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Department for Russia,  
Eastern Europe and  
Central Asia



# Country programme for development cooperation

Ukraine  
2021–2024

Ministry for Foreign Affairs of Finland

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## EXECUTIVE SUMMARY

Since 2014, illegal annexation of Crimea by Russia and conflict in eastern Ukraine have endangered security in Europe and threatened the basis for multilateral cooperation. In addition to supporting the efforts to solve the conflict and restoring Ukraine's control over its territories, it is crucial for Finland to support Ukraine's reform process in order to have a stable, prosperous and democratic Ukraine as our next-door neighbour. Despite the challenging circumstances, Ukraine has been able to implement an ambitious reform programme with the potential to permanently transform the country. Reforms have brought concrete benefits for ordinary Ukrainians and enhanced the resilience of the society and capabilities to tackle various threats and challenges. However, these reforms are still unfinished and Ukraine needs further international support and assistance. Constant commitment and ownership by Ukraine is also required to continue the implementation of the reforms and to preserve the achieved results.

This Country Programme aligns with the new Ukraine Country Strategy 2021–2024 and is a continuation of the bilateral development cooperation as defined in the 2018–2022 Strategy with the necessary updates, reformulations and a widening of cooperation.

Finland will continue multi-year programming of development cooperation with Ukraine. The Country Programme is based on the development policy and foreign and security policy objectives of Finland and Finland's broader Country Strategy for Ukraine. The Country Programme specifically contributes to the Country Strategy goal of improving the living conditions of the people and enhancing the resiliency of the society in Ukraine. Finland's bilateral cooperation will contribute to the following impacts: 1. Successful reforms in the quality of education and the rule of law; and 2. Improved climate change mitigation and adaptation.

The first impact contributes to the strengthened resilience of Ukrainian society. Improvements in the quality of education contribute to the cohesion and sustainable development of the society. Reforms to the rule of law are crucial in order to strengthen good governance and the independence of the judiciary, increase the accountability of institutions, empower women and enhance the respect for human rights. At the core of this impact is the aim to ensure that all reforms are designed and implemented with a strong basis on the international and European human rights framework and other relevant international standards.

The second impact contributes to improved energy security and climate resilience of Ukraine. Wider uptake of modern energy efficiency and renewable energy technologies and solutions in Ukraine need to be done. This means improved capacity of public and private actors in designing and implementing energy efficiency and renewable energy investments in Ukraine as well as strengthened cooperation and knowledge exchange between Finnish and Ukrainian institutions and enterprises in the energy sector. Improved capacities in meteorology strengthen weather and disaster risk reduction services.

The COVID-19 pandemic affects both Finland and Ukraine. This has had implications on the work of ongoing projects and future plans. During the pandemic, projects and programmes need to be flexible given the changing conditions and needs.

This section presents the expected results of the Country Programme by impact area. The Country Programme is based on the context analysis presented in the Country Strategy for Ukraine.

# 1 Expected Results of the Country Programme

## IMPACT 1: Successful reforms in the quality of education and the rule of law

(SDG 4, TARGETS 4.1, 4.3, 4.4, 4.c, 4.5; SDG16, TARGETS 16.3, 16.7, 16.10, 16.a)

### Description [Theory of Change]

One of the strategic goals of Finland's Country Strategy for Ukraine 2021–2024 is to 'enhance the resilience of the society and improve the living conditions of the people'. Support to reforms on education and the rule of law are seen as key instruments to reach this strategic goal. The impact is closely linked with the Sustainable Development Goal 4 on Quality Education and the SDG16 on Peace, Justice and Strong Institutions, which promote peaceful and inclusive societies for sustainable development.

