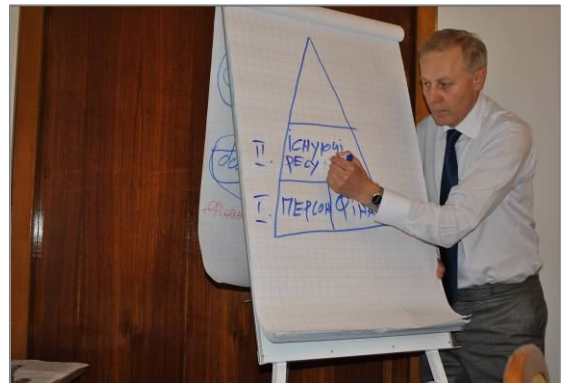


## Swiss-Ukrainian Decentralisation Support Project in Ukraine

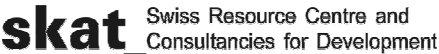


### Half Yearly Report February – June 2010

Kyiv – July 2010

# TABLE OF CONTENTS

- List of Acronyms ..... 3**
- Glossary..... 4**
- I. Executive summary..... 6**
- II. BACKGROUND ..... 7**
  - II.1. About DESPRO..... 7
  - II.2. Current Political and Institutional Context and New Challenges..... 9
- III. Project progress..... 11**
  - III.1. Outcomes and Outputs..... 11
    - III.1.1. Outcome 1 ..... 11
    - III.1.2. Outcome 2 ..... 19
    - III.1.3. Outcome 3 ..... 23
  - III.2. PUBLIC RELATIONS ..... 25
- IV. MONITORING AND EVALUATION ..... 31**
- V. PROJECT MANAGEMENT AND STEERING ..... 32**
- VI. LESSONS LEARNT ..... 33**
- VII. FINANCES ..... 34**
- VIII. ANNEXES..... 34**



## LIST OF ACRONYMS

ACU	Association of Cities of Ukraine
ARC	Autonomous Republic of Crimea
ATR	Administrative and Territorial Reform
ATS	Administrative and Territorial Setup
CBA	Community Based Approach to Local Development (UNDP-led)
CBO	Community-Based Organisation
CH	Switzerland, Swiss
CHF	Swiss Francs
CIDP	Crimea Integration and Development Programme (UNDP-led)
CO	Community Organisation
COOF	Ukraine Swiss Cooperation Office (SDC)
CoM	Cabinet of Ministers
CRDP	Chernobyl Recovery and Development Programme (UNDP-led)
DESPRO	Decentralisation Support Project in Ukraine
DLG	Decentralisation and Local Government
EAB	Expert and Advisory Board
GCB	General Conditions of Business
GTZ	German Agency for Technical Cooperation
GoU	Government of Ukraine
HRBA	Human Rights Based Approach
KM	Knowledge Management
MDI	Municipal Development Institute
MGSDP	Municipal Governance and Sustainable Development Programme (UNDP-led)
MoRDC	Ministry of Regional Development and Construction
MoU	Memorandum of Understanding
MTR	Mid Term Report
NAVSC	National Association of Village and Settlement Councils
NAPA	National Academy for Public Administration
NGO	Non-Governmental Organisation
OSC	Oblast Steering Committee
OSA	Oblast State Administration
PIMS	Project Information and Monitoring System
PIU	Project Implementation Unit
RSA	Rayon State Administration
RWG	Rayon Working Group
SCO	Swiss Cooperation Office
SDC	Swiss Agency for Development and Cooperation
SECO	Swiss State Secretariat for Economic Affairs
SIDA	Swedish International Development Cooperation Agency
Skat	Swiss Resource Centre and Consultancies for Development
SOBP	Self-Organised Body of Population (OSN - translation from Ukrainian)
SPC	Senior Project Coordinator
SWM	Solid Waste Management
TOR	Terms of Reference
UA	Ukraine, Ukrainian
UNDP	United Nations Development Programme
USAID	United States Agency for International Development
WS&S	Water Supply and Sanitation

## GLOSSARY

Community Mobilisation	Process of engaging communities to identify community priorities, define resource needs and devise solutions in such a way as to promote representative participation, good governance, accountability and peaceful change.
Decentralisation	Transfer of power to sub-national political entities. This includes the shift of decision-making power, finances and management duties from the central authority/administration to local governments (municipalities with locally elected entities and administrations with clearly defined competencies).
Facilitation & Information Support	The PIU commissions consultants/local NGOs to provide project facilitation and information exchange support to the pilot rayons and communities.
Governance	Governance comprises the mechanisms and processes through which citizens and groups articulate their needs and interests, exercise their legal rights, meet their obligations and mediate their differences vis-à-vis the local and national government in political, economic and administrative issues. It is all about a cooperative and fruitful relationship between people (citizens, residents, interest groups, etc.) and government.
Local Government	Local governments or local authorities are political and administrative entities, such as village, municipal, town, rayon and oblast governments, distinct from the central or national Government. Local Governments comprise the political (local council) and administrative/executive part (local state administration — in oblasts and rayons only).
Oblast	An administrative-territorial unit in Ukraine. There are 24 oblasts and the ARC in Ukraine. An oblast consists of rayons and “cities with oblast status” (misto oblasnoho znachennya). The oblast’s administrative centre is a city with oblast status. In this document, “region” is sometimes used as a synonym for oblast.
Rayon	An administrative-territorial unit within an oblast or ARC, or within a large city (e.g. Kiev). Each oblast consists of different rayons. A Rayon comprises villages (selo), small towns (selysche), and “towns with rayon status” (misto rayonnoho znachennya). The rayon’s administrative centre is a town with rayon status, or sometimes a small town (selysche).
Local State Administration (oblast and rayon levels)	An appointed local body of state executive power: it executes state power on the territory of the corresponding administrative-territorial unit and also implements the appropriate oblast or rayon council’s political decisions to provide services to the residents.
Local Council	The elected political (legislative and judiciary) element of a local government that exists to take decisions based on the residents’ will.

Self-Governing Authority	A local government that can take its own decisions independently from the national government and can raise and use taxes based on its own decisions.
Self-Organised Body of the Population	A legal entity, a not-for-profit organisation. One of the forms of participation of territorial community members of villages, settlements, cities and districts in cities in the resolution of local issues. Buildings, streets, block committees, “micro-rayon” committees, committees of districts in cities, and rural and settlement committees are the areas of self-organisation of the population.
Service Cooperative	A legal entity, a not-for-profit organisation, set up by its founders on a voluntary basis, established with the purpose of satisfying economic, social and other needs of their members, namely to provide primarily its members with services. A service cooperative may provide non-members with services to satisfy its economy needs, but not in an amount exceeding 20 percent of gross turnover.
Non-Governmental Organisation (Public Organisation, Association)	A legal entity, a non-for-profit organisation. A voluntary, public formation, created on the basis of unity of interests for joint exercise by the citizens of their rights and freedoms; acts to satisfy and protect their legal social, economic, creative, age, national cultural, sports and other common interests.
Small Town	An administrative-territorial unit within a rayon; the status of ‘small town’ is granted to a settlement that has industrial enterprises or rail junctions, or where universities, scientific and research entities, or institutions of patient care are located together with municipal public housing, with not less than 2.000 inhabitants, two-thirds of whom work in the industrial and service sectors (not in the agricultural sector).
Social Mobilisation	The process of bringing together all stakeholders to raise people’s awareness of and demand for a particular programme (e.g. healthcare) to assist in the delivery of resources and services and to strengthen community participation for sustainability and self-reliance. Social mobilisation recognises that sustainable social and behavioural change requires many levels of involvement — from individual to community to policy and legislative action.
Social Mobiliser	A person (can be integrated in the rayon administration) who facilitates the interaction between the rayon administration/council and the mobilised community for problem identification and solving.
Town	An administrative territorial unit in a rayon or a municipality with rayon status. The status of ‘town’ is granted to a settlement with industrial enterprises, a municipal economy, municipal housing, socio-cultural organisations, and with not less than 10,000 inhabitants, two-thirds of whom work in the industrial and service sectors (not in the agricultural sector).
Village	An administrative territorial unit within a rayon or a municipality with private housing. Most inhabitants work in the agricultural sector.

## I. EXECUTIVE SUMMARY

Within the framework of the SDC Cooperation Strategy 2007-2010, the Decentralisation Support Project Phase II is part of the Rule of Law and Democracy sector (sub-sector Public Sector Reforms), which has the objective to “assist Ukraine in decentralisation and devolution of powers from the national to the local level”. Decentralisation remained among the priorities of the governmental strategy after the Presidential Elections 2010. Decentralization and enhancing local self government appeared to be an essential requirement at regional and local levels.

In order to support broad participation and consensus-building in the reform process, DESPRO Phase II facilitates a multi-level policy dialogue between the national and lower levels of government. It is a flexible supporter of platforms for discussing the current legal framework and reform proposals, but also proposes recommendations that derive from DESPRO’s own experience.

Working relations were re-established at all levels of DESPRO operation – both with newly appointed national level players and oblast and rayons administrations in Vinnytsya and ARC. DESPRO also got in contact with the administration of the third target region – Sumy Oblast and is currently putting efforts in developing an effective cooperation with them.

New thematic and methodological approaches such as knowledge management, cross-institutional and cross-level cooperation, SWM are becoming of special importance in DESPRO Phase II.

At the same time, DESPRO is facing a number of challenges that characterise the reform process in the Ukrainian society - lack of information on the substance and consequences of reforms, and therefore a lack of societal consensus on reform, impact of the economic crisis – increased budget deficit threatens to slow down the reform process; tendency towards slowing down the reform process, etc. Besides changes in the management entailed by the election lasted for a long time and are still in process in some of the regions, Obviously this has influenced the timing of some of the DESPRO activities especially at the regional and local levels.

Working under the challenging circumstances, DESPRO and its project partners focus on the developing procedures for designing, implementing and co-financing community projects on water supply services and inter-community projects on SWM as well as monitoring and providing advisory support for already co-financed community-based projects on decentralised public service provision.

Knowledge base and capacities of local authorities to better fulfil their functions in the areas of planning, budgeting and provision of services have been strengthened by means of the newly developed Project Information and Monitoring System (PIMS), the Capacity Development Programme (CDP), participation in the conferences (St. Gallen, Switzerland, May 3-4, 2010) and round-tables etc.

In Phase II, knowledge management became a strategic direction of DESPRO activities. Therefore the key activity of the project in this area was aimed at developing the DESPRO KM model vision: its structure; types of information; services and products; information and capacity building. The Concept of the Knowledge Management System for Decentralisation and Local Self-Governance in Ukraine was elaborated and submitted for consideration to SDC.

