

Swiss-Ukrainian Decentralisation Support Project in Ukraine

Yearly Report 2011



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List of Acronyms

ACU	Association of Cities of Ukraine
ARC	Autonomous Republic of Crimea
ATR	Administrative and Territorial Reform
CBA	Community Based Approach to Local Development (UNDP-led)
CBO	Community Based Organisation
CH	Switzerland, Swiss
CHF	Swiss Francs
CIDP	Crimea Integration and Development Programme (UNDP-led)
CO	Community Organisation
COOF	Ukraine Swiss Cooperation Office (SDC)
CoM	Cabinet of Ministers
CRDP	Chernobyl Recovery and Development Programme (UNDP-led)
DESPRO	Decentralisation Support Project in Ukraine
DFID	UK Department for International Development
DLG	Decentralisation and Local Governance
EAB	Expert and Advisory Board
GCB	General Conditions of Business
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit (German Agency for International Cooperation)
GoU	Government of Ukraine
HRBA	Human Rights Based Approach
KM	Knowledge Management
LSG	Local Self Governance
MA	Master of Arts
MDI	Municipal Development Institute
MGSDP	Municipal Governance and Sustainable Development Programme (UNDP-led)
MRDCH&CS	Ministry for Regional Development, Construction, Housing and Communal Services
MoU	Memorandum of Understanding
MTR	Mid-Term Report
NAUCS	National Agency of Ukraine for Civil Service
NAPA	National Academy for Public Administration
NCA	Needs and Capacities Assessment
NGO	Non-Governmental Organisation
OSC	Oblast Steering Committee
OSA	Oblast State Administration
PIMS	Project Information and Monitoring System
PIU	Project Implementation Unit
PR	Public Relations
RIF	Recommendations Implementation Framework
RSA	Rayon State Administration
RWG	Rayon Working Group
SC	Service Cooperative
SCO	Swiss Cooperation Office
SDC	Swiss Agency for Development and Cooperation
SECO	Swiss State Secretariat for Economic Affairs
SIDA	Swedish International Development Cooperation Agency
Skat	Swiss Resource Centre and Consultancies for Development
SPC	Senior Project Coordinator
SWM	Solid Waste Management
TOR	Terms of Reference
UA	Ukraine, Ukrainian
UNDP	United Nations Development Programme
USAID	United States Agency for International Development
WS&S	Water Supply and Sanitation

GLOSSARY

Community Mobilisation	The process of engaging communities in the identifying of community priorities, defining resources needed and devising solutions in such a way as to promote representative participation, good governance, accountability and peaceful change.
Decentralisation	The transfer of power to sub-national political entities. This includes the shift of decision-making power, financial and management duties from the central authority/administration to local governments (municipalities with locally elected entities and administrations with clearly defined competences).
Facilitation & Information Support	The PIU commissions consultants/local NGOs to provide project facilitation and information exchange support to the pilot rayons and communities.
Governance	Governance comprises the mechanisms and processes through which citizens and groups articulate their needs and interests, exercise their legal rights, meet their obligations and mediate their differences vis-à-vis the local and national government in political, economic and administrative issues. It is fundamentally 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 villages, municipal areas, towns, rayons and oblast governments. They are distinct from central or national government and are comprised of political (local council) and administrative/executive divisions (local state administration — in oblasts and rayons only).
Oblast	An administrative-territorial unit within Ukraine. Ukraine is made up of twenty four oblasts and the ARC. An oblast consists of rayons and 'cities of oblast significance' (misto oblasnoho znachennya). The oblast's administrative centre is a city of oblast significance. In this document, 'region' is sometimes used as a synonym for oblast.
Rayon	An administrative-territorial unit within an oblast or the ARC, or within a large city (e.g. Kyiv). Each oblast consists of different rayons. A rayon is comprised of villages (selo), small towns (selysche), and 'towns of rayon significance' (misto rayonnoho znachennya). The rayon's administrative centre is a town of rayon significance or sometimes a small town (selysche).
Local State Administration (oblast and rayon levels)	An appointed local body of state executive power: it executes state power in the territory of the corresponding administrative-territorial unit and also implements the appropriate oblast or rayon council's political decisions with regards to resident service provision.
Local Council	The elected political (legislative and judiciary) body of a local government which exists to take decisions based on the will of the citizens.
Self-Governing Authority	A local government which can take its own decisions independently of the national government and is able to raise and use taxes based on its own decisions.

Self-Organised Body of the Population	A legal not-for-profit organisation. One form of participation for community members of villages, settlements, cities and districts in cities in the resolution of local issues. Buildings, streets, block committees, 'micro-rayon' committees, committees of districts in cities, and rural and settlement committees are classified as self-organised bodies of the population.
Service Cooperative	A legal not-for-profit organisation, set up by its founders on a voluntary basis, established with the purpose of satisfying the economic, social and other needs of its members, namely to provide members with services. Service cooperatives can provide services to non-members, at a level up to 20% of gross turnover. If the scope of services exceeds this limit, service cooperatives are taxed.
Non-Governmental Organisation (Public Association)	A legal not-for-profit organisation. A voluntary, public, created on the principles of a unity of interests for joint exercise, by the citizens, of their rights and freedoms; the protection and promotion of legal social, economic, creative, age-related, national cultural, sporting and other common interests.
Small Town	An administrative-territorial unit within a rayon. The status of 'small town' is granted to a settlement that has industrial enterprises or rail junctions, or where universities, scientific and research entities, or institutions of patient care, are located along with municipal public housing, with not less than 2,000 inhabitants, two thirds of whom work in the industrial and service sectors (not in the agricultural sector).
Social Mobilisation	The process of bringing together all stakeholders to raise awareness of a demand for a particular programme (e.g. water supply, healthcare, etc.) and to assist in the delivery of resources and services as well as strengthening community participation in sustainability and self-reliance. Social mobilisation recognises that sustainable social and behavioural change requires many levels of involvement — from individual to community, to policy and legislative action.
Social Mobiliser	A person (can be integrated in the rayon administration) who facilitates the interaction between the rayon administration/council and the mobilised community for the identifying and solving of problems.
Town	An administrative territorial unit in a rayon or a municipality with rayon status. The status of 'town' is granted to a settlement with industrial enterprises, a municipal economy, municipal housing, socio-cultural organisations, and with not less than 10,000 inhabitants, two-thirds of whom work in the industrial and service sectors (not in the agricultural sector).
Village	An administrative territorial unit within a rayon or a municipality with private housing. Most inhabitants work in the agricultural sector.

I. EXECUTIVE SUMMARY

Within the frame of the Swiss Cooperation Strategy for Ukraine 2011 to 2014, Skat Consulting Ltd. has been entrusted to implement Phase II of the Decentralisation Support Project (DESPRO). The project is in line with the thematic area of “Local Governance and Public Services” of the Strategy. 2011 was the second year of implementation within Phase II.

2011 saw the DLG process becoming more clearly articulated by government authorities in Ukraine. This political environment has intensified further DLG developments.

In 2011 DESPRO activities in the area of improving quality of and access to public services in pilot regions aimed at further implementation and promotion of the decentralised model of rural water supply. The majority of partner communities welcomed the format of a ‘service cooperative’ as the most appropriate organisational set up for the implementation and management of decentralised water supply systems under the current administrative procedures. Innovations introduced by DESPRO concerning technical and economical development and the calculation of future water tariffs had a positive impact upon community mobilisation and the project selection process. In 2011 32 water supply community projects were launched in all DESPRO target regions: 7 projects in ARC, 10 projects in Vinnytsya and 15 projects in Sumy oblasts. The total cost of co-financed projects was CHF 3’ 303’ 403 (29’ 069’ 947 UAH); SDC contribution through DESPRO was CHF 870’ 000.00 (7’ 438’ 430 UAH).

Initiatives in the field of Solid Waste Management (SWM), which have been started in two rayons – in Tul’chyn (Vinnytsya oblast) and Bakhchysaray (ARC), – are implemented in different modalities. In Tul’chyn rayon the implementation of a step-wise planning process has been initiated. At the end of 2011 baseline data was collected concerning the composition and quantity of solid waste in partner communities. Furthermore, a planning framework for an Integrated Solid Waste Management system was established. Works in the Tul’chyn rayon are being executed by the DESPRO undertakes all those efforts in cooperation with MGSDP/UNDP. In Bakhchysaray rayon, cooperation in the field of SWM has been limited to first appraisals and clarifications at the rayon and ARC levels. DESPRO together with the Bakhchysaray rayon is in the process of developing an appropriate and cost efficient form of cooperation.

NAPA was selected as the key implementing partner in the field of KM integration into the system of professional training for civil servants and local self-government officials. On 18 November 2011 DESPRO signed a Memorandum of Understanding outlining the priority areas of cooperation between the two parties. It envisages development and implementation of professional training programmes for training civil servants and local self-government officials. Preparation works have started to integrate the new KM web-portal as information resource of NAPA and its regional branches (as well as other educational institutions providing educational services in the area of public administration) into the ‘Interregional Information and Education Network’. The KM web-portal will also provide valuable information about DESPRO experience to government bodies at various levels. On 1 December 2011 the KM Portal <http://www.derzhava.in.ua> was officially launched.

On the basis of the results of the Needs and Capacities Assessment (NCA), a team of key experts developed the materials on the most pressing issues of decentralisation and LSG. Those materials will be used as follows: (1) inclusion into the KM portal database; (2) development of the training modules; (3) incorporation into the e-learning courses (in the form of specific case-studies, testing, etc). In total 11 manuals were developed and will be published in early 2012.

Active promotion of the DESPRO expertise through the delivery of educational activities and publications is one of the key objectives of the KM component. A competition for the best

media publication, television and radio programme devoted to successful practices of decentralised public services provision was conducted in five 5 regions of Ukraine (Dnipropetrovs'k, Ivano-Frankivsk, Sumy and Vinnytsya oblasts as well as in ARC). 240 journalists participated in the presentations organised by DESPRO in Kyiv, Sumy, Ivano-Frankivsk, Dnipropetrovs'k, Simferopol, Yalta; 276 journalists participated in the competition, producing 302 publications; 100 publications were selected for a shortlist, presented to a jury and re-posted in partner media. Estimated target audience of the competition media was up to 1' 100' 240 people.