The rule of law is the bedrock of sustainable, just, inclusive and peaceful societies, and quality education has a significant role in reaching this goal. In the Ukrainian context, the educational reforms and reforms in the area of the rule of law, democracy and human rights are closely linked together. The ongoing COVID-19 pandemic and armed conflict in eastern Ukraine are both causing disruptions to children's education. Moreover, security, economic and political constraints in Ukraine contribute to persistent shortcomings in the country's justice system and the efficiency of public administration at central and local levels, and result in limited institutional capacity to carry out the reforms. In addition, Ukraine is a multi-ethnic nation in which the protection of minority rights and the fight against other kinds of discrimination in all spheres of life require particular attention to enhance social cohesion. This means that issues standing in the way of *de facto* equity need to be addressed through both the education sector and when developing legislation and implementing human rights in the country.

Finland's support to Ukrainian education reform(s) is based on an understanding that education is a central factor for eradicating social inequalities, enhancing new

opportunities and increasing the resilience of individuals and the society at large. A central principle of 'leave no one behind' emphasises the responsibility of the state and other key actors to secure equal opportunities for access to quality education for both urban and rural populations regardless of their social status, area of residence, gender or ethnicity. Through its support to Ukraine, Finland contributes to the transformation of education so that the society will be provided with up-to-date knowledge and skills that are needed to foster social equality and inclusion and that will enable people to pursue careers of their choice, while simultaneously responding to the needs of employers. To foster modern, quality education, Finland emphasises updating and developing the pedagogical skills of teachers and educators, up-to-date curricula, the role of high quality teaching and learning materials, and the introduction of digital tools to facilitate teaching and learning.

The need for support to education reforms in Ukraine is evident. To increase the impact of its support, Finland seeks to continue development cooperation in the education sector bi-laterally and with development partners such as the European Union (EU), other donors and implementing agencies, and seeks opportunities to continue and enlarge the cooperation. The spirit of Team Europe is interwoven into the Finnish approach and solutions on how to best achieve the development results set out in this Country Programme. Finland works in cooperation with competent authorities such as the Ministry of Education and Science of Ukraine (MoES) and regional and local education authorities and institutions. Finland also seeks to identify opportunities for exporting education within the framework of development cooperation, as it has, for example, with several EdTech companies that can potentially add value to the modernisation of Ukrainian education.

To contribute to the impact, the following outcomes have been defined: (1) Improved teaching practices and educational environments in primary and secondary education, (2) Enhanced relevance and attractiveness of vocational education and training (VET) for female and male learners, and (3) Strengthened implementation of European standards related to the rule of law, democracy and human rights. It is worth noting that the planning for the education sector for the upcoming years will continue even after acceptance of this programme and thus, new initiatives will be added to its content.

In addition to the concrete development interventions, Finland will engage in active policy dialogue with the Ukrainian government, the Ministry of Education and Science of Ukraine, the European Union and the wider donor community through different mechanisms such as Finland's co-chairmanship of the Sector Working Group on Education and Science of the Ukrainian government for international technical assistance (IAT). As part of its policy dialogue, Finland supports development of coherent and inclusive state policies towards national minorities to enable them to

fully participate in social and economic development of the society. Additionally, Finland pays special attention to eliminating gendered bias in education and to promoting the inclusiveness of education.

## **OUTCOME 1.1: Improved teaching practices and educational environments in primary and secondary education**

Teaching practices have a great impact on learning in conjunction with the educational environments in which teaching takes place. The following outputs have been identified that contribute to the outcome:

1.1.1. Strengthened pedagogical competencies of teachers and educators, and 1.1.2. Enhanced teaching and learning tools to support reformed curricula, L2 teaching, and digital pedagogy.

Pedagogical competences of teachers and educators as well as their limits, are decisive factors when selecting teaching methods. Modern education that emphasises learning outcomes and competences obtained through education, shift the focus of the education process to a learner and his or her special needs as the learner. The transformation from teacher-centred to learner-centred teaching calls for new conceptualisation of the role of the teacher and pedagogical tools that enable the transformation. However, to implement a new understanding of education and pedagogy requires tools to facilitate the change. Digital tools are an integral part of modern education, and have become a necessity due to the COVID-19 pandemic. Finland contributes to the implementation of the Strategic Framework of School Education Digitalization by the Ministry of Education and Science of Ukraine. In addition, no transformation of education is possible without updated curricula. Thus, it is important not to focus on digital tools alone, even though the infrastructure and software matters, but to understand that these are only tools that enable the facilitation of learning when used appropriately.

