Table of Contents

4 Acknowledgements
5 Preface
6 Executive summary
8 Introduction
8 Purpose, scope and methodology
8 Structure of the report
9 Country context
9 The Autonomous Republic of Crimea
10 Decentralization and Local Government Reform in Ukraine
11 Strategic planning in Ukraine
11 Budgeting process and local finances
14 Relevance
14 Effectiveness
14 Efficiency
14 Innovation
15 Sustainability
16 Catalytic Nature
16 Gender
17 Lessons learned and recommendations
19 Annex I: Codification of tools and instruments used
20 Annex II: List of persons interviewed
22 Annex III: Bibliography

Figures

11 Figure 1 Ukraine's Budgeting Cycle
13 Figure 2 Phases of the Crimea Integration and Development Programme
15 Figure 3 Integrated strategic planning system in Crimea
Acknowledgments

This report is published by the Regional Centre in Bratislava (RCB), in cooperation with the UNDP Democratic Governance Group through the Oslo Governance Centre (OGC), with funding from the UNDP Democratic Governance Thematic Trust Fund (DGTTF). The RCB and OGC are grateful to the author, Tomislav Novovic, the language editor, Tom Woodhatch, and all those who were interviewed and consulted in the preparation and writing of this assessment report, who are listed here in alphabetical order: Adeline Gonay, Aleksandr Sedin, Alona Babak, Anna Kovalenko, Arsen Zeytillaev, Ayder Seitosmanov, Ayshe Kudusova, Dilyaver Hayredinov, Elmira Abiygaliyeva, Igor Kazakov, Igor Slobodenyuk, Khalidfevzy Bektash, Konstantin Ipatov, Kurtmolla Abdulganiyev, Leonid Tselyshev, Lubov Melnick, Lubov Yakovenko, Manuel Etter, Natalia Olijnyk, Oksana Remiga, Olena Lytvynenko, Ricarda Rieger, Sabri Ramazanov, Shamil Karimov, Tatyana Kudina, Tatyana Manezhina, Uliya Chunksa, Vira Nanivska, Vjacheslav Negoda, Vladimir Shykalsky, and Zamir Khaybullayev. Also, we would like to thank Artur Ayvazov, Clare Romanik and Henri Schumacher. Javier Fabra has provided invaluable support to the coordination of this publication series. The project was coordinated by Darko Pavlovic.

May 2011
Preface

The Millennium Declaration from the Millennium Summit in 2000 emphasizes the centrality of democratic governance for the achievement of the Millennium Development Goals (MDGs). World leaders agreed that improving the quality of democratic institutions and processes, and managing the changing roles of the state and civil society in an increasingly globalized world, should underpin national efforts to reduce poverty, sustain the environment, and promote human development.

The Democratic Governance Thematic Trust Fund (DGTTF) was created in 2001 to enable UNDP Country Offices to explore innovative and catalytic approaches to supporting democratic governance on the ground. The DGTTF Lessons Learned Series represents a collective effort to capture lessons learned and best practices in a systematic manner, to be shared with all stakeholders, to serve as an input to organizational learning, and to inform future UNDP policy and programming processes.
Executive summary

This study presents the findings of an assessment of the Promotion of Integrated Strategic Planning and Public Service Delivery Systems project in the Autonomous Republic of Crimea. The project was implemented in the Autonomous Republic of Crimea /Ukraine in 2006, with resources provided by the Democratic Governance Thematic Trust Fund.

The methodology used by this study consists of a preliminary literature review of all available project documents and reports, as well as studies on Ukraine and the Autonomous Republic of Crimea, plus a field visit to Kiev and Simferopol.

The project was designed to strengthen governance and facilitate local and regional development in the Autonomous Republic of Crimea. It achieved the following results:

- A Manual for Integrated Strategic Planning was produced. This provides guidelines for participatory district planning, including recommendations on how to establish links with the national priorities and with the budgeting cycle.

- A training programme on strategic planning and public expenditure management was developed and offered to district administrations and officials, along with other stakeholders participating in the strategic planning process.

- Strategic development plans in two districts (Bakhrisaray and Sovietskiy) were prepared following the recommendations of the Manual for Integrated Strategic Planning.

- Training management capacities of the Institute for Enhancement of the Qualification of Civil Servants of Crimea were increased by establishing a pool of competent train-

ers through a Training of Trainers programme. In addition, training curricula developed by the project were adopted by the Institute as part of its regular programme for professional advancement of civil servants.

- The water supply system in rural areas was improved by establishing community based enterprises and non-profit cooperatives as new forms in water management.

- Government performance was improved through the adoption of functional reviews and self-assessment methods for re-alignment of organizational functions and processes.

The review shows that:

- This was a highly innovative project that introduced a new strategic planning approach for socio-economic development by integrating horizontal (programming and budgeting) and vertical (regional, district and village) planning processes.

- The project was implemented effectively. It met all its targets, and made an important contribution to regional and local development in the Autonomous Republic of Crimea.

- The project’s catalytic impact was demonstrated as it provided opportunities for change in the programmatic focus of the Crimea Integration and Development Programme. It also enabled changes in the policies and practices related to sustainable socio-economic development in the Autonomous Republic of Crimea. This was the backbone of Phase V of the programme, and was supported with funding of US$8 million.

- Results were highly sustainable, as they were integrated in the Crimea national development framework (the recommended model for strategic development planning) and in programmes for reform of public administration (adoption of new training curricula in the programme for professional development of civil servants and re-alignment of organization and functions of public administration bodies). Provision of water supply services by establishing community based enterprises and non-profit cooperatives proved sustainable three years after the project’s completion.

