



**COUNTRY EVALUATION:**  
ASSESSMENT OF DEVELOPMENT RESULTS

# UKRAINE



United Nations Development Programme  
Evaluation Office

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# Foreword

This report presents an assessment of the key development results in Ukraine in the last five to seven years, focusing on the contribution the United Nations Development Programme (UNDP) has made towards them. The introduction of results-based management in UNDP has created a demand for objective and independent Assessments of Development Results (ADR) in developing partner countries, and to discern how UNDP may have contributed to achieving them. ADR is a methodology that has been designed and applied by the Evaluation Office (EO), UNDP, to meet the above demand. In addition, ADRs also service UNDP's requirements of corporate accountability, quality assurance, lessons learnt from country level experiences and their utilization to strengthen corporate knowledge and policies. At the country level, ADRs provide an opportunity for UNDP to examine its relevance, by examining if it is doing the right things, and its effectiveness, by examining if it is achieving the envisaged objectives. Such an analysis helps UNDP to strategically re-position and re-orientate its country programmes as desired. The Ukraine ADR is one of the several ADRs completed by EO, UNDP in 2004.

The choice of Ukraine for an ADR exercise is particularly relevant given the implications for human development from Ukraine's experience since 1990 in building a new independent state, transforming what had been a political autocracy into political democracy, and transitioning from a centrally planned to a market economy. In the first part of the 1990s, Ukraine's transition took place against the backdrop of substantial economic and social decline. Since 1999, recovery has taken hold, and the economic growth performance has been impressive in recent years. Still, Ukraine continues to operate far below its human development potential, especially in comparison to its European neighbours.

The Ukraine ADR Team was led by Professor Jerzy Osiatynski, former Minister of Finance, Government of Poland. Dr. Steven R. Tabor, an economist, served as the Principal Consultant for the evaluation. Dr. Asoka Kasturiarachchi, Assistant Resident Representative UNDP of Sri Lanka was seconded to the UNDP EO to serve as Task Manager. Serghei Nerpii, an independent consultant, was a National Consultant to the ADR Team. Two in-depth studies, one on Policy Advisory services and the other on Deepening Democracy and Social Inclusion were carried out by the Centre for Social and Economic Research (CASE, Ukraine), and the International Centre for Policy Studies (ICPS) respectively. Fa Tai Shieh of the UNDP EO provided a detailed desk review in preparation of the Ukraine ADR.

The EO wishes to express its sincere thanks to the representatives of the Government of Ukraine, the donor community, other UN agencies, the Ukrainian civil society and private sector institutions, and to the communities assisted by UNDP-supported projects for sharing information, ideas and suggestions with the ADR Team. Their candour and cooperation were invaluable

to this exercise. The ADR Team also wishes to place on record its deep appreciation for the full cooperation and support extended by Douglas Gardner, Resident Coordinator and Resident Representative, and all his colleagues in the UNDP country office in Kiev. The ADR Team also wishes to acknowledge the support extended by officials of the Autonomous Republic of Crimea, community organizations and UNDP staff in Crimea who met and shared their experience with the ADR Team during its field visit. Finally, our gratitude is extended to Kalman Mizsei, Director, Marta Ruedas Deputy Director, Joanna Kazana and Louisa Vinton of Regional Bureau for Europe and the CIS, and UNDP, New York for their insightful advice, purposeful encouragement and invaluable support.



**Saraswathi Menon**

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# Executive Summary

Since declaring Independence in July 1990, Ukraine faced three interwoven challenges. The first was to build, practically anew, a sovereign state and regain genuine national independence; the second was to make the transition from a political autocracy to a political democracy; and the third was to make the transition from a centrally planned to a market economy. This transition process was complicated by the breakdown of traditional markets and financial ties with the former Soviet Union, the heavy burden posed by the Chernobyl disaster, pronounced ethnic differences between the eastern and western regions of the nation, and the need to respond to the return of large numbers of Tatar people who had been deported under Soviet rule.

During the first decade of its transition, Ukraine recorded severe economic and social decline. GDP and real wages lost nearly two-thirds of their value between 1990 and 1997 and social indicators broadly deteriorated. Since 1997, recovery has taken hold. Inflation has reduced substantially; capacity utilization rates are rising; public finance has been put on a sound footing; the regulatory setting has been improved; and institutions, both public and private, are being transformed and reformed.

However, Ukraine continues to operate far below its human development potential. It has a highly skilled population with a history of technological advance and industrialization; the natural resource base, which favors commercial agriculture, is under-utilized; and the country lies at the confluence of the major markets of Europe, Russia and the Far East, whose trade is bound to expand rapidly in the years to come. Creating a policy and institutional environment that would enable the nation to capitalize on its human, natural resource and geographical advantages remains central to ensure sustainable human development (SHD).

The institutions of Government in Ukraine are nascent and rapidly evolving. Ukraine's main governance challenges are: (i) the organization of the political system, both at the national and local levels, including the over-concentration of power in the office of the Presidency; (ii) weak political accountability and corruption; and (iii) the dominance of vested interests in decision-making. These political factors are formidable impediments to poverty reduction, economic competitiveness, social and human development, and meeting the challenges posed by Ukraine's European Choice. In addition, there has been a wide gulf between political declarations and reform performance. It is not enough for every Prime Minister to declare the same reform agenda. There must also be a serious political commitment to ensuring that reforms are implemented.

**UNDP has been an active partner** in assisting Ukraine. Its aim was to contribute to positive results in nation building, democratic development and fostering a shift from a command to a market economy. UNDP has contributed to this progress by assisting in the process of policy change, by

building better planning and strategy development capacity, by raising awareness of issues critical to human development, by helping to build networks linking Government, civil society and the private sector, and by providing financial and organizational support to an array of pilot projects designed to demonstrate new ways of addressing human development challenges.

A key component of UNDP's strategy for Ukraine was to provide new knowledge, information, partnerships, awareness and leadership capacity to enrich the process of public policy reform. UNDP-led advocacy and policy has benefited from the trust and respect that the Resident Coordinator and the office of the UNDP enjoy in Government circles, civil society, and other multilateral and bilateral assistance agencies.

Thanks to UNDP policy advocacy and capacity-building support, the Millennium Development Goals (MDG) have been endorsed at the highest levels of Government and are now routinely used to track progress in Government policies and programmes. UNDP support to the Ministry of Economy and European Integration resulted in the Government launching and publishing the first MDG baseline report for Ukraine. In addition to defining Ukraine-specific MDGs, the Government has incorporated them into its long-term economic and social development strategy, the 'European Choice'.

UNDP's main contribution to **poverty reduction** has been to assist the Government in making improvements in the legal and policy environment to foster economic recovery, spur civic participation, enhance labour market flexibility, develop commercial agriculture, provide equal gender opportunities, and formulate an appropriate national response to HIV/AIDS. The Government has adopted various elements of UNDP's distinctive human development perspective on poverty reduction, including the measurement of multiple dimensions of poverty, inclusion of the poor in decision making, consideration of gender concerns, and building on grass-roots experience to inform policy making. Strategic planning efforts are now guided by a long-term emphasis on achieving the MDGs, rather than a sector-by-sector approach.

Capacity has been built to improve strategic planning and policy making. Policy research teams established at the Ministry of Economic and European Integration regularly generate macroeconomic and sector policy research that underpins national strategic planning. The UNDP-supported Agriculture Policy for Human Development Project has been successful in establishing a policy think tank that has helped develop legislation for a new land code, and initiate regulatory changes to support agri-business in areas

such as rural finance, insurance, taxation, market development, World Trade Organization (WTO) accession, rural social protection, production programmes, private sector investment promotion, and export promotion.

UNDP has also helped introduce the concept of **sustainability** into public policy making. Policy analysis, advocacy and capacity building assistance in this area have contributed to the Concept of Sustainable Development of Ukraine (2000) and the National Progress Report of Ukraine on Implementing Provisions of Agenda 21. The 5<sup>th</sup> Pan-European Ministerial Conference on Environment in Europe provided an important opportunity to boost the involvement of non-governmental organizations (NGO) in environmental planning and to sharpen the Government's plans and policies on sustainable development.

UNDP has contributed to shaping policy debate and dialogue and building national awareness of human development through the publication and dissemination of a series of **national human development reports** (NHDR). In 2001, the first governance-oriented NHDR was introduced, with 'participation' as the special theme. This was followed by the 2003 NHDR, which focused on decentralization and included a special discussion on the regional dimensions of human development.

UNDP has contributed to a unified UN-System response to the **HIV/AIDS crisis**. An inter-sector response to HIV/AIDS has been launched and is widely supported. Building awareness to promote healthy lifestyles and to avoid harmful behavior is actively promoted while a more rights-oriented, public health approach to treatment has emerged. There is a far better understanding of HIV/AIDS in the Government, civil society and private sector, and the capacity to respond to it in an integrated, cohesive and humane manner is emerging. A State AIDS Commission, chaired by the Vice Prime Minister, was established in 2001 to guide multi-sectoral implementation of the National Programme on HIV/AIDS. There remains, however, a wide gulf between declared Government intentions and the commitment of budgetary and organizational resources to respond to HIV/AIDS on a large scale.