Governance is a strategic objective of SDC development cooperation, aimed at strengthening the rule of law and human rights, gender equality, appropriate distribution of power and economic stability. SDC has made governance a cross-cutting topic in all its activities to promote participation, transparency and accountability, equal treatment and non-discrimination, in addition to efficiency. DESPRO follows this governance principle and has integrated it in the overall concept framework as well as in all project activities.

A survey 'Decentralisation and Local Self-Governance as a Potential of Gender Equality' was commissioned by DESPRO based on the recommendations of the 2010 Gender Assessment. It was aimed both at the analysis of the 'gender factor' in the area of decentralisation/LDG in Ukraine and women's equal opportunities in DESPRO targeted communities in ARC, Vinnytsya and Sumy oblasts.

DESPRO continues to strengthen synergies with national-level players as well as the donor community in the field of DLG, in order to continue promoting the concept of reforms. As a result, DLG issues have become more and more topical at all governmental levels. It has been more clearly articulated in the speeches of the President of Ukraine. On November 1, 2011 at the International Municipal Hearings "Development of Adequate Self-government at Local and Regional Levels" he declared the intention to conduct reforms in the areas of decentralisation and regional development, in the context of achieving compliance with the regional principles of the European Union at national and regional levels.

Synergies with MGSDP have been intensified by signing a Memorandum on Cooperation in the areas of SWM. Synergies with other UNDP projects, working in the area of DLG, such as CBA, and CIDP as well as with the CoE Project "Strengthening Local Democracy and Support of Local Government Reforms in Ukraine" were further developed through developing training courses and supporting the implementation of the national strategy on DLG.

II. BACKGROUND

II.I. About DESPRO

Within the frame of the Swiss Cooperation Strategy for Ukraine 2011 to 2014, Skat Consulting Ltd. has been entrusted to implement Phase II of the Decentralisation Support Project (DESPRO). The project is in line with the thematic area of "Local Governance and Public Services" of the Strategy. The year 2011 was the second year of implementation within Phase II.

The overall goal is to improve access to public services, which should meet the needs of the population and be delivered by local governments with increased competence and capacity.

DESPRO Phase II started on 1 February 2010 and will come to an end on 31 January 2013. The 3-year budget amounts to CHF 4'967'905.00 and will be augmented by additional funds for co-financed projects from community, local and regional levels.

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

Phase II addresses the following main fields of intervention:

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

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

The project aims to demonstrate, implement and institutionalise the different models required to adequately address the need for efficient and affordable service delivery mechanisms, both in the two target regions of Phase I – ARC (Bakhchysaray, Lenino and Nyzhnyohirsk rayons) and Vinnytsya oblast (Kalynivka, Tul'chyn and Illintsi rayons) – as well as in the newly targeted Sumy oblast (Konotop, Krolevets and Romny rayons). Village authorities are directly involved in the process of improving service delivery, which is enhanced through strong community participation.

In Phase II, new thematic and methodological approaches such as KM, cross-institutional and cross-level cooperation as well as SWM are of special importance. Preparatory steps have been undertaken for the developing of SWM projects based on the Integrated Solid Waste Management (ISWM) Approach.

Results and lessons learnt at local and regional levels are documented by partner institutions for KM purposes and made available (for training, retraining and use on the ground) for civil servants, as well as for input into further policy development on a national level.

The MRDCH&CS is the main national partner of DESPRO. On a national level, there is cooperation with the Parliamentary Committee on State Building and LSG, National Agency of Ukraine of Civil Service (NAUCS), national associations, the National Academy of Public Administration (NAPA), the Academy of Municipal Management within the MRDCH&CS and selected think tanks. The most important regional partners are the government of the ARC and the state administrations and councils of the Vinnytsya and Sumy oblasts.

Due to the political developments in Ukraine, i.e. the changes of government and at all levels of the state administration, together with the support of elaboration of new national policies and priorities, DESPRO focused on revising and re-developing the strategy of project involvement, specifically at national level. More attention has been given to supporting of expert work on key policy papers on decentralisation and providing of platforms for further expert discussion on these documents.

II.II. Current Political and Institutional Context

Decentralisation in Ukraine can be viewed both as a tool and a goal of public administration reform, which requires redistribution of tasks, competences, and resources at central, regional, and local levels. In particular, this means the transfer of more responsibilities, competencies, and resources from the state to the local self-government authorities and community based organisations.

Due to the size of Ukraine, the number of authorities and officials involved in reforms is huge. At the same time, the distribution of 'competent' governmental bodies and officials across territories within the state is disproportionate and unsystematic. In cities where more resources are concentrated and where more people live, sufficiently autonomous self-government works well. In rural areas where the population is scattered among smaller settlements, local self-government bodies are unable to implement their powers, and executive bodies work better (e.g. Rayon State Administrations), virtually replacing local self-government.

In all transformations of the DLG vision for new political realities, it remains a priority for a number of reasons:

- There is a need to delegate responsibilities to the self-government institutions. Attempts to solve the problems of local communities at a national level have proven to be inefficient. Small municipalities are still incapable of handling strategic issues such as public utilities, which require substantial administrative, financial and professional resources. Therefore, it is necessary to improve the capacity of local self-governing bodies in order to be able to provide quality communal services within municipalities and communities;
- There is a need to clarify responsibilities at the local level. There are still a number of overlaps between the different levels of local government (in terms of resources and boundaries). This has led to a system that might be characterised as over-administered and under-governed;
- Weak fiscal decentralisation remains one of the main challenges. According to the budget procedure in Ukraine, public finances are highly centralised. Local budgets are still heavily dependent upon central budget transfers. The drafting and implementation of budgets is conducted by the respective state administrations.

DLG Stakeholders in Ukraine

The Verkhovna Rada of Ukraine (Parliament) is currently the most important agent in the DLG reform process. DESPRO cooperates with the Parliamentary Committee on State Building and LSG as well as with individual parliamentarians who are interested in reform providing expert and technical support. All the main political parties, such as "The Party of Regions", "The Block of Yulia Tymoshenko" and "Our Ukraine" declare the need for decentralisation, but in practice they do little to achieve this.

The President together with the Presidential Administration has a partial legislative role and a strong influence in the regions through the appointment of heads of Oblast and Rayon Administrations. The Presidential Administration has become the main body in the preparation and implementation of political decisions. Key DESPRO partner in the **Presidential Administration** is the Economic Reforms Coordination Center responsible for implementation of the reforms announced by the President. DESPRO is providing consultative and other types of support to the activities of the Coordination Center.

The Government is responsible for the state budget and has legislative initiative. DESPRO effectively cooperates with the Cabinet of Ministers, providing a consultation process and

involving them in discussion. The Cabinet of Ministers' Secretariat on LSG is the DESPRO partner within the **Government**. Joint activities are planned on public discussions of the newly developed policy documents.

The Ministry for Regional Development and Construction, Housing and Communal Services (MRDCH&CS) remains the key institution in charge of decentralisation and regional policy reform agenda. In December 2010, the Ministry for Regional Development and Construction was merged with the Ministry of Housing and Communal Services. The new institution was renamed the "Ministry for Regional Development and Construction, Housing and Communal Services" (MRDCH&CS). The re-organisation of the Ministry was a lengthy process. Final decisions regarding the mandate and management were finalised only in June 2011. MRDCH&CS now has responsibility for LSG issues and the territorial organisation of power. A MoU has been signed between the Ministry and DESPRO. Currently an updated joint Action Plan with the Ministry is being developed. The Action Plan includes both activities aimed at supporting policy dialogue and those focused on improving public services.

Associations uniting local self-governing bodies – these consist of the Association of Cities of Ukraine, the Association of Small Towns, the Association of Village Councils, and the Association of Regional Authorities. They work directly with municipalities, mayors, and village heads and represent the local and regional entities at a Government and Parliament levels. Due to the DESPRO mandate - working in rural areas - the key partners among these associations are the Association of Village Councils and Association of Small Towns. Activities and target audiences of these two institutions are most in line with those of the Project. DESPRO is using these institutions to promote project approaches to decentralized public services delivery as well support the reform process through reaching a wider audience.

Think Tanks play an important role in building up expertise. A number of think tanks support decentralisation and local initiatives. They contribute significantly to the development of strategic documents on decentralisation and reforms of the local self-government and administrative-territorial set up. In particular, the Centre of Political and Legal Reforms (I. Koliushko), the Institute of Municipal Development (I. Slobodenyuk) and the Institute of Civil Society (A. Tkachuk) are regularly involved in designing and commenting upon policy documents and draft laws, analytical studies and the advocacy of reforms. The Think Tanks are providing expert support to DESPRO activities, developing analytical papers and contributing to developing policy papers and draft laws.

Educational Institutions play an important role in the development of capacity of local authorities and serve as preservers of existing knowledge on best practice. The National Academy of Public Administration, under the Office of the President of Ukraine (NAPA) is the main educational institution involved in the training, retraining and professional development of civil servants and local government personnel. Educational institutions are primarily involved in the DESPRO KM activities – developing learning materials and training courses for public servants, launching and supporting the KM Web Portal, etc.

Donor Community – donor organisations such as SDC, USAID, UNDP, CIDA, SIDA, CoE and GIZ actively support DLG in Ukraine, implementing projects at various levels (national, oblast and local) and on various aspects of decentralization. While there is a great variety of projects supported by different donors, there is still a lack of coordination and experience exchange. In view of this, DESPRO has started to strengthen bilateral coordination between organisations (A donor mapping conducted by DESPRO is presented in Annex 3). In cooperation with SDC DESPRO has developed synergies with these donor institutions and projects whose activities are linked to those of DESPRO. DESPRO has concluded a MoU with MGSDP envisaging joint activities in the area SWM. A MoU is under preparation with CoE project "Strengthening Local Democracy and Support of Local Government Reforms in Ukraine". General coordination of activities with other projects is in place.

Development of DLG Legislative & Normative Framework under the New Political Realities

DLG issues have become more and more actual at all governmental levels of Ukraine. Interestingly, DLG has become more clearly articulated in the speeches of the President of Ukraine. On November 1, 2011 at the International Municipal Hearings “**Development of Good Governance at Local and Regional Levels**” he declared the intention to conduct reforms in the areas of decentralisation and regional development, in the context of achieving compliance with the regional policy principles of the European Union.

