



**COUNCIL OF
THE EUROPEAN UNION**

**Brussels, 3 June 2014
(OR. en)**

10445/14

**Interinstitutional File:
2014/0154 (NLE)**

**RECH 206
COEST 189**

PROPOSAL

From:	Secretary-General of the European Commission, signed by Mr Jordi AYET PUIGARNAU, Director
date of receipt:	27 May 2014
To:	Mr Uwe CORSEPIUS, Secretary-General of the Council of the European Union
No. Cion doc.:	COM(2014) 298 final
Subject:	Proposal for a COUNCIL DECISION concerning the renewal of the Agreement on cooperation in science and technology between the European Community and Ukraine

Delegations will find attached document COM(2014) 298 final.

Encl.: COM(2014) 298 final



EUROPEAN
COMMISSION

Brussels, 27.5.2014
COM(2014) 298 final

2014/0154 (NLE)

Proposal for a

COUNCIL DECISION

**concerning the renewal of the Agreement on cooperation in science and technology
between the European Community and Ukraine**

EXPLANATORY MEMORANDUM

1. CONTEXT OF THE PROPOSAL

The Agreement on cooperation in science and technology between the European Community and Ukraine was signed in Copenhagen on 4 July 2002. Article 12(b) of the Agreement provides as follows: "This Agreement shall be concluded for an initial period ending 31 December 2002 and will be renewable by common agreement between the Parties for additional periods of five years."

By its Decision 2011/182/EU of 9 March 2011, the Council approved the renewal of the Agreement for a further period of five years, until 8 November 2014.

Renewal of the Agreement for five more years would be in the interest of both Parties so as to maintain continuity in the scientific and technological relations between Ukraine and the European Union.

2. RESULTS OF CONSULTATIONS WITH THE INTERESTED PARTIES AND IMPACT ASSESSMENTS

At the meeting of the Joint Community-Ukraine Committee, set up under Article 6 of the Agreement, held in Kiev on 24 May 2013, both Parties agreed that the Agreement should be renewed for a further period of five years.

3. LEGAL ELEMENTS OF THE PROPOSAL

The material content of the renewed Agreement will be identical to that of the current Agreement, which expires on 7 November 2014.

4. BUDGETARY IMPLICATION

The Legislative Financial Statement presented with this decision sets out the indicative budgetary implications.

In the light of the above considerations, the Commission requests the Council:

- To approve, on behalf of the Union, and following the consent of the European Parliament, the renewal of the Agreement on cooperation in science and technology between the European Community and Ukraine for an additional period of five years;
- To authorise the President of the Council to designate the person(s) empowered to notify Ukraine that the Union has completed its internal procedures necessary for the entry into force of this renewed Agreement.

Proposal for a

COUNCIL DECISION

concerning the renewal of the Agreement on cooperation in science and technology between the European Community and Ukraine

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 186 in conjunction with point (v) of Article 218(6)(a) thereof,

Having regard to the proposal from the European Commission,

Having regard to the consent of the European Parliament,

Whereas:

- (1) By its Decision 2003/96/EC of 6 February 2003, the Council approved the conclusion of the Agreement on cooperation in science and technology between the European Community and Ukraine.
- (2) Article 12(b) of the Agreement provided that the Agreement would be concluded for an initial period ending on 31 December 2002 and would be renewable by common agreement between the parties for additional periods of five years¹.
- (3) Based on the Council Decision 2011/182/EU of 9 March 2011¹ the Agreement was renewed for a further period of five years with a retroactive effect as of 8 November, 2009 and is due to expire on 7 November, 2014.
- (4) The parties to the Agreement consider that rapid renewal of this Agreement would be in their mutual interest.
- (5) The content of the renewed Agreement will be identical to the content of the Agreement, which expires on 7 November, 2014.
- (6) The renewal of the Agreement on cooperation in science and technology between the European Community and Ukraine should be approved on behalf of the European Union.

¹ OJ L79, 25.03.2011, p.3

HAS ADOPTED THIS DECISION:

Article 1

The renewal of the Agreement on cooperation in science and technology between the European Community and Ukraine for an additional period of five years, is hereby approved on behalf of the Union.

Article 2

The President of the Council is hereby authorised to designate the person(s) empowered, acting on behalf of the Union and in accordance with point (a) of Article 12 of the Agreement, to notify Ukraine that the Union has completed its internal procedures necessary for the entry into force of this renewed Agreement.

