures and work flow process aimed at improving service provision b) Level of local revenue generated by hromadas c) Percentage of staff with appropriate qualifications to tasks undertaken	
Baseline	Year	2020	TBD
Target	Year	2024	TBD
Output 1.2		Capacity of hromadas to deliver services to business improved	

³³ Contribution to the national SDG5 indicator

Output 1.2 indicator		a) Number of hromadas with simple one-stop-shop business service procedures in place b) Number of hromadas with pro-business policy and relevant by-laws I place	
Baseline	Year	2020	TBD
Target	Year	2024	TBD
Outcome 2		Local government are participatory and inclusive in their operations	
Outcome indicator 2		<ul style="list-style-type: none"> - Percentage of female representative in hromada councils - Percentage of youth in hromada councils - Number of hromadas that are fully transparent in all major financial matters (budgets, procurement, politicians and management salaries, audits etc.) 	
Baseline	Year	2020	TBD
Target	Year	2024	TBD
Output 2.1		Policy revised to ensure female and youth representation at local level	
Output 2.1 indicators		Status of national policy on affirmative action in local governments	
Baseline	Year	2020	TBD
Target	Year	2024	TBD
Output 2.2		Hromadas with fully transparent management system in place	
Output 2.2 indicators		Number of hromadas	
Baseline	Year	2020	TBD
Target	Year	2024	TBD

DED 3 - Anti-corruption

Engagement Title	Support to EU ACI II
Outcome 1	Institutions that have the mandate of preventing and prosecuting high-level and high-volume corruption crimes deliver on their mandates and ensure solid adjudication work as a unified system
Outcome indicator 1	<ul style="list-style-type: none"> a) Number of high-level, high-volume corruption cases resulting in a court decision per year; b) International monitoring mechanisms acknowledge significant progress in interaction between NACP, NABU, SAPO, ARMA and the possible Specialized Anti-Corruption Court (or any similar adjudication

		mechanism);	
Baseline	Year	2019 ³⁴	TBD
Target	Year	2023	TBD
Output 1.1		Capacities of the targeted institutions to perform their preventive, investigative and justice functions in higher-level high-volume corruption cases increased and sustained	
Output 1.1 indicator		<p>For NACP:</p> <ul style="list-style-type: none"> a) Asset declaration system and the registry of officials convicted of corruption crimes enjoy continued stable operation without reduction of their functions or possibility of undue influence; b) System for detailed political party funding verification (rather than mere comparison of reported numbers) is in place and performs steadily; c) System for effective whistleblower protection in place and enjoys public opinion trust (declared readiness to report); <p>For NABU:</p> <ul style="list-style-type: none"> a) Results of the latest independent audit of NABU operations concludes that there are sustainable and effective operations of the institution; b) Number of cases that have undergone NABU investigation and have been tabled for SAPO representation in court; <p>For SAPO:</p> <ul style="list-style-type: none"> a) Number of cases represented in court for the high-level, high-volume corruption crimes handled by NABU; <p>For ARMA:</p> <ul style="list-style-type: none"> a) Number of asset search and recovery cases initiated and followed through to the stage of actual foreign and national asset recovery with due regard to procedural detail; <p>For the Specialized Anti-Corruption Court / other mechanism for adjudicating cases investigated by NABU:</p> <ul style="list-style-type: none"> a) Number of cases in the European Court of Human Rights that have found the claims against the verdict of the Ukrainian court in anti-corruption cases unsubstantiated (alternatively: proportion of ECHR cases that have turned down the claims against Ukrainian anti-corruption court); 	
Baseline	Year	2019	TBD
Target	Year	2023	TBD
Output 1.2		Ukraine's systems for preventing and tackling high-level, high-volume corruption are compliant with recommendations of international specialized monitoring mechanisms	
Output 1.2 indicator		<ul style="list-style-type: none"> a) Progress of compliance with recommendations / observations issued by international monitoring mechanisms (UNCAC review, GRECO, OECD ACN Istanbul Anti-Corruption Action Plan); 	
Baseline	Year	2019	TBD (baselines will be established against the latest year when the assessment was made for each of the monitoring rounds)
Target	Year	2023	At least a 20% increase in compliance with recommendations;
Outcome 2		Relevant authorities (SBI and National Police) have increased capacities to address mid-level and smaller corruption crime, especially at the sub-national level	

³⁴ It is expected that the data of 2019 will serve as the baseline against which progress will be measured.

Outcome indicator 2		<ul style="list-style-type: none"> - Level of trust to the National Police with respect to both personal integrity (officers not engaging in corruption) and efficacy in tackling smaller-level corruption crime; - Conviction rate in cases handled by SBI that pertain to corruption or corruption-related issues; 	
Baseline	Year	2019	TBD
Target	Year	2023	TBD
Output 2.1		Strategy and relevant Action Plan for building capacities of the National Police departments (investigation, patrol police, economic crime, etc.) to detect and investigate smaller corruption crime developed and implemented	
Output 2.1 indicators		a) Percentage of completion of the Strategy and Action Plan (full and partial) by the end of the monitoring period;	
Baseline	Year	2019	TBD (depending on the contents of the Strategy and Action Plan)
Target	Year	2023	TBD
Output 2.2		SBI has capacity and resources to effectively fulfil its function of investigating corruption or corruption-related crimes under its jurisdiction	
Output 2.2 indicators		a) Number of cases finalized by the SBI detectives and submitted through the prosecution system to court for adjudication;	
Baseline	Year	2019	TBD
Target	Year	2023	TBD
Outcome 3		SME & sub-national government relations are built with an increasing level of trust, transparency and integrity	
Outcome indicator 3		<ul style="list-style-type: none"> - Percentage of SMEs operating in relevant hromadas who report no corruption-related hindrances from local level authorities (first-hand experience); - Percentage of local government representatives who report lack of businesses offering to address emerging issues through corruption or corruption-related activities; 	
Baseline	Year	2019	TBD
Target	Year	2023	TBD
Output 3.1		Capacity of the SMEs working in communities to follow ethical rules of good and fair business and to defend their rights if they feel pressured to engage in corrupt activities increased	
Output 3.1 indicators		a) Number of SMEs that have voluntarily joined and report adherence to ethical standards that preclude any corrupt or corruption-related activities; b) Proportion of cases where SMEs were able to appeal to court or a higher-level authority and achieve a fair result;	
Baseline	Year	2019	TBD
Target	Year	2023	TBD
Output 3.2		Authorities in the amalgamated communities are able to handle their relations with the local businesses in a fair and transparent way to increase perceptions of them as having full integrity and intolerant of corrupt practices	
Output 3.2 indicators		a) Number of amalgamated communities that have deployed already existing digital tools that increase their transparency (even if not mandatory according to law); b) Percentage of requests for public information on business / procurement / land allocation related issues answered in full and with	

		proper diligence; c) Number of communities voluntarily participating in national ratings of openness and transparency;	
Baseline	Year	2019	TBD
Target	Year	2023	TBD
Outcome 4		Sub-national (and potentially local-level) civil society actors are knowledgeable about locally-relevant corruption risks, are able to exercise sound expert judgement on the cases being handled, and are empowered to litigate for the public good	
Outcome indicator 4		- Number of well-substantiated court cases brought forward regarding locally-relevant situations by civil society organizations (including investigative journalist initiatives) who have researched the problems in question;	
Baseline	Year	2019	TBD
Target	Year	2023	TBD
Output 4.1		A pool of trained, duly expert civil society initiatives emerges to cover all of Ukraine and ensure watchdogging over locally-relevant issues that are prone to largest levels of potentially corrupt behaviour	
Output 4.1 indicators		a) Number of CSOs and investigative journalist initiatives that have gone through basic and advanced training to watch over the areas with a high probability of corruption risks (including due to decentralization);	
Baseline	Year	2019	None
Target	Year	2023	TBD
Output 4.2		A unified centre or a sustainable coalition of several organizations is in place to consult the local-level civil society actors on both legal issues and conduct pre-publication expert assessment specifically for anti-corruption cases	
Output 4.2 indicators		a) Number of legal consultations / pre-publication expert assessments conducted on an annual basis;	
Baseline	Year	2019	TBD
Target	Year	2024	TBD

DED 4 - Gender reform and GBV prevention

Outcome 1		The decentralization and law enforcement reforms are compliant with the international standards on gender equality and are informed by the results of the gender-responsive regional and local pilot initiatives	
Outcome indicator 1.1		Number of adopted policy decisions compliant with CEDAW and other HR standards, as well as legal acts repealing discrimination against women and vulnerable groups.	
Baseline	Year	2017	<ul style="list-style-type: none"> ▪ Ministry of Interior drafted the Action Plan on the implementation of the UNSCR 1325 “On women, and peace and security” for 2017 – 2020; ▪ No gender sensitive programme/action plan exists in the Ministry of Regional Development; ▪ Process of integrating of gender into the regional development strategies and local socio-economic development plans

			<p>has been launched in pilot hromadas in Luhansk and Donetsk oblasts;</p> <ul style="list-style-type: none"> ▪ 1 statute and 1 socio-economic programme (Lyman hromada, Donetsk oblast) that is gender-responsive adopted; ▪ A set of recommendations for development of the local action plans on 1325 proposed to Donetsk and Luhansk State Regional Administrations. Out of 17 proposed recommendations 10 were integrated in the 1325 NAP of Luhansk oblast in 2016; ▪ The Ministry of Interior established a working group to revise the internal legislation to advance women's participation in law enforcement bodies (with UN Women support);
Target	Year	2022	<ul style="list-style-type: none"> ▪ The reforms' policy frameworks integrate specific gender equality measures which are supported by public budget allocations; ▪ Amendments to sectoral by-laws pertaining to the reforms, which repeal discrimination, are adopted;

Output 1.1		Ministries of Regional Development and Interior have enhanced capacity to analyse, formulate and execute gender-responsive reforms in part based on local pilot initiatives in the east of Ukraine	
Output indicator 1.1.1		Number of staff of the Ministry of Regional Development and Ministry of Interior apply in-house technical capacity on gender-responsive policy making, planning and programming	
Baseline	Year	2017	As of 2017 no comprehensive capacity development programmes on gender mainstreaming in the reforms have been conducted in the Ministries;
Annual target	Year	2018 2019 2020 2021 2022	<ul style="list-style-type: none"> • Capacity assessment of the staff in key departments conducted, recommendations integrated in training programmes and knowledge products; • Gender analysis of legislation pertaining to decentralization and law enforcement reforms conducted; recommendations for revisions and amendments provided; • Stock-taking of gender mainstreaming in decentralization and law enforcement reforms implementation accomplished and results discussed at the national senior management level; • Gender equality is included in key reforms documents and reports; • National reforms monitoring systems integrate gender equality targets and results and regularly report on the progress;
Output 1.2		The duty-bearers (local governments of amalgamated hromadas) in conflict-affected areas apply knowledge and tools for gender-responsive annual planning and budgeting	
Output indicator 1.2.1		Number of local plans/programmes with specific gender-responsive objectives and budgets developed	
Baseline	Year	2017	One: Lyman Amalgamated hromada Statute and programme on social-economic development (2017) includes gender objectives;
Annual target	Year	2022	Four amalgamated target hromadas adopted local plan/programme with at least one gender-responsive objectives and budgets per year;
Output indicator 1.2.2		Number of Local Gender Coordination Councils established in target hromadas	
Baseline	Year	2017	Six amalgamated hromadas (Novopetrovska, Chmyrivka, Belokurakhina (Luhansk oblast) and Cherkaska, Lymanska and Mykolayivska (Donetsk oblast) have created the local gender coordination councils and endorsed by Orders of heads of hromadas;
Annual target	Year	2022	Four additional hromadas establish local gender coordination councils, inclusive of women established and functional;
Output 1.3		Rights-holders (local women, including those facing compound discrimination) meaningfully participate in local development planning and	

		budgeting	
Output indicator 1.3.		Number of gender-sensitive recommendations developed by women for local policies and programs adopted by the local authorities	
Baseline	Year	2017	Women became members of six local gender coordination councils in amalgamated hromadas (Novopskovska, Chmyrivka, Belokurakhina (Luhansk oblast) and Cherkaska, Lymanska and Mykolayivska (Donetsk oblast);
Annual target	Year	2022	<ul style="list-style-type: none"> • Women annually participate and provide recommendations in local plans/programmes and budget formulations in target hromadas; • At least one gender-sensitive recommendation developed by women for local policies and programs adopted by the local authorities and supported by budget allocation in <i>each</i> of the pilot hromadas <i>annually</i>;

Outcome 2		Local authorities, law enforcement and women's community groups co-develop and implement GBV prevention and response strategies and action plans in line with the international standards and national gender equality commitments	
Outcome indicator 2.1.		Number of GBV prevention and response interventions integrated into local action plans and jointly implemented by local authorities, law enforcement bodies and women from the communities in 4 pilot hromadas	
Baseline	Year	2017	<ul style="list-style-type: none"> • 0 local action plans integrate GBV prevention and response interventions either in oblast or in hromadas; • 35.1% of women in Donetsk oblast and 31% in Luhansk, 66% in Donetsk and 80% in Luhansk oblast feel safe in their communities during evening and night, compared to men³⁵ (Perception survey); • 45% of the respondents don't trust police in Donetsk and Luhansk Oblast³⁶ (Perception survey);
Target	Year	2022	<ul style="list-style-type: none"> • At least 8 GBV prevention and response interventions developed with participation of women's groups, law enforcement and media integrated in local action plans by newly amalgamated hromadas and supported by budget allocation; • Women's sense of safety and security in public places increased by 10% (Perception survey);

³⁵ UNDP study on the Security and Justice in Ukraine, 2017

³⁶ UN Women survey on attitudes towards GBV in Donbas, 2017

Output 2.1.		Duty-bearers (law enforcement bodies) in the target communities have knowledge and skills to prevent and respond to gender-based violence in public spaces	
Output indicator 2.1		% of local law enforcement officers with improved knowledge and skills on prevention and response to GBV in public spaces	
Baseline	Year	2017	<ul style="list-style-type: none"> By 2017 - 32 district and patrol police officers of Donetsk and Luhansk oblasts' police units were trained as trainers in community security and prevention and response of GBV and demonstrated improved knowledge by 60% (post-training evaluation); Low trust to police is reported as the key reason for not reporting GBV to the police³⁷; Fragmented data collection system in place;
Annual target	Year	2018 2019 2020 2021 2022	<ul style="list-style-type: none"> Baseline assessment on law enforcement capacity to prevent and respond to GBV in community security initiatives conducted. The following annual targets will be set based on the results of the baseline assessment: % of patrol and district police officers trained in GBV prevention and response with increased knowledge and skills; Number of tools and knowledge products, which were developed by the project, applied by police in the pilot hromadas; Number of community security initiatives to prevent and respond to GBV implemented by local police; Trust in the local police in the pilot communities increased by 10%;
Output 2.2		Rights-holders (women, girls, men and boys) in communities are mobilized in favour of respectful relationships, gender equality and safety in public spaces	
Output indicator 2.2		Number of local initiatives led by gender equality advocates on promotion of gender equality, enhancing community security and safety in public spaces	
Baseline	Year	2017	<ul style="list-style-type: none"> 20 community for empowerment initiatives implemented in 20 pilot hromadas of Donetsk and Luhansk oblasts; 61 self-help groups with 405 members (majority women) are created and engaged in local community initiatives;
Annual target	Year	2018 2022	<ul style="list-style-type: none"> Community security audit (as a part of community profiling) conducted in each of pilot hromadas to identify the GBV risks and targeted groups; At least 4 community awareness initiatives on prevention of GBV and safety in public spaces implemented by community groups;

³⁷ Baseline survey on attitudes to GBV: Results, UN Women, 2017

Output 2.3		Local media engage in gender sensitive and human rights-based reporting	
Output indicator 2.3		Share of respondents who changed attitudes towards zero tolerance to GBV	
Baseline	Year	2017	<ul style="list-style-type: none"> Media reproduces deeply rooted patriarchal attitudes and discriminatory stereotypes, which are root causes of violence against women³⁸ 18% respondents believe the controlling behaviour of the partner is acceptable³⁹ 60% of the respondents believe that women's behaviour is provoking the violence; 44% believe that women are sometimes beaten because of their fault, they provoke⁴⁰;
Annual target	Year	2018	<ul style="list-style-type: none"> GBV attitudes survey conducted in target hromadas (baseline); At least 40 journalists received a series of gender sensitivity trainings;
		2019	<ul style="list-style-type: none"> Network of trained journalists reporting on gender equality and GBV issues established;
		2020	<ul style="list-style-type: none"> 1 Communication campaign launched in eastern Ukraine in partnerships with the trained journalists at the oblast level;
		2021	<ul style="list-style-type: none"> At least two media events on GBV awareness and prevention conducted with local media in 4 pilot hromadas;
		2022	<ul style="list-style-type: none"> 10% positive change in attitudes towards zero tolerance to GBV.

DED 5(a) – CSO I

Outcome		Civil society will have a stronger impact on the reform processes in the country including in the regions in the areas of democracy and human rights and will contribute to more inclusive, democratic and rights-based governance, through enhanced capacity, better coordination and networking.	
Outcome indicator		<ul style="list-style-type: none"> Civil society organisations engagement in implementation of the National Strategy for Civil Society Development at the subnational level The extent to which CSO hubs' network is efficient, visible and capable. Number of key policies and strategies (both within national and international commitments) developed, operationalized and promulgated with active CSO participation Cases of working groups policies development and/or implementation with CSOs inclusion at the national level Civil society capacities for human rights related to data collection, analysis and participation in policy development 	
Baseline	Year	2017	<ul style="list-style-type: none"> 4 regional CSO actively engaged in implementation of the National Strategy for Civil Society Development at the

38 CEDAW Concluding observations on the eighth periodic report of Ukraine, Stereotypes 26, CEDAW/C/UKR/CO/8, 2017

39 UN Women GBV perception survey in the Eastern Ukraine

40 UN Women survey on attitudes towards GBV in Donbas (2017)

			<p>subnational level</p> <ul style="list-style-type: none"> • A network of 8 regional CSO hubs with limited visibility as a network; • No data available on policies and strategies (both within national and international commitments) developed, operationalized and promulgated with active CSO participation • 4 alternative stakeholders' reports prepared on human rights agenda by civil society
Target	Year	2022	<ul style="list-style-type: none"> • At least, 100 CSOs actively engage in implementation of the National Strategy for Civil Society Development at the subnational level • Existence of an efficient, visible and capable CSO hubs' network covering the territory of Ukraine • At least, 40 normative and regulatory acts reflecting new policies and strategies (both within national and international commitments) at subnational level developed, operationalized and promulgated with active CSO participation with at least 50% level of implementation per year • 14 (in each region where hubs are located) • At least, 5 alternative stakeholders' reports prepared by civil society networks and coalition on human rights agenda informed by various human rights mappings
Output 1		Civil society organisations strengthened to promote democracy and foster participatory and result-driven Government-CSO dialogue at all levels in Ukraine	
Output indicator		<ul style="list-style-type: none"> • Baseline report on operationalization of the National Strategy for civil society development in the regions; • Number of CSO hubs' specialized on democratization – members of network; • Strategy of CSO hubs' work; • Number of successfully implemented CSO projects and initiatives; • Share of CSO hubs' constituencies involved into the programme activities of CSO hubs; • Number of vulnerable groups' representatives, i.e. women, IDPs, persons with disabilities (PWD), minorities covered by the CSO hubs' activities; • Relevant sectoral subnational policies and regulations adopted and assessed as satisfactory by national and international experts 	
Baseline	Year	2017	8 CSO hubs created in 8 regions of Ukraine; 4 pilot initiatives of developing regional programmes for civil society development implemented; no CSO hubs in other regions; no data available on development of subnational policies with meaningful engagement of the civil society at the regional level. Currently local CSOs have limited institutional capacity to assist their communities in the areas

			of human rights and good governance
Target	Year	2022	<ul style="list-style-type: none"> • Baseline report on operationalization of the National Strategy for civil society development in the regions is assessed as sound and valid; • A stable and visible CSO hubs' network consisting 14 members; • Strategy of CSO hubs' work is assessed by the civil society and national experts as valid and relevant to the country context and reform agenda; • At least, 20 successfully implemented CSO projects and initiatives in the area of democratisation; • Share of CSO hubs' constituencies involved into the programme activities of CSO hubs increased by at least 20%; • Number of vulnerable groups i.e. women, IDPs, persons with disabilities (PWD), minorities equipped with knowledge and skills by the CSO hubs' activities with the proportion as close as possible to 70:30 ratio • 2022 - No fewer than 50 sectoral subnational policies and regulations are adopted and assessed as satisfactory by national and international experts
Output 2		Capacities of human rights actors enhanced to promote and defend human rights in Ukraine	
Output indicator		<ul style="list-style-type: none"> • Number of CSO hubs' specialized on human rights – members of network; • The extent to which the strategy of CSO hubs' includes targeted interventions to involve and increase knowledge and skills of vulnerable groups; • Number of CSO hubs applying HRBA in their programme work; • Number of successfully implemented CSO projects and initiatives aimed at human rights promotion, including those with a special focus on vulnerable groups; • Number of vulnerable groups' representatives, i.e. women, IDPs, persons with disabilities (PWD), minorities benefited from the implemented CSO projects and initiatives aimed at human rights promotion; • Number of alternative stakeholders' reports to the international treaty bodies on various human rights issues prepared; • Number of rights holders and duty bearers with knowledge and skills on mechanisms of civil society engagement in policy development and implementation; • Number of human rights related policy recommendations translated into concrete policies and strategies 	
Baseline	Year	2017	Successful track record of experiences of CSOs networking for development of alternative reports under Ukraine's international commitments; Justice for Peace in Donbas Coalition consisting of 16 CSOs with a number of implemented projects and initiatives

			requiring enhanced capacities for better coordination and advocacy on human rights; 16 CSO trainers on HRBA in the regions; low level of citizens' awareness on human rights and mechanisms of their protection; low level of vulnerable groups' representatives, i.e. women, IDPs, persons with disabilities (PWD), minorities involvement in the CSOs' activities; low number of vulnerable groups' representatives among the CSOs' beneficiaries
Target	Year 1	2022	<ul style="list-style-type: none"> • At least 6 CSO hubs – members of the CSO network – specialize in human rights; • Targeted interventions of CSO hubs to involve and increase knowledge and skills of vulnerable groups are comprehensively included in the CSO hubs network strategy; • 14 CSO hubs actively apply HRBA approach in their activities related both rights holders and duty bearers; • At least, 20 successfully implemented CSO projects and initiatives in the area of human rights promotion, including at least 5 projects with a special focus on vulnerable groups; • At least 1000 representatives of vulnerable groups benefited from CSO projects and initiatives implementation; • At least, 5 alternative stakeholders' reports to the international treaty bodies on various human rights issues prepared and advocated for; • 2022 - Exact number of rights holders and duty bearers with knowledge and skills on mechanisms of civil society engagement in policy development and implementation is TBD during the Inception phase • 2022 - Exact number of human rights related policy recommendations translated into concrete policies and strategies is TBD
Output 3		Enhanced youth civic engagement and youth participation in public sector decision-making at all levels	
Output indicator		Quantitative or qualitative factor or variable that provides a simple and reliable means to measure achievement or to reflect the changes connected to an intervention.	
Baseline	Year	2017	240 youth workers trained and certified; no evidence on engagement of youth CSOs in decision-making at local level; limited opportunities for the youth groups in the regions to engage in policy development and decision-making, thus contributing to enhanced democracy and human rights at the local and regional levels; limited capacities of both rights holders and duty bearers; low level of civic engagement of youth representing vulnerable groups.
Target	Year	2022	<ul style="list-style-type: none"> • Number of youth workers certified on the programme enriched with civic education modules • Number of rights holders and duty bearers with knowledge and skills on mechanisms of youth engagement in policy development and implementation for democracy and human

			rights; <ul style="list-style-type: none"> • Number of engaged formal youth CSOs and non-formal youth groups advocating for the rights of vulnerable groups, i.e. women, IDPs, persons with disabilities (PWD), minorities; • Number of local policies aimed at enhanced democracy and human rights improved in accordance with HRBA principles and with direct youth engagement (including youth from vulnerable groups) on regional and local level.
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DED 5(b) – CSO II

Outcome		Local level civil society undertake effective monitoring, advocacy and protection services for youth, women and men across Ukraine	
Outcome indicator		<ul style="list-style-type: none"> • No. of local level CSOs and their coalitions / networks providing reports on human rights situation at local level • No. of cases brought to the courts or the Ombudsperson's Office at the local level • No. of local government that have changed service practices or decisions following CSO advocacy work 	
Baseline	Year	2021	TBD
Target	Year	2025	TBD
Output 1		Local level civil society organisations have increased capacity to effectively deliver on their democratization mandate (specifically, in the area of transparency and integrity of public service)	
Output indicator		<ul style="list-style-type: none"> • Number of organizations who have undergone capacity-building and demonstrate a) improvements in their internal systems and practices and b) better performance on their core mandate; • Geographical reach; • Level of awareness of and trust to dedicated CSOs in their communities; 	
Baseline	Year	2021	TBD
Target	Year	2025	TBD
Output 2		Local level civil society organisations' capacity to monitor, report and advocate on the human rights situation with a focus on youth and women enhanced	
Output indicator		<ul style="list-style-type: none"> • Number of CSOs applying HRBA in their programme work • Number of successfully implemented CSO projects and initiatives aimed at human rights promotion, including those with a special focus on youth and women 	
Baseline	Year	2021	TBD
Target	Year 1	2025	TBD

DED 6 – Media

6a Detector Media

Outcome	Media literacy of citizens improved
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Outcome indicator		1: Development of media literacy index 2: Share of population understanding the need in knowledge about media owners 3: Share of population that treats the media product quality as a key criteria for the information source selection	
Baseline	Year	2017	1: No media literacy index 2: 34% 3: 23%
Target	Year	2021	1: Media literacy index developed and in use 2: 46% 3: 32%
Output		Improved capacity of teachers to teach media literacy	
Output indicator		Number of teachers using the training materials produced by the organisation	
Baseline	Year	2017	240
Annual target	Year 1	2018	960
Annual target	Year 2	2019	1080
Annual target	Year 3	2020	1440
Target	Year 4	2021	1680
Output		Media consumers have access to materials about media	
Output indicator		1: Reach of mediaSapiens website 2: Reach of specula media literacy web-projects (cumulative) 3: Reach of the Organisation's media literacy offline products (cumulative) 4: Number of media literacy products produced and disseminated among media outlets 5: Number of media outlets who post media literacy products on a regular basis (at least twice a month)	
Baseline	Year	2017	1: 550,000 2: 25,000 3: 15,000 4: 120 5: 24
Annual target	Year 1	2018	1: 600,000 2: 35,000 3: 30,000 4: 120 5: 48
Annual target	Year 2	2019	1: 630,000 2: 45,000

			3: 40,000 4: 120 5: 72
Annual target	Year 3	2020	1: 700,000 2: 50,000 3: 50,000 4: 120 5: 72
Target	Year 4	2021	1: 700,000 2: 55,000 3: 60,000 4: 120 5: 72
Output		Improved capacity of NGOs promoting media literacy	
Output indicator		1: Number of local NGOs promoting media literacy on a regular basis due to the Organisation's support 2: Number of successful media literacy initiatives implemented by local NGOs due to the Organisation's support	
Baseline	Year	2017	1: - 2: -
Annual target	Year 1	2018	1: 10 2: 10
Annual target	Year 2	2019	1: 20 2: 25
Annual target	Year 3	2020	1: 35 2: 40
Target	Year 4	2021	1: 45 2: 50
Output		Role of cultural institutions media literacy promotion increased	
Output indicator		Number of sustainable formats of media literacy promotion created on the basis of cultural institutions due to the Organisation's support	
Baseline	Year	2017	-
Annual target	Year 1	2018	20
Annual target	Year 2	2019	40
Annual target	Year 3	2020	60
Target	Year 4	2021	70
Output		Access of Ukrainian and foreign stakeholders to the analytical products on media literacy in Ukraine, Ukrainian media literacy development practices provided	

Output indicator		1: Number of researchers held 2: Number of uses of the media literacy research/analytics results in decision-making by Ukrainian and foreign stakeholders	
Baseline	Year	2017	1: 2 2: 18
Annual target	Year 1	2018	1: 2 2: 20
Annual target	Year 2	2019	1: 2 2: 25
Annual target	Year 3	2020	1: 2 2: 28
Target	Year 4	2021	1: 2 2: 35

6b Hromadske

Outcome		Hromadske is an innovative media organization that has trust and impact, and serves transformation of the society for a more fulfilled life of its individual members.	
Outcome indicator		Development of Hromadske's presence on all its platforms, including the website and app, social media and TV channel	
Baseline	Year	2017	Varying quality of Hromadske's presence on certain of its platforms and brand awareness of 26%
Target	Year	2018 ⁴¹	Strong and high quality presence on all of Hromadske's platforms and increase brand awareness among 18-65 year olds to 35% by 2019.
Output		The newsroom, as the main structural element of the organization, will become the main focus of the organization's development in the current strategy cycle. It will have both quantitative and qualitative goals for growth in this period.	
Output indicator		Improved structure of the newsroom, higher quality products and broadened themes	
Baseline and targets	Year 1	2017	Baseline: High quality content and well-functioning newsroom but with room for improvements in organizational structure, quality and themes. Targets: September 2017: - establish a set of KPIs for all projects and personal performance goals for each journalists. They have to contain qualitative and quantitative elements - hire 2 (shifts) chief editors of the day, to coordinate news

⁴¹ Hromadske current strategy period covers 2017-2018 so at outcome and output level, 2018 is the target year. Support after 2018 will depend on the results achieved in the current strategy period.