DESPRO continues to strengthen synergies with the national-level players as well as donor community in the DLG area for promoting the concept of decentralisation and need for reforms.

Policy dialogue at national and regional levels was continued being an efficient way to promote the reform process. In the first half of 2010 the format of the work included regular meetings with the representatives of the governmental structures, primarily with the key national partner – MoRDC as well as the Verkhovna Rada, The President Administration, NAPA, oblast and rayon state administrations and councils.

DESPRO continues the mutual beneficial cooperation with the donor community promoting DLG. Synergies with UNDP projects, working in the area of DLG – CBA, MGSDP, CIDP - were further

developed. DESPRO together with MDSDP and NAPA are currently working on a learning course for public servants on DLG.

The first half of 2010 resulted in the establishment of the DESPRO Expert and Advisory Board (EAB), consisting of leading experts in the DLG and regional policy. The main tasks of the EAB is providing expert support to the project, producing analytical papers on current policy developments in the fields of regional policy, local self-governance and decentralisation, representation of civil society interests in the work of DESPRO, and ensuring the transparency of project activities. The EAB became a substantial input into establishing a platform for participatory multi-level and cross-institutional policy dialogue.

## II. BACKGROUND

### II.I. ABOUT DESPRO

Within the framework of the SDC Cooperation Strategy 2007-2010, the Decentralisation Support Project Phase II is part of the Rule of Law and Democracy sector (sub-sector Public Sector Reforms), which has the objective to “assist Ukraine in decentralisation and devolution of powers from the national to the local level”.

Phase I of DESPRO was implemented during the period 2007-2009. The Swiss Resource Centre and Consultancies for Development (Skat) was mandated by SDC to implement the project with the overall goal of contributing to improving public service delivery in a decentralised way.

The goal of Phase II is to develop feasible mechanisms of decentralised quality public service delivery that are documented and taken up in the national decentralisation reform process.

Phase II addresses the following main fields of intervention:

- 1. The quality of and access to services in target areas are to be improved based on principles of participatory planning and decision-making.** The co-financed community and inter-municipal projects are to be seen as learning and demonstration examples for the mechanisms of decentralised service delivery as well as concrete contributions to local development.
- 2. Effective knowledge management processes in the sector of decentralisation and local self-government are to be developed and integrated into the local governance system** in order to increase the capacity of local public servants to plan and implement projects aimed at establishing decentralised services, and to run such services at a high level of quality.
- 3. The national reform process towards decentralisation and local self-government is to be strengthened** through the provision of advisory support to key national institutions (mainly to the MoRDC and the Parliamentary Committee on State Building and Local Self-Government) based on experiences in the partner regions in the areas of local service provision, cross-level cooperation and community participation.

In order to support broad participation and consensus-building in the reform process, DESPRO Phase II facilitates a multi-level policy dialogue between the national and lower levels of government. It is a flexible supporter of platforms for discussing the current legal framework and reform proposals, but also proposes recommendations that derive from DESPRO's own experience.

In Phase II DESPRO contributes to strengthening national policy dialogue in the area of decentralisation and local self-government reform. DESPRO's experience and lessons learnt are used to provide targeted policy inputs on various aspects of decentralisation and to develop credible policy recommendations.

DESPRO makes use of the mechanisms of community-based service delivery that have been developed, and is further working to institutionalise them and put them into practice within local

and regional authorities. The mechanisms of decentralised public service provision tested by the project will serve as the basis for developing procedures and mechanisms for co-financed village projects on a larger scale, as well as for inter-community projects, and for integrating them into the operation procedures of local government bodies. The project aims to demonstrate, implement and institutionalise the different models that are required to adequately address the need for efficient and affordable service delivery, both in the two target regions of Phase I — Vinnytsya oblast (Kalynivka, Tulchyn and Illintsi rayons) and ARC (Bakhchysaray, Lenino and Nyzhnyohirsk rayons) — as well as in the newly targeted Sumy oblast. Village authorities are more directly involved in the process of improving service delivery, which is enhanced through strong community participation.

The MoRDC is the main national counterpart of DESPRO. At the national level, cooperation with the Parliamentary Committee on State Building and Local Self-Government, national associations, the National Academy of Public Administration (NAPA), the Academy of Municipal Management within the MoRDC and think tanks are to be strengthened. The most important regional partners are the Government of the ARC and the State Administrations and Councils of Vinnytsya and Sumy oblasts.

New thematic and methodological approaches such as knowledge management, cross-institutional and cross-level cooperation and fiscal decentralisation are to be strengthened in Phase II. With DESPRO's support, results and lessons learnt at the local and regional levels are to be fully documented by partner institutions for knowledge management purposes and to be made available (for training, retraining and use on the ground) to public servants not directly involved in DESPRO activities, as well as for input into further policy development at the national level. Knowledge management focuses on the decentralised provision of services and supports national stakeholders' activities aimed at strengthening cross-institutional cooperation.

Implementation of Phase II is again mandated to Skat, Swiss Resource Centre and Consultancies for Development, and its Project Implementation Unit (PIU) in Kiev. The PIU remains the central project implementation, management and administration unit. In order to have swift access to the specialised expertise needed for policy dialogue, international and national experts will be invited and mandated by the Project as and when the need arises.

DESPRO Phase II will last for 36 months, from 1 February 2010 to 31 January 2013. With a budget of CHF 4,967,905.00, DESPRO will mobilise additional funds to implement co-financed projects at community, inter-community and regional levels.

The first five months of DESPRO Phase II were primarily focused on preparing the ground for effective accomplishment of the Project tasks. In accordance with the special provisions of the General Conditions of Business (GCB) which is the Annex to the Mandate Agreement to Project Implementation, an external assessment of gender equality issues in the area of decentralised service provision has been initiated. Results and recommendations of the assessment will be incorporated into the revised project logframe as indicators, targets and timeframes. With regard to the new knowledge management component of the Project, a concept paper and detailed action plan is currently developed.

Due to the developments in the political situation in Ukraine that took place after the presidential elections — a change of government and changes at all levels of the state administration together with the concomitant elaboration of new national policies and priorities — DESPRO attached importance at this stage to revising and redeveloping the strategy of Project interventions specifically at national level. The strategy includes both key focuses of intervention and key stakeholders to be involved.

Therefore, the first five months of DESPRO operations in 2010 were concentrated on conceptualizing approaches and identifying strategies and the most effective activities rather than on active interventions in the partner regions.

## II.2. CURRENT POLITICAL AND INSTITUTIONAL CONTEXT AND NEW CHALLENGES

The public administration system of Ukraine is still largely a relic of Soviet times. It is highly centralised in regard to the distribution of decision-making powers and budgetary means. It is complex and thus inefficient in terms of defining administrative authority at different levels.

After the Presidential elections in January-February 2010, steady trends towards further decentralisation in Ukraine were observed. The following legislative initiatives may serve as demonstration of this (Table 1):

**Table 1**

<b>Level of the Initiative</b>	<b>Characteristics of the Initiative</b>
<b>Constitution</b>	Amendments to the Constitution of Ukraine in regard to local government were prepared.
<b>Laws</b>	The Law on Local Self-Government Associations was adopted. The fact that representatives of Association of Cities of Ukraine (ACU) and the National Association of Village and Settlement Councils (NAVSC) were invited to meetings of the government under this law is evidence of its informal spirit.
	The Law on Sevastopol, City with Special Status, where the main ideas of local self-government reform are implemented, including the development of the spatial framework and the distribution of powers between local self-government bodies and executive authority agencies. Sevastopol State Administration supported the law.
	The draft law on the City of Kyiv went through preparation for its second reading, where a number of elements of local self-government reform were introduced.
	Draft laws on the Administrative and Territorial Structure of Ukraine, on Local Self-Government and on Local State Administrations were developed.
	The draft law on the Foundations of State Regional Policy, where transparent procedures for relations between the centre and the regions are established, was developed.
<b>Concept</b>	The Concept of Local Self-Government Reform (CoM Resolution № 900) and the Plan of activities for its implementation (Resolution № 1456) were approved with a precise timeframe for implementation of the reform measures.

Additionally:

- An attempt was made to implement the second phase of fiscal reform, switching more than 12,000 village and settlement budgets over to direct transfers from the state budget. Studies have uncovered huge problems at these levels of self-government — in particular, the irregularity of flows within the network of budgetary institutions, the failure of staff to manage budgets and huge distortions in the fiscal capacities of local budgets.

- Simulations of community creation were carried out directly by Rayon State Administration (RSA) specialists in 23 out of 25 regions of Ukraine. The feasibility of the model proposed for Administrative and Territorial Setup (ATS) reform was confirmed.
- The Association of Village and Settlement Councils was established. The very fact that such an association was created by government initiative is worthy of note, regardless of its low level of viability due to organisational aspects. Over the course of two years the executive structures in the MoRDC worked to professionally prepare the reform of local self-government and supporting reforms.

At the same time, despite the positive developments with regard to the DLG reform strategy, there are a number of substantial challenges ahead for the completion of the reform process. These include the following factors:

- There is a lack of information, and therefore a lack of consensus and support for reform, at the local level and among the general public. Information, discussions and consultation exercises are needed at local level to gain the necessary public backing.
- The fiscal decentralisation process is not clearly defined. Several schemes have been proposed, but none of them is comprehensive. A task group on fiscal decentralisation was established under the leadership of the Speaker of Parliament. The main task of this group was to work jointly with the Secretariat of the President of Ukraine on changes and amendments to the Budget Code (those which were vetoed by the President) in order to submit the consolidated document to the Parliament by the end of 2009.
- The financial and economic crisis affecting the country and the size of the related budget deficit threaten to slow down the reform process, since investing in processes of change is costly at the initial stage.
- Local elections are to be held in Ukraine in October 2010. Although the necessity and importance of implementing DLG reform is not disputed by any of the major political forces, the forthcoming election campaign will provoke discussions and lively debates around the topic of decentralisation and may hamper the swift implementation of the steps that are planned to be undertaken by the government and the parliament of Ukraine over the next few years.
- A clear tendency towards curtailing local government reform has been observed following the change in government. In particular, a number of laws relating to decentralisation have been frozen:
  - The draft law on the City of Kyiv, which was ready for its second reading, has been frozen. Instead, the Ministry of Justice is developing a draft law that dramatically increases the centralisation of authority in Kyiv.
  - The law on the City of Sevastopol has been withdrawn from preparation for submission to the government.
  - The draft law on Regional Policy is pending; it is suggested that the existing non-transparent procedure should be used to develop this policy. Local government reform and, consequently, reform of the administrative and territorial system have been removed from the programme of economic reforms. Instead, it is suggested that the Council of Regions, which is a completely amorphous organisation without any executive body, will deal with these issues.
  - The part of local government reform within the overall programme of economic reforms is very weak and does not point to a willingness to carry out profound changes, particularly in strengthening the fiscal base of local budgets. However, the Ministry of Finance notes that budget reform has to be accompanied by reform of the self-government and territorial-administrative system.