Summarised achievements in the field, since the last presidential elections are the following:

- **On administrative and territorial reforms, local self-government and local state administrations**

- On November 28, 2011 a new Concept of Reforming the Professional Development System for Local Self-government Officials and Local Council Deputies was approved by a Directive of Cabinet of Ministers of Ukraine # 1198-p. Adopting this directive the government did not follow the earlier (in 2009-2010) approved documents on Local Self-government Reform Concept and the Concept of Forming the Professional Development System for Local Self-government Officials and Local Council Deputies.

- Verkhovna Rada of Ukraine approved the Law “On Elections of Deputies of the Autonomous Republic of Crimea, Local Councils and Village, Settlement and City Heads” of July 10, 2010, # 2487-VI. This Law gave the possibility for the ruling party to obtain the majority of votes during the elections, including those territories where traditionally the electoral support was equal to zero.

- On November 17, 2011 VRU adopted a draft Law #8306 “On Civil Service”. The Council of Europe comments to the draft have not been taken into consideration and no amendments made into the draft. In general the adopted document has obtained a negative feedback from the international community.

- The Ministry of Regional Development and Construction developed a draft Law “On Voluntary Association of Communities”, which has been submitted for consideration to the Parliament. This law though it does not offer best possible solutions to the reforming administrative and territorial set up, provides some opportunities from practical steps of forming communities` associations and forming certain legal framework for their operation.

- As of November 15, 2011, the Ministry of Regional Development and Construction got back full responsibility concerning the development of new or revising of existing conceptual documents in the areas of local self-government and administrative-territorial organisational reforms. The development of these documents, as specified in the note compiled for the Government should be undertaken within 2012.

- **In the area of regional development**

- Verkhovna Rada of Ukraine approved the Law of Ukraine “On Fundamental Principles of Domestic and Foreign Policy” (# 2411-VI of July 01, 2010), which has a very generic nature. However it defines the main principles of the regional policy in general terms.

- During 2011 The Ministry of Regional Development and Construction supported the amplification of the draft Law of Ukraine “On Principles of Regional State Policy”. This law is based upon the previously submitted (2009) version of the draft law “On Principles of Regional State Policy”. On the one hand, this manifests succession in the views on regional development but on the other hand most of the norms of direct action have been eliminated from the text, i.e. financial mechanisms, institutions, which weaken the document.

- On April 27, 2011 the Order of the President of Ukraine # 504/2011 “On the National Plan of Action for 2011” concerning the implementation of the Program of Economic Reforms for 2010-2014 “Wealthy Society, Competitive Economy, Effective Government” was

issued comprising the orders for development of projects in LSG areas. The Action Plan will definitely stimulate bodies of power as well as self-government authorities for concrete actions in the field of LSG reforms.

- The Cabinet of Ministers has submitted a draft law “On the Introduction of Changes into Budgetary Code of Ukraine Regarding Formation of National Regional Development Fund” (# 9363). This draft law will be considered by Verkhovna Rada early 2012. Though the draft law is far from perfect and it does not promote the idea of such a Fund sufficiently it provides at least some system of distribution of subvention funds among the regions for their social and economic development. It is obvious that the draft will undergo changes in the course of discussion in the parliament.

III. PROJECT PROGRESS

III.I. OUTCOMES AND OUTPUTS

III.I.1. Outcome 1 **Quality of and access to public services in pilot regions are improved based on the principles of participatory planning and decision making**

In 2011 the DESPRO activities in the area of improving quality of and access to public services in pilot regions were aimed at the further implementation of the decentralised model of water supply and SWM. The selection of communities in the target regions was completed and the implementation of water supply projects has been started. Furthermore, first efforts and preparations for the introduction of an ISWM approach in two target rayons have been started.

Output 1.1 Alternative (innovative) approaches for public service delivery have been developed

Developing procedures for community projects on Water Supply (1.1)

Selection and implementation of community water supply projects in the target rayons have demonstrated a high level of interest of both rayon authorities and the communities in this area. The decentralised model of water supply at community level was welcomed by the local communities. The selection process of communities was finalised. In some communities, initiative groups began registering service cooperatives even before project competition started. Another positive indicator to be mentioned is that approximately 40% of community applicants had their designs available at the time of the submission of their applications. This means that in those communities, the issue of improving their water supply system had already been high on their agenda, which had led to the development of designs and cost estimates. The social mobilisation process has been finalised and substantially supported the creation of service cooperatives.



RWGs members analyze stratification data mapping (Tul'chyn rayon, Vinnytsya oblast)

DESPRO has facilitated the social mobilisation process. Feasibility studies and the development of cost estimates for the planned improvements in water supply led to intensive and fruitful discussions in the communities, understanding the requirements of technical solutions, coordinating the amounts of financial contributions from the various parties for project implementation.

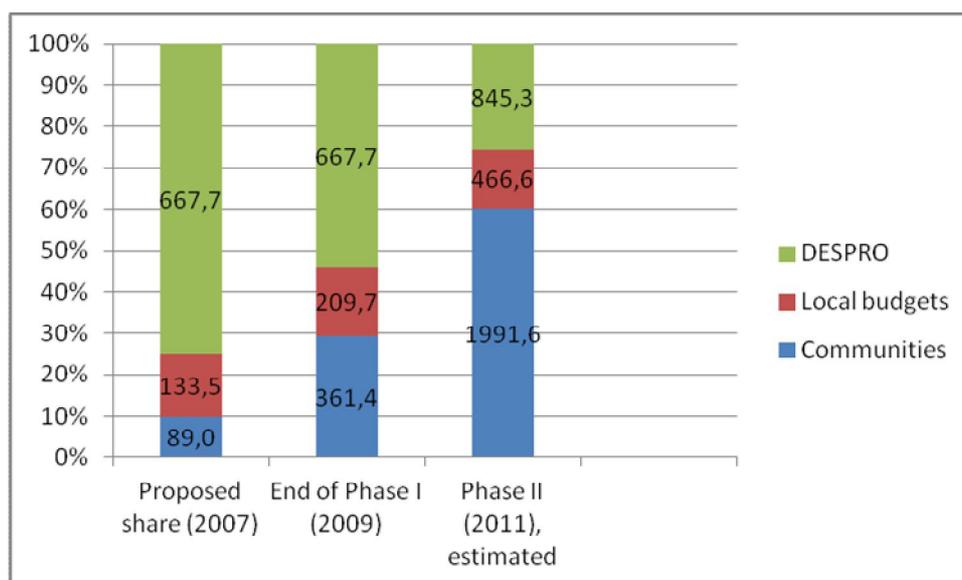
Overall, within the year 2011, 32 projects have been launched in 8 out of 9 target rayons with total cost of CHF 3.3 min. There is a rayon where community projects have not been started yet (see details below).

As a result, the number of projects in Phase II will exceed the originally planned 28 projects. Because of gains through currency exchanges (strong Swiss Franc), an additional competition could be held. However, due to the limited remaining time-line for project implementation, the additional competition was open only to the communities where project proposals were already developed. Several applications were received and finally 4 additional projects have been selected.

Currently, in most of the projects construction works are in process. In some projects (such as the Romny and Konotop rayons of the Sumy oblast), the planned water supply system works have already been completed, and the projects are at the stage of obtaining the required permits and starting operation.

As a whole, partners' financial contributions (see details in the diagram below) positively have increased, beyond expectation.

**Dynamics in DESPRO/local partners shares
in co-financing of community projects (2007-2011)
CHF (in thousands)***



- Calculated based on average annual CHF/UAH rate – (1 CHF = 8,8 UAH)

Originally DESPRO guaranteed co-funding of up to 60% and the partners were expected to contribute the remaining 40%. However, over time the communities' readiness to participate in the project increased substantially resulting in a contribution of up to 80%. At the same time, in absolute figures, DESPRO co-funding has remained at about the same level.

The activities of implementing and supporting the projects have been embedded in the regular planning and budget cycles/processes of village and rayon authorities. Co-financing is usually allocated from the budgets (village/settlement and rayon) of the socio-economic development programmes of the respective territorial units, or alternatively within the "Drinking Water" Programme.

The decentralised model of municipal water supply services as well as administrative/procedure requirements favour the format of "service cooperative":

- Each community member is directly legally connected to the water supply utility through a service cooperative (SC member organisation);
- Community residents are involved in its activities, either through representative bodies or directly, which gives them a sense of participation and responsibility;
- A service cooperative is a non-profit organisation. This allows for tax reduction according to the current law. According to the legal regulations such type of organization as a service cooperative does not need to obtain licenses for water supply or special permissions for the subsoil use. This creates certain advantages for cooperatives in comparison with other service providers, e.g. private entrepreneurs etc.

There were some cases whereby the community decided to change the type of service operator from private entrepreneur to service cooperative (see example below).

Illinietske and Tiahun villages of Vinnytsya oblast

In the village of Illinietske, Vinnytsya oblast, after the project completion in 2009, the system was given to a private entrepreneur (person from this village) to operate and maintain it.

Meanwhile, a neighbouring village – Tiahun - also selected the same entrepreneur to operate and maintain their recently improved village network. After almost two years of operation the villagers were not satisfied with the level of service provided by the private entrepreneur. The people reported a lack of response to their claims, unclear tariff policy etc. After some time, people in both villages dismissed the private entrepreneur and at the beginning of 2011, decided to establish service cooperatives instead.

During the monitoring visits to the pilot communities and sessions of the RWGs, it was noted that the exploitative mood and wait-and-see attitude – that "someone will come and make it" – had changed into a proactive position - "let's unite and do it ourselves". The activities of service cooperatives are correlated with the general patterns of community development. A resolution of the general meeting is implemented by the Board and members of the organisation, according to the powers specified in the Statute. As such it must be taken into account by local authorities when dealing with water supply issues in the territory where a service cooperative is operating.

Another positive impact of forming service cooperatives in the partner villages is the creation of a number of employment opportunities. Each cooperative has 2 to 3 employees. Therefore the total number of jobs created within the DESPRO partners communities amounts to 87.