Considerable progress has been made in shaping public policy to provide for more equal opportunities for men and women. Starting in 2001, the issue of gender equality was included in the Government's annual action programmes, gender advisors were appointed in all ministries and state committees, and legislation is now regularly monitored for its gender content. A Ministry of Family, Children and Youth Affairs has been established, and some 600 politicians and journalists have undergone gender training. With UNDP input, the State Guarantees of Equal



Rights and Opportunities law was prepared; a law on the prevention of domestic violence was passed; the Palermo convention and the optional protocol for the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW) was ratified; and the UN Convention for Combating Trafficking People was ratified.

Another key objective of UNDP strategy in Ukraine was to **develop and pilot innovative approaches to local-level service delivery to address critical dimensions of human development.** These were to serve as models for replication on a larger scale, either within given regions or at a national level. At an early stage of development, UNDP resources and/or UNDP mobilized seed-money was used to finance these innovative initiatives. As pilot projects, UNDP support in both Chernobyl and Crimea achieved considerable success for local communities, the regional and local administration, and UNDP and its partner organizations.

Since 1997, UNDP's most notable contribution to development in Chernobyl has been in social mobilization. It has helped empower communities to participate actively in community activities, and built capacity for psychosocial counseling and rehabilitation. The social mobilization efforts are combined with small-scale community projects. These activities are a good start towards fostering recovery and building confidence. However, current Chernobyl Recovery and Development Programme (CRDP) pilots are too small in number to: (a) create a critical mass of demonstrations of socio-economic options; (b) test their viability; and (c) create an empowered critical mass of stakeholders that can demand more effective solutions to meet the longer-term livelihood challenges of the people in the affected areas. CRDP is still very much in the pilot stage, and suitable development models that can be scaled-up in that region have yet to emerge.

In Crimea, considerable progress has been made in fostering integration, developing early warning systems and encouraging social mobilization through a process of dialogue and community based socio-economic activities. While these are making a vital contribution to peace, inter-ethnic understanding and social harmony, the Crimean population is increasingly insecure. New threats to human security come from land grabbing, crime and political polarization. The communities of formerly deported persons (FDP) still face challenges in terms of accessing basic services and finding employment, the absence of which may trigger renewed tension. The Crimea Integration and Development Programme (CIDP) brought tangible benefits to the FDP communities, especially in terms of access to basic necessities such as water. More importantly, CIDP also demonstrated to the FDP community that the

Government was committed to restoring their citizenship rights and providing access to basic services and assistance. Had this not been done, violent social conflict would undoubtedly have ensued. In the long-run, however, small-scale community development initiatives are little more than holding operations. They cannot provide the employment and incomes needed to lift large groups of FDPs out of poverty. With some 80 percent of the FDP population reported as unemployed in some areas, the employment challenge is substantial. In the medium-term, there is a need to foster an integrated approach to area development in Crimea, both to tackle the livelihood constraints facing the FDPs and to meet the needs of the poorer Russian-ethnic settlers. Regional development will need to be conceptualized differently from assistance built on social integration and community empowerment if the impact is to be greater and more long lasting. Graduating from an integration-cum-mobilization approach fostering human security, to an approach aimed at integrated sustainable regional social and economic development is a major challenge.

Retraining the unemployed to respond more effectively to the emerging needs of the labour market has been a key element of the Government's strategy to restructure the economy and enhance labour mobility. A UNDP supported vocational training initiative that was started as a small pilot effort in the early 1990s has gradually been scaled-up into a nationwide programme under the Government's Inter-branch Modular Training Centre. The UNDP/International Labour Organization (ILO) modular vocational training system involved the production of 120 modular (competency-based) vocational training packages; some 2,000 vocational training specialists have been trained; 24 regional modular training centres have been equipped with computers and network facilities; some 100 education institutions, 40 industries and 40 institutions for disabled persons now use the training materials; and about 40,000 persons have been trained using the modular training system.

The other near-success in scaling-up pilot initiatives was the mobilization of the Global Fund for HIV/AIDS, Tuberculosis and Malaria resources for combating HIV/AIDS. UNDP played an important technical role in helping the Government shape the proposal and mobilize the financial resources required to respond to HIV/AIDS on a large scale. Under the Global Fund proposal, UNDP was designated as one of the implementing agencies for project activities. Shortly thereafter, implementation of Global Fund activities was suspended. This suspension and the replacement of UNDP as an implementing agency for this large-scale undertaking have adversely affected UNDP's reputation. The most important lesson learnt



from this is that constraints to scaling-up important initiatives, such as the HIV/AIDS response, hinge on the quality of governance. Unless administrative standards for procurement, accounting, project management and release of information are improved, it will be very difficult for the Government to implement large-scale donor-funded projects effectively and efficiently. This underscores the importance of building capacity, in the Government and civil society both, to deliver development results effectively.

Apart from the above, some of the other areas in which UNDP has carried out pilot projects include: (a) human rights — the Government's capacity to monitor and act on human rights abuse has been strengthened by improving the human rights monitoring capabilities of the Ombudsman's Office, involving the public in human rights monitoring, improving access to information, and harmonizing the Government's human rights monitoring approach with UN reporting processes; (b) education innovation — assistance to Parliament, the Ministry of Education and Science and the Academy of Pedagogical Sciences resulted in an improved policy framework for education sector reform, codified in the form of a National Doctrine of Education Development (2001/2002). Following from this, a series of policy options on issues of equal access, governance, finance, content and education quality monitoring were prepared and published in 2003 by the Ministry of Education and Science; (c) the Information and Communication Technologies (ICT) Springboard Programme has sponsored roundtables on ICT policy, preparation of an e-readiness assessment and UNDP support for key stakeholders to participate in various international summits (most notably the 2003 World Summit on the Information Society in Geneva) which catalyzed a national debate on developing ICT services. Although the Government's monopoly position in fixed-line telecommunications is practically unchanged, the 2003 Laws on Telecommunications, Electronic Signature and Electronic Documents Flow have helped foster private initiative in promoting ICT development; and (d) human security policy — in March 2001, Canada and Ukraine signed a Framework Arrangement for AP landmines destruction. Support has been provided to the Government in developing a process and timetable for ratifying the AP Mine Ban Treaty and conducting live trials of PFM destruction. The Government has also adopted national legislation, such as the Act on prohibition of usage of Anti Personnel Landmines (APL) in the armed forces of Ukraine, the Act prohibiting export of all types of APL and the Law of Ukraine on Ratification of the Ottawa Convention.

Three distinct factors explain the UNDP's success in contributing to the delivery of development results:

- **Focus on MDGs** MDGs have guided UNDP's programmatic response. It has been dogged in its pursuit of the MDGs, and focusing on their achievement has helped to introduce a measure of priority setting in an environment characterized by political volatility and change occurring on many different fronts.
- **Confronting Crises** UNDP has been at the forefront of international efforts to address HIV/AIDS, Crimean re-integration, Chernobyl recovery and the disposal of hazardous landmines. This has been done in a manner consistent with human rights, through partnerships with multiple stakeholders, and a focus on durable improvements in living standards.
- **Responsive to Government** Despite frequent political change, UNDP has recognized the Government as its primary client and has been highly responsive to its requests. High-ranking Government officials serve as national programme directors of policy reform initiatives. UNDP assistance has helped open the Government to civil society and to gradually bridge the divide between academia, NGOs, community based organizations (CBO), the private sector and the Government through countless dialogues, consultations, discussions and joint-initiatives.

The imperative of **mobilizing resources** has contributed to a wide spread of UNDP activities. Programme expenditures, which were in the range of \$4 million to \$5 million for much of the late 1990s, more than doubled in 2002 and 2003, and they are anticipated to rise by another 50 percent in 2004. Most of this growth reflects UNDP's considerable success in mobilizing resources from external sources on a cost-sharing basis. But this success has come at a cost in three main respects. First, an aggressive effort to mobilize funding is not necessarily the best way to increase portfolio relevance, efficacy or impact. Integration of different co-financed projects into a coherent programme that addresses priority constraints in a given thrust area is difficult, and is often complicated by uncertainty of partner funding. Second, there is no mechanical trade off between resource mobilization and UNDP positioning. In some cases, an aggressive fund mobilization effort has made it possible for UNDP to play a leading role as an assistance provider (i.e. Chernobyl reconstruction and Crimea re-integration). In other cases, the need to mobilize resources for various pilot initiatives (i.e. HIV/AIDS, education, environment, gender) appears to have diverted attention from capacity-building efforts (especially in the Government) to implementing existing plans and strategies on a larger scale using existing resources. And third, conflicts of interest and confusion of roles may arise when UNDP plays the role of policy coordinator, donor, rights advocate, neutral broker,

and project implementer for other donors. In particular, activities for which UNDP is unlikely to mobilize external resources — i.e. donor coordination, neutral broker and advocating human rights — may be crowded-out by activities for which cost-sharing assistance is more readily available and government consent easier to secure. In all cases, ensuring that priorities and programmes are clear and coherent should precede efforts to mobilize resources.