### III. PROJECT PROGRESS

#### III.I. OUTCOMES AND OUTPUTS

##### III.I.1. OUTCOME 1: QUALITY OF AND ACCESS TO PUBLIC SERVICES IN PILOT REGIONS ARE IMPROVED BASED ON PRINCIPLES OF PARTICIPATORY PLANNING AND DECISION MAKING

Managerial stability at both regional and rayon administration level as well as approval of the state budget and the annual budgets of the target regions and rayons are regarded as key preconditions for effective cross-sectoral intervention by DESPRO. Unfortunately, the long-lasting process of change at the regional and rayon levels after the presidential elections of 2010 resulted in the postponement of the start of DESPRO activities at both the grass-roots and regional/rayon levels. As of today, the organisational and management situation is still not quite clear in all DESPRO regions.

In ARC, although the regional management team was reappointed in mid-March, nominations to rayon state administrations (which usually follow the nominations at oblast level) still continue. In Nyzhnyohirsky rayon, the serving head of the Rayon State Administration (RSA) was reappointed to the position at the end of April, but in Lenino rayon after the resignation of the previous head of the RSA in mid-April, the new head was appointed only in early July. Since the newly appointed head of the RSA did not previously live in the rayon, the chances of a revision of the rayon administration team are quite strong. In Bakhchysaray rayon, the situation appeared to be very complicated: the issue of whether to extend the appointment of the existing head, Mr. Ilmi Umerov, or to dismiss him was the subject of prolonged multilevel negotiations. Finally, Mr. Umerov was dismissed on July 7 without any serious chance of being reappointed to the position. So, there is no clear picture of who will represent executive power in this rayon as the head of RSA, since it is supposed that any other person appointed who is not supported by the Crimean Tatar community will meet strong opposition.

In Vinnytsya oblast, the situation seems to be even cloudier. At oblast level, the head of the Oblast State Administration (OSA) was replaced twice: the first appointee held the post for just seven weeks (from April 6 to May 26, 2010), while the current head was appointed in early June. Following the latter appointment, a shake-up of the oblast level management team (deputy heads of the OSA, heads of departments, and so on) was set in motion. The First Deputy Head of the OSA, Mr. Valeriy Koroviy, whose position put him in charge of the Oblast Steering Committee (OSC), has recently resigned. Should the same situation occur with the management of the Oblast Department of Economics – DESPRO's focal point at the oblast level – then, there will be a need to start rebuilding collaboration at the oblast level almost from scratch.

In DESPRO target rayons in Vinnytsya oblast, the heads of RSAs have already been appointed:

- in Illintsi, Mr. V. Yaschuk, the First Deputy Head of the RSA, who was in charge of the Rayon Working Group (RWG), became the head of the RSA;
- in Tulchyn rayon, Mr. Olexander Novitsky, the existing head of the RSA was reappointed, although only at the beginning of June;
- in Kalynivka rayon, since the head of the RSA is a newcomer, a subsequent reorganisation of the administration staff, especially those who were closely connected and loyal to the previous head (including the RWG coordinator – Ms. Rita Grynychuk) seems to be inevitable.

##### **Output 1.1      *Alternative (innovative) approaches for public services delivery have been developed***

Working under the challenging circumstances outlined above, DESPRO and its project partners have been jointly focusing on the following activities:



- in cooperation with rayon authorities, DESPRO is *developing procedures for designing, implementing and co-financing* community (water supply) and inter-community projects (Solid Waste Management) within the existing legal framework (activities 1.1.1, 1.1.3).
- in cooperation with RWGs, DESPRO is *monitoring* and providing expert and advisory support for already co-financed community-based projects on decentralised public service provision (activity 1.1.4).

### ***Developing procedures for community projects on Water Supply Services***

Based on the lessons learnt in Phase I (see Phase I Report), DESPRO in consultation with the rayon authorities has revised procedures for designing, budgeting, co-funding, implementing and monitoring community-based projects for decentralised service provision.

New versions of the **Guidelines**, **Project Proposal Form** and **Project Budget Form** have been elaborated and agreed with the partners. Table 2 shows key innovations that have been introduced into these documents and into the CBO project selection and implementation framework.

**Table 2**

<b>Previous situation</b>	<b>Change introduced</b>	<b>Comment</b>
Three types of CBO could apply for DESPRO co-financing: 1) public organisations; 2) self-organised bodies of population; 3) service cooperatives. There were then three different options for selecting operators (private entrepreneurs/enterprises, communal enterprises, or service cooperatives)	As a rule, only <i>service cooperatives</i> are called for participation in the competition with subsequent transfer of water supply operation functions to these organisations.  As an exception, any previous DESPRO partner CBO may apply again, regardless of its type.	The broad range of possibilities for selecting the type of CBO to implement the project and the type of operator to run the water supply often meant communities had difficulties in finding a good “CBO-operator” combination. A service cooperative can combine the roles of CBO and water supply operator within <i>one</i> organisation and, being a membership-type organisation, can ensure a high level of community mobilisation both during project implementation and also afterwards – during the operation stage.
A CBO project could cover just part of the territory of a community (two or three streets, a neighbourhood, etc.)	Only projects that will cover the whole settlement will be considered.	This issue has three aspects: technical, social and financial. Weak (often because of a sense of economising) technical solutions, despite giving a certain positive effect to direct beneficiaries, could affect other parts of the community negatively. Separation of one part of the community from another for one particular project might unintentionally bring adverse social consequences. And covering a larger area part with the service from the very beginning could create “economies of scale”

<p>DESPRO co-financed up to 75% of the total project cost.</p>	<p>DESPRO limits its co-financing share to 60%.</p>	<p>Positive trends were observed during Phase I. DESPRO finished the phase with a 55% share of the co-financing of all projects (an average 20% less than expected per project). Adhering to the strategy of gradually replacing donor funds with internal funds, it was decided to 60% share would be offered this time.</p>
<p>15% of the total project cost should come from the local budget, 10% from the community.</p>	<p>Not less than 40% should come from the local budget and the community itself. The division of shares between these two partners is not strictly defined.</p>	<p>This avoids budget flow related risks. A worsening economic situation significantly affects budget-dependant spheres. Different communities have different opportunities in terms of both local budget funds and households' private means. At the same time, only those projects that show the optimal balance between the budget and community shares will be supported.</p>
<p>The village council had to provide co-financing for the CBO project and support the CBO organisationally during the implementation phase.</p>	<p>This time, as well as co-financing and other organisational support, the village council must provide the service cooperative with premises for the service cooperative office.</p>	<p>The means of organisational support from the village council and its head were not strictly defined and differed from one community to another. To provide the cooperative with the necessary space — premises for their office — will be a one of the conditions of support for the CBO project. Among others benefits, this makes the village council's commitments to cooperate with the CBO stronger.</p>
<p>No rules previously.</p>	<p>A strict rule that the CBO, before the project start, must reach at least 75% of households covered by the project to agree on certain project related issues: to establish a service cooperative; to select a service cooperative as the WS operator; the project's goals and tasks; the selected technical solutions; the amount of the cost-share contribution, etc.</p>	<p>This avoids risks related to lack of social mobilisation.</p>
<p>DESPRO recommended that all connected households should be equipped with water metering points</p>	<p>A set rule to equip all connected households with water meters</p>	<p>This is in accordance with legislation. Government-approved provisions on water supply require it.</p>
<p>No strict rule previously. Within the special chapter of the project proposal, the CBO presented justifications for proposed technical and engineering solutions, which might also be based on recommendations in the Feasibility Study (conducted by the MDI), but it was not structured and comprehensive</p>	<p>As an annex to the project proposal, the CBO must submit a Technical &amp; Economic Validation (TEV) paper</p>	<p>This avoids project cost estimation related risks. TEV is a well-known tool for preplanning any engineering or construction works. TEV also includes a rough estimation of the project costs.</p>

No strict rule previously.	As an annex to the project proposal, the CBO must submit the estimated tariff for water supply services after project completion	The estimated tariff is to be calculated according to provisions approved by the government using the Simplified Model of Tariff Calculation, designed by DESPRO last year.
----------------------------	----------------------------------------------------------------------------------------------------------------------------------	-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------

### ***Developing mechanisms and procedures for Inter-municipal projects on Solid Waste Management***



*Site-visit to Tulchyn municipal dump site*

Solid Waste Management (SWM) becomes a new area of DESPRO intervention that partly serves to pilot another new approach for the Project — inter-community or *inter-municipal* cooperation, which means that a project covers several neighbouring communities (towns and/or villages that are separate administrative-territorial units).

DESPRO is currently elaborating specific procedures and mechanisms for SWM projects at local level, where an inter-municipal cooperation approach will also be organically incorporated. Previously, in 2009, DESPRO was asked by two partner rayons —

Tulchyn (Vinnytsya oblast) and Bakhchysaray (ARC) — to support local SWM projects that from the very beginning were considered to be inter-municipal. After wide-ranging consultations with rayon authorities, communities, local experts (Mr. A. Artov of the “Ecology and World” NGO, ARC) and also DESPRO/Skat expertise (Mr. A. Olschewsky), it was decided to take on the following projects as pilots in the SWM field for DESPRO Phase II:

- Tulchyn rayon. Project covers Tulchyn city and two neighbour village communities – Kynashiv and Suvorovske.
- Bakhchysaray rayon. Project to cover two village communities – Pishchane and Viline.

The mission of DESPRO/Skat expert Mr. A. Olschewsky to Ukraine took place on June 17–29, 2010. It was aimed at developing sustainable solutions in the field of SWM within the framework of the pilot projects. The mission consisted of field trips to all partner communities where meetings with the project initiative groups (rayon, town and village authorities) were organised as well as site-visits to existing dump sites. The key findings of the mission were as follows:

- in both, Tulchyn and Bakhchysaray, the readiness to cooperate in the field of SWM at an inter-municipal level has been declared by all representatives of the target municipalities. At the same time there is a lack of experience in formal inter-municipal cooperation;
- in both regions, several technical elements of an SWM model have been discussed or have even been introduced, but so far no systematic planning or decision-making processes in SWM, nor a formal agreement on management, have been established;
- no procedures or experience exist for the systematic planning of SWM systems within and between municipalities;
- at present there is no known organisation or programme that supports municipalities in the systematic planning of SWM systems, nor any that uses inter-municipal collaboration as an approach to organise the provision of SWM services.