			<p>flow across all platforms and provide quality-check of the news bulletins</p> <ul style="list-style-type: none"> - hire an editor/producer of live streams, to plan and provide high-quality live streams both of our own and partner's. <p>December 2017:</p> <ul style="list-style-type: none"> - news service starts providing breaking news coverage from across regions. - hire an editor and field reporter to provide quality control over the content, work with outsource authors, strengthen field reporting and give room for own investigations - set up "Prostonomika" team on economy, with a list of outsource authors, designers, analysts, upgrade partnership with "Vox Check". - repackage/rebrand programs "East", "World", "Crimea", adding TV producers to the teams, provide regular content across all platforms.
Annual target	Year 1	2018	<p>June 2018:</p> <ul style="list-style-type: none"> - Provide breaking news and long-term stories from across the country and world, operates within a clear structure and in accordance with the newsroom guidelines - start a political show of our own/partnering with other independent media or UA:Перший if partnership takes off. - start a beat "sustainable lifestyle": hire an editor/journalist - setup own investigative team: hire editor, producer - regional editor sets up teams/ three correspondents in the Western, Southern, Central Ukraine to provide regular regional coverage with at least three video stories/week <p>December 2018:</p> <ul style="list-style-type: none"> - start work on IT beat. In best-case scenario, start IT show - create Hromadske.Incubator
Output		Economy news	
Output indicator		Establishment of an economic news department	
Baseline and target	Year	2017	<p>Baseline: No economic news from Hromadske"</p> <p>Target:</p> <p>December 2017. Hromadske launches economic department that covers both news content and creates non-news special projects, publications and explainers for the web-site. All the economic content is incorporated into general news wire.</p>
Annual target	Year 1	2018	<p>February 2018. As the new website is launched, economic news gets a separate page on the website. The department of 2 editors and part-time web designer produces exclusive news, explainers, long-reads and infographics on everyday basis, explaining both macro and micro economic issues and how they relate to people's lives.</p>

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DED 7 – Inclusive Labour Market for Job Creation

Outcome 1		Labour market governance is improved through the strengthening of employment services and other labour market institutions	
Outcome indicator		(1) Reform plan for the modernisation of public employment services has been consulted with the social partners and adopted by Ukrainian authorities including a monitoring and evaluation framework, (2) Job Search Assistance: Percentage of unemployed having received job search assistance from SES including long-term unemployed, women, IDPs, and youth; (3) Search Spells: Time elapsed between first period of active search and moment of labour market entry; (4) Number of employers sourcing services from SES offices;	
Baseline	2017	2017	Ad (1) ILO did a comprehensive functional assessment of PES which identifies areas for reform and intervention No improvement/reform plan existing nor adopted, Ad (2) 30% of unemployed having received job search assistance from SES(?), Ad (3) Baseline values are not available, to be determined during 6-month inception phase, Ad (4) Baseline values are not available, to be determined during 6-month inception phase.
Target	2022	2022	Ad (1) reform plan adopted Ad (2) 50% of SES offices covered by the intervention /of unemployed having received job search assistance from SES(?); Ad (3) Search Spells reduced by 20% for SES offices covered by the intervention; Ad (4) No of employers seeking SES services increases by 25% for SES offices covered by the intervention

Output 1.1		A range of modernised services and delivery models are offered at SES offices in order to better serve the needs of their clients	
Output indicator		(1) Number of SES staff trained and advised, (2) Number of new services introduced by the SES, (3) A system of key performance indicators introduced by the SES, (4) Number of studies conducted concerning the cost effectiveness of active labour market policies	
Baseline	Year	2017	0
Annual target	Year 1	2018	<ul style="list-style-type: none"> Three trainings conducted, Two new services introduced, especially targeting youth and women, A system of key performance indicators for the public authority agreed, Concept note for a tracer study or impact assessment of one selected active labour market policy available
Annual target	Year 2	2019	<ul style="list-style-type: none"> Three trainings conducted, One additional service introduced, Key performance indicators introduced, One tracer study or impact assessment commissioned.
Annual target	Year 3	2020	<ul style="list-style-type: none"> Two new services introduced, An additional tracer study or impact assessment commissioned

Annual target	Year 4	2021	<ul style="list-style-type: none"> Three policy briefs document results and cost benefit of new services.
Target	Year 5	2022	<ul style="list-style-type: none"> At least two services of SES are mainstreamed at national level, Ukrainian Government mobilizes additional resources for mainstreaming these services

Output 1.2		Local employment partnerships (LEPs) are signed and implemented	
Output indicator		(1) Number of LEPs facilitated by the SES offices; (2) Number of beneficiaries reached by SES through the employment partnerships (at least 50% women, at least 40% youth)	
Baseline	Year	2017	0 (concept not used in Ukraine)
Annual target	Year 1	2018	<ul style="list-style-type: none"> Two pilot regions selected, Two local territorial diagnostics conducted with the aim of identifying sectors with high job creation potential and the service lines to be established, Two training seminars conducted for local partners of LEPs
Annual target	Year 2	2019	<ul style="list-style-type: none"> Two local employment pacts signed, 30% of co-financing or in-kind contributions obtained through partnerships with ongoing local development programmes
Annual target	Year 3	2020	<ul style="list-style-type: none"> Two additional pilot regions selected, Two additional local territorial diagnostic conducted with the aim of identifying sectors with high job creation potential and the service lines to be established, Two additional training seminars conducted for local partners of LEPs
Annual target	Year 4	2021	<ul style="list-style-type: none"> Two additional local employment pacts signed, 30% of co-financing or in-kind contributions obtained through partnerships with ongoing local development programmes
Target	Year 5	2022	LEPs are embedded in SES and the agency has facilitated another three additional LEPs

Outcome 2		Skills development and entrepreneurship training for new labour market entrants is better aligned with demand for skills with particular emphasis on the private sector
Outcome indicator		(1) Reduced skills mismatch: Share of young people and graduates whose educational attainment is higher or lower than the level required in their jobs (2) Reduced skills gap: Percentage of firms identifying an inadequately educated workforce as a major constraint (3) Increased entrepreneurial intentions: Number of participants in entrepreneurship training courses that intend to open their own business (at least XX % youth)
Baseline	2017	Ad 1) 37% (based on ILO school to work transition survey Ukraine 2015) Ad 2) Data have to be collected during inception phase (ILO could make use of sample of enterprises that participated in 2016 survey on enabling environment) Ad 3) 0
Target	2022	Ad 1) Skills mismatch is reduced by 20 % in two pilot sectors or regions, Ad 2) Skills gap is reduced - by 15% fewer firms pointing to the inadequately educated workforce as a major constraint

			Ad 3) est. 25% (based on extrapolations from the School-to-Work Transition Survey and the Global SIYB Trace Study of the ILO)
Output 2.1			Entrepreneurship training as a complementary offer of TVET and PES is introduced
Output indicator			(1) Number of master trainers/teachers and local trainers/teachers trained in using the ILO's entrepreneurship development packages SIYB or KAB (2) Number of TVET graduates and PES clients that have taken an entrepreneurship development course
Baseline	Year	2017	0, no offer existing
Annual target	Year 1	2018	<ul style="list-style-type: none"> Roll-out strategy is finalized in consultation with national partners based on market assessment on the supply and demand of business training and start up services with a specific focus on women, A concept for a tracer study or an impact assessment has been finalized 75 local trainers/teachers are trained.
Annual target	Year 2	2019	<ul style="list-style-type: none"> 7 master trainers/teachers are trained 750 beneficiaries take and entrepreneurship training course
Annual target	Year 3	2020	<ul style="list-style-type: none"> 1500 participants
Annual target	Year 4	2021	<ul style="list-style-type: none"> 22500 participants One policy brief documenting results of tracer study/impact assessment
Target	Year 5	2022	<ul style="list-style-type: none"> At least two other regions also offer entrepreneurship training
Output 2.2			Quality of TVET has been improved in three curricula selected based on local training needs assessments (see also output 1.2)
Output indicator			(1) Three curricula modernised in consultation with relevant public authorities and social partners, (2) Teachers trained, (3) Completion rates (percentage of enrolled students that graduate), (4) Satisfaction rate of employers with graduates.
Baseline	Year	2017	0
Annual target	Year 1	2018	Select three curricula to be modernized based on local value chain assessments (see also output 1.2)
Annual target	Year 2	2019	<ul style="list-style-type: none"> Local constituents have the skills to develop and adapt the selected curricula Needs-oriented and revised curricula are available and approved Monitoring system designed
Annual target	Year 3	2020	<ul style="list-style-type: none"> Three new curricula are implemented in selected colleges
Annual target	Year 4	2021	See above
Target	Year 5	2022	<ul style="list-style-type: none"> One policy brief documents results, Scaling up: Additional colleges in other regions introduce modernized curricula

Outcome 3	Tripartite social dialogue and collective bargaining as means to create more and better jobs, especially for youth, are enhanced
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Outcome indicator		(1) Number of policies and programs promoting inclusive labour markets development adopted by government including recommendations of tripartite social dialogue bodies, including youth specific initiatives (2) Number of collective bargaining agreements signed in pilot sectors or regions, (3) Increase of membership of employers' and workers' organizations.	
Baseline	Year	2017	Ad 1) inception phase will be used to collect baseline Ad 2) inception phase will be used to collect baseline Ad 3) inception phase will be used to collect membership data from social partners involved in this component
Target	Year 5	2022	Ad 1) 6 new policies or programs have been initiated on the basis of recommendations of tripartite social dialogue bodies or the social partners, including on improved wage and income policies on reducing wage arrears, setting minimum wages, reducing the gender pay gap (GPG), and reducing undeclared and under-declared work, and measures targeting youth employment in particular Ad 2) No of collective bargaining agreements increases by 15% Ad 3) Membership base increases by 12%

Output 3.1		National Tripartite Social and Economic Council (NTSEC) as well as six regional councils (RTSEC) have formulated evidence based recommendations/opinions for inclusive labour markets policies, including on wages and un/under-declared work.	
Output indicator		(1) No of staff and experts trained and No of participants that evaluate the training as useful, (2) No of recommendations/opinions on inclusive labour markets policies presented by the councils or by the social partners, (3) No of substantive media appearances referring to recommendations of different councils, (4) Monitoring system established to follow up on the councils' recommendations	
Baseline	Year	2017	0
Annual target	Year 1	2018	<ul style="list-style-type: none"> 50 staff and experts at national and regional level trained on three economic and social subject matters related to the project; an action plan formulated to enhance the effectiveness of tripartite social dialogue one diagnostic report on un/under-declared work presented.
Annual target	Year 2	2019	<ul style="list-style-type: none"> Five quality recommendations/opinions on inclusive labour market policies presented (including a road-map to tackle undeclared and under-declared work), a monitoring system established to follow up on councils' recommendations.
Annual target	Year 3	2020	<ul style="list-style-type: none"> An additional 50 staff and experts trained on additional three subject matters related to the project, 10 recommendations presented, 1 pilot programme on tackling undeclared and under-declared work is launched annual progress report published
Annual target	Year 4	2021	<ul style="list-style-type: none"> 10 recommendations/opinions presented, annual progress report published
Target	Year 5	2022	<ul style="list-style-type: none"> 10 recommendations/opinions presented, annual progress report published

Output 3.2		Collective bargaining processes in pilot sectors ⁴² or regions have been initiated or revived including amicable settlement of collective labour disputes	
Output indicator		(1) No of stakeholders trained and No of participants that evaluate the training as useful, (2) No of collective bargaining processes supported by the project, (3) No of meetings of negotiation partners, (4) No of position papers presented by negotiation partners.	
Baseline	Year	2017	0
Annual target	Year 1	2018	<ul style="list-style-type: none"> • 40 stakeholders trained • 2 collective bargaining platforms supported
Annual target	Year 2	2019	<ul style="list-style-type: none"> • 100 stakeholders trained • 5 collective bargaining platforms supported • 3 meetings per platform • 5 position papers presented
Annual target	Year 3	2020	<ul style="list-style-type: none"> • 100 stakeholders trained • 5 collective bargaining platforms supported • 4 meetings per platform • 5 position papers presented
Annual target	Year 4	2021	<ul style="list-style-type: none"> • 5 collective bargaining platforms supported • 3 meetings per platform • 5 position papers presented
Target	Year 5	2022	<ul style="list-style-type: none"> • 5 position papers presented

Output 3.3		Demand-driven services for members of employers' and workers' organizations are introduced ⁴³	
Output indicator		(1) No of new services introduced for members, or number of existing services improved (2) No of users of services, (3) Additional financial resources generated based on membership or service fees.	
Baseline	Year	2017	Baseline values need to be collected during inception phase
Annual target	Year 1	2018	At least 2 services introduced or improved, based on assessments of members' needs
Annual target	Year 2	2019	No of users of services increases by 5%
Annual target	Year 3	2020	No of users of services increases by 10% Financial income from members' fees or service fees increases by 5%
Annual target	Year 4	2021	No of users of services increases by 10% Financial income from members' fees or service fees increases by 10%
Target	Year 5	2022	No of users of services increases by 10% Financial income from members' fees or service fees increases by 10%

DED 8 – SME development services

Outcome 1	Structure for delivering business development services to SMEs in place, especially in remoter areas, with information and advisory services, in
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⁴² The possibility of including the energy sector will be assessed during the inception phase

⁴³ The nature of these services will be made more specific as a result of the inception phase. These may include aspects of the EESE package of the ILO (EESE, Enabling Environment for Sustainable Enterprises), as well as issues around the topic of responsible business conduct.

		particular concerning the DCFTA adjustment process	
Outcome indicator		<ul style="list-style-type: none"> • Accessible regional SME support services available • SME's satisfaction rate: Percentage of SMEs receiving assistance that report to be satisfied with the support received. 	
Baseline	Year	2019	<ul style="list-style-type: none"> • Number of SMEs accessing services, disaggregated on youth and women • No monitoring of SME satisfaction rate
Target	Year	2022	<ul style="list-style-type: none"> • Xx SMEs have access to regional business development services, disaggregated on youth and women • SME service recipients' satisfaction rate (at least 80% are satisfied)
Output 1.1		Effective central level SME development organisation established	
Output indicator		<ul style="list-style-type: none"> • SME development organisation established 	
Baseline	Year	2017	<ul style="list-style-type: none"> • No central SME Development body in place to coordinate and implement SME support measures. Concept for SMEDO is developed with EU support
Annual target	Year 1	2019	<ul style="list-style-type: none"> • SMEDO is fully operational and facilitates support to xx SMEs per year across the country and xx regional advisory centres
Target	Year 4	2022	<ul style="list-style-type: none"> • SMEDO is fully operational and facilitates support to xx SMEs per year across the country and xx regional advisory centres
Output 1.2		Six additional regional business centres established ⁴⁴	
Output indicator		<ul style="list-style-type: none"> • Number of SMEs/start-ups supported/advised, disaggregated on youth and female entrepreneurs • Number of regional business centres operational/Number of regions/districts covered by services 	
Baseline	Year	2017	<ul style="list-style-type: none"> • Xx number of SMEs supported yearly • 15 regions are in the process of starting operations (possible 7 are in the process of establishment)
Annual target	Year 1	2019	<ul style="list-style-type: none"> • Xx SMEs supported yearly • Xx regional business centres operational
Target	Year 4	2022	<ul style="list-style-type: none"> • Xx SMEs supported yearly, of which xx percent are young entrepreneurs and xx percent are female entrepreneurs • Six regional business centres operational and providing support to xx SMEs per year
Output 1.3		Promotion of entrepreneurial culture and development of entrepreneurial skills	
Output indicator		Relevant organisations furthering and supporting youth entrepreneurship	
Baseline	Year	2017	No system or policy in place for stimulating youth entrepreneurship
Annual target	Year 1	2019	Organizations (public or private sector) are identified and sensitized on their possible role in promoting entrepreneurship
Target	Year 4	2022	Xx organisations work to sensitise youth and stimulate youth

⁴⁴ The number of centres to be supported depends on the budget for the centres and whether other donors commit support before the programme comes into effect in 2019. Currently EBRD supports 15 and 7 more will reportedly be supported by the Polish Aid, although some of these are in the same regions. This needs clarification.

			entrepreneurship (TBD)
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DED 9 – Enabling environment - for energy investment

Outcome		Ukraine supported in increasing the share of renewable energy in total energy consumption by 2020 and reducing the climate and environmental impact of the fossil fuel based energy sector.	
Outcome indicator		➤ Level of integration and implementation of renewable energy and energy efficiency projects.	
Baseline	Year	2017	<ul style="list-style-type: none"> Current energy investment climate in Ukraine not attractive for renewable and energy efficient projects and technologies
Target	Year	2020	<ul style="list-style-type: none"> Project and technology platform developed and established to attract investments to renewable energy and energy efficiency
Output 1		Monitoring system for New Energy Strategy of Ukraine till 2035 developed and implemented.	
Output 1 indicator		➤ Status of the monitoring system.	
Baseline	Year	2017	<ul style="list-style-type: none"> No NES monitoring system in place.
Target	Year	2020	<ul style="list-style-type: none"> NES monitoring system in place, operational and accepted by the relevant stakeholders. System for monitoring of energy balance with systematic collection and interpretation of data for establishing national energy balance developed and operational.
Output 2		System for short and long-term forecast modelling and software developed in accordance with international best practice.	
Output 2 indicator		➤ Status of introduction and implementation of the short- and long-term forecast modelling system.	
Baseline	Year	2017	<ul style="list-style-type: none"> The current short-term energy forecasting system is not used and no long-term forecasting available. No methodology for long-term-forecast of energy balance and monitoring of energy strategy implementation.
Targets	Year	2020	<ul style="list-style-type: none"> Relevant short-term and long-term energy system modelling tools developed and customized to the Ukrainian situation based on international best practice. Ukrainian experts trained in the use of the modelling tools. The modelling tools being used to support the implementation of the NES 2035. System for short-term and long-term forecasting tools developed and operational. The modelling tools used to evaluate impacts of the National Renewable Energy Action Plan (NREAP) and the National Energy Efficiency Action Plan (NEEAP).
Output 3		Tools for integration of Renewable Energy, a system for short-term forecast	

		of production from wind and solar PV and support to development of wind measuring infrastructure, as well as general support to Ukraine's efforts to converge its electricity market regulation to that of the EU.	
Output 3 indicator		➤ Tools and methodologies developed to support integration of renewables in the Ukrainian electricity system including the need for flexible thermal generation and hydro storage capacity to facilitate integration of RE.	
Baseline	Year	2017	<ul style="list-style-type: none"> ▪ No tools for short-term forecasting for wind and solar production and integration in the energy system. ▪ No tools to assess the flexible thermal generation (smart generation) and storage capacity available.
Targets	Year	2020	<ul style="list-style-type: none"> ▪ Tools and methodologies to assist short term forecast of production from wind and PV and support to development of wind measuring infrastructure established. ▪ Tools and methodologies supporting the need for flexible thermal generation (smart generation) and storage capacity developed. ▪ Tools and assessments provided to support the implementation of the Electricity Market Law.
Output 4		“One stop shop” project development platform supported under the umbrella of SAEE with Ukrainian-Danish expertise.	
Output 4 indicators		<p>Support provided to SAEE on:</p> <ul style="list-style-type: none"> ➤ Identification of energy efficiency and renewable energy projects (information on potentials for new projects and successfully implemented projects, information and promotion of state support programmes) targeted toward potential project developers and investors through seminars and workshops. ➤ Development of technical feasibility studies for a few selected municipal and large-scale commercial energy efficiency, renewable energy, and waste-to-energy projects. ➤ Development of new financial models as input for cooperation with IFU in order to increase the share of renewables in final gross energy consumption; selected technical feasibility studies and business cases facilitated by UDEC for further consideration by stakeholders interested in projects funding. ➤ Raising awareness of municipalities on state policy, strategic energy planning, energy efficiency and potential usage of renewable energy in regions of Ukraine, through seminars and workshops. ➤ Further development of the already established web-platform UAMAP. 	
Baseline	Year	2017	<ul style="list-style-type: none"> ▪ Lack of good quality project preparation by project developers looking for investments/financing/lending.
Target	Year	2020	<ul style="list-style-type: none"> ▪ Attractiveness of potential projects in energy efficiency and renewable energy sectors enhanced through selected technical feasibility studies and business cases to be considered for

			financing by private investors, lending institutions, green funds (IFU/NEIF, Danida Business Finance, etc.)
Output 5	Support for implementation of current National Renewable Energy Action Plan (NREAP) till 2020 and development of new NREAP till 2035 with its implementation stages.		
Output 5 indicators	<ul style="list-style-type: none"> ➤ Progress in the establishment of the regulatory framework, feasibility studies and incentive structures for the development of renewable energy market. ➤ Development of new incentives for stimulation of combined heat and electricity production from renewable energy sources and waste. ➤ Strategic energy planning on local level, development of pilot projects. Recommendations on district heating planning and project proposals related to networks rehabilitation/expansions. 		
Baseline	Year	2017	<ul style="list-style-type: none"> ▪ National Renewable Energy Action Plan ending by 2020; new targets need to be established.
Target	Year	2020	<ul style="list-style-type: none"> ▪ Establishment of new targets for NREAP till 2035 with action plan and implementation stages developed and monitoring system on implementation of NREAP created.
Output 6	Support for implementation of current National Energy Efficiency Action Plan till 2020 (NEEAP) and support for development of New NEEAP till 2035.		
Output 6 indicator	<ul style="list-style-type: none"> ➤ Development of the new National Energy Efficiency Action Plan supported, considering the requirement of Energy Community and recommendations made on development of monitoring and reporting system on implementation of National Energy Efficiency Action Plan. ➤ Incentives schemes developed to stimulate energy intensive industry for improved energy efficiency and renewable energy usage, support for energy audits, and pilot projects implementation. 		
Baseline	Year	2017	<ul style="list-style-type: none"> ▪ National Energy Efficiency Action Plan ending by 2020. New targets need to be established. ▪ There is no incentives scheme for state support for stimulating energy efficiency in industry.
Target	Year	2020	<ul style="list-style-type: none"> ▪ National Energy Efficiency Action Plan till 2035 with new targets under implementation, energy efficiency measure implemented. ▪ Support provided for regulatory state incentives for stimulating industry for energy efficiency.

DED 10 – Energy investment

Outcome	The projects contribute to increasing the provision of renewable energy,
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		reducing energy consumption, greenhouse gas emission and the countries' dependence on imported energy.	
Outcome indicator		Ukraine: The country's 2020 renewable energy share of total energy consumption Georgia: Increase in non-hydro renewable energy share in the energy mix (no target available yet) Number of jobs created ⁴⁵	
Baseline	Year	2017	Ukraine: 8 per cent renewable energy in total energy consumption Georgia: (insert targets when the RE action plan is available) No jobs created yet
Target	Year	2023	Ukraine: 11 per cent renewable energy in total energy consumption Georgia: (insert targets when the RE action plan is available) 4550 jobs created (incl. leverage)
Output 1		At least 4 projects in Ukraine and 1-2 projects in Georgia.	
Output indicator		Number of projects Megawatts produced yearly from renewable energy solutions due to the projects, or saved due to energy saving measures	
Baseline	Year	2017	0 projects (IFU has not made any new projects in Georgia for several years and has disbursed in 1 energy project in Ukraine in 2016). 0 Megawatt
Annual target	Year 1	2018	1 project in Ukraine or Georgia in total
Annual target	Year 2	2019	1-2 projects in Ukraine or Georgia in total
Annual target	Year 3	2020	2-3 projects in Ukraine or Georgia in total
Annual target	Year 4	2021	3-4 projects in Ukraine or Georgia in total
Annual target	Year 5	2022	4-5 projects in Ukraine or Georgia in total
Annual target	Year 6	2023	5-6 projects in Ukraine or Georgia in total 50 megawatts
Output 2		Leverage of the investments by way of funding from other investors, including transfer of Danish competencies within green technology and crowding-in of other technology and financial resources to the target countries ⁴⁶	

⁴⁵ Expected total number of decent jobs created: 4-5 direct jobs per one million DKK invested, out of which at least 35% will be women and 10% will be youth. 4-8 indirect jobs (jobs created in related enterprises, e.g. upstream or downstream a concerned value chain) For the SDG fund, the outcome indicator is 8000 direct jobs per one billion DKK invested, out of which at least 35% will be women and 10% will be youth, and 8.000-16.000 indirect jobs. The expected employment effect from NEIF is slightly lower, because climate projects employ fewer people once in operation.

⁴⁶ Assessed leverage factor approximately seven, the leverage factor cannot be guaranteed, but the leverage factor will be measured through the life of NEIF. The target examples in the table are made with the assumed leverage factor of seven.

Output indicator		Amount of co-investment leveraged through the NEIF intervention	
Baseline	Year	2017	0 projects and 0 leverage
Total target	Year 6	2023	A total of 5-6 projects with a leverage factor of 7, corresponding to DKK 720-900 million (excluding NEIF's own participation)

Annex D – Risk Management Matrix

Risk factor	Likelihood	Impact	Risk response	Background to assessment
Context				
Escalation of conflict in East leads to degeneration of democracy and economy	Unlikely	Major	Policy dialogue to influence internal and external partners through EU	Internal as well as external actors have economic and security interest in not escalating conflict
Lack of government willingness to move reform processes forward	Likely	Major	Policy dialogue with government in partnership with EU	Slow pace of reform implementation in key areas
Political instability and/or recession disrupts economic activity and undermines investor confidence	Unlikely	Major	Close monitoring of situation and engage in policy dialogue as required	Political volatility and recent recessions have been obstacles to economic development
Programme				
Human rights 1: limited impact on Ombudsperson's request for government response to violations	Likely	Minor	Policy dialogue with government in partnership with EU	Limited past influence on Government
Human rights 2: Lack of political will to amend reforms to cater for increase in GBV in the East	Unlikely	Major	Policy dialogue with government in partnership with EU	Perpetrators include 'war heroes', which the Government are reluctant to charge for crimes
Human rights 3: Parliament appoints a new Ombudsperson who is less committed to the human rights agenda	Unlikely	Major	Policy dialogue with government in partnership with EU	New Ombudsperson to be appointed anytime. Several candidates in play. Pressure on Government and Parliament to ensure appropriate appointment
Decentralisation 1: Hromadas limited capacity leads to enhanced misuse of funds	Likely	Major	Strong monitoring and evaluation (M&E) and oversight of decentralisation programme	Current lack of systems to fully address corruption at decentralised level
Decentralisation 2: Roll-back of decentralisation process limits ability of local governments to deliver services	Unlikely	Major	Policy dialogue with government in partnership with EU	The decentralisation process has already come far with substantial fiscal decentralisation making it increasingly difficult for the Government/parliament to initiate a roll-back
Gender reform process: Government	Unlikely	Major	Combine support with strong policy dialogue	Gender equality easy win for government in reform

Risk factor	Likelihood	Impact	Risk response	Background to assessment
not willing to include gender in decentralisation and law reform process			with EU MS	agenda
Anti-corruption: Continued political movements limit ability of anti-corruption institutions to do their work according to mandate	Likely	Major	Policy dialogue with government in partnership with EU. Emphasis on need for progress vis-à-vis AA and DCFTA	Laws are already being passed aimed at curtailing the mandate and operations of key anti-corruption institutions
The DCFTA and EU approximation process, and the associated reform process, is not progressing as planned	Unlikely	Minor	Political support from Denmark, and monitoring of mutual accountability	Strong orientation towards EU partnership, although there has been set-backs and “disappointments”
SME development: SME strategy not approved	Unlikely	Major	Policy dialogue and Danish financial commitment to support	Strategy process far and key priority for the Government
Energy investment: IFU not in a position to find bankable projects for renewable energy	Unlikely	Major	Regular monitoring of IFU support and assessment by M&E agent coupled	Interviews and assessment by IFU indicate sufficient potential
Energy: Upstream policies and strategies for the energy sector are not passed or finalised, rendering possibilities for downstream efforts futile	Unlikely	Major	Policy dialogue, close monitoring	There is a strong orientation towards energy sector reforms but there are many elements with political sensitivities
Institutional				
Lack of reform progress leads to reputational risk in DK	Likely	Major	Policy dialogue and proper communication of results to media	Slow pace of reform implementation in key areas
Corruption in Danish funded programmes leads to reputational risk in DK	Unlikely	Significant	Ensure proper control mechanisms in fund management	All funding provided through implementing partners with sound financial management systems

Annex E – DANEP Ukraine output-based budget for engagements initiated 2017-2019

The below provides the output-based budget for the engagements starting 2017, 2018 and 2019. The exception is the SME support engagement, which is to be formulated in 2018.

DED 1 – Human rights

Development engagement: Support to Ombudsperson's Office (UNDP) "The Office of the Ombudsperson (OO) is sufficiently equipped to protect human rights on all the territory of Ukraine, especially economic and social rights in rural areas in the context of decentralization, and rights affected by the conflict in the East of Ukraine"							
	2019 - 2023 (DKK)	2019 - 2023 %	2019 (DKK)	2020 (DKK)	2021 (DKK)	2022 (DKK)	2023 (DKK)
Output 1	6600000	22%	1700000	1500000	1300000	1100000	1000000
<i>By 2023, women and men have better access to the services of the Ombudsperson's Office at the local level, especially in rural areas</i>							
Output 2	3600000	12%	850000	1130000	560000	560000	500000
<i>By 2023, the Ombudsperson's Office has the knowledge and skills to collect data that is disaggregated by gender, age and vulnerabilities</i>							
Output 3	3500000	11,7%	1000000	800000	500000	500000	700000
<i>By 2023, the Ombudsperson's Office is able to effectively promote awareness of human rights</i>							
Output 4	1000000	3,3%	130000	200000	250000	250000	170000
<i>By 2023, the Ombudsperson's Office proactively uses international human rights instruments</i>							
Output 5	3500000	11,7%	450000	650000	900000	800000	700000
<i>By 2023, the Ombudsperson's Office provides effective input into integration of HRBA into decentralization process with a focus on social and economic rights</i>							
Output 6	2550000	8,5%	350000	600000	500000	600000	500000
<i>By 2023, the Ombudsperson's Office has knowledge and skills to effectively address conflict related human rights</i>							
Output 7	1000000	3,3%	250000	250000	150000	150000	200000
<i>By 2023, the Ombudspersons' Office effectively supports women and men and vulnerable groups at national and local levels</i>							
Unallocated funds	850000	2,8%	170000	170000	170000	170000	170000
Project Implementation	5000000	16,7%					
· <i>Direct costs (salaries of the project manager, project associate and 50% driver)</i>	3000000	10%	600000	600000	600000	600000	600000
· <i>Indirect costs (office rent/ utilities/ phone/ Internet/ cleaning/ security services/ computers and furniture/ equipment maintenance/ miscellaneous & stationery etc.)</i>	2000000	6,7%	700000	300000	300000	350000	350000

GMS (8%)	2400000	8%	480000	480000	480000	480000	480000
Total	30000000	100%	6680000	6680000	5710000	5560000	5370000

DED 4 – Gender reform and counter GBV

Indicative resources required for each output (annually)

Outcomes	Outputs	2018	2019	2020	2021	2022	Total USD	Total DKK
Decentralization and law enforcement reforms are compliant with the international standards on gender equality and are informed by the results of the gender-responsive regional and local pilot initiatives	Output 1.1: Ministries of Regional Development and Interior have enhanced capacity to analyse, formulate and execute gender-responsive reforms in part based on local pilot initiatives in the east of Ukraine	86,257	52,057	32,057	28,057	18,057	216,484	1,516,902
	Output 1.2: Duty-bearers (local governments of amalgamated hromadas) in conflict-affected areas apply knowledge and tools for gender-responsive annual planning and budgeting	104,617	27,617	122,617	122,117	84,117	561,087	3,931,537
	Output 1.3: Rights -holders (local women, including those facing compound discrimination) meaningfully participate in local development planning and budgeting	23,057	24,557	24,557	24,057	24,057	120,284	842,828
SUB-TOTAL OUTCOME 1		213,931	204,231	179,231	174,231	126,231	897,855	6,291,266

OUTCOME 2 Local authorities, law enforcement and women's community groups co-develop and implement GBV prevention and response strategies and action plans in line with the international standards and national gender equality commitments	Output 2.1: Duty-bearers (law enforcement bodies) in the target communities have knowledge and skills to prevent and respond to gender-based violence in public spaces	46,057	36,057	31,057	26,057	38,057	177,284	1,242,227
	Output 2.2: Rights-holders (women, girls, men and boys) in communities are mobilized in favour of respectful relationships, gender equality and safety in public spaces	65,556	65,556	65,556	65,556	60,260	322,484	2,259,645
	Output 2.3: Local media engage in gender sensitive and human rights-based reporting	66,057	51,057	51,057	41,057	46,057	255,284	1,788,773
SUB-TOTAL OUTCOME 2		177,670	152,670	147,670	132,670	144,374	755,052	5,290,646
Total Programme activities		391,600	356,900	326,900	306,900	270,604	1,652,906	11,581,912
Evaluation 3%				24,794		24,794	49,587	347,457
Management and Operations Support (10%)		47,964	41,164	41,164	41,167	41,164	212,623	1,489,846
Total Programme, Management and Operations		439,564	398,064	392,858	348,067	336,562	1,915,116	13,419,216
Audit 3.5%		15,385	13,932	13,750	12,182	11,780	67,029	469,673
Total Programme and Operations		454,949	411,997	406,608	360,249	348,342	1,982,145	13,888,888
General Management Service (GMS) Fee (8%)		36,396	32,960	32,529	28,820	27,867	158,572	1,111,111
TOTAL PROGRAMME requested from DANEP		491,345	444,956	439,137	389,069	376,209	2,140,716	15,000,000

DED 5 – Civil society

Output 1 - Civil society organisations strengthened to promote democracy and foster participatory and result-driven Government-CSO dialogue at all levels in Ukraine	1,300,586
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Output 2 - Capacities of human rights actors enhanced to promote and defend human rights in Ukraine	1,382,644
Output 3 – Enhanced youth civic engagement and youth participation in public sector decision-making at all level	633,827
Project implementation	646,667
Overhead 8 %	317,098
Project Total	4,280,822

DED 6 - Media

6a Detector Media

OUTCOME	OUTPUT	2017	2018	2019	2020	2021	TOTAL, \$
OUTCOME 1. Media content quality improved							
	1.1. Improved public capacity to control the media content quality	6.280	25.777	55.976	66.328	62.046	216.407
	1.2. Improved capacity of journalist self-regulation bodies	-	-	-	-	-	-
	1.3. Better conditions for fully-fledged public broadcaster functioning created	16.960	71.710	69.979	71.722	72.020	302.391
	1.4. Ukrainian media legislation addresses the needs of the media environment and contributes to the establishment of healthy market relations in media	-	26.747	-	-	-	26.747
	1.5. Professional competence of journalists and media managers improved	28.440	110.817	250.799	255.135	258.937	904.128
	1.6. Adequate journalism education system meeting the media industry needs created	-	17.174	7.827	17.174	7.886	50.061
OUTCOME 2. Media literacy of citizens improved							
	2.1. Improved capacity of teachers to teach media literacy	3.890	8.210	10.399	8.211	15.107	45.817
	2.2. Media consumers have access to materials about media	17.180	80.408	96.284	97.123	97.145	388.140
	2.3. Improved capacity of media literacy promoting NGOs	-	15.616	20.065	22.707	23.386	81.774

	2.4. Role of cultural institutions media literacy promotion increased	-	-	13.744	4.279	14.920	32.943
	2.5. Access of Ukrainian and foreign stakeholders to the analytical products on media literacy in Ukraine, Ukrainian media literacy development practices provided	4.860	31.819	34.354	31.882	32.206	135.121
OUTCOME 3. A system of counteraction to the use of media as a propaganda tool created in Ukraine							
	3.1. Stakeholders have the quality and unbiased information about tools, strategies and consequences of manipulative impacts in Ukraine	-	12.240	4.884	4.896	4.908	26.928
	3.2. Improved strategic communications capacity of key stakeholders	-	6.374	6.364	6.374	6.386	25.498
OUTCOME 4. Organizational development							
	4.1. Organizational development	-	15.925	15.915	21.500	27.499	80.839
GRAND TOTAL, \$'000		77.610	422.817	586.590	607.331	622.446	2.316.794
GRAND TOTAL, DKK'000		506.793	2.748.311	3.812.835	3.917.285	4.014.777	15.000.000
GRAND TOTAL, SEK'000		659.685	3.593.945	4.986.015	5.131.947	5.259.669	19.631.260

6b Hromadske

The MFA/Danida will allocate up to DKK 15 million to Hromadske between 2017 and 2021. Support to the current strategy for 2017-2018 will be given as individual grant support.