## SHARPENING PRIORITIES

The existing UNDP strategic results framework (SRF) has too many strategic objectives, and many of the outcomes are ill-defined. Moreover, grouping several ongoing projects into 18 outcome areas has not resulted in a meaningful programmatic focus. Revisiting the programming framework, with greater selectivity, focus and impact is warranted. This is especially important since the Government's ability to set clear assistance priorities and to define realistic, affordable and politically acceptable development strategies is limited. Specifying clearly the linkages between UNDP's assistance inputs, outputs and outcomes can help UNDP avoid mission creep.

**MDGs and European Union Choice** UNDP is playing an important leadership role in interpreting, accessing and developing strategies for the achievement of the MDGs. This should continue, both to ensure that human development is integrated into national plans and policies, and to help Ukraine's development partners focus on poverty reduction, health protection, education and environment standards. Fostering convergence between Ukrainian and European Union (EU) conditions in living standards, policy regimes and institutional practices are ways of translating MDG commitments into practice. UNDP can continue to play a valuable role by focusing policy attention on the MDGs; by defining, monitoring and tracking their achievement; and by assisting in the development of public policies that can foster SHD.

Ukraine's leaders are united in their desire to see Ukraine eventually accepted as a member of an enlarged Europe and membership in the EU is one of Ukraine's main long-term strategic goals. However, limited progress has been made in implementing Ukraine's European Choice, particularly in the areas of social rights (e.g. safety at work, contract enforcement), the rule of law, human rights, freedom of speech and of the media, and good administrative governance. The EU Constitution and the *Aquis* provide clearly stated norms and standards against which progress in human rights, rule of law, social development, economic competitiveness and good governance can be assessed. UNDP should put more effort into helping the Government identify and define these gaps, and thereafter to develop concrete strategies, policies and programmes to

foster convergence with accepted EU norms and standards. Ultimately, these are the processes and practices needed to foster SHD.

At the same time, UNDP should support Ukraine in its efforts to maintain good relations with all its neighbors, not only the EU. Although Ukraine and Russia share many trans-border problems and concerns, cooperation between the two states has been extremely limited to date. UNDP could help Ukraine foster partnerships with all its neighbors to address issues of common concern.

**From Recovery to Inclusion** The economic and social situation is rapidly changing in Ukraine. As it does, the focus of UNDP operations will also need to change. There is evidence that high, sustained rates of economic growth since 2000 have already helped reduce income poverty in Ukraine. At the same time, inequality is worsening, and large segments of the population and specific regions are being left behind. Many depressed regions suffer from a high degree of dependence on low-productivity agriculture, or on industries badly in need of restructuring. There is a need to refocus UNDP's assistance from supporting economic recovery in general to focusing on exclusion — i.e. on meeting the needs of those groups and regions that are unlikely to benefit from the growth process. Promoting policies supportive of broad-based growth and social inclusion will also help check tendencies towards excessive inequality.

**Redoubling Efforts to Foster Core Governance** Economic recovery in Ukraine stands in sharp contrast to progress made in reforming governance. While governance initiatives have been supported in almost all UNDP projects, these have generally been limited to introducing participatory dialogues, improving legal frameworks and providing technical advice and training. Implementation and sustainability of UNDP supported strategies, policies, programmes and pilot-projects have suffered because other dimensions of governance were not adequately addressed. The Government's appropriate role in various spheres of economic activity, rule of law, judicial independence, public ethics, media freedom, institutional incentives, and the nature of transparency, civic involvement and oversight arrangements are all crucial parts of good governance that impinge on its capacity to translate reforms into meaningful action. To broaden the governance focus beyond training, technical assistance and pilot projects, there must be a better diagnostic understanding and assessment of what is needed to build effective capacity for service delivery and for effective democratic governance. UNDP needs to become a champion for good governance and democratic development, leading the efforts to coordinate external assistance in this critical area.

**From a National to a Local Focus** Ukraine's economic recovery shifts the locus of the human development challenge from a national to a local scale. For much of the 1990s, as the economy was collapsing, it was appropriate for the donor community to assist the central Government in formulating national policies and programmes to reverse the economic decline. With recovery, the Government will have more resources that can be devoted to addressing development challenges at a local level. Ukraine's legal framework already accords substantial responsibilities to local governments for policy making, programme definition and the delivery of local services, although fiscal decentralization is far from complete. Support will still be needed to build local government capacity to foster regional development. This is especially the case in the regions and municipalities that lag behind according to the human development index (HDI), those with the highest HIV/AIDS incidence, secondary towns and municipalities that have large concentrations of low-income families, and poor rural areas where agriculture and rural development have been slow to develop. In the early stages of decentralization, it is especially important that local communities are empowered to shape their own destiny, and to see evidence that cooperation, local knowledge and local initiative can help overcome a legacy of poverty and highly centralized planning and policy making.

Small-scale, community based, participatory initiatives may help empower local organizations, but they are unlikely to ease the binding constraints to regional development. In line with assisting decentralization and poverty reduction, capacity must be built at the local level to develop strategies and plans for fostering regional development, with a focus on employment and income generation, social development, sustainability and good governance. The implementation of **regional development** initiatives would require financial support from public and private sources that would be well in excess of what UNDP could provide. This implies a need for partnerships that extend beyond community organizations to include domestic and foreign private investors, multilateral financiers and the financial sector.

**Chernobyl and Crimea** must overcome problems that are not shared by the rest of the nation. Small-scale, community-driven projects in both regions have helped to promote peace and stability, and to demonstrate that the international community has not abandoned the people of these disadvantaged regions. There is a need, however, to graduate from a small-scale community-development approach to assistance to a more integrated and holistic approach to supporting regional development.

**From traditional technical assistance to learning institutions** Ukraine has now entered an era of second-

stage transition reform with a focus on building the institutional foundations of a democratic, market economy. The institution building challenges are tremendous, and long-term commitment is required in many areas. At the national level, capacity building requirements are becoming more sophisticated and more intimately linked to issues of European approximation. UNDP will need to consider augmenting its customary approaches to supporting policy reform — i.e. through advisory support, citizen participation, networks, advocacy publications and events — with approaches that twin government, civil society and the private sector institutions with similar institutions in neighboring countries. Such arrangements would provide a natural vehicle for Ukraine to graduate from capacity-building as an assistance activity to developing learning institutions that collaborate and cooperate routinely with strategic partners in neighboring states.

**Building on Core Competence** UNDP's policy advocacy, with its unique focus on sustainable human development, carries a certain gravitas rarely seen in other settings. In the rush to move public policy into law, there is a risk that careful analysis and understanding, particularly of the constraints to implementing improved policies, may not be fully undertaken. Ensuring that the quality of policy advice is sound, that the strategies, programmes and laws supported by UNDP can be effectively implemented, and that implementation arrangements are defined in advance of changing public policy, implies a need for greater selectivity, attention to analysis, and quality control.

**Aid Coordination** UNDP is but a small source of external assistance, and therefore its impact can be multiplied several times over if it is able to help the Government improve the effective utilization of external assistance. Too often, donor coordination is understood as a way of mobilizing non-core resources, rather than a valuable contribution in its own right. The Government's ability to mobilize and coordinate external assistance is limited, and the result is sometimes a free-for-all in terms of aid prioritization, allocation and utilization. UNDP can help the Government build the capacity to better manage external assistance by strengthening the aid coordination function in Government, by hosting development forums on issues of national concern, and by encouraging formation of thematic groups around specific issues related to governance reform. There may also be scope for UNDP to play a more active role in donor coordination at a local and regional level, especially if more emphasis is placed on decentralized, regional development.

## LIST OF ABBREVIATIONS AND ACRONYMS USED

<b>ADR</b>	Assessment of Development Results
<b>AIDS</b>	Acquired Immune Deficiency Syndrome
<b>AP</b>	Anti Personnel Mines
<b>APL</b>	Anti Personnel Landmines
<b>BWI</b>	Bretton Woods Institutions
<b>CBO</b>	Community Based Organizations
<b>CCA</b>	Common Country Assessment
<b>CCF</b>	Country Cooperation Framework
<b>CEDAW</b>	Convention on the Elimination of All Forms of Discrimination Against Women
<b>CIDP</b>	Crimea Integration and Development Programme
<b>CIDA</b>	Canadian International Development Agency
<b>CIS</b>	Commonwealth of Independent States
<b>CO</b>	Country Office
<b>CPI</b>	Corruption Perception Index
<b>CRDP</b>	Chernobyl Recovery and Development Programme
<b>CSO</b>	Civil Society Organization
<b>DFID</b>	Department for International Development
<b>EBRD</b>	European Bank of Reconstruction and Development
<b>EO</b>	Evaluation Office
<b>EU</b>	European Union
<b>FDP</b>	Formerly Deported Peoples
<b>GDP</b>	Gross Domestic Product
<b>GEF</b>	Global Environment Facility
<b>GOSPLAN</b>	The Soviet State Planning Commission
<b>HDI</b>	Human Development Index
<b>HDR</b>	Human Development Report
<b>HIV</b>	Human Immunodeficiency Virus
<b>HSDC</b>	Human Security and Development Council
<b>HSDR</b>	Human Security and Development Report
<b>HSMIS</b>	Human Security Management Information System
<b>ICT</b>	Information and Communication Technologies
<b>IDU</b>	Injection Drug User
<b>ILO</b>	International Labour Organization
<b>IMF</b>	International Monetary Fund
<b>IT</b>	Information Technologies
<b>MDG</b>	Millennium Development Goal