A key challenge in relation to access to quality education is existing regional disparities and the particular needs of minority children and children with special learning challenges. The ongoing decentralisation reform may result in education providers at local level being even more dependent on the scarce financial resources of local communities, and may widen regional disparities in education quality. Finland supports the development of Ukrainian language instruction for the teaching and learning of Ukrainian as a second language (L2) to enhance the inclusiveness of education for children speaking a minority language.

To ensure that education is accessible to all, there is also a need to address the concerns related to the different treatment and legal gaps in the protection of equal access to quality education. Policy dialogue will be used to address the particular challenges to be solved, especially for children with disabilities and minority children. In addition, Finland will engage in the development and inclusion of Comprehensive Sexuality Education in the school curriculum via its policy dialogue in collaboration with the United Nations Population Fund (UNFPA) and other key actors in the field.

## OUTPUTS

**1.1.1: Strengthened pedagogical competencies of teachers and educators**

**1.1.2: Enhanced teaching and learning tools to support reformed curricula, L2 teaching, and digital pedagogy**

## INPUTS

- Finland's support to the Ukrainian school reform 'Learning together' project, implemented by the Finnish consulting company FCG International, EUR 6 million (2018–2022). The EU contributed EUR 2 million to introduce the language component (Ukrainian as L2) into the project, increasing the total budget to EUR 8 million.
- Explore the potential to expand delegated cooperation with the EU, especially in the field of digitalisation of education and the development of the pedagogical skills of teachers and educators in a digital environment. The scope of the educational sector support will increase especially in terms of e-learning, possibly with the EU and/or other donors or agencies.
- Finland's active policy dialogue with the EU, the Member States and other key actors such as the United Nations International Children's Emergency Fund (UNICEF) in support of education reforms.
- To support the outcome, synergies with education export and the private sector and other available funding instruments, such as the Institutional Cooperation Instrument (ICI), Finnfund and Finnpartnership will be utilised. Additionally, the Local Cooperation Fund (LCF) is used to support the quality of education in collaboration with Ukrainian civil society organisations.



## **OUTCOME 1.2: Enhanced relevance and attractiveness of vocational education and training (VET) for female and male learners**

Finland's support contributes to enhanced relevance and attractiveness of vocational education and training for female and male learners. Finland's assistance to this outcome is channeled through a multi-donor action (MDA) to support the Ukrainian reform of the VET system and to align with the objectives of Ukraine's VET reform. The VET reform is aimed at modernising the VET system, creating the conditions for modern teaching and learning, and improving the quality and attractiveness of VET and its relevance to the labour market.

The Torino Process 2018–2020 highlighted the need to shift the VET sector from traditional to modern, student-centred, flexible VET systems, and this is reflected in the New Ukrainian School and Modern VET Concept in Ukraine.

Finland's support is focused on the following outputs: a revised and up-to-date system of professional and educational qualifications and curricula and trained teachers and school managers who put the VET reform into practice.

Revised qualifications form the basis for updating VET curricula. In modern VET education, employers play an important role in communicating and defining competences that are needed in the working life. The development of qualifications is one of the key platforms in which such knowledge can be obtained and applied for use by the VET sector. Competence-based education is further adapted to curricula development. The implementation of the VET reform, however, is not limited to new qualifications and curricula. Teachers play a key role in making the reform operational. Finland will offer teacher training to equip teachers with the necessary skills and knowledge that are required to implement the reform in VET institutions. School managers also play a central role in providing an appropriate working environment for teachers and in applying the necessary changes to school management.

Finland provides technical support through its National Agency for Education (EDUFI) for developing these outputs. EDUFI is cooperating with the Omnia Education Partnerships (OEP) consortium to comprehensively utilise the expertise of the Finnish education sector in the multi-donor action. The technical assistance supports Ukraine's VET reform based on its needs and priorities while utilising the best practices of VET development in Finland and the European Union.