- Efficiency in project implementation was ensured by integrating the project into the Crimea Integration and Development Programme, Phase IV.
Key lessons learned include:

- The integrated strategic planning framework involved the use of existing and future resources to facilitate longer-term goals and objectives. It ensured the generation of projects and interventions based on extensive surveys of economic and social dynamics, trends and potentials.

- Integrated strategic planning enhanced citizen participation in local decision- and policy-making processes. It also underpinned local democracy by ensuring that citizens’ needs and views were reflected in strategic plans, interventions and projects. It is therefore possible to generate ideas and to ensure final ownership of any project or intervention.

- To facilitate horizontal learning, improve access to, and exchange of, knowledge developed by the projects, the Democratic Governance Group could work with regional centres on a knowledge management system. This will enable UNDP country offices and other governance practitioners to access existing tools and materials, and replicate them.

- Changes in the DGTTF implementation framework (extended duration of projects and increased budgets) require a robust monitoring system. Given the two-year project period, it is recommended that mid-term reviews are conducted after the first year. This could help the early identification of problems, and offer remedial recommendations.

- DGTTF reviews recommended that a solid political economy analysis be included in the project design phase. This would bring a better understanding of the programming environment, including power structures and relationships that may favour change or obstruct the project.

- In some cases, DGTTF funds are used to augment existing programmes and interventions in the country. If the DGTTF funds are used wisely to change the scope or direction of the project, this augmentation seems justifiable. But DGTTF funds are sometimes used simply to fund additional activities when there are inadequate country office funds.
Introduction

Purpose, Scope and Methodology
The Democratic Governance Thematic Trust Fund (DGTTF) was created in 2001 to provide an opportunity for UNDP Country Offices to undertake innovative activities that could have a catalytic effect in supporting sustainable democratic governance.

Within a much broader range of UN and UNDP activities in Ukraine and in the Autonomous Republic of Crimea, the Promotion of Integrated Strategic Planning and Public Service Delivery Systems in the Autonomous Republic of Crimea project was designed to strengthen good governance and facilitate local and regional development in the Autonomous Republic of Crimea in 2006. The DGTTF provided US$125,000 funding for the project.

The purpose of this study, which was conducted in October 2010, is to assess the project’s impact by relevance, effectiveness, efficiency, innovation, catalytic effect, and sustainability, defined by DGTTF guidelines as follows:

- **Relevance** measures how relevant the project is to the country’s priority needs, and whether the right strategy was applied within the specific political, economic and social contexts of the country.

- **Effectiveness** is a measure of the extent to which an activity attains its objectives.

- **Efficiency** measures the outputs in relation to the inputs. Were activities cost-efficient, and were the results achieved on time?

- **Innovation** Innovative projects are those that address a recognized critical democratic governance issue which, if resolved, could lead to substantial improvement in democratic governance. Innovative projects, in terms of the problem addressed or the approach taken, have never before been attempted in a given country. At the same time, they will position UNDP as a key player in democratic governance, one that ‘pushes the frontier’.

- **Catalytic effect** A catalytic project has a high likelihood of receiving support from government or other governance institutions (including other donors) for scaling up or following up, if the project is successful.

- **Sustainability** is concerned with measuring whether an activity’s benefits are likely to continue after donor funding has been withdrawn. Projects need to be environmentally and financially sustainable.

The methodology used for this study consists of a preliminary literature review of all available project documents and reports, and of studies on Ukraine and in the Autonomous Republic of Crimea, plus a field visit to Kiev and Simferopol.

One key challenge the review faced was that the project was fully integrated in the larger scale Crimea Integration and Development Programme (Phase IV). It was difficult to distinguish the results of the DGTTF-supported project from those of the Crimea Integration and Development programme. Therefore, the review considered that the DGTTF project contributed to the overall success of the Crimea Integration and Development Programme, rather than reviewing DGTTF project as a separate entity, which it was not.

Structure of the report
The report is structured in three sections, in the following manner:

- In order to situate the DGTTF projects assessed in this report, the **first section**, Country Context, presents an overview of Ukraine and the the Autonomous Republic of Crimea, with a special focus on the decentralization and local government reform processes.

- The **second section** provides an analysis of the impact of the DGTTF project *Promotion of Integrated Strategic Planning and Public Service Delivery Systems in the Autonomous Republic of Crimea* (2006), following the above-mentioned criteria.

- Finally, lessons learned and recommendations are presented in the **third section**.
Ukraine, an independent state since 1991, faced the enormous challenge of managing a triple transition to statehood, democracy, and a market economy. This transition process was complicated further by the breakdown of traditional markets and financial ties with the former Soviet Union, the heavy burden posed by the Chernobyl disaster, and a need to respond to the return of large numbers of formerly deported Crimean Tatar people.

Political changes in Ukraine in the aftermath of the Orange Revolution (November 2004 to January 2005) triggered a process of faster political and socio-economic transformation, focusing particularly on institutional reforms. Initially, Ukraine recorded improvements in several areas of governance. But early success was soon replaced with high dissatisfaction, because of the government’s reluctance to address key structural issues and challenges. These included the need for constitutional reform and strengthening the rule of law, implementation of effective anti-corruption measures, and reform of public administration. During 2009, the implementation of key political and economic reforms was hampered by a continuing constitutional crisis arising from an unclear separation of powers between the President, the Prime Minister, and the Parliament.