Thus, there is definitely a need for support in the fields of planning methodology and technical and financial expertise regarding SWM solutions in the local context. This creates perspectives for further DESPRO activities. Based on the results of the mission and follow-up consultations

and discussions, DESPRO is currently developing a Stepwise Planning Procedure for a SWM system with the involvement of the population. The core element of the approach has been successfully implemented in various developing and emerging countries.

The main DESPRO activities within this approach would include:

- facilitation of the planning process (including coaching of decision makers, support for information campaigns, etc.);
- capacity building and training of municipalities in planning methodology and economic analysis;
- technical and legal advice in specific areas (together with partner organisations);
- support for networking and know-how exchange;
- support for informing and sensitizing civil society;
- elaboration of documentation materials for the planning process;
- a Competence Centre for inter-municipal collaboration in public service provision.

The proposed role of DESPRO as facilitator in the SWM planning process would fit in perfectly with DESPRO's overall objectives and approach. In undertaking the aforementioned main activities, DESPRO would achieve:

- high visibility through a series of workshops, documentations and meetings;
- a high degree of replicability, as the methodology could be used in different contexts;
- the use of existing capacities and know-how within DESPRO (i.e., efficiency);
- the realization of synergies and a multiplier effect ongoing within DESPRO, as different projects will feed into different experiences.

The planning procedure will be introduced to the partners in the second half of 2010.

### ***Monitoring, providing expert and advisory support to already co-financed community-based projects***

Jointly with RWGs, DESPRO continued providing support to CBOs and water supply operators. RWGs monitored the state of water supply service provision in DESPRO partner villages on a regular monthly basis, including site-visits and individual and group meetings with village heads,



*Mr. M. Etter, Country Director, SDC Ukraine, Ms. O. Lytvynenko, National Programme Officer, SDC Ukraine, and Ms. O. Garnets, DESPRO Senior Project Coordinator. Visit to the pumping-station in Sevastianivka village, Bakhchysaray rayon*

CBO leaders and local operators. This work was mostly done by RWG coordinators, but when necessary other members of RWGs participated in various related events. For example, Mr. Olexander Novikov, a member of Tulchyn RWG and Ms. Svitlana Abrosimova, the RWG's coordinator participated in two general community meetings in Nestervarka village held to discuss the continuation of construction work required to improve water supply in the neighbourhood. In Bakhchysaray rayon, a group of RWG members (Mr. Zamir Haybullaev, RWG head, Ms. Elvira Ablialimova, RWG coordinator, and Mr. Enver Ablaev, RWG member) visited all the partner villages in the rayon several times to meet CBO members, village council representatives

and so forth and to provide consultations.

DESPRO conducted 7 monitoring visits to the villages of the partner rayons:

- Bakhchysaray (Sevastianivka) – **February 10, 2010**,
- Bakhchysaray (Beregove, Brianske, Viline) – **May 13-14, 2010**
- Kalynivka (Liulyntsi) – **June 8, 2010**;
- Tulchyn (Mayaky, Nestervarka) – **June 9, 2010**.

The results of the visits were discussed at RWG meetings and a set of recommendations sent to each community.

On site-visit to Sevastianivka, Bakhchysaray rayon on **February 11, 2010** was conducted with the participation of Mr. Manuel Etter, Country Director, SDC Ukraine.

***Harmonising the CBO project planning with village/rayon socio-economic profiles and with the national planning and budgeting cycle (activity 1.1.7)***

During the report period, DESPRO, in consultation with rayon/oblast authorities as well as with project experts, studied different methods and tools for aligning the community project planning procedure with the national planning cycle — including the budgeting cycle — such as: rayon sustainable development planning; sectoral (water and sanitation) strategic planning; village local development planning; and mid-term sectoral planning based on long- and mid-term national-scale programmes.

Since DESPRO does not consider the strategic planning tool as a specific task to be implemented within the logframe, all methods that include a strategic-type planning component were rejected. In addition to this, the strategic planning process, whether it be sectoral or general, is likely to take more than one year, which can hardly be reconciled with the DESPRO logframe. Instead, DESPRO, and that was also agreed with partners, will focus in the water supply sector on mid-term planning tools that are in alignment with the national planning cycle. The National Programme “***Drinking Water of Ukraine***” for 2006-2020, approved by parliament in 2005 in the form of a State Law, serves this purpose best.

The programme is aimed at implementing state policy on supplying the population with good quality drinking water, in accordance with the Law “***On Drinking Water and Drinking Water Supply***”. In line with the programme, regional and rayon programmes have also been approved by the appropriate oblast (and ARC) and rayon authorities. The programmes serve as a basis for operational and budgetary planning in water supply and sanitation issues. In particular, based on analysis of budget income/revenue estimations and investment needs, the programme could be used to apply for direct subsidies to higher level authorities. By incorporating those activities related to village community project implementation into the appropriate rayon programme, the “***Drinking Water***” programme could serve to harmonise specific DESPRO activities with the rayon/regional as well as national planning and budgeting cycle.

***Output 1.2 Capacities and skills of the local self-government, in particularly representatives of village councils in participatory decision-making, planning, budgeting, implementation and monitoring of decentralised service provision have been strengthened***

Activities aimed at developing the capacities of DESPRO partners at local level, start on a large scale in July 2010 with information meetings in target regions and rayons. These meetings will be conducted in all partner rayons by the DESPRO Decentralisation team, consisting of Decentralisation Expert Vyacheslav Sorokovskyy and Decentralisation Specialist Vyacheslav Kozak. The primary goal of these meetings is to reconfirm DESPRO’s commitment to co-financing local development projects and to provide project partners with comprehensive information about DESPRO operations in Phase II, including the level and ratio of co-financing, changes in procedures, and so on. In practical terms, the meetings will mark the start of identifying priorities and preparation of project proposals by partners.

The initial capacity development event involving DESPRO regional partners took place on June 10-11, 2010 (in Bucha, Kyiv region) and was dedicated to introducing the newly developed



**Project Information and Monitoring System (PIMS)** (for details see Part IV of the Report). As planned, among the users of the system will be experts from the Kyiv DESPRO office, regional partners — representatives of the regional and rayon administrations in the DESPRO target regions (ARC, Kyiv, Vinnytsya and Sumy oblasts), representatives of the regional working groups, along with representatives of the SDC and Skat. Skills and knowledge acquired during the training will be invaluable for individual civil servants, while the civil service's adaptation to European standards

brings public administration in Ukraine increasingly closer to so-called "e-governance"<sup>1</sup>. PIMS is introduced not as a whole in the partner institutions, but with the RWGs coordinators so far. At this stage, it is aimed at monitoring all DESPRO related activities in partner rayons. At the moment, government institutions in Ukraine at all levels do not have any sound system of monitoring and evaluation of their activities. There is only a very bureaucratic and outdated system of collecting information and transferring it to upper levels. Therefore, though introducing PIMS not only improves collecting data regarding projects' implementation but also introduces an innovative approach to data collection and monitoring in public administrations of DESPRO partners. In the conducted training session, participants positively assessed PIMS – regarding it as a positive example of how monitoring can look like. PIMS will start full operations in September. DESPRO expects that PIMS will be a working model of proper monitoring for the partners and aims at stimulating them to start introducing similar systems in their routine work.

Further capacity development will be carried out in line with the **Capacity Development Programme (CDP)** designed by the Project's experts based on the experiences and lessons learnt of DESPRO Phase I and in consultation with project partners (see Annexes II, III). The **CDP** is multilevel, multiformat and content-rich in character. These concepts are explained in the Table 4:

**Table 4**

<b>CDP Character</b>	<b>CDP Character Content</b>
Multilevel	Means that the CDP will be implemented at four levels — national, oblast, rayon and village.
Multiformat	Presupposes various forms of instruction, including information sessions, training sessions, meetings, workshops, master classes, field visits, and peer education.
Content Rich	Aimed at passing on required knowledge and developing the learners' practical skills in aspects of project management, technical aspects of water supply, financials issues, social mobilisation, team building and social mobilisation of a community, developing public policy implementation under conditions of decentralisation, etc.

<sup>1</sup> The issue of e-governance - which among other aspects means introducing IT in the day-to-day functioning of all levels of public administration - is extremely topical in Ukraine today. PIMS is a good demonstration how the information flow could be managed through the means of IT.

**Output 1.3 Experiences, practices and lessons learnt of decentralized service provision have been documented and shared through networks and platforms established at the local, regional and national levels**

In the first half of 2010, DESPRO has continued working at best practices collecting and disseminating. The first collection of best practices - brochure “**Best Practices in the Area of Decentralised Service Provision**” published in Ukrainian at the end of 2009 has been translated into English, edited and will be published in the second half of 2010. The English version will be disseminated among international community to promote the achievements of DESPRO partners in the area of decentralisation.

Apart from the brochure, in February 2010, DESPRO finished developing an educational video “**Living at New Coordinates**” for communities and localities that are interested in initiating local development projects using the community mobilisation approach and co-financing mechanisms. This video has been broadcast on local TV channels and also distributed to a wide audience (up to 200 copies).

Another educational video, this time on solid waste management, is in the process of being made and will promote innovative ideas in this area. With the working title “**Solid Waste Management – Algorithm of Actions**”, the video will be distributed in target regions as well as among national key partners both the governmental bodies and educational institutions.

On February 10, 2010, a meeting of the Republican Steering Committee was held in Simferopol, ARC. In order to actively disseminate the ideas of decentralisation and DESPRO input into implementing models of decentralised service provision in the area of water supply, it had been

jointly decided with partners to invite a wider audience. As a result the authorities of ARC rayons, that are not DESPRO partners (among them – managers of communal enterprises working in the water supply and sanitation field) took part in the meeting. Participants included Mr. Aziz Abdullaev, First Deputy Chairman of the Council of Ministers of ARC, Chairman of the DESPRO the Steering Committee in ARC; Mr. Manuel Etter, Country Director of the Swiss Agency for Development and Cooperation in Ukraine; Mrs. Olena Lytvynenko, Programme



*Mr. G. Basenko, Hornostaivka village head presents community project evidence to SC meeting participants*

Manager of the Swiss Agency for Development and Cooperation in Ukraine; Mrs. Oksana Garnets, Senior Project Coordinator of DESPRO in Ukraine, heads of the Rayon State Administrations and Rayon Councils of Bakhchysarayskyi, Lenino and Nyzhnyohirskyi rayons, heads of large enterprises in Crimea, as well as representatives of international organisations, rayon working groups, and target project communities.