DED 7 – Inclusive labour market

Item	2018	2019	2020	2021	2022	Total \$	TOTAL
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							DKK
Outcome 1 Labour market governance is improved, through the strengthening of employment services and other labour market institutions						2,240,000	13,863,360
1.1 Modernised services and delivery models are offered at SES offices	180,000	180,000	150,000	180,000	110,000	800,000	4,951,200
1.2 Local employment partnerships for SES outreach realised	120,000	300,000	500,000	340,000	180,000	1,440,000	8,912,160
Outcome 2 Skills development systems are reinforced through better integration between education and labour market institutions and policies						1,000,000	6,189,000
2.1 Entrepreneurship development in TVET and educational curricula	90,000	100,000	150,000	150,000	110,000	600,000	3,713,400
2.2 Three TVET curricula improved	70,000	65,000	85,000	95,000	85,000	400,000	2,475,600
Outcome 3 Tripartite social dialogue and collective bargaining as means to achieve job rich economic growth and social progress are enhanced and extended						2,021,000	12,507,969
3.1 Evidence-based policy recommendations prepared by NTSEC and 6 RTSEC	170,000	170,000	210,000	207,000	140,000	897,000	5,551,533
3.2 Collective bargaining processes in pilot regions or sectors are initiated	22,000	96,000	33,000	96,000	77,000	324,000	2,005,236
3.3 A set of demand-driven services for members of employers' and workers' organizations is introduced	120,000	120,000	160,000	200,000	200,000	800,000	4,951,200
Project Management and Operational Costs						2,460,378	15,227,282
Staff cost**	351,243	388,035	397,453	407,891	418,428	1,963,050	12,149,316
Missions ILO staff (induction, planning)	10,000	9,000	10,000	9,000	9,000	47,000	290,883
Office running costs***	22,000	12,000	12,000	12,000	12,000	70,000	433,230
Equipment (IT, furniture, vehicle)	77,000	9,000	9,000	9,000	9,000	113,000	699,357
Evaluation (including StWT survey)	25,000	0	25,000	20,000	73,328	149,328	824,193
Security cost	16,000	6,750	6,750	6,750	6,750	43,000	266,127
Visibility and communication	25,000	10,000	20,000	10,000	10,000	75,000	464,175
Total Direct costs	1,298,243	1,465,785	1,768,203	1,742,641	1,446,506	7,721,378	47,667,987
Programme support costs (13%)	168,772	190,552	229,866	226,543	188,046	1,001,267	6,196,838
TOTAL DE	1,467,015	1,656,337	1,998,069	1,969,184	1,634,552	8,725,158	54,000,000

TOTAL DE (Danish Krone)	9,079,353	10,251,070	12,366,051	12,187,282	10,116,244	54,000,000	
In kind contribution by the GoU	18,000	18,000	18,000	18,000	18,000	90,000	557,010
TOTAL BUDGET	1,485,015	1,674,337	2,016,069	1,987,184	1,652,552	8,815,158	54,557,010

DED 9 – Enabling environment for energy investment

Outputs	Budget items	2018	2019	2020	Total 2018-2020
Output 1: Monitoring system for New Energy Strategy of Ukraine till 2035 developed and implemented.	DEA plus consultants, TA DKK'000	655	655	655	1965
	DEA plus consultants, TA person months	7	8	7	22
Output 2: System for short and long-term forecast modelling and software developed in accordance with international best practice.	DEA plus consultants, TA DKK'000	900	900	900	2700
	DEA plus consultants, TA person months	11	11	11	33
Output 3: Tools for integration of Renewable Energy, a system for short-term forecast of production from wind and solar PV and support to development of wind measuring infrastructure, as well as general support to Ukraine's efforts to converge its electricity market regulation to that of the EU.	DEA plus consultants, TA DKK'000	875	875	875	2625
	DEA plus consultants, TA person months	10	10	10	30
Output 4: "One stop shop" project development platform supported under the umbrella of SAEF with Ukrainian-Danish expertise.	DEA plus consultants, TA DKK'000	1035	1045	1045	3125
	DEA plus consultants, TA person months	11	11	11	33
Output 5: Support for implementation of current National Renewable Energy Action Plan (NREAP) till 2020 and development of new NREAP till 2035 with its implementation stages.	DEA plus consultants, TA DKK'000	440	440	440	1320
	DEA plus consultants, TA person months	5	5	5	15
Output 6: Support for implementation of current National Energy Efficiency Action Plan till 2020 (NEEAP) and support for development of New NEEAP till 2035.	DEA plus consultants, TA DKK'000	440	440	440	1320
	DEA plus consultants, TA person months	5	5	5	15
For all outputs	Workshops, study tours, air tickets	540	545	540	1625

Outputs	Budget items	2018	2019	2020	Total 2018- 2020
	and other transport, hotel accommodation and per diems for Ukrainian and DEA experts DKK'000				
For all outputs	UDEC secretariat (Ukrainian Consultant/Coordinator, office expenses, UDEC website, interpretation and translation services DKK'000	335	335	330	1000
For all outputs	International long-term advisor DKK'000	1440	1440	1440	4320
	International long-term advisor person months	12	12	12	36

DED 10 – Energy investment

In DKK million

Item	2018	2019	2020/21	Total
Investments to NEIF re Ukraine	29,7	55,6	5	90,3
Investments to NEIF re Georgia	24,7	0	11,4	36,1
Project facilitation	6	6		12
Administration, promotion, monitoring and evaluation of (3% per year for three years)	4,6	4,6	4,6	13,8
Total	65	66	22	153
Investments from UFA to NEIF re Ukraine	12			12
UFA Administration, promotion, monitoring and evaluation of UFA	1,2			1,2
Reviews, monitoing, PD UFA	0,3			0,3
Project preparation facility from NEF	8			8
Total with the facility	86,5	66	22	174,5

Annex 1: Summary of Recommendations of the Appraisal

Title of (Country) Programme	Ukraine Country Programme
File number/F2 reference	F2: 2016-40165
Appraisal report date	14 August 2017
Council for Development Policy meeting date	26 October 2017
Summary of possible recommendations not followed: N/A	
<p>Overall conclusion of the appraisal</p> <p>The Strategic Framework of the Danish Neighbourhood Programme 2017-2021 including the two Country Programmes (Ukraine and Georgia) is well designed and provides an “innovative programme architecture taking into consideration the level of sequencing of appropriations in the finance act, and reflecting the need for flexibility”.</p> <p>The two Thematic Areas Promoting Human Rights and Democracy (The Governance Thematic Programme) and Strengthening Sustainable and Inclusive Economic Growth (The Economic Growth Thematic Programme) are well chosen and relevant for Ukraine. They simultaneously address key challenges in the country including corruption, inequality and youth unemployment and provide opportunities for synergy with other dimensions of Danish foreign policy, dialogue and partnerships, including supporting commercial relations. Aligning with the Ukraine reform agenda, including the efforts to meet the EU Association Agreement and the Deep and Comprehensive Free Trade Agreement will help to ensure ownership, relevance, coordination with other donors’ activities and impact of the programme.</p> <p>It is important that the country level policy dialogue, programme management and monitoring be designed to capture these opportunities for synergy with other dimensions of Danish foreign policy and commercial relations, including strong participation in EU level coordination and dialogue around support to and collaboration with Ukraine.</p> <p>Substantial effort has been made in the preparation process to follow the theory of change principles including preparation of comprehensive background documentation for the programme and the elaboration of comprehensive results frameworks – although some revision is still needed.</p> <p>The overall conclusion of the appraisal is that the proposed Ukraine Country Programme is recommended for presentation to the Council for Development Policy after taking the recommendations of the Appraisal Team into consideration.</p>	

The present status of the 10 Development Engagements that form the Ukraine Country Programme varies significantly. Some Engagements are ongoing (or already appraised and approved), and new phases/new Engagements will only start in 2020 or beyond. The latter will go through a formulation/appraisal process in 2019, and are only appraised at the strategic level at this point of time.

Of seven Engagements within the Governance Thematic Programme four (*the Ombudmand Engagement*, through UNDP and *the Gender Reform Engagement* through UN Women, and *the Media Support Engagement* through Detector Media and Hromadske UA) have been fully appraised as part of this appraisal. All these are appraised positively and only minor changes are recommended.

Of the four Engagements within the the Economic Growth Thematic Programme three Engagements have been through a full appraisal: the *Labour Market Engagement* through ILO, *the Energy Environment Engagement* through the Danish Energy Agency, and the *Energy Investments Engagement* through IFU. All three are appraised positively, but with substantial revisions required. The Energy Environmenet Engagement implemented through the Danish Energy Agency was subject to a desk-appraial following reformulation.

Recommendations by the appraisal team	Follow up by the responsible unit

Country programme Level:

Programme management and monitoring

<p>Recommendation 1: The Appraisal Team (AT) recommends to better describe how the country level policy dialogue will take place on overall results, progress and development in risks and assumptions by contextualizing DANEP as a contribution to the joint EU reform collaboration as well as describing the joint EU mechanisms for donor coordination and dialogue and how Denmark will participate in these. The country programme level policy dialogue, monitoring and management mechanisms should also be designed to facilitate cross-fertilization and linkages between DANEP and the political level dialogue and commercial collaboration between Denmark and Ukraine.</p> <p>There are significant opportunities for synergy between Engagements from both within the Thematic Programmes and across the Country Programme that are not sufficiently described in the Engagement Documents and should be better reflected in the results framework. For example, the focus on “youth” should be more specific in several</p>	<p>The Strategic Framework Document is revised and describes better how the policy dialogue in the two partner countries will take place, including the roles of EUN and Embassy of Denmark in Kiev. E.g. the Embassy will where resources permit participate together with EUN in Steering Group Meetings as well as in ad-hoc meetings relevant for the engagements. This will contribute to ensuring a better knowledge and information sharing between EUN and the Embassy, which can be utilized in the policy dialogue with the governments, in EU-meetings and fora, and in the dialogue with other donors and partners.</p> <p>The policy dialogue will be closely coordinated in accordance with the other Danish instruments and actors in Ukraine incl. with private sector support.</p>
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<p>Development Engagements on how this priority in practical terms will be addressed including more specific indicators and targets. Likewise, the focus on renewable energy and energy efficiency could be brought into other Engagements than those directly focusing on energy.</p> <p>Recommendation 2: The AT recommends more explicitly identifying and describing in the DEDs opportunities for synergy across the Development Engagements around key thematic priorities in the Country Programme when relevant, such as renewable energy/energy efficiency, targeting youth, women and/or addressing anti-corruption.</p>	<p>The relevant DEDs have been revised to ensure explicitness about the opportunities for synergies across engagements in Ukraine.</p>
<p>Danish secondments to OSCE and other international organisations constitute a significant part of the overall DANEP programme budget, but are not sufficiently described in the programme documentation.</p> <p>Recommendation 3: The AT recommends that strategic guidelines and principles for the use of “secondments” are developed. These should also be described in the DANEP Framework Document and in the two Country Programme Documents.</p>	<p>The DANEP Strategic Framework document has been revised and now includes a description of the principles for the use of secondments. Secondments are used to support Danish interests and priorities in the countries covered by the Neighbourhood programme, as well as an instrument to strengthen international monitoring missions. In addition, secondments are used to promote the work in selected multilateral organisations and to ensure that Danish competences come into play.</p> <p>In the country programme for Ukraine also includes a description of the use of secondments in the programme.</p>
<p><i>Budget</i></p>	
<p>The proposed allocation for the budget line “Reviews, M&E, etc.” of DKK 6 million over five years is too small considering the proposed expanded role of the M&E Agent and many new revisions/formulations/appraisals of Development Engagements to start in 2019, 2020 and 2021. The budget should also include provision for implementation of the communication strategy – both in Ukraine and in Denmark.</p>	<p>The budget has been revised in line with the recommendations made by the appraisal.</p> <p>9 million DKK has been set aside for review, M&E, technical assistance and communication.</p> <p>The DED-budgets are now shown at output levels and with annual budgets. Contributions from GoU and from other sources are included where feasible and possible.</p>

<p>The documentation does not include a complete and consolidated budget table showing annual budgets, and budgets at output level including contributions from Government of Ukraine.</p> <p>Recommendation 4: The overall budget of the DANEP 2017-2021 should be revised and include more funds for M&E including coordination and for finalization and implementation of the communication strategy. In all Development Engagement Documents, budgets should be prepared at output level and showing annual budgets. Also the contribution from Government of Ukraine and possible other sources should be shown.</p>	
<p>Thematic Programme Level:</p>	
<p><i>The Governance Thematic Programme</i></p>	
<p>The Governance Thematic Programme is well-designed addressing key systemic challenges identified in the national context, where Denmark can play a role as an important development partner. There is a strong ownership and it is building on Ukraine's vision 2020, the ongoing national reform processes and on experience from previous Danish support in the CSO, governance and human rights field the SDGs 5, 16 and 17.</p> <p>There are, however, substantial risks with regard to level of political commitment to anti corruption and human rights. This requires a close coordination and cooperation with EU as well as interaction with the civil society coalition monitoring the reforms .</p> <p>Recommendation 5: Measures for mitigating impact of risks defined at Governance Thematic Programme level should be further elaborated. (Examples: it should be ensured that issues such as the independence of the Ombudsman and efforts to curb corruption remain part of the political dialogue).</p>	<p>Mitigating impact of risks in the Governance Thematic Programme has been clarified in the document and in the Strategic Framework document as well as Ukraine Country programme.</p>

DE 1 The Ombudsman Engagement/UNDP (to commence in 2019)

There are weaknesses in the M&E design, which has also been a challenge in the previous phase. UNDP is aware of this and intends to strengthen its own M&E function and attach an M&E officer specifically to enhance monitoring. This would need to be reflected in the DE.

Recommendation 6: The results-framework should be adjusted so indicators are measurable and the baseline indicated with clarity on number of counties (regions) to support. Additional outputs should be formulated to indicate how women and men's participation will be strengthened as well as how the issue of minorities' participation at the national level will be addressed.

From an effectiveness and efficiency point of view it will be key that the UNDP in this next phase assist building the Office of the Ombudsman's capacity in M&E of the GoU implementations and realization of human rights against the Universal Period Review recommendations and the EUAA.

The results framework has been revised according to the recommendations made by the appraisal.

The current support to the Ombudsman institution through UNDP will be reviewed in October 2017, and the dialogue on the weaknesses in M&E design for the next phase will also be discussed.

DE 4 The Gender Reform Engagement / UN Women – Start 2018

UN Women is a new partner to the Danish MFA in Ukraine. However, it seems a justified choice of partner. It is the leading intergovernmental women rights organisation founded in the UN and is well established in Ukraine and key actor leading the government and donor coordination on Resolution 1325. It can use the infrastructure of the UN system and cooperate with UNDP on cooperation with the Ombudsman and the regional hubs in areas with potential synergies. Also, contact should be made to U-LEAD to include stronger focus on gender in this programme. There is a need to make the implementation modality and management arrangements more explicit including how implementing partners will be chosen and monitored.

The recommendation of the appraisal has been included in the revised DED and a closer dialogue with the mentioned partners will be part of the programme.

<p>Recommendation 7: To fine tune and validate the Development Engagement design, intervention logic and result framework, in addition to the Ministry of Interior, which has been closely involved in the design, it is crucial to engage in a close dialogue with the Ministry of Regional Development, Construction and Housing and Communal Services, as well as other potential partners, stakeholders, such as the Ministry of Social Policy and the Vice-Prime Minister for EU and Euro-Atlantic Integration appointed with the responsibility for coordination of the state gender equality,</p> <p>Modality of implementation and management should be more explicit. E.g., who are the (sub-) implementing partners to UN Women and how are they chosen and monitored. In addition, measures to mitigating risks should be further elaborated.</p>	
DE 6 The Media Support Engagement / Detector Media and Hromadske UA – start 2017	
<p>The support to media in the form of the two chosen organisations Detector Media, a media analytical centre, and Hromadske UA, an independent non-profit media outlet based on licensed broadcasting, is both <i>highly relevant and justified</i> in terms of the political economy of Ukraine, and the key challenges in terms of external and internal threats to Ukraine. Both partners have strong track records within their field in relation to media development and have adequate capacity to carry out the proposed interventions.</p> <p>Whereas Detector Media has developed a four-year strategy, Hromadske UA's recently developed strategy only covers two years. Therefore, it is envisaged that the support to Hromadske UA will go through a review cum appraisal in 2018 organised by SIDA with a view to decide on the allocation of funds for the remaining two year period to 2021.</p>	<p>EUN has a close dialogue with SIDA on the joint support to media in Ukraine, which is going to be done through a delegated cooperation with SIDA.</p> <p>Hromadske UA has submitted a budget for 18 month as well as a description of the financial management set-up.</p>

<p>Recommendation 8:</p> <p>Before approval of the DED on Hromadske UA a budget for the 18 months period as well as a description of the financial management set-up of Hromadske UA should be added to the DED and presented to EUN. EUN should only decide on the further allocation of funds beyond the grant period for Hromadske UA for the remaining two year period to 2021 after the review in 2018. It will be important to maintain an ongoing close dialogue with the Hromadske on their needs for expertise to develop a sustainable media business model. This element should be carefully assessed in the review.</p>	
<p><i>Economic Growth Thematic Programme</i></p>	
<p>Justification of the Economic Growth Thematic Programme against the five DAC criteria is well elaborated. However, to estimate the overall impact of the Programme in the results framework is a challenge. There is a need to identify relevant impact indicators and targets that relate to economic growth, to job creation and use of energy (both at the thematic Programme Level and at the Engagement level).</p> <p>Recommendation 9: The results framework at the Strategic Economic Growth Thematic Programme level should be developed to provide indicators and targets concerning inclusive economic growth and job-creation and it should be ensured that the monitoring systems of the four Development Engagements will provide necessary data for measuring achievements.</p>	<p>The results framework at the Economic Growth Thematic Programme level has been revised and provides indicators and targets that capture inclusive economic growth to the extent relevant vis-a-vis the DEDs. The DEDs provide data for measuring achievements.</p>
<p>DE 7 The Labour Market Engagement / ILO – start 2017</p>	
<p>Selection of ILO as Engagement Partner is appropriate. The ILO has in April 2016 signed an agreement with GoU on a five year project. The proposed programme is within the scope of this programme.</p> <p>The three suggested outcomes comprise outputs that are very broad, different in nature and will be implemented with several different partners – in addition to the three tri-partite partners. Therefore there is a need to make the</p>	<p>The DED has been revised and become more focussed and leaner; concentrated around improved labour market governance, tripartite social dialogue and collective bargaining as well as skills and entrepreneurship development to address the skills mismatch and youth unemployment. The focus is complementary to</p>

<p>Engagement more lean and concentrate on areas where ILO and its constituencies have strongholds. These include tri-partite dialogue on labour market reforms, capacity support to tri-partite partners, support to employment service and support to address issues related to skills development. Some of the suggested activities related to SME development, value chain development a.o. could be included in the <i>SME Development Engagement</i>.</p> <p>Recommendation 10: The Development Engagement Document should be revised to become leaner and more focused. The proposed outcome on SME development should be dropped and some of the proposed interventions could be considered in the new <i>SME Development Engagement</i>. The budget should be reduced significantly in accordance with the proposed changes. The budgets should also show contributions from government and possible other inputs.</p>	<p>DE 8 on SME and Entrepreneurship Development (2019–23) and there is potential for synergies. The budget has been reduced accordingly and contributions from government in the form of in-kind contribution of office space has been included in the DED.</p>
<p>DE 9 The Energy Environment Engagement / DEA – start 2018</p>	
<p>The overall assessment of the DED is that it is relevant and fit to produce the expected results. There are, however, still some areas that need to be adjusted and detailed during the Inception Phase of the Engagement. The results framework needs to be detailed with clear (quantifiable when possible) annual targets, in particular output 4 “the-one-stop” for supporting RE and EE project development. Further, it need to be ensured and reflected in the mangement structure that the two main Ukrainian partners Ministry of Eenergy and Coal Industry and the State Agency for Eenergy Efficiency each are responsible for the implementation of “their” respective interventions.</p> <p>Recommendation 11: The private sector should be involved in the management system for example through the “Interministerial Working Group”. Running costs and finacial management of the UDEC Secretariat should be clarified and described. An exit strategy for the Engagement (especially for output four) should be included in the DED; and the result framework should be further elaborated as part of a detailed UDEC II work plan to be prepared during the first three months in the Inter-Ministerial Working Group.</p>	<p>The recommendations for the inception phase will be applied.</p> <p>Private sector representatives such as relevant business associations, manufacturers’ associations, will be invited to the Inter-Ministerial Working Group as well as networks of local authorities, academia, and civil society groups.</p> <p>Running costs of the secretariat and national staff related the secretariat – UDEC – is described further in the DED. UDEC will follow the guidelines for a decentralised unit.</p> <p>An exit strategy has been included.</p>

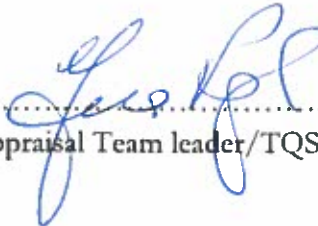
DE 10 The Energy Investment Engagement / DEA – start 2018

The Engagement comprises the establishment of an IFU Ukraine and Georgia Fund (UGF) for promotion of investments and knowhow to increase energy independence. The AT finds the DE relevant and justified. There is, however, a number of issues that need to be agreed upon by IFU and EUN and included in the DED before it is finally approved. These include expected number and size of investments, use of project preparation facility, the relationship with other Danida business instruments.


Recommendation 12: A revised DED should be prepared incorporating among others expected number and size of proposed investments, use of the project preparation facility and the relationship and potential synergy with other IFU investment facilities and Danida business instruments. Further a budget should be outlined that includes administrative costs of IFU.

The DED has been revised in dialogue with IFU as well as VBE. It has been strengthened and includes the proposed suggestions such as expected number and size of proposed investments, the use of the project preparation facility and the relationship and potential synergy with other IFU investment facilities and Danida business instruments.

I hereby confirm that the above-mentioned issues have been addressed properly as part of the appraisal and that the appraisal team has provided the recommendations stated above.

Signed in Copenhagen on the 9/10-2017 
Appraisal Team leader/TQS representative

I hereby confirm that the responsible unit has undertaken the follow-up activities stated above. In cases where recommendations have not been accepted, reasons for this are given either in the table or in the notes enclosed.

Signed in Copenhagen on the 9/10-2017 
Head of Unit/Mission **UFFE BALSLEV**

DANEP 2017-2021

Georgia Country Programme Document

(to be read in conjunction with the DANEP strategic framework document 2017-2021)

October 2017

Georgia Country Programme under DANEP

Key results:

- The human rights institutions address ethnic and minority rights violations effectively
- Local governments deliver services effectively in a transparent and accountable manner
- Labour laws and workers' rights improved
- Substantial foreign direct investment in renewable energy
- Renewable (non-hydro) energy production increased

Justification for support:

- The support identified is fully aligned with the DANEP strategy document
- The support is fully aligned with the Georgian reform agenda
- The support will be an important contribution to Georgia in its efforts to meet the EU Association Agreement (AA) efforts and the agreement with the EU on the Deep and Comprehensive Free Trade Agreement (DCFTA)
- The support will include specific attention to ensure youth and women's rights protection and economic opportunities
- The support provides avenues for immediate and future Danish private sector investments in Georgia for the future cooperation and job creation, and draws on Danish competencies where possible/relevant.

How will we ensure results and monitor progress:

- The programme is to a large extent implemented through partners that have a long track-record of implementation in Georgia and which Denmark has worked with in the past
- The programme will use partners' monitoring frameworks. To further triangulate evidence an M&E agent will be contracted through the DANEP framework
- See DANEP strategy document for full overview

Risk and challenges:

- Georgia is relatively stable and the overall risks are less substantial
- The most significant risk is the potential lack of commitment to individual reform areas. Denmark will continue its policy dialogue efforts through the EU to mitigate this risk and emphasise the importance of compliance with the AA and the DCFTA
- The second risk is the potential escalation of the conflict in the breakaway regions. This would disrupt activities in these areas. However, activities in the remaining part of the country are assessed to be able to continue should this risk materialise

File No.	F2: 2016-40165					
Country	Georgia					
Responsible Unit	European Neighbourhood (EUN)					
Sector						
<i>Mill.</i>	2017	2018	2019	2020	2021	Tot.
Commitment	49	69	9	39	39	205
Projected ann. disb.						
Duration	2017-2021					
Finance Act code.	06.32.11.10					
Desk officer	Darriann Riber					
Financial officer						

SDGs relevant for Programme

				
Gender Equality	Affordable Clean Energy	Decent Jobs, Econ. Growth	Peace & Justice, strong Inst.	Partnerships for Goals

Budget	
Thematic Programme 1 – HR and Democracy	88
<i>Engagement - Civil society (two instalments)</i>	49
<i>Engagement – Human rights</i>	15
<i>Engagement – Decentralisation</i>	24
Thematic Programme 2 – Sust. and Incl. Econ. Growth	117
<i>Engagement - Inclusive labour market (three instalments)</i>	28
<i>Engagement –Enabling Environment for Energy Investment</i>	15
<i>Engagement –Energy Investment (two instalments)</i>	30
<i>Engagement – SME support (two instalments)</i>	44
Programme Support (see DANEP strategic framework)	
Total	205

Strat. objective(s)

DANEP objective: More peaceful and stable countries, contributing to the UN SDGs and paving the way for future opportunities for cooperation with Denmark beyond traditional development assistance

Thematic Objectives

DANEP: Promoting human rights and democracy

DANEP: Strengthening sustainable and inclusive economic growth

List of Engagements/Partners

- Civil society support implemented by Europe Foundation (Sida delegated coop.)
- Human rights and the Ombudsperson implemented by CoE
- Decentralisation implemented by UNDP
- Inclusive labour market implemented by ILO
- Enabling Environment for Energy investment, implemented by private contractor
- Energy Investment implemented by IFU
- SME support suggested implemented through delegated cooperation with the EU

1 Introduction

This country programme document presents the Danida support to Georgia 2017-2021 under the Danish Neighbourhood Programme (DANEP) framework. The programme is an integrated part of DANEP. This means that the programme contributes to and feeds into the DANEP Theory of Change (ToC) and thematic objectives of DANEP, and is managed in accordance with the DANEP management framework as identified in the overall DANEP strategy document. For a full overview of the strategic choices, justification and lessons learned please refer to the DANEP strategy document.

In light of the DANEP strategy, there are three sets of engagements in this document:

- 1) Engagements that have already been approved by Danida through a separate approval process. These were designed and approved prior to the agreement on having a combined DANEP framework document. For Georgia this includes the support to civil society 2017-2021;
- 2) Engagements, which have been consulted with implementing partners in full compliance with a standard formulation process. This covers all engagements 2017-2019;
- 3) Engagements, to be initiated in 2020 and 2021, which are indicative, based on research and consultation; the engagements will require revision to take into consideration the latest contextual and policy changes in 2018 and 2019. These will be finalised late 2018/early 2019 and be approved as part of the 2019 mid-term review cum appraisal of the DANEP programme.

2 Strategic considerations and justification

2.1 Georgia Context

Following the Rose revolution in 2003 Georgia has been on a path of improved democratic and economic development, albeit with considerable challenges over the years. Most significant challenges have been related to the aftermath of the 2008 war with Russia, which led to the establishment of the breakaway regions of Abkhazia and South Ossetia. The period was characterised by fluxes in the political and human rights situation as well as in the economy. Despite the remaining challenges, Georgia has proven resilient to an uneasy security situation and successfully implemented reforms in areas such as anti-corruption, public administration and in the justice system. Georgia is defined as an upper-middle income country classified with economic status as ‘mostly free’ by the Heritage Foundation. Georgia is a diverse country covering several climate zones and with ethnic diversities (an estimated 13 per cent are ethnic minorities), and the economic gains are distributed unevenly between regions and rural and urban areas.

The democratic developments have been significant since the 1990s, and the 2012 parliamentary and 2013 presidential elections led to one of the only peaceful transfers of power in the region. Thus, the orderly parliamentary election held in October 2016 was a key benchmark for the country on its path towards consolidating its democratic system and improving the functioning of the state.

The Government has continued to support the reform process initiated in the past. The vision and goals of Georgia are spelled out in the Social-Economic Development Strategy (Georgia 2020), which focuses on economic development, job creation, and sustainable growth. The strategy is supported by a wide range of reform initiatives covering multiple areas from the justice sector, public administration, and local self-governance to financial management reform.

The reform processes and political strive towards enhanced links with the EU resulted in the conclusion of the EU-Georgia Association Agreement (AA) in 2014 combined with visa liberalisation (which came into effect in April 2017) and access to EU's market through the Deep and Comprehensive Free Trade Agreement (DCFTA), underscoring the close links between Georgia and the EU.

In spite of the positive overall developments, the country is still facing democratic and socio-economic challenges that risk weakening the democratic gains obtained since 2003.

Human rights institutions such as the Public Defender's Office (the Ombudsman) as well as key human rights civil society organisations are generally well funded when it comes to its core business. There are however areas related to the rights of minorities (in particular ethnic minorities and LGBT), which are currently not in focus as well as opportunities for enhancing the role of business in the human rights agenda, which need support. At the same time the Government's own instruments for dealing with human rights issues require further strengthening.

Decentralisation is an underfunded area with less attention in the donor community. However, the process represents a key opportunity for bridging the rural-urban divide and enhancing local level political participation. There are donors involved in the local economic development aspects of decentralisation, but there is limited focus on accountability, transparency and women's involvement in the political decision-making at local level. There is thus a need to in particular address key rights issues at local level related to minority rights and gender equality. Furthermore, attention to accountable municipal service delivery to citizens and the local businesses needs to be prioritised.

While **civil society** in and around Tbilisi is generally strong, there is a need to enhance the capacity of civil society presented outside of the major cities in Georgia as well as strengthening the capacity of local level civil society. In that way the already identified support through delegated cooperation with Sida is appropriate. Support to media and information literary and media mainstreaming is part of the civil society support and the focus will be on activities in the regions.

Despite economic growth and comprehensive reforms, Georgia still faces challenges related to poverty and unemployment. Major challenges include the private sector's weak competitiveness, limited access to finance and the poor human resource development.

Georgia is however, progressing well in its business environment reform, being a top reformer in the Doing Business Ranking, and the whole EU approximation process, and the area is well-covered by donor support, especially the EU. Social aspects of the reform and growth agenda do however seem to lack behind in the process and would require support.

Some support has gone into public-private dialogue, and there are quite a few active and strong business associations engaging in dialogue with the government and the government seems eager to engage and address the issues of the business community.

Supporting **businesses**, especially SMEs, in exploring the new opportunities offered through the DCFTA while bolstering them to tackle the new and stronger competition is essential in supporting growth, job creation and fostering new business opportunities in Georgia. Support is needed in both access to finance and advisory services. Existing programmes support the reform of the financial sector, which should lead to better functioning financial markets and hence access to finance. However, much access to finance for smaller enterprises are hindered by their lack of capacity to prepare business plans etc., which can be addressed through advisory services and entrepreneurship education. Some support in business development services is ongoing, but there is scope for much more. Especially concerning all the DCFTA requirements and endeavours to meet EU standards and specifications, the smaller enterprises struggle.

There is less focus on the social dimensions of the growth and business environment improvement agenda. Well-functioning **labour market** institutions are key in levelling the playing field and securing inclusive growth, with consideration of social aspects and rights. Georgia is only at the early steps of building up its labour market institutions, which is also a part of the reform agenda associated with the DCFTA, and so far, the reform agenda has been oriented towards deregulation rather than better regulation. Both the Social Partners and the Government recognise the need to address labour market imbalances and rebuild the structures, but comprehensive support is needed to strengthen labour market administration. Involving the Social Partners in the reform process to a higher extent is needed including through the Tripartite Social Partnership Commission.