In its policy dialogue, Finland will pay specific attention to the participation of women and girls in technical and vocational education and training (TVET) and will address gendered norms and practices that affect negatively girls' educational and work–life choices and opportunities. Dominant gendered norms in the society carry strong assumptions of women's suitability for particular occupations. Teachers and educators, as well as teaching materials, have an important role in either strengthening or challenging the existing gender gap that has led to unfavorable outcomes for women. Training teachers and educators and supporting curriculum development provide platforms for addressing such gender biases and suggesting tools to eradicate them.

## OUTPUTS

**1.2.1: Revised and up-to-date system of professional and educational qualifications, and curricula**

**1.2.2: Trained teachers and school managers who put the VET reform into practice**

## INPUTS

- Finland's support to the EU4Skills multi-donor action (2019–2023). EU4Skills is a multi-donor action with financial support from the European Union of EUR 16 million, along with EUR 2 million from Finland, EUR 2 million from Germany, EUR 1 million from Poland and a contribution from Estonia. The total support is EUR 21 million.
- EDUFI is implementing the following four results areas of the project: development of qualifications, curriculum development, teacher training and school manager training.
- Finland's active policy dialogue together with the EU and the Member States in support of education reforms.
- Synergies with related education export and private sector financing instruments will be explored. In addition, the local cooperation fund may be used to complement the bilateral cooperation activities.

## OUTCOME 1.3: Strengthened implementation of European standards related to the rule of law, democracy and human rights

Support to reforms related to human rights, democracy and the rule of law are critical considering Finland's broader strategic priorities in the country. In the area of development cooperation and policy, Finland's main contribution will be the support to

the work of the Council of Europe in Ukraine, which is a key actor in the country working closely with the Government of Ukraine to promote reforms in this sector.

The Council of Europe Action Plan for Ukraine 2018–2022 is a strategic instrument aiming to support Ukraine in its efforts to bring legislation, institutions, and practice more in line with European standards in the areas of human rights, the rule of law, and democracy, in order to meet its obligations as a member state of the Council of Europe. The present Action Plan is based, to a large extent, on the Council of Europe's recent recommendations, resolutions and findings, and on the results of the previous Council of Europe Action Plan for Ukraine. It also takes into account the challenges identified in the country and reflects the priorities of the reforms in the country.

The Action Plan is also a good way for Finland to promote its own objectives, such as the rules-based order, the fight against impunity and for gender equality, which is a priority also in the Council of Europe Action Plan. A key focus in this area is to ensure that the necessary legislation is adopted for ratifying the Council of Europe Convention on Preventing and Combating Violence against Women and Domestic Violence (Istanbul Convention). The Action Plan also includes actions to improve access to justice for women and to prevent and investigate alleged cases of torture and ill-treatment. Furthermore, the Action Plan aims to enhance the effectiveness of the European Convention on Human Rights system in the country and to strengthen the capacities of the national ombudsman institution to monitor and report on human rights violations and to promote human rights.

In addition to the Council of Europe, Finland's assistance to the reforms in the area of the rule of law, democracy and human rights includes support to the European Union Advisory Mission (EUAM) in Ukraine. EUAM has worked in the country since 2014 to expedite a sustainable reform of the civilian security sector, providing strategic advice and hands-on support for specific reform measures in accordance with EU standards and international principles of good governance and human rights. Furthermore, to strengthen the consideration of questions related to gender and equality in the relevant reforms, Finland has seconded a gender expert to the Council's Kyiv office.

Finland will also consider support to the Council of Europe's Action Plan for Ukraine for its next programme period, provided that a new action plan is adopted.

