

## Swiss-Ukrainian Decentralisation Support Project in Ukraine



**PHASE I Report**  
**December 2006 – January 2010**

**Kyiv – June 2010**

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## LIST OF ACRONYMS

ARC	Autonomous Republic of Crimea
ATR	Administrative and Territorial Reform
CAS	Country Assistance Strategy
CH	Switzerland, Swiss
CHF	Swiss Francs
CIDA	Canadian International Development Agency
CIDP	Crimea Integration and Development Programme (by UNDP)
CO	Community organisation
COOF	Ukraine Swiss Cooperation Office (SDC)
CoM	Cabinet of Ministers
CRDP	Chernobyl Recovery and Development Programme (by UNDP)
DFID	United Kingdom Department for International Development
EU	European Union
GTZ	German Agency for Technical Cooperation
GoU	Government of Ukraine
HRBA	Human Rights Based Approach
IPM	International Project Manager
MDGs	Millennium Development Goals
MDI	Municipal Development Institute
MGSDP	Municipal Government and Sustainable Development Programme (by UNDP)
MoRDC	Ministry of Regional Development and Construction
MoU	Memorandum of Understanding
NAPA	National Academy for Public Administration
NGOs	Non-Governmental Organisation
NPO	National Programme Officer
ODA	Official Development Assistance
OSC	Oblast Steering Committee
PIU	Project Implementation Unit
PM	Program Manager
RWG	Rayon Working Group
SDC	Swiss Agency for Development and Co-operation
SECO	Swiss State Secretariat for Economic Affairs
Skat	Swiss Resource Centre and Consultancies for Development
SOBP	Self-organized Body of Population (OSN - transliteration from Ukrainian)
DESPRO	Decentralisation Support Project in Ukraine
SPC	Senior Project Coordinator
SIDA	Swedish International Development Cooperation Agency
TA	Technical Assistance
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 the 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 consultant/ local NGOs to provide project facilitation and information exchange support to the pilot Rayons and communities.
Governance	It 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 in comparison with 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	Administrative-territorial unit in Ukraine. There are 24 Oblasts and the Autonomous Republic of Crimea 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.
Rayon	Administrative-territorial unit within an Oblast and ARC; a Rayon can also be an administrative-territorial unit within a large city, e.g. Kiev. Each Oblast has different Rayons. 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 it is a small town (selysche).
Local State Administration (oblast and rayon)	An appointed local body of the state executive power: It performs state executive power on the territory of respective administrative territorial unit and also implements the Council's (oblast and rayon) political decisions and to provide services to the residents.
Local Council	This is the elected political (legislative and judiciary) element of a local government to take decisions based on residents' needs.

Self-Governing Authority	A local government, which can take its own decisions independently from the national government, and that can raise and use taxes base on its own decisions.
Self-Organized Body of Population	Legal entity, non-for-profit organization. One of the forms of participation of territorial community members of villages, settlements, cities and districts in the solution of local issues: Buildings, streets, quarter committees, committees of micro districts, committees of districts in cities, rural and settlement committees are the areas of self-organization of population.
Service cooperative	Legal entity, non-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. Service cooperative may provide other persons with services to satisfy their economy activity, but not exceeding 20 percents of the gross turnover.
Non-governmental organisation (public organisation, association)	Legal entity, non-for-profit organisation. Voluntary, public formation, created on the basis of unity of interests for joint exercise by the citizens of their rights and freedoms; acts for satisfaction and protection of their legal social, economic, creative, age, national cultural, sports and other common interests.
Small Town / Municipality	Administrative-territorial unit within a Rayon; the status of 'small town' is granted to a settlement, located at industrial enterprises, rail junctions, or where universities, scientific and research entities, patient care institutions are located together with municipal public housing, with not less than 2.00 inhabitants; two third of its population work in industry and the services sector (not in the agricultural sector).
Social Mobilisation	Process of bringing together all stakeholders to raise people's awareness of and demand for a particular programme (e.g. health etc.), 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	Person (can be integrated in a Rayon Administration) who facilitates the interaction between the Rayon administrations/councils and the mobilised communities for problem identification and solving.
Town	Administrative territorial unit in Rayon or a Municipality with Rayon status. The status of 'town' is granted to a settlement with industrial enterprises, municipal economy, municipal housing, socio-cultural organisations, with not less than 10.000 inhabitants; two third of which work in the industry and services sector (not in the agricultural sector).
Village	Administrative territorial unit within a Rayon or Municipality with private housing. Most inhabitants work in the agricultural sector.

## EXECUTIVE SUMMARY

Decentralization and public participation are fundamental components of democratic governance. By signing the European Charter of Local Self-Government in 1997, Ukraine not only declared adherence to the principles of such administration but also assumed responsibilities with regard to reforms in the regions and their legislative support. However, it is not enough just to have the will of the political elite to achieve high standards of democracy. Conscious participation of the wide public and international community support are necessary. Therefore, in response to a formal request of the President of Ukraine to the Government of Switzerland for assistance in carrying out decentralization in the country the Swiss Agency for Development and Cooperation (SDC) initiated the Decentralization Support Project in Ukraine, DESPRO.

The aim of DESPRO I Phase (December, 2006 – January, 2010) was to set up models for decentralized public services at rayon, municipality and village levels that could be adopted and approved at the oblast and national levels.

The key objectives of the Phase I were to:

- (a) promote local communities' ability to identify, plan, implement and manage services;
- (b) support governments' capabilities to improve their planning, financing, implementation and coordination of affordable services in a participatory and innovative manner;
- (c) assist the Government of Ukraine in its efforts to form a 'National Agenda' on decentralisation and to coordinate and harmonize local policy initiatives.

**Community-based water supply projects.** Abilities of the communities to identify their needs and capacities of local authorities to provide high quality public services are defined as a significant constituent of decentralisation. DESPRO work during Phase I concentrated at developing and piloting successful mechanisms and models of decentralized water supply services in rural areas. In this sphere the key outcomes have been:

- based on the Social Mobilisation Concept elaborated by DESPRO social mobilisation of communities in 6 rayons has been successfully put into practice. It has resulted in the formation of CBOs of various types for implementation of a substantial number of community projects co-financed by DESPRO;
- DESPRO has elaborated procedures for transparent selecting community. The requirement had been that the projects were to be carried out with local governments' assistance. Rayon Working Groups (RWGs) have been set up involving representatives of state administrations and local self-government bodies. The approach has allowed to avoid creating parallel structures in the target regions and to integrate project activities into the regular activities of the local government;
- in total, 42 community projects have been implemented in 6 rayons of the 2 pilot oblasts, approximately 20 projects in each region. During the first round of the DESPRO competition (2008-2009) 24 projects and during the 2nd round (2009) 16 ones were selected and further implemented. The majority of the projects of both rounds were carried out in Tulchyn rayon of Vinnytsya oblast and in Nyzhniohirsky rayon of the ARC - 9 in each. In Kalynivka rayon (the Vinnytsya oblast) as well as in Bakhchysaray rayon (ARC) each 6 projects were implemented. Similarly, 5 projects were implemented in Illintsi rayon (the Vinnytsya oblast) and 5 projects in Lenino rayon (ARC);
- the total number of settlements (villages and towns) makes up 33 where community projects have been implemented. In seven villages each two projects have been carried out consecutively during the 1 and 2 rounds: in 2 villages in Vinnytsya oblast and in 5 ones in the ARC;
- the total number of beneficiaries constitutes 14,936 persons residing in 5,386 households (according to partner communities data);

- the total cost of the projects has made up UAH 7,643 thousand. The DESPRO contribution was UAH 4119 thousand, the local budgets donated UAN 1294 thousand, the communities' share was UA 2230 thousand;
- the average cost of a project has reached UAH 191 thousand. The projects in Vinnytsya oblast have turned out on average to be 30% more costly than projects in the ARC – UAH 216 thousand and UAH 166 thousand respectively;
- the average cost of a project calculated per household, i.e. the financial burden on a project participant amounts up to CHF 730;
- synergy of partners has been attained allowing substantial contribution from the local community, donations from local government budgets in supporting the DESPRO activities.
- community projects have been particularly successful in mobilizing women as well as encouraging them to be more active in public life. In the target communities women have become notably more active than men taking leading positions within the communities.

**Capacity Development of Local Governments.** Knowledge management has become a significant DESPRO input into the promotion of DLG. It has been aimed at establishing a learning platform for decentralisation in which information and knowledge is created, applied and shared by DESPRO partners and pilot communities in an efficient and effective manner.

Capacity building by more than 3 hundred civil servants, municipal workers, NGO leaders and activists, CBOs accountants and technicians, media representatives from central and local media. It concentrated on the transfer of knowledge and skills in the field of governance, decentralisation, services provision; social mobilization and community participation; local and community needs assessment; project planning and management; financial management and accounting; organizational and legal issues of NGO formation and management; local development planning and instruments; mobilization of resources; etc.

The particular focus of the DESPRO capacity development component has been on technical consultancy for community projects. In this context DESPRO has ensured the creation of a supportive consultative environment where communities have a direct constant access to technical consulting of various formats (via phone, e-mail, field and expert visits, etc.).

Knowledge generation as another direction within the DLG learning platform establishing has been represented in Phase I by a wide range of analytical studies, manuals, brochures, guides, digital tools. Analyses of achievements and challenges in the DLG sector in Ukraine, European and Swiss good practices of decentralisation, legal issues, accounting and taxation for various types of decentralized service provision, have formed a unique didactic package of practical materials which could be applied in formal and non-formal training institutions.

The Best Practices component has become an excellent contribution to the fulfilment of DESPRO strategy in supporting democratic reforms. Information, knowledge and experience of the target communities, CBOs, coordinators of RWGs, representatives of the rayon and oblast authorities collected and structured in the first Best Practices issue have made it possible to propose a formula of raising overall efficiency of community projects.

The video documentary "Living in a New Dimension" operates as a ICT tool for promoting decentralisation at the policy level as well as for demonstrating successful practices of decentralized services and communities' participation.

In Phase I the PR component has been considered not only as a necessary complement to the overall project activities but as an effective tool for achieving the project's goals. Its aim is to promote decentralization in services provision through publicising project achievements. The PR component has enabled to raise awareness of the DESPRO partners at the local, regional and national levels, to organize information and knowledge exchange, to promote DESPRO identity, to provide media coverage of innovative local decentralization initiatives as well as media support to the National Policy Agenda.

The DESPRO web-portal [[www.DESPRO.org.ua](http://www.DESPRO.org.ua)] launched in the Phase I has facilitated the accumulating of the available information, initiatives, expertise and best practices on decentralisation in Ukraine uniting leading actors in this area, developing the communities of practices.

**Policy development and policy dialogue.** During the Phase I DESPRO has made a substantial input into promoting the 'National Agenda' on decentralisation in Ukraine. Multidimensionality of the 'National Agenda' has preconditioned various activities of the DESPRO, including support of the elaboration of the conceptual and legal basis, national policy dialogue on DLG and synergy with all the interested parties, i.e.:

- DESPRO has rendered on a regular basis advisory, analytical and financial support in designing and promoting concept papers and legal acts that frame the National Decentralisation Strategy: (1) the Concept of the National Regional Policy - the basic document on decentralisation that was approved in July 2008; (2) the Concept of Administrative and Territorial Reform; (3) the Concept of Local Self-Government Reform; (4) the Concept of Public Servants' Training Reform. DESPRO has contributed to numerous expert discussions on the above set of strategic policy papers through supporting conferences, round tables and public hearings. Key Ukrainian and international experts, in particular from Switzerland, have been involved into drafting the papers.
- Policy partnership at the national level has proved itself to be an efficient tool for promoting the National Agenda on Decentralisation. This partnership during Phase I has included cooperation with all key political actors in DLG, in particular the Verkhovna Rada of Ukraine (the Ukrainian Parliament), the Cabinet of Ministers of Ukraine and the donor community.
- The MoRDC of Ukraine has been the key DESPRO national partner. A permanent dialogue with MoRDC has enabled to identify main areas where DESPRO support was needed the most, i.e. (1) acceleration of regional development; (2) promotion of administrative and territorial reform and reform of local self-governance; (3) support of communities' self-organization in resolving local problems with local resources.
- Besides, an efficient format of MoRDC-DESPRO cooperation has been worked out which included regular bilateral meetings with the Ministry's Department for International Affairs, quarterly meetings with the Deputy Minister, responsible for decentralization and local governance, experts' work through DNG, joint participation in various events, organized by the Ministry and the Project etc. The format has guaranteed, on the one hand, the Ministry's interest and involvement into the project operations both in the field and at the national level, and, on the other hand, the access for DESPRO to the Ministry's policies related to developments in the decentralization and local governance sector.
- DESPRO has operated in conjunction with international and bilateral donors operating in reforming of public administration, regional policies, territorial and administrative set-up in the country which are CIDA, UNDP, USAID, SIDA, etc. Under the direction of the SCO DESPRO has contributed to the coordination of the Donor-Government Task Force on Decentralisation and Local Self-Government that works under the umbrella of the MoRDC.
- DESPRO partnership with non-governmental sector has permitted to lobby as a key force in the DLG sector with local authorities. DESPRO cooperation with Ukrainian associations representing local self-government, i.e. the Association of Cities and Towns, the Association of Small Towns, the Foundation for Local Self-Government of Ukraine has ensured direct contacts with national networks of municipalities, mayors, rural leaders.
- The wide public has been involved into the discussion on decentralisation. Collaboration with the East Europe Foundation under the aegis of the MoRDC, has been the basis for grants for NGOs to implement local projects and in such a way to ensure Administrative and Territorial Reform in the Sumy, Vinnytsya, Ternopil and Kherson oblasts.



**Phase II Planning.** The planning of the DESPRO activities in the Phase II has become an important instrument for building up synergies among all the players and interested parties in DLG in Ukraine. A specific Phase II Planning Framework elaborated jointly by the DESPRO, Skat HQ and SDC HQ has been based upon recommendations of the internal and external reviews of Phase I DESPRO outcomes. The Framework has contributed to particularly accent during the Phase II on further enhancing multi-level and cross-institutional interaction; intensifying work at the national, regional and rayon levels; identifying institutional and fiscal links with the local level in the framework of the ATR; further supporting the creation of dialogue platforms at different levels; gradually scaling-up projects and increasingly working with villages being the lowest institutional level; documenting experiences and lessons learned as a basis for multi-level policy discussions; establishing a comprehensive knowledge management system to be supported during Phase II.

## I. INTRODUCTION

### I.1. General: About DESPRO

**The Decentralisation Support Project (DESPRO)** was developed within the framework of the SDC Cooperation Strategy 2007-2010 and belongs to the Rule of Law and Democracy sector (sub-sector Public Sector Reforms) which sets the objective to “assist Ukraine in decentralisation and devolution of powers from the national to the local level”.

The overall objective of DESPRO is to **strengthen good governance and effective local development** in Ukraine through ensuring that decentralised structures are capable to provide effective, efficient, and affordable public services such as water supply and others.

Following an official request by the President of Ukraine for Swiss assistance in decentralisation and SDC's decision to choose decentralisation as a core area of cooperation in Ukraine, an international consultant, commissioned by SDC, undertook a baseline study on decentralisation in Ukraine and potential intervention options, in February 2006. Because of the positive response by SDC-HQ to the results of the baseline study and in view of the priority attached by the SDC in supporting the decentralisation process in Ukraine, a Project Document and a credit proposal were elaborated in November 2006. In December of the same year SDC approved the project and entrusted Skat - Swiss Resource Centre and Consultancies for Development –because of its longstanding experience not only in Water Supply and Sanitation but also in Community Participation and Social Mobilisation in Ukraine, with the implementation of the project. Thus, project operations began in January 2007.

	 <p>Schweizerische Eidgenossenschaft Confédération suisse Confederazione Svizzera Confederaziun svizra</p> <p><b>Swiss Agency for Development and Cooperation SDC</b></p>
<p><b>SDC DESPRO was launched as a result of the official request by the President of Ukraine for Swiss assistance in decentralisation</b></p>	

The project foresees three phases:

- Phase I December 2006 - January 2010
- Phase II February 2010 - January 2013
- Phase III February 2013 - January 2015

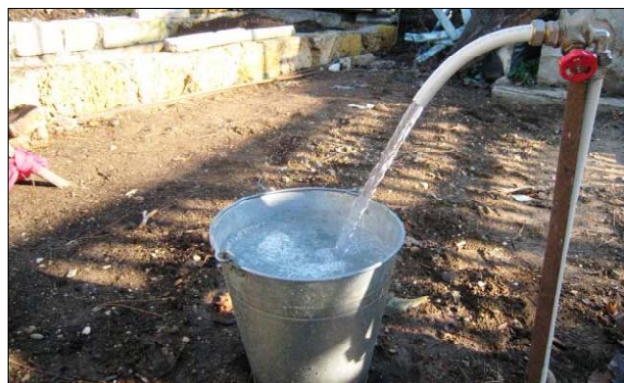
The overall goal of the current build-up **Phase I** was “that a **replicable model of decentralized services** at village / municipal / rayon levels is piloted in selected areas and has been accepted at the oblast/national levels”.

**DESPRO focused on three key objectives:**

- 1) Improvement of skills of the local communities in identifying, planning, implementing and managing services;
- 2) Upgrading the ability of oblast, rayon, village and municipal authorities to plan, finance, implement and coordinate affordable services in a participatory and innovative manner;
- 3) Supporting the government of Ukraine in its efforts to form and strengthen a "National Agenda" of decentralisation and its task to coordinate and harmonise national policy initiatives.