Article 3

This Decision shall enter into force on the date of its adoption. This Decision shall be published in the Official Journal of the European Union.

Done at Brussels,

*For the Council
The President*

LEGISLATIVE FINANCIAL STATEMENT

1. FRAMEWORK OF THE PROPOSAL/INITIATIVE

- 1.1. Title of the proposal/initiative
- 1.2. Policy area(s) concerned in the ABM/ABB structure
- 1.3. Nature of the proposal/initiative
- 1.4. Objectives
- 1.5. Grounds for the proposal/initiative
- 1.6. Duration and financial impact
- 1.7. Management mode(s) envisaged

2. MANAGEMENT MEASURES

- 2.1. Monitoring and reporting rules
- 2.2. Management and control system
- 2.3. Measures to prevent fraud and irregularities

3. ESTIMATED FINANCIAL IMPACT OF THE PROPOSAL/INITIATIVE

- 3.1. Heading(s) of the multiannual financial framework and expenditure budget line(s) affected
- 3.2. Estimated impact on expenditure
 - 3.2.1. *Summary of estimated impact on expenditure*
 - 3.2.2. *Estimated impact on operational appropriations*
 - 3.2.3. *Estimated impact on appropriations of an administrative nature*
 - 3.2.4. *Compatibility with the current multiannual financial framework*
 - 3.2.5. *Third-party contributions*
- 3.3. Estimated impact on revenue

LEGISLATIVE FINANCIAL STATEMENT

1. FRAMEWORK OF THE PROPOSAL/INITIATIVE

1.1. Title of the proposal/initiative

Proposal for a Council Decision concerning the renewal of the Agreement on cooperation in science and technology between the European Community and Ukraine.

1.2. Policy area(s) concerned in the ABM/ABB structure²

Policy strategy and coordination of, in particular, the Directorates-General RTD, AGRI, JRC, CNECT, EAC, ENER, ENTR and MOVE.

1.3. Nature of the proposal/initiative

- The proposal/initiative relates to **a new action**
- The proposal/initiative relates to **a new action following a pilot project/preparatory action³**
- The proposal/initiative relates to **the extension of an existing action**
- The proposal/initiative relates to **an action redirected towards a new action**

1.4. Objectives

1.4.1. *The Commission's multiannual strategic objective(s) targeted by the proposal/initiative*

The present initiative will allow both Parties to improve and intensify their cooperation in science and technology in areas of common interest.

1.4.2. *Specific objective(s) and ABM/ABB activity(ies) concerned*

Specific objective No

It will allow a further exchange of specific knowledge and a transfer of know-how to the benefit of the scientific communities, industry and the citizens.

ABM/ABB activity(ies) concerned

² ABM: Activity-Based Management – ABB: Activity-Based Budgeting.

³ As referred to in Article 49(6)(a) or (b) of the Financial Regulation.

1.4.3. *Expected result(s) and impact*

Specify the effects which the proposal/initiative should have on the beneficiaries/groups targeted.

This decision will allow the EU and Ukraine to derive mutual benefit from the scientific and technical progress achieved through research cooperation in their respective specific research programmes and facilitate further increased cooperation.

1.4.4. *Indicators of results and impact*

Specify the indicators for monitoring implementation of the proposal/initiative.

The Commission services will regularly monitor all actions carried out under the Agreement, which will include a review by the EU. The review will consist of the following elements;

(a) Performance indicators – number of proposals put forward by Ukraine for the specific programme compared with number of proposals selected for funding under the programme.

(b) Data collection – based on information from the specific programme of the Framework Programme and information provided by Ukraine to the Joint Community-Ukraine Committee, established under Article 6 of the Agreement.

1.5. Grounds for the proposal/initiative

1.5.1. *Requirement(s) to be met in the short or long term*

This decision will allow both parties to continue to improve and intensify their cooperation in mutually beneficial areas of science and technology.

1.5.2. *Added value of EU involvement*

The Agreement is based on the principles of mutual benefit, reciprocal access to programmes and activities of the other Party, in connection with the subject of the Agreement, non-discrimination, effective protection of intellectual property and equitable sharing of IPR and effective exploitation of results. The renewal of this Agreement will allow for increased scientific knowledge leading to market access opportunities.

1.5.3. *Lessons learned from similar experiences in the past*

Based on experience thus far in the S&T cooperation it is considered mutually beneficial to continue this cooperation with Ukraine by renewing the Agreement for a further period of five years.