## OUTPUTS

### 1.3.1: Effective implementation of the Council of Europe Action Plan for Ukraine 2018–2022

## INPUTS

- Council of Europe Action Plan for Ukraine 2018–2022; total budget of EUR 29.5 million, Finnish contribution of EUR 0.5 million in 2018 and EUR 0.5 million in 2021.
- If a new Council of Europe action plan is adopted from 2023 onwards, EUR 0.5 million per year.
- Policy dialogue in cooperation with the European Union.

## IMPACT 2: Improved energy security and climate resilience of Ukraine

**(SDG 1, TARGET 1.5; SDG 7, TARGETS 7.2, 7.3, 7a; SDG 11, TARGET 11.5; SDG 13, TARGETS 13.1, 13.3; SDG 15, TARGETS 15.2, 15.b)**

## Description [Theory of Change]

The Ukrainian economy is based on the exports of agriculture products and other low value-added raw materials, such as steel and minerals. Heavy industry and other infrastructure are mainly from the Soviet era, resulting in one of the most energy-intensive economies in the world. The cultivation techniques rely on the unilateral use of crops with heavy use of fertilisers and pesticides. Climate-driven changes such as higher temperatures lead to water deficiencies and will put the country's food security and economic growth at risk. The vulnerability of the population, which is largely urban, is magnified by infrastructure deficiencies such as an ageing and fragile housing stock and limited water supply. The energy sector is responsible for nearly all of the greenhouse gas emissions, followed by manufacturing and construction.

The efforts under this impact aim to contribute to energy security and self-sufficiency and, hence, to enhance the energy independence of Ukraine. Improvements to the energy system will help Ukraine in part to promote sustainable development and take actions to mitigate climate change, which in turn will contribute to achieving the goals of the Paris Climate Agreement. This work should also be linked to the European Green Deal policies. Ukraine has expressed an interest in aligning its legislation with

the European Green Deal and an EU–Ukraine task force has been formed to support this purpose.

Climate change will increase the frequency and severity of extreme weather events. Ukraine is vulnerable to natural hazards such as floods, extreme temperatures, droughts and storms. During the past ten years, natural hazards related to weather and water conditions have affected the lives of millions of people. The economic damage to different sectors is enormous. Early action can often prevent a hazard from turning into a human disaster by preventing the loss of life and by reducing the economic and material impacts. Modern weather and warning services improve the resilience of the society. Improved capacities to produce high-quality weather and climate information will help countries to respond to the elevated climate-related risks and to support diverse sectors, such as agriculture and aviation, to better adapt to the impacts of climate change.

In Ukraine, forests have an effect on climate, the hydrological regime of the soil and the environment, the retention of surface [soils](#), and the composition of [flora](#) and [fauna](#). Forests also have an enormous economic and esthetic importance. Sustainable forestry has a significant role in climate change adaptation and mitigation. A Memorandum of Understanding between the Natural Resources Institute Finland (Luke) and the Ukrainian Research Institute of Forestry and Forest Melioration was signed in 2020. The target is to start institutional cooperation between forest authorities during the programme period. There is also commercial interests such as bioenergy development from forest residues, where Finland has strong experiences, and this could provide synergies with other energy efficiency and renewable energy projects. At this time, the forest reforms are still pending and policy discussions are continuing before, and these must be completed before starting any actual cooperation. Many other donors such as the World Bank and the European Union have forest cooperation on their agendas.

## **OUTCOME 2.1: Wider uptake of modern energy efficiency (EE) and renewable energy (RE) technologies and solutions in Ukraine**

A strong dependency on oil, coal and gas imports combined with inefficient energy production, transportation and supply sectors means that reducing energy demand is a great priority for the country. Furthermore, many district-heating systems and water treatment plants in Ukraine suffer from years of underinvestment.

A recent analysis has shown that Ukraine has the highest CO<sub>2</sub> emissions per unit of GDP of any country in Europe, with energy-intensity levels three times higher than the EU average. Ukraine has its own national emissions target under the Paris Climate Agreement. This Nationally Determined Contribution (NDC) commits Ukraine to keeping emissions at 40 per cent below the 1990 levels in 2030. The recently adopted energy strategy sets a target of 25 per cent of electricity from renewable sources in 2035. Energy efficiency in buildings is expected to have the largest potential to cut emissions, followed by wind power.