<b>NGO</b>	non-governmental organization
<b>NHDR</b>	national human development report
<b>PCA</b>	Partnership and Cooperation Agreement (of the European Union)
<b>ROAR</b>	Results Oriented Annual Report
<b>SDC</b>	Swiss Agency for Development and Cooperation
<b>SHD</b>	Sustainable Human Development
<b>SIDA</b>	Swedish International Development Agency
<b>SME</b>	Small and Medium Enterprise
<b>SRF</b>	Strategic Results Framework
<b>TRAC</b>	Target Resource Allocation From the Core
<b>UAH</b>	The Hryvna, the Ukrainian national currency
<b>UNAIDS</b>	United Nations Programme on HIV/AIDS
<b>UN</b>	United Nations
<b>UNCT</b>	United Nations Country Team
<b>UNDAF</b>	United Nations Development Assistance Framework
<b>UNDP</b>	United Nations Development Program
<b>UNECE</b>	United Nations Economic Commission for Europe
<b>UNGASS</b>	United Nations General Assembly Special Session on HIV/AIDS
<b>UNFPA</b>	United Nations Population Fund
<b>UNICEF</b>	United Nations Children's Fund
<b>UNHCR</b>	United Nations High Commissioner For Refugees
<b>UNOCHA</b>	United Nations Office for the Coordination of Humanitarian Affairs
<b>USAID</b>	United States Aid Agency
<b>WB</b>	World Bank
<b>WHO</b>	World Health Organization



## I

# Introduction

This introductory chapter presents the rationale for and the methodology used in the Ukraine Assessment of Development Results (ADR). The balance of the report is divided into four main sections: chapter two focuses on trends in political, economic and social performance; chapter three examines the UNDP programme in Ukraine and UNDP's role in fostering progress; chapter four looks at UNDP's contribution to strategic change; and chapter five lists lessons learnt and recommendations on UNDP's future role.

## A. RATIONALE FOR THE EVALUATION

Ukraine, an independent state since 1991, has the second largest landmass in Europe (603,700 square kilometers) with rich natural resources and a GDP of just under \$50 billion (2003). An estimated 68 percent of Ukrainians live in urban areas. Kyiv, the capital, is the largest Ukrainian city, with three million inhabitants. It has a highly educated population and, prior to independence, provided a large proportion of the basic grains, high-technology military products and heavy industrial goods produced in the former Soviet Union.

During the first decade of independence, Ukraine faced the tremendous challenge of managing a triple transition to statehood, democracy and a market economy. This transition process was complicated by the breakdown of traditional markets and financial ties with the former Soviet Union, the heavy burden posed by the Chernobyl disaster, pronounced ethnic differences between the eastern and western regions of the nation, and a need to respond to the return of large numbers of Tatar people who had been deported under Soviet rule.

For Ukraine, the 1990s will be remembered as a period of severe economic stress and social decline. GDP and real wages lost nearly two thirds of their value between 1990 and 1997. The tremendous human stress arising from the transition triggered a decline in population from 51.7 to 49.0 million between 1991 and 2000<sup>1</sup>. Ukraine's economic collapse during the 1990s, in proportional terms, was twice as large as that experienced by the United States during the Great Depression of the 1930s, and extended for a period thrice as long.<sup>2</sup>

Starting in 1999/2000, the economy began to recover. Real GDP growth has averaged seven percent per annum from 1999 to 2003, exports are rising steadily and private investment is accelerating. Although still in its nascent stages, civil society is starting to grow and non-governmental organizations (NGOs) are playing an active role in society. While democratic practices are still evolving, democratic principles are firmly enshrined in the Constitution, and elected authorities serve at the national, village and municipal levels.

<sup>1</sup> National Human Development Report 2001.

<sup>2</sup> UN Common Country Assessment 2001.



UNDP has worked in close cooperation with the Government of Ukraine to address a wide range of development challenges. It has been an active partner in different initiatives aimed at nation building, democratic development and the shift from a command to a market economy. As Ukraine enters a new era of growth and democratic development, UNDP's assistance will need to be assessed to ensure relevance and greater effectiveness in the future. This includes the strategic choices made in terms of the focus and manner of UNDP operations (i.e. its positioning), the strategies and approaches employed to foster progress, and the lessons that can be drawn from the results of the development process. Such lessons can help UNDP and its partners sharpen the focus and strategic approach of assistance in the years to come.

UNDP is dedicated to assisting its member countries generate development results that improve sustainable human development (SHD). Therefore, any assistance strategy, once put into practice, is assessed against the degree to which it has contributed to the achievement of key development results. This evaluation provides an overall assessment of the key development results achieved in Ukraine with UNDP support and in cooperation with other development partners. It covers the period of the first country cooperation framework (CCF I) (1997 to 2001) and the first three years of the current country cooperation framework (CCF II, 2001 to 2005). The assessment includes an analysis of how UNDP has positioned itself strategically to respond to national needs with particular emphasis on its role in policy advocacy, fostering social inclusion and building democracy. The ADR builds on the lessons of the past — i.e. in terms of UNDP's contribution to achieving results from 1997 to 2003 — to distill a set of recommendations regarding key strategic choices for UNDP in the years ahead.

## B. THE ADR METHODOLOGY

The ADR methodology is derived from the results based management approach of UNDP, and specifically the principle of evaluating outcomes, i.e. changes in specific development conditions to which a number of development actors contribute. In analyzing UNDP contribution to such 'higher-level' results, the emphasis is on improving understanding of the outcome itself, its status and the factors that influence or contribute to change. The point of departure for the assessment is identifying the overall achievements in a given area — whether at the outcome or longer-term impact level — and then attempting to explain how UNDP was involved.

The ADR focuses on the added value that UNDP contributes in relation to that of its partners (e.g. donors, other

UN agencies, the private sector) in order to address the development needs of the country. Its aim is to provide a clear and succinct vision of how UNDP has positioned itself in response to the environment and different needs and priorities of stakeholders, and how UNDP could, in future, best (re)position itself to provide added value. The assessment of UNDP's strategic positioning includes:

- a. A review of the relevance of the UNDP programme to national needs and priorities, including the linkages with the Millennium Development Goals (MDGs) and International Development Targets.
- b. A review of the level of anticipation and responsiveness by UNDP to significant changes in the development context, including risk management by the country office (CO). This includes examining how UNDP stayed relevant when facing changes, as well as any missed opportunities for UNDP involvement and contribution. It also involves identifying key events at the national and political level that influenced (or will influence) the development context.
- c. A review of synergies and alignment of UNDP support with other initiatives and partners, including the United Nations Development Assistance Framework (UNDAF), the Global Cooperation Framework, and the Regional Cooperation Framework, and an assessment of the range and quality of development partnerships forged. This includes looking at how UNDP has leveraged its resources and that of others towards delivering results.