A concerted effort is needed to address **youth unemployment** and create opportunities for youth, given the high youth unemployment rate (over 26 per cent). It is important that endeavours to stimulate employment do not “just” create more jobs but further the creation of decent work, adhering to core labour standards and introducing responsible business practices. The skills mismatch between the type and amounts of graduates that the education system produces and what the labour market needs is a major issue as it is a cause of both youth unemployment and a huge bottleneck for private sector development and competitiveness. Interventions are needed at policy-level, and stimulating tripartite dialogue would be conducive for addressing this and finding solutions for bridging the supply and demand gap. A cross-sectoral and inter-ministerial approach is needed. The huge informal economy, and associated negative practices, is another matter that affects negatively on youth.

In the **energy** sector, the current Danish involvement in Georgia is four engagements: The Neighbourhood Energy Facility through the Danish Investment Fund for Developing Countries (IFU), The Nordic Environment Finance Cooperation (NEFCO), The European Bank for Reconstruction and Development (EBRD/E5P) and the Georgian Ministry of Energy/NIRAS. With a view to focussing the efforts and development managerial synergies, engagements can thematically be narrowed down to two areas that cover both Ukraine and Georgia, namely:

- 1) Support the policy level in creating an enabling environment for private sector sustainable energy investments;

- 2) Facilitation of Danish investments for energy efficiency and promotion of renewable energy to meet national targets and be a catalyst for further investments (national or foreign).

As the traditional energy sector seems well covered by donors, focus is required on non-hydro renewable energy solutions and energy efficiency. Attention should be paid to opportunities for engaging the private sector, through the creation of an enabling environment to incentivise investments in both renewable energy solutions and energy efficiency as well as for tackling the energy supply shortcomings by creating a level playing field through incentivising policies. This is a natural continuation of the current DANEP support to the Ministry of Energy with increased focus on policy measures to promote sustainable private sector-driven growth, beyond the end of the current support (ending in 2019). At the same time, the requirements in the approximation process on energy market liberalisation calls for a careful approach to the reform process while managing a potential social lop side, mainly in the form of increased consumer tariffs. The likely increase in tariffs is socially and politically sensitive, and the issue of state guaranteed tariffs to the suppliers, which is risky as this can lead to a huge fiscal deficit.

Promotion of private sector investment in non-hydro **renewable energy solutions** seems as an obvious choice given the focus on the energy sector and in particular with a view to creating a win-win situation of needs in Georgia and the competencies and experiences that Denmark has to offer. Investments can *per se* increase the domestic power supply and further energy independence, while at the same time function as a catalyst for further investments to take place. Investments can be promoted through various financial instruments that de-risk the investments for the potential investors, but in order to draw on Danish competences, IFU seems the logical choice.

Summing up, there are clear opportunities for Denmark to engage in key policy priority areas, which are also core for Georgia to complete its ongoing reforms related to human rights and decentralisation. At the same time, there is room to continue and enhance the support the Danish footprint in the sustainable energy sector in terms of enabling international as well as national investments in the country, as well as creating opportunities for young and female entrepreneurs, and assisting smaller enterprises to remain competitive, operate in a sustainable manner and create decent jobs.

In accordance with the DANEP framework document and the justification of programme areas outlined in this, the programme for Georgia will contribute to the two thematic programme objectives of DANEP:

- 1) **Promoting human rights and democracy**
- 2) **Strengthening sustainable and inclusive economic growth**

In accordance with the needs identified in the framework document, and as derived from the background context above, Denmark will support strategic focused sub-themes under the two thematic programmes. These include:

- Under human rights and democratic development:
 - Decentralisation
 - Human rights
 - Civil society

- Under sustainable and inclusive economic growth:
 - Inclusive labour market
 - Support to SME development
 - Enabling energy investment environment
 - Direct energy investment

In line with the DANEP framework, the programme for Georgia will have explicit focus on the key SDGs relevant to the country context. Specifically, Denmark will contribute to meeting the following SDGs in the two countries:

- SDG 5 – Gender equality
- SDG 7 – Affordable and clean energy
- SDG 8 – Decent work and economic growth
- SDG 16 – Peace, justice and strong institutions
- SDG 17 – Partnerships for the goals

2.2 Justification

The country programme for Georgia is designed to provide targeted support in key areas, where: (1) Denmark has a comparative advantage and can provide strategic assistance, which can fertilise future cooperation with Georgia beyond DANEP, (2) support to key reform areas in Georgia, where there is less donor attention as well as options for cross-fertilisation of the reform processes, and (3) by enhancing the application of a human rights based approach and ensuring a focus on gender equality and involvement of youth where feasible. Key features and examples of this in the programme include:

- *Support to reform processes which receive less donor attention, but which are key Danish priority areas.* This first and foremost include support to the decentralisation process, where the Danish contribution will in particular ensure enhance accountability and transparency as well as gender equality, secondly, support to social dialogue, labour market reform and decent work is a critical priority in Georgia where there is currently less donor attention and where Denmark has considerable experience.
- *Most of the engagements have cross-engagement elements to ensure that the support is complementary.* Examples of this include, but are not limited to:
 - Decentralisation support will be provided in a joint framework with the Austrian Development Agency (ADA) and Swiss Agency for Development and Cooperation (SDC) support to decentralisation. The ADA and SDC support particularly focus on local economic development, public private partnerships and SME support at local level, thus contributing to the objectives of SME development and youth employment. The Danish decentralisation support will help build the capacity of local government to support the ADA/SDC part of the framework.
 - The support to the Human Rights engagement will also serve to ensure enhanced respect for rights holders on the labour market as the human rights instruments in the country are strengthened. A key example of this include the support to the Office of

- the Prime Minister's Human Rights Secretariat's action plan, which again has specific goals related to decent work, responsible business conduct and labour rights.
- Support to the enabling energy investment climate will further support the Danish engagements related directly to energy investments.
 - SME development will be supported through entrepreneurship development and start-up support through ILO and more well-established SME will see support from advisory services, both in general but also particularly concerning the changed regulatory regime, deriving from the AA/DCFTA.
 - *From a human rights based perspective*, the support will work on multiple tracks to enhance basic HRBA elements. Examples of this include:
 - This is first and foremost ensured by strengthening the human rights institutions such as the Public Defender's Office (PDO) or 'Ombudsman' to hold the duty bearers to account at national and local level and supporting the executive and judiciary in upholding the rights as per the laws of the country. A key element of this is the enhanced focus on equal rights for men and women, minority and LGBT rights. The support is complemented by the delegated support to CSOs through Sida, which will enhance the voice of the rights holders.
 - In the decentralisation support specific focus will be on enhancing the local government's accountability and transparency towards the rights holders, again with specific attention to women and minorities. There will also be an enhanced focus on improving the participation of women in the political decision-making process.
 - Under the growth pillar, the programme will support a better functioning labour market and rights at work, by for example addressing the significant lack of employer accountability towards decent work, and the large informal economy that has limited attention to labour rights as well as the promotion of responsible business conduct from the employers' side.
 - *From a gender perspective*, the programme will specifically support mainstreaming of gender and enhanced equality efforts in the decentralisation process. Similarly, the human rights work will emphasise women's rights. Gender equality will also be ensured in the labour market reform processes by supporting the revision of relevant legislation. Finally, the gender equality efforts will be emphasised in the implementation of the SME support and entrepreneurship development.
 - Where possible, the design of the programme has sought to *bring youth issues to the forefront*. Most notably, youth unemployment is a major challenge in Georgia and the development engagement with the ILO has a focus on youth in terms of supporting youth entrepreneurship and to address the high level of youth unemployment in Georgia through several measures. These include labour market information systems that ensure a better match between graduates from the education system and the demands of the labour markets, especially the private sector, and introducing entrepreneurship education as a means for job creation, through self-employment and micro enterprise expansion. At the same time, the SME support engagement will support to enterprise growth through advisory services (esp. concerning the DCFTA) and value chain development, supporting growth and job creation in more well-established enterprises.

From an aid effectiveness perspective, the programme design is based on a thorough assessment of joint opportunities and ensuring donor complementarity in the implementation. The programme's implementing partners have been selected with a view to further the harmonisation and alignment process by focusing on joint or multilateral initiatives where these are present in the sector. In summary this means that:

- Where Denmark is supporting major resource-intensive reform initiatives such as within decentralisation and labour market reform, priority has been given to multilateral initiatives, which have a track record and can provide a basis for a coordinated support.
- Where there is a need for a more targeted approach in more donor orphaned areas such as minority rights and LGBT priority has been given to provide the support to the relevant mandated institution that has previous experience in this area: the Council of Europe.
- And, where Denmark can play a more catalytic role with specialised Danish support, such as within renewable energy enabling environment and stimulating investment, the programme has been designed to draw specifically on such direct bilateral engagements.
- Support to ongoing initiatives that serve the purpose of what Denmark seeks to support, such as the DCFTA process and the Georgian endeavours to meet the standards and regulations of the EU.

The programme will be implemented in a context where the bulk of the work undertaken across most of the territory will be in the form of more traditional development. While there are breakaway regions of Georgia, none of these are currently experiencing significant violent conflict, and the programme will thus be implemented in a state of relative stable development.

The programme design will draw explicitly as well as implicitly on Danish expertise and strengths where relevant. Most significant Danish footprint in the programme design includes:

- The support to sustainable energy investment implemented by IFU. This support is expected to draw extensively on Danish expertise in renewable energy solutions as well as in energy efficiency, which may include support to the establishment of e.g. more wind farms in the country.
- Support to the Public Defender's Office builds on previous Danish experience and will include lessons learned from the more recent cooperation between the Office and the Danish Institute for Human Rights.
- In the field of supporting the labour market development, the Danish tripartite system and tradition of social dialogue is widely recognised and the ILO is considering using the Danish system as a demonstration model and facilitate exchange with the Danish Social Partners.

As described in the DANEP framework document, there are two major risks at the overall level, to which the programme will need to relate. First and foremost, the programme is oriented towards the ongoing reform processes in Georgia. Thus, a key assumption for the programme is the continuation of this process. This is considered a very realistic assumption, however, to mitigate this risk, the programme will be supplemented by Danish policy dialogue and by Denmark's continued commitment to the policy dialogue of the EU vis-à-vis the Government of Georgia. The Association Agreement and the DCFTA will continue to be a key element in this dialogue.

Similarly, at the overall contextual level, and while the situation is currently calm, major risks relate to the ongoing cold conflict in Abkhazia and South Ossetia that could potentially escalate, which will impact the economy as well as the ability to operate in the east of the country. The programme is designed to allow for development activities across the country and should be able to cope with changes in fragility and conflict.

There are three possible risk scenarios for the next five years, to which the programme must relate:

- 1) *Positive incremental changes.* This is by far the most realistic scenario and there are currently no indications that the political stability of the country and continued reform willingness will dwindle. There may be minor setbacks in individual reforms, such as lack of commitment to decentralisation, but none which will have terminal effects. This means, that Georgia will have continued commitment to the EU AA and the DCFTA and the effect of the demand-side to hold the government to account of results in an enhancement of the implementation of the reform process. In this case, Denmark should consider a sustainable phase-out in the last period of the program and a gradual transfer towards economic diplomacy. Denmark may also consider moving further on the aid effectiveness agenda and start channelling funding through some of the targeted state institutions in the engagements that phase in from 2020 and onwards or in a possible follow-up phase to DANEP 2017-2021.
- 2) *Reform stagnation.* In the unlikely event that political turmoil will affect the reform process negatively Denmark may consider reallocating funds from non-performing institutions, to institutions that are reform-oriented to motivate change. Additional funding may also be allocated to demand-side institutions to further enhance the pressure on the Government combined with a strong policy dialogue joined with the EU and EU member states.
- 3) *Roll-back of reforms and/or conflict escalation.* There is a significant change in the government orientation and a combination of crack down on civil liberties and a significant setback on the AA and the DCFTA process combined and/or motivated by enhanced hostilities in the border areas of the two breakaway regions. Such a process would stall and/or reverse the reform processes and run counter to the objectives of the DANEP programme. In this case, Denmark should consider reallocating more funds to independent demand-side organisations, such as civil society and the Public Defender's Office.

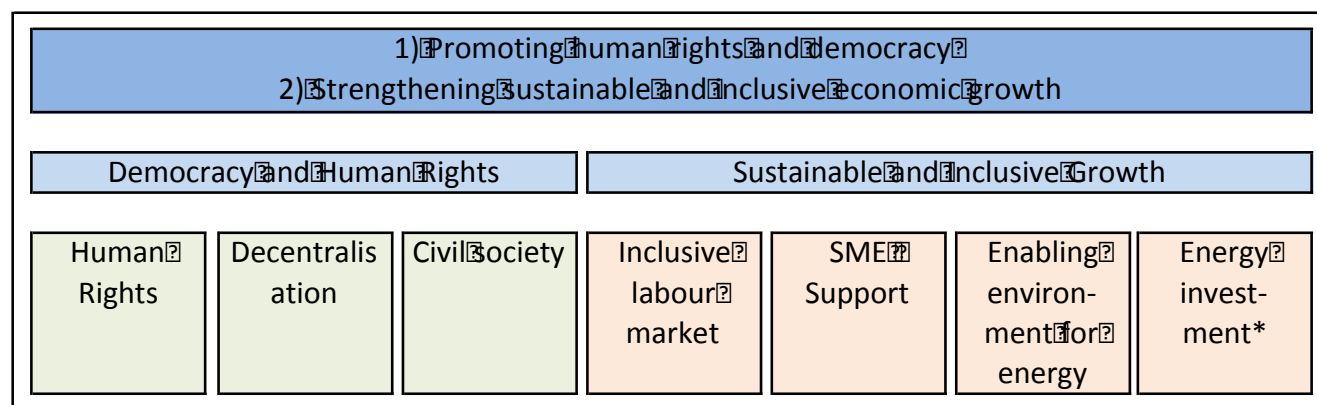
The total budget for the Georgia part of the DANEP programme 2017-2021 is DKK 206 million. Of these, DKK 88 million are allocated for the human rights and democracy thematic programme and DKK 118 million for the sustainable and inclusive growth thematic programme.

3 Thematic Programme summaries

There will be two thematic programmes under the Georgia DANEP programme related to human rights and democracy, and sustainable and inclusive economic growth. The suggested programme is designed with a total of seven development engagements in addition to the already agreed engagement for civil society. There are three engagements in the democracy and human rights thematic programme including civil society and four engagements in the sustainable and inclusive economic growth thematic programme. These engagements build on existing DANEP engagements where there is a desire for continuation and introduces new engagements where the needs and

opportunities have been identified. To respond to the need for lean management of the overall DANEP programme, one of the development engagements in Georgia will also cover the implementing partner's activities in Ukraine as well (IFU). For a full programme overview, see figure 3.1 below.¹

Figure 3.1 Georgia programme overview



Key impact level results expected achieved through this country programme include:

- The human rights institutions address ethnic and minority rights violations effectively
- Local governments deliver services effectively in a transparent and accountable manner
- Labour laws and workers' rights improved
- Substantial foreign direct investment in renewable energy
- Renewable (non-hydro) energy production increased

See Annex C for detailed indicators selected from the major development engagements.

3.1 Promoting human rights and democracy

In the following we present the theory of change of the human rights and democracy programme (table 3.2) and an assessment of the thematic programme against the OECD-DAC quality criteria (table 3.3), followed by a short introduction to the individual development engagements.

Table 3.2 Theory of Change for Thematic Programme on Human Rights and Democracy

Level	Human rights and democracy
Input	If Denmark supports the decentralisation reform process focusing on enhanced fiscal decentralisation, women's political participation and service delivery for the business sector; and if Denmark continues its support to human rights monitoring, advocacy and implementation processes of the independent institutions as well as the government with emphasis on minority rights.

¹ For both thematic programmes the overall strategic objectives and justifications of the two thematic areas covered in Ukraine as well as Georgia are presented in the DANEP framework document 2017-2021. Similarly, the strategic framework presents an overview of key lessons learned from the past DANEP interventions.

Level	Human rights and democracy
Output	<i>Then</i> the availability of decentralised services will be improved for women, men, youth and ethnic minorities in particular as well as businesses. Oversight of the service delivery will be in place by independent rights holder institutions as well as the state with emphasis on minority rights.
Outcome	<i>Leading to</i> improved performance of the state enhancing service access to women, men, youth and ethnic minorities and their improved political participation in local democratic development, which again will contribute to a reduction in the country's rural-urban divide.
Impact	Eventually <i>contributing to</i> overall DANEP objective of stability, democracy and growth and compliance with the EU Association Agreement.

The theory of change is based on three key assumptions (see also section on scenario planning above):

- Continued commitment to the EU AA and DCFTA means an ongoing push for reforms in the human rights and democracy area albeit at different paces according to the political context
- That the institutions supported will have the political will and capacity to absorb and utilise the support provided for reform change
- That the current relative stability in the breakaway regions of Georgia remains stable.

The design of the thematic programme has been undertaken to ensure that it is relevant and can deliver results according to the OECD-DAC quality criteria. See table 3.3 below for details.

Table 3.3 Justification against the OECD-DAC quality criteria

OECD-DAC criteria	Assessment
Relevance	The thematic programme is fully aligned with the major reforms within decentralisation, labour market, energy and human rights and thus aligned with the government's priorities and the EU AA. Furthermore, the support to the Public Defender's Office and civil society provides for a strong demand-side component supporting the rights holders to balance the support to the duty bearer institutions. Specific attention has also been given to ensure enhanced focus on women and youth in line with Danish policy priorities
Effectiveness	A key criteria for ensuring effectiveness under the thematic area is expected achieved through a combination of: (a) relevance and ownership. As described above alignment with policy objectives and policy dialogue is expected to facilitate change. Furthermore, the pressure from the demand-side will help facilitate this process. And, (b) expected effectiveness as documented through delivery of results in the past by the institutions identified to implement the support (UNDP, ILO, CoE and IFU)

OECD-DAC criteria	Assessment
Efficiency	Efficiency is sought by working through delegated partnerships in the CSO and SME engagements, and by providing the support through existing structures that have proven efficient in the past such as the UNDP and CoE support. Efficiency will however have to be monitored across all DEDs as the programme develops as there will be risks for expansion of administrative costs. Such assessments will form part of the DANEP M&E framework
Impact	As the support is assessed to be relevant and effective the probability of impact is assessed to be high. Some of the major impact areas expected include policy level such as changes to the decentralisation policy and regulations; improved state response to violations of rights against ethnic minorities; enhanced representation of women at local governments, and increased level of investments in renewable energy
Sustainability	Sustainability is sought primarily by emphasising capacity development of state and civil society institutions to enable these to perform their assignments. None of the development engagements for the state include direct funding of recurrent costs. The most critical element in terms of sustainability is the support to civil society organisations. None of these receive substantial funding from their constituency and the support is thus not immediately sustainable. However, the core support is expected to provide sustainable results as they will help facilitate the reform process as well as enabling the CSOs to develop their own approach aimed at enhanced sustainability in the future

The thematic programme contributes to the DANEP thematic objective of promoting human rights and democracy through the support to six different engagements, of which one will be repeated in year one and five of the programme:

DED 1: Human rights 2018-2022

The human rights situation in Georgia has improved significantly in the last ten years and is generally well covered. However, there are still incidences of discrimination and hate speech against e.g. ethnic minorities, LGBT and gender related discrimination. Danish support will therefore specifically targeted areas, where there is an identified gap.

The support will cover the full range in the flow of justice, from improved legislation and policies; enhanced capacity of the justice sector and HR institutions; and awareness raising. The support will be implemented by the CoE who will work to capacitate and facilitate joint efforts of the key state institutions in this area, this means, that Denmark will support to the work of the following institutions to address key rights issues:

- On legislation with the national institutions: PM Human Rights Secretariat, PM Advisor on Human Rights and the Parliamentary Committee on Human rights; PDO Department of Equality; Ministry of Justice concerning SOGI and Ministry for Reconciliation and Civic Equality concerning minority rights.
- On increasing effective implementation by the judiciary and law enforcement through capacity building with the High School of Judges, Training Centre for Prosecutors and Police academy and consultation with the civil society organisation Women's Initiative Support Group (WISG) and the Human Rights Educating and Monitoring Center.
- On increasing public awareness with the National Committee of the NHSM including its network of NGOs representing national minorities, WISG and with ECRI's civil society partners.

The expected results are presented in the table (3.4) below.

Table 3.4 Outcome level results for the support to the human rights with a focus on ethnicity and vulnerability

Outcome statement	Legal framework is in place, institutions and key stakeholders implement policies tackling discrimination, racism, homophobia, transphobia and hate speech in Georgia;
Indicator 1	Number of discrimination complaints leading to legal proceedings and sanctions;
Baseline 2018	TBD within first 3 months (disaggregated on gender/ethnicity/rural-urban basis)
Target 2022	At least a 50% increase
Indicator 2	Number of criminal sentences in which grounds under the article 53.3 of the Criminal Code (on aggravating circumstances) have been considered;
Baseline 2018	TBD within first 3 months of the project (disaggregated on gender/ethnicity/rural-urban basis)
Target 2022	At least 15-20 cases
Indicator 3	Number of PDO recommendations issued and fulfilled by public and private persons regarding discrimination
Baseline 2018	(Public – issued/fulfilled))(Private – issued/fulfilled) - TBD in the first 3 months of the project
Target 2022	Increase by 50%
Indicator 4	Hate crime data collection (data disaggregated including on ethnicity, gender...) and monitoring mechanism established and operational;
Baseline 2018	No
Target 2022	Established and operational

Key elements of the support will be capacity development to major government actors including the judiciary, law enforcement as well as the Public Defender's Office, the Government's Human Rights

Secretariat, the Advisor to the Prime Minister on Human Rights and the Human Rights Committee in Parliament. The engagement will contribute to: the Sustainable Development Goal (SDG) 16 (peace and strong institutions), SDG 5 (gender equality) as well as SDG 17 (partnerships for the SDGs).

The engagement will be implemented by the Council of Europe (CoE) from 2018-2022. CoE is selected based on its mandate and track record for working with the human rights agenda in Georgia for multiple years. The support will be implemented through a bilateral agreement based on CoE's monitoring, financial and management guidelines. The total budget for this engagement is DKK 15 million.

DED 2: Decentralisation 2018-2022

Decentralisation is one of the less progressing reform areas in Georgia and yet key to addressing the rural-urban divide and women and men's access to local decision-making. Denmark will support the ongoing reform process in Georgia to further enhance the decentralisation agenda in the country and strengthen the local governments' accountability, transparency and effectiveness in delivering services to the youth, women and men in the rural areas.

The support is provided as part of a larger decentralisation framework support where Swiss Agency for Development and Cooperation (SDC) and Austrian Development Agency (ADA) will provide assistance to local economic development and Denmark will then focus explicitly on ensuring accountable and effective local government institutions. There will be a strong focus on rights holders in the Danish support as well focusing on empowering in particular women and youth to participate in the local decision-making processes and by involving civil society as demand side operators at local level.

The expected results are presented in the table (3.5) below.

Table 3.5 Outcome level results for the planned support to decentralisation

Outcome		Decentralization and good governance at the local level advanced, through promoting nation-wide policy reform, strengthening institutional and human capacities of national and local authorities, improving local service delivery and enhancing citizen participation in local policy making
Outcome indicator		Number of subnational governments/administrations with transparent, accountable and effective planning, budgeting and monitoring systems
Baseline	2017	0
Target	2022	20
Outcome indicator		Local budgets within the consolidated budget (%)
Baseline	2017	17.6 %
Target	2022	20 %

Outcome indicator		Level of public satisfaction with local governments. Sub-targets for women, youth and ethnic minorities
Baseline	2017	68.5% (general); 66.5% (women); 64.8% (youth 18-29); 70.3% (ethnic minorities) ²
Target	2022	85 % (general); 86% (women); 84% (youth 18-29); 85% (ethnic minorities)
Outcome indicator		Level of citizen engagement in local decision making. Sub-targets for women, youth and ethnic minorities
Baseline	2017	6.5% (general); 5.1% (women); 4.9% (youth 18-29); 6.9% (ethnic minorities)
Target	2022	15% (general); 14% (women); 14% (youth 18-29); 15% (ethnic minorities)

A significant part of the funding is expected used for capacity development for local governments as well as for advice to the Ministry of Regional Development. Women and youth are expected to receive particular attention for the programme parts, which relate to political decentralisation and the enhancement of accountability and transparency to the citizens. The engagement will in particular contribute to SDG 16 (peace, justice and strong institutions), SDG 5 (gender equality), and SDG 17 (partnerships for the SDGs).

The programme will be implemented by UNDP in the period 2018-2022. UNDP has a long track record of support decentralisation reform processes in Georgia. The programme will have a joint coordination committee for the main institutions and the three major donors. The budget allocation for this engagement is DKK 24 million.

DED 3a and 3b: Civil society 2017-2022 and 2021-2025

The support to civil society is *de jure* divided into two engagements. One (formulated and approved through a separate process), and a follow-up approved initially as part of this programme and with final approval following the 2019-mid-term review. See more in the DANEP strategy document. The second engagement follows the first engagement closely, but with an updated results framework to illustrate expected progress.

The support will focus on developing the capacity of in particular regional and local NGOs to enhance citizens' engagement in decision-making processes. Focus will be on marginalised areas and communities complemented the work undertaken with the human rights support implemented through the Council of Europe.

The outcome level results framework is presented in the table (3.6) below.

Table 3.6 Outcome level results for the support to civil society 2017-2022

² The baseline indicators are taken from the citizen satisfaction survey with public services in Georgia 2017 (forthcoming)

Outcome 1		Enhanced civil society influence on public decision making	
Outcome indicator		# of changes addressing societal needs brought by monitoring and advocacy efforts of CSOs and civic activists verified through EPF grantee reports and site visits Level of civic activism in targeted communities (gender disaggregated when possible) verified through survey report	
Baseline	Year	2017	EPF grantee repost and site visits since beginning of current EPF strategy period = 4 Analysis of gender skewed activism and development of strategy to increase the civic activism of the underrepresented sex is ongoing
Target	Year	2021	EPF grantee repost and site visits since beginning of current EPF strategy period = 6 (of which at least 1 is achieved through effective media engagement)

Outcome 2		Enhanced youth volunteerism and civic engagement to address target community needs	
Outcome indicator		# of volunteers mobilized through youth-led initiatives funded by YICs	
Baseline	Year	2017	4000
Target	Year	2021	8000 (800 new volunteers per year)

The results for the second phase will be a continuation of the 2017-2021 phase adjusted according to the expected progress during phase 1. See table 3.7.

Table 3.7 Outcome level results for the support to civil society 2021-2025

Outcome 1		Enhanced civil society influence on public decision making	
Outcome indicator		# of changes addressing societal needs brought by monitoring and advocacy efforts of CSOs and civic activists verified through EPF grantee reports and site visits Level of civic activism in targeted communities (gender disaggregated when possible) verified through survey report	
Baseline	Year	2017	EPF grantee repost and site visits since beginning of current EPF strategy period = 6
Target	Year	2021	EPF grantee repost and site visits since beginning of current EPF strategy period = 10 (of which at least 3 are achieved through effective media engagement)

Outcome 2		Enhanced youth volunteerism and civic engagement to address target community needs	
Outcome indicator		# of volunteers mobilized through youth-led initiatives funded by YICs	
Baseline	Year	2017	8000
Target	Year	2021	16000 of which at least 35% are women

The support is implemented by the Europe Foundation aimed at enhancing the capacity of local NGOs. It will be provided as through delegated cooperation through Sida. This is already approved for phase 1 (2017-2021) but suggested also applied in phase 2 (2021-2025). The engagement will in particular contribute to SDG 16 (peace, justice and strong institutions), SDG 5 (gender equality), and SDG 17 (partnerships for the SDGs).

The budget for phase 1 is DKK 30 million and DKK 20 million for phase 2.

3.2 Strengthening sustainable and inclusive economic growth

The following section presents the theory of change (table 3.8) of the sustainable and inclusive economic growth pillar of the programme and an assessment of the thematic programme against the OECD-DAC quality criteria, followed by a short introduction to the individual development engagements.

Table 3.8 Theory of Change for Thematic Programme on sustainable and inclusive economic growth

Level	Sustainable and inclusive economic growth
Input	If Denmark supports labour market institutions and mechanisms, including social dialogue, such as addressing the possible social lop side of the business environment reform agenda; mechanisms to stimulate youth employment, including entrepreneurship development; support to SMEs in the reform process, in particular concerning adjustments related to the DCFTA, and if Denmark continues support to improvement of the enabling environment and investment opportunities within the sustainable energy sector including public private partnerships for securing domestic energy supply...
Output	Then the government and the Social Partners are capacitated to enter into a constructive dialogue; possess technical knowledge and abilities for implementing necessarily reforms and address labour market challenges, SMEs are assisted in tackling the challenges of the new post-DCFTA environment, capacitating them to expand and create jobs. Youth is capacitated to make career choices including entrepreneurship. The enabling environment for investments in the sustainable energy sector will be transparent and thereby more attractive for investors to engage.
Outcome	Leading to a broad-based and inclusive approach to the growth and reform; labour market structures that secure the creation of decent work, especially for youth; a flexible, inclusive labour market with sustainable and competitive enterprises able to compete in the new post-DCFTA environment while generating growth and decent jobs. A more sustainable energy sector with a strong contribution from the private sector in terms of lifting the burden of the government in securing energy

Level	Sustainable and inclusive economic growth
	independence and reaching its goals for sustainable energy generation and inclusive growth.
Impact	Eventually contributing to overall DANEP objective of stability, democracy and growth and compliance with the EU Association Agreement

The theory of change is based on two key assumptions:

- Continued commitment to the EU AA and DCFTA in terms of reform orientation concerning economic development and balancing of economic, social and environmental aspects.
- That the institutions supported will have the political will and capacity to absorb and utilise the support provided for reform change.

The design of the thematic programme has been undertaken to ensure that it is relevant and can deliver results according to the OECD-DAC quality criteria. See table 3.9 below for details.

Table 3.9 Justification against the OECD-DAC quality criteria

OECD-DAC criteria	Assessment
Relevance	The thematic programme is fully aligned with the government policies, relevant reform areas, and strategies concerning the labour market development, the national SME development strategy, and the energy strategy in close cooperation with the national action plans on renewable energy and on energy efficiency. Special consideration has been given to how to target youth in the relevant areas, in line with the priorities in the Danish development assistance strategy.
Effectiveness	A key criteria for ensuring effectiveness under the thematic area is expected achieved through a combination of: (a) relevance and ownership. As described above, alignment with policy objectives and policy dialogue is expected to facilitate change. Furthermore, the pressure from the demand-side will help facilitate this process. And, (b) expected effectiveness as documented through delivery of results in the past. ILO has a track-record of specialised technical assistance and on energy both the engagements (with a continued support to the Ministry of Energy and IFU) are continuations of previous successful cooperation.
Efficiency	Efficiency is sought by working with experienced partners, delivering assistance that is good value-for-money. Efficiency will however have to be monitored across all DEDs as the programme develops as there will be risks for expansion of administrative costs. Such assessments will form part of the DANEP M&E framework
Impact	As the support is assessed to be relevant and effective the probability of impact is assessed to be high. The programme is designed to address

OECD-DAC criteria	Assessment
	significant shortcomings concerning sustainable and inclusive growth, such as youth employment and renewable energy and is as such providing support in areas that so far have seen less support.
Sustainability	Sustainability is sought by targeting the support to organisations that have the mandate to fulfil certain functions for which they need enhanced capacity. This include supporting a well-functioning tripartite system with qualified interaction between the government and representatives of workers and employees for the development of an inclusive labour market and policies that a.o. focusses on youth. The programme will capacitate structures to support the development of SMEs, whereby many SMEs can access assistance and generate jobs. In the areas of energy, the two-pronged approach with supporting the development of policies that create an enabling environment for investments in sustainable energy while at the same time leveraging Danish and other private investments in the sector is expected to contribute to a sound platform for the development of the sector.

The thematic programme contributes to the DANEP thematic objective of promoting sustainable and inclusive economic growth through the support to four different engagements.

DED 4: Inclusive labour market - for job creation 2017 – 2021

Georgia has seen an impressive development in its business environment reforms but there has been less focus on social dimensions of the growth agenda. Well-functioning labour market institutions are key in levelling the playing field and securing inclusive growth, with consideration of social aspects and rights. Georgia is only at the early steps of building up its labour market institutions, which is a part of the reform agenda associated with the AA and the DCTFA and there is a need to address labour market imbalances. Support is suggested to address the following thematic areas:

- Strengthening regulatory labour market institutions, by building upon ongoing efforts concerning labour law reform, building effective labour inspection services, training of judges and legal practitioners, training to promote and improve enterprise-level bipartite consultation and negotiation, strengthening of labour mediation services for collective labour disputes and, possibly, establishing a labour court system.
- Promotion and strengthening of youth entrepreneurship and institutional strengthening of relevant institutions for the support to creating new businesses.
- Support to the promotion of responsible business conduct.