However, the activities in two partner rayons appeared to be somewhat problematic in: Bakhchysaray, ARC and Krolevets, Sumy oblast. In Bakhchysaray rayon one project proposal (Zavitne village) was initially selected but with a note that a list of requirements should be met by the community before DESPRO starts its co-financing. Since not all the requirements had been properly met by the community this project proposal was suspended up to the moment when all the requirements would be fulfilled. In fact the list of tasks within this proposal could be done realistically within three-four month. DESPRO currently tries to motivate the community to do their best to start the project as soon as possible and complete by the end of Phase II. Two selected projects in Krolevets rayon are still at an early stage of implementation. In these communities several households have access to water from shallow wells or centralised systems. Therefore motivation to mobilise the whole community to participate in a new system is difficult and has seriously delayed the planning process.

In July 2011 a study visit to Switzerland "**Promising Models of Community Water Supply in Switzerland**" was organised for practitioners (mainly water operators) in the area of rural water supply. The visit was designed to introduce participants into interesting examples of

Swiss rural water supply practices. Main thematic issues of the visit were institutional structure, questions of management, legal forms, quality control, technical, social, legal and economic aspects, as well as inter-municipality cooperation.

Developing mechanisms and procedures for inter-municipal projects on Solid Waste Management (1.1.1; 1.1.3)

SWM initiatives are implemented in two rayons: Tul'chyn (Vinnytsya Oblast) and Bakhchysaray (ARC). The SWM initiatives in the two rayons follow different approaches. I

n Tul'chyn rayon, since the beginning of the year, the implementation of a step-wise planning process has been initiated, following an internationally accepted methodology adapted to Ukrainian conditions. The purpose of the process is to develop an ISWM System based on inter-municipal cooperation. In order to guide the process a Steering Committee has been formed at rayon level bringing together a wide range of stakeholders. Moreover, a Local Working Group has been formed comprising specialists from partner communities, the Rayon Council and the RSA. By the end of 2011, the following results can be presented:

- Finalised collection of baseline data on the composition and quantity of waste in partner communities. This data will serve as a basis for selecting technical and organisational options for ISWM;
- Established planning framework (with an agreed vision of the future ISWM system including defined goals and requirements)
- A completed survey in the partner communities, in order to assess attitudes and behaviours of residents with regard to waste collection, separation, fees, payment, etc.

All the activities in Tul'chyn rayon are implemented together with MGSDP/UNDP (refer also to Annex 4.2, 4.3). An inter-project working group consisting of DESPRO and MGSDP staff members meets regularly, approximately once every three months.

In Bakhchysaray rayon, possibilities of cooperation in the field of SWM are currently assessed. Due to the ARC regional strategies SWM solutions should go beyond rayon boundaries and rather cover several rayons under one collection, transportation, segregation, treatment and disposal scheme. There is a strong political pressure from the ARC level towards the rayons to participate in regional strategies rather than finding individual solutions. Obviously there is a lack of financial resources within the rayons and there are limited capacities to encourage external investments. Another challenge is the fact that the regional concept of SWM is not yet developed and its basic components and details are still being debated and refined. In this context one of the possible activities for the rayon level is to find a proper organisational and technical solution to be built into a regional scheme and to undertake measures that may be useful in the course of preparing future regional SWM solutions. These issues will influence the form of cooperation between the DESPRO and Bakhchysaray rayon. It was agreed with the rayon stakeholders that possible further activities are as follows:

- Study of existing regional solutions in the area of SWM (e.g. regional strategies);
- Jointly with partners developing solutions and planning to build the rayon into a regional scheme;
- Conducting a waste composition study (most likely including environmental audit of the existing dumpsites in Bakhchysaray rayon);
- Developing recommendations for solutions to reduce any negative environmental impact, based on results of the environmental audit;
- Carrying out information campaigns concerning SWM for the population of the rayon;

- In urban and rural areas piloting separate waste collection schemes, composting technologies, etc.

Output 1.2. The capacity and skills of local self-government, in particular, representatives of village councils in participatory decision-making, planning, budgeting, implementation and monitoring of decentralised service provision have been strengthened.

In 2011, the DESPRO granted legal, methodological, educational and financial support to more than 30 rural CBOs in the pilot rayons in Vinnytsya, Sumy oblasts and in the ARC. DESPRO has assisted communities to unite their residents and create and successfully launch water supply projects.

All interested communities took part in a mandatory training programme conducted by DESPRO specialists. The three-day training included: decentralised model of water supply, social mobilisation, preparation and execution of projects.

During the year, many training activities were organised for target groups of the project including village heads, members of the RWGs, water supply operators and leaders of community-based organisations. The training sessions, round tables, workshops and conferences were related to planning, effective communication, operation and maintenance, social mobilisation, financing and accounting.

The brochure "**Rural Water Supply**" has been reprinted, a **Guide on Accounting in Service Cooperatives** has been finalised and prepared for printing, taking into account the latest requirements of the legislation.

Two study visits - "**Effective models of rural water supply in Switzerland**" (July 2011) and "**Best practices in implementing the integrated treatment of household solid waste in Switzerland, Austria and Germany**" (November 2011) - were organised for representatives of communities, rayon, regional and national authorities and service operators (refer also to Annex 5.2).



"Effective Models of Rural Water Supply in Switzerland" Study Visit (July 2011)

Output 1.3 Experiences, practices and lessons learnt from decentralised service provision have been documented and shared through networks and platforms established at local, regional and national levels.

The model of decentralised water supply, particularly through a service cooperative, has been described in detail and published in the form of **Analytical Brief "Service Cooperatives – a Solution for Rural Water Supply in Ukraine"**. The technical brief is located on the DESPRO's web-site, was distributed among the participants at the annual Partners Forum, and disseminated among the core Ministries of Ukraine.

The rural water supply model based on a service cooperative was also presented at the **6-th International Rural Water Supply Network Forum** in Kampala, Uganda.

In 2011, the model of decentralised service provision successfully piloted and approved by DESPRO partner-communities in the format of service cooperatives was disseminated in the other villages of DESPRO targeted rayons (see example below).

The model of decentralised water supply was supported in the Konotop rayon (Sumy Oblast). In addition to 6 projects supported by DESPRO, 7 additional communities have registered service cooperatives (both at their own expense and with budget support) and have launched projects aimed at the development of decentralised water supply systems.

Similar initiatives have taken place in the Kalynivka rayon (Vinnytsya oblast) where the “**Rayon Programme to Ensure Sustainable Public Water Supply by 2015**” was adopted, foreseeing the provision of decentralised water supply in rural settlements.

In Lenino (ARC) the rayon positively included 2.5 million UAH into its 2012 budget to support community initiatives aimed at improving water supply. These funds will be granted to communities on a competitive basis.

The model of decentralised water supply has also generated interest among other regions of Ukraine. At the requests of oblast state administrations, DESPRO experts made presentations of the model in the Luhansk and Dnipropetrovsk oblasts.

In the third quarter of 2011, DESPRO organised meetings and consultations with representatives of the Ministry of Agriculture and Food of Ukraine, which is responsible for the integrated development of rural territories. A special study visit was organised for representatives of the Ministry to the communities in the Vinnytsya oblast. The aim was to introduce them into the model of decentralised water supply. Consultations began in order to collaborate for the promotion of the model.

The information on DESPRO activities in the area of the ISWM on the basis of inter-municipal cooperation is being also disseminated. Thus, on the request of the Ministry of Housing and Communal Services, results of works in Tul'chyn rayon were presented at the All-Ukrainian seminar ‘**Sanitary Cleaning**’, dedicated to the issues of domestic solid waste management in Berdiansk (June 2011).

A practical manual ‘**Household Waste: The Rules of Playing in the Market**’ is the result of DESPRO and Skat cooperation with the MRDCH&CS as well as with UNDP, European Commission, Eptisa (1.3.5). It is aimed at increasing the capacity of local level authorities and self-government representatives, in the area of waste sorting and processing.

Local elections brought new representatives into local self-government in villages, settlements and cities. Consequently, a question arose concerning the appropriateness of their professional knowledge and skills. In view of this and on the request of the Bakhchysaray Rayon Administration, between the 16th-18th of March, 2011 DESPRO organised a workshop entitled ‘**A Basis of Local Self-Government**’ for the heads and deputies of village and city councils of the Bakhchysaray rayon. The workshop was organised in cooperation with the Civil Society Institute. Mr. Anatoliy Tkachuk (Director of the Civil Society Institute) and Mr. Yuriy Hanushchak (expert on ATR, Peoples Deputy of Ukraine) highlighted a range of topics, including the Ukrainian system of LSG and issues of local resource development. Similar events were also organised in the Ternopil, Kyiv and Dnipropetrovsk oblasts.

III.1.2. Outcome 2 Effective knowledge management processes in the sector of decentralised service provision and local self-government are developed and integrated into the local governance system.

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

Based on conclusions and recommendations of NCA designing and introducing a comprehensive information and knowledge base on decentralisation and local governance (2.1.2)

The NCA of public servants in KM and sharing mechanisms in the sector (undertaken in 2010) was regularly presented and discussed at DESPRO public events in 2011. On the basis of the NCA results, a group of experts (representing NAPA, SCOs and national think

tanks) started working on the development of materials to comprise an information and knowledge base on the most important issues of decentralisation and local governance. The materials developed will serve in a threefold manner: (1) inclusion into the KM portal database (see 2.1.3); (2) development of the training modules on the basis of these materials (see 2.2.2); (3) incorporation into the e-learning courses that are being developed with the support from DESPRO (in the form of specific case-studies, testing) (see 2.1.4).

The development of the materials on the following themes was completed in 2011:

- Financial Planning and Budgeting (Y. Ganuschak);
- Strategic Planning of Local Development (O. Berdanova, V. Vakulenko);
- Operational Planning for the Implementation of the Strategies on Territorial Development (E. Fishko);
- Provision of Administrative Services (V. Tymoschuk);
- What Local Self-Governance Should Know about the Judicial System (R. Kuybida, T. Ruda, H. Lisco, A. Shkolik);
- Decentralisation of Public Administration: Experience of the European States and Proposals for Ukraine (A. Shkolik, O. Borislavska, I. Zaveruha);
- Local Self-Government and Decentralisation (A. Tkachuk);
- Project Management (A. Chemerys);
- Reforming the System of Urban Housing Management (V. Brigilevich);
- Quality System as an Instrument for Improvement of Local Self-Government Activities (V. Brigilevich).