1.5.4. *Compatibility and possible synergy with other appropriate instruments*

The renewal of the Agreement with Ukraine is fully coherent with the opening up of participation in the EU Framework Programmes to the world.

1.6. Duration and financial impact

Proposal/initiative of **limited duration**

- Proposal/initiative in effect from 08/11/2014 to 08/11/2019
- Financial impact from 2014 to 2019

Proposal/initiative of **unlimited duration**

- Implementation with a start-up period from YYYY to YYYY,
- followed by full-scale operation.

1.7. Management mode(s) envisaged⁴

Centralised direct management by the Commission

Centralised indirect management with the delegation of implementation tasks to:

- executive agencies
- bodies set up by the Communities⁵
- national public-sector bodies/bodies with public-service mission
- persons entrusted with the implementation of specific actions pursuant to Title V of the Treaty on European Union and identified in the relevant basic act within the meaning of Article 49 of the Financial Regulation

Shared management with the Member States

Decentralised management with third countries

Joint management with international organisations (*to be specified*)

If more than one management mode is indicated, please provide details in the "Comments" section.

Comments

⁴ Details of management modes and references to the Financial Regulation may be found on the BudgWeb site: http://www.cc.cec/budg/man/budgmanag/budgmanag_en.html

⁵ As referred to in Article 185 of the Financial Regulation.

2. MANAGEMENT MEASURES

2.1. Monitoring and reporting rules

Specify frequency and conditions.

Participation of research entities from Ukraine in the Framework Programme (Horizon 2020) and other cooperative activities under the Agreement will be regularly followed through meetings of the Joint Community-Ukraine Committee established under Article 6 of the Agreement.

2.2. Management and control system

2.2.1. Risk(s) identified

Meetings and bilateral contacts occur regularly, allowing for a systematic sharing of information. No risks have been identified in the control system.

2.2.2. Control method(s) envisaged

2.2.3. Costs and benefits of controls and probable non-compliance rate

2.3. Measures to prevent fraud and irregularities

Specify existing or envisaged prevention and protection measures.

When the implementation of the Framework Programme calls for the use of external contractors or entails granting financial contributions to third parties, the Commission will carry out, where appropriate, financial audits, in particular if it has reason to doubt the realistic nature of work performed or described in the activity reports.

The Union's financial audits will be carried out either by its own staff or by accounting experts approved according to the law of the audited party. The Union will choose the latter freely, while avoiding any risks of conflicts of interest which might be indicated to it by the party subject to the audit. In addition, the Commission will make sure, in carrying out the research activities, that the financial interests of the Union are protected by effective checks and, where irregularities are detected, by deterrent and proportionate measures and penalties.

In order to achieve this aim, rules on checks, measures and penalties, with reference to Regulations No 2988/95, No 2185/96 and No 1073/99 will be incorporated in all contracts used in the implementation of the Framework Programme.

In particular, the following points will have to be provided for in the contracts:

- the introduction of specific contractual clauses to protect the financial interests of the EU in carrying out checks and controls in relation to the work performed;
- the carrying out of administrative checks as part of anti-fraud measures, in accordance with Regulations No 2185/96, No 883/2013;

- the application of administrative penalties for all intentional or negligent irregularities in the implementation of the contracts, in accordance with the Framework Regulation No 2988/95, including a blacklisting mechanism;
- the fact that any recovery orders in the event of irregularities and fraud must be enforceable according to Article 299 of the Treaty on the Functioning of the European Union.

In addition and as a routine measure, a control programme in respect of scientific and budgetary aspects will be carried out by the responsible staff in the DG for Research and Innovation; an internal audit will be carried out by the Internal Audit unit of DG Research and Innovation; and local inspections will be undertaken by the European Court of Auditors.

3. ESTIMATED FINANCIAL IMPACT OF THE PROPOSAL/INITIATIVE

3.1. Heading(s) of the multiannual financial framework and expenditure budget line(s) affected

- Existing budget lines

In order of multiannual financial framework headings and budget lines.

Heading of multiannual financial framework	Budget line	Type of expenditure	Contribution			
	Number [Description.....]	Diff./non-diff. (6)	from EFTA countries ⁷	from candidate countries ⁸	from third countries	within the meaning of Article 18(1)(aa) of the Financial Regulation
1a	08.01.05	Non-diff.	YES	YES	YES	YES
1a	08.01.05.01	Non-Diff.	YES	YES	YES	YES
1a	08.01.05.03	Non-Diff;	YES	YES	YES	YES

- New budget lines requested

In order of multiannual financial framework headings and budget lines.