The support will contribute towards SDG 8 (decent work and economic growth), which is a priority in Danish development assistance. The expected results are presented in the table (3.10) below.

Table 3.10 Outcome level results for the inclusive labour market for job creation

Outcome 1		Regulatory labour market institutions ensure improved enforcement and respect for labour laws and international labour standards.	
Outcome indicator		Quality of legislative and institutional reform.	
Baseline	Year	2017	<ul style="list-style-type: none"> • Labour law reform incomplete • Less than 1% of enterprises are being inspected • 35% of Georgian judges underwent ILO training on ILS • Official roster of 11 mediators approved • 60% success rate in the mediation of collective labour disputes • 55% of the TSPC Strategic Plan for 2016-2017 is in a process of implementation
Target	Year	2021	<ul style="list-style-type: none"> • The legal base for enforcing labour legislation is adopted in line with ILO recommendations • Labour Inspectorate has been established in conformity with relevant ILO standards • An increased number of court decisions at all levels take into account the labour code amendments and ILS • All Georgian judges underwent the ILO training on ILS • At least 50% success rate in the mediation of collective labour disputes per year • At least 70% of the agenda items of the TSPC Strategic Plan implemented

Outcome 2		Youth entrepreneurship in Georgia promoted and strengthened through capacity building and institutional strengthening of the GEA and relevant government institutions, with the aim of creating new businesses, strengthening and formalizing existing ones, and involving the private sector through the implementation of responsible business practices.	
Outcome indicator		<ul style="list-style-type: none"> • Number of young Georgians who have established new businesses as result of the services or training provided by GEA or relevant government institutions • Number of responsible business practices put in place by business in Georgia as result of the actions undertaken either by GEA or the HR Secretariat 	
Baseline	Year	2017	<p>Despite the fact that Georgia has made considerable progress in terms of business enabling environment and institutional development to support the creation and development of enterprises, there is room for further improvement in various fields contributing to a better business climate with the aim of supporting the creation and development of businesses, particularly those of young entrepreneurs. Currently the youth unemployment rate is 30.8% and self-employment, in general, counts for 57.2% of the total national employment.</p> <p>This high level of self-employment most of the times is present</p>

			<p>under poor working conditions and with relatively low levels of productivity; which provides an opportunity to work towards formalisation and improvement in productivity. At the moment, no statistics on self-employment of youth are available, neither is there one for the percentage of employment in the informal sector. This lack of information hinders the establishment of a baseline in this regard. However, given the size of self-employment and knowing its characteristics, this proposal will focus on actions aimed at improving the productivity of young entrepreneurs and young self-employed in the country, as a way to bring them to formalisation.</p>
Target	Year	2021	<p>GEA and the Ministry of Labour possess the technical knowledge and tools necessary to put in place youth entrepreneurship programmes.</p> <p>Programmes tailored to the needs and characteristics of youth are designed and implemented by government institutions and the Georgian Employers Association, easing the creation of new businesses and their linkage with markets with economic potential in the country.</p> <p>The Human Rights Secretariat develops and implements a chapter on Human Rights and businesses, which includes the productive inclusion of youth entrepreneurs in the Georgian Economy.</p> <p>Responsible Businesses practices are promoted, in particular those aimed at linking established businesses with new youth entrepreneurs.</p> <p>Government institutions and GEA have the technical knowledge to carry out assessments to identify promising economic sectors and market opportunities, as well as the bottlenecks and inefficiencies, which impede the linkage of youth entrepreneurs with potential markets, such as the renewable energy sector, agriculture and tourism.</p>

The support is suggested to be implemented through the ILO who is already active in these technical fields and has a strong mandate for working with its constituents. The issues should be addressed through capacitating the tripartite system (Government, and the Social Partners, i.e. the workers' and employers' representatives) at both national and local levels.

The implementation period is suggested to be 2017 – 2021, with a total budget for the engagement at 28 mill DKK, to be committed in two rounds (2017 and 2019).

DED 5: SME Support (enhancing the competitiveness of MSMEs in Georgia) 2020 – 2023

The MSME sector holds great potential for growth, job and income creation, especially for youth, which is in line with Danish development assistance priorities. Promoting MSMEs is crucial for stimulating inclusive growth that can benefit broad sections of the population in both rural and urban areas. MSMEs account for the majority of the workforce in Georgia and can help bring down unemployment, including for youth. However, the employment potential of MSMEs in Georgia is

nowhere near fully exploited. The MSME sector is particularly challenged due to the huge changes in the regulatory environment due to the EU Association Agreement and the DCFTA and the re-orientation towards new markets is decisive for the competitiveness and economic development of Georgia, especially given the loss of the traditional markets, including Russia.

Therefore the programme will support efforts in the following areas:

- Support to the implementation of resource-efficient business models, e.g. the use of sustainable construction materials or touristic services for sustainable tourism development.
- Availability of business development services targeted at MSME development and advisory services on the DCFTA, though strengthening of the capacity of government, associations and private sector services providers.
- Facilitation of cooperation projects among MSME such as cluster development, support to associations, or public-private cooperation in supporting rural MSME development

The support will contribute towards SDG 8 (decent work and economic growth), which is a priority in Danish development assistance.

The expected results are presented in the table (3.11) below.

Table 3.11 Outcome level results for enhancing the competitiveness of MSME in Georgia

Outcome 1		The conditions for sustainable economic development have improved in selected sectors relevant for employment.	
Outcome indicator		Percentage of entrepreneurs in the promoted sectors confirm that the advisory services and further training opportunities available in inclusive and green economy (in keeping with the EU Small Business Act), and human resource management and development have improved their business performance (for male and female entrepreneurs alike; business performance measured by MSME turnover, MSME exports, MSME employment (gender and youth disaggregated) and sector-specific indicators as applicable.	
Baseline	Year	2020	MSME turnover MSME exports MSME employment (gender and youth disaggregated) No advisory services etc. available for target group
Target	Year	2023	MSME turnover MSME exports MSME employment (gender and youth disaggregated) 75% of entrepreneurs in the promoted sectors confirm that the advisory services and further training opportunities available have improved their business performance

It is suggested that the Danish contribution to SME development support (DKK 44 million) is aligned with the ongoing endeavours funded by the EU and German Federal Ministry for Economic

Cooperation and Development (BMZ), implemented by GIZ. In 2019, the European Union's programme: "Business and Economic Development in Georgia and its regions" (2019-2023) will start. It is suggested that the DK and EU funding can be "pooled" whereby it will be one larger project through a delegation agreement with the EU.

DED 6: Enabling environment for energy investment (Support to the Field of Energy Efficiency and Sustainable Energy (Phase II)) 2020-2024

Energy independence is a high priority of the Government of Georgia and Georgia is in the process of finalising national plans for renewable energy and energy efficiency. It is in the process of aligning with the EU and much support is needed, including reforms for liberalising the energy markets. There is a need for engaging the private sector through the creation of an enabling environment to incentivise investments in both renewable energy solutions and energy efficiency as well as for tackling the energy supply shortcomings by creating a level playing field through incentivising policies. This can be done through the following areas of technical support:

- Providing assistance to the Georgian Ministry of Energy to create the enabling conditions for promoting sustainable energy solutions;
- Providing capacity building to the Ministry of Energy to adhere to commitments under the AA/DCFTA as well as to formulate and implement plans;
- Support formulation and implementation of policies that incentivise private sector engagement and investment and create fair competition.

Georgia is seeing an increase in consumption due to economic and social development. It is hence important to further energy efficiency, and a decoupling of economic growth and increased energy consumption. This is important from a resource point of view as well as it is a proven way to maximise economic efficiency. Furthermore, Georgia - as a future member of the Energy Community - is obliged to implement energy efficiency measures in line with EU practice. The merits of energy efficiency are well known, and Denmark is recognised leader in implementation of energy efficiency within the EU is well positioned to facilitate and enable energy efficiency policies and measures in Georgia.

In the field of (non-hydro) renewable energy, there is a need to stimulate the utilisation of the significant wind, solar and sustainable biomass resources in Georgia as there is a need to balance the energy mix, especially in the light of the seasonality of hydro power, due to which Georgia remains dependent on large imports in the dry seasons. Currently, Georgia is increasing its reliance on imported natural gas, which may threaten long term energy security and add to greenhouse gas emissions. In order to mitigate these threats, it is necessary to develop the electrical power systems and their management, so that increased inputs of renewable energy can be managed and utilised. Denmark - as a world leader in integration and management of non-hydro renewable energy - can facilitate and enable this development, and thus help ensure energy security and stability in Georgia.

The support will contribute to SDG 8 (economic growth, employment and decent work) and SDG 7 (access to sustainable and modern energy).

The expected results are presented in the table (3.12) below.

Table 3.12 Outcome level results for Support to the Field of Energy Efficiency and Sustainable Energy

Outcome 1		Increased investment in renewable energy solutions	
Outcome indicator		(National targets will be presented when the National Renewable Energy Action plan has been formulated and adopted) MW produced from RE Regulation concerning private sector investment in EE and RE transparent and incentivising and access to grid and other investment procedures are transparent and investor-friendly and technically feasible, with connection costs fairly distributed amongst investors Number of days for having an investment proposal approved Grid access and burden sharing of necessary grid expansions established	
Baseline	Year	2020	TBD
Target	Year	2024	TBD

Outcome 2		Georgia has increased energy efficiency and complies with the regulatory framework and commitments to the AA and Energy Communities	
Outcome indicator		(National targets to be presented when the National Energy Efficiency Action Plan is adopted) Relative reduction in consumption through EE reduced Regulation concerning private sector investment in EE transparent and incentivising	
Baseline	Year	2020	TBD
Target	Year	2024	TBD

The total budget for the engagement is 15 mill. DKK. It is envisaged that the component will be tendered, like phase I, and a consultancy company will be recruited to support the Georgian Ministry of Energy.

DED 7: Energy investment 2018-2023 (see DANEP Ukraine country programme document for full DED)

As already described under the previous development engagement, there is a desire for Georgia to increase the share of non-hydro renewable energy in its energy mix, while promoting sustainable growth and securing increased energy independence. Georgia has started the formulation of its Renewable Energy Action Plan, which will articulate measure to promote renewable energy production, and engaging the private sector in lifting the burden is instrumental in the process. Given Denmark's competences in the sector, promoting Danish investments in the field of energy efficiency and renewable energy solutions could assist Georgia in meeting its national targets by:

- Improving the finance possibilities in the energy efficiency and renewable energy sectors and thereby incentivise the private sector's involvement in reducing the energy dependence while promoting sustainable growth;
- Using project investments as demonstration models and be a catalyst for further investments (national or foreign).

The support will contribute to SDG 8 (economic growth, employment and decent work) and SDG 7 (access to sustainable and modern energy).

The expected results are presented in the table (3.13) below.

Table 3.13 Outcome level results for the planned support to promotion of sustainable energy investment

Outcome		The projects contribute to increasing the provision of renewable energy, reducing energy consumption, greenhouse gas emission and the countries' dependence on imported energy.	
Outcome indicator		Ukraine: The country's 2020 renewable energy share of total energy consumption Georgia: Increase in non-hydro renewable energy share in the energy mix (no target available yet) Number of jobs created ³	
Baseline	Year	2017	Ukraine: 8 percent renewable energy in total energy consumption Georgia: (insert targets when the RE action plan is available) No jobs created yet
Target	Year	2023	Ukraine: 11 percent renewable energy in total energy consumption Georgia: (insert targets when the RE action plan is available) 4550 jobs created (incl. leverage)

The Investment Fund for Developing Countries (IFU) is well-positioned to support investments and is a natural partner when seeking to draw upon Danish competencies in the field of energy efficiency and renewable energy solutions. With IFU's gearing track-record of seven times, the effect could be considerable, both in terms of environmental gains, energy security and possibly an employment effect as well as a possible catalytic effect and inspiring further investments. It is envisaged that a joint Fund can be created covering both Georgia and Ukraine: The Neighbourhood Energy Investment Fund (NEIF). A project development facility should be considered as energy projects often are challenged by high development costs, especially in renewable energy projects that require comprehensive due diligence and a long implementation period. The total budget for the engagement is 153 mill. DKK, of which 108 mill. DKK are allocated to Ukraine (in 2018, 2019 and 2021) and 45 mill. DKK allocated to Georgia (in 2018 and 2020).

³ Expected total number of decent jobs created: 4-5 direct jobs per one million DKK invested, out of which at least 35% will be women and 10% will be youth. 4-8 indirect jobs (jobs created in related enterprises, e.g. upstream or downstream a concerned value chain) For the SDG fund, the outcome indicator is 8000 direct jobs per one billion DKK invested, out of which at least 35% will be women and 10% will be youth, and 8.000-16.000 indirect jobs. The expected employment effect from NEIF is slightly lower, because climate projects employ fewer people once in operation.

Secondments in Georgia

Secondments are used to support Danish interests and priorities in the countries covered by the Neighbourhood programme, as well as an instrument to strengthen international monitoring missions. In addition, secondments are used to promote the work in selected multilateral organisation and to ensure that Danish competences come into play.

As the Russian aggression in the region poses new security policy challenges for Europe and the neighbourhood countries, it has become an important factor for the Danish interests in the region and for allocation for resources via secondees.

The European Neighbourhood Department (EUN), and the Danish Embassy in Kiev will maintain contact with the secondees in order to include their knowledge from the countries and the organisations and add value to the work of the Ministry both in regards to the policy level and the development cooperation. On a yearly basis and if feasible a seminar is organised for all secondees with the aim of sharing experience and creating networks.

The positions are by default short-term – from one to two years with few possibilities for extension – demand-driven, and closely discussed and consulted with the receiving organisations.

Secondments will continue to be part of DANEP with a particular focus on Ukraine and Georgia. In Georgia support to the European Union Monitoring Mission to Georgia will continue to be a priority.

The DANEP programme is expected to support up to 25 secondments annually according to the Finance Act in the region.

4 Overview of management set-up

EUN has full overall responsibility for the DANEP programme implementation as well as the DANEP related policy dialogue. EUN will coordinate the dialogue response with other Danish initiatives in Georgia including private sector business support (with the Embassy of Denmark in Ukraine) as well as other development funding under the EUN. Key mechanisms for the policy dialogue for Georgia are first and foremost the relevant EU fora for policy dialogue, in particular the EU coordination and dialogue fora in Georgia facilitated by the EU delegation. EUN will send representatives for these meetings to Georgia when deemed relevant and will coordinate with the Embassy of Denmark in Ukraine on representing EUN if and when resources permit.

Management will be undertaken in accordance with the Danida Aid Management Guidelines and as detailed in the DANEP strategic framework document. This means that EUN will be overall responsible for the implementation and monitoring of the programme and all partners will report to EUN on progress and changes to the implementation. An external M&E consultant will be contracted to assist EUN in the overall programme M&E.

EUN is not present in Tbilisi and will therefore rely on regular monitoring visits to the country to assess progress and participate in major events, such as selected steering committee meetings. To assist the EUN, the department will also rely on:

- The M&E consultant, which will assess all reporting from partners and undertake spot checks of the implementation as and when required (see the DANEP strategic document)
- Implementing partners' management and monitoring arrangements and the additional reporting provided by the M&E support under the DANEP strategic framework.

EUN will also be final responsible for assessing the progress against the possible changes to risk scenarios. This assessment will be based on: (a) political-economy and contextual reporting from the Embassy in Kyiv and others, (b) the KFU led mid-term review of the DANEP programme, (c) the reporting from the M&E consultant, (d) reporting from implementing partners, and (e) reporting/information sharing from other donors. Based on these reports, and in consultations with KFU, EUN will decide on possible re-prioritisation/reallocation of activities and funds to mitigate risks accordingly.

The funding to Georgia will follow the DANEP programme review and QA cycle. This means that the Georgia Country Programme will be subject to the DANEP 2019 mid-term review. The review will also serve as a post-appraisal of the engagements planned for 2020 and 2021.

All funding will be provided through institutions, which have financial, procurement and monitoring capacity, which is in accordance with international standards, and whom Denmark has a previous working relationship with. All partners will report on progress to EUN on a bi-annual or annual basis in accordance with signed partnership agreement. Denmark will agree to use partner reporting if and when the reporting adheres to the standards required by the Danida Aid Management Guidelines.

In terms of communication and public diplomacy, the EUN will have full responsibility of the implementation of the communication plan, however the communication strategy will be implemented in cooperation with and with inputs from the Embassy in Kyiv, other MFA departments, donors and Government of Georgia. In addition all partners will be required to report on communication activities and engage in public diplomacy. The communication plan will follow the strategy outlined in draft in the communication annex in the DANEP strategic framework document, and the final plan, once this has been developed (see Annex to the DANEP strategy document).

5 Programme budget

The budget for the Georgia Country Programme is part of the overall budget for DANEP 2017-2021. Thus, the budget presented below is concerned with the individual development engagements only as the funds for reviews, technical assistance, monitoring and evaluation, and secondments are presented in the DANEP strategic framework document.

A total of DKK 88 million is allocated for democracy and human rights (including DKK 30 million approved for civil society in 2017 in a separate process) and DKK 117 million for sustainable and inclusive economic growth. Of the budget below DKK 127 will be fully committed (covering all

engagements 2017-2019) if approved by the Danish Finance Act 2018 and 2019. The remaining funds of DKK 78 million are earmarked for engagements in 2020 and 2021, and thus figures as unallocated earmarked funds.

The funding for the individual development engagement is phased in as the engagements from the previous DANEP phase end and in accordance with the yearly funding commitment system of the MFA (see Annex B in the DANEP strategic framework document). Figure 5.1 below outlines the DANEP budget specifically for engagements in Georgia.

Figure 5.1 DANEP budget Georgia 2017-2021

Year	Georgia				Total (DKK mill.)
	Demo. & HR		Sust. & growth		
2017	Civil Society		Inclusive labour market		2017
DKK mill.	30		19		49
2018	Human Rights	Decen- tralisation		Energy invest- ment	2018
DKK mill.	15	24		30	69
2019			Inclusive labour market		2019
DKK mill.			9		9
2020			SME support	Energy environment	2020
DKK mill.			24	15	39
2021	Civil Society		SME support		2021
DKK mill.	19		20		39
Total (DKK mill.)	88		117		205

Annexes:

Annex A: Analysis of Programme Context (AMG matrix)

Annex B: Partner descriptions

Annex C: Results Framework at output level

Annex D: Risk management matrix

Annex E: Georgia country programme budget

Annex A – Georgia country matrix

1. Overall development challenges, opportunities and risks

Briefly summarise the key conclusions from the analyses consulted and their implications for the programme regarding each of the following points:

General development challenges including poverty, equality/inequality, national development plan/poverty reduction strategy, humanitarian assessment.

- The poverty rate in Georgia was 14% in 2014. While this still represents a considerable amount of people, there has been a remarkable reduction of the poverty rate in four years, as in 2010, 21% of the population lived below the poverty line.
- Georgia's Gini index in 2014 was 40 indicating a medium level of income inequality. There is, however, a significant disparity from region to region, especially between rural and urban areas.
- Georgia has made remarkable strides regarding democratic governance. However, it is a diverse country covering several climate zones and with ethnic diversity (an estimated 13% of the population belong to ethnic minorities), and the economic gains are unevenly distributed between regions and rural and urban areas. Ethnic groups include 86% of Georgians, 6% Azeris, 4% Armenians, and 2% others.
- Georgia ranked 76 out of 155 countries on the Gender Inequality Index in 2014, falling under the High Human Development category.
- The government's Social-Economic Development Strategy for Georgia, "Georgia 2020", is built on the cornerstone of integration into the EU with regards to its foreign and internal policies. The goal of the government is to create foundations for long-term inclusive economic growth and improve the welfare of the population, based on three main principles: 1) Ensuring fast and efficient economic growth driven by the development of real (production) sectors of the economy, which will resolve economic problems, create jobs, and reduce poverty; 2) Implement economic policies that facilitate inclusive economic growth, i.e. the universal involvement of the population in the economic development process (incl. diaspora, migrants, ethnic minorities and other groups), prosperity for each member of society through economic growth, their social equality and improvement of the living standards of the population; 3) Rational use of natural resources, ensuring environmental safety and sustainability and avoiding natural disasters during the process of economic development.
- Humanitarian Needs Overview

Development in key economic indicators: GDP, economic growth, employment, domestic resource mobilisation, etc.

- Georgia is categorised by the World Bank as an upper-middle income country.
- Georgia's 2016 GDP was \$37.38 billion and the real growth rate of GDP was 3.4%, slightly up from the previous year (2.8%). Economic growth slowed down following the August 2008 conflict with Russia and the consequences of the global financial crisis. The economy rebounded in 2010-2013, but FDI inflows, the engine of economic growth prior to the 2008 conflict, have not recovered fully.
- Agriculture makes up 9% of GDP, industry 21%, and services 68%.
- Job creation is a crucial issue as unemployment, and especially youth unemployment, remain high. 12% of the labour force was unemployed in 2016. Youth unemployment is a major challenge that does not seem to be addressed in a concerted manner. Georgia's youth labour market is characterized by relatively low participation rates, only 39% of youth ages 15-24 were considered in the labour force and unemployment rate was 26.3 per cent in 2015, although many young people in Georgia are economically inactive because they are enrolled in education
- The agricultural sector employs 55% of the active labour force, industry 9%, and services 35% (these are 2006 figures and may be outdated).
- Georgia imports nearly all of its needed supplies of natural gas and oil products. It has sizeable hydropower capacity that now covers most of its energy needs. The country has overcome the chronic energy shortages of the past by renovating hydropower plants and increasingly relying on natural gas imports from Azerbaijan instead of Russia.

Status and progress in relation to SDGs, in particular those that are special priorities for Denmark.

- Denmark's prioritisation of the SDGs includes 1) Improving the situation in countries affected by war and conflict, 2) strengthen the focus on migration, including the readmission of developing countries' own nationals, 3) increase development financing especially to growth and employment, and 4) maintaining a strong focus on human rights, especially improving gender equality and the rights of women and girls. Especially the two latter ones are relevant for Ukraine and Georgia.
- Based on the "Georgia 2020" Strategy, Georgia has prioritised the following SDGs: End poverty in all its forms everywhere (goal 1), Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all (goal 8), Reduce inequality within and among countries (goal 10), Ensure sustainable consumption and production patterns (goal 12), and Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels (goal 16).
- So far, the SDGs have been well fitted into the national policies. The National Statistics Office of Georgia, Geostat, provides reliable information that has been used to fix the baseline indicator to each target.
- The DANEP programme will contribute to SDG 5, 7, 8 and 16

Political economy, including drivers of change (political, institutional, economic) (e.g. political will, CSO space, role of opposition, level of donor funding to government expenses, level of corruption, foreign investment, remittances, role of diaspora, youth, gender, discovery of natural resources or impact of climate change etc.)

- Georgia was ranked 44 out of 176 in the 2016 Corruption Perceptions Index, and its score tends to improve in recent years (49 in 2013, 52 in 2014, 52 in 2015, and 57 in 2016). On Transparency International's scale, this places Georgia on a middle-level of corruption.
- All FDI made in Georgia by resident companies (inward FDI) totalled \$13.68 billion in 2016, slightly up from the year before (\$12.64 billion). The stock of FDI from abroad in 2016 amounted to \$1,933 billion, also showing a slight increase from 2015 (\$1,773 billion).
- In 2016, total funding made available to Georgia for humanitarian aid was \$1.343.399. The main donors were Bulgaria, Switzerland, the USA, and the EU.
- Remittances to Georgia represented 1.6 billion USD in 2015, and made up 12% of Georgia's GDP in 2014.
- The democratic developments that have taken place in Georgia have been significant since the 1990s. In the last elections, held in October 2016, the Georgian Dream coalition increased their majority in the Georgia Parliament, forming a constitutional majority. The government has continued to support the reform process initiated in the past, and its vision for the future focuses on economic development, job creation, and sustainable growth. Political will is strongly focused on enhanced link with the EU, which is supported by a large majority of the population.
- Georgia's CSOs are also very strong compared to other countries in the region, and they are supported by a largely favourable legal framework that lets them operate freely. There are strong thematic NGOs working on all major areas related to governance, human rights, gender and even LGBT rights. Civil society is involved in commenting on and providing inputs to legislation and strategy development of the Government. There is substantial room for civil society for manoeuvre and limited infringement on their actions from central level authorities. In spite of this, most civil society organisations complained that the government was mostly undertaking formalistic consultations without properly addressing the issues raised. Civil society representation and capacity at the local level is much less than in Tbilisi, and in particular weak in ethnic minority areas where the population does not master the Georgian language.

List the key documentation and sources used for the analysis:

Benefits and Costs of DCFTA: Evaluation of the Impact on Georgia, Moldova and Ukraine

Amat Adarov & Peter Havlik, the Vienna Institute for International Economic Studies and

Bertelsmann Stiftung (December 2016)

The Government's Priorities for Danish Development Cooperation 2017 - Overview of the Development Cooperation Budget 2017-2020. Danida.

World Employment and Social Outlook 2016: Trends for Youth. ILO.
 Eastern Europe, Caucasus and Central Asia: Highlights. Energy Policies
 Beyond IEA countries. International Energy Agency. OECD/IEA, 2014
 Migration and Remittances: Recent Developments and Outlook. Migration and Development Brief 26. World
 Bank Group. April 2016.
 Georgia 2016 (Humanitarian response plan). Financial Tracking Service. UNOCHA.
 Socio-economic Development Strategy of Georgia "GEORGIA 2020". Government of Georgia.
 Corruption Perceptions Index 2016. Transparency International.
 EU Concept Note for the 2017-2020 ENI Single Support Framework for Georgia

2. Fragility, conflict, migration and resilience

Briefly summarise the key conclusions and implications for the programme of the analysis of the below points:

Situation with regards to peace and stability based on conflict analysis and fragility assessments highlighting key drivers of conflict and fragility, protection and resilience, organised transnational crime and illicit money flows and how conflict and fragility affect inclusive private sector development and women and youth

- Georgia still faces some challenges regarding the 2008 *de facto* establishment of the pro-Russian autonomous region of South Ossetia, leading to the second Georgian territory after Abkhazia without central government control. These two Russia-supported territories are not recognised by the Georgia government. In the same period there has been a fluctuation in the political and human rights situation as well as the economy.

Identifying on-going stabilisation/development and resilience efforts and the potential for establishing partnerships and alliances with national, regional and other international partners in order to maximise effects of the engagements.

- The EU, the US, and NATO have since 2008 taken part in negotiations to end the fighting, resulting in Russia agreeing to a six-point diplomatic push for peace and signing a ceasefire agreement with Georgia in August 2008. In 2016, the International Criminal Court authorised a probe into possible war crimes committed by Russian, Georgian and South Ossetia forces during the conflict.

Issues and concerns of relevance to Danish interest in the area of security and migration.

- There is some uncertainty around the number of IDPs in Georgia as a result of the conflicts in South Ossetia and Abkhazia. In 2014, the government reported having registered 262.704 people as IDPs. A composite of figures reported by the government, UNHCR, and the UN Inter-Agency Humanitarian Assessment Mission to South Ossetia states that there are up to 232.700 IDPs as of December 2014. Most IDPs were displaced in the early 1990s as a result of the conflict in the two abovementioned regions, while a small number were displaced during conflict with Russia over South Ossetia in August 2008.
- The number of Georgians seeking asylum in Denmark has increased significantly in recent years. Between 2009 and 2011, 17 to 19 Georgians applied for asylum in Denmark each year. This number increased to 75 in 2012, and reached 111 in 2014.

Identify where Denmark has comparative advantages that may lead to more effective and efficient programming and better results including where Denmark may contribute with deployment of specific expertise and capacities.

- Denmark can draw on its competences and experiences in the energy sector and contribute to increasing the share of the energy supply from renewable energy, which can support the country's goals of increasing energy independence and further sustainable growth.

Considerations regarding the humanitarian situation, migration, refugee and displacement issues, including the need to integrate humanitarian-development linkages and long term strategies;

- As Georgia faces foreign military occupation of 20 per cent of its sovereign territory, this constitutes a major challenge for the protection of human rights in those areas. Russian occupation forces had imposed further severe restrictions on the freedom of movement across the occupation line, extending even to the most vulnerable people — those in need of urgent medical assistance and expectant mothers. Despite numerous calls by the international community, up to a half million internally displaced persons and refugees, among them several hundreds of thousands of women, remained deprived of their fundamental right to a safe and dignified return to their homes.
- Consequences on crime. GBV.

Relevant issues and considerations related to radicalisation and violent extremism and the potential for Danish engagement to prevent and counter violent extremism (P/CVE)

- At a parliamentary hearing in May 2016, representatives from Georgia's State Agency for Religious Issues claimed that NGOs in Georgia are a driving force behind radicalisation. In a country with roughly 100-200 foreign fighters allegedly involved in Iraq and Syria, and a considerable Muslim minority, this is a sensitive allegation. The Agency singled out the work of one NGO in particular, the Education and Monitoring Centre (EMC). EMC has reported on the violation of the rights of Muslim citizens, as well as other religious and sexual minority groups, by adherents of the country's majority Orthodox faith. This has naturally caused reactions not only among civil society, but also the country's Muslim community, making up 460.000 citizens out of a population of 3.7 million.
- Despite the recent launch of a Preventing Violent Extremism (PVE) Strategy by the United Nations Secretary General, Georgia has so far failed to adopt Countering Violent Extremism (CVE) measures intended to tackle the reasons for radicalising at-risk individuals. Instead, the Georgian government's focus has solely been on tightening border controls and introducing tough sentences for joining extremist groups such as ISIS.

List the key documentation and sources used for the analysis:

Humanitarian Needs Overview Georgia 2017. November 2016. Global Protection Cluster.

Tal på udlændingeområdet pr. 31.12.2016. Udlændinge- og Integrationsministeriet.

Civil society and countering violent extremism in Georgia. Onnik J. Krikorian. 20 May 2016. Democracy and Freedom Watch

Assessment of human rights situation (HRBA) and gender⁴

Briefly summarise the key conclusions and implications for the programme of the analysis of the below points:

The HRBA Guidance Note may provide further guidance, or hrbaportal.org

Human Right Standards (international, regional and national legislation)

Identify the level of achievement of key human rights standards for the context you are working in.

Identify the most binding constraints on the intended target group in terms of human rights.

Given the analysis of achievement of human right standards, establish what Denmark should prioritise in the proposed outcomes of the programme.

- The overall human rights and justice sector situation in Georgia is faring better than most neighbouring countries, with human rights guaranteed by the Constitution and the law and, in most cases, implemented in accordance with the rule of law. This includes freedom of assembly, free and fair electoral processes, freedom of religion, anti-discrimination, and the ability of the Supreme Court to operate with a high level of independence.
- The National Strategy for the Protection of Human Rights in Georgia 2014-2020 outlines key priority areas: improved criminal legislation, continued reform of the judiciary focusing on independence of the judges, genuine investigations and proceedings, actions against torture and ill-treatment, freedom of speech, and improved gender equality and protection of minorities.
- Though Georgia has made considerable progress on many of these issues in the past five years, human rights violations still take place, e.g. in the form of ill treatment of people in police custody and in prisons, though the systemic torture applied in the past have been alleviated. There are still concerns of impunity for human rights violators in the law enforcement agencies.
- Women are vulnerable to sexual and gender-based violence, including domestic violence, especially women among the increasing amount of IDPs as a result of the conflicts currently taking place. The additional issue of early marriage, which affects mostly young girls, is also pervasive in Georgia.
- Human rights violations also occur in the form of social and political rights violations, such as the access to participation in decision-making of minorities who do not master the Georgian language. These groups face discrimination in the access to state services and to justice.
- The greatest immediate concern however, is the ruling party's influence on the media. This includes influencing state radio and TV broadcasting and management, as well as ignorance to the fact that major media conglomerates are being concentrated in the hands of a few persons.
- While support for the justice sector is well funded and there is neither a comparative advantage nor demand for Danish engagement in this area, Denmark highly prioritises gender and women's rights, and could support efforts to support these.

Universal Periodic Review

List recommendations from Council for Development Policy (UPR) relevant for the thematic programmes and from any treaty bodies, special procedures, INGOs, Human rights institutions etc. that require follow up by partners in the programme.

The last UPR for Georgia is from November 2015. The next one is scheduled for November 2020.

UPR recommendations related to Human Rights:

- Continue cooperating constructively with the universal human rights mechanisms and continue the practice of cooperation and dialogue with civil society

⁴ The purpose of the analysis is to facilitate and strengthen the application of the Human Rights Based Approach, and integrate gender in Danish development cooperation. The analysis should identify the main human rights issues in respect of social and economic rights, cultural rights, and civil and political rights. Gender is an integral part of all three categories.