The February Steering Committee meeting was aimed at summarizing DESPRO activities in ARC during Phase I as well as outlining the main directions and areas of intervention for Phase II.

DESPRO’s input into the development of models of decentralised service provision in Crimea was highly rated by the Minister of Housing of ARC, Mr. Volodymyr Bazhenov, in his speech at the annual meeting of the Board of the Ministry of Housing and Utility Infrastructure of ARC, which was held in Simferopol on March 3, 2010. The Annual Board meeting was dedicated to summing up the results for 2009 and housing sector plans for 2010–2014. At the Board meeting, Ms. Oksana Garnets, DESPRO Senior Project Coordinator, made a presentation in which she

informed Crimean partners about the significant results of Phase I of the Project in Crimea as well as the major priorities for Phase II.

In addition, Mr. Genadiy Stefanovych, Chairman of the "Novyi Bereh" NGO of Berehove village in Bakhchysaray rayon, and Mr. Yuriy Tymoshenko, head of Pshenychne village in Nyzhnyohirsk rayon, presented models of decentralised service provision that they have successfully applied when implementing local projects in water supply improvement with DESPRO support.

### III.I.2. OUTCOME 2: EFFECTIVE KNOWLEDGE MANAGEMENT PROCESSES IN THE SECTOR OF DECENTRALIZED SERVICE PROVISION AND LOCAL SELF-GOVERNMENT ARE DEVELOPED AND INTEGRATED INTO THE LOCAL GOVERNANCE SYSTEM

**Output 2.1** *Knowledge base and capacities of local authorities such as representatives of rayon and oblast councils and administrations to better fulfil their functions in the areas of planning, budgeting and provision of services have been strengthened*



A group of Ukrainian officials that included Mr. Viktor Sinchenko, Member of Parliament and member of the Parliamentary Committee on Local Self-Government and State Building; Mr. Oleksandr Revyakin, Deputy Head of the Regional Policy Department, Secretariat of the Cabinet of Ministers of Ukraine; Mr. Myroslav Koshelyuk, Head of Vinnytsya City Development Institute; Mr. Volodymyr Garazd, Mayor of Dolyna, Ivano-Frankivsk region; and Ms. Anzhela

Maluyha, Executive Secretary of the Parliamentary Committee on Local Self-Government and State Building, participated in the International Conference on "**Democracy and Decentralisation**" which was held in St. Gallen (Switzerland) on May 3-4, 2010.



The event was organised by the Federal Department of Foreign Affairs of Switzerland, the Council of Europe's Venice Commission and the University of St. Gallen. Politicians, experts, scholars and public figures were invited to discuss and explore issues related to democracy and sound governance and the synergy between centralisation and decentralisation. Elaboration of 12 theses emphasising the benefits of

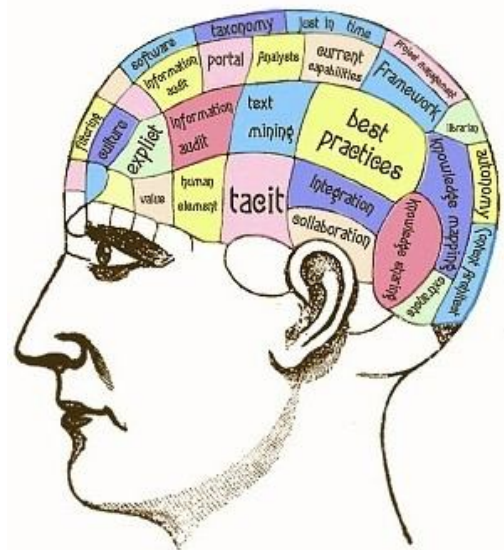
decentralisation was one of the key features of the conference. In particular, the participants stressed that decentralisation creates the necessary conditions for the optimum exercise of the rights of the citizens; local and regional authorities must have their own fiscal powers; globalisation increases the need for local and regional democracy as a compensatory mechanism.

Participation in the conference provided the Ukrainian delegates with a broad picture of the most recent trends and visions in the area of DLG. For the Ukrainian delegation, attendance at the conference was combined with a short study tour of St. Gallen and Zurich municipal services, including visits to the waste incineration plant in St. Gallen, municipal health and traffic departments in Zurich, and meetings with officials in both cities. These visits and meetings provided a perfect opportunity for the Ukrainian officials to get to know how the workings of the Swiss federal system are implemented in practice as well as look out for examples and models

that could be applicable to Ukraine.

**Output 2.2 Knowledge and information sharing mechanisms have been developed at the local, regional and national levels and are used by the target groups**

In Phase II, knowledge management (KM) became a strategic direction of DESPRO activities. Therefore, a thorough elaboration of strategic outlines and instruments is required for the realisation of the KM system within DESPRO. A two-day internal workshop took place on April 12–13, 2010 with the DESPRO team addressing KM approaches and concepts and brainstorming about the KM Resource Centre and portal. Led by Ms. Bertha Camacho, KM Specialist from Skat, the workshop discussed the roadmap for an action plan for the KM resource centre and portal, the capacity-building component, as well as the agenda for the Discussion Group planned for April 14, 2010.



On April 14, the 1<sup>st</sup> Discussion Group took place, aiming to gather the reactions, visions and expectations of experts with regard to the setting up of a knowledge management system on decentralisation and local governance in Ukraine.

Ms. Bertha Camacho made a presentation on the general approaches to KM in the world, peculiarities of KM within DESPRO and proposals for development of the DESPRO KM system.

During the follow-up discussion the following issues were addressed: expectations and vision; the KM structure; organisation and structure; types of information in the KM structure; services and products; information and capacity building.

The participants emphasised the need for a clear formulation of the goal and objectives of the KM System as well as a definition of the target groups and indirect beneficiaries. Major players in capacity building in DLG, working structures, and the legal framework were also among the issues addressed.



*The KM Discussion Group on April 14, 2010*

In the course of discussion, the following topics were put forward as ones that could potentially be addressed by the KM system:

- housing maintenance and utilities;
- spatial planning, regional development, index of human development in the region, competitive capability;
- neighbourhood problems (a subject at the community level — consolidation tends to occur in opposition to something rather than in favour of something);
- the issue of General Plans — the problem of agreement on boundaries with village councils; how to combine resources from different sources of different communities in the common interest;
- the problem of public communications;

- elaboration of algorithms for solving issues that do not require large resources; fundraising (drawing on local funds). Best DESPRO practices demonstrate such experience;
- strategic and spatial planning: while the issue is vast, it should be split into separate pieces: constraints and opportunities for the development of territories;
- training and retraining in the area of residential property management (issues of public utilities decentralisation);
- courses, basic knowledge for future local councillors and social sector employees (in the form of "ABC" case studies for local councillors);
- establishment of associations in rural areas on any issue (e.g. the sale of agricultural produce);
- social issues – health care, education;
- training of skilled labour;
- management tools in running a village or settlement: organisation of the village gathering (how to do it, for what purpose, in what way); identifying problems and opportunities in rural development; financial management;
- public policy;
- work with young people (senior school students, schools);
- developing the way villages look;
- culture in villages (an important issue given the absence/deterioration of village clubs);
- cluster management models (an important element of decentralisation at local level).

Participants in the round table discussion were: Mr. Anatolij Chemerys (Director of the European Management Centre), Ms. Natalia Protasova (Head of the Education Management Department of the NAPA), Mr. Olexander Goncharuk (Senior Research Fellow of the Institute of Sociology of the National Academy of Sciences of Ukraine), Mr. Vyacheslav Kozak (Advisor to the Minister of Housing Maintenance and Utilities), Mr. Anatolij Tkachuk (Civil Society Institute Head), DESPRO staff members and consultants.

The results of the DESPRO internal workshop and the Discussion Group, together with materials previously developed by DESPRO on KM such as the KM model and roadmap, formed the basis for the development of the Draft Concept Paper on the Knowledge Management System for Decentralisation and Local Self-Governance in Ukraine.

The first draft of the Concept of the Knowledge Management System was presented at the 2<sup>nd</sup> Discussion Group meeting that took place on June 2, 2010. Ms. Maryana Kulya, DESPRO Knowledge Management Specialist, provided an overview of the goal and objectives of the proposed system, a definition of what it should be, the way it could be organised, key factors that would make it effective, its target groups, challenges and milestones for implementation.



*The KM Discussion Group on June 2, 2010*

The discussion that followed addressed the formulation of the goal. It was agreed that this should emphasise first and foremost the quality of service provision. Therefore, the formulation of the goal as “provision of decentralised public services in Ukraine through the integration of effective KM processes into the local governance system” was reformulated to “the raising of the standards of decentralised public service provision in Ukraine through the integration of effective KM processes into the local governance system”.

A need to develop indicators to measure the efficiency of the planned system was emphasised as well as a need to keep explaining the meaning of decentralisation in light of different contextual interpretations of the notion.

Taking into consideration an agreement that was reached during the 1<sup>st</sup> Group Discussion that the planned system should complement the existing one, speakers were invited to make presentations on the corresponding areas of the legal framework, major players in capacity building in DLG, and the working structures that are most active at regional level.

Mr. Oleg Poberezhnyy from the MoRDC briefed the participants on the stages of the implementation of the Concept of Professional Training and In-service Training of Local Council Deputies and Local Government Officials.

Mr. Poberezhnyy informed those present about the expected legislative changes that are to take place in order for the Concept to become operational, the development of an electronic record of professional training, and the establishment of the Institute of Local Self-Government and Regional Development at the Academy of the Municipal Administration.

Mr. Anatoliy Chemerys, Director of the European Management Centre, spoke about the existing in-service training system for local government officials and civil servants of rayon and regional state administrations in Ukraine. Mr. Chemerys also made an analysis of the training programmes that are currently run by the National Academy of Public Administration, the School of the Senior Civil Service, the Academy of Municipal Administration, the Association of Cities of Ukraine, the Regional Development Agency, and others.