Results of the 2010 presidential elections transformed the political situation, as the new administration introduced a number of changes. The decision of Ukraine’s constitutional court to increase the President’s executive power had an immediate impact on the country’s entire administration. Foreign relations have become dominated by a rapprochement with Russia, while relations with NATO are becoming less of a priority for Ukraine.

Ukraine’s GDP grew at 7 percent annually between 2000 and 2008. But the global economic crisis then caused real GDP to fall by 15 percent in 2009. The economic downturn is estimated to have increased the poverty headcount index to around 16 percent in 2009, close to the 2006 level. Employment has been falling since the crisis began, and this has particularly affected vulnerable and marginalized communities. The public sector is still a major employer, with education, healthcare, and the civil service accounting for many job opportunities.

Ukraine’s economy is emerging from recession, with expected growth of 3 percent, but economic recovery requires structural reforms aimed at improving productivity. The priorities remain the removal of regulatory obstacles to business entry, reduced operational costs, and increased competitiveness of the economy. The public management system needs substantive transformation towards democratic and good governance. In addition, reform of the energy sector remains one of the country’s highest priorities.

The Autonomous Republic of Crimea
Politics in the Autonomous Republic of Crimea is dominated by interethnic dynamics, the relationships between Crimean and Ukrainian authorities, and international relations.

The post-independence period was affected by a mass return of more than 260,000 formerly deported people, the Crimean Tatars. Most settled in the rural steppe areas of the northern two-thirds of the peninsula, in so-called ‘compact settlements’—roughly three hundred of those settlements were constructed illegally and spontaneously. The Government of Ukraine began an ambitious development programme to establish basic social and economic infrastructure and services in the Crimean settlements, whilst also working to increase Crimean Tatar participation in mainstream society and political life. Despite a state programme for the reinsertion of formerly deported people, these people experienced severe shortages in housing and public services for a period of time, because of slow or constrained programme implementation.

---

1 Implementation of the European Neighbourhood Policy in 2009 - Progress Report Ukraine.
2 This decision reversed a reform introduced in 2004, which was designed to limit executive power of the president while at the same time increase the power of the government.
4 For instance, the poverty rate in 2002 was at 47%, and in 2007 dropped to 12.9%.
6 World Bank, 2010.
7 As highlighted in the national and international policy and strategic documents (e.g. MDG Report 2010; the Programme of the President; the Analysis of the National Indicative Programme 2011–2013 for Ukraine of the EU Parliament in 2010; IMF report on Ukraine, 2010.
8 Mainly by the Ukraine-Russia, and Ukraine-EU-US-NATO relations.
Local Governance and Decentralization

Reinsertion problems were exacerbated by a prolonged and non-transparent land allocation process. The right of formerly deported people to participate in land reform and receive land was recognized only after a significant delay, in 2001. The remaining and limited publicly owned land, often of poor quality, was transferred to them. However, rural communities did not move forward with food production, as they were faced with insufficient finances, obsolete or an absence of equipment and, above all, lack of experience and knowledge of agricultural production.

There are a number of other sensitive issues, both internal (e.g. minority, religious, and language problems; land issues; elections) and external (e.g. the relationships with Russia, NATO and EU) that have heavily affected politics here. The existing tension between the governments of Crimea and Ukraine shaped the Crimean political landscape. However, recent changes in mainstream politics following presidential elections may lead to improvement in relations.

The economy of the Autonomous Republic of Crimea was influenced by natural resources and the advantages of its geographical location. The Crimea has favourable natural conditions for the development of tourism and agriculture, recreation industry, and some industrial production. As with Ukraine, the global financial crisis impacted the Crimean economy negatively. Despite that, agriculture proved resistant to the financial crisis, and its annual production volume rose by 4.3 percent in 2009.

**Decentralization and Local Government Reform in Ukraine**

Until the fall of the Soviet Union in 1991, Ukraine shared a unified system of local government. This continues to influence local governance. In 1997, the government enacted administrative-territorial reforms designed to reorganize the work of government, and devolve some key functions to local government (districts, cities and towns authorities). This was followed by the reform of public finance management and fiscal decentralization. The aim was to enhance the authority and autonomy of local governments and to simplify relations between central and local budgets.

The modern administrative-territorial organization of Ukraine is defined by the Constitution and has a three-tier structure. The higher level includes the Autonomous Republic of Crimea, regions (oblasts), and the cities of Kiev and Sevastopol. The middle level is comprised of districts and cities of regional significance. The lower level incorporates inner city districts, towns, settlements and villages. Population distribution is deeply disproportionate, reflecting various political, social and economic factors.

Ukraine’s system of governance includes representative and executive bodies. Representative power is entrusted to the elected central and local government bodies (the National Parliament, the Parliament of the Autonomous Republic of Crimea, plus town, city, and village councils). Executive power is embodied in the presidential chain of command. This consists of the President, the Cabinet of Ministers of Ukraine and regions, city, and district administrations.

The Autonomous Republic of Crimea is an integral part of Ukraine, and has its own constitution. The representative body is the Parliament of the Autonomous Republic of Crimea (Verkhovna Rada), while executive power is under the Council of Ministers, which is elected by a majority in the Crimean Parliament. The Council maintains the principal role in all spheres of socio-economic development. Administratively, the Autonomous Republic of Crimea consists of 14 districts, named after their administrative centres (town or city), and 11 cities (municipalities) subordinated to the Autonomous Republic of Crimea authorities.

The fundamentals of local self-government in Ukraine were shaped by the 1996 Constitution, and by the law on Local Self-Government in Ukraine (21 May 1997). In addition, the laws on Local State Administrations, and on the Capital of Ukraine and the City of Sevastopol, have been introduced.