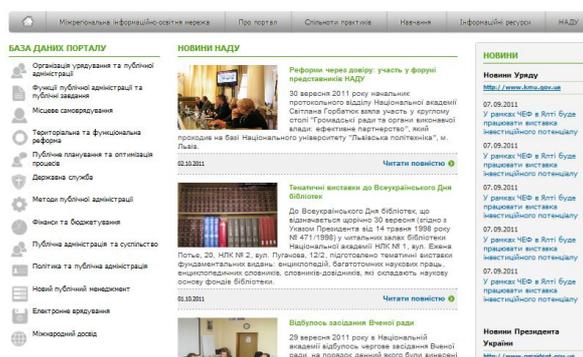
Establishing and launching a KM web-portal (2.1.3)

NAPA was selected as the key implementing partner in the work towards establishing and launching a KM Portal on DLG and the initial work in this direction was started by the end of 2010. Meetings of the joint NAPA/DESPRO working group took place on a bi-monthly basis starting from January.

A number of public events took place throughout the year in relation to the development of the KM Portal:

March 2 - the round-table **Knowledge Management in Public Sector and Introduction of Innovative Educational Technologies into the Teaching Process and Academic Activities at NAPA** took place at NAPA premises. During the roundtable, the KM portal concept was presented to the staff of the NAPA and to the regional institutes of public administration through an online video conference. More than 80 professionals participated in the discussion which addressed the KM portal's proposed services, its functioning and the perspectives on the introduction of innovative educational techniques into the teaching process through the KM portal;

May 19 and October 26 - the KM Coordination Board¹ meetings touched upon the issues of the portal's development and planning towards its promotion. **“Interregional Information and Education Network”** is the name of the portal and the **“My Office”** format of users' registration was approved. **“My Office”** is now developed to facilitate advanced access to information and services of the portal. It helps in establishing horizontal links and communication between the users of the portal, leads to building the communities of



KM web-portal

¹ The KM Coordination Board is established within the existing DESPRO Experts Board.

practice, and provides customised services to users such as selection of news on the topics/areas of interest as identified by the user during registration.

May 26 - the International Conference ***Distance Education (e-Learning) Technologies in Modern Public Personnel Policy*** was held at NAPA during which the participants discussed the developments within the joint NAPA/DESPRO initiative on the KM portal and considered the prospects regarding the use of innovative educational technologies in their everyday work.

During the summer, the presentations focused on different target audiences of the KM portal and the testing of selected services continued: on June 20th - to the NAPA postgraduates' students; on July 7th - to the NAPA alumni; on August 16th - to the participants of the "***eLearning and KM***" workshop.

On 18 November DESPRO signed the Memorandum of Understanding with NAPA, outlining the priority areas of cooperation between the two parties. Under the Memorandum, the cooperation will be focused on: improving the system of professional training for civil servants and local self-government officials, including the use of e-learning technologies; integrating the DESPRO project experience in the activities of government bodies at various levels through the development of educational materials; development and implementation of professional training programs for training civil servants and local self-government officials to form their competences in knowledge management; integration, by means of the KM web-portal of the Interregional Information and Education Network, of the information resources of the NAPA, Regional Institutes of Public Administration and other educational institutions providing educational services in the area of public administration to ensure the consistency of processes in creating, analysing, storing and disseminating information resources and knowledge in the area of public administration and LSG.

On 1 December the KM portal [http:// www.derzhava.in.ua](http://www.derzhava.in.ua) was launched on the Interregional Information and Education Network during the NAPA Conference ***Innovative Educational Technologies in Professional Training for Civil Servants and Local Self-government Officials***. The keynote speech of the Conference was given by Mrs Maryna Bilynska, Vice-President of the NAPA. The title was "KM and Innovative Educational Technologies as a necessary component for improving the efficiency of today's training of civil servants". In her speech, Mrs Bilynska emphasised that the need for KM in public administration is caused by the increasing divergence between the efficiency of the economy and management, the need of authorities to respond quickly to the changes in the economy, and the need to overcome the lag in the area of e-government and knowledge management. Mrs. Bilynska was one of the participants at the training and exposure visit on KM in the public sector in Switzerland. She took up and used various materials from the training in her work back in Kiev.

Developing and institutionalising e-training courses for public servants and those interested on the variety of issues related to decentralisation and good governance (2.1.4)

Work on the development of e-training courses for public servants as one of the services of the KM portal took place along with the development of the KM portal (2.1.3). On March 27, a session on Introduction to eLearning was organised for the participants of the KM workshop (see 2.2.3). By means of an e-Learning platform installed on the DESPRO portal² the participants familiarised themselves with e-Learning tools and different kinds of interaction from a practical and educational point of view, analysed the principles of e-learning design in course material and discussed planning and managing an e-course.

² An e-Learning platform initially installed on the DESPRO portal at <https://mx.despro.org.ua/km/> and later on integrated into the KM web-portal Interregional Information and Education Network.

Access to a number of e-training courses was open to the participants during the session, so they could observe examples of eLearning courses both in public and private sectors in Ukraine.

The summer workshop ***e-Learning and Knowledge Management*** took place on August 15-18 for faculty members from those Universities which expressed interest in working with the DESPRO in the development of eLearning courses aimed at civil servants. The goal of the workshop was to improve the participants' skills in developing training modules in an eLearning format and testing and further implementation of the developed modules in the learning process. During the workshop, the participants learned about the MOODLE software platform, developed a template and design of their training module, discussed best practices of eLearning implementation in the education service, the specifics of eLearning study process organisation, as well as methods and means of educational process management. 15 participants from the Dnipropetrovsk Regional Institute of Public Administration, Lviv Regional Institute of Public Administration, Odessa Regional Institute of Public Administration, East-Ukrainian National University and Zaporizhzhya National University worked in groups during the workshop on developing formats and ideas for different modules. The following modules were presented on the final day of the workshop: Regional Innovation Policy Development, Project Management, Regional Social Policy, Strategic Planning, Humanitarian and Cultural Policy, Territorial Management; Changes Management in Public Administration.



*e-Learning and Knowledge Management Workshop
(August 2011)*

Following the workshop the courses were worked further on with the support provided by DESPRO. The first two courses were taught at the NAPA Regional Institutes within the testing of the KM web-portal:

- The course ***Regional Innovation Policy Development*** took place at the Lviv Regional Institute of Public Administration from November 7 to December 8. The Programme was financed by the Lviv Oblast State Administration as advanced training for employees of the Main Department of Economy and Industrial Policy of Lviv Oblast State Administration and of the economic departments of Rayon State Administrations in Lviv oblast;
- The course ***Basics of Regional Social Policy*** took place at the Dnipropetrovsk Regional Institute of Public Administration from October 31 to December 19. It was organised within the framework of Master of Public Administration (MPA) programme.

Both courses took place in combined format (face-to-face and e-Learning) with an emphasis on the topics of knowledge management and usage of KM tools (like stakeholders analysis) during the learning process by the courses' participants.

Facilitating synergies on KM between Ukrainian and Swiss, as well as international education institutions (2.1.7)

DESPRO cooperated with the Institute of Management and Regional Economics of the School of Business at the Lucerne University of Applied Sciences and Arts in the organisation of the KM workshop (see below activity 2.2.3).

Dr. Patricia Wolf, Professor for General Management and Research Director, and Oliver Kessler, Head of Competence Centre for Public and Nonprofit Management presented as keynote speakers during the round-table **Knowledge Management: Prospects of the Concept's Incorporation in the Public Sector** (see 2.2.6) and worked as trainers during the Knowledge Management Workshop that took place on March 25-26 (see 2.2.3).

Dr. Peter Troxler from the Lucerne School of Business at the Lucerne University of Applied Sciences and Arts participated through Skype in the "**Innovation Spring**" Conference that took place in Lviv on May 11-13 presenting on the topic **Fab Labs as Knowledge Management Models and Co-creation Formats in Academia and Business**.

PIU together with Skat HQ organised and led a **Training and Exposure visit** to Switzerland with the aim to give partners of DESPRO the opportunity to learn about knowledge management (KM) in the public sector. The Ukrainian delegation included partners of Parliamentary Committees, ministries, and agencies/academies who train civil servants and employees of public authorities and governments.

The overall aim was to provide partners of DESPRO with the opportunity to learn about expertise on knowledge management in the public sector. Participants were asked to focus on how public servants and employees implement a KM strategy and mobilise resources, and reflected on own KM practices in Ukrainian institutions and organisations.

The **KM Training** (hosted at the Institute of Federalism in Fribourg) and exposure visit combined site visits to the Swiss Graduate School of Public Administration, National Archives, Canton of Berne, etc; analysis of best practices in the public sector and gained insights into the following topics: Introduction to the concept of KM; benefits of KM, marketing the added value of KM; incentives/motivation for knowledge and information sharing; KM practices in the public sector; KM strategies and tools used /applied in the public sector and in the administration; communication and information channels – vertically and horizontally within the Swiss administration and government and externally to the population; common challenges of KM; introduction to the concept of e-government; and on-line services. Skat/DESPRO organised a wrap-up workshop at the end of the training and exposure visit whereby participants could reflect on the major impressions and how they will use the lessons learned in their working environment and in the further project implementation of DESPRO.

Based on the results of the earlier trainings and the Exposure visit on KM to Switzerland a specialised Department on Knowledge Management was formed in December 2011 that will be responsible for introducing KM in public servants and LSG officers` training and retraining.

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

Supporting delivery of training by different public institutions and providing training for public servants of different levels to effectively use the knowledge and practices accumulated within DESPRO KM component. (2.2.2)

DESPRO, together with NAPA and partner projects (MGSDP, CBA) has worked on the development of a package of training materials in the thematic areas of decentralisation and local self-governance. During 2011, the development of the materials was completed (see 2.1.2), whereas the training modules as such will be developed in 2012. The training materials are a practical step-by-step guidance that includes case-studies from both DESPRO and partner projects' best practices. According to the agreements reached between the partner projects, the crosscutting topics (citizen participation, social mobilisation, and anti-corruption) are reflected in all the training materials as well as the modules.