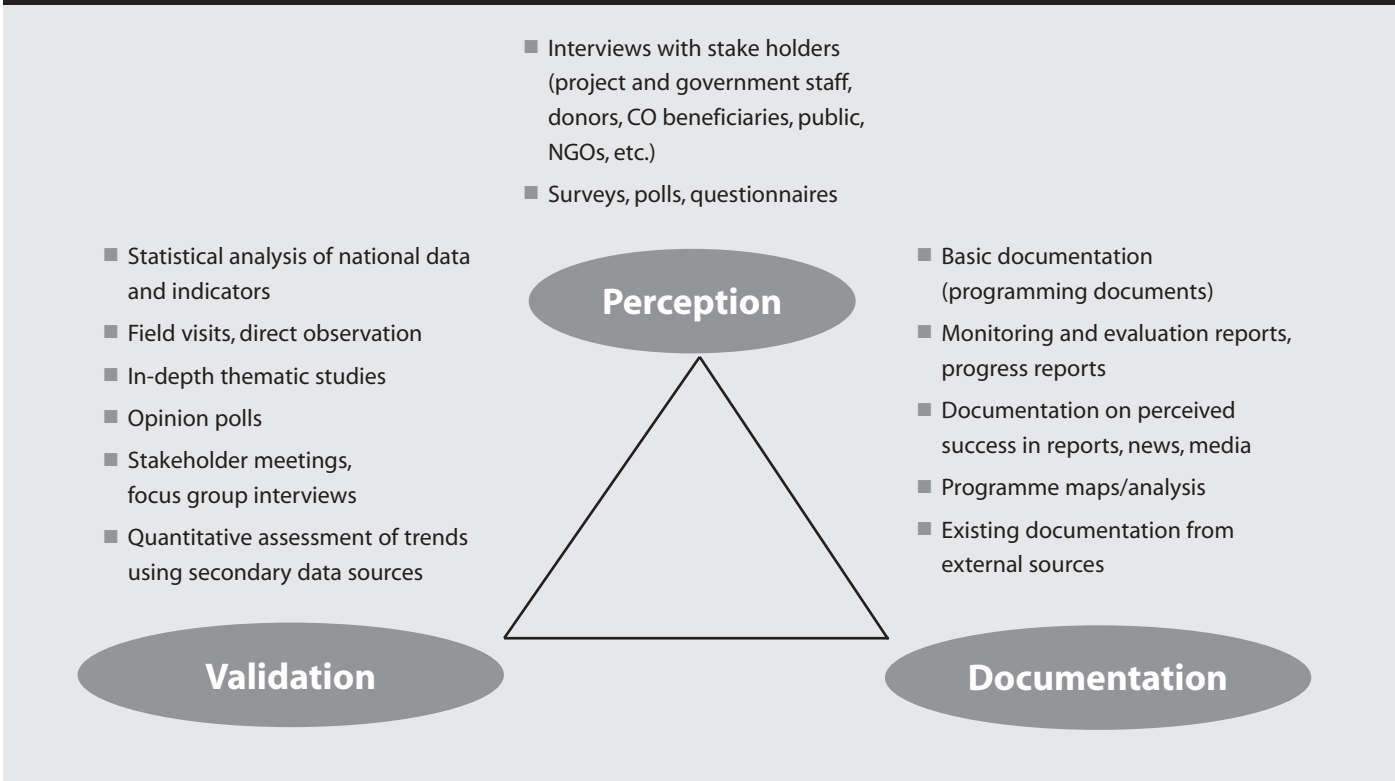
A combination of a 'top down' and a 'bottom up' approach is used in an ADR. The ADR identifies the major changes in the national development conditions within the thematic areas in which UNDP has been active over the last five years. It examines the overall factors that have influenced these results to understand the background of UNDP contribution. It provides an assessment of UNDP's contribution to key development results within the main thematic areas that UNDP operates in. This is aimed at identifying where UNDP assistance contributed to achievements at the national level, and in what areas success was not noticeable. It also includes an analysis of reasons behind success and/or failure. This is combined, selectively, with a bottom-up approach of examining key UNDP projects and programmes and aggregating the findings to assess contribution to achieving results. The ADR also reviews the UNDP partnership strategies, i.e. the range and quality of development partnerships forged and how these partnerships have contributed to achieving development results.

The methodology for the ADRs draws upon the experience from a number of evaluative exercises within UNDP and in the donor community. These include the lessons

learnt by UNDP in conducting country reviews, and specifically the results-oriented country reviews led by the Evaluation Office (EO), the country-level impact assessments by the EO and other donor country programme evaluations. The empirical evidence on which the ADR is

based is gathered through three major sources of information: perception, validation and documentation according to the concept of 'triangulation', as illustrated in Figure 1 below.

**FIGURE 1: THE ADR TRIANGULATION PROCESS**



The Ukraine ADR builds on an exploratory mission to Ukraine in October 2003 and a desk review of UNDP programmes by the EO<sup>3</sup>. Two background studies were prepared by Kyiv-based research organizations. These examined UNDP assistance in policy reform, and in deepening democracy and social inclusion. The main ADR mission to Ukraine was mounted in March 2004. It employed

a mixture of evaluative methodologies, including focus group interviews, a desk review of existing literature and data, key informant interviews, statistical analysis and field visits. A list of the secondary material reviewed is included in annex II and a list of the persons met during the main ADR mission is included in appendix III.

<sup>3</sup> The terms of reference for the ADR mission are included in annex 1.

## II

# Transition to a democratic, market economy

## A. POLITICAL DEVELOPMENTS: A NEW START

Ukraine became formally independent on 24 August 1991, following a referendum in which more than 90 percent of the population favored ending more than 70 years of Soviet rule. With independence, the country's leadership faced the immense task of forging a robust nation state. At the same time, Ukraine was embarking upon a transition to an entirely different economic system, and the political and civil society structures were in a state of flux. Liberal democratic thinking was in its formative stages, new political parties were searching for a political platform, and civic institutions, each with a variety of agendas, were only beginning to emerge.

Although the independence referendum indicated massive public support for Ukraine to chart its own course, this did not at all signal a consensus on the economic system to be followed. The Soviet economic and social framework had provided reassuring continuity and certainty for many citizens — employment security, housing, widespread access to free health, education and other public services, and a high level of female participation in government and in the labour market. To many, the need for fundamental political and economic reforms was not apparent.

The collapse of the Soviet Union and the end of The Soviet State Planning Commission (GOSPLAN) meant that coordination between the Republics on matters of policy making, economic planning and political discourse had practically disappeared. Added to this was the breakdown of the payment and trade systems, which further disrupted traditional business and political relations. In addition, tensions between the eastern and western parts of Ukraine and within Crimea, on development strategy began to emerge.

## THE CONSTITUTIONAL DEBATE

Ukraine's current constitution was adopted on 28 June 1996. It established a combined presidential and parliamentary system of political rule. There are three main arms of Government: the Parliament (*Verhovna Rada*) is the highest legislative body, and is comprised of 450 deputies who are elected for a term of four years; the President, who is the Head of State and the Chief Executive, and is elected for five years; and the Cabinet of Ministers, which is led by the Prime Minister, who is appointed by the President and approved by the *Verhovna Rada*. In practice, however, the President's powers are much greater than the other arms of Government.

In 1994 Leonid Kuchma was elected the President of Ukraine, and he has

held that office ever since. During his term in office, various proposals have been made to reform the Constitution. The reform process has been marred, however, by difficulties in power sharing between the legislative and executive branches.

In June 1995, the President and the Speaker of the Parliament signed a ‘power sharing’ agreement defining the tasks of the executive and legislative branches. However, amendments to the Constitution in 1996 widened the scope of the President’s emergency powers, effectively allowing Presidential Decrees to replace parliamentary legislation. In August 2002, President Kuchma proposed that Ukraine shift to a parliamentary-presidential system of government, and in March 2003, he proposed that the term of his office be extended. The President’s proposed constitutional amendment includes the formation of a parliamentary majority that would then form the government. It also calls for a change in the voting system by which the entire *Rada* would be elected on the basis of proportional representation. The *Rada* has yet to agree on these proposals.

## CONSOLIDATION OF THE REFORM DRIVE

In recent years, governments have frequently changed, although the basic reform thrust has remained much the

same. In late 1999, Victor Yushchenko was confirmed as Prime Minister by the Parliament. In 2000 and early 2001, his government mounted an aggressive economic and social reform programme. In mid 2001, Yushchenko’s government was replaced by a government headed by Anatoliy Kinakh. In November 2002 he was replaced by Viktor Yanukovych, the current Prime Minister. This succession of several governments within a few years reflects many of the difficulties that Ukraine faces in its political climate: strong presidential rule and weak political accountability, hints of corruption and scandal, and the dominance of vested interests in political decision-making. It also reflects a wide gulf between political declarations and reform performance. It is not enough for every Prime Minister to declare the same reform agenda. There must also be a serious political commitment to ensuring that reforms are implemented.

Since the 2002 Parliamentary elections, President Kuchma has further consolidated his base of political support, and he continues to exercise strong control over the country’s political and economic agenda. He has also sent strong signals to the international community that Ukraine will continue to introduce market-oriented economic reforms.

### BOX 1: UKRAINE’S EUROPEAN CHOICE

In 2002, President Kuchma delivered an address to the *Rada* in which he described the measures that would allow Ukraine to achieve living standards comparable to those in Western Europe. The President’s European Choice envisions that Ukraine will become a high-tech state in the next decade, and that technological innovation will improve the competitive position of Ukraine’s enterprise sector and thereby propel higher growth and equity. Public policy is to become more conducive to economic growth, while being more responsive to the needs of the poor, and able to tackle widening inequality. Ecological security is to be fostered to ensure rational management of natural resources. Administrative, constitutional and juridical reforms are to be supported to foster rule of law. A special effort will be made to counter corruption and to bring economic activity out of the hidden economy. A tendency towards bureaucratization in public affairs is to be countered, competition promoted, liberalization encouraged, private property rights and better corporate governance advanced, small enterprises provided institutional and financial support, and bankruptcy laws developed to adequately protect creditor’s rights. Fiscal policy is to be better attuned to social priorities, tax burdens reduced, better fiscal balance aimed for, foreign loans restricted to support investment purposes, and a strong and stable currency developed prior to adoption of the Euro. World Trade Organization (WTO) accession is envisaged as an important step in the journey to European Union (EU) accession, as is the development of market-friendly approaches to protecting the domestic market. Ukraine’s industrial policy calls for active state intervention to foster restructuring and the adoption of modern technology in each of the main branches. Particular attention is to be devoted to transforming military industries to civilian use. In agriculture, land reform, rural financial market development, support for private cooperatives and associations, and technical modernization are the main strategic themes. New energy and transport policies have been defined, and it is suggested that the state will identify a new tourism policy. Growth is to be promoted by higher rates of public investment, foreign direct investment and a restructuring of the banking system to enhance domestic resource mobilization. Policies aimed towards encouraging innovation and protecting intellectual patent rights are to be promoted to enhance the nation’s potential for innovation. State enterprises are to be progressively restructured and exposed to market forces. Education approaches are to be harmonized with those in Europe, and access to modern information technology is to be provided in schools. To tackle unemployment, an active labour market policy is proposed. This will provide incentives for job creation, support flexible labour markets, protect jobs in privatized industries and support entrepreneurship and self-employment. Pension reform is envisaged with a focus on establishing a basic social pension. System-wide reform of health care is also envisaged to ensure access of all to quality care in a health system that has multiple financing channels. More competitive housing policies that foster private initiative are also to be pursued. Ukraine’s European Choice calls for the nation to maintain good neighborly relations with Russia while aspiring to the join the EU. This is to be accomplished by building a common energy system through technical and scientific cooperation, developing a joint transport system, fostering investment cooperation, developing a regional capital market, building military cooperation, developing manpower, and jointly developing border regions. Ukraine’s plan also calls for both countries to cooperate in combating the shadow economy and illegal migration.