---

1 Industrial production is focussed on the extraction of gas, iron-ore, flux limestone, building materials, and soda and bromine compounds production.
2 Even tourism in Crimea recorded significant decline, with a drop of tourists by 12.39%.
3 The main characteristics of that system were that 1) local soviets (councils) were part of the state, 2) soviets at each level were subordinate to soviets at all higher levels, and 3) the executive at each level of government was nominally accountable to a representative council but in practice both representative and executive powers at each level were subordinated to the ruling party organization at that level.
4 In terms of transfers of funds, fiscal equalisation, distribution of taxes and fees, etc.
5 Adopted by the National Assembly (Verkhovna Rada) on 28 June 1996.
6 In the total, administrative-territorial organization of Ukraine included: Autonomous Republic of Crimea which has the status of administrative-territorial autonomy, 24 regions, 2 cities of national significance (Kiev and Sevastopol); 490 districts, 176 district cities, 279 cities of district subordination, 884 urban settlements and 28 573 villages.
7 For example, in the most populous Donetsk province reside more than 4.8 million inhabitants, meanwhile in Chernivtsi province reside 0.9 million people.
8 As stipulated in the Constitution of Ukraine; the article 137 defines normative regulations, while the article 138 defines competences of the Autonomous Republic of Crimea.
Under these laws, local government consists of city councils, town councils, and village councils, and their executive bodies. They have original and delegated functions. The councils have similar authority within their specific territory. Managerial and operational responsibility is the responsibility of the executive committees of the city, town and village.

A mixed system of local self-governments (elected structures) and local state governments (nominated structures) at the district and regional levels still exists. The councils (elected, representative bodies) at these levels do not have their own executive bodies. Executive bodies at these levels are appointed by the centre, and constitute part of the presidential chain of command.

**Strategic planning in Ukraine**

Strategic planning is a fundamental means to achieving efficient local government functioning. It helps to ensure the most efficient use and allocation of scarce public resources. It is especially important in poor and marginalized communities, where there are generally fewer resources and opportunities for development. Indeed, these communities are far less able to afford the waste and losses that typically characterize uncoordinated or uneconomic investment and allocation of public funds. In addition, establishment of good local governance is inevitably linked with strategic planning through increased ownership, accountability, and partnership between municipal administrations and the private sector, civil society and its organizations, and individual citizens.

The key documents for strategic planning in Ukraine are: 1) the law on State Forecasting and Elaboration of the Programmes of Economic and Social Development of Ukraine, and 2) the law on Regional Development Stimulation.

However, the process of strategic planning in Ukraine was mainly based on a top-down approach. There was a lack of coherence between national, regional and local development priorities, and only vague links with sectoral plans. The action plans for implementation were too general, without clear budgetary allocations and monitoring mechanisms. Several municipalities and districts had already produced strategic documents, but often failed in their implementation. For example, local populations were not informed of strategic plans, and did not participate in their development. The main development outputs were not optimized, nor did they emerge from participatory planning with stakeholders.

**Budgeting process and local finances**

Ukraine’s budget system is regulated by the country’s constitution, the Budget Code of Ukraine, the law on Local Self-Government in Ukraine, and other legislation. Ukraine’s specific and complex territorial organization is reflected in its budgeting mechanisms at various levels.

The budget planning system is based on a top-down approach, which means that the national, state-level budget is prepared and adopted first, after which the lower-level structures prepare their budgets. The Budget Code requires that local budgets have to correspond with the state budget.

**Figure 1** Ukraine’s Budgeting Cycle

Table: The Budget of Ukraine
- Adopted by the Verkhovna Rada based on proposals from the Cabinet of Ministers

Table: The Budget of the Autonomous Republic of Crimea
- Adopted by the Crimean Verkhovna Rada with the recommendation of the Crimean Council of Ministers

Table: The Budget of Districts
- Prepared and approved by the District Council (Rada)

Table: The Budget of Villages
- Prepared and approved by the village council

---

18 Including sustainable development, industries, power and fuel complex; water and irrigation; tourism, transportation and infrastructure, housing, trade and services, etc as provided in the Constitution of the Autonomous Republic of Crimea, Article 38.

19 Original functions are administrative, functions related to socio-economic development and investments and service delivery.

20 Defined in the Local Self-Government Law Article 27.

21 Article 26 of the Local Self-Government Law.

22 Articles 27-40 of the Local Self-Government Law.

23 They have standing committees and commissions and authority to approve plans and proposals elaborated by local administrations. Their authority is defined in Article 43 of the Local Self-Government law.

24 Constitution of Ukraine, app. 28 June 1996- Article 142, which defines municipal property and enables local communities Councils (rada) to approve local budgets. This article describes the obligation of the state to support local governments’ needs. Article 143 mentions the right to approve Development Programmes prepared by oblast and rayon radas.

25 The Budget Code of Ukraine (No 2542-III, app. 21 June 2001) stipulates the procedure for budgeting at various levels. Articles 64, 65, and 66 describe the proportions for the sharing of taxes between local and State budgets.

26 The law, On Local Self-Government in Ukraine (No 280/97-BP, app. 21 May 1997), defines Ukraine’s self-government system. In particular, Article 43 defines the authorities of rayon radas, including the budget approval process on correspondent level.

27 These are the laws on Taxation System, on Local Taxes and Duties, on Value Added Tax, on Personal Income Tax, on Local State Administrations, on Approval of Constitution of the Autonomous Republic of Crimea, on State Treasury, and on State Control-Revising Service.