Forming groups of trainers and conducting Training of Trainers to further develop the capacity of public servants on policy development and decentralisation promotion (2.2.3)

A **Knowledge Management Workshop** was organised by DESPRO in cooperation with the Lucerne University of Applied Sciences and Arts on March 25-26. The objective of the workshop was to provide professional training on knowledge management to faculty members from various higher educational institutions running MA programmes on public administration and representatives of the Centres for advanced training of civil servants. The capacities and needs assessment conducted by DESPRO confirmed that the KM as a concept is mostly unknown in Ukraine. Therefore, the KM added value, benefits, outcomes, and impact should be marketed by formal education and by the institutionalising of KM training courses for different target groups.

The workshop was the first stage in the process of activities aimed at revising the curricula of educational institutions and the institutionalising of KM training courses for different target groups as foreseen by the respective indicator³. 27 lecturers from more than 80 applicants from Ukrainian institutions of higher education and Centres for the retraining of public servants were selected for participation in the Workshop. Mr Oliver Kessler, Head of the Competence Centre for Public and Non-profit Project Management at Lucerne University of Applied Sciences and Arts, Dr Patricia Wolf, Research and Development Director at the Institute of Management and Regional Economics of Lucerne University of Applied Sciences and Arts, and Ihor Katernyak, CEO of NGO Ukrainian Distance Learning System were engaged as trainers during the workshop.

The workshop addressed such issues as the concepts of KM in terms of management, sociology and psychology, specifics of KM theories and concepts in the public sector, challenges of KM, and methods of KM - best practice, data management, competence management, and relationship management. The results of the assessment of needs and capacities of public servants in knowledge management and sharing mechanisms in the sector undertaken by DESPRO were also presented. Before the workshop started, a virtual community of practice was launched on the DESPRO portal, where the participants had the opportunity to discuss their expectations, plan their next steps and exchange experiences and materials.

As a result, the participants of the KM Workshop have accomplished a number of activities in 2011: [1] two courses with eLearning components, with a focus on knowledge management have been successfully completed (see 2.1.4); [2] a working group consisting of the Workshop's participants established to work on the development of KM training courses and learning materials; [3] a 3-day training session on knowledge management for civil servants took place in Lugansk in cooperation with the Department of Civil Service and the Centre of post graduate education (November 18-20); [4] a course on KM for Public Administration and Local Self-governance was incorporated into the Master Programme for civil servants in East-Ukrainian National University.

Introducing effective mechanisms of knowledge and practices sharing between practitioners and decision-makers (2.2.5)

To promote further the knowledge and practices acquired during the DESPRO project implementation by means of working with media and publications for different target audiences, a competition for media publication, a television and radio programme devoted to the best practices of decentralised public services provision took place during June-

³ The indicator under Output 2.2 focuses on "training courses for different target groups on KM incorporated in the curricula of education institutions".

November in five oblasts of Ukraine (Vinnytsya, Sumy, Dnipropetrovsk, Ivano-Frankivsk and the ARC).

Facilitating and supporting thematic knowledge and information sharing events, round table discussions, public debates and study visits (2.2.6)

On March 24th the Roundtable **Knowledge Management: Prospects of the Concept's Incorporation in the Public Sector** was held at NAPA. The event was organised jointly with the experts from Lucerne University of Applied Sciences and Arts: Dr. Patricia Wolf, Professor for General Management and Research Director, and Oliver Kessler, Head of Competence Centre for Public and Nonprofit Management were keynote speakers at the event. The existing problems of knowledge management in the public sector and of knowledge management as a field in general, the specifics of the KM theory and concepts in the public sector and its differences to the private sector, role of academia in the process of gaining knowledge were addressed during the event, which gathered the representatives of the central government, NAPA lecturers, PhD candidates and post-graduates students of NAPA.

KM has also been in the focus of all the public events dedicated to the development of the KM Portal on DLG (see 2.1.3) with the overall number of participants in these events being more than 400.

Knowledge Management Training and Exposure Visit took place on November 20-26⁴ The Visit was aimed at the key stakeholders and project partners in charge of developing and supporting the KM System for decentralisation and local governance in Ukraine. The Visit started with a comprehensive 2-day training workshop during which the participants were introduced to federalism and practices of decentralisation in Switzerland, KM processes



Knowledge Management Training and Exposure Visit in Switzerland (November 2011)

(planning, implementation, operation and evaluation), KM Tools and approaches, KM in governmental administrations and their impact on services delivery.

The Workshop was followed by visits to selected Swiss organisations (Swiss Federal Archives; Knowledge Centre and Project Management in the Ministry for Defence, Civil Protection, and Sport; IDHEAP Lausanne – Swiss Graduate School of Public Administration; Office for Municipalities/Canton Administration of Bern) to learn from best experiences of the KM processes integration into working practices. (See also under 2.1.4 and in Annex 5.3)

III.I.3. Outcome 3 The national reform process towards decentralisation and local self-government is strengthened

Changes in the political situation in Ukraine, the Administrative Reform at the central level that took place at the very end of 2010 and the continuing rotations in the top management of the country were all developments that influenced DESPRO activities at the national level during 2011. DESPRO concentrated its efforts on the enhancement of working relations with key players and on supporting policy dialogue promoting further reform, both at national and regional levels.

After some period of stagnation, 2011 can be characterised as a year of slow but steady return to the way of reforms. During 2011 the main partner, the MRDCH&CS, completed its reorganisation after administrative reform and there grew increased willingness in the activation of it. The central executive bodies of Ukraine renewed their work on reform

⁴ Annex 7 includes KM Training and Exposure Visit assessment results.

preparation. The topics of local self-governance reform and decentralisation became more clearly articulated in the speeches of the President of Ukraine.

In April 2011, the National Plan of Action for 2011 on implementation of the Programme of Economic Reforms for 2010-2014 “**Wealthy Society, Competitive Economy, and Effective Government**” was approved by the Order of the President of Ukraine. It became the starting point of the reform process revival.

On 26th and 27th of May, a workshop on “**The Directions of Reforming the Territorial Organisation of Power**” was initiated by the Verkhovna Rada Committee and organised by the Committee together with DESPRO in Pushcha Vodytsia, Kyiv Oblast. Administrations of all regions of Ukraine were represented in the workshop. The discussion was held on the concrete mechanisms and tools of changing the administrative set up of the country. Director of the Civil Society Institute, Mr. Anatoliy Tkachuk, concluded the workshop with the statement that the territorial-administrative reform is aimed primarily at eliminating the imbalance in the development of rayons.

Furthermore, the relevant parliamentary committees started to actively initiate discussions on a number of legislative norms. DESPRO actively supports such debates by means of expert and technical inputs. For instance, in the course of discussions on the draft Law “On Civil Service”, analytical expertise was provided by the following experts-members of the Expert and Advisory Board: Mr Anatoliy Tkachuk (Head of the Civil Society Institute) and Mr Yuriy Ganushchak (independent expert - nowadays Parliamentarian). This Law was adopted by the Verkhovna Rada in November 2011.

The above mentioned administrative reform facilitated the process of new partnership establishment as well as new working relations with governmental institution creation, such as National Agency of Ukraine for Civil Service and the Ministry of Agroindustrial Policy and Food. Such new partnership initiatives are foreseen as contributing to the modernisation of training and qualification upgrade of public servants (in November, a new Concept of Reforming the Professional Development System for Local Self-government Officials and Local Council Deputies was approved by a Directive of the Cabinet of Ministers of Ukraine); creation of working mechanisms for the attraction of budget resources of the Ministry of Agrarian Policy into water supply projects in village areas, as well as sharing of project experience on a national level

DESPRO contributed to All-Ukrainian events aimed at the development of the national reform process towards decentralisation. In particular:

The draft Law of Ukraine “**On Local Referendums**” was discussed at the roundtable organised in February 2011 by the Committee of Verkhovna Rada of Ukraine on State Development and Local Self-government in collaboration with the Council of Europe’s Programme “**Strengthening Local Democracy and Support for Local Government Reforms in Ukraine**”. The event was attended by People’s Deputies of Ukraine, representatives of central and local executive bodies, local authorities and their associations, representatives of international donor organisations and academia. The participants reviewed the Draft Law as well as highlighting the experience of Ukraine and other European countries relating to the holding of local referenda and the improvement of electoral legislation.

The experience of the Swiss Confederation was presented by Ms. Nicole Töpferwien, a DESPRO consultant who stressed that Switzerland has great experience of using referenda. It is one of the few countries where a referendum is one of the important mechanisms for the public to participate in policy development. “There is no doubt that the historical and political contexts of Ukraine and Switzerland are very different. But certain practices might be useful for local referenda,” the expert mentioned. Ms. Nicole Töpferwien presented her expert opinion on how to improve the Draft Law, which will be included in the overall conclusion of the Council of Europe.

In May 2011 a workshop on “**Ways of Reforming the Territorial Organisation of Power**” was initiated by the Verkhovna Rada Committee and organised by the Committee together with DESPRO. This workshop gave way to the series of debates in the area of reforms, in particular what concerns the administrative-territorial reform in Ukraine. The extreme importance of such reform for elimination of imbalance in the



The workshop “Ways of Reforming the Territorial Organization of Power in Ukraine” (May 2011)

development of rayons was underlined and noted. The event was attended by representatives of State Administrations of all oblasts, representatives of the Verkhovna Rada, members of the Presidential Administration, the Secretariat of the Cabinet of Ministers, the Ministry of Regional Development, Construction and Housing and Communal Services, the National Institute for Strategic Studies.

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

DESPRO continues to apply a multi-level approach, targeting and working not only with local community organisations but with stakeholders from all levels of the state, thus creating platforms for participatory cross-level debates on decentralisation in Ukraine, such as the Expert and Advisory Board (EAB).

The EAB serves as an effective discussion platform as well as an efficient analytical resource platform involving main national stakeholders of DESPRO into reforms processes debates. The EAB experts participate in various governmental and non-government working groups and other events in order to broaden the national discussions devoted to reforms in Ukraine.