## EXTERNAL POLITICAL SETTING

The Government has clearly indicated that it wishes to forge closer ties with the European Union (EU). The national strategy is called the European Choice, and it outlines the medium-term objectives of eventually acceding to the EU (Box 1 above). On the other hand, Ukraine's agreement in September 2003 to form a single economic space with Russia, Belarus and Kazakhstan confirms the fact that Russia continues to play an important political and economic role in the country.

The practical implications of the European Choice with regard to formal ties with the EU will depend on many factors that are difficult to predict. The European Parliament's Wider Europe Neighborhood policy creates an opportunity to build on the existing Partnership and Cooperation Agreement by enhancing access to EU markets, boosting investment and addressing common security issues. The official EU approach goes no further, however, than to define Ukraine as an 'European' country, and to support increased trade links between Ukraine and the EU.

## B. ECONOMIC PERFORMANCE

**Economic collapse** Ukraine's economic development in the early post-communist years was hampered by tentative reforms and severe external shocks. The collapse of trade and cooperation with Soviet Russia and other communist countries after 1990 triggered a long-lasting economic crisis. Mass privatization was launched in an effort to stem the decline, but the combination of a non-competitive business environment and the absence of fundamental market institutions meant that this generated few improvements in corporate performance.

**Recovery after a decade of decline** Ukraine's GDP in 1994 was only about 20 percent of its 1990 level. From 1990 to 1999, negative rates of economic growth were recorded, and although since 1997 the negative rates of GDP growth started to decline, it was not until 2000 that a positive rate of GDP growth (5.9 percent) was first reached. Since 2000, recovery has proceeded apace and inflation has remained below or close to single-digit levels. GDP grew by 9.2 percent in 2001, 4.5 percent in 2002, by a record 9.3 percent in 2003, and, according to World Bank estimates, by over 10 percent in the first two months of 2004. Nominal GDP in 2003 reached UAH 263.2 billion or about \$1000 per head at the current exchange rate. Recovery was broad-based, led by strong manufacturing

growth, a surge in retail trade, and good agricultural performance<sup>4</sup>. While the post-2000 recovery has been impressive, by the end of 2003, reported GDP was still just 60 percent of the level reached in 1990 (see Table 1).<sup>5</sup>

Since 1997, **fiscal and monetary developments** have been equally encouraging. The National Bank of Ukraine has been able to maintain the bilateral exchange rate to the US dollar at 5.33. The consolidated budget registered a net surplus of 0.4 percent in 2003 and in 2004 a modest budget deficit of 1.2 percent of GDP is forecast. Monetization of the economy is increasing and household savings are on the rise. Barterization of the economy has ended, eliminating one of the most common causes of corruption and fiscal slippage.

**Investment and exports underpin growth** The main engines of growth have been high rates of capital investment, a recovery in capacity utilization, and higher exports. In 2003, fixed capital investment increased by 28 percent over the levels reached a year earlier. Increased demand for Ukraine's traditional steel and chemical exports has helped propel growth. While Ukraine's merchandise trade surplus declined from \$980 million in 2002 to \$59 million in 2003, foreign direct investments in 2003 were \$1.2 billion, or 51 percent more than in 2002. The structure of external trade has also changed substantially over the past decade, with 40 percent of exports going to the EU, only about 18 percent to Russia, and another seven to eight percent to the CIS countries.

**Why have exports taken off?** Two factors are responsible for Ukraine's export-led recovery. The first is low wages and the second is effective pegging of the UAH to the US dollar by the National Bank of Ukraine, which has meant a devaluation of the domestic currency vis-à-vis the Euro. Low labour costs appear to be due less to improvements in labour productivity (or industry modernization) and more to the shedding of excess labour by enterprises in recent years. Currency depreciation, while helpful in boosting competitiveness, is likely to be a passing phenomenon as wage rises will catch on. In the medium term, there is a need for continued improvement in the business environment to foster modernization of key industries, since the main measures that have stimulated the recent export-driven boom have largely run their course. Increasing the level and spread of foreign direct investment will also be important to sustain recovery and to boost labour productivity.

Efforts have been made to introduce a more business-friendly investment regime. In 2003, the top rates on a

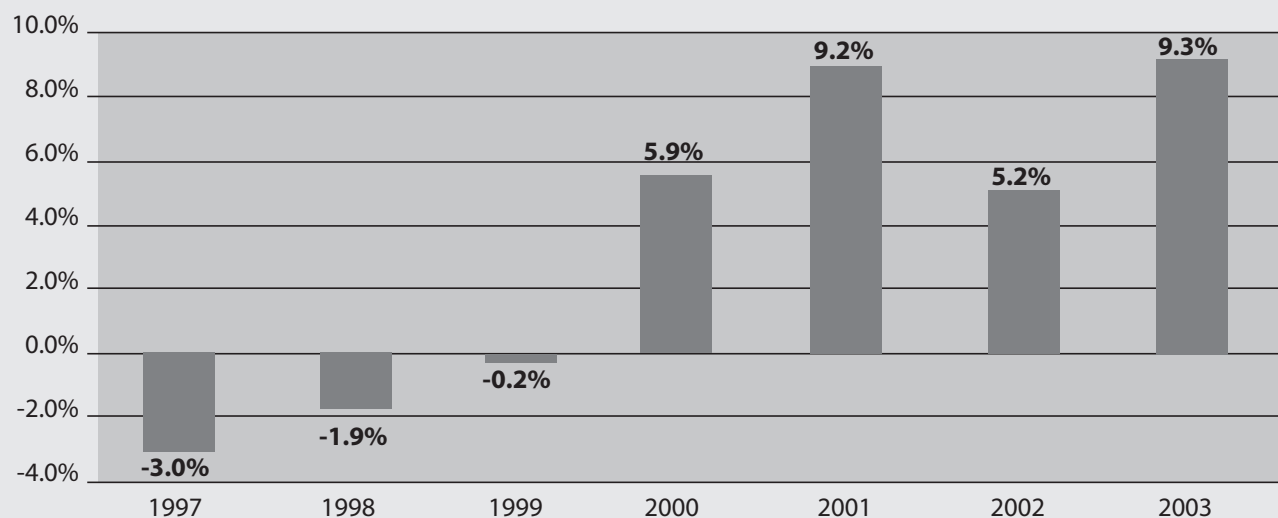
<sup>4</sup> This was the case except for an exceptionally poor harvest in 2003, which was due to drought in the whole region.

<sup>5</sup> Comparisons of GDP in the early and latter years of the transition are complicated by a change in the mix of goods and services available in the economy, by the phenomenal expansion of the underground economy, and by the role of inward remittance from Ukrainians working abroad. National income in 2003 may well have been substantially greater than in 1999, once these factors are taken into consideration.

number of taxes were brought down, including a reduction in the corporate profit tax from 30 to 25 percent and the introduction of a lower 13 percent flat rate on income tax (instead of progressive scale with 40 percent marginal rate). Also, a large number of tax preferences and exemptions were eliminated, and the excise tax system and the small

business taxation system were simplified. These reforms came into force in 2004 and are aimed at broadening the tax base, boosting incentives for private investment and discouraging hidden economy activity. Compared to the situation prevailing in 2002, some 55 to -60 percent of tax exemptions and reductions have already been eliminated.

FIGURE 2: GDP GROWTH, 1997-2003



Source: State Statistical Committee.

TABLE 1: UKRAINE'S MAIN MACROECONOMIC INDICATORS, 1999-2003

		1999	2000	2001	2002	2003*
Real GDP growth	%	-0.2	5.9	9.2	5.2	9.3
Nominal GDP	US\$ billion	31.6	31.3	38.0	42.4	49.4
Inflation, end-year	%	15.7	20.6	0.9	5.7	11.1
Cash balance, consolidated budget <sup>1</sup>	% of GDP	-2.4	-1.3	-1.6	0.5	-0.7
Primary balance, consolidated budget	% of GDP	0.0	-1.3	-1.6	0.5	-0.7
Average UAH lending rate (period average)	%	55.0	41.5	32.3	25.5	18.3
Average UAH deposit rate (period average)	%	20.7	13.7	11.0	7.9	7.0
BoP current account balance	% of GDP	5.2	4.7	3.7	7.7	6.1
Official gross forex reserves (end period)	US\$ million	1094	1505	3089	4417	6939
- months of imports		0.7	0.9	1.7	1.9	2.8
Exchange rate, end-year	UAH/US\$	5.22	5.43	5.30	5.33	5.33
Public debt and arrears, end-year <sup>2</sup>	% of GDP	61.3	47.7	39.4	36.9	32.1
- of which external debt	% of GDP	39.5	33.1	26.6	24.	22.5
Unemployment rate, ILO definition	%	11.9	11.7	11.1	10.1	8.7
Privatization proceeds	% of GDP	0.6	1.3	1.3	0.5	1.1

\* Preliminary estimates.