28 Prepared by the author of this report.
The sub-national level’s key revenue sources are Income tax, the Corporate Profit Tax, the Land Tax, and the Certification of Businesses. Value Added Tax is allocated fully to the State Budget. There are three types of expenditure: i) operational expenditure; ii) capital investment expenditures (0-5 percent), and iii) budget process for the so-called ‘second basket’.

29 The Budget Code of Ukraine, Art. 64, 65, and 66.
30 25 percent distributed to ARC Budget, 50 percent distributed to the District Budget, 25 percent distributed to the Village Budgets.
31 100 percent to the Village Budget for Companies registered by Village Councils.
32 60 percent to the Village Budget, 15 percent to the District Budget, 25 percent to the Crimean Budget.
33 100 percent to the Village Budget of firms and companies registered by local Executive Committees.
34 This represents the majority of the budget (90-95 percent) and is prepared on the basis of a line budgeting in accordance with the Budget Code.
35 This is 0-5 percent of the budget and functions separately from the budget for operational expenditures, used mainly for infrastructure projects. Proposals initiated from district and city administrations go to the Autonomous Republic of Crimea line ministries, and are then coordinated through the Crimean Ministry of Economy, Department for Capital Investments to the Council of Ministers, for first correction/approval. Further co-ordination and approval takes place with the Cabinet of Ministers, Ukraine.
36 The ‘second basket’ is used for financing development programmes following the same procedures as the budgeting process for the Capital Investments, but without a clear frame or basis.
The UNDP Crimea Integration and Development Programme was introduced in 1995 in response to a changing development situation. The programme applied different approaches in different phases to achieve its objective of integration and development in Crimea.

The Crimea Integration and Development Programme was originally intended as a post-crisis response to address problems that have emerged after the mass return of formerly deported ethnic groups. The programme’s second phase continued along the same lines, addressing inter-ethnic tensions and working on improvement of public services and socio-economic development through a community-driven approach. In its third phase, the programme shifted to community initiatives for governance by advancing community and social development in Crimean multi-ethnic communities. The programme encouraged community organizations to identify and implement local development priorities, establishing the practice of citizens’ participation in local decision making processes.

Activities in these first three phases therefore created a useful foundation that future policy interventions could build upon. The priorities were to strengthen governance and work further on local and regional development in the Autonomous Republic of Crimea. A fourth phase was proposed, which reflected changes in the environment and new strategic priorities, such as an integrated regional development approach, improvement in public service delivery, and progress in local economic development.

The project Promotion of Integrated Strategic Planning and Public Service Delivery in the Autonomous Republic of Crimea aimed to develop capacities for strategic planning and results-oriented public financial management, and to support the preparation of strategic plans in two Crimean pilot districts. The project also supported improvements in the planning system and performance of government institutions.
In addition, the project worked on improving the water supply systems in rural areas. The project achieved all of its objectives.

**Relevance**

The project was evaluated by design phase and real time relevance.

At the design phase, the project was formulated coherently and was based on a detailed participatory approach involving stakeholders (target groups and beneficiaries) from local communities and from target districts in Crimea, along with key partners from the Government of the Autonomous Republic of Crimea, and the Government of Ukraine. The programming process followed an established model. The scope of intervention was actually recommended in the evaluation of the Crimea Integration and Development Programme. In addition, the needs analysis was conducted by the UNDP Crimea Integration and Development Programme team, together with an in-depth analysis of the governance objectives and priorities of UNDP Ukraine. This resulted in a relevant project, with well-established intervention scope, plus a clear, coherent, and consistent set of objectives in line with the country office’s strategic priorities for governance.

The real time relevance showed that the project remained relevant throughout its implementation. Project activities were planned for one year, which had a positive impact on its relevance as there were no major changes in the external environment. There was, therefore, no need to revise the project Results and Resource Framework or the indicators.

The project complemented previous UNDP activities in Crimea, and paved the way for a new programmatic focus for the Crimea Integration and Development Programme.

**Effectiveness**

The project was effectively implemented, achieving all its planned results.

It established a basis for strategic planning by developing a Manual for Integrated Planning, including guidelines on how to prepare an action plan. With this methodology, the project supported the development of a comprehensive capacity development programme. This included training on strategic planning and budgeting, and a study tour to the Kaliningrad Region (Russian Federation) for key staff from the Ministry of Economy and from two pilot districts (Bakhtrisaray and Sovetskiy). The immediate results of this were strategic plans for Bakhtrisaray and Sovetskiy districts.

The Institute of Post-Graduate Studies of Civil Servants from the Autonomous Republic of Crimea delivered all the training. In addition, the project assisted the Institute in training delivery capacities through a Training of Trainers course. This produced a pool of new trainers.

The project directly contributed to improvements in the water supply system, mobilizing communities for its sustainable operation and management. The project tested and promoted the new system of operation and maintenance of water supply system by appointing a private entrepreneur who assumes full responsibility for payment by users\(^7\).

Finally, the project also helped improve the planning system and performance of government institutions by introducing functional reviews based on self-assessment, and assisting with the re-alignment of organizational structures.

The project’s results contributed directly to the further improvement of governance, and local and regional development in the Autonomous Republic of Crimea.

**Efficiency**

This project was implemented in line with direct execution guidelines, under the umbrella of the Crimea Integration and Development Programme. Direct execution resulted in a high degree of efficiency. However, the level of national ownership is questionable, especially for the central government and the Government of Crimea. Their involvement in the implementation of activities within the project was limited, although they did benefit from its outputs.