DESPRO actively cooperates and conducts joint activities and events with various NGOs, in the area of local self-governance reforms and decentralisation, such as Civil Society Institute, Centre of Expertise of Regional and Local Development Issues and Support to the Administrative Reform, Association of Small Cities of Ukraine etc. In the frame of such cooperation the main goals of facilitating are proper correlation of local self-governance authorities and regional bodies, as well as attracting attention to the problematic issues of local development, developing recommendations to national action plans, and support programmes.

III.II. PUBLIC RELATIONS

‘Uniting the Community’ Regional Media Competition (1.1.1; 1.1.9; 3.2.4)

To promote decentralised models of public services delivery a Regional Media Completion looking for the best media publication, television and radio programme devoted to the best practices of community based public services provision was launched in June 2011. The competition covered the DESPRO target regions - ARC, Vinnytsya and Sumy oblasts as well as two additional ones, i.e. Dnipropetrovsk in the East and Ivano-Frankivsk in the West. The main goal of the competition was to support journalists in sharing successful examples of solving problems by local communities in order to improve the quality of their life. The competition envisaged roundtables for journalists in various



Beginning of Regional Media Competition “Uniting the Community” (June 2011)

regions of Ukraine, selection and awarding the winners. Based on the results the competition had the following coverage:

- 240 journalists participated in the presentations organised by DESPRO in Kyiv, Sumy, Ivano-Frankivsk, Dnipropetrovsk, Simferopol, Yalta;
- 276 members of the media took part in the competition, producing 302 publications on the best practices. Estimated audience of these publications are 360,000 people;
- 100 publications were selected for a shortlist, presented to a jury and re-posted in partner media. Estimated audience were 190,000 readers;

Printed materials (1.3.3; 1.3.5; 2.2.4)

In the first half of 2011, DESPRO continued with publication of specific manuals, results of analytical studies and handouts dedicated to DLG, KM and best practice in the sector of decentralised service provision at local levels. The publication, '**Best Practices in the Area of Decentralised Service Provision**' has gone through several editions and was widely disseminated. The English version of the edition (published in 2010) is being disseminated among the international community to promote the achievements of the DESPRO partners in the area of decentralisation.

DESPRO experts have started working on the development of '**Best Practices-2**'. The idea of the new edition is to select the most topical problems of the DESPRO partners – rural communities during project implementation - as well as to propose solutions to these problems. The brochure is expected to be published in 2012.

An important part of DESPRO's publication of manuals is for enabling the development of the professional qualifications of civil servants (see also 3.1.5). In the first half of 2011, DESPRO supported the publication of the manual '**Participative Democracy at the Local Level**' which was developed by the Academy of the MRDCH&CS jointly with the Council of Europe, the State Fund of Local Self-government Support in Ukraine and the Embassy of Norway. The manual presents European forms of participatory democracy at the local level as well as best practice in this area.



The manual '**The Development of Inter-Municipal Cooperation: the National and Foreign Expertise**' has been developed within the framework of the Council of Europe Programme "Strengthening of Local Democracy and Support of Local Self-government Reforms in Ukraine". It demonstrates in practice the synergy of DESPRO with other international initiatives. The manual was produced through close collaboration with MRDCH&CS. It corresponds to the demands of Ukrainian society, presenting a set of rules as well as concrete steps in inter-municipal cooperation implementation. The support of the international community (SIDA, GIZ and DESPRO) in the development of the manual gave the opportunity to enrich the publication with the best foreign practices.

Another publication completed in 2011 was '**Public Policy Development**' based on the translation of Peter Knopfel's et al, work 'Analyse et Pilotage des Politiques Publiques' (2001). The publication is a practical manual for civil servants of all levels containing sections about the essence of public policy, actors and cycles as well as resources.

Additionally, in 2011, intensive work was done to develop a series of educational materials for civil servants in training and qualification upgrading (2.1.2). Prominent Ukrainian experts in the areas of DLG, administrative and territorial reform and local self-governance

supplemented materials which could then be applied in the system of NAPA and its regional branches. The materials will be published in 2012 (refer also to 2.2).

DESPRO Newsletter (1.3.3; 1.3.5; 2.2.4)

The DESPRO Newsletter is one of the PR tools used to regularly inform all interested parties about project activities, lessons learned and its partner activities.

The newsletter is bilingual, in Ukrainian and English, which broadens the readership and allows DESPRO to communicate with all audiences at the same time. In 2011, eight issues were published, which were sent by e-mail to 1,245 readers and to 310 recipients by post. The Ukrainian recipients of the newsletter were local partners, rayon administrations and self-government bodies, local media (not only in pilot regions, but all over Ukraine), national stakeholders and partners. The English speaking recipients are mainly donor organisations and projects. All materials can be republished with obligatory reference to the source. Positive feedback from the readership has allowed DESPRO to conclude that the newsletter is an effective source of information and learning as well as a PR tool.

DESPRO Web Site (1.3.1)

The DESPRO Web Site has become a powerful instrument of DLG idea dissemination in Ukraine. It is well known among DESPRO partners as a source of information on various aspects of decentralised quality services provision as well as policy and strategy development, in the area of administrative and territorial reform. In 2011 about 2,500 people visited the Web Site. The following refinements have been made to the website:

- A new section '**Expert Opinion**' has been developed for presenting the ideas of experts on DLG, administrative and territorial reform, KM in the area of civil servants training, etc.;
- A new section '**Partners' News**' publishes the most interesting news from the Swiss Cooperation Office in Ukraine and DESPRO's Ukrainian partners and donors input in the decentralisation process in Ukraine;
- A new heading '**Public Opinion Poll**' provides the ability to keep up to date with public opinion and makes the site more interactive;
- A system of links provides connections with key strategic partners of DESPRO including: government ministries, partner projects, donors, oblast and rayon administrations and village councils.

III.III SYNERGIES WITH OTHER PRACTITIONERS IN THE FIELD OF DLG

Creating synergies with other players in the field of DLG, including the donor community, is done on an ongoing basis. DESPRO has a long tradition of cooperation with UNDP projects (CBA, MGSDP, and CIDP). In the reporting period, the signed Memorandum of Cooperation with MGSDP in the field of SWM opened new possibilities of cooperation.

Synergy with MGSDP has been stepped up, developing effective KM in the sector of public governance within the Outcome 2. Ms. Olena Ursu, MGSDP Governance and Sustainable Development Expert, participated in the **Knowledge Management Training and Exposure Visit** to Switzerland (November 20-26, 2011).

Skat is also exploiting synergies with the WatSan (ApaSan) Project in Moldova financed by SDC. The DESPRO and ApaSan project teams have established a community of practice to intensify the exchange of knowledge and practices in Phase II.

On 19th of April, DESPRO participated in a coordination meeting of the international partners of the NAPA held in Kyiv. Among the international partners of NAPA, there were

representatives of GIZ Project “**Improvement of the quality of municipal services**” Project, the EU Twinning project “**Support for the development and improvement of the civil servant training system in Ukraine**”, Ukrainian-Canadian Capacity Building Project “**Evidence based economic planning of municipal development of Ukraine**”, “**Forum of young civil servants**” Project. The meeting was aimed at discussing the prospects of further cooperation among the international organisations with NAPA in the area of improving the professional development and educational level of civil servants, as well as at the synchronisation and coordination of donor efforts in this field. Oksana Garnets, DESPRO Senior Coordinator informed the participants of DESPRO activities in the area of KM including achievements in development of the Web-portal and distance learning courses.

In a joint event with the British Council, DESPRO supported the dialogue of young mayors from Eastern Europe at the “**Urban Development in Eastern Europe**” conference held on 24th and 25th of February 2011 in Vinnytsya. The event, attended by over fifteen city mayors from Armenia, Georgia, Latvia, Moldova, Poland, Russia, Slovakia, and Croatia and from several Ukrainian cities, was aimed at sharing experiences and establishing cooperation between young community leaders. The young mayors discussed current urban development strategies, taking into account decentralisation tendencies, infrastructural improvements and sustainable development in the context of urban issues.

III.IV. MAINSTREAMING GOVERNANCE AND GENDER

Governance is a strategic objective of SDC development cooperation, aiming at strengthening the rule of law and human rights, gender equality, appropriate distribution of power and economic stability. Given the crucial importance of governance, SDC has made it a core objective a cross-cutting topic in all its activities to promote participation, transparency and accountability, equal treatment and non-discrimination, as well as efficiency.

For DESPRO, governance principle is a key idea, being a concept framework of all activities. In 2011 transparency and accountability in the DESPRO target regions became an obligatory constituent of authority-community relations in the sectors of water supply and solid waste management. Having proposed a model of a better definition of roles and responsibilities (financial and operational) between national, oblast, rayon and local levels of the government in the process of service provision, DESPRO has also paid special attention to strengthening transparency in the reporting period. DESPRO partners, at local and regional levels, have piloted jointly elaborated transparent procedures for developing and selecting the co-financed community projects. Local and rayon administrations are deeply involved in the process and accountable before the public for the decisions that are taken (Also refer to Annex 2).

Active participation of the rural population in the decision-making processes is a key condition for all community projects supported by DESPRO. It creates the opportunity to raise *efficiency* relating to the use of the financial resources in an optimal manner. In 2011 DESPRO paid special attention to widening the participation of people in communities, both men and women, in the decision-making processes related to community-based service provision. Support of community meetings, the formation of community based organisations and service cooperatives as well as building the capacities of community leaders (based on the idea of equal rights and opportunities for women and men) became the instruments of this principle realisation.

Continuing to support the mainstreaming of gender equality in accordance with the priorities outlined in the gender national policy, DESPRO’s special focus has been placed on promoting women’s participation in public service and in decision-making positions at village,

rayon and oblast levels through the facilitation and introduction of participatory mechanisms, through sensitisation, and by conducting training on leadership and management issues⁵.

In 2011, a number of activities were carried out within the RIF. A **Gender Assessment** was commissioned to identify 'gender environment' as well as achievements and constraints relating to men and women equality, during and after the realisation of the water supply projects in the DESPRO target communities.