**Project approaches**

- Multistakeholder – Ministry of Regional Development and Construction; Parliament; Regional and local governments; Think-tanks, Education institutions dealing with training of public servants;
- Multi-level – working on national, regional and local levels;
- Sectional – targeting specific public services: water supply and sanitation, waste management;
- Community mobilization and participatory decision making;
- Co-funding of community projects aimed at decentralised services provision;
- Working within existing structures – not to create additional institutions for public service delivery;
- Donor coordination;
- Scaling up – an increase in measure, coverage and social effect of local projects;
- Human Rights Based Approach (HRBA);
- Gender-sensitive – equal rights for men and women.



**DESPRO integrates lessons learned and best practices from pilot projects into “national agenda” on decentralisation**

- **Key project activities**

- Developing and practicing innovative decentralised approaches to public services provision - improving communal services (water supply) through greater integration of community groups and associations;
- Streamlining and improving the integration process of the community based services into the local government system;
- Integrating the lessons-learned and best practises developed in the pilot areas into the “national agenda” on decentralisation.

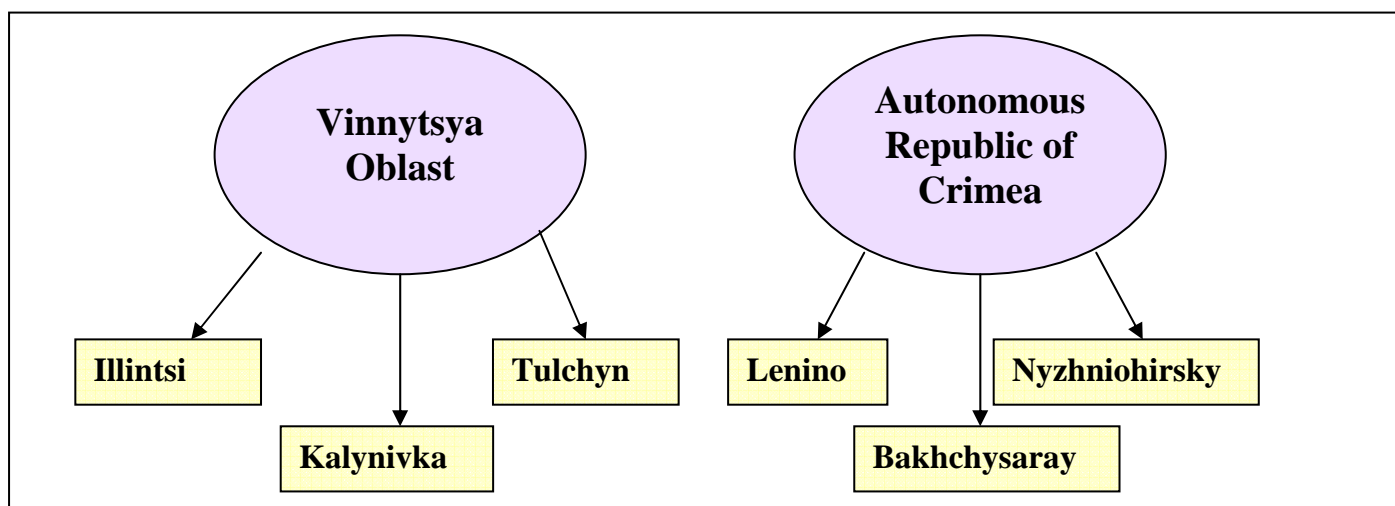
- **Levels of Intervention**

DESPRO clearly applies a multi-level approach. The backbone of DESPRO consists in its support to (1) community initiatives. Besides, DESPRO is also engaged in (2) policy development at the regional level and (3) at the national level and (4) plans on the knowledge management as a new project component. This multi-level approach is helping to open doors for participatory reform and cross-institutional cooperation and policy debate.

- **Key Project Partners and Stakeholders**

The Ministry of Regional Development and Construction (MoRDC) which is the national counterpart of DESPRO is the key governmental body responsible for the regional policy and local self-government reform in the country. Alongside, DESPRO works in close cooperation with other national stakeholders involved in promoting decentralized approaches in public administration, like Committees of the Ukrainian Parliament – Verkhovna Rada of Ukraine, the Secretariat of the Cabinet of Ministers of Ukraine, the Ministry of Housing and Communal Services of Ukraine, the National Academy of Public Administration, the Municipal Academy, Ukrainian Associations, think tanks, etc.

At the regional level, DESPRO is partnering with two regions: the Autonomous Republic of Crimea (ARC) and Vinnytsya Oblast. In each of the regions three rayons are selected to participate in the competition and implementation of community based projects for decentralised services provision. In AR Crimea: Lenino, Bakhchysaray, Nyzhniohirsky rayons; in Vinnytsya Oblast: Tulchyn, Kalynivka and Illintsi.



## I.II. Political and Institutional Context

- **The Process of Decentralisation in Ukraine**

Decentralisation in Ukraine can be viewed both as a tool and a goal of a public administration reform, which requires re-distribution of tasks, competences, and resources at central, regional, and local level. In particular, this means the transfer of more responsibilities, competencies, and

resources from the state to the local self-government authorities, community based organizations and affordable public services delivery.

The current system in the state remains highly centralised with some degree of political decentralisation, a partial administrative decentralisation (mainly at the level of villages and municipalities) and elementary aspects of financial decentralisation (hardly any non-earmarked funds, limited budgetary power). Nevertheless, in current indefinite period rayons, municipalities and villages try to make use of their limited possibilities and resources.

#### **Current territorial-administrative system of Ukraine**

- There are 24 regions (oblasts) and the Autonomous Republic of Crimea (ARC).
- Regions comprise rural districts (rayons) and cities of regional significance (cities of "republican" significance in the ARC).
- The rural districts comprise towns of district significance, settlements and villages. The large Ukrainian cities are further divided into urban districts.
- There are many cases when autonomous small local units (settlements, villages and even small towns) are situated on the territory of larger cities, which generates both budgetary and administrative problems between these interrelated entities. The number of first level units (more than 11 000) is excessive.

The public administration system of Ukraine is still largely a heritage of the Soviet time. It is highly centralized in regard to distribution of decision-making powers and budgetary means. It is complex and thus inefficient regarding the definition of levels of administration. Since the Orange Revolution in 2004, the interest of the Ukrainian Government in public sector reform has constantly increased.

In practice there are three main reasons that point out the need for decentralisation:

- There is a need to delegate responsibilities to the self-government institutions as the system when all problems of local communities are solved at the national level has proven to be inefficient in the current Ukrainian context. For example, public services such as water supply, sewage disposal, heating are typical responsibilities of local government bodies. However, at the moment small municipalities are incapable of dealing with strategic issues such as public utilities which require substantial administrative, financial and professional capacity. For the benefit of local communities it is necessary to improve the capability of local self-governing bodies and to delegate the responsibilities for public utilities to local level.
- There is a need to identify responsibilities at the local level as there is still a number of overlaps between different levels of sub-national government (in terms of responsibilities, resources and, in some cases, boundaries), as well as between local self-government and local state administration. The highest uncertainty is concentrated around the institution of the rayon, which is a state administration structure (of a size that might be seen as more suitable for a local self-government unit) and with a representative council that has very limited connection to the executive power. This has led to a system that might be characterised as over-administered and under-governed, in which lines of accountability are confused. Thus, there is a need to define the status, territory, role, functions of the rayon as an institution.
- The weak fiscal decentralisation remains one of the main challenges. Due to the peculiarities of the budget procedure in Ukraine the public finances remain highly centralized. Village local self-government bodies can draft, approve and implement their own budgets. At the rayon and oblast level, rayon and oblast councils have only the right to make recommendations and approve the budget, the drafting and implementation of the budgets is done by the respective state administration. The local budgets are still

heavily dependent on central budget transfers. In addition the economic crises and budget deficit allowed even higher manipulation in the distribution of resources.

Existing vertical imbalances in revenue allocation, low level of own resources and of local taxation cause disproportional distribution of resources among local budgets along with increasing regional disparities. There are several proposed schemes of financial decentralisation in Ukraine but none of these schemes is comprehensive. The 1991 Budget Law governed inter-budgetary relationships but it was obsolete and more appropriate for a country with a command economy than one transitioning to a market economy. Considerable ambiguity surrounded the question of which level of government should do what. For example, more and more responsibility for social protection spending was shifted from the State budget to local budgets without a corresponding shift of revenue resources to finance these additional expenditures. Not surprisingly, it was in this area that large local expenditure arrears appeared. At the moment regions are receiving subventions from the state that are further distributed by regional authorities to the local level. At the same time it is important to remember that if big cities maintain “local fees and taxes” these would be beneficial for them, for poor villages such collecting would be very little and they would not be able to finalise any feasible project.

- **Constraints of Reforms on Decentralisation**

The key constraint for implementation of decentralisation reforms is the **lack of common understanding of what decentralisation in the Ukrainian context is**. The most effective level of subsidiarity needs to be defined and commonly agreed, thus there is high need for further research and discussions. Even major political parties as well as key Ministries state the need for decentralisation as their priority; these statements are mainly used only as arguments in political discussions.

There are several proposed schemes for decentralisation 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 is to work jointly with the Secretariat of the President of Ukraine on the 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 beginning of 2010. At the same time political statements made, reveals significant differences in understanding of the “decentralisation process”. These means that to collect majority in the Parliament under any of proposed concepts of reform would be impossible before the decentralisation is widely discussed between political parties, national authorities and general public.

There is a lack of information and thus consensus/support for the reform at the local level and among general public. It is necessary to ensure information exchange, discussions and consultancies at the local level to gain the necessary public support for the reform.

Secondly, in the current political situation there is **lack of political will** for financial reform. The existing model of financial resources distribution is used by national authorities to put political pressure on regions. The repeated political crises of 2005 and 2006 paralyzed decision-making efforts in the country, and hence no real steps towards public sector reform and decentralisation were taken by the Government of Ukraine during these years. The situation slightly improved after the pre-term parliamentary elections of September 2007 when the new Coalition Government declared its strong political will to conduct a comprehensive public sector reform in order to improve local governance, taking up decentralisation as a fundamental aspect of this reform. In March 2007 the Ministry of Regional Development and Construction (MoRDC) of Ukraine was established by the Cabinet of Ministers of Ukraine (CoM). MoRDC was given the mandate to lead the reform process. At the same time to implement the reform on decentralisation it is necessary that new laws as well as changes in Constitutions are approved by the Parliament which requires support of 300 out of 450 MPs.

Thirdly, there is a **lack of experience within local authorities to provide public services**. Even if reform is implemented, local authorities are lacking expertise on management of public services. Big cities are more experienced due to the wider access to donor resources and

international practices, while small towns and village councils often have very limited or no experience on services provision, public consultation and involvement of general public in decision making. It is important that the knowledge is effectively transferred and those significant numbers of self-governing institutions are supported by technical consultation or that the system of peer-to-peer education is established.

The fourth major constraint is **legislative inefficiency of the management model**. This is on one hand due to the permanent institutional conflict between local administrations that are appointed and local councils that are elected. On the other hand due to unclear responsibilities distribution between state administrations, local councils and self-governing authorities. This leads to such situation as for example in Luhansk region, where the Oblast State Administration is responsible for water supply system in Luhansk city even oblast and the city are two separate administrative units with different budgets and executive systems.

- **Key Stakeholders in Decentralisation Reform**

Due to the complexity of the reforms that have to be implemented there is a number of stakeholders with different levels of interest. According to Ukrainian legislation a number of Legal Acts and changes in the Constitutions should be made to implement the decentralisation reform. The Parliament is the only legislative institution in Ukraine. At the same time the political crises in 2007-2009 has immobilized the Parliament. President and the Government have limited influence on the decentralisation process through budgetary and political instruments. At the same time their interest in decentralisation is low as this would decrease their power at the regional level. The MoRDC has been the key driver of decentralisation process during 2009 and prepared the model of decentralized structure and the Concept of Decentralisation.

The interest of different national institutions in the reform can be also illustrated through the analysis of General number of Legal Acts and Initiatives of the President, Government and Parliament of Ukraine on regional policy, Administrative-Territorial Reform and Reforms of Self-Governing local authorities in 2008 provided in Table 2.

**Verkhovna Rada of Ukraine (the Parliament)** remains the most important actor in the process of reform as there is a need for a number of legal acts and for changes in the Constitution that cannot be ensured by any other institution. Their interest in the reform is relatively low as it will only decrease their influence on regions. In addition changes in the election system from choosing representatives of each territorial unit to choosing a political party has decreased the connection of the Parliamentary representatives with regions.

DESPRO is cooperating with the Parliamentary Committee 'The Parliamentary Committee on State Building and Local Self-Government' as well as with individual parliamentarians who are interested in the reform. All key political parties such as "The Party of Regions", "The Block of Julia Tymoshenko" and "Our Ukraine" state in their declaration the need for decentralisation but in practice there is low activities conducted by any political party.

**The President** has partial legislative role and has high influence in the regions via appointed heads of Oblast and Rayon Administrations while little incentives for decentralisation.

**The Government** is responsible for the Budget and has legislative initiative, thus it has medium influence. DESPRO effectively cooperate with the Cabinet of Ministers providing consultations and involving them in a discussion. As can be seen from the analysis of the Legal Acts and Initiatives of the Government the interest in regional reform is relatively low.

**The Ministry for Regional Development and Construction** was established in May 2007, and is primarily in charge of decentralisation and the territorial-administrative reform agenda. The MoRDC is doubtless the most active player in decentralisation process. It concentrated its efforts on designing and preparing two reforms for implementation– the reform on state regional policy and local self-government reform. Nevertheless, the core ideas of the reform, which should be considered as the platform of the reform process, like a new territorial arrangement or a model of



fiscal decentralisation are not completed and approved. So it is questionable whether the work on these concept papers and proposals will continue after the Presidential elections in February 2010 or whether entirely new proposals will be presented. MoRDC initiated the elaboration of a new Concept of State Regional Policy as the key strategic policy document which aims at regional development in Ukraine based on European standards and values as lined out in the European Charter on Local Self-Governance.

**Table 1.**

**General Number of Legal Acts and Initiatives of the President, Government and Parliament of Ukraine on Regional Policy, Administrative-Territorial Reform and Reform of Local Self-Government in 2008**

<b>Official Acts regarding regional policy in Ukraine</b>		
	<i>Enforced</i>	<i>Drafts of Legal Act</i>
Verkhovna Rada (Parliament)	<b>1</b>	<b>4</b>
President		
Cabinet of Ministers	<b>2</b>	
Ministries and Departments	<b>10</b>	
<i>Total Number</i>	<b>13</b>	<b>4</b>
<b>Official documents regarding territorial-administrative reform</b>		
Verkhovna Rada (Parliament)	<b>2</b>	<b>2</b>
President	<b>1</b>	
Cabinet of Ministers	<b>2</b>	
Ministries and Departments	<b>1</b>	
<i>Total Number</i>	<b>6</b>	<b>2</b>
<b>Official documents regarding reform of local self-governance</b>		
Verkhovna Rada (Parliament)	<b>9</b>	<b>2</b>
President	<b>10</b>	
Cabinet of Ministers	<b>22</b>	<b>6</b>
Ministries and Departments	<b>45</b>	<b>29</b>
<i>Total Number</i>	<b>86</b>	<b>37</b>

There is also a number of **associations uniting local self-governing bodies** – Association of Cities, Association of Small Towns, and others – working directly with municipalities, mayors, village heads and, therefore, representing them vis-à-vis the Government and Parliament.

In April 2009 a Law was passed that provides the Associations of local self-government with the right of legislative initiative. Besides, according to the above mentioned Law these Associations obtained the possibility to participate in the Government sessions to review the Government decisions from the local self-government prospective.

As the most recent progress, on May 23, 2009 the Prime Minister Yuliya Tymoshenko invited about 11'000 representatives from local self-government bodies to an information and consultation session on the draft proposal. About 7000 participated. As a result of this meeting, an Association of Village Heads has been established with the support and in association with the Cabinet of Ministers. It is important to state that Associations are acting as NGOs, and if the Association of Cities and Communities has strong drivers (big cities) to lobby its interests the Association of Villages has relatively little bonding power and has low influence. It is recommended to unite the forces of all associations to ensure effective advocacy.

**Think Tanks** play an important role of expertise building. In Ukraine a number of think tanks are supporting decentralization and local initiatives. They are substantially contributing to the development of strategic documents on the decentralization and reforms of local self-government

and administrative-territorial set up. In particular the Centre of Political and Legal Reforms, the Institute of Municipal Development and the Institute of Civil Society are regularly involved in designing documents, analytical studies and organization of advocacy events.

**Educational Institutions** play an important role in capacity development of local authorities and serve as the deposit for the existing knowledge on best practices. There are two main educational institutions that are involved in training, re-training and professional development of civil servants and local government personnel: Academy of Municipal Administration and The National Academy of Public Administration under the Office of the President of Ukraine (NAPA).

**Donor organizations** (funding and development agencies) support decentralisation process at different levels (local, regional and national). While there is a variety of projects supported by different donors there is still lack of coordination and experience exchange. As a result in many situations the experience of one project is not used by other donor organization. A brief map of Donor's community is presented at the Table 2.