**Innovation**

The project directly supported implementation of governance reforms in Ukraine and in the Autonomous Republic of Crimea by introducing a new development model. An integrated strategic planning approach enabled the national, regional and local strategies and financing mechanisms/budgeting processes to be integrated.

A new rationale for the project implementation approach to regional development in Crimea was established. This goes beyond the community level and focuses on policy. The project introduced innovative socio-economic development practices through an integrated strategic planning approach in the Autonomous Republic of Crimea, as a means for integrating horizontal (programming and budgeting) and vertical (regional, district and village) planning processes.

\(^7\) To ensure sustainable financing of this service, the community found a consensus solution whereby every household pays a minimum monthly payment regardless of the quantity of water they actually consume.
Horizontal integration introduced programming documents for different levels of administration – the Autonomous Republic of Crimea, districts and villages – in conjunction with the budgets. Vertical integration established links between programming documents prepared by different levels of administration. Programming documents prepared by higher level administration served as a basis for preparing documents for lower level administration. Feedback mechanisms were also established, enabling development priorities identified at the lower level to be reflected in the policies and strategies developed at a higher level.

At the same time, the project supported administrative reform at the national, districts and village levels through sound capacity development activities, such as training and mentoring, preparation of manuals and other capacity development tools. It also introduced a functional review.

**Sustainability**

A review of the project’s sustainability – and, to a large degree, also of its impact – was based on the fundamental question of whether the beneficiaries can continue to work without further external intervention.

The review considered each project result.

The Manual for Integrated Planning provided a set of activities for district participatory planning. These are divided in three broad categories: Preparation for Planning, Plan Development and Plan Implementation, which links to national priorities and to the budgeting cycle. Sustainability is ensured, because this methodology was adopted as the official platform for strategic planning in the Autonomous Republic of Crimea.

On a more operational level, the project supported the preparation of district strategic plans in four pilot districts (Dzhankoy, Pervomaiskiy, Bakhchisaraysky and Sovetsky). The process followed recommendations in the Manual for Integrated Planning. Sustainability of this component is ensured through the establishment of a comprehensive and

---

38 Prepared by the author, based on available documents.
Local Governance and Decentralization

participatory mechanism for implementation of strategic plans\textsuperscript{43}, regular monitoring of progress, and adjustments of plans\textsuperscript{44}.

Sustainability of training programmes on strategic planning and public expenditure management was ensured by the Institute for Enhancement of the Qualification of Civil Servants at Central and Local Levels, because it adopted the programmes in its regular curricula for professional advancement of civil servants. Training was delivered throughout the Autonomous Republic of Crimea. The Institute’s training delivery capacities were also raised by the Training of Trainers’ programme, which produced a group of competent trainers. Those trainers are contracted to the Institute and are in charge of training delivery.

The project assisted the introduction of new forms of water management in rural Crimea, through community based enterprises and non-profit cooperatives. All the community based enterprises and non-profit cooperatives remain operational three years after the project’s completion. At the district level, the project supported the establishment of servicing companies, which are providing maintenance services to water-suppliers.

\textbf{Catalytic Nature}

The catalytic effect was clearly demonstrated by the inclusion of the project, its activities and results, into a large-scale intervention, the fourth and fifth phases of the Crimea Integration and Development Programme. This is supported by 14 international development partners and the Government of the Autonomous Republic of Crimea.

The project enabled further integration of existing programme elements (developed during the previous phases of the Crimea Integration and Development Programme) and assisted with the up-scaling and institutionalization of the developed and piloted mechanisms into policy frameworks and practices. The project also supported the creation of additional elements for sustainable regional development that had not been present previously.

Based on the results of the DGTTF project (and the entire Phase IV of the Crimea Integration and Development Programme), a new strategy for Phase V was adopted and supported by the governments of Canada (CIDA), Norway (NORAD), Sweden (SIDA), and Switzerland (SDC), the European Commission (from 2008), and UNDP, with total budget of US$8 million. The Crimea Integration and Development Programme’s main goal for the period to 2011 has been to lead multi-ethnic rural Crimea towards sustainable socio-economic development, by ensuring that Crimea’s institutions, processes, and partnerships are strong and have sound democratic practices.

Based on this methodology, other districts in the Autonomous Republic of Crimea are currently working on integrated strategic development plans.

The Crimea Integration and Development Programme has strong linkages with the results of other initiatives, including the Municipal Governance and Sustainable Development Programme, Community Based Approach to Local Development, Chernobyl Recovery and Development Programme.

\textbf{Gender}

Gender indicators were not included at the project design stage, so it has been hard to assess gender mainstreaming. The project’s gender dimension was therefore analysed indirectly, by reviewing activities and processes, and analysing outputs.

Training delivery reports show an equal number of women and men in all training sessions. This was also the case for the Training of Trainers course. In addition, the project promoted equal numbers of women and men in the strategic planning working groups. It will be more challenging to identify how strategic priorities and goals are affecting women and men, and how to promote gender equality during the strategy implementation.

To facilitate this, the Crimea Integration and Development Programme researched gender equality in Crimea\textsuperscript{45}. This showed that women in Crimea have similar starting opportunities to men (they are even better off in health and education), but the use of these opportunities and potential is noticeably poorer. The average salary of a woman is 15.3 percent less than that of a man. There is an imbalance in decision-making institutions and in jobs, and fewer women employment.\textsuperscript{46} This could serve as a possible platform for follow-up activities.

\textsuperscript{43} The Coordination Council for Development, with members from various stakeholders, co-chaired by the President of the District Council and the Head of District Administration.