Heading of multiannual financial framework	Budget line	Type of expenditure	Contribution			
	Number [Heading.....]	Diff./non-diff.	from EFTA countries	from candidate countries	from third countries	within the meaning of Article 18(1)(aa) of the Financial Regulation
	[XX.YY.YY.YY]		YES/ NO	YES/ NO	YES/ NO	YES/NO

⁶ Diff. = Differentiated appropriations / Non-Diff. = Non-differentiated appropriations.

⁷ EFTA: European Free Trade Association.

⁸ Candidate countries and, where applicable, potential candidate countries from the Western Balkans.

3.2. Estimated impact on expenditure

[This part must be completed on the spread sheet on budget data of an administrative nature (second document in the annex to this financial statement) to be uploaded to CISNET for interdepartmental consultation purposes.

3.2.1. Summary of estimated impact on expenditure

EUR million (to three decimal places)

Heading of multiannual financial framework:		1a	[Heading]: Competitiveness for Growth and Jobs						
DG: <Research and Innovation.>			2014 ⁹	2015	2016	2017	2018	2019	TOTAL
• Operational appropriations	Number of budget line	Commitments (1)							
		Payments (2)							
Number of budget line		Commitments (1a)							
		Payments (2a)							
Appropriations of an administrative nature financed from the envelope of specific programmes ¹⁰									
Number of budget line: 08.01.05		(3)	0.005	0.029	0.029	0.029	0.029	0.024	0.145
Number of budget line: 08.01.05.01		(4)	0.005	0.027	0.027	0.027	0.027	0.023	0.136
Number of budget line: 08.01.05.03		(5)	0.000	0.002	0.002	0.002	0.002	0.001	0.009
• TOTAL operational appropriations		(6)							

⁹ Year N is the year in which implementation of the proposal/initiative starts.

¹⁰ Technical and/or administrative assistance and expenditure in support of the implementation of EU programmes and/or actions (former 'BA' lines), indirect research, direct research.

	Payments	(7)								
• TOTAL appropriations of an administrative nature financed from the envelope for specific programmes		(8)	0.005	0.029	0.029	0.029	0.029	0.029	0.029	0.145
TOTAL appropriations under HEADING <1a.> of the multiannual financial framework	Commitments	=6+8	0.005	0.029	0.029	0.029	0.029	0.029	0.029	0.145
	Payments	=7+8	0.005	0.029	0.029	0.029	0.029	0.029	0.029	0.145

Heading of multiannual financial framework	5	‘Administrative expenditure’
---	----------	------------------------------

EUR million (to three decimal places)

	2014	2015	2016	2017	2018	2019	TOTAL
--	------	------	------	------	------	------	--------------

DG: <.....>							
• Human resources							
• Other administrative expenditure							
TOTAL DG <.....>							

TOTAL appropriations for HEADING 5 of the multiannual financial framework	(Total commitments = Total payments)	0.001	0.004	0.004	0.004	0.004	0.003	0.020
---	--------------------------------------	-------	-------	-------	-------	-------	-------	--------------

EUR million (to three decimal places)

TOTAL appropriations under HEADINGS 1 to 5 of the multiannual financial framework		2014¹¹	2015	2016	2017	2018	2019	TOTAL
		Commitments	0.006	0.033	0.033	0.033	0.033	0.033
Payments	0.006	0.033	0.033	0.033	0.033	0.033	0.027	0.165

¹¹ Year N is the year in which implementation of the proposal/initiative starts.

3.2.2. Estimated impact on operational appropriations

- The proposal/initiative does not require the use of operational appropriations
- The proposal/initiative requires the use of operational appropriations, as explained below:

Commitment appropriations in EUR million (to three decimal places)

Indicate objectives and outputs ↓	Type ¹²	Average cost	Year N			Year N+1			Year N+2			Year N+3			Enter as many years as necessary to show the duration of the impact (see point 1.6)			TOTAL					
			Number	Cost	Number	Cost	Number	Cost	Number	Cost	Number	Cost	Number	Cost	Number	Cost	Number		Cost	Number	Cost		
OUTPUTS																							
SPECIFIC OBJECTIVE NO 1 ¹³																							
- Output																							
- Output																							
- Output																							
Subtotal for specific objective No 1																							
SPECIFIC OBJECTIVE No 2...																							
- Output																							
Subtotal for specific objective No 2																							
TOTAL COST																							

¹² Outputs are products and services to be supplied (e.g.: number of student exchanges financed, number of km of roads built, etc.).
¹³ As described in point 1.4.2. 'Specific objective(s)...'