DESPRO operates in coordination with multilateral and bilateral donors working in the areas of reforming state public administration, regional policies, territorial and administrative set-up in the country which are EU, CIDA, UNDP, USAID, SIDA, etc. Under the leadership of SCO, DESPRO contributes to the coordination of the Donor-Government Task Force on Decentralisation and Local Self-Government that works under the umbrella of MoRDC.

SDC is trying to build partnership with other organizations that are working on the issue of decentralisation. At the moment, SDC's contribution to the reforms gained further weight by the fact that DESPRO and UNDP's Municipal Governance and Sustainable Development Programme (MGSDP) were shaped in a complementary way by launching the SDC supported component on "Promoting Conditions of Participatory Governance in Urban Areas" (whilst DESPRO focuses on rural areas).

**Table 2.**

**Key Representatives of Donor Community Supporting Decentralisation  
(as of December 2009)**

<b>Name of the Project</b>	<b>Key Approaches</b>	<b>Focus Area</b>
<b>SDC-DESPRO</b>	<ul style="list-style-type: none"> <li>- Support to National Decentralisation Strategy;</li> <li>- Decentralised model of public services delivery;</li> <li>- Development capacity of Local Authorities</li> <li>- Expertise building of national authorities</li> </ul>	All Ukraine with particular focus in Vinnytska Oblast and Crimea
<b>UNDP</b> <ul style="list-style-type: none"> <li>▪ Chornobyl Recovery and Development Programme</li> <li>▪ Crimea Integration and Development Programme</li> <li>▪ Community Based Area Development</li> <li>▪ Municipal Governance and Sustainable Development Programme</li> <li>▪ Youth Inclusion Project</li> </ul>	<ul style="list-style-type: none"> <li>- Policy for local development</li> <li>- Community Development</li> <li>- Partnership of local authorities</li> </ul>	All Ukraine With particular emphasis on Chornobyl-affected areas and Crimea
<b>USAID</b> <ul style="list-style-type: none"> <li>▪ Local Economic Development, Municipal</li> </ul>	<ul style="list-style-type: none"> <li>- Strategic economic development plans</li> <li>- Capacity Building of Association of</li> </ul>	76 cities with particular focus on Donetsk, Dnipropetrovsk and



<p>Finance</p> <ul style="list-style-type: none"> <li>▪ Strengthening Initiative, and Expanding Training and Advocacy Services of the Association of Ukrainian Cities.</li> <li>▪ Two public-private partnerships</li> </ul>	<p>Cities of Ukraine</p> <ul style="list-style-type: none"> <li>- Development of cities capacity to plan and finance</li> </ul>	Luhansk Oblasts
<p><b>CIDA</b></p> <ul style="list-style-type: none"> <li>▪ Ukraine Municipal Local Economic Development Project</li> <li>▪ Improving Regional Economic Development Planning</li> </ul>	<ul style="list-style-type: none"> <li>- Decentralisation and support to sub national government: 30%</li> <li>- Financial policy and administrative management: 70%</li> </ul>	All Ukraine
<p><b>SIDA</b></p> <p>Strengthening Local Democracy and Support for Local Government Reforms in Ukraine</p>	<ul style="list-style-type: none"> <li>- Fiscal decentralisation</li> </ul>	All Ukraine
<p><b>EU</b></p> <ul style="list-style-type: none"> <li>▪ Strengthening Local Democracy and Support for Local Government Reforms in Ukraine</li> <li>▪ Support to Sustainable Regional Development</li> <li>▪ Sustainable Local Development</li> </ul>	<ul style="list-style-type: none"> <li>- Strategic planning</li> </ul>	Izyum (Kharkiv oblast), Romny (Sumy oblast), Sverdlovsk (Luhansk oblast) and Pryluky (Chernihiv oblast):
<p><b>GTZ</b></p> <p>Reform of the national administration for the support of decentralisation (<i>The end of the project date is Dec 2009</i>)</p>	<ul style="list-style-type: none"> <li>- Trainings of local authorities and national authorities on best practices of governance</li> </ul>	All Ukraine

- **Legal Documents Supporting Decentralisation**

Various legal acts in the area of local self-government that have been adopted at different times since the proclamation of Independence are based on different ideologies and, as a consequence, are not internally harmonised. A number of legislative provisions on local self-government are contradicted by the legislation on territorial organs of state executive power, leading to conflicts of competences between local self-government and central executive authorities. In order to resolve these contradictions, there is a need for a comprehensive decentralisation strategy and a local government reform, which would include harmonisation of all

**Constitution of Ukraine**

According to the Constitution of Ukraine, adopted in 1996, "Local self-government is recognised and guaranteed in Ukraine" (Article 7). At the same time, the Constitution contains several restrictions with regard to self-government. In particular, regional and district councils (as well as the cities of Kyiv and Sevastopol) have no proper executives and the executive functions at these levels are carried out by the respective state field agencies (Article 118). Amendments to the relevant provisions of the Constitution (Articles 85, 92, 118, 119, 121, 132, 133, 136, 140, 141, 142, 143, 144) were submitted to the Parliament in December 2004; however, they were not adopted for procedural reasons. Thus, once the revision of the Constitution is back on the political agenda (as it could be after the Presidential elections), it would be important to reconsider these issues.

relevant legislation, including constitutional amendments.

In September 2008 the Verkhovna Rada passed in the first reading the new edition of the Draft Budget Code.

Currently the Draft is prepared for the second reading by the task force of the Parliamentary Budget Committee.

On the other hand, recently on the initiative of the Cabinet of Ministers, dramatic changes were proposed to the Budget Code. These changes are introducing direct budgeting of all local self-government bodies in the country as well as certain changes in taxation stipulating more taxes remaining in local budgets.

Despite the fact that the above changes are considered by representatives of local self-government as a serious step to fiscal decentralisation, numerous experts consider it as a populist initiative and not realistic as up to 12,000 local budgets are supposed to be directly financed out of the central budget. The draft of the changes to the Budget Code were passed by the Parliament but the President of Ukraine put his veto on these changes due to the need of their further revision. It is anticipated, that the Parliament will consider this issue again in the beginning of 2010.

The MoRDC developed two relevant documents – the Concept of Self-government Reform and the Concept of the Reform in Administrative and Territorial Structure. Both concepts were considered by the Governmental Committee in January 2009, and, just like the Concept of Public Administration Reform in Ukraine before them, were neither adopted nor rejected. The Ministry was advised to amend them and to work at the same time on the draft laws regarding their implementation.

The Concept of the Reform in Administrative and Territorial Structure stipulates significant strengthening of administrative and territorial units of the basic level – communities, which will become the arena for the implementation of local self-governments. They will be formed around the residential areas (typically, cities or villages), that can become hubs of social and economic development. Accordingly, the rayons, which will become host of local state administrations' (similar to prefectures) will grow significantly. The regional level of administrative and territorial units – the Autonomous Republic of Crimea, oblasts', cities of Kyiv and Sebastopol – is defined by the Constitution and cannot be revised under the provisions of the Draft Concept.

The Concept of the Self-government Reform defines the system of self-government bodies and their competencies within the new administrative and territorial units. Under its provisions, Ukrainian citizens should have direct access to the overwhelming majority of public services in their own communities. It means not only the most obvious services, i.e. preschool care, secondary education, preventive and urgent medical care, administrative services in land relations and construction, but also numerous public services, needed by population and provided as delegated functions by public servants in the local self-government bodies under the supervision of the appropriate state bodies.

Table 3. Outlines the dynamics of submission and adoption of policy documents and laws forming the basis of the National Decentralisation Strategy/Agenda:

**Table 3.****Dynamics of Submission and Adoption of Policy Documents and Laws Forming the National Decentralisation Strategy/Agenda (as of December 2009)**

	TITLE OF THE DOCUMENT	Stages (2009)			
		Elaborated	Agreed by stakeholders	Approved by the CoM	Submitted to the Parliament
1.	Concept on the State Regional Policy	Ok	Ok	Ok	1 <sup>st</sup> Quarter 2010
1.1.	Draft Law on the State Regional Policy	Ok	Ok	Was expected by end of October	
2.	Concept on Local Self-Government Reform, including stipulations on the administrative and territorial reform	Ok	Ok	Ok	n/a
2.1.	Action Plan on Concept Implementation, including draft Law on the Concept on Local Self-Government Reform implementation	Ok	Ok	Was expected till the end of 2009	1st Quarter 2010
3.	Regulation of the CoM on approval of training and re-training of local self-government representatives and deputies of local councils	Ok	Ok	Ok	n/a
4.	Draft Law of Ukraine on development of mountain territories	Ok	In process	2010, after Presidential election	2010, after Presidential election

In compliance with the Draft Concept of the Reform in Administrative and Territorial Structure and the Concept of the Self-government Reform the MoRDC designed Draft Laws “On administrative and Territorial Structure”, “On Local State Administrations” (new edition) and “On Local Self-governments”. Currently the above laws are being evaluated and finalized.

In addition, the MoRDC, alongside with developing draft concepts and laws over the last year, managed to create practical models of the new administrative and territorial structure on electronic maps in collaboration with the local state administrations, local councils and NGOs. Currently the new communities modelling has been implemented and approved by local authorities in the majority of Ukrainian regions.

It would be expedient now not only to approve all the prepared concepts and to submit for the Parliament’s consideration all the draft laws, stipulating their implementation, but also to set up a working body (committee or board) headed by Deputy Prime Minister optimally under the Cabinet of Ministers to deal with the administrative reform. This body could include the representatives from relevant ministries at the level of deputy ministers and professional experts from research institutions and analytical centres. All these decisions are within the competencies of the Cabinet of Ministers, and, first of all, of the Prime-Minister of Ukraine. Although none of leading politicians opposes the decentralisation including the administrative and territorial reform, they all focus on the fact that the next presidential elections should take place in January next year. This event will

no doubt dominate political and public life. Feeling concern about their rating all the presidential candidates will be wary of initiating administrative reforms.

The reform of local self-government in Ukraine is not possible without reforms in administrative and territorial structure, or without introducing changes into the Constitution of Ukraine.

All the above mentioned documents were discussed by both Ukrainian and international experts and currently constitute the National Decentralisation Strategy/Agenda. The roadmap for the reform process covers the period from 2009 until 2014 and, if put into practice, will be an important step for Ukraine towards European requirements on good governance. The stages of the reform and main activities under each stage are described below:

**First stage** – The preparatory stage (2009) includes:

- Development and approval of the Concept;
- Working out changes to the legislation on local self-government, on local public administrations in the part of drawing lines between the competences of local self-government and executive bodies.

**Second stage** – Establishment of the social and political basis for the reform (2009 – 2010), which *inter alia* includes:

- Carrying out activities aimed at raising public awareness;
- Introduction of the mechanism of partnership relations between the state executive bodies and the local governments;
- Adoption of the law of Ukraine about elections of representative bodies of local self-government and applying for local elections - the electoral system that ensures due representation of the citizens in the local councils, representation of the territorial communities in the rayon councils and representation of the districts in the oblast councils;
- Introduction of changes to the legislation on public services in the part of establishing uniform approaches and requirements towards delivering public services;
- Creating conditions to support establishment of economically viable and capable territorial communities;
- Introduction of changes to budget, tax, tender and other sectional legislation.

**Third stage** – Implementation of the reform (2011):

- Devolving powers to newly-established community councils (village, municipal, city councils) from village, municipal, city councils as well as from local executive bodies in compliance with the law;
- Holding elections to the councils of the newly-established communities (village, municipal, city councils);
- Reorganization of the rayon public administrations.

**Fourth stage** – Enlarging the scope of powers of the local governments in the rayon's and oblasts (2012 – 2014):

- Introduction of the necessary changes to the Constitution of Ukraine, which would form a constitutional basis for the establishment of the executive bodies of oblast and rayon councils and distribution of powers between these bodies and local public administrations;
- Election of the rayon councils and formation of their executive bodies;
- Election of the oblast councils and formation of their executive bodies.

Within the framework of the territorial reforms the number of territorial units shall be reduced. According to the draft law, during the phase of one year villages can unite of their own free will, after that period a more centralized procedure will be followed with limited mandatory participation of communities and concerned self-government bodies.

## II. PROJECT PROGRESS

### II.I. Outputs at the local community level

**Objective 1**      *Local communities are able to identify, plan, implement and manage services*

**Output 1.1:**      **In the pilot oblasts, social mobilisation has been introduced in villages and municipalities and the mobilised groups' capacity to form into a group for effective service provision has been developed**

- **Community mobilization framework: mechanisms**

For many years SDC has supported several projects in Ukraine that have successfully tried and tested community participation through social mobilisation. Social mobilisation has not only been proven to work in Ukraine but the projects have also been able to successfully demonstrate that communities are able to organise themselves into groups and that they can plan and implement improvements to communal services.

As per definition “social mobilisation” is a dynamic process to harness the potential of the people to help themselves. Social mobilisation is an approach for mobilising communities for active participation in development processes. Consequently the premises for effective development through social mobilisation are processes that are:

- people-centred, putting people first and providing them an opportunity for meeting their basic needs;
- service-oriented, taking services to the people rather than asking them to come to the centre;
- participatory, ensuring that people have an equal share in the decisions that shape their livelihoods.

In 2007 when DESPRO was launched in cooperation with Skat a Conceptual Approach to implement social mobilisation was developed. It identifies the mobilisation processes and capacities that have to be established at the different institutional levels, i.e. oblast, rayon and village levels.

The following processes and capacities have been promoted by DESPRO in order to integrate social mobilisation into the local government systems:

**a) at the community/settlement level**

In order to ensure a participatory development approach that builds on self-reliance and self-organisation communities are encouraged to form self-governing **Community Organisations (CO)**.

Implementation of community initiatives is not a common way of resolving problems at local level. Therefore DESPRO has put a lot of effort in developing and promoting proper legal framework for these activities. In both target regions, DESPRO faced some difficulties concerning the creation and registration of COs. The legislation regarding these issues is still unclear and do not provide precise answer to the questions of taxation. Therefore, the tax administration interprets the clauses of the law in a quite open manner. Consequently, COs receive different tax codes i.e. get different type of taxation depending in which rayon they are located. DESPRO experts provided local partners and the local registration and tax offices with the most updated versions of the relevant laws together with the commentaries.

Proper consultations allowed to register COs as formal institutional set-ups, being registered and acting at neighbourhood or settlement level addressing community problems on the basis of democratic governance and the principles of transparency and accountability, according to the law of Ukraine. They are designed to enhance good governance and the decentralisation process at the local level. Institutionally it was defined that COs can be associations (public organisations), “self-organised bodies of the population”, “organisations of co-owners of multi-

storey building”. Proper registration within Ukrainian legal system also allows cooperation of COs with the local government system, and makes them eligible for the allocation and disbursement of funds from the local government system.

Based on the DESPRO social mobilization concept various legal form of COs were proposed to the communities selected to implement projects co-financed by DESPRO:

**Table 4.**

**Forms of COs**

<p><b>Self-organized bodies of population</b> (Organ samovriaduvannia naseleennia)</p>	<p>Legal entity, non-for-profit organization. One of the forms of participation of territorial community members of villages, settlements, cities and districts in cities in the solution of local issues: Buildings, streets, quarter committees, committees of micro-districts, committees of districts in cities, rural and settlement committees are the areas of self-organization of population.</p>
<p><b>NGOs – associations of citizens</b> (Gromadska organizaciya)</p>	<p>Legal entity, non-for-profit organisation. Voluntary public formation, created on the basis of unity of interests for joint exercise by the citizens of their rights and freedoms; acts for satisfaction and protection of their legal social, economic, creative, age, national cultural, sports and other common interests</p>
<p><b>Service cooperatives</b> (Kooperatyv)</p>	<p>Legal entity, non-for-profit organisations 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. Service Cooperative may provide other persons with services to satisfy their economy activity, but not exceeding 20 percents of the gross turnover.</p>

Community organisations were mobilised and trained either by the mobilizes employed by the rayon administration or by qualified NGOs. The role of DESPRO in this context was to assist rayon and village administrations in identifying qualified social mobilizes and/or NGOs capable to initiate the process.

***b) at the village level***

The village council represents the lowest officially organised administrative level of local self-government in Ukraine. DESPRO worked with 6 villages/municipalities in each rayon. Village councils or municipalities willing to participate in the DESPRO were selected according to the following procedure:

- 1 DESPRO invites calls for proposals of communities/village councils in the partner rayons;
- 2 Proposals include description of their major concern(s) related to community/social services provision, predominantly in the water supply sector, they describe ways to resolve the problems in the project framework and submit an indicative budget;
- 3 In coordination with the Rayon Working Group projects are selected according to jointly set criteria.

***c) at the rayon level***

DESPRO has paid particular attention to the rayon level as it is responsible for providing communal services such as water supply, health, etc. at the local level. In each of the selected rayons a **Rayon Working Group (RWG)** was established for organising and running DESPRO

activities at the local level. The RWG is responsible for establishing the necessary capacity for community mobilisation, integration of community services provision into the respective planning, budgeting and financial allocations. It also coordinates the training and other activities that are supported by DESPRO.

RWG includes:

1. DESPRO representatives (2-3- persons);
2. Rayon State Administration representative (1 person);
3. Rayon Council representatives (1 person);
4. Partner organisation representatives (MGSDP/CIDP, etc).

RWGs became a platform for cooperation of authorities of different levels with communities and donor organisations which allows to solve problems more efficiently and to ensure permanent dialog between stakeholders

In order to support villages and their settlements in social mobilisation, the pilot rayons were either creating the necessary positions i.e. social mobiliser or were contracting NGOs or other capable organisations to ensure effective mobilisation process.