- Continue and intensify cooperation with the international community in order to ensure access of international human rights and humanitarian actors and monitoring mechanisms to Abkhazia, Georgia, and Tskhinvali region/South Ossetia, Georgia, to monitor, report and address the human rights situation of internally displaced persons
- Continue engagement with the international community for ensuring access of international human rights monitoring mechanisms to the regions of Georgia, namely Abkhazia and Tskhinvali region/South Ossetia
- Intensify engagement with the international community for ensuring access of international human rights monitoring mechanisms to the Georgian regions of Abkhazia and Tskhinvali region/South Ossetia
- Continue its efforts to strengthen the institutional and normative human rights framework with regard to freedom of expression
- Continue its efforts to further promote human rights
- Observe all human rights principles and international conventions, and raise awareness among the population regarding human rights values
- Take all measures in further implementing the Action Plan for the Protection of Human Rights in Georgia, in particular by allocating sufficient funding from its national budget
- Continue implementing the national strategy for the promotion and protection of human rights
- Promote new actions and initiatives to continue progressing in its efforts to implement the National Human Rights Strategy
- Develop a high standard of human resource management to avoid administrative infractions and human rights violations in prisons
- Continue the efforts to strengthen human rights protection in penitentiary establishments
- Undertake a comprehensive review of arrangements for the appointment, training and transfer of judges, with a view to ensuring their independence and their full understanding and application of human rights obligations
- Provide, in accordance with its respective obligations under international human rights law, effective protection to the family as the natural and fundamental unit of the society
- Protect minorities and ensure the full enjoyment of their freedom of religion or belief in accordance with international human rights law
- Refrain from interfering in the activities of human rights defenders and non-governmental organizations and ensure a safe and enabling environment for their work
- Strengthen the mechanisms set up by the "Commission of Human Rights and Integration", to ensure the best possible monitoring and evaluation of the human rights situation in the country
- Redouble its efforts to ensure the rights of LGBTI persons and, in line with the Human Rights Committee's recommendations, combat all forms of social stigmatization of homosexuality, bisexuality and transsexuality, and hate speech, discrimination and violence based on sexual orientation or gender identity
- Strengthen respect for the rule of law by promoting judicial independence and transparency through the de-politicization of the judiciary and law enforcement authorities, and by strengthening mechanisms to investigate human rights abuses or violations
- Take measures to support and strengthen prosecutions for human rights violations by the judiciary, with reference to the recommendations made by the Council of Europe Commissioner for Human Rights, including with respect to the strengthening of the independence and effectiveness of the Prosecutor's Office
- Introduce as soon as possible the right to silence without restrictions when testifying, in accordance with its human rights international obligations
- Establish an independent investigation mechanism with the mandate to investigate alleged human rights violations committed by law enforcement officials
- Establish an independent and impartial institution to investigate and prosecute human rights abuses and violations committed by the law enforcement and security forces, in order to ensure that these

violations are properly investigated and sanctioned and compensation provided to victims

UPR recommendations related to Gender:

- Take active measures to combat discrimination and violence against women and improve its Law on Gender Equality in order to align it with the Convention on the Elimination of All Forms of Discrimination against Women
- Bring into line the Law on Gender Equality with the Law on the Elimination of All Forms of Discrimination, combating the patriarchal attitudes and stereotypes on the roles and responsibilities of women and men
- Strengthen existing law and practice to combat gender-based discrimination and sexual harassment, inter alia, with regard to labour
- Strengthen the Gender Equality Council
- Further effectively implement the National Action Plan on Gender Equality and the Action Plan for Combating Domestic Violence by ensuring required financing and reinforcing the capacities of professionals
- Ensure effective implementation of the laws on the elimination of all forms of discrimination and gender equality, including by putting in place effective enforcement mechanisms and raising awareness about the provisions of the legislation
- Include in the implementation of its anti-discrimination legislation effective measures that strengthen religious tolerance, gender equality and equal rights for ethnic minorities, women and lesbian, gay, bisexual, transgender and intersex (LGBTI) persons, so as to increase tolerance and social inclusion in Georgian society
- Strengthen efforts towards promotion of gender equality
- Continue to prioritize gender equality and consider the incorporation of international best practices in policies and legislation relating to the employment of women and combating violence against women
- Provide appropriate services with the necessary resources, including to train and raise the awareness of the judiciary and the public, in order to ensure that these new measures adopted to fight racial discrimination or gender/sexual identity discrimination are effective
- Combat social stigmatization, hate speech, discrimination and violence motivated by sexual orientation or gender identity
- Support public education campaigns to combat hate speech, discrimination and violence related to sexual orientation and gender identity, as well as social stigmatization of LGBT persons
- Establish centres supporting women and girl victims of gender violence
- Reinforce the capacities of professionals in the identification, referral and protection of victims of gender-based violence and provide legal and medical support to victims
- Develop prevention strategies on gender-based violence and establish rehabilitation services for victims of violence
- Take concrete steps to streamline and ensure efficiency of judicial procedures concerning gender violence
- Establish a mechanism for the enforcement of protective and restrictive orders relating to domestic violence, to ensure their effectiveness and prevent recurring offences, inter alia, through establishing specialized police units on gender-based violence and domestic violence.

Identify key **rights holders** in the programme

In terms of Human Rights and gender issues in Georgia, rights holders span over various categories of the population. Women of all regions and social classes are disadvantaged compared to men. Youth rights are also under-prioritised in both countries, as shows the lack of any specific mentioning of youth in the country's Human Rights Strategy. Ethnic minorities, however, are on Georgia's anti-discrimination agenda, with special attention to the Roma population. Religious minorities and the LGBTI community also experiences discrimination and rights violation. In Georgia, the rights of IDPs deserve attention, as the number of IDPs is growing and especially women and children become especially vulnerable as a result of their displacement.

Identify key **duty bearers** in the programme

Human Rights Principles (PANT)

Participation

Identify barriers for participation, inclusion and empowerment of rights holders.

- There are barriers to political participation and inclusion in public life and the labour force to women, youth, and minority groups. Especially in Georgia, women's political participation is extremely low, and especially in rural areas, women are perceived to be absent from all the stages of planning and implementation of rural development programmes.

List key support elements included to promote participation and inclusion.

- DANEP Georgia focuses on enhancing participation of in particular women and minority groups, but also citizens in general in the democratic processes at the local level by supporting decentralisation in Georgia. In addition to direct support to the decentralisation reform, the participation is also ensured by strengthening civil society through the existing engagement in this area, and by introducing services for young entrepreneurs to improve their access to jobs and market. Similarly, the enhanced capacity of the Public Prosecutor's Office and the state human rights institutions is expected to enhance access to justice over time.

Accountability

Identify accountability mechanisms in the relevant area - both horizontal and vertical.

- Key accountability of relevance addressed by the programme includes decentralized local governance accountability. Accountability to women and minority groups. And the accountability of key human rights state institutions to the women and men of Georgia.

List any key support elements included to promote accountability

- Accountability will be strengthened by improving local governments' ability to respond to rights holders needs through the decentralisation support, in particular for women and minority groups. Accountability will be strengthened in the business sector by supporting social dialogue and employers' adherence to rights and obligations to its employees.

Non-discrimination

Identify groups among rights-holders excluded form access and influence in the thematic programme areas identified.

- Women are a disproportionately represented in politics and high leadership positions both in Georgia, where they are concentrated in traditionally "female" occupational areas, which also offer lower remuneration levels.
- In Georgia, there is a pervasive conservative understanding of women's role in society that results in them being excluded from government (both at central and local levels) and participation in local development projects.
- Furthermore, a number of ethnic minorities are excluded from certain human rights and access to public services due to a language barrier that discriminates them from, for example, getting medical help or welfare assistance, as they do not speak the official language. There are also discriminations taking place on a religious level, due to the numerous religious minorities: while the official religious is Orthodox and makes up 83,4% of the population, 10,7% are Muslim, 2,9% are Armenian Apostolic, and 1,2% belong to other religions.
- The difficulties of transgender people to change their sex record in civil acts have also been reported, which in turn hinders their access to education, employment, and other services.

List key support elements included to promote Non-discrimination. Are disaggregated data available on most vulnerable groups?

- The programme will be promote non-discrimination in particular through the focus on improving minority rights and access to decision-making at local level and by emphasising women's role in the decentralisation process. Similarly, the programme will enhance the voice and access to resources of the youth in the country by providing improved career advice and matching skills with business demands. And finally, but critically, by reducing the geographic inequalities between the cities and the rural areas through the strong support to decentralised service delivery and local level business development.

Transparency

Assess the extent to which information is accessible to rights holders including marginalised groups.

- Transparency levels are generally high and with substantive involvement of civil society in demand side governance processes. However, as described above ethnic minorities are impaired due to their limited knowledge and use of the Georgian language and thus access to Government services.

If relevant, ensure that information is available in other than official languages.

List key support elements included to promote Transparency.

- Transparency will in particular be sought through enhanced decentralisation and thus transparency at the decentralised level, ensuring that the new decentralised institutions conform with their mandate as duty bearers. Similarly, the improved energy legislation is expected to enhance the information access on the energy market.

Gender

Identify key challenges and opportunities for gender equality.

- Georgia is still dominated by patriarchal societal values which keep women subordinated to men professionally, publicly, and privately. Women occupy lower professional positions, there is a significant gender wage gap in both countries, and women occupy a minority of positions in politics and government.
- Violence against women, domestic violence, and early marriages are issues that require special attention in Georgia. Very few cases are reported, indicating social stigma around these issues or ineffective reporting and sanctioning mechanisms. The level of public awareness is quite low around these issues.
- The government has in 2016 taken diverse initiatives targeting the general public on gender issues, such as: raising awareness of Domestic Violence/ Violence Against Women and Girls (DV/VAWG) issues as a human rights violation and crime; disseminating information about access to services available for victims/survivors; improving the quality of these services; and ensuring that victims/survivors and the organizations representing their interests are more actively involved in the process of drafting the DV/VAWG-related policies and legislation.

Identify assessments on gender, such as CEDAW-reporting, SDG National Action Plans, UPR, and other relevant gender analysis.

- The last CEDAW report for Georgia to be found is from 10 March 1998.
- The Government of Georgia has approved the National Action Plan on the Implementation of the UN Security Council resolutions on Women, Peace and Security, and the National Action Plan on the Measures to be Implemented for Combating Violence against Women and Domestic Violence and Protection of Victims/Survivors, both covering the 2016-2017 period.

Identify opportunities/constraints for addressing gender equality issues.

- Striving for gender equality in Georgia will require a big change in society's understanding of women's role. There is a normative belief that confines women to low-paid care and administrative jobs, as well as a traditional exclusion from public and political life that makes very few women pursue careers and representation in politics and public service.
- The government has already taken measures, in relation to SDG 3, to ensure gender equality in employment and equal access to activity in the political domain and at all levels of management. The establishment of liberal regulations for the employment of women, and of non-discrimination laws to protect citizens from all forms of discrimination, including those based on gender and sexual orientation, had resulted in a significant increase in women's representation, including in the political and military fields.

Describe key strategic interventions to promote gender equality within each thematic programme.

- Substantial attention. See section on HRBA above.

Identify gender equality indicators aligned with national targets on gender, if possible.

- While Georgia has legal foundations protecting and promoting women's rights, policies for the most part remain gender-blind. Therefore, relevant indicators to measure progress on gender equality could include gender-based violence, women's access to the labour market, gender pay gap, as well as female participation in political and public life both on national and local levels.

List the key documentation and sources used for the analysis:

Action Plan of the Government of Georgia on the Protection of Human Rights 2014-2016 (Appendix 1). Government of Georgia
Danida (2016): Concept Note: Democratisation Programme in Georgia (2017-2021) - "Strengthening of Civil Society Organisations - bringing democratic change to Georgia"
European Commission against Racism and Intolerance Report on Georgia, fifth monitoring cycle, 2016
CIA World Factbook Georgia.
Domestic, Gender-based Violence Dominate Third Committee Discussion as Speakers Urge Greater Participation by Women in Political Life. GA/SHC/4010. 14 October 2013. United Nations General Assembly.
Women's rights and Gender Equality. 2015. Public Defender (Ombudsman) of Georgia.
Two National Action Plans for Supporting Gender Equality and Women's Empowerment Approved by the Government. 12 August 2016. UN Women Georgia

3. Inclusive sustainable growth, climate change and environment

Briefly summarise the key conclusions and implications for the programme of the analysis of the below points:

Assess the overall risks and challenges to inclusive sustainable growth and development from the impact of climate change and environmental degradation; Assess the status of policies and strategies in the country / thematic areas / organisation to ensure that development is inclusive and sustainable, avoid harmful environmental and social impacts and respond to climate change; and assess the political will and the institutional and human capacity to implement these policies and strategies.

- Georgia has been part of international climate change efforts since its independence. The country ratified the United Nations Framework Convention on Climate Change in 1994 and the Kyoto Protocol in 1999. In 2010, the country associated itself with the Copenhagen Accord. Tbilisi, capital of Georgia, has also joined the Covenant of Mayors Initiative of the EU aimed at significantly reducing greenhouse gas emissions by 2020. Georgia is also cooperating on environmental issues with neighbouring countries under the common EU policy framework, the Eastern Partnership.

- Georgia submitted its new climate Change Action Plan September 2015. Georgia plans to unconditionally reduce its GHG emissions by 15% below the Business as usual scenario (BAU) for the year 2030. This is equal to reduction in emission intensity per unit of GDP by approximately 34% from 2013 to 2030. The 15% reduction target will be increased up to 25% in a conditional manner, subject to a global agreement addressing the importance of technical cooperation, access to low-cost financial resources and technology transfer. This is equal to reduction of emission intensity per unit of GDP by approximately 43% from 2013 to 2030. The 25% reduction below BAU scenario would also ensure that Georgian GHG emissions by 2030 will stay by 40% below the 1990 levels.
- Georgia's complicated relief is quite fragile towards natural disasters caused by climate change. Geographical location, meteorological conditions, high anthropological pressure on the environment and limited mechanisms to minimize the damage create conditions for disasters such as floods, heavy rains, erosion, drought, wildfires and heat waves.
- But being a developing country with 92% of its electricity generated by environmentally sound hydropower, 43% of the Georgian territories covered by forest eligible for support, and with national greenhouse gas (GHG) emissions only about 0.03% of global emissions, climate change and environment have not been key issues of political discussion inside the country.
- The majority of climate-related development finance to Georgia in 2013-2014 went to energy generation and supply (about \$160 million a year). Agriculture, Forestry and Fishing and Banking, financial and business services both received around \$20 million a year. The major providers of climate-related development finance were the EBRD and the IFC, followed by the governments of Germany and France, as well as EU institutions excluding the EIB.
- The priorities of the Georgian Government for the energy sector are articulated in the new Energy Policy of Georgia, which was approved by the Parliament of Georgia in June 2015. The Energy Policy defines nine strategic energy policy directions of which three are related to sustainable energy and energy efficiency: 1) Utilization of Georgia's renewable energy resources; 2) Develop and implement an integrated approach to energy efficiency in Georgia; and 3) Gradual approximation and later harmonization of Georgia's legislative and regulatory framework with the EU's Energy policies.
- In the 2017 Doing Business survey, Georgia ranked number 16. Among factors pulling down the ranking is getting electricity and trading across borders. Securing property rights is also considered a problem. In 2014, the government established a new Competition Agency to ensure fair competition and protect against violations. Although institutional barriers to doing business have been decreased in recent years, there is still much scope for improving the conditions for small business development in Georgia.
- A SME Development Strategy has recently been formulated. The small and medium businesses play a central role in job creation and economic growth. The Entrepreneurship Development Agency (EDA) was established to stimulate private sector development. Additionally, the Private Sector Development Advisory Council was established in 2016 within the Ministry of Economy and Sustainable Development. SMEs already make a significant contribution to Georgia's economy, representing 94.1 percent of enterprises, 42.7 percent of employment, and 20.6 percent of value added to the economy in 2013, a slight improvement from 19.3 percent of value added in 2010. The continued development of the SME sector can therefore be decisive for employment creation in Georgia and the reforms under the DCFTA are expected to bring positive effects for the economic development, especially in the agriculture and food sector.
- Much assistance is needed for Georgian SMEs to benefits from new market opportunities, potentially coming from the EU Association Agreement /DCFTA. Many Georgian products have so far not been exported to the EU as they fail to conform to the quality and safety standards of the European market, combined with challenges for local entrepreneurs in penetrating foreign markets due to lack of credit, marketing skills, etc. Trade liberalization has different implications for different groups of people through its impact on prices, employment and production structures, and tends to benefit those who already have access to credit, export markets, transportation and other infrastructure, including technology and land. Ensuring that there will not be a negative social impact of the trade liberalizations is a key challenge.
- The program "Made in Georgia" was launched in 2015 with the aim to support domestic production

capacity and support initiatives of entrepreneurs in rural areas. “Host in Georgia” stands as a second sub-program, added to “Made in Georgia”.

- In December 2016, the Rural Development Strategy 2015-2020 was completed. According to the Strategy, the government aims to stimulate the competitiveness of the food sector, promote growth of high quality agricultural production, and ensure food safety and security.
- The recently approved Law for the Development of Mountainous Regions is aimed at encouraging people to live and work in the country’s mountainous regions. It offers 20 percent higher pensions and social benefits, and additionally professionals, such as veterinarians, agricultural specialists, teachers, and medical specialists, will receive additional salary, which is expected to motivate youth to work in rural areas. Since 2012 the government has begun reforms to promote the agricultural industry and aims to raise the living standards of the rural population.
- The labour code was revised in 2013 and the ILO assesses it to be in compliance with the international labour standards but that implementation is far from satisfactory: only 17 labour related conventions have been ratified – the lowest number in the region. The DCFTA should also advance the reform agenda as Georgia must comply with the European Social Charter, as a part of the approximation process as well as several ratified ILO Conventions.
- Freedom of association is a challenge, with special requirements for forming a union, and a prevalence of so-called ‘yellow unions’ where trade unions are formed by the company’s management.
- Ministry of Sport and Youth Affairs of Georgia has a strategy – “The State Youth Policy Document” - and is in the process of drafting ‘the law on youth activities’. There seem to have been some donor support to youth in general, such as participation, ethnic minorities, and youth with disabilities but in a rather piecemeal way, and with little direct orientation to youth employment.

Identify opportunities for mainstreaming support to inclusive green growth and transformation to low-carbon and climate resilient economies in the programme thematic areas and DEDs.

- The Support to the creation of an enabling environment for investment in the energy sector DED, in combination with the Ukraine programme, provides opportunity for Denmark to provide upstream assistance for the design and implementation of the new National Energy Efficiency Plan and the National Renewable Energy Action Plan. Denmark can also provide capacity building to the Ministry of Energy to adhere to commitments under the DCFTA and to formulate and implement plans.
- Under DED 9, Support to increasing private sector investment in sustainable energy solutions and energy efficiency, in combination with the Ukraine programme, there is opportunity to stimulate investment by making investments in energy efficiency and renewable energy less risky to incentivise the private sector to help lift the burden of reducing energy dependence, as well as by using project investments as demonstration models and further the catalytic effect for further investments.

Identify potential risk and negative impacts related to environment and climate change from the proposed thematic areas and DEDs and consider how these may be mitigated in the design of the programme and the relevant DEDs.

- DED 4, Youth entrepreneurship and business development, includes supporting the enterprise development by, among others, stimulating selected value chains (tourism, wine and construction) with a combination of the above areas if delegated cooperation with the EU. These sectors could have negative impacts related to environment and climate change if they are not stimulated in sustainable and environmentally friendly manners. Therefore, mainstreaming sustainable and environmentally friendly practices such as organic wine production, eco-tourism or construction that has minimal impact on the environment could mitigate these risks.

Identify if EIA (Environmental impact assessment) or similar should be carried out, including legal requirements in partner countries / organisations.

- It is assessed that there is no need for any EIA. Should Denmark decide to co-fund the above-

mentioned EU project, it must be assessed whether mechanisms are in place to mitigate potentially harmful practices (although it must be expected that the project has already considered this).

- Some investments through IFU will be subject to EIA. This will be assessed on a case by case basis

Consider rights and access to key natural resources: land, water, energy, food and agriculture, including impacts on employment for youth, women and indigenous peoples, etc.

- Access to land may be challenging for both youth and women as it is traditionally held by men which for example hinders access to finance due to collateral requirements, which is a great obstacle especially for entrepreneurs.

List the key documentation and sources used for the analysis:

ILO (2016), World Employment and Social Outlook: Trends for Youth

Beyond IEA countries. International Energy Agency, (2014)

Danish Ministry of Foreign Affairs (2016), Evaluation of the Danish Neighbourhood Programme 2008-2015

OECD/IEA, (2016) Eastern Europe, Caucasus and Central Asia: Highlights. Energy Policies

Tbilisi State University, Migration, Journal of Migration Research Centre

Financing Climate Action in Georgia. Country Study 2016. Green Action Programme OECD.

World Bank, Fostering Entrepreneurship in Georgia, ed: S. Kurchalova, 2013.

4. Capacity of public sector, public financial management and corruption

Briefly summarise the key conclusions and implications for the programme of the analysis of the below points:

Capacity of the public sector for policy making, enforcement and service delivery.

- The democratic developments have been significant since the 1990s, and the 2012 parliamentary and 2013 presidential elections in the country led to one of the only peaceful transfers of power in the region replacing the United National Movement (UNM) with the Georgian Dream (GD) coalition. Elections were held again in October 2016 where the GD coalition further increased their majority in the Georgian Parliament forming a constitutional majority.
- The Government has continued to support the reform process initiated in the past. The vision and goals of Georgia is spelled out in the Social-economic Development Strategy (Georgia 2020), which focuses on economic development, job creation, and sustainable growth.

Quality and capacity of PFM, including budget credibility, comprehensiveness and transparency as well as control and external scrutiny / audit in all phases of the budget process as well as participation of citizens / CSOs in monitoring public budgets and corruption.

- Georgia had its last national PEFA assessment in 2013. It overall scores well (A) on most indicators, through with significant challenges when it comes to tax collection, payroll audits, oversight of parastatal companies and accounting practices. See however the section on corruption below.

The corruption situation and relevant anti-corruption measures and reforms.

- Georgia has significantly reduced its levels of corruption over the past four years. Reforms should continue to strengthen the Anti-Corruption Interagency Council and improve judicial integrity.
- To ensure Georgia's anti-corruption reforms are sustainable and institutions held accountable, in 2010 the Istanbul Anti-Corruption Action Plan recommended that Georgia continue public administration reform efforts; step up efforts to educate public officials and inform on government-wide anti-corruption efforts; ensure active and autonomous investigation and prosecution of corruption cases at all levels; and involve civil society more in the implementation and monitoring of national anti-corruption policies.

List the key documentation and sources used for the analysis:

OECD Anti-Corruption Network for Eastern Europe and Central Asia. Istanbul Anti-Corruption Action Plan. Second Round of Monitoring: Georgia Monitoring Report. ACN 2010.

5. Matching with Danish strengths and interests, engaging Danish actors, seeking synergy

Briefly summarise the key conclusions and implications for the programme of the analysis of the below points:

Identify:

Where we have the most at stake - interests and values,

Where we can (have) influence through strategic use of positions of strength, expertise and experience, and

Where we see that Denmark can play a role through active partnerships for a common aim/agenda or see the need for Denmark to take lead in pushing an agenda forward.

- Denmark's interests in the region are mainly commercial, as Georgia could potentially become a relevant trade partner.
- In terms of values, Denmark can have an important role in promoting women's and girls' rights, youth's rights, and workers' rights. Denmark could also take a leading role in combating corruption in Georgia.
- Denmark can influence the much-needed labour market reforms in Georgia, as well as the enhancement of the business environment.
- Denmark can through bringing competences in sustainable energy solutions into play stimulate the green agenda and environmentally sustainable growth.

Brief mapping of areas where there is potential for increased commercial engagement, trade relations and investment as well as involvement of Danish local and central authorities, civil society organisations and academia.

- The proposal for supporting investments in renewables and energy efficiency through IFU, presents an opportunity for Danish companies to engage and bring competences to Georgia. It is also proposed that the Danish Energy Agency is involved with an Authority-to-Authority project to support the Ministry of Energy in creating an enabling environment for sustainable energy investments.

Assessment of the donor landscape and coordination, and opportunities for Denmark to deliver results through partners including through multilaterals and EU.

- Major donors to Georgia include the EU, the UN (hereunder ILO, UNDP, UNECE, UNHCR and UNICEF), the Swiss Agency for Development and Cooperation, the Canadian development agency, German Federal Ministry for Economic Cooperation and Development (BMZ)/GIZ, Sida, the World Bank Group, and the United States.

List the key documentation and sources used for the analysis:

National development strategies and progress reports; WB and other development partners' country analyses and diagnostics; national poverty assessments; IMF Article-4 and other country reports; national and UN SDG progress reports; UNDP Human Development Index; independent political-economy analyses.

Annex B - Partner descriptions

UNDP in Georgia

Since 1993, UNDP has worked with the Government of Georgia (GoG) in reforming key democratic institutions and promoting sustainable economic growth. UNDP assists the country to consolidate its democratic gains and promote national dialogue and action in the strategic areas, including the achievement of Sustainable Development Goals. They work closely with a wide range of partners and stakeholders and advocate for the empowerment of people to take part in pluralistic decision-making free from discrimination and with equal opportunity to contribute to, and share in, sustainable economic growth, the fulfillment of the country's environmental commitments, and in promoting confidence within and across communities divided by conflicts.⁵

In 2013, Mr. Niels Scott assumed his duties as UN Resident Coordinator and UNDP Resident Representative for Georgia.⁶ The UNDP works in close collaboration with the GoG through a number of key ministries, departments, and agencies.

Policy areas⁷:

Closely cooperating with national institutions, civil society and the private sector, UNDP assists Georgia in four major areas:

- Democratic Governance
- Economic Development
- Environment and Energy
- Crisis Prevention and Recovery

In all activities, we seek to promote the achievement of the Sustainable Development Goals.

ILO in Georgia

Georgia has been a member of the ILO since 1993. There is no National Coordinator office in Georgia. Instead, the ILO Decent Work Technical Support Team and Country Office for Eastern Europe and Central Asia, which has worked in Moscow since 1995, covers Georgia.⁸ The ILO work in the sub-region focuses primarily on promoting Decent Work Country Programmes in the sub-region; development of social dialogue; social protection; employment development; occupational safety and health; gender equality in the world of work; HIV/AIDS at the workplace; elimination of child labor and other areas.

Currently, the ILO is carrying out 1 project in Georgia. The project “Improved Compliance with Labor Laws in Georgia” is a five-year project that supports the GoG to enforce labor laws and International Labor Standards (ILS), supports workers’ organizations to improve their capacities to represent workers’ rights and fosters national tripartite social dialogue.⁹ The project is set to be finalized on 31 December 2018.

⁵ <http://www.ge.undp.org/content/georgia/en/home/ourwork/overview.html>

⁶ <http://www.ge.undp.org/content/georgia/en/home/presscenter/pressreleases/2013/10/07/newly-appointed-un-resident-coordinator-and-undp-resident-representative-niels-scott-takes-office-in-tbilisi.html>

⁷ http://www.ge.undp.org/content/georgia/en/home/operations/about_undp.html

⁸ <http://www.ilo.org/moscow/office/lang--en/index.htm>

⁹ http://www.ilo.org/labadmin/projects/WCMS_537483/lang--en/index.htm

Council of Europe in Georgia

Since Georgia became the 41th member state of the Council of Europe (CoE) in 1999, the country has signed and ratified 72 Council of Europe Conventions and made serious efforts to translate the standards of the Council of Europe into national legislation and practice.¹⁰ In 2013, the GoG and the CoE adopted a three-year Action Plan (2013-15), which led the way for the current Action Plan (2016-19). The current Action Plan takes into consideration the results and achievements of the previous Action Plan and reflects the most recent findings of the Council of Europe's monitoring bodies, resolutions and recommendations in respect of Georgia, including those of the Committee of Ministers, the Parliamentary Assembly, the Commissioner for Human Rights of the Council of Europe, the Venice Commission, the European Committee for the Prevention of Torture (CPT) and the Congress of Local and Regional Authorities (the Congress). In addition, the Action Plan takes into account the challenges identified in the Secretary General's annual reports on the State of Democracy, Human Rights and the Rule of Law in Europe. The priorities of the National Human Rights Strategy of Georgia 2014-2020 and its associated action plans are also taken into account.¹¹

The Action Plan for 2016 – 2019 includes the following priority sectors:

1. Protecting and promoting human rights and dignity, ensuring social rights.
2. Ensuring justice.
3. Strengthening democratic governance.
4. Countering threats to the rule of law: corruption, money-laundering, cybercrime, manipulations of sport competitions.
5. Confidence-building measures.

IFU in Ukraine and Georgia

Georgia

The Investment Fund for Developing Countries (IFU) has been operating in Georgia since 1999. As of 19 May, IFU have supported five projects in the country. Currently, IFU supports two on-going projects:

1. Newtelco Georgia (2011 -)
 - a. Expected total investment: DKKm 3.8
2. Poti Sea Port Coporation (2011 -)
 - a. Expected total investment: DKKm 1,205.2

Ukraine

One of IFU's 10 regional offices is located in Kiev. IFU's office in Kiev provides on-location advisory services to Danish companies wishing to set up operations in the Balkans, Caucasus, Central Asia, Ukraine and Turkey.

Since 1996, IFU has supported 48 projects in the country with an expected total investment of DKKm 2,399.5. Of the 48, 21 projects are ongoing, expected total investment: DKKm 1,781.1. The projects covers a variety of industries, from real estate to agricultural and software development.

¹⁰ <https://rm.coe.int/16805b011e>

¹¹ <https://rm.coe.int/16805b011e>

Annex C – Results Framework

Note: the thematic level impact indicators are selected from the respective DEDs based on relevance to the overall country programme

Governance thematic programme selected indicators

Impact 1.0	The human rights institutions address ethnic and minority rights violations effectively
Indicator 1.0	Number of discrimination complaints leading to legal proceedings and sanctions;
Baseline 2018	TBD within first 3 months (disaggregated on gender/ethnicity/rural-urban basis
Target 2022	At least a 50% increase
Impact 2.0	Local governments deliver services effectively in a transparent and accountable manner
Indicator	Number of subnational governments/administrations with transparent, accountable and effective planning, budgeting and monitoring systems
Baseline 2018	0
Target 2022	20

Sustainable growth thematic programme selected indicators

Impact 3.0	Labour laws and workers' rights improved
Indicator 3.0	Quality of legislative and institutional reform progress
Baseline 2017	Labour law incomplete
Target 2021	The legal base for enforcing labour legislation is adopted and implemented in line with ILO recommendations
Impact 4.0	Substantial foreign direct investment in renewable energy
Indicator 4.0	Increase in non-hydro renewable energy share in the energy mix
Baseline 2017	No jobs created by IFU
Target 2023	4550 jobs created (incl. leverage)
Impact 5.0	Renewable (non-hydro) energy production increased
Indicator	MW produced from renewable energy
Baseline 2020	TBD assessed during design phase
Target 2025	TBD assessed during design phase

DED 1 – Human Rights

Outcome statement	Legal framework is in place, institutions and key stakeholders implement policies tackling discrimination, racism, homophobia, transphobia and hate speech in Georgia;
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Indicator 1	Number of discrimination complaints leading to legal proceedings and sanctions;
Baseline 2018	TBD within first 3 months (disaggregated on gender/ethnicity/rural-urban basis)
Target 2021	At least a 50% increase
Source of verification	Court statistics, administrative data
Indicator 2	Number of criminal sentences in which grounds under the article 53.3 of the Criminal Code (on aggravating circumstances) have been considered;
Baseline 2018	TBD within first 3 months of the project (disaggregated on gender/ethnicity/rural-urban basis)
Target 2021	At least 15-20 cases
Source of verification	Court statistics, administrative data
Indicator 3	Number of PDO recommendations issued and fulfilled by public and private persons regarding discrimination on grounds such as race, colour, language, citizenship, origin, religion or belief, national, ethnic or social origin, sexual orientation and gender identity as listed in the 2014 Law on the Elimination of All Forms of Discrimination.
Baseline 2018	(Public – issued/fulfilled))(Private – issued/fulfilled) - TBD in the first 3 months of the project
Target 2021	Increase by 50%
Source of verification	Administrative data, PDO reports
Indicator 4	Number of annual publication of data on hate crime/hate speech (data disaggregated including on ethnicity, gender...)
Baseline 2018	No
Target 2021	Established and operational
Source of verification	Administrative data

Output 1	Expertise on amendments of Legal and policy frameworks are prepared
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	in line with CoE standards and submitted to the authorities	
Indicator 1.1.	Number of legislative acts/regulations reviewed by experts in line with CoE standards, including ECRI recommendations	
Baseline 2018	To be determined	
Target 2021	3 relevant draft laws submitted to the Parliament	Per year:
Source of verification	Official website, reports, ECRI report on Georgia	
Indicator 1.2.	% of ECRI Recommendations introduced in the normative acts;	
Baseline 2018	(to be verified/ determined)	
Target	At least 50%	
Source of verification	ECRI report on Georgia in 2020 (6th monitoring cycle), Concluding Observations by UN CERD on reports of Georgia, report to the Parliament by the Public Defender, HR NGO reports, media	
Indicator 1.3.	Methodology for hate crimes and hate speech joint data collection and monitoring tools developed;	
Baseline 2018	Inexistent	
Target 2021	Developed	
Source of verification	Administrative data and ECRI report on Georgia in 2020 (6th monitoring cycle), Concluding Observations by UN CERD on reports of Georgia, report to the Parliament by the Public Defender, HR NGO reports.	