Finland will contribute to energy security in Ukraine through the Finland–Ukraine Trust Fund (FUTF) which aims at strengthening the cooperation between Finland and Ukraine in the fields of environmentally sustainable energy services. The cooperation is expected to be organised in such a manner that institutions and companies in both Ukraine and Finland will be involved in developing and implementing projects and other joint activities, such as joint seminars, training courses and site visits. Grant funding is available for both public and private demonstration projects and technical assistance in the fields of energy efficiency, district heating, renewable energy and alternative types of energy sources in power and heat generation. The fund is managed and administered by the Nordic Environment Finance Corporation (NEFCO). NEFCO's cooperation partner in Ukraine is the State Agency for Energy Efficiency (SAEE). The programme was kicked-off in May 2018 and so far 33 projects have been approved, of which six projects have been fully implemented. The fund is planned to be active until 2021, but the implementation of some projects will most likely require additional time.

Political instability and economic crises of the past years have lessened the attractiveness of the Ukrainian markets among international investors and businesses in general. Engaging Finnish companies and organisations in the FUTF and in projects in Ukraine has turned out to be challenging. In 2020, the COVID-19 pandemic has slowed down all international trade, and has also hindered the export interests of Finnish companies. In the energy sector, the rapid changes in renewable energy subsidies have caused uncertainty among international investors. While the subsidy framework for renewable energy is under revision, the government policies and main objectives related to renewable energy and energy efficiency have, however, retained their focus as they were during the preparation and early years of the FUTF.

The mid-term evaluation (MTE) of the FUTF at the end of 2020 concluded that its overall relevance to Ukraine's renewable energy and energy efficiency policies has remained good. During the remaining fund life and its possible continuation, the key lessons learned from the MTE will be integrated into project implementation. These include stronger and earlier engagement by NEFCO with Finnish companies already

during the project identification process, working through calls for proposals, and stronger outreach to other financiers to complement the FUTF grants and to continue developing the projects into bankable investments.

From the perspective of the Ministry for Foreign Affairs of Finland, it is essential to continue, even enlarge, the work in the energy efficiency and renewable energy sector in Ukraine in partnership with donors, agencies and the private sector, and also to utilise different instruments and tools, including the Ministry's development cooperation instruments. While the interest of Finnish companies towards the Ukrainian markets has been somewhat limited during the early years of the FUTF operation, Ukraine provides a very interesting market for Finnish companies in the future, thanks to the relatively short distance and similar technology needs in, for example, the energy and IT sectors. Finnish expertise in energy auditing, district heating and combined heat and power development, utility management, and biomass energy are particularly relevant in the Ukrainian context. The FUTF has a unique opportunity to be part of this development and contribute to building a stronger and sustainable long-term relationship between the countries.

## OUTPUTS

**2.1.1: Improved capacity of public and private actors in designing and implementing energy efficiency and renewable energy investments in Ukraine**

**2.1.2: Strengthened cooperation and knowledge exchange between Finnish and Ukrainian institutions and enterprises in the energy sector**

## INPUTS (ONGOING AND PLANNED PROJECTS AND OTHER INPUTS):

- Finland–Ukraine Trust Fund (FUTF) within NEFCO: energy efficiency, renewable energy and alternative types of energy sources, EUR 6 million for 2018–2022; possible extension to a 2<sup>nd</sup> phase
- International Financial Institutions (IFIs), such as the European Bank for Reconstruction and Development (EBRD); cooperation and financing
- Private sector involvement
- Policy dialogue
- Team Finland's and Ministry for Foreign Affairs' development cooperation instruments
- European Union, Team Europe, the European Green Deal

## OUTCOME 2.2: Improved meteorology and disaster risk reduction services

The Ukrainian Hydrometeorological Center (UHMC) and the Finnish Meteorological Institute (FMI) signed a Memorandum of Understanding (MoU) on 6 February 2018 on the cooperation between the institutes in the field of meteorology, climatology and air quality. The cooperation between FMI and UHMC aims to increase the understanding of modern technologies and the latest scientific achievements and the opportunities provided by these. The cooperation will collaborate closely with other on-going regional and possible future national initiatives to gain better and more sustainable results and benefits for the whole Ukrainian society and southeast Europe.