A survey '**Decentralisation and Local Self-Governance as a Potential of Gender Equality**' was commissioned by DESPRO based on the recommendations of the Assessment 2010. It was aimed at the analysis of the 'gender factor' in the area of decentralisation and local self-governance in Ukraine, in the context of men and women's equal opportunities in community assurance. The second task of the survey was an analysis of the gender aspect of projects financed by DESPRO. Three communities in all DESPRO target regions, i.e. Vinnytsya, Sumy and AR Crimea have been assessed in this context. The results of the survey are planned to be presented at the beginning of 2012,

The appointment of V. Kozak (Decentralisation and Social Mobilization Specialist) as a DESPRO gender focal point has increased the capacity building of the DESPRO team in implementing gender aspects into team member activities. A one-day inception workshop for the team on gender issues (May, 2011) was dedicated to gender concepts as well as to models of gender aspect implementation into project activities, contributed to gender mainstreaming into DESPRO strategy.

III.V. MONITORING AND EVALUATION

The Project Information and Monitoring System (PIMS) is an electronic online system for managing all events within DESPRO activities. The system records the status of the projects and the progress made in implementing them; contains data on the geographic coverage of DESPRO, its partner organisations and people that in one way or another cooperate with the project; and brings together all important documents relating to events and project activities. In 2011, PIMS was fully and actively functioning. Its database consists of: Individuals' section; Organisation section, Geography section — which contains information on all partner towns, districts and regions, as well as information about all other places associated with the project activities; the Community Projects section is based on the principle stages of the project; the Events section focuses on the implementation stage of projects; the Results section displays clusters of events and activities aimed at implementing particular project tasks.

In the course of piloting, PIMS has shown its efficiency in the following aspects:

- Monitoring implementation of projects in rural communities including the submission of project proposals, approval, project implementation (particularly financing).
- Monitoring the development of the project at all levels. The awareness of the DESPRO team about planned, ongoing and past events has significantly improved.
- The database of DESPRO partners has grown substantially, decreasing the search time for contacts and information.

⁵ In order to improve the implementation of gender as a cross-cutting theme within DESPRO activities an Assessment Report was developed by an international expert, Ms. Erika Schläppi and a national expert, Ms. Svitlana Pavlysh in 2010. The Report provides an overview of the relevant concepts, experiences and key lessons learnt from other contexts to frame the assessment's approach to gender equality and gender mainstreaming in the context of decentralisation, local governance, and water supply. It then briefly analyses the Ukrainian context relating to governance and gender and presents the teams' findings.

- The process of reporting has become easier and more efficient due to a clear binding of events to project objectives and indicators.

In 2011 the process of active involvement of the RWGs of the Sumy oblast took place. To this end, a special training session on using PIMS was included into the training for Sumy rayons representatives-DESPRO partners in March.

IV. PROJECT MANAGEMENT AND STEERING

In Phase II the goals and objectives of DESPRO changed. This has entailed corresponding changes in the scope of tasks of the Project staff. A new part time consultant Ms Maryna Bryl was recruited to oversee and coordinate DESPRO activities at the national level. The current core staff of the PIU is comprised of a Senior Project Coordinator (Oksana Garnets), a Decentralisation Expert (Vyacheslav Sorokovsky), a Decentralisation/Social Mobilisation Specialist (Vyacheslav Kozak), a KM Expert (Maryana Kulya), a Finance/Administrative Manager (Oksana Hryn), a Project Assistant (Yulia Lokshyna) and a Driver/Office Manager (Alexandr Pavlov). Currently, the PIU is fully staffed and functional. Experts in specific areas are contracted in on a short term or ad hoc basis. Elena Sas, who previously worked on the Project as a part-time PR Specialist, was contracted in for Phase II as a Communications and M&E Specialist to maintain project communications and to operate as the focal point for the recently developed DESPRO Project Information and Monitoring System (PIMS). Olena Lokshyna is being contracted as a part time consultant to support project activities under the KM component. Olena Kuznetsova (Sukhodol'skaya) has a part time contact and is dealing with project information and publication issues. IT consultant (Alexandr Dyachkov) and driver (Alexandr Kulynych) are working as ad hoc basis support and are drawn into project activities upon request.

Project documentation is properly maintained and exists both in electronic form and in hard copy. This is applicable to financial documentation, procedure-related documents, documentation on community projects, correspondence, and so forth. DESPRO has developed a set of Financial and Administrative Procedures (FAP), which are guidelines for financial and administrative operations. The latest revision of the FAP was updated and approved in April 2010. Next revision of FAP is planned for 2012. An operations manual covering all aspects of project planning, management and implementation has also been developed. The DESPRO Operations Manual was updated in line with the new goals and objectives.

The PIMS, which was fully operational as of March, 2010, allows the management to keep track of all project activities both at the PIU and in the partner regions.

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

The Project Director (Mr. Juerg Christen) and the Project Manager (Mrs. Claudia Schneider), based in St. Gallen, provide regular project management, monitoring and conceptual support to the PIU in Kyiv through missions, e-mail and phone communication. During the reporting period, the Project Director visited Ukraine in January-February and May-June and September. Mr. Christen participated in the DESPRO events, visited the Vinnitsa oblast and ARC, along with project experts, to participate in the selection of community projects.

Mrs. Bertha Camacho, Skat Expert on KM, visited Kyiv in March to contribute to the KM training of the faculty of NAPA and related training institutions conducted by Swiss experts.

Mr. Andre Olschewski, Skat Expert on SWM, was on mission in Ukraine in March and September. He conducted monitoring visits to project sites in Vinnytsya oblast and ARC where SWM projects are supported and conducted training in Tul'chyn for SWM project stakeholders.

At the national level, DESPRO is closely aligned with its key national partner MRDCH&CS. The MoU between MoRDC and SDC that was signed on 20th of March 2009 provides, along with other stipulations, an outline of the cooperation between the Ministry and DESPRO and remains valid for Phase II.

DESPRO is also a partner of the NAPA, Ukrainian Associations of Cities, Committees of Parliament, Association of Cities, etc.

Cooperation with partners has different forms and formats and is undertaken through monthly bilateral meetings with the MRDCH&CS representatives and joint participation in different events organised by both the Ministry and the Project.

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

V. LESSONS LEARNT AND NEXT STEPS

The first half of 2011 saw further changes in the political environment in Ukraine, causing the requirement to respond to these new challenges. The lessons learnt include the following key ideas:

- Despite the dynamic transformations of the governmental policy, due to the changes of political situation in Ukraine, the commitment to decentralisation reforms remains a demand of economic and social life which is supported at both national and regional levels. It requires building DLG national policy dialogue both in the vertical and horizontal dimensions, which means using the oblast level as a powerful instrument for strengthening DLG ideas at national one;
- First steps in the field of SWM revealed its high complexity. In comparison with water supply community projects, the inter-municipal projects on SWM require substantially more time and effort to achieve agreements between local authorities, as well as considering social aspects concerning the allocation of landfill sites, etc. Such constraints are to be taken into account during the activity planning and implementing stages;
- In order to ensure that KM becomes widely adopted by government institutions and policy-makers, effective knowledge transfer between scientific-based and socially-based institutions within the government should be encouraged.
- Knowledge sharing requires that the line-structure that exists within the public administration is transformed into a horizontal structure; thus, decision makers and high ranking officials should be the target audience for training courses on KM. It is with their buy-in that processes could start to take place in the administration
- DESPRO actively started to scale up the project accomplishments. This means that project achievements are promoted in broader geographical areas of Ukraine, beyond the target regions and also incorporated into the routine practices of administration operations. This process has started already from the broad presentation of DESPRO approaches and outcomes in the Lugansk, Donetsk, Dnipropetrovsk and Ivano-Frankivsk Oblasts. New environments require the development of new tools to disseminate DESPRO expertise;

VI. FINANCES

2011 is the second year of DESPRO Phase II. The overall budget of DESPRO for Part 3 and 4 for the whole year 2011 amounts to CHF 1, 812, 420. The amount spent was CHF 1, 398, 971 consisting of CHF 507, 999 for administrative and CHF 890, 972 for operational expenditures.

Whilst the administrative expenditures almost complied with the budgeted amount the operational costs were slightly below the budget.

The operational costs are divided into the 3 Outputs of the project as follows:

The expenditures under **Output 1** are strongly linked to co-financing of community projects as well as SWM initiatives and related capacity building measures including two study tours to Switzerland. Under this Output CHF 354, 104 were spent. This leaves an unspent balance of CHF 253, 616. This balance will be carried over to the next year for the remaining, ongoing and new projects to be implemented in 2012.

The expenditures under **Output 2** cover activities of the project component Knowledge Management. Total expenses amount to CHF 283, 609. The expenditures approximately comply with the budget. The main expenditures under this heading covered the training and exposure visit to Switzerland, as well as conducting e-learning courses, KM training for public servants, the web-portal development and elaborating of KM training modules. Within the first 6 months of 2011, mostly “soft” activities were taking place under this component, those that are less dependent on the political changes in the country - designing of the software for the KM Portal, procurement of specialised software products, round tables discussions and trainings on KM for education intuitions’ staff, developing training modules for civil servants and local self-government officers etc. The most recourse consuming items such as creation of Resource Centre for civil servant and LSG offices were suspended until reforming of NAPA was completed.

In **Output 3** a wide range of events on conducting policy dialogue at national level DLG, promoting the cooperation of local self-government and regional authorities, as well as conducting analyses of current legislation in LSG, and conducting consultations. Activities on implementation of the European standards of good governance in Ukraine, monitoring of legislation on regional development and local self-government issues were carried out. Expenditures under this Output were CHF 253, 259, exceeding the annual budget by CHF 91,104. This overspending is to be explained by substantial re- activation of activities related to the reform process in the second half of 2011 and the request for additional expert support and support of a number of events with VR Committee, MORDC&ME and LSG associations.

VII. ANNEXES

1. Logframe with achieved results 2011.
2. Mini-Toolkit for Addressing Governance and Transversal Topics in Projects / Thematic Areas of SDC.
3. Donor Mapping (Projects of Technical assistance implemented in Ukraine targeting decentralisation, self-governance and training for civil servants).
4. MoUs: 4.1 MoU with NAPA; 4.2 MoU with Tul’chyn; 4.3 MoU with Bakhchysaray.
5. Summaries of the exposure visits to Switzerland: 5.1 Report on the Water Operators’ study tour; 5.2 Report on the SWM study tour; 5.3 Summary of the KM training and exposure visit.
6. Capacity Building Framework.