3.2.3. Estimated impact on appropriations of an administrative nature

3.2.3.1. Summary

- The proposal/initiative requires the use of appropriations of an administrative nature, as explained below:

EUR million (to three decimal places)

	Year 2014 ¹⁴	Year 2015	Year 2016	Year 2017	Year 2018	Year 2019	TOTAL
--	----------------------------	--------------	--------------	--------------	--------------	--------------	-------

HEADING 5 of the multiannual financial framework	0.001	0.004	0.004	0.004	0.004	0.003	0.020
Human resources							
Other administrative expenditure							
Subtotal HEADING 5 of the multiannual financial framework	0.001	0.004	0.004	0.004	0.004	0.003	0.020

Outside HEADING 5¹⁵ of the multiannual financial framework							
Human resources	0.005	0.027	0.027	0.027	0.027	0.023	0.136
Other expenditure of an administrative nature	0.000	0.002	0.002	0.002	0.002	0.001	0.009
Subtotal outside HEADING 5 of the multiannual financial framework	0.005	0.029	0.029	0.029	0.029	0.024	0.145

TOTAL	0.006	0.033	0.033	0.033	0.033	0.027	0.165
--------------	-------	-------	-------	-------	-------	-------	--------------

The administrative appropriations required will be met by the appropriations of the DG which are already assigned to management of the action and/or which have been redeployed within the DG, together if necessary with any additional allocation which may be granted to the managing DG under the annual allocation procedure and in the light of budgetary constraints.

¹⁴ Year N is the year in which implementation of the proposal/initiative starts.

¹⁵ Technical and/or administrative assistance and expenditure in support of the implementation of EU programmes and/or actions (former 'BA' lines), indirect research, direct research.

3.2.3.2. Estimated requirements of human resources

- The proposal/initiative requires the use of human resources, as explained below:

Estimate to be expressed in full time equivalent units

	Year 2014	Year 2015	Year 2016	Year 2017	Year 2018	Year 2019	Enter as many years as necessary to show the duration of the impact (see point 1.6)
• Establishment plan posts (officials and temporary agents)							
XX 01 01 01 (Headquarters and Commission's Representation Offices)							
XX 01 01 02 (Delegations)							
08 01 05 01 (Indirect research)	0.04	0.25	0.25	0.25	0.25	0.21	
10 01 05 01 (Direct research)							
• External personnel (in Full Time Equivalent unit: FTE)¹⁶							
XX 01 02 01 (CA, INT, SNE from the "global envelope")							
XX 01 02 02 (CA, INT, JED, LA and SNE in the delegations)							
XX 01 04 yy¹⁷	- at Headquarters						
	- in delegations						
XX 01 05 02 (CA, SNE, INT - Indirect research)							
10 01 05 02 (CA, SNE, INT - Direct research)							
Other budget lines (specify)							
TOTAL	0.04	0.25	0.25	0.25	0.25	0.21	

XX is the policy area or budget title concerned.

The human resources required will be met by staff from the DG who are already assigned to management of the action and/or have been redeployed within the DG, together if necessary with any additional allocation which may be granted to the managing DG under the annual allocation procedure and in the light of budgetary constraints.

Description of tasks to be carried out:

Officials and temporary staff	Preparation and management of the Joint Committee meetings foreseen under Art. 6 of the Agreement, and missions ensuring the good functioning and implementation of the Agreement and regular review of the Agreement.
External staff	

¹⁶ CA= Contract Agent; LA = Local Agent; SNE = Seconded National Expert; INT = agency staff ('Intérimaire'); JED= 'Jeune Expert en Délégation' (Young Experts in Delegations).

¹⁷ Sub-ceiling for external staff covered by operational appropriations (former "BA" lines).

3.2.4. *Compatibility with the current multiannual financial framework*

- Proposal/initiative is compatible the current multiannual financial framework.

3.2.5. *Third-party contributions*

- The proposal/initiative does not provide for co-financing by third parties.

3.3. Estimated impact on revenue

- Proposal/initiative has no financial impact on revenue.

There is no financial impact on revenue given that Ukraine is not contributing to the EU general budget under this S&T Agreement.