Technology has significantly changed weather and environmental observation and service processes. UHMC and the Ukrainian Government have underlined the need to take a major technical leap with modern technologies to be able to address better the current climate and national security challenges. There is also a need for enhancing the scientific expertise, strategic capacity and technical skills of the managers, staff and organisation as a whole.

Meteorological cooperation activities are targeted at strengthening Ukrainian capacity to provide weather and early warning services. The approach is to co-develop the services with intermediaries and organisations directly engaged with different end-users and responsible for disaster risk management, civil protection, the agriculture sector and aviation in the country. A significant contribution will be in developing new weather forecast and warning services for the different sectors of the society covering the Ukrainian territory and reaching to the community level. Investments in weather infrastructure are needed.

Finland will strengthen Ukraine's capacity to produce effective and timely weather and climate services and early warning systems. Hydrometeorological observation capabilities are needed for modernising and automating the hydrometeorological observation system in Ukraine. Integrated modern weather forecasting, an early warning system and an automated system for producing forecasts are planned to be built in the main UHMC regional offices and at the main international airports. Additionally, improvements in UHMC customer management and quality process and making these more transparent means that weather and early warning services can be tailored to the needs of stakeholders, customers and the general public and can be focused on delivering tailored services to the agriculture, aviation and safety sectors.



## OUTPUTS

### **2.2.1: Strengthened capacity to produce effective and timely weather and climate services and early warning systems**

## INPUTS

- Finland's support through the Institutional Cooperation Instrument (ICI) to the Finnish Meteorological Institute, EUR 2 million in 2021–2024
- Ukrainian Hydrometeorological Center (UHMC) is committed to co-financing the project by providing 'some' of the needed IT hardware for SmartMet installation; the exact co-financing will be defined during detailed planning of the project
- Policy dialogue
- European Union, Team Europe, the European Green Deal
- International Financial Institutions (IFIs) such as the European Bank for Reconstruction and Development (EBRD) and the World Bank
- Team Finland, Ministry for Foreign Affairs' development cooperation instruments
- Private sector
- Agencies such as the United Nations Office for Disaster Risk Reduction (UNDRR), the World Meteorological Organization (WMO) and the Global Environmental Facility (GEF)
- Membership in Risk-informed Early Action Partnership (REAP)

## 2 Risks, monitoring and evaluation

### 2.1 Risk management

**All development cooperation involves risks.** Development cooperation is often conducted under complex and difficult conditions – in countries where the administrations may be weak, people live in extreme poverty and corruption is a problem.

The risks involved in implementing country programmes are assessed and monitored closely, but sometimes risks may materialise despite the precautions taken. Anticipating and managing risks is an essential part of implementing the country programmes: risk assessments are done regularly and impact the programme design and decision-making process at all stages. Risk mitigation measures, their success and the emerging risks must be reported annually.

The key strategic risk in Ukraine is the growing societal or political instability. It is highly likely that the conflict in eastern Ukraine will continue. Ukraine is undergoing a thorough and very complex reform process in the midst of an armed conflict. People are frustrated about the speed of the reforms and the increasing role of the oligarchic system. This will have a heavy impact on implementing the development cooperation projects, since the Ukrainian authorities will need more capabilities to manage the comprehensive transformation processes. The implementation of reform-oriented development cooperation projects helps to mitigate these risks by careful planning, participatory working methods and active coordination. Ukraine needs foreign assistance to implement deep and thorough reforms in line with European standards in the areas of human rights, the rule of law, and democracy in order to meet its obligations as a member state of the Council of Europe. Far-reaching and deeply rooted structural corruption is a major problem in Ukraine.