#### **d) at the oblast/ARC levels**

Steering Committees have been formed at the Oblast and the ARC to promote decentralisation and to ensure that sufficient funds are being reserved and allocated to the rayons for implementing joint initiatives.

The Steering Committee at oblast and ARC level consists of representatives of:

- oblast state administration and oblast council (in Crimea representation from the Parliament and the Council of Ministers accordingly);
- DESPRO/PIU and SDC;
- partner organisations (CIDP, MGSDP, NGOs, other projects working in decentralisation, etc.);
- partner rayons;
- relevant sectoral line departments/ministries (e.g. Communal Services).

#### **e) at the national level**

At the national level a **Steering Committee (SC)** is established to provide the project with guidance on aspects of policy development, development of concepts and strategies. Permanent members of the SC are:

- SDC, DESPRO,
- one representative each of: Cabinet of Ministers, office of the president and parliamentary committees;
- NAPA,
- representatives from each Target oblast implementation team,
- sectoral line ministries,
- relevant representatives from donor agencies, UNDP/MGSDP; CIDP and associations
- think tanks representatives.

#### **• The system of community mobilisation is in action**

DESPRO experts in consolidation with DESPRO partners have elaborated a special procedure for conducting the selection process. In all 6 target rayons it started with the public announcement. Special information/orientation sessions became an important element and at the same time procedure for the selection process. A selection/orientation session procedure consisted of visits to the selected rayons which intended discussions of the following topics:

- goals and objectives of Call for Proposal;
- decentralised model of water supply on community level;

- operation and maintenance mechanisms;
- requirements to project participants;
- organisational and legal forms of CBOs – participants: SOBP, Public organisation, Service cooperative);
- requirements to community projects;
- project evaluation criteria and procedure.

The DESPRO team duly elaborated the set documents, i.e. Call for Proposal consisting of the Guidelines, Application and Budget Forms, Evaluation Guidelines, etc. To ensure easy access to the Call for Proposal set it was placed on the project web-site.

Rayon Working Groups (RWGs) have held special pre-selection meetings in all target rayons.

In the process of project proposals elaboration the communities` members were trained and got consultative support on social mobilisation/decentralisation, project design.

At the sessions all applicants have presented their project concepts and answered questions put by the RWG members.

The majority of submitted proposals were on water supply. In the proposal of Beregovoe village (AR Crimea) solid waste management was concerned. In order to render a qualified consultative expertise to Beregovoe village community in elaboration of a full fledged project proposal DESPRO assigned local consultancy (Crimean association “Ecology and World”) which conducted the feasibility study for the project and provided community of Beregovoe with informational and consultative support.

All organisational and technical requirements within the procedure of COs project development and implementation – starting from the Project framing up to commissioning the infrastructure into operation - are considering as a very important and deserving for the proper attention.

One of the important issues for community sustainability and effective operation is to ensure financial stability. Every community member pays membership fee which allows community independently implement smaller projects targeting services improvement as well as to provide co-financing for donors money. In the case of DESPRO at least 10% of community projects come from community membership fee. The financial involvement also improves transparency of all community projects because of personal involvement of large number of community members.

#### ▪ **Promoting HRBA**

Since the beginning of the 90-s direct connection between *development* and human rights is being acknowledged more and more widely. “Development” is understood as a process of human rights’ implementation. Peaceful and sustainable socio-economic development requires the existence of political and legal system, which would be based on principles of non-discrimination, participation, accountability, supremacy of law and active civil society on both national and international levels.

These principles constitute the basis of human rights protection system and are the core of Human Rights Based Approach (HRBA). HRBA is understood as conceptual foundation, based on international legal norms of human rights protection, offering the concept of dynamic interrelations between bearers of duties and bearers of rights, and arising from the principles of equality and non-discrimination, participation and encouragement, accountability and supremacy of law, indivisibility and universality.





SDC defines Human Rights Based Approach as a method or a thorough aspect of adequate government incorporation into projects implemented under the Agency's support. On one hand there are citizens – “bearers of rights”, on the other hand – “bearers of duties”: respective authorities, officials etc – all those authorized by government to perform certain functions and duties. In the centre of the figure there are key human rights principles: *responsibility, equality, non-discrimination, participation*. Right bearers can perform the following actions with their (human) rights, i.e. they have the right to: - know; - declare; - exercise.

Based on the SDC-COOF generic methodology developed in February 2009 for promoting HRBA throughout the activities of all SDC supported projects in Ukraine DESPRO has elaborated effective technologies containing training materials in order to integrate social mobilisation and human rights-based approaches into the all levels Ukrainian structures. Mr. Vyacheslav Sorokovskyy, DESPRO Decentralisation Expert

elaborated the Manual “**Decentralisation in Action: Raising the Capacity of Communities in Providing Services**” (2009). In the Manual the ideas of social mobilisation and HRBA are integrated into a Decentralised Model of Providing Services in the Sphere of Water Supply where consolidated community which is organised as CO is regarded as a key element of the Model.

**Output 1.2: The mobilised groups are able to identify the services they wish to improve and their ability to plan such services has been developed and improved**

- ***Developing skills on problem identification***

All community organisations that submitted projects proposals received enhanced consultations on behalf of DESPRO team on public services improvement, problem analysis techniques, communication, team work etc. Such consultations allowed communities to form their proper situation vision.

DESPRO RWGs provided permanent support and consultations to the communities in identifying their priorities in solving service provision problems - poor water supply and management - as well as estimating the potential and ways for improvement.

As result communities which received all necessary consultation are capable to indicate and solve other problems independently. At the same time RWGs preserve important knowledge that can be transferred to other communities. The selected communities have undergone the procedure of registering COs and have legal status for their operation with the adequate taxation status. Legal registration allows communities to implement other projects independently with the support of local authorities or other donors.

The DESPRO team provided ongoing consultations to CBOs in different ways: during site visits including the site visit with the technical consultants, over the phone and through e-mail communications. For example, in the 2009 more than 1000 consultations of various types were provided. As result community has understanding of project management and implementation process.

- ***Improvement capacity of planning, budgeting, management and administration of community project***

All DESPRO local level target groups including a) all previously selected communities – community leaders and activists; b) village councils' heads; c) RWG coordinators; d) Steering Committee member – have developed necessary knowledge and skills during training sessions organized on a regular basis. The standard training session for the communities, local level authorities and community leaders include 3 main thematic sessions, i.e.:

- Social Mobilisation;
- Decentralised Water Supply Model;
- Project Design and Management.

Besides, DESPRO proposed additional trainings aiming at upgrading partners competencies in communication, fundraising, team building, bookkeeping accounting, etc.

- ***Providing technical expertise to create pilot projects***

Technical expertise is an important component of proper implementation of the community initiatives. Pre-selected communities got extended **technical consultancy and support on selecting the most rational technical solutions for the projects**. DESPRO commissioned Municipal Development Institute (MDI) for this assignment.

The technical consultancy procedure has included:

- site visits of technical consultants to the communities. During the Phase I technical consultants visited 32 communities in all 6 rayons.
- participation of the representatives of technical/engineering departments of Rayon State Administration in such visits to the communities;
- providing communities with recommendations in a format of a Feasibility Report. The reports have been sent to all RWSS;
- training sessions on regular basis of the technical issues for the water provision operators conducted by DESPRO.

Village councils often face similar problems thus it is important that the best technical solutions are selected for implementation in partner communities as with the high probability they will be replicated in neighbouring communities.

- ***Support to community organizations in their interaction with the village, municipal and rayon councils***

DESPRO and the RWGs provide ongoing support to communities in developing contacts and learning to cooperate with village council and rayon authorities and promoting their projects.

For example, all communities obtained Guarantee Letters from Rayon Councils and Administrations with indicated amount of financial support to CO projects submitted to DESPRO. These letters allocate and certify the support to the submitted projects by local authorities.

The level of budget resources involvement to co-finance the communities' projects within the 1 round equals UAH 680 000 (about CHF 100 000) in total from budgets of different levels, which amounts over 16% of total projects costs.

Since the financial situation, partly because of economic and financial crisis in 2009 was different in all rayons, in some cases the money from budget of higher level was involved. For instance, upon request of Vinnytsya Steering Committee it was decided to support from Vinnytsya oblast budget 6 community projects in 3 rayons in the oblast: 4 – in Illintsi, 1- Kalynivka and 1 in Tulchyn, for UAH 170 000 in total. Almost all respective COs have received these funds.

- ***DESPRO openness to the changeable needs of the communities***

Based on the feedback and monitoring visits to the communities a number of revisions has been made towards simplification of the CBO's projects implementation (Table 5)

**Table 5.**

**Revisions towards simplification of the CBOs projects implementation**

<p>1. Some amendments were put into the standard contract between DESPRO and CBO:</p>	<ul style="list-style-type: none"> <li>• to resolve correctly property rights issues regarding built, reconstructed or renovated water supply which might occur after the CBO's project completion</li> <li>• for CBO to take an obligation to follow all the rules and regulations set for construction works and commissioning the infrastructure into operation</li> <li>• to establish the 'final technical check' as a supervising and monitoring tool</li> <li>• to introduce the rule that the 1 tranche of DESPRO co-financing to be made only after the design is prepared</li> </ul>
<p>2. DESPRO co-financing monitoring and reporting procedures are slightly simplified for CBOs:</p>	<ul style="list-style-type: none"> <li>• in line with interim reporting procedures, the volume of documentation to be prepared by CBO and sent to DESPRO decreased. Instead of this, during monitoring visit to each of respective CBO DESPRO and RWG specialists check the set of related documentation</li> <li>• both financial and programme reporting rules and procedures are compiled as ONE brochure, published and disseminated among partner CBOs</li> </ul>
<p>3. According to the recommendations of internal project review, in addition to the "water supply" issue, two new thematic areas for CBOs project have been proposed:</p>	<ul style="list-style-type: none"> <li>• "Sanitation" – for Vinnytsya Oblast</li> <li>• "Solid Waste Management" – for ARC</li> </ul>
<p>4. An amount of DESPRO contribution has been increased up to 120 000 UAH (actually the amount in CHF remains almost the same – about 20 000).</p>	
<p>5. An important revision regarded number of projects per rayon. It changed due to the economic circumstances and specific conditions in each rayon. Initially it was planned to implement 5 projects per region, later the number was decreased up to 3. But finally it was increased to 4 in several rayons where CBOs demonstrated appropriate activeness and wiliness to work.</p>	

**Output 1.3: Community based service providers are able to implement their plans**

In the course of Phase I one of the main goals was that a replicable model of decentralized services, focused on water supply and social services, at village rayon levels is piloted in selected areas and has been accepted at the oblast and national levels. In achieving this goal, 42 community projects are currently co-financed by the project amounting to CHF 1,111,794.

Participatory planning has resulted in substantial contributions from local authorities and community members which are determined in the MOUs and agreements signed with DESPRO.

• **Project implementation**

In all communities-DESPRO partners Operation and Maintenance Mechanism (O&M mechanism) has been set up. It looks as following:

1. By decision of CO General Meeting, after construction works completed and all material results have transferred to the village community, the product becomes the property of the local community.
2. CBO as the main project provider decides who will operate the service and consults the village council.
3. Village Council as formal owner of water supply system adopts respective decisions and issues special local act, under which operation functions are transferred to that operator proposed by CBO (either private entrepreneur or service cooperative)
4. The Operator should be officially registered as legal entity, have all necessary permissions (license and other related permits).
5. The Operator is responsible to calculate tariff and to approve it due to set procedure.

**Best Practice:** Private entrepreneur (PE) in Cherepashyntsi village (Kalynivka rayon, Vinnytsya oblast) faced certain problems while obtaining necessary permits to operate the water supply system. These circumstances have appeared because of unclearness of legislation regarding functions and responsibilities of PEs in operating the water supply service. Oblast Department of Municipal Economy and Housing (licensing authority) refused to issue the license to the PE only because of misunderstanding of the legislation.

Oblast Department of Ecology and Natural Resources (another licensing authority) was reluctant to issue permit for special water use because of lack of practice to issue such permits to PEs. DESPRO provided PE as well as RWG with explanation of legislation and also addressed Oblast Steering Committee to support the PE along the procedures.

As the result, Permit on special water use was issued to the PE. The license was not actually issued but it was explained that since there is no clear procedure on how to issue license to PEs, it is generally possible for PE to operate without the license.

The important facts on the outcomes of the DESPRO build-up phase are the following:

- **in total, 42 community projects were implemented** in 6 rayons of 2 pilot regions, approximately by 20 projects in each region.  
In the first round of the DESPRO competition (2008-2009) 24 projects were implemented, in the 2nd round (2009) - 16. The largest number of projects in both rounds was implemented in Tulchyn rayon of Vinnytsya oblast and Nyzhnyohirskiy rayon of ARC - 9 in each rayon. By 6 projects were implemented both in Kalynivka (Vinnytsya oblast) and Bakhchysaray rayon (ARC). Similarly, by 5 projects were implemented in Illintsi (Vinnytsya oblast) and Lenino (ARC) rayons.
  - **the total number of settlements** (villages and towns), where community projects were implemented comprises **33**. In seven villages projects have been implemented by two projects consecutively in the 1 and 2 rounds: 2 villages in Vinnytsya oblast and 5 - in ARC.
  - **the total number of beneficiaries makes up 14 936 persons** living in **5386 households** (according to partner communities data).
- *The gender distribution:* women - 8391 (56%), men - 6545 (44%); by social categories: pensioners - 5069 (33%), disabled people - 453 (3%), unemployed - 1809 (12%).

- *Regional distribution of data is the following:* Vinnytsya oblast - 6118 people, ARC - 8818 persons. On average, each project has improved the quality of the water supply for 365 people.
- **the total projects cost comprises UAH 7 643 thousand.** DESPRO Contribution is UAN 4119 thousand, budgets – UAN 1294 thousand, community contributions – UAH 2230 thousands
- **average cost of one project comprises UAH 191 thousand.** In Vinnytsya oblast projects on average were by 30% more expensive than projects in the ARC – UAH 216 thousand and UAH 166 thousand respectively. This is partly due to the fact that the total volume of construction works in the communities of Vinnytsya oblast was larger, i.e. 60% of the projects involved new constructions (wells, water supply networks), which required larger spending on preparatory activities (project documents, permits and approvals) and construction work directly. In the majority of communities in the ARC construction works were related to the major renovations, reconstruction and sometimes just the minor repairs, which in comparison with new construction requires smaller investments.
- **the average cost of one project calculated per household, i.e. the financial burden on one project participant comprised 640 USD.** Although, the range of values of this index between communities is rather wide - from UAH 3400. (v. Suvorovske, Vinnytsya oblast) to UAH 30 (v. Kyrnasivka, Vinnytsya oblast). In general, the average contribution of a household in the Vinnytsya oblast exceeds more than twice the same indicator in the ARC (UAN 734 and UAN 355 respectively). This can be explained by a number of reasons: firstly, the projects in the Vinnytsya oblast were technically more complex and expensive, and secondly, in most villages in Vinnytsya oblast, in contrast to the ARC, in the situation of prevalent absence of centralized water supply in general, projects solved the problem of access to water rather than improvement of water supply quality. This had led to a certain motivation of citizens to participate in the project, including the investment of significant financial resources.

- ***Launching of the Water supply systems***

The launching of water supply systems became a good tradition in advocacy and promoting decentralised water supply services. Each CBOs and respective rayon authorities with support of DESPRO organized water supply opening ceremonies to promote the models of decentralized services provision. In particular, the opening ceremony in Cherepashyntsi village, Kalynivka rayon, Vinnytsya oblast (February 2009) was visited by the representatives of rayon and oblast authorities while in Suvorovske, Tulchyn rayon, Vinnytsya oblast (July 2009) by representatives of CBOs from AR Crimea. Representatives of SDC, Skat HQ, UNDP actively participated in such events as well. For example, Mr. Urs Herren (SDC HQ) visited 2 openings in AR of Crimea, i.e. Viline village, Bakhchysaray rayon and Ostanino village, Lenino rayon in the process of his monitoring mission (March 2009).

DESPRO provided all necessary support for the services to be launched timely, as well as provided CBOs with relevant consultative, informational and organisational support.

**Output 1.4: Monitoring, operation and maintenance of the services provided**

- ***Community based service providers' knowledge and skills development***

Decentralised water supply services operated and maintained at local level by local operators require specific knowledge for those involved. In the course of project realization the training sessions on water supply services maintenance for rural water supply operators were conducted on a regular basis. Trainings for CBO leaders, village councils' heads, RWG representatives from AR Crimea and Vinnytsya oblast covered all important aspects of maintenance.





In order to ensure operation and maintenance (O&M), DESPRO jointly with Municipal Development Institute (MDI) has elaborated the manual on operation and maintenance of rural water supply systems.

**The Manual “Rural Water Supply Systems in Ukraine” (2009)** is targeting local water supply operators working at the rural level as well as the chairpersons of the village councils and community leaders. The Manual is based on the expertise of the CBOs of DESPRO partner communities. The Manual presents all aspects of O&M. Its Annexes contain important information about norms of water consumptions, water tariffs for households and the agricultural sector, parameters of water pumps and dimensions of reservoirs.

Besides the full set of rules and regulations on water supply services an interactive CD was elaborated and distributed to the operators.