<sup>1</sup> From 2003 onwards, based on an accounting treatment that excludes offset-based amortization to Russia, which decreases revenues and increases net external financing (and the budget deficit) by 0.2 percent of GDP relative to previous years.

<sup>2</sup> Government and government-guaranteed debt and arrears, plus NBU debt. Excludes debt by state-owned enterprises.

Source: IMF Staff Report, April 2004. Washington D.C.



**Medium-term risks** Ukraine's hard-earned macroeconomic stability faces certain risks. The biggest is that arising from over-centralization of public policy making and fiscal management. The limited progress made in implementing laws on fiscal decentralization weakens the effectiveness of public expenditures and threatens the very foundations of Ukraine's nascent democracy. Although the legal framework for government decentralization was enacted in Ukraine in 1997, local governments have a weak tax base, and central government budget subsidies to local governments are inadequate to meet their statutory obligations. In practice, transfers from central to local governments cover between 30 to 40 percent of the latter's costs, and are mainly used for meeting wage bill expenses and energy costs. Apart from the large municipalities, local governments have hardly any financial resources to meet their other current expenses, such as the costs of maintaining economic infrastructure, local development projects, Small and Medium Enterprise (SME) support and so on. Only the central government can seek authorization from Parliament to raise revenues. Local governments may impose no new taxes, and any additional revenues they collect must be on a voluntary basis. The only way that local governments can meet their devolved responsibilities is by building-up quasi-fiscal liabilities, which they are ill-prepared to service.

Progress in areas such as health care, education, and the social safety net is frustrated by the lack of effective fiscal decentralization. As long as those services are financed by the central government and the allocated resources are strictly tied to specific budget lines, local governments will not have an incentive to rationalize costs or modernize services. Greater local government fiscal autonomy, public participation in fiscal decision-making and local ownership of public services will be in jeopardy.

**Privatization and enterprise restructuring** After the collapse of the Soviet Union, Ukraine inherited many large

industrial enterprises, several of which were military-oriented and subject to rigid central planning. The first stage of privatization in Ukraine (1992-1994) produced hardly any results and was brought to a halt by the *Verhovna Rada* in 1994. Mass privatization was the essence of the second stage (1995-1998) and in 1995, the Parliamentary moratoria on all other forms of privatization was cancelled. In the second half of the 1990s, the new owners of asset certificates from privatized companies began to trade these, causing assets to be concentrated in the hand of a small group of investors. The third stage of privatization, from 1999-2002, was aimed at attracting strategic investors to modernize the large industries. The results of the privatization process from 1995-2001 are summarized in Table 2 below.

While the Government's plans and strategies for privatization have improved over time, the transparency and efficiency of its implementation remain a concern. About half of the nation's total capital assets remain in state hands and only a relatively small number of successful privatization transactions were concluded in 2003, owing to limited investor interest and a dearth of attractive assets. Lack of consistency in the privatization process has also triggered a number of legal disputes. In response, in 2004 the Parliament opted the country's first-ever long-term (2004-2008) privatization programme.

**Private sector development** While the liquidation of loss-making state-owned enterprises and the privatization programme have increased productivity, they have also transformed disguised enterprise over-employment into open-unemployment and informal sector activity. New sources of private sector-led growth will need to be developed to absorb the unemployed and to boost the labour productivity of those currently under-employed. Attracting foreign direct investment and stimulating SME activity are two main ways in which this can be encouraged. But for

TABLE 2: CAPITAL ASSETS BY TYPE OF OWNERSHIP, 1995-2001 (%)

	1995	1996	1997	1998	1999	2000	2001
State	51.1	49.6	45.8	40.0	39.0	32.6	32.1
Municipal	10.9	9.3	10.9	12.6	14.3	21.9	23.3
Private	2.0	1.7	1.9	2.2	2.4	4.0	4.3
Collective	35.9	39.3	41.3	45.1	44.1	41.3	40.1
Property of foreign agents	0.1	0.1	0.1	0.1	0.2	0.2	0.2

Source: The State Committee of Statistics of Ukraine

this to occur, the business environment must be improved.

Some progress has already been made in improving the enabling environment for private sector development. According to the World Bank, the costs of company registration dropped from \$67 in 1999 to \$22 in 2002, the average number of company inspections fell from 16 to 12 in the same period, and the overall cost of regulatory compliance decreased, comparing favourably with other former Soviet Union countries.

Progress in improving the private sector investment environment has not occurred at the same pace in all sectors. In agriculture, while considerable progress in transforming collective farms into private holdings and introducing more market-oriented pricing has been made, there is slow progress in land titling and the establishment of a land registration system. Without a land cadastre and a land mortgage system, farmers cannot borrow against the value of their land.

Contract enforcement is hindered by weaknesses in the judicial system. Slow and non-transparent proceedings of the judicial system discourage parties from taking cases to court in the first place, and those cases that are adjudicated suffer from a lack of reliable enforcement. Whilst large foreign companies are sometimes able to bridge these shortcomings by turning directly to political decision-makers for judicial and regulatory support, this path is not available to most small enterprises or domestic producers.

Fostering SME development is central to the growth of a robust market economy (Figure 3). It is especially important in Ukraine, because of the predominance of large industrial complexes at the start of transition. Between 1991 and 2002, the number of registered SMEs increased five-fold from 50,000 to just over 250,000. Compared to other CIS countries, Ukraine has one of the largest and most robust SME sectors. However, it was only in 1996 that the Government developed policies aimed specifically at fostering SME development (i.e. Concept for Small

Business Development) and only since 1998 has the State Committee for Entrepreneurship become active in promoting SME development.

While tremendous progress has been made, Ukraine's economy continues to operate far below its economic potential. Restructuring the enterprise sector, changing the structure of the economy in line with market demands, making full use of its natural resources, and taking advantage of its large domestic market, regional position, and comparative advantages are amongst the many ways in which Ukraine can benefit from national and global market opportunities. To realize these opportunities, further progress will be required in privatization, trade and marketing reform, land reform, agriculture, business regulations, judicial reform, and in public and corporate governance. Restructuring the energy sector, encouraging foreign direct investment, and building the institutional and financial structures to support SME development will also need to be addressed. Equally, if not more important, is the need to improve the capacity, quality and accountability of government institutions, particularly as the role of the Government changes from directly intervening in the markets to ensuring fair play. As in many other countries in transition, the microeconomic reform challenge for Ukraine is not so much the elaboration of appropriate strategies and programmes, but rather the effective implementation of priority policy reforms. Building the political support and administrative capacity to implement suitable policy reforms is the critical challenge.

## C. HUMAN DEVELOPMENT AND POVERTY

**Income poverty** The scale of the 1990s income collapse was immense. In 2000, the per capita GDP was \$700, which was only around 50 percent of what it was a decade earlier. Even after three years of recovery, average real wages in 2003 were just 40 percent of what they were in 1992. Economic collapse cast a large segment of the pop-