Underfinanced institutions, low salaries and vested interests are likely to lead to poor governance, where the misappropriation of funds and corruption are often the main operational risks. Finland is trying to mitigate the risk by implementing the cooperation programme through well-established, strong institutions. Underdeveloped coordination mechanisms have a strong impact on the effectiveness of development cooperation and should be mitigated by establishing national coordination mechanisms and joint activities with international partners that already have smoothly functioning coordination processes.

The human rights-based approach in development cooperation is new to Ukrainian stakeholders and the capacity to advance these issues is limited. In some cases, analyses of potential human-rights implications must be part of the project preparation and should include gender equality, and the status of women and girls, persons with disabilities and vulnerable groups. During project implementation, human rights and gender implications should be monitored.

Ukraine is vulnerable to natural and man-made risks. Natural hazards include floods, extreme temperatures, droughts and storms. Man-made and technological risks are connected to industrial and energy production. These risks can be mitigated by supporting meteorological services and cleaner energy.

In the context of implementing country programmes, the risks are managed through careful planning, screening, and the selection of partners and funding channels. All programmes report on the use of funding and the results of their work. The Ministry for Foreign Affairs and embassies follow the progress, the use of funds, and the reliability of reporting through steering groups, monitoring visits, independent evaluations and reviews, and regular communications. The Ministry also commissions external auditing companies to perform regular audits.

## 2.2 Monitoring, evaluation and learning

**Country teams are in charge of monitoring the performance of country programmes for development cooperation.** This work follows the Ministry's principles and guidelines, especially the Guidelines on Results-based Management, the Manual for Bilateral Programmes and the Evaluation Guidelines. In joint arrangements, Finland will participate in joint reviews and evaluations, and aims to support the development of local monitoring and evaluation frameworks and capacity.

The Ukraine Country Programme will be monitored closely. Monitoring and evaluation activities are identified in the monitoring and evaluation plan, which will be followed up and updated regularly.

The synthesis evaluation of the development cooperation in Ukraine and Central Asia during 2009–2021 will be conducted by the development evaluation unit of the Ministry for Foreign Affairs (EVA-11) in 2020–2021. The evaluation will provide for one point of reference for future evaluations and learning. Evaluations by partner organisations will be utilised.

The collective monitoring and evaluation cycle of Finland's country programmes includes monitoring, evaluation and reporting activities, which are carried out simultaneously for all country programmes and in a fixed format. These include yearly reports, biannual synthesis reports, mid-term review and external evaluations.

In preparing the **annual results report** of the country programmes for development cooperation, the country team assesses not only the programme performance as per the results framework but also assesses the validity of the theories of change and related assumptions and risks vis-à-vis the context. The theories of change may be adapted to changing circumstances or implementation strategies, if deemed necessary. The annual report is discussed within the respective regional department.

**A synthesis report of the annual reports are prepared as a joint effort by the regional departments every two years.** The departments synthesise the main findings or trends found in all of the annual results reports of the country programmes.

Country teams will carry out a **mid-term review** of all the country programmes. The mid-term review results and recommendations are used for decision-making on whether changes are needed in a country programme's impact areas. The Ministry's Evaluation Unit may carry out an evaluation of country programmes towards the end of the country programme cycle.

An audit is an assessment of the adequacy of management controls to ensure the economic and efficient use of resources; the safeguarding of assets; the reliability of financial and other information; the compliance with regulations, rules and established policies; the effectiveness of risk management; and the adequacy of organisational structures, systems and processes, among others. The audit focuses on compliance and helps in providing an understanding of the risks and in better mitigation of the risks. Management and financial controls can also be reviewed before entering into an agreement or financial support through due diligence investigations or institutional capacity assessments.

## 2.3 Tentative financing plan

The financial framework for 2021–2024 is approximately EUR 29 million. The financing plan includes the bilateral development cooperation that is programmed under the Ukraine Country Programme. It does not include humanitarian aid, private sector instruments or Finnish civil society organisations (CSOs).