The experience of the Association of Regional Development Agencies in the design of training products and provision of training services was presented by Mr. Yevgen Fyshko, Vice-President of the Association of Regional Development Agencies of Ukraine. In his opinion, social capital or the knowledge economy and institutional capital are the two key areas where efforts and intellect should be invested, and these are the areas where the Association of Regional Development Agencies tries to be active.

In addition, the issues of knowledge management system sustainability, a resource centre, the tasks, structure and organisation of the work of the Coordination Board, and a Needs and Capacities Assessment were considered by the Discussion Group.

Around 20 experts participated in the round table discussion, including Mr. Yuriy Hanushchak (ACU), Ms. Valentyna Poltavets (Deputy Mayor of Ukrainka), Mr. Yevgen Fyshko (Association of Regional Development of Ukraine), Mr. Victor Odynytsia, Ms. Olga Kozak, Mr. Oleg Poberezhnyy (MoRDC), Mr. Anatoliy Chemerys (Director of the European Management Centre), Mr. Olexander Goncharuk (Senior Research Fellow at the Institute of Sociology of the National Academy of Sciences of Ukraine), Mr. Vyacheslav Kozak (Advisor to the Minister of Housing Maintenance and Utilities), Mr. Anatoliy Tkachuk (Civil Society Institute), Mr. Dmytro Ukrayinsky (Centre for Political and Legal Reforms), DESPRO staff members and consultants.

As a follow-up to these discussions, the revised Draft Concept Paper on the KM System was given to the experts for their additional review and feedback.

On June 24 the revised Draft Concept Paper was presented to SDC – Mr. Manuel Etter, Country Director, SDC Ukraine and Mr. Christian Disler, Programme Officer (Division Commonwealth of Independent States / Cooperation with Eastern Europe). Their comments were incorporated into the finalised version of the Concept of the Knowledge Management System for Decentralisation and Local Self-Governance in Ukraine that was submitted for consideration by SDC.

### **III.I.3. OUTCOME 3: THE NATIONAL REFORM PROCESS TOWARDS DECENTRALISATION AND LOCAL SELF-GOVERNMENT IS STRENGTHENED**

The political situation in Ukraine, which has changed, entailed the need to develop new strategies and approaches in developing policy dialogue aimed at promotion of DLG reforms. A strategy of DESPRO operations at the national level should be developed that will outline goals, key activities and those priority areas which could and should be supported by the project.

#### ***Output 3.1 National policy dialogue on the process of decentralisation and local self-government reform is strengthened***

Synergies with all national-level players in the DLG area undoubtedly promote the concept of decentralisation and need for reforms.

Policy meetings at national level have been found to be an efficient way to promote the National Agenda on Decentralisation. Regular meetings with the representatives of key governmental bodies have become a good tradition within the DESPRO format of working at national level. During the first half of 2010, contributions to policy development in the area of decentralisation were made at meetings between:

- Mr. Manuel Etter, Country Director, SDC Ukraine and Ms. Oksana Garnets, DESPRO Senior Project Coordinator – with Mr. Kostyantyn Pivovarov, the Deputy Minister of Regional Development and Construction **on April 15, 2010**;
- Ms. Olena Lytvynenko, National Programme Officer, SDC Ukraine and Ms. Oksana Garnets, DESPRO Senior Project Coordinator – with Mr. Victor Sinchenko, the People's Deputy of Ukraine and Ms. Anzhela Maliuga, Head of Secretariat of the Parliamentary Committee on Local Self-Government and State Building **on May 12, 2010**;
- Mr. Manuel Etter, Country Director, SDC Ukraine, Ms. Olena Lytvynenko, National Programme Officer, SDC Ukraine and Ms. Oksana Garnets, DESPRO Senior Project Coordinator – with Mr. Volodymyr Yatsyuk, the Head of the Regional Policy Department of the Secretariat of the Cabinet of Ministries of Ukraine **on May 20, 2010**;
- Mr. Manuel Etter, Country Director, SDC Ukraine, Mr. Christian Disler, Programme Officer (Division Commonwealth of Independent States / Cooperation with Eastern Europe), Ms. Olena Lytvynenko and Ms. Oksana Garnets, Senior Project Coordinator – with Mr. Myroslav Pitsyk, the Head of the Association of Cities of Ukraine **on June 23, 2010**;
- Ms. Olena Lytvynenko, National Programme Officer, SDC Ukraine and Ms. Oksana Garnets, DESPRO Senior Project Coordinator – with Mrs. Olga Romanyuk, Deputy Minister for Housing and Communal Services of Ukraine **on June 23, 2010**;

Cooperation between DESPRO and the key national partner – MoRDC - has different forms and formats and is undertaken through regular meetings with the Ministry's Department for International Affairs as well as meetings with the management of the Ministry on various aspects of DLG, and joint participation in various events, organised by both the Ministry and the Project, etc.

In the Phase II cooperation with NAPA is aimed at using its potential to build a good unbiased national level discussion platform; developing practice based training courses; publishing best Swiss books on DLG etc. All these issues have been discussed during regular meetings between DESPRO and NAPA representatives.

In the first half of 2010, DESPRO has continued to initiate and participate in roundtables, workshops and seminars at the national level involving all key stakeholders, including donor organisations such as DFID, World Bank, SIDA, DANIDA, GTZ, UNDP, etc. in order to continue the policy dialogue and debate on decentralisation.

DESPRO cooperation with UNDP projects – CBA, MGSDP, CIDP (those that promote ideas of decentralisation) – has a long tradition and has proved itself to be mutually beneficial. A report with the title "**From improving services in the community – to reform**" was presented by Mr. Vyacheslav Sorokovskyy, DESPRO Decentralisation Expert, to the participants of the UNDP/MGSDP municipal support department's staff conference which took place in Yaremche in Ivano-Frankivsk oblast on March 18–20, 2010. In his presentation, Mr. Vyacheslav Sorokovskyy highlighted areas of DESPRO activities relevant to the work of MGSDP/UNDP partners. He emphasised the importance of cooperation between the two projects in complementing the expertise acquired at community level to integrate it into the work of government at different levels. The discussion of such issues as innovations in the legislation of Ukraine in the area of housing and utilities infrastructure, forms of building management, housing energy conservation measures, the quality of development and implementation processes of the community projects supported by UNDP/MGSDP, and opportunities for receiving international support for measures in the area of municipal governance and community capacity building was a substantial input into the strengthening of the DLG process in Ukraine.



The National Round table "**Prospects for Reform of Local Self-Government in Ukraine**", held with the support of DESPRO in Kyiv on May 27, 2010, was another important event aimed at the further development of the national policy dialogue on DLG. The event was organised by the Foundation for Local Self-Government Support in

Ukraine and the Council of Europe Programme "**Strengthening Local Democracy and Support for Local Government Reforms in Ukraine**". The roundtable was conducted jointly with academic institutes, universities, NGOs, local government associations, and international bodies working in the sector of local and regional development.

Participants in the roundtable analyzed the actual state of local government reform from the institutional, constitutional, administrative and legal angles. Special attention was paid to:

- Ukrainian realities and European experience in the decentralisation area;
- the institutional tools of local self-government reform;
- the speed of implementation of conceptual and legal documents on local self-government reform in Ukraine;
- capacities of communities and competitiveness among regions;
- the stages of local self-government reform in Ukraine in 2010–2015 and its support mechanisms.

Recommendations on priority measures for local government reform in Ukraine, which will be directed to the central government, were adopted as the outcome of the round-table.

**Output 3.2**      ***A platform for participatory multi-level and cross-institutional policy dialogue has been established and is operational***



The first half of 2010 resulted in the establishment of the DESPRO Expert and Advisory Board (EAB), consisting of leading experts in the DLG and regional policy. The main tasks of the Board are seen as providing expert support to the project, producing analytical papers on current policy developments in the fields of regional policy, local self-governance and decentralisation, representation of civil society interests in the work of DESPRO, and ensuring the transparency of project activities.

**The first meeting of the EAB was held in Kyiv on June 23, 2010.** Mr. Anatoliy Tkachuk (Head of the Civil Society Institute); Mr. Ihor

Koliushko (Head of the Centre for Political and Legal Reforms); Mr. Anatoliy Chemerys (Director of the Centre for European Management); Mr. Yuriy Ganushchak (DESPRO expert); Ms. Anzhela Maliuga (Head of Secretariat of the Parliamentary Committee on Local Self-Government and State Building); Mr. Vitaliy Malashchenko (Vice President, NAPA); Mr. Dmytro Vasyliiev (Publicity Ukraine communication agency) and other EAB members discussed current issues in the sector of decentralisation and local self-government as well as organisational matters.

The experts agreed that the discussion of such urgent and important issues for the country should involve representatives from the government, the general public and the mass media. Similar expert meetings are tentatively scheduled to be held on a quarterly basis. It was agreed that EAB members will elaborate practical recommendations with regard to improving the strategic programmes proposed by the new state leadership in the intervals between meetings.

### III.II. PUBLIC RELATIONS

DESPRO team members consider public relations not only as a deliberate, planned, and sustained effort to establish and maintain mutual understanding between an organisation and its public, but as an effective tool in achieving the Project's goals.

In the reporting period, DESPRO conducted communication using a variety of available channels: direct personal communication; communication via RWGs; public events (including a press-conference with the national media); TV broadcasts of the project video; web-portal promotion; articles in local, regional and national media; distribution of the 'DESPRO News' monthly bulletin; and distribution and broadcasting of the DESPRO video "Living at New Coordinates".

#### ***Collaboration with the national TV channel "24"***



The concept of the Ukrainian TV channel "24" is designed to chime in with the well-known world standards, as seen on channels such as CNN, BBC World, and Euronews. The target audience of "24" is active, ambitious people who have achieved something in life but want more, men and women age 25 +, people with a higher education (top managers and line managers). Technical coverage is 87% of the territory of Ukraine. The average rating is 0.09%.

Three different three-minute video programmes with the title "Decentralisation" were broadcast on the channel during four weeks in February 2010. In total the videos went on air 88 times; the total time on air was 3 hours 24 minutes. It is important to note that the "Decentralisation" video occupied first place in the ratings of this TV-channel for that time slot and that it was broadcast during prime-time.