\textsuperscript{44} Working Team for Implementation of the Strategy was established.


\textsuperscript{46} ibid, p4
Lessons learned and recommendations

The initial planning framework used in Ukraine was the ‘community projects methodology’. This involved civil society institutions (including formal and informal citizens forums) becoming the driving force behind interventions and projects. Although a ‘community projects methodology’ brings some unavoidable challenges, in the specific context of Crimea this was necessary in the move towards a more advanced, integrated strategic planning approach.

Community mobilization was an essential first post-crisis step that promoted and strengthened interactions between community members and other stakeholders, with the objective to develop their communities and territories. In the initial phase, development needs were identified and prioritized, resulting in medium-term development targets. All this served as a platform for community members to identify and articulate their development concerns into actionable and implementable projects.

The mid-term evaluation report of the Crimea Integration and Development Programme showed that communities were able to achieve sustainable results. More importantly, sustainability of ‘mobilized communities’ facilitate change in the development approach by introducing and implementing integrated strategic planning. The DGTTF support enabled a swift transformation towards a new development model of integrated strategic planning.

Key lessons learned

Key lessons learned from the Promotion of Integrated Strategic Planning and Public Service Delivery Systems in the Autonomous Republic of Crimea project include:

- Integrated strategic planning ensured that the most important positive externalities, synergies and complementarities are determined, evaluated and acted upon.

- An integrated strategic planning development framework involved the rational use of existing and future resources to facilitate longer-term goals and objectives. It involved the generation of projects and interventions based on extensive surveys of economic and social dynamics, trends, the potential of specific regions and of Crimea generally, the existing and planned programmes at the national, regional and local level, and opportunities and threats.

- The integrated strategic approach enhanced citizen participation in local decision- and policy-making processes. It paved the way for extensive consultation with external public-private bodies. This made it possible to generate ideas as well as ensure the final ownership of any project or intervention.

- This process also underpinned local democracy, because it ensured that citizens’ needs and views were reflected in strategic plans, interventions and projects – but without the risk that powerful community members circumvent the democratic process and propose their own projects directly to funding bodies. The most sustainable core interventions and projects were then entered into the budgeting framework. Simple prioritization resulted in a number of core projects. Less urgent projects were delayed until funding can be found in future budgetary periods.

Key recommendations

- The integrated strategic planning demonstrated in the pilot districts should be applied in other parts of the Autonomous Republic of Crimea. This could be equally important for more general economic development plans, and for the development of sectoral strategies. It will be important to combine capacity development support with visits to best practice districts, and facilitate a horizontal exchange of experience and learning from experienced peers.

- There were many examples of successfully designed strategic plans failing at the implementation stage. There is, therefore, a need to work on a sound monitoring system. Monitoring should be a continuing management func-

---

48 Some of the most common challenges related to community projects methodology are possible replacement of democratically elected institutions with community groups, diverse and different level of activism among communities, prevailing short-term goals and priorities over long term planning.

49 For instance, the water supply projects were the fundaments on which communities could then envisage economic opportunities, at the same time serving as cohesion factors for communities.
Local Governance and Decentralization

The monitoring system should include easy verifiable and tangible indicators that are part of the overall reporting system.

To begin building institutional capacity that can counter the downward trend of economic and social conditions in the Autonomous Republic of Crimea, there is a need to support the Regional Development Agency.

DGTTF – need for comprehensive knowledge management

The DGTTF programme in the Autonomous Republic of Crimea produced valuable tools and knowledge products that can be replicated both within the country and abroad. However, the knowledge is not collected and captured systematically. Some documents are either stored in the project archives or are unavailable as a consequence of changes in the project management, or because of project closure.

In practice, this means that an enormous amount of knowledge produced by the DGTTF is unavailable for further use.

To facilitate horizontal learning and improve access and exchange of knowledge (developed through DGTTF projects), it is recommended that the Democratic Governance Group works with the relevant regional service centre to establish a user-friendly knowledge management system as part of DGTTF management structure. This will enable UNDP country offices and other governance practitioners to access tools and materials, and replicate them.

DGTTF should improve monitoring and reporting practice

The review of the DGTTF project in Ukraine and the Autonomous Republic of Crimea showed that reporting was a critical element in the management of projects. Not all reports related to the DGTTF were available, while those that were did not always capture substantive project information. Furthermore, there were inconsistencies between some reports and the projects they reported on. For example, outputs from the original project documents were changed in the reports, and similarly for activities and objectives. Regular monitoring visits were not organized during project implementation. This review was the first on-site visit to DGTTF projects in Ukraine, and that occurred long after completion of the projects.

However, changes of the DGTTF implementation framework (extended duration of projects and increased budgets) would require a robust monitoring system. Given the two-year project period, it is recommended that mid-term reviews are conducted after the first year. This would help early identification of potential problems, and offer greater remedial scope. It is, therefore, essential to concretely define the results (outputs) at the formulation phase, so that they are expressed in a way that enables effective monitoring and subsequent evaluation.

Political economy analysis is required during the programming phase

The DGTTF reviews highlighted the importance of a solid political economy analysis in the project design phase. That will improve understanding of the programming environment, including the power structures and relationships that may favour change or, conversely, obstruct the project.

DGTTF support to large projects should be focused on innovative activities

In some cases, DFTTF funds are used to augment large existing programmes and interventions in the country office. If the DGTTF funds are used wisely to change the scope or direction of a project that would have not been possible with the regular funding, this may be seems justifiable. But DGTTF funds are sometimes used simply to fund additional activities where the funds from the country office are running out.