Output 2	Professionals know how to apply new laws and policies, and are able to identify the hate motive in hate crime and hate speech; register hate crimes; collect evidence; conduct effective and independent investigations; prosecute hate crimes and demonstrating the hate motive; ensure data gathering; provide protection and assistance to victims of hate crimes and speech.	
Indicator 2.1.	Number of professionals able to implement relevant CoE and ECtHR standards regarding anti-discrimination, hate speech and hate crime as evidenced by participant feedback, references to CoE standards in judgements and PDO recommendations, etc.;	
Baseline 2018	500 per year	
Target 2021	1000 per year	

Source of verification	Administrative data, field data collection
Indicator 2.2.	Number of training programmes on anti-discrimination, hate speech and hate crime developed in order to be introduced in regular curricula of professional schools (High School of Justice, Training Centre for Prosecutor's Office, Police Academy;
Baseline 2018	1 (to be verified)
Target 2021	2 programmes/ professional school (tbv) per year
Source of verification	Administrative/field data
Indicator 2.3.	Number of HELP distance learning training courses made available to legal professionals in Georgian language;
Baseline 2018	2 courses on Hate Crime and Hate Speech and antidiscrimination in English; 1 on anti-discrimination in Georgian requires an update
Target 2021	4 new or updated courses per year
Source of verification	HELP website, field data, training reports

Output 3	Men, women and youth are better informed and aware of human rights, anti-discrimination standards, hate crime/hate speech and redress mechanisms is increased; NGOs initiatives are supported within "No Hate Speech Movement Campaign;
Indicator 3.1.	% of citizens aware of the redress mechanisms in the case of discrimination, hate crime and hate speech;
Baseline 2018	TBD in the first 3 months of the project - data disaggregated (gender, ethnicity, rural/urban)
Target 2021	20% increase
Source of verification	KAP initial and final study/survey, reports of the Public Defender, ECRI and FCNM reports
Indicator 3.2.	Number of local NGOs initiatives supported within "No Hate Speech Movement Campaign such as workshops, seminars, regular trainings and pilot projects;
Baseline 2018	0

Target 2021	6612 per year
Source of verification	Field data
Indicator 3.3.	Level of awareness of minority rights (including electoral rights)
Baseline 2018	Low awareness of minority rights
Target 2021	Medium (30% of persons belonging to minorities) to High (60%)
Source of verification	FPCNM Advisory Committee Opinion, Reports, Surveys

DED 2 – Decentralisation

Outcome 1	Decentralization and good governance at the local level advanced, through promoting nation-wide policy reform, strengthening institutional and human capacities of national and local authorities, improving local service delivery and enhancing citizen participation in local policy making	
Outcome indicator 1.1	Number of subnational governments/administrations with transparent, accountable and effective planning, budgeting and monitoring systems	
Baseline	2017	0
Target	2022	20
Outcome indicator 1.3	Local budgets within the consolidated budget (%)	
Baseline	2017	17.6 %
Target	2022	20 %
Outcome indicator	Level of public satisfaction with local governments. Sub-targets for women, youth and ethnic minorities	
Baseline	2017	68.5% (general); 66.5% (women); 64.8% (youth 18-29); 70.3% (ethnic minorities) ¹³
Target	2022	85 % (general); 86% (women); 84% (youth 18-29); 85% (ethnic minorities)
Outcome indicator	Level of citizen engagement in local decision making. Sub-targets for	

¹² 10 workshops and 7 training courses, 12 Living libraries and 12 Action days the CoE plans to organise along with 25 pilot projects. The Trainings and workshops are key supportive measure to help NGOs in building a counter-narrative to hate speech and discrimination as well as in implementing pilot project.

¹³ The baseline indicators are taken from the citizen satisfaction survey with public services in Georgia 2017 (forthcoming)

1.3		women, youth and ethnic minorities
Baseline	2017	6.5% (general); 5.1% (women); 4.9% (youth 18-29); 6.9% (ethnic minorities)
Target	2022	15% (general); 14% (women); 14% (youth 18-29); 15% (ethnic minorities)

Output 1		Improved policy and institutional framework to foster decentralization and promote accountable, transparent and participatory local self-government practices
Output 1.1.	indicator	% of initiatives implemented from the Good Governance Strategy and action plan
Baseline	2017	0
Target	2020	30 %
Target	2022	60 %
Output 1.2	indicator	Number of laws and policies adopted or initiated to fulfil GoG's commitment with regard to decentralization
Baseline	2017	0
Target	2020	50
Target	2022	100
Output 1.3	indicator	Number of municipalities with Gender Equality Councils and Gender Equality strategy/action plan in place
Baseline	2017	24
Target	2020	40
Target	2022	50
Output 1.4.	indicator	Number of municipalities engaged in Open Government Partnership initiative
Target	2017	1
Target	2020	3
Target	2022	5

Output 2		Enhanced institutional and human capacities of national and local authorities
Output 2.1.	indicator	National training system operational
Baseline	2017	No
Target	2020	Yes
Target	2022	Yes
Output 2.2	indicator	Number of municipalities with effective human resources management systems
Baseline	2017	0
Target	2020	10
Target	2022	15
Output 2.3	indicator	Number of municipalities with integrity strengthening systems established
Baseline	2017	0
Target	2020	10
Target	2022	15
Output 2.4	indicator	Number of municipalities which apply and gender budgeting and strategic planning guidelines including localizing SDGs
Baseline	2017	0
Target	2020	10
Target	2022	15
Output 2.5	indicator	Number of public officials qualified, including central and local government officials and municipal leadership desegregated by sex
Baseline	2017	0
Target	2020	200 (at least 30 % female)
Target	2022	300 (at least 30 % female)

Output 3		Municipal service delivery improved
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Output 3.1.	indicator	Number of municipalities with performance management systems for selected services established through project support
Baseline	2017	0
Target	2020	4
Target	2022	6
Output 3.2.	indicator	Number of municipalities replicating performance management systems through the knowledge sharing platform
Baseline	2017	0
Target	2020	5
Target	2022	10
Output 3.3.	indicator	Number of municipalities with effective E-governance systems
Baseline	2017	47
Target	2020	69
Target	2022	69

Output 4		Right holders empowered to engage in local policy making and claim their rights
Output 4.1.	indicator	The level of public awareness about the LSG reform, participation tools and mechanisms (%). Sub-targets for women, youth and ethnic minorities
Baseline	2017	22.6% (general); 19.8% (women); 22.9% (youth 18-29); 17.2% (ethnic minorities)
Target	2020	30 % (general); 28% (women); 30 % (youth 18-29); 25 % (ethnic minorities)
Target	2022	40 % (general); 39% (women); 40 % (youth 18-29); 36 % (ethnic minorities)
Output 4.2	indicator	Number of local Civil Society Organisations (CSOs) with strengthened capacities. Sub-targets for CSOs led by women, youth and ethnic minorities or working on empowering women, youth and ethnic minorities
Baseline	2017	0

Target	2020	15 (general), 2 (women), 1 (youth), 1(ethnic minorities)
Target	2022	20 (general), 3(women), 2 (youth), 2 (ethnic minorities)
Output indicator 4.3		Number of citizen participation initiatives implemented by CSOs. Sub-targets for initiatives led by women, youth and ethnic minorities or targeted at engagement of women, youth and ethnic minorities
Baseline	2017	0
Target	2020	10 (general), 2 (women), 1 (youth) , 1(ethnic minorities)
Target	2022	15 (general), 3 (women), 2 (youth) , 2 (ethnic minorities)
Output indicator 4.4		Number of communities with mobilization schemes developed with active engagement of youth, women or ethnic minorities
Baseline	2017	0
Target	2020	10
Target	2022	17

DED 3a and 3b – Civil Society support

3a - 2017-2021:

Outcome 1	Enhanced civil society influence on public decision making		
Outcome indicator	# of changes addressing societal needs brought by monitoring and advocacy efforts of CSOs and civic activists verified through EPF grantee reports and site visits		
	Level of civic activism in targeted communities (gender disaggregated when possible) verified through survey report		
Baseline	Year	2017	EPF grantee repost and site visits since beginning of current EPF strategy period = 4 Analysis of gender skewed activism and development of strategy to increase the civic activism of the underrepresented sex is ongoing
Target	Year	2021	EPF grantee repost and site visits since beginning of current EPF strategy period = 6 (of which at least 1 is achieved through effective media engagement)

Outcome 2	Enhanced youth volunteerism and civic engagement to address target community needs		
Outcome indicator	# of volunteers mobilized through youth-led initiatives funded by YICs		
Baseline	Year	2017	4000
Target	Year	2021	8000 (800 new volunteers per year)

3b - 2021-2025:

Outcome 1		Enhanced civil society influence on public decision making	
Outcome indicator		# of changes addressing societal needs brought by monitoring and advocacy efforts of CSOs and civic activists verified through EPF grantee reports and site visits	
		Level of civic activism in targeted communities (gender disaggregated when possible) verified through survey report	
Baseline	Year	2017	EPF grantee report and site visits since beginning of current EPF strategy period = 6
Target	Year	2021	EPF grantee report and site visits since beginning of current EPF strategy period = 10 (of which at least 3 are achieved through effective media engagement)

Outcome 2		Enhanced youth volunteerism and civic engagement to address target community needs	
Outcome indicator		# of volunteers mobilized through youth-led initiatives funded by YICs	
Baseline	Year	2017	8000
Target	Year	2021	16000 of which at least 35% are women

DED 4 – Inclusive labour market

Outcome 1		Regulatory labour market institutions ensure improved enforcement and respect for labour laws and international labour standards.	
Outcome indicator		Quality of legislative and institutional reform.	
Baseline	Year	2017	<ul style="list-style-type: none"> Labour law reform incomplete Less than 1% of enterprises are being inspected 35% of Georgian judges underwent ILO training on ILS Official roster of 11 mediators approved 60% success rate in the mediation of collective labour disputes 55% of the TSPC Strategic Plan for 2016-2017 is in a process of implementation
Target	Year	2021	<ul style="list-style-type: none"> The legal base for enforcing labour legislation is adopted in line with ILO recommendations Labour Inspectorate has been established in conformity with relevant ILO standards An increased number of court decisions at all levels take into account the labour code amendments and ILS All Georgian judges underwent the ILO training on ILS At least 50% success rate in the mediation of collective labour disputes per year At least 70% of the agenda items of the TSPC Strategic Plan implemented
Output 1.1		Support provided for legislative reform. (MOLHSA, TSPC)	

Output indicator			<ul style="list-style-type: none"> • The legal base for enforcing labour legislation as per ILO recommendations is adopted • Amendments to the labour code and continued labour law reform • Adoption of the labour inspection related legislative package currently being considered, including the OSH law
Baseline	Year	2017	<ul style="list-style-type: none"> • Labour law reform incomplete • Labour Inspection and OSH laws still to be adopted
Annual target	Year 1	2017	<ul style="list-style-type: none"> • Research on the implementation challenges related to the implementation of the legislative reform considered.
Annual target	Year 2	2018	<ul style="list-style-type: none"> • Technical advisory workshop(s) held on the implementation and practical challenges related to legislative reform being considered.
Annual target	Year 3	2019	<ul style="list-style-type: none"> • Adoption of legislative reforms
Annual target	Year 4	2020	<ul style="list-style-type: none"> • Technical advisory workshop(s) held on the implementation and practical challenges related to legislative reform being considered.
Annual target	Year 5	2021	<ul style="list-style-type: none"> • Adoption of legislative reforms • Review of impact of legislative reform undertaken.
Output 1.2		Support provided for improved labour law and ILS compliance. (MOLHSA, GEA, GTUC TSPC, HSoJ)	
Output indicators		<ul style="list-style-type: none"> • Legal basis for labour inspection has been adopted. • Management system of the inspectorate has been developed and is operational • Number of interventions/inspections undertaken is approaching the minimum recommended 5% of enterprises. • Improved understanding amongst relevant actors concerning Georgian labour legislation and the judicial use of International Labour Standards. • Official roster of mediators approved. • Percentage of success rate in mediation of collective labour disputes. • Number of trainings of mediators. • Number of mediators trained. • Number of mediators on the roster. • Number of employers and workers trained. 	
Baseline	Year	2017	<ul style="list-style-type: none"> • No legal basis for full-fledged inspection services • No management system in place. • Inspection visits stand at less than 1%. • Only 35% of judges trained on the Georgian Labour Code and relevant ILO standards. • Training curricula developed and available. • Manual for Judges and legal practitioners developed and available. • Official roster of 11 mediators approved. • 60% success rate in mediation cases.
Annual target	Year 1	2017	<ul style="list-style-type: none"> • Progress made towards establishment of legal basis for inspection services.
Annual target	Year 2	2018	<ul style="list-style-type: none"> • Increased % of judges trained (gender balanced). • 20 additional legal practitioners trained (gender balanced). • Success rate in mediation maintained at stable level

Annual target	Year 3	2019	<ul style="list-style-type: none"> • Legal basis for inspection services established. • Increased % of judges trained (gender balanced). • 20 additional legal practitioners trained (gender balanced). • Success rate in mediation maintained at stable level.
Annual target	Year 4	2020	<ul style="list-style-type: none"> • Management structure for inspection services in place and operational. • Increase in number of enterprise inspections • Increased % of judges trained (gender balanced). • 20 additional legal practitioners trained (gender balanced). • Improved frequency in the use of mediation. • Success rate in mediation maintained at stable level.
Annual target	Year 5	2021	<ul style="list-style-type: none"> • Increase in number of enterprise inspections. • Increased % of judges trained (gender balanced). • 20 additional legal practitioners trained (gender balanced). • Improved frequency in the use of mediation. • Success rate in mediation maintained at stable level.
Output 1.3		Support provided to constituents, including members of the TSPC, to improve social dialogue institutions and processes. (MOLHSA, GEA, GTUC, TSPC)	
Output indicator		<ul style="list-style-type: none"> • Effectively functioning TSPC. • Number and frequency of meetings of the TSPC and its working groups • Percentage of implementation of agenda items in the bi-annual strategic plan of the TSPC. • Number of legislative, policy and other documents adopted/amended based on TSPC decisions/recommendations • Number of regional social dialogue institutions established. 	
Baseline	Year	2017	<ul style="list-style-type: none"> • 55% of agenda items in the 2016-2017 TSPC Strategic Plan is in process of implementation. • TSPC Strategic Plan for 2018-2019 under development. • Establishment of one regional social dialogue institution under consideration.
Annual target	Year 1	2017	<ul style="list-style-type: none"> • TSPC Strategic Plan for 2018-2019 adopted
Annual target	Year 2	2018	<ul style="list-style-type: none"> • 40% of agenda items in TSPC Strategic Plan for 2018-2019 implemented. • One regional social dialogue institution established. • All members of regional social dialogue institution trained (gender balanced).
Annual target	Year 3	2019	<ul style="list-style-type: none"> • 70% of agenda items in TSPC Strategic Plan for 2018-2019 implemented. • TSPC Strategic Plan for 2020-2021 adopted. • Establishment of one regional social dialogue institution under consideration.
Annual target	Year 4	2020	<ul style="list-style-type: none"> • 40% of agenda items in TSPC Strategic Plan for 2020-2021 implemented. • One regional social dialogue institution established. • All members of regional social dialogue institution trained (gender balanced).
Annual	Year 5	2021	<ul style="list-style-type: none"> • 70% of agenda items in TSPC Strategic Plan for 2020-2021

target			<p>implemented.</p> <ul style="list-style-type: none"> TSPC Strategic Plan for 2022-2023 adopted.
Outcome 2	Youth entrepreneurship in Georgia promoted and strengthened through capacity building and institutional strengthening of the GEA and relevant government institutions, with the aim of creating new businesses, strengthening and formalizing existing ones, and involving the private sector through the implementation of responsible business practices.		
Outcome indicator	<ul style="list-style-type: none"> Number of young Georgians who have established new businesses as result of the services or training provided by GEA or relevant government institutions Number of responsible business practices put in place by business in Georgia as result of the actions undertaken either by GEA or the HR Secretariat 		
Baseline	Year	2017	<p>Despite the fact that Georgia has made considerable progress in terms of business enabling environment and institutional development to support the creation and development of enterprises, there is room for further improvement in various fields contributing to a better business climate with the aim of supporting the creation and development of businesses, particularly those of young entrepreneurs. Currently the youth unemployment rate is 30.8% and self-employment, in general, counts for 57.2% of the total national employment.</p> <p>This high level of self-employment most of the times is present under poor working conditions and with relatively low levels of productivity; which provides an opportunity to work towards formalisation and improvement in productivity. At the moment, no statistics on self-employment of youth are available, neither is there one for the percentage of employment in the informal sector. This lack of information hinders the establishment of a baseline in this regard. However, given the size of self-employment and knowing its characteristics, this proposal will focus on actions aimed at improving the productivity of young entrepreneurs and young self-employed in the country, as a way to bring them to formalisation.</p>
Target	Year	2021	<p>GEA and the Ministry of Labour possess the technical knowledge and tools necessary to put in place youth entrepreneurship programmes.</p> <p>Programmes tailored to the needs and characteristics of youth are designed and implemented by government institutions and the Georgian Employers Association, easing the creation of new businesses and their linkage with markets with economic potential in the country.</p> <p>The Human Rights Secretariat develops and implements a chapter on Human Rights and businesses, which includes the productive inclusion of youth entrepreneurs in the Georgian Economy.</p> <p>Responsible Businesses practices are promoted, in particular those aimed at linking established businesses with new youth entrepreneurs.</p> <p>Government institutions and GEA have the technical knowledge to carry out assessments to identify promising economic sectors and market opportunities, as well as the bottlenecks and inefficiencies, which impede the linkage of youth entrepreneurs with potential markets, such as the renewable energy sector, agriculture and</p>

			tourism.
Output 2.1			Technical support provided to EOs and Government bodies to put in place interventions to promote youth entrepreneurship and improve the business climate for the establishment of new businesses by the youth.
Output indicator			<ul style="list-style-type: none"> • 210 new enterprises established by youth across the country in rural and urban areas. • . 300 economic units are provided with business development services (BDS) in order to improve enterprise performance and/or formalization. BDSs will be provided by GEA and relevant public and private institutions identified in the inception phase. • Number of SIYB trainers and master trainers completed training.¹⁴ 350 youth (men and women) trained by GEA and relevant government institutions¹⁵ on entrepreneurship, who start their own business
Baseline	Year	2017	<p>There is a need to implement reforms to ameliorate the business climate in the country, particularly for the creation and development of businesses by youth.</p> <p>Although there exists a positive institutional, legal and policy framework for the creation and development of enterprises, it is not accompanied by programmes that respond to the characteristics and needs of youth to put in place enterprises, and to formalize informal businesses.</p> <p>At the local level there is a need of technical expertise to include enterprise development in local development plans.</p>
Annual target	Year	2017	<ul style="list-style-type: none"> • Preliminary assessment of the main barriers faced by young entrepreneurs to establish their business and formalize them • Analysis undertaken to implement SIYB in Georgia • Policy dialogue among ILO constituents conducted on a regular basis to identify the main deterrents for youth to create new businesses and propose policy actions aligned with the recommendations proposed in the national EESE report.
Annual target	Year 2	2018	<ul style="list-style-type: none"> • Inputs for the design and implementation of measures aimed at easing the establishment of new businesses and the creation of self-employment are provided. • Technical capacity will be provided to GEA and the Ministry of Labour for putting in place strategies to generate opportunities for the youth to establish enterprises. • 50 trainers trained in Start and Improve Your Business (SIYB) • 90 youth trained on SIYB as a means to develop their business ideas and proceed to establish their own businesses • Technical support through ILO formalization tools will be provided to the Ministry of Labour and GEA. • 80 economic units are provided with BDS to improve their economic performance and competitiveness. • A study visit will be organised with the Ministry of Labour, GEA, GTUC and the Ministry of Economy in order for them to see and analyse the experience of the self-employment strategy of the national employment service of Denmark, in addition a meeting with centres for entrepreneurship

¹⁴ For the realization of this output, the Start and Improve Your Business (SIYB) methodology and the Market Systems Approach will be used.

¹⁵ Ministry of Labour, Ministry of Agriculture and other government institutions to be identified in the inception phase.

			development will be organised in the context of this visit.
Annual target	Year 3	2019	<ul style="list-style-type: none"> 190 youth trained on SIYB as a means to develop their business ideas and proceed to establish their own businesses (of which at least 45% women) 90 new businesses established by youth trained on SIYB 140 economic units are provided with BDS to improve their economic performance and competitiveness Technical support provided to GEA to put in place a portfolio of services for its affiliates, tailoring them to the needs, size, sectors and specific requirements, con particular emphasis on youth.
Annual target	Year 4	2020	<ul style="list-style-type: none"> 70 youth trained on SIYB as a means to develop their business ideas and proceed to establish their own businesses (of which at least 45% women) 100 new businesses established by youth trained on SIYB MoLSHA and GEA will have the capacity to monitor, assess and adjust programmes for youth entrepreneurship
Target	Year 5	2021	<ul style="list-style-type: none"> 210 new businesses established by youth trained on SIYB 350 youth (men and women) trained by GEA and relevant public¹⁶ and private institutions on entrepreneurship, who start their own business. 50 trainers trained in Start and Improve Your Business (SIYB). A SIYB network established in Georgia to continue training more youth on entrepreneurship Technical support to the Ministry of Labour to promote entrepreneurship among women as part of the active labour policies framed in the national employment strategy.
Output 2.2		Technical support provided to GEA and Human Rights Secretariat to implement a strategy to promote Business and Human Rights (BHR) and responsible business conduct.	
Output indicators		<ul style="list-style-type: none"> Number of trainings, seminars or conferences organized by GEA to engage its affiliates on a responsible business conduct. Support provided to the Human Rights Secretariat to build their capacity to implement its action plan on Business & Human Rights. Number of services developed by GEA for the development and implementation of tools to promote the Business and Human Rights approach as well as RBC among Georgian companies Number of actions undertaken by ILO constituents to promote and raise awareness on the importance of RBC and human right in businesses. A toolkit to promote responsible business conduct. 	
Baseline	Year	2017	The Government of Georgia, through the Human Rights Secretariat has developed a chapter on Business and Human Rights, and has indicated that, subsequently, the Secretariat will undertake actions to implement the chapter in question.

¹⁶ Ministry of Labour, Ministry of Agriculture and other government institutions to be identified in the inception phase.

			The Georgian Employers Association (GEA) has formally expressed its interest to start working on responsible business conduct, and the implementation of the MNE declaration, as well as the UN Guiding Principles for Business and Human Rights. ILO will provide technical support to the GEA to design tools and services to support its members and other Georgian enterprises in the implementation of responsible business practices.
Annual target	Year 1	2017	Analysis of the institutions involved in the promotion of responsible business conduct and human rights in businesses, and what has been done so far.
Annual target	Year 2	2018	<ul style="list-style-type: none"> • Technical support provided to GEA to design and put in place a RBC strategy (70% of their affiliates have access to training on BHR/RBC) • Analysis of RBC and human rights in business, within the framework of the Association Agreement of Georgia and the EU • Capacity building on RBC for GEA and the Human Rights secretariat • Support provided to GEA and the Human Rights secretariat to develop a strategy for advocacy and awareness on the importance of human rights in business and responsible businesses conduct <p>Support provided for the development of a high level event to raise awareness on the importance of BHR/RBC among the private sector</p>
Annual target	Year 3	2019	<ul style="list-style-type: none"> • Technical support provided to GEA to promote linkages between SMEs in Georgia through an exhibition fair, and Business to Business (B2B) promotion. • Study visit, including GEA, GTUC and the HR Secretariat, to learn about RBC strategies, tools, and challenges. • Social dialogue among different actors working on BHR/RBC facilitated to promote synergies and strategic linkages among key actors in Georgia. • Support to GEA to promote productive linkages between its members and youth entrepreneurs as part of the RBC
Annual target	Year 4	2020	<ul style="list-style-type: none"> • A toolkit developed by GEA to promote responsible business conduct in the context of the ILO MNE Declaration and following the UN Guiding Principles for Business and Human Rights. • Technical support to the HR secretariat to establish linkages between large enterprises and new youth entrepreneurs in the context of their RBC.
Target	Year 5	2021	<ul style="list-style-type: none"> • Technical support to the HR Secretariat to implement its action plan on Businesses and Human Rights. • A portfolio of services developed by GEA for the development and implementation of tools to promote RBC among Georgian companies • Both GEA and HR Secretariat count with the knowledge to roll out their respective agendas on RBC and Human Rights and

			<p>Businesses</p> <ul style="list-style-type: none"> • An institutional framework created to provide private businesses with information and capacity building to implement RBC.
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DED 5 – SME support

Outcome		The conditions for sustainable economic development have improved in selected sectors relevant for employment.	
Outcome indicator		Percentage of entrepreneurs in the promoted sectors confirm that the advisory services and further training opportunities available in inclusive and green economy (in keeping with the EU Small Business Act), and human resource management and development have improved their business performance (for male and female entrepreneurs alike; business performance measured by MSME turnover, MSME exports, MSME employment (gender and youth disaggregated) and sector-specific indicators as applicable.	
Baseline	Year	2020	MSME turnover MSME exports MSME employment (gender and youth disaggregated) No advisory services etc. available for target group
Target	Year	2023	MSME turnover MSME exports MSME employment (gender and youth disaggregated) 75% of entrepreneurs in the promoted sectors confirm that the advisory services and further training opportunities available in inclusive and green economy (in keeping with the EU Small Business Act), and human resource management and development have improved their business performance
Output 1		Green and inclusive business models are contributing to sustainable development in selected sectors relevant for employment ¹⁷	

¹⁷ Examples of business models are: Small scale wine producers following the rationale of the Qvevri Wine Cluster, Guesthouse owners operating according to a mutual standard, farmers producing by Permaculture technique, apparel producers adhering to Business Social Compliance Initiative (BSCI) standards, furniture producers operating with mutual business practice and cooperating with others to facilitate joint procurement and sales, blueberries exported according to DCFTA export requirements, food and beverages offered as touristic service according to HACCP standards.

The definition of Inclusive Growth/Economy is: “Growth is inclusive when it takes place in the sectors in which the poor work (e.g. agriculture); occurs in places where the poor live (e.g. undeveloped areas with few resources); uses the factors of production that the poor possess (e.g. unskilled labour); and reduces the prices of consumption items that the poor consume (e.g. food, fuel and clothing).”

Output indicator		Number of new or improved business models for MSMEs in terms of inclusive and green economy which have been put into practice.	
Baseline	Year	2019	0
Annual target	Year 1	2020	TBD [Intended situation after first year of implementation]
Annual target	Year 2	2021	TBD [Intended situation after two years of implementation]
Annual target	Year 3	2022	TBD [Intended situation after three years of implementation]
Annual target	Year 4	2023	TBD [Intended situation after four years of implementation]
Output 2		The delivery and use of advisory services and further training opportunities for the value chains has improved.	
Output indicator		Number of service providers providing either a new or improved service of which the demand is on the increase. (These services involve aspects concerning social and environmental standards, youth and gender.)	
Baseline	Year	2019	[Situation prior to engagement activity]
Annual target	Year 1	2020	TBD [Intended situation after first year of implementation]
Annual target	Year 2	2021	TBD [Intended situation after two years of implementation]
...	...	2022	TBD
Target	Year	2023	TBD [Intended situation when activity under the engagement ends]
Output 3		In the regions of Georgia, supported cooperation projects among MSME and among MSME and public institutions tackle needs of MSME in the selected sectors.	
Output indicator		In the regions of Georgia, number of new or enhanced cooperation projects (i.e. via clustering) tackling the needs of MSME in the selected sectors have been implemented between businesses and between companies and public institutions in the inclusive and green MSME sector.	
Baseline	Year	2019	TBD [Situation prior to engagement activity]
Annual target	Year 1	2020	TBD [Intended situation after first year of implementation]
Annual	Year	2021	TBD [Intended situation after two years of implementation]

The definition of Green Economy: "A green economy is one whose growth in income and employment is driven by public and private investments that reduce carbon emissions and pollution, enhance energy and resource efficiency, and prevent the loss of biodiversity and ecosystem services."

target	2		
...	...	2022	TBD ...
Target	Year	2023	TBD [Intended situation when activity under the engagement ends]

DED 6 – Enabling energy environment

Outcome 1	Increase investment in renewable energy solutions		
Outcome indicator	(National targets will be presented when the National Renewable Energy Action plan has been formulated and adopted) MW produced from RE Regulation concerning private sector investment in EE and RE transparent and incentivising and access to grid and other investment procedures are transparent and investor-friendly and technically feasible, with connection costs fairly distributed amongst investors Number of days for having an investment proposal approved Grid access and burden sharing of necessary grid expansions established		
Baseline	Year	2020	TBD
Target	Year	2024	TBD

Output 1.1	Guidance and analyses provided on experiences from the EU on how the EE and RE financial mechanisms and tariffs were managed, and how it can be tailored for Georgia in order to meet the requirements of the new energy market model		
Output indicator	Study on integration of and support mechanisms for non-hydro RE and EE technologies and applications in the industry based on international (incl. Danish) best practice and conforming to the Energy market in EU, and its policy implications for Georgia.		
Baseline	Year	2020	nil
Annual target	Year 1	2021	First study conducted
Annual target	Year 2	2022	Policy in place
Output 1.2	Measured wind data available for investors, also enabling authorities and regulator to better assess wind projects and manage connections.		
Output indicator	Improved meteorological data for key wind farm sites have triggered private investments in wind farms.		
Baseline	Year	2020	Wind farm sites and energy potential is based on estimates made in the late 1990's
Annual target	Year 1	2021	Measuring programme defined, and 2-3 measuring masts procured and installed
Annual	Year	2022	Full year measurements for first sites recorded and analysed.

target	2		Measuring masts relocated to next sites.
Annual target	Year 3	2023	Wind energy potential made available to potential investors, Full year measurements for next sites record. Measuring masts relocated to next sites.
Annual target	Year 4	2024	Site auctions conducted and implementation agreements entered for first sites. Wind energy potential for next sites issued. Measuring masts relocated to next sites.
Target	Year 5	2025	First sites operational, and project pipeline established.
Output 1.3		New wind and solar radiation atlas for Georgia created to enable optimum localization of wind farms and solar PV fields and potentially attract more investments due to better certainty.	
Output indicator		Prime sites for wind and solar farms identified and total wind and solar potential assessed.	
Baseline	Year	2020	Wind atlas for Georgia was created in late 1990's, no comprehensive solar radiation map available
Annual target	Year 1	2021	Strategy for wind and solar atlas established. Data collection initiated.
Annual target	Year 2	2022	Supplementary measurements initiated. Modelling initiated
Target	Year 3	2023	Wind and solar radiation atlas issued.
Output 1.4		System for incentivizing and promoting sustainable biogas from agricultural waste to the gas grid in place	
Output indicator		Biomethane (upgraded biogas) has been fed to the gas grid and accounted for by bio-certificates	
Baseline	Year	2020	Only small farm scale biogas plants exist, and only supplying the farms where they are located: sewage sludge digesters are also not feeding the gas grid.
Annual target	Year 1	2021	Investigation of potential organic resources and identification of "hot spots". Outline design for at least 5 plants including location and initial authority contacts.
Annual target	Year 2	2022	Feasibility study for at least one full scale biogas plant based on co-digestion of manure and organic waste, including gas grid connection and authority/permitting plan
Annual target	Year 3	2023	Identification of investors and other funding, business plan(s) and Gas Purchase Agreement(s) in place. Contract for construction tendered and negotiated.
Annual target	Year 4	2024	At least 1 large scale co-digestion plant has been constructed by private investors. Ticket/certificate system to document sustainability and use of biomethane according to REDD or other voluntary system in place.
Target	Year 5	2025	Biomethane in use for transportation, next plant(s) under construction

Output 1.5		Support to making Georgia EU compatible in terms of introducing sustainable biofuels from agricultural waste and municipal waste into the energy mix	
Output indicator		Biofuel is available to consumers and/or exported to EU	
Baseline	Year	2020	There is no production or import of biofuels in Georgia. The biofuel directive is not a national obligation
Annual target	Year 1	2021	Investigation of potential resources, technologies, and markets for sustainable production of biofuels in Georgia completed.
Annual target	Year 2	2022	Technology and site for biofuel production has been selected. Supply chain for feedstock and products has been set up.
Annual target	Year 3	2023	Investors and other funding (for example a NAMA) for a pilot or full scale plant, depending on chosen technology in place. Contract for pilot or full scale plant tendered and negotiated.
Annual target	Year 4	2024	Pilot or full scale plant erected and commissioned. Certification scheme (REDD or other) in place
Target	Year 5	2025	Biofuel available to consumers and/or for export.