- **Accountancy training**



Knowledge development of the CBOs` accountants from selected rayons constitutes an important part of DESPRO work. It is realised through a series of trainings based on training materials elaborated by DESPRO jointly with its partners (MDI). In particular, the following training instrument aimed at teaching the accountants the aspects of NGOs operations, DESPRO reporting requirements and procedures, etc. has been elaborated the Guidelines on Tariff Calculation for Rural Operators (electronic tables/forms and manual). The Guidelines provide a scheme for local operators to calculate cost-effective tariffs in line within legal regulations. This manual was presented to the local

operators for developing their knowledge and skills in tariffs calculating, follow-up consultative support was also provided.

- **Services monitoring**

The monitoring of operation and maintenance is an important constituent of the DESPRO work. It consists of various monitoring tools and procedures and monitoring visits both at CBO and region levels.

CBO level monitoring visit is conducted by a monitoring team consisting of DESPRO and RWG representatives. Usually based on the results of monitoring a set of recommendations are developed and sent to each CBO.

In order to ensure sustainability of the monitoring system rayon authorities conduct their own, regular monitoring activities through RWGs.

The assessment on the status of decentralization and services provision in the water supply sector” was conducted in 2008 by AQUAPRO (Technisches Büro für Kulturtechnik und Wasserwirtschaft Dipl. Ing. Friedrich HOLZMANN). The Report “Assessment on the Status of Decentralisation and Services Provision in the Water Supply Sector” (February 2009) provided recommendations for finalizing the DESPRO monitoring and evaluation system as well as the methodology for data collection. The Report provided baseline data for monitoring and evaluating community projects.

A set of outcome indicators (institutional, social, financial and technical) for DESPRO The Assessment Report provided DESPRO with indicators for Outcome 1 (local level) and Outcome 2 (Oblast & ARC levels). Outcome 3 (national level) was not yet included in the monitoring process.

Following the Assessment recommendations DESPRO experts in consultation with scholars of the Institute of Sociology of the National Academy of Sciences of Ukraine adjusted the proposed set of indicators to the current DESPRO financial, technical and human capacities. This resulted in a reviewed set of outcome indicators (see Annex) that was used for the first step of project monitoring conducted in April-June 2009 by the experts of the Institute of Sociology of the National Academy of Sciences of Ukraine. The monitoring report “Assessment of Decentralization Progress and Water Supply Services in Vinnytsya Oblast and AR Crimea” was finalized in July 2009 (see Annex) An additional set of indicators for monitoring project performance within Outcome 3 (Annex).

## **II.II. Outputs at the Local Government Level**

**Objective 2.** *Local governments at the oblast, rayon, village and municipality levels are able to plan, finance, implement and co-ordinate affordable services in a participatory and innovative manner*

**Output 2.1:** **Different levels of local governments are aware of their rights and obligations with respect to fiscal, administrative and territorial reform with regard to provision of services**

- ***Assessment on roles, responsibilities, processes and mechanisms with regard to service provision and linkage to decentralisation***

The current imperfect level of decentralisation is the key to most of the deficiencies in the water sector. Even though the “Law on Local Self-Government” has been introduced in 1997, implementation is still lagging behind. There has been a process of administrative decentralisation, whereby responsibility for regional or local level planning, operational management and partly also for financing of infrastructures and services has been shifted from the central, oblast or republic level to rayon authorities and village councils. However, financial decentralisation has not yet been fully implemented as the decentralised units (local councils) cannot accomplish their duties for lack of personnel capacities which of course would need again financial resources to be developed. This is circular argument needs to be interrupted by supporting the entities at local level to perform their functions efficiently. The main reasons why the decentralisation process is hampered are:

- inadequate budgeting and planning mechanisms which are discriminating rural areas,
  - lack of possibilities for local governments to raise their own financial resources (i.e. via taxes) and to take out loans (legal constraint),
  - lack of capacity and knowledge of local governments to raise external financing, to perform their regulatory duties effectively (tariff), to tender and monitor delegation contracts;
  - insufficient capacity of rayon/oblast/republic administration to perform their regulatory duties,
  - insufficient coordination between local governments and government institutions at oblast and national levels. All this leads to poor quality of public services particularly in rural areas and the fact that community organisations are taking over some of the local governments’ functions.
- ***Information on laws and regulations***

The task of informing the target audiences on laws and regularities is one of the project priorities. The work in this direction was concentrated on developing and disseminating printable and digital information on legal issues and the rights and duties of citizens as well as capacity building. The brochure on decentralisation legal forms and mechanisms at local level in Ukraine has been



developed by DESPRO experts and disseminated among CBO leaders and activists during the seminars and training sessions.

Following the results of the assessment and those legal arrangements that were identified as the most effective and efficient the DESPRO “Manual on Decentralised Models of Water Supply” covering the legal issues has been developed and published.

The CD “**Normative and Legal Acts in the Area of the Centralized Water Provision and Sanitation**” has been compiled by DESPRO experts jointly with the Municipal Development Institute in an edition of 500 copies. The CD has been disseminated among project partners, e.g. CBOs, all level authorities and all interested parties.

**Best Practice:** The service cooperative of the village Shyroke (Nyzhnyohirsky rayon, AR Crimea) faced a problem of the registration in the local Tax Inspection. Lacking the experience and previous background in registration non-profitable organization, the Tax inspection had stuck with the procedure. For filling in the knowledge gap, the head of the cooperative provided the tax official with the manual, published by DESPRO. The tax officer gratefully took the manual and properly examined its content. As a result, the cooperative has been speedy registered as a non-profitable organization without delays and any other obstacles.

- **Capacity building (village, municipality, rayon and where necessary also oblast levels)**

Lack of public policy knowledge and skills among public servants both in state and self-government bodies impedes regional and local development processes. The lack of competencies on public policy development and implementation among public servants of different levels results from gaps in current system of professional training and retraining of these officers that functions in Ukraine. The training courses on policy analyses currently offered for public servants are purely theoretical, never based on real public policy development and implementation. In order to select the topical problems in this sphere in 2009 the needs assessment has been conducted and recommendations on solving the existing problems formulated. The current system of professional training and retraining in Ukraine was examined in perspective of its structural organization, institutional arrangements, responsibilities and inputs of each institution in the process. The list of trainings conducted by the state and non-governmental structures (NAPA, regional NAPA branches, Association of Cities of Ukraine, Academy of Municipal Management, Association of Agencies of Regional Development of Ukraine and others) was compiled.

The findings of the assessment testify that in Ukraine professional upgrading of executives and civil servants at the local self-government level (as for November 2009) is conducted in the framework of both national skills upgrading system for the specified categories, and non-governmental sector, first of all, of associations and international donor organizations (Table 6):



Table 6.

**Skills upgrading system for local self-government bodies' personnel, executives of regional and oblast state administrations in Ukraine**

<b>Institutions of the national administrative skills upgrading system</b>	<b>Non-governmental bodies, providing administrative skills upgrading</b>
The National Academy of Public Administration under the Office of the President of Ukraine (NAPA) – the system's key establishment	Ukrainian Cities' Association
Regional public administration institutes of NAPA in Dnepropetrovsk, Lviv, Odessa, Kharkiv.	Educational-scientific-production complex "Modern City" (situated in the town of Ukrainka)
School of the Higher Corps of State Service	City institute, Lviv
Academy of Municipal Management	Regional development agencies' association
Centers for retraining and professional upgrading for public administration staff, employees of local self-government bodies, public enterprises, establishments and organizations (PU centers) – 23 centers	NGOs and their associations
Profile post-graduate education centers – 25 establishments	International donor organizations

The national professional upgrading system for public administration and local government executives includes: NAPA and its 4 regional institutes; 23 PU centers and 35 profile post-graduate education centers.

Professional upgrading activity of these establishments is conducted according to the government contract and is financed from central of local budgets. Personnel skills upgrading is regulated by the Decree of the Cabinet of Ministers of Ukraine of February 8, 1997, # 167, and is conducted in the following directions:

- education according to vocational skills upgrading programs for public servants;
- systematic self-education;
- thematic workshops held on a permanent basis;
- thematic short-term workshops;
- trainings;
- internship in the agencies subject to the Law of Ukraine "On state service"

According to the Decree of the Cabinet of Ministers of Ukraine of February 8, 1997, # 167, requirements to the contents of vocational programs are developed by the Principal state service and NAPA.

Programs of the national professional upgrading system and its regional institutes are mostly theoretical. They are based on old Soviet principles, targeted rather at interpreting the policy or legislative norms, than at their implementation in real conditions or by specific authorities. Besides, these programs are supported by interactive studying methods, which make them seemingly consistent with modern professional upgrading needs of public services and local government authorities.

Programs developed in cooperation with and under supervision of international experts represent the only exception. DESPRO contributed into this process by elaboration of a special training course for civil servants. Based on the translation of the Peter Knopfel's IDHEAP manual public on administration "Analyse et Pilotage des Politiques Publiques" the Project consultant, Dr. Anatoly Chemerys has adapted it to the Ukrainian reality as well as enriched it with the examples of good practices and lessons learnt based on DESPRO experience. The above mentioned

manual was taken as a basis for developing a training course on Public Policy Development & Implementation under Conditions of Decentralisation for public servants material which was piloted at 2 training sessions held on June 10-11 and July 9-10 2009. 30 public servants of Rayon State Administrations of DESPRO pilot rayons and representatives of Vinnytska Oblast and AR Crimea Administrations participated in these sessions.

Besides, a pool of local trainers (12 trainers – public servants) to ensure capacity development of public servants and promotion of adequate public policy development was formed as a result of a series of TOT (training of trainers).

**Output 2.2: Improved community based services, plans are integrated into village, municipal, and rayon level plans as well as being reflected in the oblast level plans**

Achieving this output DESPRO is linked with the results and recommendations of the Assessment on the Status of Decentralisation and Services Provision in the Water Supply Sector that is currently being finalized and therefore relevant activities are planned for next stages of DESPRO operation.

In 2009 rayon contributions to the project were allocated under the budget line “Special Programs”.

In Nyzhnirohirsy rayon under the special budget line “To support implementation of DESPRO project” an initial amount of UAH 36,000 was approved. In Tulchyn rayon activities within DESPRO were incorporated into the Rayon Programme “Potable Water – 2009” with appropriate funds allocated.

**Output 2.3: Improved planning and management skills are introduced at various levels of local government**

- **Revision of Standards and norms**

DESPRO experts are providing ongoing consultative support to the CBOs and sector departments of rayon and regional administrations advising them on the most effective ways of implementing the national legal framework and standards while establishing community based services provision. Several suggestions related to the revision of norms and regulations in the areas of registration of entities, taxation, construction, etc. were articulated by project partners. DESPRO will arrange that these suggestions to be carefully reviewed by relevant experts. Those considered to be rational and adequate will be further presented to relevant institutions for consideration.

The interregional exposure visit of DESPRO partners from ARC to Vinnytsya oblast aimed at knowledge/experience exchange between partner rayons and communities is planned for early July. Up to 50 participants from both regions were invited to participate in the visit.



- **Collecting and disseminating best practices**

DESPRO has developed a standard procedure and format for collecting, accumulating and disseminating best practices. The format includes interviews, success stories, technical reports, photo documents, Power Point Presentations, etc.

DESPRO target regions, rayons and communities are provided with information on the existing good practices of decentralized services provision, community mobilization and development and other demanded issues that have been developed within other similar projects.

The first best practices issue in the area of water supply in DESPRO partner rayons “**The Best Practices in the Area of Decentralized Services Provision**” has been compiled and published at the end of 2009 in an edition of 500 copies. It presents 15 successful community projects in 6 rayons (Lenino,

Bakhchysaray, Nyzhniokhirsy, Tulchyn, Kalynivka and Illintsi) in AR Crimea and Vinnytsya Oblasts illustrated with photos and addresses of the coordinators of the working groups. All stories are presented in an unified format which comprises:

- the geographical and historical characteristic of the community;
- situation with water provision before project realisation with the analysis of technical and social problems;
- steps which have been done by a community to achieve social mobilisation of the population;
- process of community project implementation;
- results achieved;
- lessons learnt;
- recommendations of community projects to future participants of similar projects.

The issue has been disseminated among project partners at conferences and the format of best practices presentation has been proposed to CBOs as a tool for horizontal knowledge dissemination.

The English version of the issue has been finalised and will be published in 2010.

Besides, the DESPRO team works in partnership with other projects operating in the DLG sector – MGSDP, CBA, CIDP. Best practices of these projects are incorporated into the DESPRO information materials and handouts and disseminated at DESPRO events.

**Output 2.4: Fiscal and budgetary planning and management at the various levels of local government are improved with respect to the selected community services**

- ***Developing training materials***



A set of special materials on fiscal and budgetary planning and management are specially developed for DESPRO partners. The set consists of 4 manuals on registration, accounting, financial reporting of the CBOs which serve as a didactic support during training, conducted by DESPRO. The content of manuals is based on the specificity of the functioning of CBOs and the scale of knowledge and limited access to information by CBO accountants.

- ***Fiscal and budgetary planning***

DESPRO facilitates the improvement for the fiscal and budgetary planning at different levels

through ensuring allocation of budget amounts for community based projects into the local budgets.

This process is included into the whole budgeting process and planning processes in rayons and communities. Activities on co-financing community projects alongside the rayon authorities are envisaged within the respective programs on social and economic development, adopted by rayon councils.

In 2009 the budgets of all 6 partner rayons were allocated under the budget line “Special Programs”.

The financial situation in all rayons is different, partly also because of the current economic and financial crisis. In some of the rayons funds from budget of the higher level are involved. For example, upon request of Vinnytsya Steering Committee, Vinnytsya Oblast Council took the

decision to support 6 community projects in 3 rayons in the oblast: 4 in Illintsi, 1 in Kalynivka and 1 in Tulchyn, with the amount of UAH 170,000 in total from Vinnytsya oblast budget. Almost all CBOs from these have already received these funds.

## II.III. Outputs at the National level

**Objective 3. Government is supported in its efforts to form a “National Agenda” on decentralisation and its tasks to co-ordinate and harmonise national policy initiatives**

- **Background**

The implementation of the administrative and territorial reform, as a prerequisite for extensive decentralization, should be coordinated with the local election terms, which, under the Constitution of Ukraine should take place in the majority of territorial communities in March 2011. Given the level of readiness of the fundamental normative and legal acts needed for the reform and of the electronic mapping of the new administrative and territorial units, two remaining years seem quite a sufficient period.

The MoRDC is the most active player in decentralization processes. It concentrated its efforts on designing and preparing two reforms for implementation – the reform on state regional policy and local self-government reform.



To achieve this goal the Ministry first devised the Concept of State Regional Policy, which defined basic principles, directions and instruments for the state region-related activities.

The reform of local self-government in Ukraine is not possible without reforms in administrative and territorial structure, or without introducing changes into the Constitution of Ukraine. That is why the Ministry developed two relevant documents – the Concept of Self-government Reform and the Concept of the Reform of Administrative and Territorial Structure. Both concepts were considered by the Governmental Committee in January 2009, and, just like the Concept of Public Administration Reform in Ukraine before them, were neither adopted nor rejected. The Ministry was advised to amend them and to work at the same time on the draft laws regarding their implementation.

In compliance with the draft concept of the Reform of Administrative and Territorial Structure and the Concept of the Self-government Reform the MoRDC supported draft Laws “On Administrative and Territorial Structure”, “On Local State Administrations” (new edition) and “On Local Self-governments”. Currently they are being evaluated and finalized.

In September 2008 the Verkhovna Rada passed in the first reading the new edition of Draft Budget Code. Currently the Draft is prepared for the second reading by the task force of the Parliamentary Budget Committee.

The implementation of regional self-government will call for amendments in the Constitution of Ukraine and for legal definition of the concept and scope of competencies of regional self-government, the procedure for setting up and operation of the representative and executive bodies of regional self-government and their officials. In introducing regional self-government, its competencies should be strictly differentiated from those of local self-government; their areas of operation should not overlap.

Besides there is a need for evaluating the drafts of normative, legal and other decentralization-related documents by experts from the countries where similar reforms have been introduced recently, or by specialists in comparative public law.

Another area of decentralization-related activity is the support of preparation and carrying out broad public hearings on administrative and territorial reform and local self-government development in the new situation. This work should go hand in hand with identifying specific characteristics of each region and taking them into account while modeling future administrative and territorial units. The next level of operation in this area can be support for the development of regional decentralization plans as pilot projects task of administrative reform implementation, for independent monitoring, both by local and foreign experts, and for the implementation itself.

**Output 3.1: Experiences, lessons-learnt are being shared through a common platform established at the national level**

Elaboration of the DESPRO knowledge management model (KMM) has become an important input into the establishment of a common platform for experiences and lessons learnt dissemination at the national level. The first step in this direction was done in the course of the mission of Mrs. Eva Schmidt, expert in knowledge management, contracted by SDC in March 2008. The meetings during the visit, analysis of stakeholder’s views as well as Ukrainian political, administrative and institutional environment became a basis for developing recommendations for future scenarios of DESPRO KMM development. The strategic approaches (the project as a facilitator and moderator; multi-stakeholder partnership, sustainability), principle of donor harmonisation, list of potential partner organisations and 3 dimensions for KMM functioning (political, educational and institutional) as well as expert support of Skat HQ, in particular, Mrs. Bertha Camacho, served as basis for the DESPRO KMM.