**Table 5**

#### ***Schedule of "Decentralisation" programme broadcasts on TV-channel "24"***

	Mon	Tue	Wed	Thur	Fri	Sat	Sun
7:30	1	1	1	1	1		
8:30						1	1
10:30						1	1
14:30						1	1
17:30						1	1
18:30	1	1	1	1	1		
20:30						1	1
23:30						1	1
<b>Total</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>6</b>	<b>6</b>

**Table 6**
***Schedule of “Decentralisation” announcement broadcasts on TV-channel “24”***

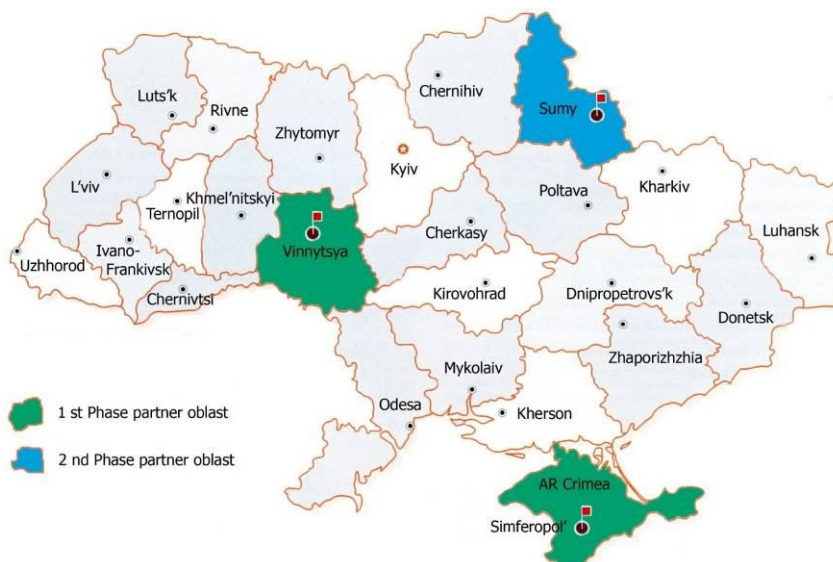
	Mon	Tue	Wed	Thur	Fri	Sat	Sun
8:00 - 9:00	1	1	1	1	1	1	1
11:00 - 12:00	1	1	1	1	1	1	1
17:00 - 18:00	1	1	1	1	1	1	1
19:00 - 20:00	1	1	1	1	1	1	1
21:00 - 22:00	1	1	1	1	1	1	1
<b>Total</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>

Following the broadcasts of the video, the number of telephone calls to the DESPRO office increased dramatically. People called from 12 different oblasts asking for co-financing of local projects to improve the quality of life and provision of services. DESPRO team members also received numerous e-mails. The total number of enquiries was more than 50. Most of those making contact received the set of DESPRO books and educational materials on decentralisation by mail.

**Table 7**
**DESPRO phone-call «statistics» (February-April 2010)**

<b>O b l a s t s</b>	<b>Number of calls</b>
Poltava oblast	4
Zakarpats'ka oblast (Uzhhorod)	2
Volyns'ka oblast (Luts'k)	2
Cherkasy oblast	2
Dnipropetrovs'k oblast	3
Ivano-Frankivsk oblast	3
Khmelnitskyi oblast	1
Odesa oblast	3

Donetsk oblast	1
L'viv oblast	2
Kyiv oblast	1
Zhytomyr oblast	2

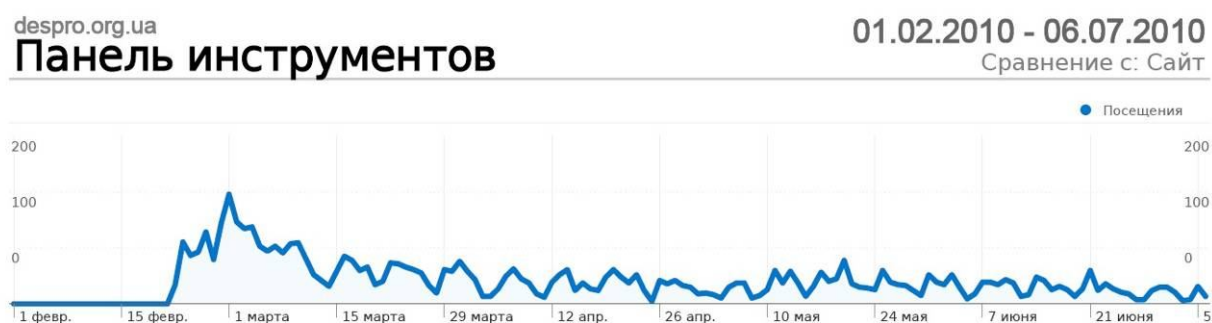


### Web-portal

The newly designed, more powerful web-portal has been functioning successfully from the middle of July 2009. It has the following advantages over the previous one:

- it is more dynamic and user friendly, with a contemporary design;
- it contains a wide menu panel that includes practical sections like knowledge management;
- it has a video player, a library of documents, galleries and more;
- the most interesting events that happen on the stage of decentralisation and the DESPRO project find their place in the “news” category.

It is worth noting that after the DESPRO video broadcasts, the web-site traffic increased one hundredfold. Below is a six-month schedule of web-site attendance. The attendance peak is on March 1.



According to Google Analytics, the view impression of the DESPRO web-site is more than 4,000 for the half-year period. Table 8 below gives a detailed breakdown of the countries visitors were from, the average time spent on the DESPRO web-site, and so on.

**Table 8**

Country	View impression	Number of pages attended	Average time on the web-site	New visitors	Refusal indicator
Ukraine	3 919	3,77	00:03:47	47,31 %	53,81 %
(not set)	44	2,61	00:03:51	61,36 %	68,18 %
Moldova	36	5,64	00:03:14	30,56 %	38,89 %
United States	32	2,38	00:01:42	75,00 %	65,62 %
Switzerland	29	3,69	00:01:25	75,86 %	44,83 %
Germany	17	3,29	00:03:50	88,24 %	64,71 %
Russia	11	2,64	00:02:38	100,00 %	63,64 %
United Kingdom	8	4,12	00:01:45	75,00 %	75,00 %
France	8	4,12	00:03:26	75,00 %	62,50 %
Italy	7	5,57	00:02:45	42,86 %	14,29 %

Google Analytics

### **Public events, collaboration with media and press-clippings**

In the reporting period (February-July 2010), a few public events with the participation of media representatives were held:

- **The DESPRO Steering Committee of the Autonomous Republic of Crimea** met in Simferopol on February 10, 2010. The news opportunity was strong enough to gather about 20 Crimean media representatives (TV, radio, print and on-line media). Due to the presence of VIPs (*Mr. Aziz Abdullaev, First Deputy Chairman of the Council of Ministers of ARC and Mr. Manuel Etter, Country Director of the Swiss Agency for Development and Cooperation in Ukraine,*) and also due to the great interest of the Crimean journalists in the topic of Swiss technical assistance in ARC, 15 journalists' materials were press-clipped including a report on the analytical TV-programme "Euro integration" (timing 45'), which was broadcast on National TV channel "Crimea" (see Annex V).
- **An SDC and DESPRO guidance meeting with the Head of Sumy State Administration Mr. Oleksandr Zupro** was held on March 12. After the meeting, three articles appeared in the regional media with the headlines "Achieving high efficiency in cooperation", "Swiss experience" and "Swiss to help Sumy oblast's citizens to reform local government" (see the Annex V). So Sumy people received the news about the Swiss technical assistance in an extremely positive light.
- **The "Decentralisation in Action" Conference** was held in Kyiv on March 16, and it attracted a "full house" of media representatives — 48 journalists from the national media attended the conference to find out more about DESPRO. A press-conference was organised to give the press the opportunity to ask any questions they had. As a result of this fruitful work, 34 items about DESPRO and the conference were found in the Internet media and at least 5 news stories were broadcast on the evening news of the national TV channels (see Annex V).

In the reporting period, there were 51 news items and articles in the national printed and on-line media, 18 items in the local press or regional web-portals, 6 TV broadcasts on local and national TV channels (not counting collaboration with the "24" channel), and 3 radio programmes. In total, 78 media items about DESPRO appeared.

### ***“DESPRO News” Monthly Bulletin***

To keep people aware of Project activities, DESPRO uses not only its own web-site, but also distributes a monthly news bulletin. The A4 format of the bulletin and two forms of publication (full-colour hard copy and PDF e-version) makes it easy, quick and cheap to produce. The bulletin usually contains up to five articles on the most important and interesting events at all levels of the Project, **a success story** and general information about the Project presented in a standard format. In accordance with SCO Guidelines on Communication, it also contains the following disclaimer: "This newsletter has been produced with the support of the Swiss Confederation. The contents of this newsletter are the sole responsibility of DESPRO and can in no way be taken to reflect the views of the donor."

The bulletin is bilingual — in Ukrainian and English — which broadens the potential readership and allows DESPRO to get messages across to all audiences at the same time. During the first six months of 2010, only four issues were produced because of the scarcity of major events and relatively low level of project activity. Ukrainian recipients of the bulletin include local partners, rayon administrations and self-governance bodies, local media (not only in pilot regions, but all over Ukraine), and national stakeholders and partners — about 150 “subscribers” in total. There are about 30 English speaking recipients, which are mainly donor organisations and projects. All materials are authorised for re-publication and replication with obligatory reference to the source. This is another reason why the number of visitors to the web-site has increased. Positive feedback from the readership allows us to surmise that our chosen tool is effective.

Incidentally, it is also worth noting that starting from March 2010, the newsletter has gained a new, more attractive design. This has helped garner increased attention from DESPRO partners.

### ***Promo Video “Living at New Coordinates”***

A 15-minute video, **“Living at New Coordinates”**, has been made to promote the ideas of DLG using the example of DESPRO activities at all levels. Filmed from the point of view of the beneficiaries and DESPRO partners, the movie convincingly shows the real effect of the Project upon the lives of local communities in target regions. The documentary encourages the viewer if not exactly to become an active devotee of decentralisation, then at least to accept to some degree the idea of DLG changes and reforms being needed in Ukraine. The video has been positively received by DESPRO partners and a wider audience. It has been viewed as a powerful tool in motivating people to think and act in favour of improving the quality of life.

The second part of the promo video, **“Living at New Coordinates 2”**, has been produced. This is an educational documentary about decentralised service provision. It was first broadcast during the “Decentralisation in Action” Conference, and then in DESPRO target regions and Sumy region. Copies of the Project videos are regularly distributed as handouts.

For the last six months the DESPRO project has expanded the range of awareness about its activities among the public. The plain evidence of facts is superior to all declarations — it is evidenced by publications in media and the number of requests to the project from the citizens of Ukraine. The Project is starting its activity in a new region — Sumy oblast, where it has already started shaping public opinion on decentralisation. Now, with the announcement of the community project competition, DESPRO is commencing widespread and multifaceted image-building for the project.