Outcome 2		Georgia has increased energy efficiency and complies with the regulatory framework and commitments to the AA and Energy Communities	
Outcome indicator		(National targets to be presented when the National Energy Efficiency Action Plan is adopted) Relative reduction in consumption through EE reduced Regulation concerning private sector investment in EE transparent and incentivising	
Baseline	Year	2020	TBD
Target	Year	2024	TBD

Output 2.1		Production co-operations for low energy building components established	
Output indicator		Low energy building components are produced or assembled in Georgia	
Baseline	Year	2020	There is no local production of low energy building components that can fulfil the requirement in the new EE building regulation.
Annual target	Year 1	2021	The EE building regulation has been implemented with a 5 year horizon for compliance. An analysis of the supply chains for the building sector has identified most eligible producers for co-operation.
Annual target	Year 2	2022	Matchmaking events have been conducted and business development plans have been facilitated. Co-operation agreements entered between at least 2 consortia or groupings
Annual target	Year 3	2023	Investments and training have resulted in new production lines or processes for selected “first mover” components (e.g. high energy class windows). An energy labelling system for building components is in place, and awareness raising has commenced.
Annual target	Year 4	2024	First movers are building according to the EE building regulation or better.

Target	Year 5		The component requirements of the EE building code are in force, and at least 20% of building components are available from domestic production facilities.
Output 2.2		Feasibility study and analyses of Energy Efficiency Obligation (EEO) Schemes considering net metering opportunities to enable demand side energy efficiency and wider introduction of RE technologies at the household scale as a supplement to the NEEAP measures for 2017 - 2020	
Output indicator		Assessment of the possibilities and modalities of implementing EEOs in Georgia	
Baseline	Year	2020	Assess the relative strengths and weaknesses of EEO schemes and alternative measures based on the existing results of alternative measures of the NEEAP (draft as of may 2017) and make recommendations for the most appropriate approach against different scenario and under different circumstances.
Annual target	Year 1	2021	The knowledge and capabilities of existing staff of all stakeholders with regards to the different options available for the implementation of EEOs and creating of favourable conditions and policy to introduce EEOs has been improved.
Annual target	Year 2	2022	Roadmap for ensuring the effective engagement of a broad range of stakeholders with an interest in the implementation of EEOs, and for establishment of an EEOs is ready for implementation.

DED 7 – Energy investment

Outcome		The projects contribute to increasing the provision of renewable energy, reducing energy consumption, greenhouse gas emission and the countries' dependence on imported energy.	
Outcome indicator		Ukraine: The country's 2020 renewable energy share of total energy consumption Georgia: Increase in non-hydro renewable energy share in the energy mix (no target available yet) Number of jobs created ¹⁸	
Baseline	Year	2017	Ukraine: 8 percent renewable energy in total energy consumption Georgia: (insert targets when the RE action plan is available) No jobs created yet
Target	Year	2023	Ukraine: 11 percent renewable energy in total energy consumption Georgia: (insert targets when the RE action plan is available) 4550 jobs created (incl. leverage)

¹⁸ Expected total number of decent jobs created: 4-5 direct jobs per one million DKK invested, out of which at least 35% will be women and 10% will be youth. 4-8 indirect jobs (jobs created in related enterprises, e.g. upstream or downstream a concerned value chain) For the SDG fund, the outcome indicator is 8000 direct jobs per one billion DKK invested, out of which at least 35% will be women and 10% will be youth, and 8.000-16.000 indirect jobs. The expected employment effect from NEIF is slightly lower, because climate projects employ fewer people once in operation.

Output 1		At least 4 projects in Ukraine and 1-2 projects in Georgia.	
Output indicator		Number of projects Megawatts produced yearly from renewable energy solutions due to the projects, or saved due to energy saving measures	
Baseline	Year	2017	0 projects (IFU has not made any new projects in Georgia for several years and has disbursed in 1 energy project in Ukraine in 2016). 0 Megawatt
Annual target	Year 1	2018	1 project in Ukraine or Georgia in total
Annual target	Year 2	2019	1-2 projects in Ukraine or Georgia in total
Annual target	Year 3	2020	2-3 projects in Ukraine or Georgia in total
Annual target	Year 4	2021	3-4 projects in Ukraine or Georgia in total
Annual target	Year 5	2022	4-5 projects in Ukraine or Georgia in total
Annual target	Year 6	2023	5-6 projects in Ukraine or Georgia in total 50 megawatts
Output 2		Leverage of the investments by way of funding from other investors, including transfer of Danish competencies within green technology and crowding-in of other technology and financial resources to the target countries ¹⁹	
Output indicator		Amount of co-investment leveraged through the NEIF intervention	
Baseline	Year	2017	0 projects and 0 leverage
Total target	Year 6	2023	A total of 5-6 projects with a leverage factor of 7, corresponding to DKK 720-900 million (excluding NEIF's own participation)

¹⁹ Assessed leverage factor approximately seven, the leverage factor cannot be guaranteed, but the leverage factor will be measured through the life of NEIF. The target examples in the table are made with the assumed leverage factor of seven.

Annex D – Risk Management Matrix

Risk factor	Likelihood	Impact	Risk response	Background to assessment
Context				
Political commitments to the EU AA and DCFTA weakens up to upcoming election stalling reform progress	Unlikely	Significant	Continued policy dialogue with the EU towards enhance AA and DCFTA commitment	All significant parties in the Georgian parliament are supportive towards the EU cooperation
Escalation of violence in the two breakaway regions	Unlikely	Major	Policy dialogue in partnership with EU signalling continued EU commitment to Georgia	None of the partners to the conflicts have an interest in an escalation
Programme				
Human rights: limited attention to ethnic minority issue limits progress at the policy and implementation level	Unlikely	Major	Continued pressure with the EU and likeminded donors to keep a focus on vulnerable groups	GoG open to discuss issue on ethnic minority rights
Decentralisation: limited commitment to genuine fiscal decentralisation	Likely	Major	Policy dialogue with GoG together with lead development partners to promote decentralisation agenda	Previous reluctance to fiscal transfers to self-governments. Internal disputes within government as to degree of local self-governance needed
Upstream policies and strategies for the energy sector are not passed or finalised, rendering possibilities for downstream efforts futile	Unlikely	Major	Policy dialogue jointly with EU and lead donors on policy strategy implementation	There is a strong orientation towards energy sector reforms but there are many elements with political sensitivities
Government and employer organisation opposing improved social dialogue and decent work	Unlikely	Significant	Continued joint policy dialogue with EU and UN to motivate policy change	Government and employers organisation aware of outside and internal attention to the issues and need to improve situation
Lack of Danish presence on the ground limits	Likely	Minor	Ensure proper financial management and	All funding is channelled through development partners

Risk factor	Likelihood	Impact	Risk response	Background to assessment
oversight of programmes			M&E by implementing partners	or multilaterals
Institutional				
Limited Danish past engagement means less policy influence and effect of Danish assistance	Unlikely	Major	Ensure regular monitoring missions to Georgia to follow-up programmes and policy dialogue	Denmark has limited past experience from working with Georgia

Annex E – DANEP Georgia output-based budget for engagements initiated 2017-2019

DED 1 – Human rights

	2018	2019	2020	2021	Total
Output 1 Legal and Policy frameworks	628 646	447 157	469 379	74 396	1 619 579 DKK
Output 2 Capacity building	617 487	1 190 336	967 855	74 396	2 850 059 DKK
Output 3 Awareness-raising	1 153 138	2 019 479	1 859 974	557 970	5 590 539 DKK
Transversal staff-office related	1 322 248	2 428 196	752 158	316 384	4 818 986 DKK
Total DKK	3 721 519	6 085 169	4 049 367	1 023 146	14 879 200

DED 2 – Decentralisation

Budget Category	Est. Budget in DKK 2018	Est. Budget in DKK 2019	Est. Budget in DKK 2020	Est. Budget in DKK 2021	Est. Budget in DKK 2022	Est. Budget in DKK (total) 2018-2022
Output 1: Improved policy and institutional framework to foster decentralization and promote good governance principles at the local level	600,000	1,000,000	800,000	800,000	800,000	4,000,000
<i>Output 2: Enhanced institutional and human capacities of national and local authorities</i>	1,000,000	1,800,000	1,800,000	1,800,000	1,600,000	8,000,000
Output 3: Local service delivery improved with joint actions of national/local authorities and private sector	400,000	600,000	700,000	700,000	600,000	3,000,000
Output 4: Citizen Participation enhanced in local decision making	200,000	1,200,000	1,200,000	1,200,000	200,000	4,000,000
Project Management, Monitoring and Evaluation	840,000	840,000	840,000	840,000	840,000	4,200,000
Sub Total (net)						23,200,000
GMS (overhead, 8% of the net budget)						1,800,000
Total (Gross)						25,000,000

DED 3a - Civil society

Development engagement	2017	2018	2019	2020	2021	Total
Core support to EPF	2,000,000	2,000,000	7,500,000	9,000,000	9,000,000	29,500,000
Review / M&E			500,000			500,000
Total in DKK	2,000,000	2,000,000	8,000,000	9,000,000	9,000,000	30,000,000

DED 4 – Inclusive labour market

Heading	Input specifications	Year 1-Year 5		
		Rate	Units	Amount in DKK20
1. Direct Labour Costs				
Project Director (Chief Technical Advisor)	P5, 51 w/m, Tbilisi		51	5,531,388
Monitoring and Evaluation Officer	National Officer, 51 w/m, Tbilisi		51	1,146,104
Financial and Administrative Assistant G6	General Service Staff, 51 w/m, Moscow (50%)		51	494,990
Financial and Administrative Assistant G5	General Service Staff, 51 w/m, Tbilisi		51	704,277
Project Driver G3	General Service Staff, 51 w/m, Tbilisi		51	522,116
1. Total Direct Labour Costs				8,398,875
2. Operational costs (office rent, electricity, gas, internet, mobile phone, telephone landline, stationary, security, car fuel, etc.)				
Operational costs	Office rent, electricity, gas, internet, mobile phone, telephone landline, stationary, security, car fuel, etc.	2,758	51	870,532
2. Total Operational costs				870,532
3. Communication and evaluation				

Communication	Communication products and activities to ensure visibility of the project and its impact.						210,426
Monitoring and Evaluation	Mandatory mid-term and final evaluation.						294,596
3. Total Communication and evaluation							505,022
TOTAL Staff, operational costs, communication and evaluation cost (1+2+3)							9,774,429
4. Output based budget							
		Year 1-Year 5					
		2017	2018	2019	2020	2021	Amount in DKK
Outcome 1 Regulatory labour market institutions ensure improved enforcement and respect for labour laws and international labour standards.							
Output 1.1: Support provided for legislative reform.		43,323	664,562	593,154	178,071	122,307	1,601,417
Output 1.2: Support provided for improved labour law and ILS compliance		61,890	2,014,340	1,934,322	563,502	487,613	5,061,667
Output 1.3: Support provided to constituents, including members of the TSPC, to improve social dialogue institutions and processes.		37,134	684,299	745,706	183,894	103,845	1,754,878
Subtotal outcome 1							8,417,962
Outcome 2 Government institutions and EOs capacity to promote sustainable enterprises and the transition to formality is strengthened/consolidated.							
		2017	2018	2019	2020	2021	
Output 2.1 Technical support provided to EOs and Government bodies to put in place interventions to promote youth entrepreneurship and improve the business climate for the establishment of new businesses by the youth		50,750	1,393,429	2,058,461	693,813	392,612	4,589,065
Output 2.2 Technical support provided to GEA and Human Rights Secretariat to implement a strategy to promote Business and Human Rights (BHR) and responsible business conduct		75,506	714,749	819,914	242,790	144,346	1,997,305
Subtotal outcome 2							6,586,370

Subtotal Outcomes 1 and 2 (4)	15,004,332
Sub-total: Direct costs (1+2+3+4)	24,778,761
5. ILO Programme support cost (13% of 1+2+3+4+5 – standard ILO rate)	3,221,239
GRAND TOTAL	28,000,000

For output-based budget related to energy investment, see the IFU DED in the Ukraine country programme document.

Annex 1: Summary of Recommendations of the Appraisal

Title of (Country) Programme	Georgia Country Programme
File number/F2 reference	F2: 2016-40165
Appraisal report date	14 August 2017
Council for Development Policy meeting date	26 October 2017
Summary of possible recommendations not followed: N/A	
<p>Overall conclusion of the appraisal</p> <p>The Strategic Framework of the Danish Neighbourhood Programme 2017-2021 including the two Country Programmes (Ukraine and Georgia) is well designed and provides an “innovative programme architecture taking into consideration the level of sequencing of appropriations in the finance act, and reflecting the need for flexibility”.</p> <p>The two thematic areas (<i>Promoting Human Rights and Democracy</i> and <i>Strengthening Sustainable and Inclusive Economic Growth</i>) are well chosen and relevant for Georgia. They simultaneously address key challenges in the country and provide opportunities for synergy with other dimensions of Danish foreign policy, dialogue and partnerships, including supporting commercial relations. Aligning with the Georgia reform agenda, including the efforts to meet the EU Association Agreement and the Deep and Comprehensive Free Trade Agreement will help to ensure ownership, relevance, coordination with other donors’ activities and impact of the programme.</p> <p>It is important that the country level policy dialogue, programme management and monitoring be designed to capture the opportunities for synergy with other dimensions of Danish foreign policy and commercial relations, including strong participation in EU level coordination and dialogue around support to and collaboration with Georgia.</p> <p>Substantial effort has been made in the preparation process to follow the Theory of Change principles including preparation of comprehensive background documentation for the programme and the elaboration of comprehensive results frameworks – although some revision is still needed.</p> <p>The overall conclusion of the appraisal is that the proposed country programme is recommended for presentation to the Council for Development Policy after taking the recommendations of the appraisal report into consideration.</p> <p>The present status of the seven Development Engagements that form the Georgia Country Programme varies significantly. Some Engagements are ongoing (or already appraised and approved), and new phases/new Engagements will only start in 2020 or beyond. The latter will go through a formulation/appraisal process in 2019, and are only appraised at the strategic level at this point of time.</p>	

Of three Development Engagements within the Thematic Area “Human Rights and Democracy” (the Governance Thematic Programme) one was already appraised and approved prior to this appraisal, the *Civil Society Organisation/ Democratisation Engagement* (through Europe Foundation). Two new Engagements were fully appraised: *the Human Rights Engagement* (through Council of Europe), and the *Decentralisation Engagement* (through UNDP). The *Decentralisation Engagement* was positively evaluated with only minor changes recommended. The *Human Rights Engagement* is only recommended if major changes are made before presentation to the Council for Development Policy for approval.

The Human Rights engagement implemented by the Council of Europa was desk-appraised following a substantial reformulation.

Of the four Engagements within the Thematic Area “Inclusive and Sustainable Economic Growth” (the Economic Growth Thematic Programme) two Engagements have been through a full appraisal: *The Labour Market Engagement* through ILO and *the Energy Investments Engagement* through IFU. Both Engagements are appraised positively, but with substantial revisions required.

Recommendations by the appraisal team

Follow up by the responsible unit

Country programme Level:

Programme management and monitoring

Recommendation 1: There is a need to better describe how the country level policy dialogue will take place on overall results, progress and development in risks and assumptions. This can be done by contextualizing DANEP as a contribution to the joint EU reform collaboration as well as describing the joint EU mechanisms for donor coordination and dialogue and how Denmark will participate in these. The country programme level policy dialogue, monitoring and management mechanisms should also be designed to facilitate cross-fertilization and linkages between DANEP and the political level dialogue and commercial collaboration between Denmark and Georgia.

The Strategic Framework Document is revised and describes better how the policy dialogue in the two partner countries will take place, including the roles of EUN and Embassy of Denmark in Kiev. E.g. the Embassy will where resources permit participate together with EUN in Steering Group Meetings as well as in ad-hoc meetings relevant for the engagements. This will contribute to ensuring a better knowledge and information sharing between EUN and the Embassy, which can be utilised in the policy dialogue with the governments, in EU-meetings and fora, and in the dialogue with other donors and partners.

The policy dialogue will be coordinated in accordance with the other Danish instruments and actors in Georgia incl. with private sector support.

<p>The AT finds that there are significant opportunities for synergy between engagements from both within the Thematic Programmes and across the Country Programme that are not sufficiently described in the Engagement Documents and should be better reflected in the results framework. For example, the focus on renewable energy and energy efficiency could be brought into other Engagements than those directly focusing on energy.</p> <p>Recommendation 2: The AT recommends more explicitly identifying and describing in the DEDs opportunities for synergy across the Development Engagements around key thematic priorities in the Country Programme when relevant, such as: renewable energy/energy efficiency, targeting youth and addressing democratisation and decentralisation issues.</p>	<p>The relevant DEDs have been revised to ensure explicitness about the opportunities for synergies across engagements in Georgia.</p>
<p>Danish secondments to OSCE and other international organisations constitute a significant part of the overall DANEP programme budget, but are not sufficiently described in the programme documentation.</p> <p>Recommendation 3: The AT recommends that strategic guidelines and principles for the use of “secondments” and how they are expected to be deployed and managed should be developed and described in the DANEP 2017-2021 Framework Document and in the Georgia Country Programme Document.</p>	<p>The DANEP Strategic Framework document has been revised and now includes a description of the principles for the use of secondments. Secondments are used to support Danish interests and priorities in the countries covered by the Neighbourhood programme, as well as an instrument to strengthen international monitoring missions. In addition, secondments are used to promote the work in selected multilateral organisations and to ensure that Danish competences come into play.</p> <p>The country programme for Georgia also includes a description of the use of secondments in the programme.</p>
<p><i>Budget</i></p>	
<p>The proposed allocation for the budget line “Reviews, M&E, etc.” of DKK 6 million over five years covering both Ukraine and Georgia is too small considering the proposed expanded role of the M&E Agent and many new revisions / formulations / appraisals of Development Engagements to start in 2019, 2020 and 2021. The budget should also include provision for implementation of the communication strategy – both in Georgia and in Denmark.</p>	<p>The budget has been revised in line with the recommendations made by the appraisal.</p> <p>9 million DKK has been set aside for review, M&E, technical assistance and communication.</p> <p>The DED-budgets are now shown at output levels and with annual budgets. Contributions from GoG and from other sources are included where feasible and possible.</p>

<p>The documentation does not include a complete and consolidated budget table showing annual budgets, and budgets at output level including contributions from Government of Georgia.</p> <p>Recommendation 4: The overall budget of the DANEP 2017-2021 should be revised and include more funds for M&E including coordination and for finalization and implementation of the communication strategy. In all Development Engagement Documents, budgets should be prepared at output level and showing annual budgets. Also the contribution from Government of Georgia and possible other sources should be shown.</p>	
<p>Thematic Programme Level:</p>	
<p><i>Governance Thematic Programme</i></p>	
<p>Overall, the AT finds that the Governance Thematic Programme is well-designed addressing major issues identified in the national context. The programme builds on Georgia's own strategic framework for human rights implementation, national reform policies and strategies within public administration reform and decentralization, and on experience from previous support to the sector.</p> <p>The <i>CSO/Democratisation Engagement</i> to be implemented by Europe Foundation (in a delegated partnership with Sida) has already been appraised and approved. The <i>Decentralisation Engagement</i> to be implemented by UNDP was positively evaluated with only minor changes recommended. The <i>Human Rights Engagement</i> is only recommended if major changes are made before presentation to the Council For Development Policy for approval.</p> <p>Specific recommendations concerning the Development Engagements within the Governance Thematic Programme are presented below.</p>	

DE 1: The Human Rights Engagement: Fight against discrimination, hate crimes and hate speech in Georgia / Council of Europe, start 2018

The proposed support to *the Human Rights Engagement* through the Council of Europe (CoE) is highly relevant in terms of the subject matter. Combatting discrimination is part of GoG's National Human Rights Strategy 2014-2020 as well as within the framework of CoE's Action Plan for Georgia 2016-2019. CoE's treaty base, monitoring mechanisms, political leverage, technical capacity, and field presence brings justification to the selection of CoE as the key implementing partner. The DED has been consulted with relevant stakeholders and there is partner commitment to DED. To ensure complementarity and strengthening synergies the AT finds it is crucial that CoE strengthening the coordinates with UN Women in Georgia, OSCE and other relevant actors within gender discrimination, hate crimes etc. This to avoid the risk of overlap in the area of discrimination and violence against women.

The AT finds the budget to be very CoE salary heavy, e.g. half of the budget covers CoE salary and travel expenses and 15 per cent goes to international consultants' fees and per diem.

Recommendation 5:

The balancing of the budget should be discussed between MFA and CoE in order to provide more funds to beneficiaries in Georgia. The inception report should include a detailed workplan, an updates results framework as well as baselines connected to the annual activity budget.

CoE does not provide direct funding but provides capacity building, expertise and policy advice mainly through technical assistance from CoE in Strasbourg and through international consultants. Therefore the budget will by default be very heavy on salaries to CoE.

However, EUN will have a dialogue with CoE on balancing in the budget and assess the possibilities for more funds to the beneficiaries. The inception will include the recommendations provided.

CoE already has a very good coordination with UN Women if other actors enter the area of support coordination will be ensured.

DE 2 The Decentralization Engagement: Fostering Decentralization and Good Governance at the Local Level in Georgia /UNDP - start 2018

The support to *the Decentralization Engagement* comprising improved good governance at the local level through promoting nation-wide policy reform, strengthening institutional and human capacities of national and local authorities, improving local service delivery and enhancing citizen participation in local policy is both timely and relevant in terms of Danish Neighbourhood strategy, the EU Association Agreement, Georgia's own priorities and the SDG goals 5 and 16.

The DED has been revised according to the recommendations made by the appraisal.

<p>A new strategy and action plan is under development in early fall 2017 with the Ministry for Regional Development and Infrastructure as the lead. The elaboration of the new strategy and action plan has a focus on good governance of local administration by strengthening the capacities of self-governing bodies. The level of decentralization of competencies and resources is still quite limited.</p> <p>It is a window for furthering the decentralisation reform at central, regional and local level and thereby enhancing democratisation of Georgia through delegation of power to the local communities and supporting local capacity and local empowerment.</p> <p>There is a need for an improved results framework including indicators and realistic targets.</p> <p>Recommendation 6: The result framework of the <i>Decentralisation Engagement</i> should include baseline development (at least by inception) and clear targets/indicators in accordance with the new National Strategy and Action Plan expected to be adopted in the fall 2017. A Communication Strategy should be developed to improve knowledge on local government reforms and improved CSO participation. CSO call for proposals should be transparent and include focus on enhancing local government accountability.</p>	
<p><i>Economic Growth Thematic Programme</i></p>	
<p>Overall the four Development Engagements are relevant and within the strategic priority of Denmark and Georgia addressing major issues related to labour market development, SME development and development of the Renewable Energy (RE) and Energy Efficiency (EE) sector – including need for foreign investments.</p>	<p>The results framework at the Economic Growth Thematic Programme level has been revised and provides indicators and targets that capture inclusive economic growth to the extent relevant vis-a-vis the DEDs, i.e. youth employment and sustainable energy provision. The DEDs provide data for measuring achievements.</p>

<p>Justification of the Economic Growth Thematic Programme against the five DAC criteria is well elaborated in the Georgia Country Programme Document. However, to estimate the overall impact of the Programme is a challenge. There is a need to identify relevant impact indicators that relate to economic growth and to job creation and use of energy (CO2 emission, RE and EE). At the Development Engagement level there is also a need to identify indicators that will show targets for economic growth and job creation (direct and indirect) and use of energy.</p> <p>Recommendation 7: The results framework at the Economic Growth Thematic Programme level should be developed to provide indicators and targets concerning inclusive economic growth and job-creation and it should be ensured that the four Development Engagement Documents will provide necessary data for measuring achievements.</p>	
<p>DE 4 The Labour Market Engagement: Inclusive Labour Market for Job Creation / ILO – start 2017</p>	
<p>Overall a well prepared engagement. Consultations with the main stakeholders, especially Ministry of Labour, Health and Social Affairs (MOLHSA) and Ministry of Economy and Sustainable Development (MOESD) revealed that both ministries were supportive towards the ILO's involvement in promotion of interventions concerning tripartite initiatives, human rights issues and social issues. Also the Georgian Trade Unions Confederation (GTUC) and the Georgian Employers' Association (GEA) were very supportive of the proposed programme concerning development of the tripartite interventions.</p>	<p>The DED has been revised, and become more focused with only two outcomes concentrated on improved enforcement and respect for labour laws and international labour standards and youth entrepreneurship creating new businesses through capacity building and institutional strengthening of the Georgian Employers Association and relevant government institutions. ILO has been championing youth employment for at least a decade and it is a high priority for ILO Georgia. An ILO/GEA study on Enabling Environment for Sustainable Enterprise sets the stage for the interventions and the need for more inclusive enterprise development.</p>

However, MOLSHA pointed out that a rather large EU programme¹ was in the process of being approved. The programme among others comprises support to labour market development including skills development, development of the employment service and entrepreneurship development. MOLSHA was concerned about overlaps between the proposed ILO programme and the EU programme. At this point of time especially the employment service system in Georgia is very weak and there is no clear strategy for its development. The EU programme will support pilot projects in this field and the AT is of the opinion that Danish support to additional pilot projects through ILO cannot be justified.

MoESD pointed out that they would prefer EU/GiZ to implement interventions related to development of business environment and commercial activities including entrepreneurship and SME activities, value chain development etc. The AT finds that such interventions would be better placed as part of the *SME Development Engagement*.

The AT therefore is of the opinion that ILO should concentrate their activities where ILO traditionally has strongholds in Georgia.

Recommendation 8:

The contents of the Development Engagement should be revised and concentrate on ILO's strongholds in Georgia. The budget of DKK 19 million to be approved for 2017 should be in 2019 and 2021 of DKK 10 million each year should be dropped). The budget for ILO administration/overhead should be reduced and should also show contributions from GoG and possible other inputs.

The DED has been revised, and become more focused with only two outcomes concentrated on improved enforcement and respect for labour laws and international labour standards and youth entrepreneurship creating new businesses through capacity building and institutional strengthening of the Georgian Employers Association and relevant government institutions. ILO has been championing youth employment for at least a decade and it is a high priority for ILO Georgia. An ILO/GEA study on Enabling Environment for Sustainable Enterprise sets the stage for the interventions and the need for more inclusive enterprise development.

The two outcomes have been designed to ensure that they mutually reinforce each other, and are driven by the social partners. Furthermore, the DE will also support the promotion of responsible business conduct, in cooperation with the Prime Minister's Office for Human Rights creating complementarity to DE 1.

It has been assessed that if the engagement should contribute to sustainable impact the suggested period of three year is too short. The budget has been reduced significantly (with DKK 10 million) and the administration/overhead costs have been reduced proportionally. ILO is in dialogue with GoG about the contributions from GoG in the form of providing office space for the project.

After the AT's visit a letter from MOLSHA, GEA and GTUC was received stating that the project document that was appraised reflects their collective priorities and that, they are fully committed to work with ILO in the implementation of the proposal. However, support to the employment service system has in accordance with the AT's recommendations been left out from the DE even though ILO's approach is assessed complementary to the EU support. Given that the ILO support in this area is limited compared to the overall EU budget, and time is needed to build them up.

DE 5: The SME Engagement: Enhancing the Competitiveness of MSMEs in Georgia / EU – start 2020	
<p>The SME Development Engagement on SME and entrepreneurship development is a preliminary outline of possible interventions that will be further defined through a full formulation, appraisal and approval process in 2018/2019. The approach to SME development, description of Georgian policies and strategies, and lessons learned from previous support is well elaborated in the DED. Overall the AT finds the DE relevant and justified.</p> <p>A major issue is however timing of the Danish approval of the engagement in relation to the EU and other key partners' project cycles. The EU SME programme will come to an end in 2020 and there is no indications whether this programme will be expanded beyond 2020. Therefore there is a need to identify a new engagement partner.</p> <p>Recommendation 9:</p> <p>As part of the final formulation of the SME Development Engagement an implementing partner should be identified and Danish participation in the formulation process should be agreed. (Participation in a new phase of the BMZ/GiZ SME programme seems to be a good possibility.)</p>	<p>The engagement is preliminary and will be further defined through a full formulation, appraisal and approval process in relation to the planned mid-term review of DANEP in 2019. A key element of the formulation is identifying an implementing partner preferable in a delegated cooperation with either BMZ or EU, as well as assessing the relevance of the Danish support to this area in 2020. Both BMZ and EU have confirmed their engagement within this area beyond 2020 fitting to the timing of the Danish approval.</p>
DE 6 The Energy Environment Engagement: Energy environment for energy investments / Consultant – start 2020	
<p>Overall the AT finds that a new phase of the ongoing Energy Programme is relevant and justified. In spite of the fact that a significant proportion of the energy consumption today is covered by RE from hydro power there is still room for expanding other types of RE as part of the overall energy mix to increase independent energy provision. There is though a need to recognize that wind energy may not be the highest priority among RE solutions.</p>	<p>The ongoing energy programme in Georgia (Dec. 2015-Dec. 2019) has a total budget frame of DKK 17.8 million whereof app. 2 million is not yet allocated. These un-allocated funds could be used for new interventions until the new programme commence in 2020 if deemed relevant. It is not possible to expand the ongoing programme due to restrictions related to the EU procurement rules.</p>


<p>Consultations with the management of the ongoing Danish support to the Energy Sector in Georgia revealed that many outputs of the ongoing programme are likely to be finalized before 2020. It could therefore be considered to accelerate some of the outputs from the next phase to be implemented in this phase. This could for example include outputs related to “management of RE tariffs”, “make improved meteorological data for key wind farm sites available for investors” and “prepare new solar radiation atlas to attract investments in non-hydro RE”.</p> <p>Recommendation 10</p> <p>As most outputs of the ongoing programme are likely to be finalized before 2020 and several new interventions defined in the proposed new Development Engagement could be initiated before 2020 it should be considered to expand the budget of the existing programme with DKK 10 million in 2019.</p>	
<p>DE: 10 The Energy Investments Engagement: Sustainable energy investments / DEA – start 2018</p>	
<p>The Engagement comprises the establishment of an IFU Ukraine and Georgia Fund (UGF) for promotion of investments and knowhow to increase energy independence. The AT finds the Engagement relevant and justified. There is, however, a number of issues that need to be agreed upon by IFU and EUN and included in the DED before it is finally approved. These include expected number and size of investments, use of project preparation facility, the relationship with other Danida business instruments.</p>	<p>The DED has been revised in dialogue with IFU as well as VBE. It has been strengthened and includes the proposed suggestions such as expected number and size of proposed investments, the use of the project preparation facility and the relationship and potential synergy with other IFU investment facilities and Danida business instruments</p>

<p>The Appraisal Team finds that it may be a challenge to identify feasible investments in Renewable Energy in Georgia in the short term. It might therefore be considered to expand the area of support.</p> <p>Recommendation 11: A revised Development Engagement Document should be prepared incorporating among others expected number and size of proposed investments, use of the project preparation facility and the relationship and potential synergy with other IFU investment facilities and Danida business instruments. Further a budget should be outlined that includes administrative costs of IFU.</p>	
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I hereby confirm that the above-mentioned issues have been addressed properly as part of the appraisal and that the appraisal team has provided the recommendations stated above.

Signed in Copenhagen on the 6/10-2017 
Appraisal Team leader/TQS representative

I hereby confirm that the responsible unit has undertaken the follow-up activities stated above. In cases where recommendations have not been accepted, reasons for this are given either in the table or in the notes enclosed.

Signed in Copenhagen on the 8/10-2017 
Head of Unit/Mission **UFFE BALSLEV**