Elaborated in 2008 the KMM defined the goal and objectives of the knowledge management model during the Phase I. The **overall goal** of the DESPRO KMM has been defined *to establish a learning platform for decentralisation in which information and knowledge is created, used and shared by DESPRO partners and pilot communities in an efficient and effective manner.*

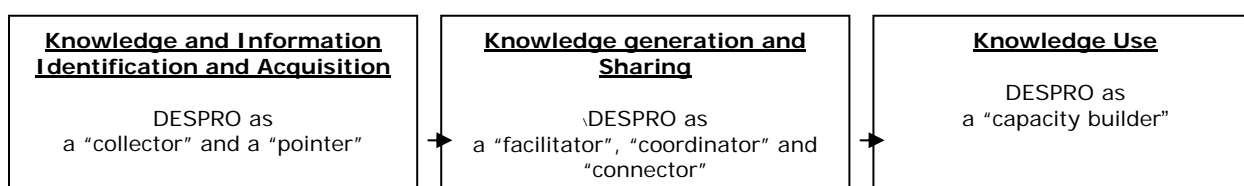
The specific objectives of the DESPRO KM concentrate on:

- fostering mechanisms for the timely identification and acquisition of the required/needed knowledge and information
- supporting innovation and generation of new knowledge and information;
- fostering collaboration, knowledge sharing and information distribution
- making knowledge and information available and usable when, where and by whom required;
- establishing useful and user-friendly knowledge and information repositories.

The DESPRO KMM peculiarities are:

- KMM is a *mixed* one integrating paper-based, ICT-based and face to face-based approaches;
- KMM is a *complex* one integrating several levels and directions of knowledge flow, i.e. at local, rayon/oblast and national levels with vertical and horizontal knowledge flow at each of them;
- KMM is a *communities- and partners-oriented* one prioritizing knowledge dissemination and sharing instead of knowledge preservation like business-oriented KMMs.

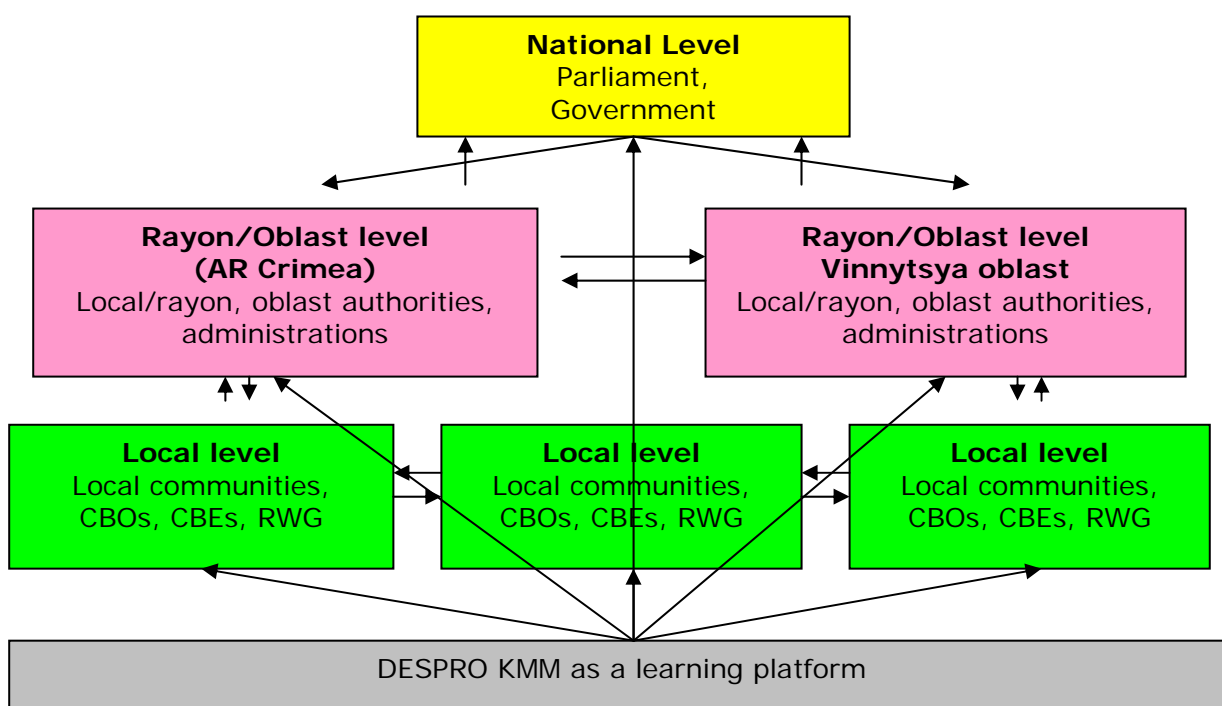
In Phase I DESPRO acted as moderator of the learning platform on decentralization and as initiator of the following KM processes, including *knowledge and information identification and acquisition; knowledge generation and sharing; knowledge use:*



Different tools for this have been applied, i.e. *paper-based tools*: regular newsletters, thematic booklets, books and other commissioned publications; *face to face tools*: face to face contacts, regular meetings, round tables, public hearings, workshops, conferences, study visits, on the job training and Communities of Practices for thematic in-depth exchanges; *ICT-based tools*: website, databases and online newsletters, e-mailing, electronic publications, videos, CD-ROMs, e-knowledge repositories.

Based on 3 key DESPRO objectives there were 3 levels of knowledge flow within DESPRO KMM – Local, Rayon/Oblast and National – for targeting at each level purposeful audience:

- at local level – local communities, CBOs, CBEs, RWGs;
- at rayon/oblast level – rayon/oblast authorities (state administrations and councils);
- at national Level – Verkhovna Rada of Ukraine (the Ukrainian Parliament), Ministries (MoRDC of Ukraine, Ministry of Finances, etc.), Educational Institutions (Municipal Academy, National Academy of Public Administration under the President of Ukraine).



• **Donor Coordination**

Another important component within creation of a common platform for decentralisation processes promotion at national level is accumulating donor organisations input in the field. Under SDC coordination systematical meetings with donor organizations implementing projects in the areas of local development, public administration reform support, decentralisation, etc. are held.

**Output 3.2: Document all lessons-learnt and best practices, draft a manual and disseminate the manual and experiences through training institutions, government sector agencies and the local government system**

The process of collecting good practices and experiences from the communities implementing small projects is multi-dimensional. Its steps include:

**SELECTION + ACCUMULATION + STRUCTURING + DISSEMINATION**

For this purpose a standardized approach to collecting information from the field has been developed.

Film making became one of the dimensions in this process. In 2009 a film which describes all



aspects of DESPRO activities for promoting ideas of decentralisation and specific forms of its realisation was made by a well-known Ukrainian film-director Volodymyr Kuznetsov. The film was broadcasted on regional TV channels in target and non-target regions in prime time. Besides, it was taken as a basis of a TV program which had been shown at the national TV channel during 2 months.

**Output 3.3: National policy dialogue on all elements of decentralisation is promoted and experiences made through DESPRO are shared with policy makers for consideration in proposed laws, regulations, etc.**

DESPRO is an active player as well as provides many-sided support to various activities focusing on public administration reform, reform of regional policy and local self-government, reform of territorial and administrative set-up, public servants training, etc, i.e. all aspects that form the “National Agenda” on Decentralization.

In this, MoRDC is the key DESPRO national partner. However, the project is also closely working with Ministry of Housing and Communal Services, Committees of the parliament of Ukraine, National Academy of Public Administration, Verkhovna Rada, the Council of Ministers of ARC and think tanks that work in the field of public administration, governance, etc.

• ***Policy Meetings at the National Level***

Policy meetings at the national level have been found an efficient means to promote the National Agenda on Decentralisation. They included meetings with all key political actors, in particular the Verkhovna Rada of Ukraine (The Ukrainian Parliament), the Government of Ukraine and the donor community. For example, DESPRO contributed to the policy development in the area of decentralisation participating in the following major policy level events:

- March, 2008 – presentation of the Swiss Cooperation Strategy for Ukraine in 2007-2010 the Swiss Ambassador Mr. Georg Zubler to national partners and donor community
- January, 2009 – Conference in the MORDC on European Strategy on Good Governance;
- February, 2009 – round table in MORDC on new legislation on mountain areas. Oksana Garnets made a statement on Swiss legislation in the area;
- March, 2009 – Organizational Board of the Parliamentary Hearings on Administrative and Territorial Reform;
- March, 2009 – Parliamentary Hearing on Administrative and Territorial Reform;
- March, 2009 – Club of Mayors` on Administrative and Territorial Reform.

DESPRO has initiated and conducted roundtables, workshops and seminars at the national level involving all key stakeholders including donor organizations such as DFID, WB, SIDA, DANIDA, GTZ, UNDP, etc. in order to continue the policy dialogue and debate on decentralisation.

Regular meetings on monthly basis with MGSDP team have been taking place in order to share knowledge, good practices and materials. Besides, joint DESPRO and MGSDP events promote the decentralisation concept and SDC strategy in Ukraine.



October 2008: SDC Director in Ukraine Manuel Etter visiting Head of the Parliament of Crimea Mr. A.Grytsenko

- **National Initiatives Support**

The Working Group for Elaboration of the Concept of Regional Policy of Ukraine composed of the most prominent national policy experts in the areas of regional development, public administration and administration reform, etc. was formed by the Act of Cabinet of Ministers of Ukraine (2008).

In 2008 by the request of the MoRDC DESPRO provided advisory, analytical and technical support in elaborating the concept paper.

The first wide discussion of the Concept of State Regional Policy was conducted at the International Conference on Regional Policy in Yalta (2008).



June 2008: The Round Table on the Concept of State Regional Policy

The round tables dedicated to the discussion of the theoretical approaches to state regional policy development and implementation (February and June 2008) gathered round the one board key national experts in the area of regional development, public administration, etc. DESPRO HQ and the PIU in Kiev facilitated and supported the participation of international expert, Mr. Georg Lutz, in the round table in February.

Continuous support of the “Concept of State Regional Policy” elaboration by the Project gave scope for the broad discussion with the involvement of the national and international experts, policy makers as well as civil society organizations for articulating their visions of the state regional policy reform.

The Concept of the State Regional Policy, developed with DESPRO support, was approved by the Cabinet of Ministers of Ukraine on 2 July 2008. Currently, the set of the subsequent laws are being developed by working groups, formed by the Cabinet of Ministers of Ukraine.

The Concept Paper discussion became an impulse for synergy of the donor community including SDC, CIDA, GTZ, SIDA, USAID and other organizations working in field of public administration reform.

The analytical study “Current Status and Prospects of Public Administration Decentralisation in Ukraine” was commissioned by SDC and carried out by the Centre for Political and Legal Reforms, a Ukrainian think tank, headed by Mr. Igor Koliushko (2008). The study gives an overview of the progress and barriers of decentralization in Ukraine both in political, legal and fiscal areas. The study was presented on May 27, 2008 at a round table that brought together both the donor community and national stakeholders to discuss progress in this extremely topical issue for the country.



May 2008. The Head of Political and Legal Reforms Centre Igor Koliushko is presenting the Survey on Decentralisation

A permanent dialogue with the MoRDC of Ukraine gave the possibility to identify 3 main areas of where DESPRO support was needed the most, i.e. (1) promotion of regional development; (2) promotion of administrative and territorial reform and reform of local self-governance; (3) promotion of communities’ self-organization to resolve local problems with local resources. Another aspect which was highlighted was harmonization of co-financing of community projects within the forthcoming changes in administrative/territorial setting.



The overall support provided by the Project to the National Agenda on Decentralisation development was assessed as positive by mid-term review in 2008. However, it was recommended to pay more attention to studying and disseminating Swiss expertise in developing and debating strategic policy and legal documents on decentralization. The first step in this direction was made in 2008 during the visit to Switzerland of the Ukrainian delegation consisting public servants who represented Ukrainian authorities of different levels. The aim of the visit was to study the Switzerland best practices in the area of administration and local self-governance.

DESPRO regularly participated in the work of the Committee of Public Administration Reform that is a substructure of the National Commission on Strengthening Democracy and Consolidation of Rule of Law. DESPRO SPC was included in one out of the three working groups that was dealing with the issues of reforming territorial organization of the executive power and local self-governance. The Committee is working under the leadership of the Ministry of Justice of Ukraine. Within the first six months of 2008, four meetings of the Committee took place. They focused on the Concept of Public Administration Reform in Ukraine.

Participation in the national discussion on the Communal Services Reform was another constituent of the national policy dialogue promotion of DLG. DESPRO experts have been involved into the discussion of the goals and strategy of the Communal Services Reform as well as tolls and preconditions for its implementation. In June 2009 DESPRO participated in the first public hearings on the draft Laws on Reforming of Communal Services Provision including decentralized water supply.

- ***Harmonise national policy initiatives cooperating with non-governmental sector***

*Cooperation with the Association of Cities of Ukraine.* DESPRO closely collaborates with the Association of Cities of Ukraine involving there expertise into the Project activities, specifically analytical studies and capacity development. In addition to this DESPRO contributes to operation of the Association of Cities through supporting those activities that are in line with project strategy and approaches. This allows DESPRO both to broaden the circle of project partners and co-workers and to increase its impact on the process of DLG promotion.

*Cooperation with the Association of Small Towns of Ukraine.* The Association of Small Towns of Ukraine with support of DESPRO successfully realized the project «The Mechanisms of Cooperation of Local Self-government and Regional Authorities Regarding Small Towns Development». Among project partners were local self-government bodies, regional authorities, as well as the media representatives of two regions of Ukraine (AR Crimea and Vinnytsya oblast').

During project implementation the analytical materials on the state of the small towns had been elaborated which became the basis for the dialogue on the development of small towns in each region. Insufficient level of social development, lack of the necessary financial resources, unilateral specialization of enterprises, low speed of construction of the housing and social infrastructure objects, insufficient economic opportunities of the city-forming enterprises, underdevelopment of the service sector were identified as the most acute problems of small cities in the certain regions were identified as those which complicate the situation in the sphere of employment and cause demographic problems in the small towns. The insufficient interaction between all level authorities and unclear separation of their powers were identified as a separate problem.

In the course of project implementation 5 round tables aimed at the interaction between regional and local self-government of small towns and villages within the area of social and economic development of the small communities have been conducted. The outcomes of the round tables are:

- better cooperation of the small towns local self-governments and regional authorities through the establishment of the Coordination Boards under the heads of regional State Administrations, or regional State Councils,
- signing the memorandums of cooperation, programs of the support to the small towns,

- participation of mayors of small towns in the regional councils and boards of state administrations meetings.

By means of the results of the round tables the Association of Small Towns of Ukraine jointly with other participants developed proposals on the improvement of the public administration organs functioning. These proposals have been addressed to the Cabinet of Ministers of Ukraine, the President of Ukraine and the Verkhovna Rada of Ukraine. The important goal was attained, i.e. the attention of the central and regional authorities to the problems and peculiarities of the small towns' development has been drawn.

The training seminar on economic development of small towns, competitive recovery, preparing for investment projects, raising the efficiency of the team management by developing a quality management system of municipal services were held for small cities of Vinnytsya oblast and the AR of Crimea. The purpose of the workshop was to familiarize local administrations with the best practices of the management services provision, and with the innovations in the economic development of small cities, as well. Topics on the management of municipal services, the practical mechanisms of economic development, mobilization of the investments were the most required by the audience.

The participants of the round tables and workshops were 124 representatives of local authorities of small towns and heads of regional authorities.

- **Cooperation with Foundation for Local Self-Government of Ukraine**

Project cooperation with the Foundation for Local Self-Government of Ukraine is marked by the organisation and conducting traditional All-Ukrainian Municipal Hearings as well as other events



aimed at solving problems of local and regional development. The resolutions of such forums have been taken as a basis for elaboration of the legislative acts, Resolutions of the Government and other political decisions at the national level. In 2009 the Project supported the organisation of the All-Ukrainian Municipal Hearings "The Reform of Public Authorities as an Instrument of Overcoming Financial and Economic Crisis in Ukraine" with the participation of the President of Ukraine. During the Hearings special attention was paid at such aspects as balancing a system of power of central and local authorities, development of the constitutional, legal and financial mechanisms of reform. A broad spectrum of the interested parties, i.e. authorities, NGO representatives, scholars, international experts and the community resulted in a multilevel view of the territorial reform in Ukraine. The key speeches of the participants were published in a source book **"The Problems of Public Authorities Reforming" (2009)** under the technical assistance of the Project.

The book consists of 3 parts dedicating to 3 different dimensions of the reform implementation, i.e. legal, conceptual and public.

- **National Project Steering Committee**

Cooperation between DESPRO and the key national partner – MoRDC - has different forms and formats and is undertaken through monthly bilateral meetings with the Ministry's Department for International Affairs, quarterly meetings with the Deputy Minister, responsible at the Ministry for decentralization and local governance, experts' work through Decentralisation Networking Group (DNG), joint participation in different events, organized by both the Ministry and the Project, etc.

A MOU between MoRDC and SDC was signed by Urs Herren on March 20, 2009.

One of the joint Coof/DESPRO/Ministry conclusion made in the frame of MTR was that the established format of cooperation enables to perform tasks of the project national Steering Committee, in particular its guiding, steering and monitoring functions. Besides, conducting of the regular bilateral meetings ensures, on the one hand, the Ministry's participation and involvement

into the project operations both in the field and at the national level, and, on the other hand, the access for DESPRO to the information and the key strategic documents of the Ministry related to policy development in the sector of decentralization and local governance.