In conclusion, it is important to note that the Project’s PR management is not concerned with haphazard “off-the-cuff” efforts. DESPRO’s PR specialists have developed a Communication Strategy for the project covering the years 2010–2012. This is now at the approval stage.

## IV. MONITORING AND EVALUATION

In the first half of 2010, the Project Information and Monitoring System (PIMS) was elaborated and piloted. The PIMS is an electronic online system for managing all events within DESPRO activities. The system records the status of decentralised service provision projects and the progress made in implementing them; contains data on the geographic coverage of DESPRO, its partner organisations and people that in one way or another cooperate with the project; accumulates all important documents related to events and project activities.

The system is designed to record current, planned and completed actions within DESPRO, not only in terms of goals laid out in the constituent documents of the project but also in terms of indicators assessing the performance of these tasks. The system is filled, edited and used by employees of DESPRO's Kyiv office and representatives of RWGs of target rayons, as well as authorised representatives of the Swiss Confederation (SDC and Skat<sup>2</sup>). To support international access, the PIMS is available in bilingual format.



The main benefits of the PIMS in the efficient and comprehensive coverage of all areas of the Project work, the accumulation of the relevant and accurate data, the availability of complete data and a communication space within and outside the Project, and the transparency and accessibility of information.

Other advantages of using the PIMS are the ability to view a complete picture of the Project, to create and report statistical data to obtain the scope to analyze the efficiency of certain operations, and to ensure constant vertical and horizontal communication with concomitant savings in logistic costs.

In addition, the management of the project gets more complete and comprehensive information for making strategic decisions.

### ***Technical and operational aspects of system implementation***

Despite the fact that such approaches are increasingly used by commercial and nonprofit organisations, DESPRO management decided not to use a ready-made product as the basis of

<sup>2</sup> Skat will start using it in September.

the system, and instead placed an order for the development of customised software. This approach provided the best reflection of the project through the system — making it simple, not overloaded with unnecessary features and user friendly.

Another advantage of going down the customised development route was the opportunity to trial it in order to improve the system, allowing requests to be made to the developers for both major and minor changes in the software and improvements to its matrix.

The specification for the software development project was formulated as the result of several phases of joint discussion. The choice of the developer was made on a competitive basis involving several parameters, which included the portfolio of projects and work, the proposed approach, the cost of services, the possibility of further support, and training provision.

With the system now online, there is a need for adequate protection against external threats and unauthorised access. This has been achieved through the introduction of individual access using a log-in name and password and the use of licensed protection protocols.

The permanent web address of the system is <http://mp.despro.org.ua>. The recommended browser is Mozilla Firefox.

To provide members of RWGs with the necessary technical capabilities and Internet access, DESPRO purchased computers and wireless Internet equipment. Each RWG will get a PC and will be provided with an access to Internet after starting the full fledged functioning of PIMS in September 2010.

## **V. PROJECT MANAGEMENT AND STEERING**

Project Output that refers to establishing the DESPRO PIU, financial and administrative procedures, opening bank accounts, recruitment of personnel, etc. was achieved at earlier stages of the Project's operation. Within DESPRO Phase I, the PIU has been set up and staffed according to the ProDoc for the phase.

Within Phase II the goals and objectives of DESPRO have been changed, which entailed corresponding changes in the type and scope of tasks of the Project staff. Two new staff members were recruited through open competition – Knowledge Management Specialist Ms. Maryana Kulya and Decentralisation Specialist Mr. Vyacheslav Kozak.

Therefore, the current core staff of the PIU is composed of Senior Project Coordinator, Decentralisation Expert, Decentralisation/Social Mobilisation Specialist, Knowledge Management Expert, Finance/Administrative Manager, Project Assistant and Driver/Office Manager. Currently, the PIU is fully staffed and functional. Experts in specific areas are being contracted on a short term basis.

Elena Sas, who previously worked on the Project as a part-time Public Relations Specialist was contracted in Phase II as Communications and M&E Specialist to maintain project communications and to operate as the focal point for the recently developed DESPRO Project Information and Monitoring System (PIMS).

Project documentation is properly maintained and exists both in electronic form and in hard copy. This is applicable to financial documentation, procedure-related documents, documentation on community projects, correspondence, and so forth. DESPRO has developed a set of Financial and Administrative Procedures (FAP), which are guidelines for financial and administrative operations. The latest revision of the FAP was updated and approved in April 2010. An operations manual covering all aspects of project planning, management and implementation has also been developed. The operations manual will be revised in the course of Phase II as necessary, based on the changes and modifications that will be made to project procedures.

The Project Information and Monitoring System (PIMS), which is fully operational as of March, 2010, allows management to keep track of all project activities both at the PIU and in the partner regions.

The DESPRO PIU is supervised and thematically supported by the Management Team of Skat HQ through regular missions in Ukraine and through permanent support from Switzerland.

The Project Director (Mr. Juerg Christen) and the Project Manager (Mrs. Claudia Schneider), based in St. Gallen, provide regular project management, monitoring and conceptual support to the PIU in Kiev through missions, e-mail and phone communication. During the reporting period, the Project Director visited Ukraine in March. Mr. Christen participated in the DESPRO Phase I Summarizing Conference. He also visited Sumy oblast, together with Mr. Manuel Etter, SDC Country Director, to establish working contacts with the administration of the new DESPRO partner region. The Project Manager Mrs. Claudia Schneider visited Ukraine in February with her mission focused primarily on administrative and operational issues in Phase II. Mrs. Bertha Camacho, Skat Expert on KM, visited Kiev in April to start working together with DESPRO KM Experts on developing the KM Concept Paper for the Project. Mr. Andre Olshevsky, Skat Expert on SWM, conducted monitoring visits to project sites in Vinnytsya oblast and ARC where SWM projects are supposed to be implemented according to Phase II plans.

At the national level, DESPRO is closely aligned with the key national counterpart – MoRDC. The MoU between MoRDC and SDC that was signed on March 20, 2009 — which provides, along with other stipulations, an outline of cooperation between the Ministry and DESPRO — remains valid for Phase II.

DESPRO is also further developing close working relations with the Secretariat of the Cabinet of Ministers of Ukraine, Ministry of Municipal Economy, National Academy of Public Administration, Ukrainian Associations of Cities, Committees of Parliament, Association of Cities, etc.

Cooperation with MoRDC has different forms and formats and is undertaken through monthly bilateral meetings with the Ministry's representatives and joint participation in different events organised by both the Ministry and the Project.

The DESPRO Expert and Advisory Board (EAB), consisting of key national experts in DLG and regional policy, was formed with the central task of providing expert support to the project as well producing analytical papers on current policy developments. The first meeting of the EAB took place on June 23, 2010. The TORs of the EAB were developed in consultation with the Board members. The KM Coordination Board is intended to be part of the EAB.

MTR conducted during DESPRO Phase I confirmed that there was no need to establish a separate national steering committee for the Project within the current phase. It was decided that, for the time being, DESPRO should keep established cooperation on track and work further on its systematisation and content-oriented development. However, the issue of establishing a national steering committee was reviewed during the planning of Phase II. The formation of a Steering Committee at the national level appeared to have become important in the current political situation. Consultations with key stakeholders on the issue are underway.

The compositions of Steering Committees in both Vinnytsya oblast and ARC will be revised based on the changes in management that have taken place. The Steering Committee in Sumy Oblast will be established upon the signing of the MoU between Sumy Oblast Administration and SDC COOF.

## **VI. LESSONS LEARNT**

- The year of 2010 has brought major changes to Ukraine — following the Presidential elections of 2010, together with the change of the President of Ukraine has come a change of practically all decision-makers. Despite this, the ideas of decentralisation and administrative and territorial reform remain strategic priorities for the country's development. Although progress in these areas is not as quick as could be expected, the forward dynamic can clearly be observed. This is evidenced by a number of statements by the President of Ukraine in which he declares the need to develop the legislative basis of DLG by the end of 2010 and to start implementing it beginning from 2011.

- Despite the political, economic and social transformations in Ukraine in 2010, DESPRO has managed to tune in to the new realities and continue interventions within the DLG area at all levels. This has been possible due to the openness and flexibility of DESPRO conceptual approaches as well as synergy with all interested parties in the various forms of cooperation (meetings, boards, etc.).
- Recent developments in government policy in the field of alternative energy sources testify to the fact that SWM as a new area of DESPRO intervention is today extremely topical and will doubtless be supported by the national authorities and society in general.
- The need for decentralisation appeared more and more to be an objective requirement of current life, especially at local level. It has encouraged the successful forging of relations with new oblast and rayons authorities in Vinnytsya and AR Crimea.
- Economic and social realities in Sumy oblast indicate the correctness of the choice of this region by DESPRO. Here, the need for DLG reforms reinforces the commitment of the authorities, particularly in the water supply area.
- The elections to local councils that will be held this autumn lend great current importance to the capacity building for civil servants at oblast, rayon and local levels that is planned for within the DESPRO Capacity Development Programme (CDP).

## VII. FINANCES

The financial management of 1<sup>st</sup> half year 2010 of given report covers the period of February-June 2010. It coincides with the beginning of phase II which is governed by Mandate Agreement for Project Implementation between SDC and Skat Consulting Ltd. signed on February 9, 2010.

The budget foreseen for the period of February-June 2010 was spent in line with project objectives and activities planned for the period.

During the 1<sup>st</sup> last half year, it was spent through DESPRO activities a total of CHF 240 225.96. The administrative part amounts to CHF 113 207.72, and the activity part to CHF 127 018.24.

Following the Action Plan, the budget was used to fund activities under all three objectives. The programme expenses cover the provision of meetings on capacity building, training for project partners from rayon level on using the new Project Information and Monitoring System, Discussion Groups on Knowledge Management, meetings on finalizing of Knowledge Management concept notes, Experts & Advisory Board meetings on national reforms discussion, participation of project partners in international conference on decentralization, study tour to Switzerland, and national experts work.

## VIII. ANNEXES

- I. DESPRO KM Concept;
- II. DESPRO Capacity Building Plan\_ 2010-2012
- III. DESPRO Capacity Building Thematic Areas;
- IV. IV. EAB TOR
- V. PR Annexes
  1. Collaboration with Channel “24”;
  2. Press Clipping;
    - a. SDC and DESPRO Visit to Sumy (March 12,.2010);
    - b. DESPRO Partners’ Conference (March 16, 2010);
    - c. Steering Committee in ARC (February 10, 2010);
  3. Website Analytics.