50 In other words, the results should be S.M.A.R.T. (i.e. Specific, Measurable, Attainable, Realistic, and Time-bound)
The project produced a number of tools and instruments.

- **The Manual for Integrated Planning Methodology.** This established the system of integrated strategic planning, described the key stages of the strategic planning process, the process of preparing key strategic documents, relations between the documents, and monitoring and reporting procedures. The Manual determined a unified approach to strategic planning in the Autonomous Republic of Crimea, but at the same time can serve as a platform for strategic planning at regional, district and village levels.

- **Functional review methodology (district level).** An in-depth analysis of districts in Crimea that participated in the strategic planning process. The analysis focused on the functioning of the district administration, and specifically on the strategic planning process at the district level.

- **Training programmes for strategic planning and public expenditure management.** These were prepared, tested and handed over to the Institute for Enhancement of the Qualification of Civil Servants at Central and Local Levels, for use in their regular training curriculum.

Materials produced within the framework of this project could be used in other countries, especially in the Commonwealth of Independent States, to facilitate reform of planning and budgeting processes.
Annex II: List of persons interviewed

Adeline Gonay, CIDP Programme Manager, UNDP

Aleksandr Sedin, Head of Niznegorskaya district state administration, Autonomous Republic of Crimea

Alona Babak, Municipal Development Institute, Kiev

Anna Kovalenko, Head of the department managing and coordinating exhibition activities and innovations, Ministry of Economy of the Autonomous Republic of Crimea

Arsen Zeytyllaev, Delegate of Shirokovsky village council, Simferopolsky district, Autonomous Republic of Crimea

Ayder Seitosmanov, CIDP Deputy Programme Manager, UNDP

Ayshe Kudusova, Community organization activist (Sevastyanovka village), Autonomous Republic of Crimea

Dilyaver Hayredinov, Deputy head, Niznegorskaya district state administration, Autonomous Republic of Crimea

Elmira Ablyalimova, Head of the economics department of the district state administration, Bakhchisaray district state administration

Igor Kazakov, Head of Pochtovsky village council, Autonomous Republic of Crimea

Igor Slobodenyuk, Executive Director, Municipal Development Institute, Kiev

Khalidfevzy Bektash, Private entrepreneur from Niznegorsky district, Autonomous Republic of Crimea

Konstantin Ipatov, Head of Strategic Development Department; Ministry of Economy, Autonomous Republic of Crimea
Ukraine Project Assessment

Kurtmolla Abdulganiyev, CIDP Senior Analyst, UNDP

Leonid Telyshev, UNDP CIDP expert/trainer; Institute of Post-Graduate Studies of Civil Servants, Autonomous Republic of Crimea

Lubov Melnick, Head of Drofinsky village council, Autonomous Republic of Crimea

Lubov Yakovenko, Head of Nekrasovsky village council, Autonomous Republic of Crimea

Manuel Etter, Country Director, Swiss Development Cooperation Office in Ukraine,

Natalia Olijnyk, Head of the Department of Strategy Reforming and HCS Reforming, Ministry of Housing and Communal Services, Kiev

Oksana Remiga, Senior Programme Manager, UNDP

Olena Lytvynenko, Programme Officer Swiss Development Cooperation Office in Ukraine

Ricarda Rieger, Country Director, UNDP

Sabri Ramazanov, Private water supplier (Sevastyanovka village), Autonomous Republic of Crimea

Shamil Karimov, Deputy head of Sovetskaya district state administration, Autonomous Republic of Crimea

Tatyana Kudina, Programme Analyst, UNDP

Tatyana Manezhina, Director in charge, Institute of Post-Graduate Studies of Civil Servants, Autonomous Republic of Crimea

Uliya Chuksenova, Deputy Director in charge, Institute of Post-Graduate Studies of Civil Servants, Autonomous Republic of Crimea

Vira Nanivska, Director, International Centre for Policy Studies, Kiev, Ukraine

Vjacheslav Negoda, Director of Department of Regional Policy and Local Self-Governance, Government of Ukraine

Vladimir Shykalsky, Head of Shirokovsky village council, Simferopolsky district, Autonomous Republic of Crimea

Zamir Khaybullayev, Deputy head of district council, Bakhchisaray district state administration
Annex III: Bibliography

United Nations Development Assistance Framework (UNDAF) for Ukraine 2006 - 2010

Country Programme Document for Ukraine 2006 - 2010


Millennium Development Goals Ukraine, 2010, National report

World Bank: Ukraine – Economic Update, July 2010


Strategic Choices to Accelerate and Sustain Growth – Ukraine. Country Economic Memorandum, World Bank August, 2010

Ukraine: Trade and Transit Facilitation Study, Kiev, 2010

IMF Ukraine—Request for Stand-By Arrangement and Cancellation of Current Arrangement Staff Report, August 2010

Ukraine – Local Government Assessment, USAID, 2007

CIDP Outputs and Outcomes Report April 1, 2009–March 31, 2010 and other CIDP reports

CIDP Project documents (I, II, III, IV and V)

Evaluation report from the CIDP III
Ukraine Project Assessment


Local and Regional Government in Ukraine and the Development of Cooperation between the EU and Ukraine, Opinion of the Committee of the Regions, 2007

Promoting Integrated Regional Development in Crimea, Programme Strategy, CIDP IV, 2006


Regional development models: experience of the EU countries

The Laws of Ukraine within the local governance framework

The Constitution of Ukraine, the Constitution of the Autonomous Republic of Crimea, and other Ukrainian laws.

Project document, project reports, other documents and related materials.