- **Establish Decentralisation Networking Group**

DESPRO jointly with SDC are active members of the DNG that was formed on the request of MoRDC in 2008. It works as a task force on decentralization in Ukraine. The DNG includes both national experts and representatives of the donor community. The regular meetings of the DNG greatly contributed to the harmonization of donors' inputs within the area of reforms. SDC and DESPRO participation in the DNG promoted new developments in this context.

### **Output 3.4: Capacity building of the national and oblast project steering committees to manage the decentralisation project improved**

Developing the potential of DESPRO national partners, including those who are members of the Steering Committees, was undertaken in various ways. A capacity development program for representatives of all project target groups was developed by DESPRO experts in line with this program. The members of the Steering Committees participated in various types of activities - information and training sessions organised by DESPRO as well as in conferences, round tables, study tours that expose them to new knowledge and practices.



July 2008. Study tour to Switzerland. Community Water Supply in St. Gallen

A highlight of DESPRO's capacity building efforts was the exposure visit to Switzerland in July 2008.

During this visit DESPRO's national partners including Steering Committee members from all the levels were exposed to the best experiences and practices in decentralisation of communal services.

The visit was successfully organised and accompanied by Skat HQ. Participants included the Minister of MoRDC and Parliamentary Deputies, representatives of

Oblast Administration, Rayon Working Group members and community leaders.

The visit programme emphasised on administrative, organisational, managerial and financial aspects of decentralisation and decentralised services provision. The idea was to familiarise the group with the various administrative and political levels of decentralisation in Switzerland (federal, cantonal and municipal levels). The focus was on organisational, institutional and managerial aspects. In order to complement the theoretical inputs short visits to water and other utilities, and to a regional waste incineration plant were organised. Impressions and lessons learnt through visits and discussions with practitioners provided participants with ideas to further develop their own strategic plans for decentralised, effective and affordable public services delivery in their areas of responsibility (National, Oblast, Rayon, and Village administrations and councils, community groups, etc).

As one of the results, the Deputy Minister of Regional Development and Construction (Mr. Anatoliy Tkachuk) wrote an article about the exposure visit in the Ministry's own newsletter. Several publications appeared in Ukrainian central press on the results of the exposure visit including an interview with Mr. Tkachuk. Besides, several community projects were later designed based on the examples seen during the exposure visit (i.e. Sevastyanovka village in ARC).

In Vinnytsya the “Swiss Day” was held to take stock of all Swiss supported activities in Vinnytsya Oblast. The event was jointly organized by Vinnytsya Oblast Administration and SDC and provided an overview of all SDC supported activities. The Swiss Ambassador and the SDC Country Director were participating. The gathering was chaired by the deputy Governor, Mr. Koroviy. The event brought together all partners of the SDC projects in the region. In the course of the event, the DESPRO Coordinator and the coordinator of the Rayon Working Group from Kalynivka rayon (Mrs. Hrinchuk) made a presentation of the project approach and its accomplishments.

MoRDC expressed interest in designing an effective monitoring system on regional development. DESPRO provided recommendations on developing such a system based on the results of the “Assessment of the Status of Decentralization and Services Provision in the Water Supply Sector”.

Capacity development of the DESPRO Steering Committees members of all levels was also accomplished through participation in the exposure visit to Slovakia in 2007. Main goal of the visit was to familiarize participants with the results of the recently introduced reform of administrative and territorial set up and fiscal decentralization reform.

As a result of these exposure visits participants acquired valuable information and familiarized with successful practices. DESPRO partners planned to incorporate the obtained knowledge both in their every day operations and in planning. One of the recommendations given in the participants` feedback was to continue the practice of such visit, focusing more on specific topics for the respective target groups.

- **Communications and Public Relations**

During Phase I the Public Relations (PR) component was considered not only as a necessary complement to the overall project activities, but as an effective tool in achieving project’s goals.

DESPRO communications and PR activities were aimed at raising awareness of stakeholders at all levels and general public on key issues of DGL, promoting decentralization in services provision as well as on promoting and up scaling the achievements of the project.

In Phase I DESPRO PR activities concentrated on maintaining awareness of DESPRO activities at the local, regional and national levels; promoting the DESPRO identity; providing media coverage of successful local decentralization initiatives; providing media support to policy level activities for decentralization promotion; transferring best examples of decentralization in the most effective way to all interested.

To that end DESPRO has worked with different target audiences at all levels, in particular:

- at the local level with local authorities, local community activists and community members, local media, rayon administrations and councils;
- at the regional level with oblast administrations, regional media, regional NGOs;
- at the national level with national think tanks, experts, national power structures, government, donors and partner projects, national media, general public.

A good example of Multi-level and cross-institutional communication approach was the Regional Conference "Best Local and Regional Development Practices of the Autonomous Republic of Crimea: Effective Governance and Decentralization", held in Yalta on 23-25 of June of 2009. This approach enabled the representatives of the Government to get familiar with local initiatives in the field of effective governance and decentralization, as well as donors’ activities and plans. In addition local representatives could discuss relevant initiatives in a productive way.

The Project communicated through several **channels**, i.e. direct personal communication, communication via Rayon Working Group, public events, publications and broadcasts in local, regional and national media and in the internet, project information boards, printed publications, the monthly bulletin ‘DESPRO News’, the Web-portal and the DESPRO promo video “Living in New Coordinates”.



Other information tools/mechanisms are:

**Public events.** Launching of water supply systems have become important public events both for local communities and local and rayon authorities. The ‘ribbon-cutting’ ceremonies were used to promote the community mobilization approach and the empowering of people to initiate and create decentralized services in the water sector.

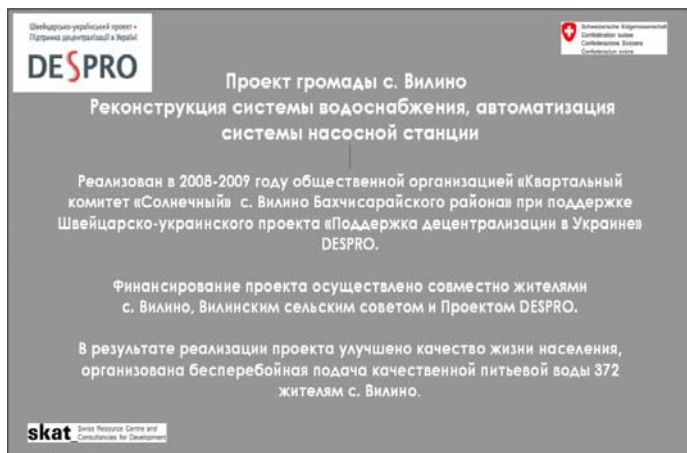


**Project information boards and memorial plates.** Project Information Boards became essential attributes in each Rayon State Administration and each DESPRO partner community. DESPRO provided all project partners with standard information boards having the DESPRO logo on them. These boards serve as information source for community members and those interested in starting community initiatives.

Memorial plates have been installed at each of the newly launched water supply system. Such a plate contains acknowledgements of all

parties and personalities who have contributed to the project. In total DESPRO distributed 30 information boards (6 to the rayons, 24 to the communities), and supported mounting of 4 memorial plates.

**Printed information.** Books, photos, booklets, etc. were used as an efficient means to raise visibility and awareness. DESPRO has developed a wide range of printed publications that can be divided in two groups: (1) manuals and handbooks on specific aspects of local project implementation and (2) publications for the wider audience on various aspects of DLG (See Annex IV)



monthly base.

**Media and Internet** During Phase I 65 news items and articles in the national printed or on-line media, 37 publications in local press or regional web-portals, 19 TV broadcasts on local TV channels, 14 radio programs were produced (in total 109 media items).

The media monitoring procedure elaborated by DESPRO PR specialist guarantees well-managed monitoring of both national and regional media, in the pilot regions. In addition, DESPRO gets a proper list of thematic publications on a

**Monthly bulletin ‘DESPRO News’.** The **DESPRO News’** bulletin is being used by DESPRO as an additional information tool, especially in the areas with bad Internet coverage. The A4 bulletin format and the two versions - colored hard copy and PDF soft version - make its production easy, fast and low cost. Usually the bulletin contains up to 5 articles on the most important events and activities as well as general information about the project. The bulletin is bilingual – Ukrainian/English and this widens the audience as well as gives the opportunity to disseminate necessary information both to the Ukrainian audience and donor community in Ukraine and abroad. The Ukrainian consumers of the bulletin embrace project regional and local partners, rayon administrations and self governance bodies, regional and local media all over Ukraine, national stakeholders and partners – about 150 addressees in total. The English audience includes donors and the projects supported by international organizations – about 30 addressees. All materials are free for re-publication and replication with mandatory reference to the source.

**Web portal.** The new DESPRO web-portal was officially launched in July 2009. The new DESPRO web-portal has much more advantages in comparison with the previous one. It is more dynamic and reader friendly, more comfortable in usage, contemporary designed, contains a big menu panel including practically useful chapters like the knowledge management section, video player, library with documents, galleries, etc.



**Promotion Video “Living in New Coordinates”.** The 15 minutes promotion video has been made for promoting the ideas of DLG by the example of DESPRO activities on all levels. Addressing on behalf of the beneficiaries and DESPRO partners, the movie convincingly shows the real effect of the Project upon the life of local communities in target regions. The documentary encourages viewers to accept the idea of necessary changes and reforms Ukraine needs. The video has been positively received by DESPRO partners and the broad audience. It has been viewed as a powerful tool to force thinking and acting for life improvement. This video was broadcasted in DESPRO target regions Vinnytsya and ARC and

in Sumy regions.

**Collaboration with media.** Working with the media DESPRO faced a problem of DLG and administrative and territorial reform ‘illiteracy’ of some media representatives. On the request of the MoRDC, DESPRO has started a long-term and permanent program of collaboration with media. It is aimed at providing the National media with the necessary information on the decentralization and local self-governance. A series of media round-tables and seminars with MoRDC representatives (Deputy Minister A. Tkachuk and Director of the Territorial-Administrative Reform Y. Ganuschak) has come to the fore important facts, helped to challenge stereotypes and promoted social dialogue in the Ukrainian society. In general 41 journalists and regional printed media editors took part in the round-tables and seminars.

Through PR activities, DESPRO has promoted multi-level support to DLG, administrative and territorial reform, i.e. the “National Agenda” on decentralization. They also promoted effective models of the decentralized services provision at local level in the water supply sector.

### III. PHASE II PLANNING

The planning of the DESPRO activities in the Phase II became an important instrument for building synergy between all players and interested parties in the DLG in Ukraine.

A special Phase II Planning Framework elaborated jointly by DESPRO, Skat HQ and SDC HQ was based at the recommendations of the internal and external reviews of Phase I DESPRO outcomes. Among them are:

- further enhance multi-level and cross-institutional interaction;
- intensify work at the national, regional and rayon levels, identify institutional and fiscal links with the local level in the frame of the ATR;
- continue to support the creation of dialogue platforms at different levels;
- gradually scale-up projects and increasingly work with villages being the lowest institutional level;
- document experiences and lessons learned as a basis for multi – level policy discussions;
- for this establish a comprehensive KM system to be supported during Phase II.

The planning was organized in 2 rounds. It allowed taking into account the new Ukrainian realities in the political and economical sectors as well as opinions and wishes of different players and DESPRO partners.

The main idea of the first round of Phase II planning was to update the interests of all DESPRO stakeholders and partners in such a way that their disputes and discussions would result in identifying the most topical future project activities` .

The workshop which was conducted within the first round of Phase II planning scenario (July 2009) had the following objectives:

- to analyze the project operational activities and to identify the project challenges;
- to identify possible project perspectives and activities for DESPRO Phase II;
- to work out the perspective model of promoting decentralized principles through the power vertical within Phase II.

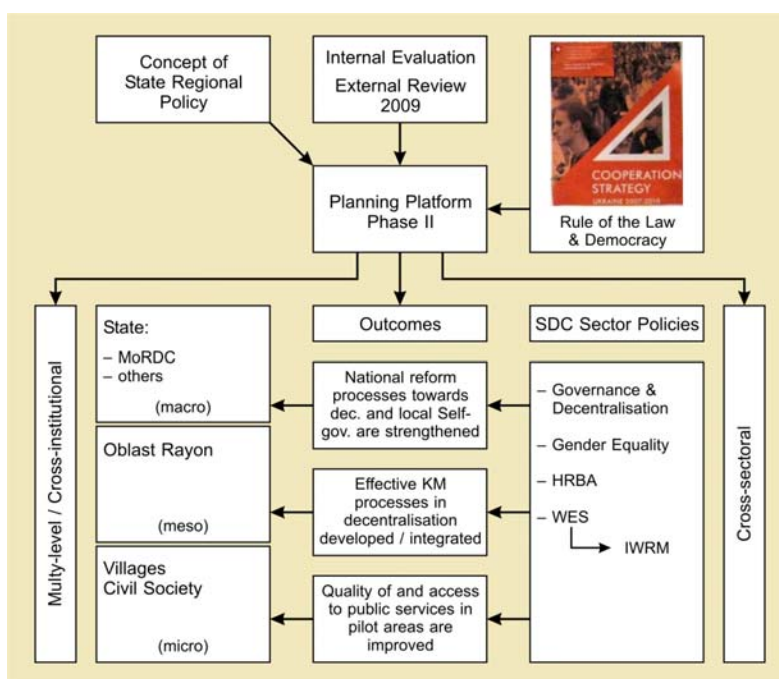
The July workshop (July WS) assembled representatives of all power levels - from central ministries, i.e. the MoRDC of Ukraine, Ministry of Housing of Ukraine, Ministry of Economy of ARC to regional and local administration; representatives of DESPRO pilot communities successfully implementing community projects; administration of leading training institutions of Ukraine responsible for capacity building of national and regional public servants (in total 54 persons).

During the July WS 3 working groups were created. Each included at least one representative of the above institutions. Besides, each group included representatives of both Crimea and Vinnytsya Oblast. Such an approach was focused at two tasks: firstly, ensuring direct contacts among all DESPRO stakeholders and partners, both horizontally and vertically and, secondly, actualizing and working with inter-regional differences.

During the July WS the following major topics were discussed:

- project strategy within the target rayons for the next Phase;
- community projects – their thematic orientation, scale as the ground for DESPRO implementation;
- identifying and discussing cross-level and cross-institutional interactions amongst project partners in course project implementation and beyond.

An important input of the July WS was a simulation of a situation of partnership between different levels of participants - starting from communities` leaders and up to the ministries` officers. This enabled to demonstrate the real ways and models of establishing partnership relations among stakeholders. It was demonstrated that such a process, to be effective and sustainable, should be built around identifying and resolving problems that are mutually important for stakeholders at different levels of decision making, as well as around designing plans, programs and strategies for future development. Though each stakeholder having his own vision could contribute by





developing and exercising partnership around a concrete issue. It would enable to harmonize all visions and to build synergy in the future.

The conclusions and recommendations of the July WS have included the following issues:

- supporting development various types of partnerships among different levels of power, community organizations, businesses etc and using this mechanism to support implementation of community projects and promoting reforms could be considered as one of possible DESPRO strategies;
- participants indicated that further DESPRO activities should envisage increasing the scale and broadening thematic areas of co-financed projects. This would provide examples of how a system of decentralized services could be built and exercised on all administrative levels;
- participants highlighted that increasing the scale of the projects could be done both “horizontally” and “vertically” – firstly, through involving several of communities with similar problems in designing and implementing mutual projects and, secondly, through involving higher administrative levels – rayons and regions. Combining both approaches was also considered;
- participants reconfirmed that water supply, sanitation and solid waste management remained important for the partner regions. However, problems with water supply are becoming less acute due to previous DESPRO interventions;
- two additional areas were considered as important for DESPRO future activities. The first one is the improvement of social services and in such a way contributing to the improvement of quality of life in the villages. Environmental are is the second one that was indicated as requiring special attention. In particular, an issue of introducing resources and energy saving technologies for both ensuring rational use of all types of natural resources and investing into the social and economic development of the localities;
- the services provision model – results of the DESPRO co-financed projects – could become a competitive business. However this approach needs more consideration;
- essential condition for further successful DESPRO implementation would be introducing extensive informing and capacity building of project partners. July WS participants suggested that the capacity building carried out by the project should include several levels of intervention. The first one should be aimed at developing capacity of community leaders and activists in formulation of initiatives, in establishing partnership relations, in applying project approach to planning future developments etc. The second level



presupposes training on concrete issues, directly related to implementation of projects in specific areas. Another level - organizationally independent - should be a system of capacity development for public servants and deputies from local and regional governing bodies. This should be widely introduced to ensure integration of decentralized decision making and management on all levels of administration;

- awareness raising and information mechanisms should be created in parallel to the capacity development to promote project ideas both horizontally and along administrative vertical. However, both topics regarding information and capacity development training systems were not discussed in detail and need further consideration.

The workshop organized in October 2009 became the central event within the second round of the DESPRO Phase II Planning. The October WS mainly concentrated at the national level issues of DLG. In particular, at the topics:

- integration of DESPRO expertise into the National Agenda on DLG;



- effective formats of cooperation with various stakeholders at the national level;
- content and tools of collaboration with associations;
- synergy with MGSDP and all donors in the decentralization sector;
- prospects of knowledge management development;
- the role of PR in the support of administrative reform.

The MoRDC presented a Roadmap of the Decentralization and local self –government reform in Ukraine where DESPRO is viewed as an important player in supporting DLG processes.

#### **IV. PROJECT MANAGEMENT AND STEERING**

DESPRO PIU was set up, and fully staffed according to the ProDoc in 2007 -2008. The Phase I staff of the PIU consisted of the Senior Project Coordinator, the Decentralization/Social Mobilization Expert, a Financial Specialist and Driver/Office Manager. The current Senior Project Coordinator (Mrs. Oksana Garnets) was recruited and started working in this position from March 2008. According to the Project outsourcing approach, experts in specific areas have been contracted on a short-term basis.

DESPRO - Skat PIU is registered in Ukraine with the Ministry of Economy according to local legal requirements for programs of Technical Assistance in Ukraine. All the registration and accreditation documents are kept in DESPRO - Skat PIU office. DESPRO has its own stamp.

DESPRO PIU has been reporting on a quarterly basis to DESPRO HQ at Skat in Switzerland and is submitting half yearly and annual reports, both narrative and financial, to SDC.

All Project documentation is properly kept and predominantly exists both in electronic form and in hard copy. This is applicable to financial documentation, procedures related documents, documentation on community projects, correspondence, etc.

DESPRO has developed the manual “Financial and Administrative Procedures” (FAP) which forms the guidelines for financial and administrative operations of the Project. The FAP has been revised several times upon specific needs. The last revision of the Phase I FAP was approved in April 2009. An operational manual covering all aspects of project planning, management and implementation was developed to consolidate all project rules and procedures.

DESPRO has developed the Project Monitoring and Evaluation System (M&E System) in consultation with partners at different levels with the DESPRO team and relevant experts. The monitoring was conducted in line with developed monitoring indicators and the monitoring reports have served as the basis for reviewing some of the project activities, In the DESPRO Phase II an on-line M&E System will be developed.

The DESPRO PIU has been supervised and thematically backstopped 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 from the desk in St. Gallen provide regular project management, monitoring and conceptual support to the PIU in Kiev both through missions, e-mails and phone communication.

The operational structure of DESPRO envisages Steering Committees functioning both at national and regional levels. Steering Committees are not to be responsible for day-to-day project operations, but are to provide the project with strategic guidance in its operation in the region and to be in charge of coordinating project activities as well of ensuring that the project partners fulfill their commitments. They are also to monitor DESPRO progress and provide necessary support and advice, approve project plans for the region etc.

DESPRO has been closely working with the Project key national counterpart, MoRDC as well as with other national stakeholders involved in promoting decentralized approaches in public administration, such as Secretariat of the Cabinet of Ministers of Ukraine, Ministry of Housing and Communal Services of Ukraine, National Academy of Public Administration, Ukrainian Associations of Cities, Committees of the Parliament etc

Close cooperation with the Ministry of Regional Development and Construction was exercised in different forms and formats and was undertaken through monthly bilateral meetings with the Ministry's Department for International Affairs, quarterly meetings with Deputy Minister, responsible for decentralization and local governance, experts' work through DNG, joint participation in the different events, organized by both, the Ministry and the Project.

Though it was initially agreed that Minister Kuybida would be in charge of the DESPRO National Steering Committee based on the Ministry of Regional Development and Construction, the DESPRO MTR (2008) has confirmed that there was no real need to establish a separate project national steering committee within the DESPRO Phase I. DESPRO has kept the established cooperation on track and worked further on its systematization and content-wise development. The of the project national Steering Committee establishment will be revised during the planning of the Phase II in case the situation at the national level will be changed

MOU between MORDC and SDC was signed by Urs Herren on March 20, 2009 that, along with other stipulations, provides an outline of cooperation between the Ministry and DESPRO.

The two regional Steering Committees were operating in Project target regions - Vinnytsya Oblast and Crimea AR. Both Steering Committees in Vinnytsya oblast and in Crimea were headed by top level officials responsible for regional development in the regions – First deputy Governor in Vinnytsya oblast and First Deputy Prime Minister of Crimea.

Both in Vinnytsya oblast and in ARC the compositions of Steering Committees were duly approved. The Steering Committees held their meetings two times a year. Specific action plans for the partner regions of DESPRO were reviewed and approved in Steering Committee meetings. For example, the Action Plan 2009 for ARC was approved during the Steering Committee meeting of March 20, 2009 in which also Mr. Urs Herren participated. The Action Plan 2009 for Vinnytsya oblast was approved in the Steering Committee meeting on February 12, 2009 that took place in Cherepashyntsi village.

DESPRO is to have a permanent working contact with the Steering Committees Heads as well as with their members and suppose to get all the required support in resolving problem issues on all project levels.

Memoranda of Understanding have been signed with all six DESPRO target rayons – Kalynivka, Tulchyn and Illintsi in Vinnytsya Oblast and Bakhchysaray, Lenino and Nyzhniohirsky in ARC.

## **V. PHASE I LESSONS LEARNED / CONCLUSIONS AND RECOMMENDATIONS**

- DESPRO is successfully promoting the major project concepts at all levels of project operation. The dynamics of implementing each of the concepts differs. Social mobilization and community mobilization have been practiced during last years in various development projects. Therefore, these concepts are known and easier to be promoted. However, the concept of decentralization, being an extremely pressing issue for Ukraine, is not so well recognized at the local level and more effort and time is needed to raise awareness and understanding on all levels as well as to promote decentralized management practices.
- DESPRO institutional arrangements are designed in a way that enables the project to effectively function on local, regional and national levels. Participation of national partners on all levels is ensured without creating project-dependant parallel structures. At the national level DESPRO is closely working with the key national counterpart – MoRDC and in cooperation with the Ministry with other national stakeholders involved in promoting decentralized approaches in public administration. One of the joint Coof/DesPro/Ministry conclusion made in the frame of MTR was that the established format of cooperation enables to perform tasks of the project national steering committee, in particular its guiding, steering and monitoring functions. Besides, conducting of the regular bilateral

meetings ensures, on the one hand, the Ministry's participation and involvement into the project operations both in the field and at the national level, and, on the other hand, the access for the DESPRO to the information and the key strategic documents of the Ministry related to the policy development in the sector of decentralization and local governance.

- Bodies created by the project, such as Rayon Working Groups, are functioning as participatory consultative and decision-making mechanisms. RWG participants are not only involved in promoting DESPRO approaches, supporting communities in implementing projects, they are undergoing a learning process in decentralized management practices. Similar processes are taking place in the communities – CBOs are becoming the integral part of community life. It is planned that RWGs will become fully integrated into the rayon authority functional body that in its turn will contribute to the sustainable effective delivery of the created /rehabilitated services.
- Pre-selection and selection procedures were reviewed in the course of DESPRO implementation. The changes introduced were aimed at making both selection and pre-selection process more participatory and transparent. Presentation of the project concepts and proposals to be made by community leaders in the RWG meeting was introduced to make the process really transparent and competitive but also to provide the communities a sort of learning opportunity. The DESPRO team developed also a set of criteria for rating the projects and making decisions based on cumulative scores. This procedure for final decision making became mandatory for these RWG meeting. The selection procedures seem to satisfy all parties so far. However, they could be modified in case of need or special request from the partners.
- Participatory planning in DESPRO partner rayons takes place and local authorities, both village and rayon are meeting their obligations concerning financial support of community projects. Community initiatives are duly incorporated in their financial planning and therefore no problems emerge in releasing funds timely. However, individual delays in funding of community projects takes place due to delayed submission of the reports by CBOs. This is caused by lack of skills of CBO accountants that entails the need for further training. DESPRO training program for partner community envisages developing capacity of communities` accountant as well as leaders and activists in up-to-date accounting requirements, taxation, financial reporting, financial management and monitoring, etc.
- Technical consultancy and building local technical capacity is becoming even more important in ensuring proper implementation of community projects in a sustainable manner. This aspect of decentralized service provision needs to be adequately considered whilst planning and implementing community projects. It is necessary to provide more consultation and training not only for community leaders and services providers but also for community members. It is extremely important to establish a clear understanding among all DESPRO partners at the local level that violating technical and legal requirements might put results at risk, i.e. water supply systems will not fulfil the required quality standards and thus might be closed by the sanitary inspection. Besides locally based professional should be trained to further maintain the facilities constructed as the results of community projects and therefore to make them sustainable.
- During the exposure visit participants expressed their great interest to the information and practices they learned during their stay in Switzerland. DESPRO partners planned to incorporate the obtained knowledge both in their every day operations and in planning. One of the recommendations given in the participants` feedback was to continue the practice of such visit, however focusing more on a specific topic relevant to the respective group.
- Mechanisms ensuring sustainability of DESPRO results are incorporated in project activities on all levels. Practical models of decentralization developed in local community projects have to be accepted and supported by regional stakeholders. The models of decentralized provision of public services are supposed to be disseminated and replicated not only in the target project regions but in other regions of the country as well. These

processes are supposed to be supported on the national level through developing and accepting new policies. Through these mechanisms decentralization will be integrated in management and the provision of public services as well as in policies.

- Support to develop new policies dealing with various aspects of decentralization is continuously provided by DESPRO. However, more Swiss expertise should be strongly engaged and utilized in developing and discussing policy and legal documents. There is a clear request from national partners for such support. DESPRO could put more effort in promotion of major regional policy reform through public hearings, round tables in regions of the country. Information and PR support to promoting the above reforms would be also of great value.
- An elaborate program of DESPRO cooperation and coordination of activities should be developed and agreed with MoRDC in the nearest future. This program should become an integral part of Memorandum of Understanding that SDC intends to sign with MoRDC.
- The ongoing policy dialogue on decentralization in Ukraine will need further support from DESPRO. There is a standing request from national partners for international expertise in all related areas, including public servants training and retraining.
- International donors support in the sector of decentralisation and local governance remains important for the DESPRO. It would be more effective if Swiss experts could participate at least in the most important events, and on a permanent basis provide comment to the documents discussed. Different mechanisms of coordination and information exchange between donors working in this sector, such as SIDA, CIDA, and GTZ could be used. However, DNG should be viewed as the priority for DESPRO.
- Synergies should be developed and maintained between activities of various donors operating in sector the decentralisation. To ensure such synergies quarterly planning/coordination meetings between DESPRO, UNDP/MGSDP and CIDP is to be held. Special attention is to be given to establishment of mutually beneficial cooperation mechanisms between the DESPRO and CIDP, and not those which are aimed at complementing/reinforcing CIDP activities in Crimea.
- DESPRO activities should be focused on further building the capacity of local self governance and executive power in respecting, protecting and executing HR and in supporting the creation of protecting mechanisms.

## VI. FUTURE ACTIVITIES

In February 2010 Phase II of the Project will start. The **goal** of the Phase II is: **Feasible mechanisms of decentralized quality public service delivery are developed, documented and taken up in the national decentralisation reform process.**

Phase II shall address the following main fields of intervention:

1. **Quality of and access to public services in pilot areas are improved** and community participation in decision-making, planning, implementation and monitoring of service provision is increased. The co-financed community projects are to be seen as learning and demonstration examples for the mechanisms of decentralised service delivery and also as concrete contributions to the local development.
2. **Effective knowledge management processes** in the sector of decentralisation and local self-government **are 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 qualitative level.
3. **National reform process towards decentralisation and local self-government is 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 the experiences in the pilot regions regarding local service provision, cross-level cooperation and community participation.

### **Approaches and Levels of Intervention**

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

Supporting the decentralised levels of public administration to develop and implement effective mechanisms for quality public service delivery at the community level remains at the heart of DESPRO ideology. Phase II will continue developing and testing mechanisms of service provision at the local level, taking into account the good practices and lessons learnt from Phase I. The developed mechanisms must be replicable within the projected situation at the end of the reform process, planned to be reached in 2014. This implies that financial and technical contributions of DESPRO to local service provision have to stand a realistic chance to be taken over by public actors at the end of Phase II.

The mechanisms should continue to be developed around services which are likely to fall under the responsibility of local and regional administration levels. Phase II shall through its practical pilot work support the policy level to define which kind of services are feasible to be delivered at the local level in Ukraine.

Within Phase II the results and lessons learnt at the local and regional levels shall be well documented in order to be used for knowledge management purposes, such as to make them available (for training, retraining, on the job use) for public servants not directly involved in the pilot projects, and to feed them into further policy development at the national level. Such knowledge management should be focused on decentralised service provision and at multi-level and cross-institutional cooperation.

In order to support broad participation and consensus building in the reform process Phase II shall support MoRDC to facilitate cross-level policy dialogue between the national and lower levels of government. It shall continue to be a flexible supporter of platforms for discussing the current legal framework as well as reform proposals, but also for proposing recommendations that derive from DESPRO's own experience.

Phase II shall be implemented in close coordination with Phase III of the SDC-supported project “Promoting Conditions of Participatory Governance in Urban Areas within the UNDP/Municipal Governance and Sustainable Development Programme (MGSDP) and aim at formulating joint policy recommendations. Skat shall also exploit synergies with the WatSan Project it implements in Moldova on behalf of SDC.

The requirements for fiscal decentralisation and the consequences on local budgets shall be analysed within Phase II in the pilot regions. Findings and recommendations in this regard should be taken to the national policy level. The project should therefore closely follow up the national process on fiscal decentralisation and coordinate with actors active in this regard, as for example with the Ministry of Finance and SIDA.

Main focus and entry point for the Phase II shall be the local level of public administration (village and rayon level). However, the project shall continue to involve and to cooperate with all levels of state – local, regional (oblast) and national – whenever this supports the strengthening of the local level and its cooperation with the higher administration levels.

Phase II shall contribute to strengthening national policy dialogue in the sector of decentralisation and local self-government reform. DESPRO experience and lessons learnt shall be used for providing targeted policy inputs on various aspects of decentralisation and developing credible policy recommendations.

The Autonomous Republic of Crimea (ARC) and Vinnytsya Oblast shall remain the partner regions of DESPRO during Phase II. The project shall continue working in Bakhchysaray, Lenino

and Nyzhniohirsky rayons of the ARC and Kalynivka, Tulchyn and Illintsi rayons of Vinnytsya Oblast.

In order to test and demonstrate that the developed mechanisms can be used throughout Ukraine, it is suggested by SDC and by the MoRDC to include a partner region from Eastern Ukraine. This third partner region shall be selected in consultation with the SCO and the taking into account geographical, territorial and socio-economic dimensions, as well as the course of the forthcoming decentralisation and local self-reform in Ukraine. Most probably it will be Sumy Oblast.

Apart of its specific focus on improving good governance in Ukraine, the project shall promote gender equality approaches towards the local government structures and the community service providers. This specifically regards equal access of women to services, participation of women in decision-making processes and effective representation of women in working groups etc.

## **VII. FINANCIAL REVIEW**

### **Local Expenditures (December 2006 – January 2010)**

The budget foreseen for the period of December 2006 – January 2010 was spent in line with Project's objectives and activities planned for Phase I.

According to the Mandate Agreement for Project Implementation between SDC and Skat Consulting Ltd. CHF 2,250,700 were budgeted for project implementation through PIU.

During Phase I in total CHF 2,138,345 were spent for Project implementation activities. This represents 95% of the planned figure. The programme part of the amount spent is CHF 1,479,129 and administrative CHF 659,216 accordingly

Following the Action Plan the budget was used to fund activities under all three Project objectives including co-financing two rounds of community projects, capacity development activities for DESPRO target groups including conducting training and workshops, exchanges and study tours, technical consultancies, conduction assessments, development of Knowledge Management concept, printing analytical, learning and methodical and information materials, providing support to developing policy documents and conducting policy dialogue in the frame of decentralization process and territorial-administrative reforms, etc. During the reporting period DESPRO has signed agreements and co-financed 40 community projects amounting to CHF 667,666.



## **ANNEXES**

### **Folder I. Phase I Report. Annex I. Co-financing Community Initiatives.**

- I.1. DESPRO Approach to CM;
- I.2. Guidelines for CBOs Project Evaluation;
- I.3. Guidelines for Project Proposal for Territorial Communities;
- I.4. Rayon Working Group Regulations;
- I.5. Sample Agreement with CBO (AGREEMENT # 01-V-T-14 with Suvorovske);
- I.6. Summary CBO projects (1-2 rounds).

### **Folder II. Phase I Report. Annex II. Assessment and Reviews.**

- II.1. Assessment of Decentralisation in Water Supply Services 2009;
- II.2. DESPRO Assessment AQUAPRO Report;
- II.3. DESPRO Internal MTR 2008;
- II.4. DESPRO Monitoring Output Indicators;
- II.5. DESPRO External Review 2009.

### **Folder III. Phase I Report. Annex III. Capacity Building and KM.**

- III.1. Capacity Building 2009;
- III.2. KM – Concept Paper.

### **Folder IV. Phase I Report. Annex IV. Communications and PR.**

- IV.1. Communication Strategy 2008-2009;
- IV.2. DESPRO Press Clipping;
- IV.3. DESPRO Publications.

### **Folder V. Phase I Report. Annex V. Analytical Studies.**

- V.1. Decentralisation in Ukraine. Analytical Study 2009;
- V.2. Media Content on Decentralisation 2009;
- V.3. Public Servants' Capacity Building Analysis.

### **Folder VI. Phase I Report. Annex VI. Phase II Planning.**

- VI.1. DESPRO Phase II Planning Platform;
- VI.2. Planning Workshop 2009.

### **Folder VII. Phase I Report. Annex VI. Project Administration.**

- VII.1. DESPRO FAP 2009