FIGURE 3: NUMBER OF SMALL ENTERPRISES IN UKRAINE, 1991-2002

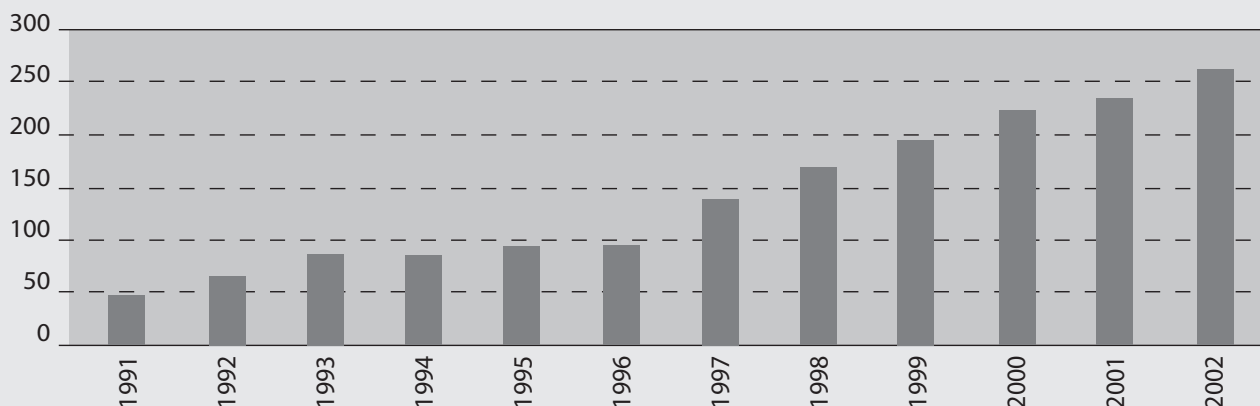
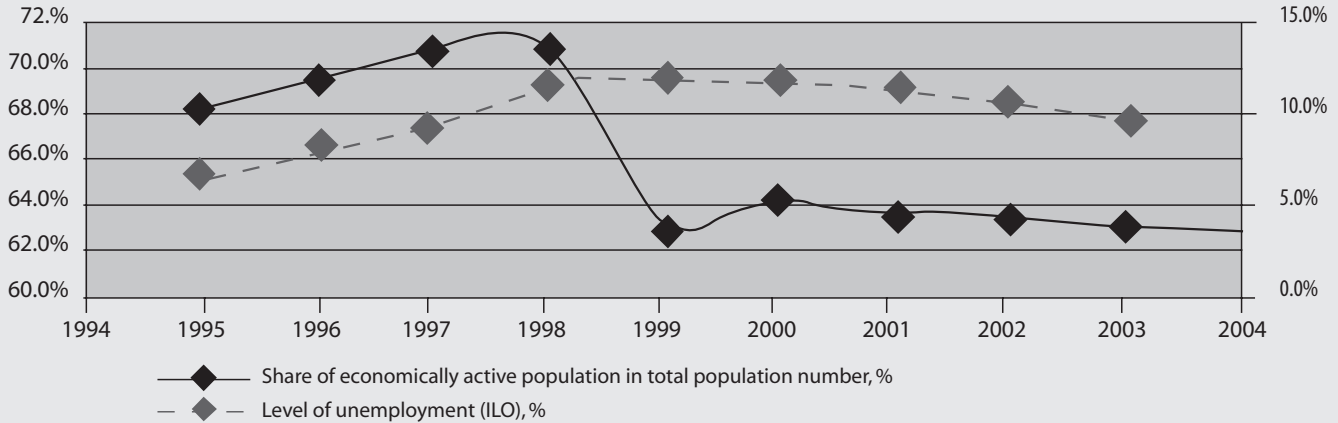


FIGURE 4: THE ECONOMICALLY ACTIVE POPULATION AND THE UNEMPLOYMENT RATE



ulation into poverty. Approximately a quarter of the population is classified as poor, using a Eurostat poverty line. Using the national poverty line of \$4.3 per day in 2001, some 11 percent of the population would be classified as moderately poor<sup>6</sup>. Regardless of how poverty is measured, there is evidence that low incomes imply severe hardship. About a third of the population has a daily diet of less than 2100 calories, a poverty threshold measure used by the World Health Organization (WHO).

**Poverty perceptions** In a sample survey conducted in 2000, over 80 percent of the Ukrainian population described themselves as poor. They also felt that prospects for near-term poverty reduction were limited, and they expected to remain poor in old age. In 2002, 86 percent of all households reported spending less than the monthly minimum expenditure requirements of \$70 or UAH 365. Small-scale consumer sentiment surveys undertaken in 2003 and 2004 confirm that a large segment of the population continues to consider itself to be poor although it believes that the economy is on the mend.

**Who are the poor?** Poverty rates are highest amongst the unemployed, pensioners, persons with disabilities, single parents, workers in the informal sector, ethnic minorities, and families with three or more children. There is relatively little gender difference in poverty incidence, with both men and women having a similar poverty rate. Poverty is found in all parts of Ukraine and, in absolute terms, is divided almost equally between rural and urban areas. In the countryside, the poor tend to be small farmers who subsist on small plots of land and have limited access to support services, credit or markets. In small towns, those who depend on single industries, many of which are no longer viable, also face high rates of poverty.

**Pensioners** are especially vulnerable to poverty, partic-

ularly those who live in big cities and have no land to grow their own food. Some 14 million retired Ukrainians are eligible for an old-age pension, and this share is rising with the aging of the population. Most pensioners continue to work, grow some of their own food, or live with children to supplement limited pensions. During most of the 1990s, the Government was unable to meet its pension commitments and pension arrears accumulated.

**Disabled children**, of which there were approximately 75,000 in schools for children with special needs, are especially vulnerable to poverty. They are often excluded from public schools and private facilities because of inadequate infrastructure, and a lack of counseling and other services. Other vulnerable groups are **orphans and homeless children**. The number of children lacking parental care doubled during the 1990s to 103,400. Of particular concern are the large numbers of children who have become homeless and lack any care at all. The adoption policy has been evolving, and family-style orphanages and foster families have been established. A network of shelters for under-age children has been created and about 25,000 children are living in shelters.

## POVERTY DETERMINANTS

Family size is directly correlated with poverty. In 2001, the poverty rate for families in households with five members was 40 percent, and households with eight or more members faced a 70 percent rate of poverty.

Educational achievement is also closely correlated with poverty. In 2001/2002, just 13 percent of those with a college degree were found to be poor, compared to 45 percent for those families headed by individuals with no more than a primary school education.

Economic restructuring and the closure of non-viable

<sup>6</sup> Measured in purchasing power parity terms, the poverty incidence is somewhat different. At poverty lines of PPP\$2.15 and PPP\$4.30, the poverty incidence was 0.4 percent and 8.4 percent respectively in 2001.

enterprises has put many people out of work. Labour force participation rates have fallen, and open unemployment emerged on a large scale for the first time in the second half of the 1990s. The unemployment rate, using International Labour Organization (ILO) definitions, peaked at an estimated 18 percent of the labour force in 1999 and has subsequently fallen to just over nine percent of the labour force in early 2004<sup>7</sup>.

Many of the unemployed have a difficult time finding a job. Almost one third of those who were looking for work in 2001 had been unemployed for 1-2 years, and another third had been out of work for over three years (Figure 4). Labour mobility remains low, because long-term employment with one enterprise or institution had been the social norm.

**The Working Poor** Although unemployment is a serious concern, the bulk of those who are poor are actually working. Employees made up 31 percent of the poor population in 2001, while those who were unemployed made up just 17 percent. The combination of a sharp decline in real wages, a build-up of enterprise wage arrears, and the rising cost of social services and utilities has cast many workers into poverty.

Since 1999, however, conditions for the working poor have improved. Real wages are recovering and wage and social transfer arrears have largely been cleared. Average monthly wages have risen from UAH 230 in 2000 to UAH 434 in February 2004. Pensions and social assistance entitlements have increased each year from 2001 to 2003. According to Prime Minister Victor Yanukovych's statement to the Ukrainian Parliament on 16 March, 2004, the minimum wage rate will be increased to UAH 237 from September 2004, the average wage rate will increase by no less than 15 percent, and at least 600,000 new jobs will be created in 2004.

**Recovery and Income Poverty** Recovery has helped the poor, although with a lag of about two years. Using a poverty line equivalent to three quarters of the median income, income poverty incidence is reported to have declined from 30 percent in 1999 to 26 percent in 2002. In Kyiv city, the poverty incidence fell from 11 percent in 1999 to just under eight percent in 2002. In rural areas, however, the poverty incidence has shown only marginal improvement, with 30 percent of the rural population classified as poor in 1999 compared to 31 percent in 2002.

**Poverty and Inequality** During the Soviet era, wage equalization mechanisms kept living standards fairly equitable across the population. In the 1990s, wages became far more unequal geographically, across different industries,

and especially between private sector managers and civil servants. For example, the ratio of maximum to minimum inter-industry wages increased from 2.56 in 1990 to 4.69 in 1996, and to 5.48 in 2001. The Gini coefficient of inequality increased by nearly 10 percent from 0.309 in 1999 to 0.340 in 2002. Although inequality is deteriorating rapidly, it is still within a moderate range, as compared to Russia (Gini coefficient of 0.44) or Moldova (Gini coefficient of 0.36).

**Coping with Poverty** The informal sector provides an estimated one third of all household incomes and employment. Many informal sector activities, which are semi-legal at best, generate low incomes that mitigate some of the dimensions of poverty rather than offering a way out of it. Another strategy for coping with poverty is overseas migration. Several million Ukrainians work abroad, many of them going for short-term spells of a month or two to Poland or other parts of the EU. In addition, approximately 50,000 Ukrainians migrate on a longer-term basis each year in search of better employment opportunities and higher incomes.

**Social Security** Ukraine's social security system, although well funded, has done little to protect living standards. In 2002, about 40 percent of the population received either social insurance or social assistance benefits. Fourteen million pensioners are supported by 23 million workers; four million poor families receive housing subsidies; 2.7 million jobless receive unemployment compensation; and 2.9 million families (with 4.3 million children under 18) receive family allowances. In 2001, 90 percent of the poor families that were entitled to receive low-income support did not. Similar results apply for low-income housing support. Although Government social protection spending totaled 3.5 percent of GDP in 1999, the distribution of benefits was skewed to middle and upper-income families rather than the poor. According to Prime Minister Yanukovitch's March 2004 statement to the Parliament, the Government plans to increase the social expenditure budget by 60 percent in 2004 to boost incomes of the poor and to cover those who are entitled to social assistance but have not accessed it.

**Negative Population Growth** Between 1989 and 1999, the number of live births fell from 691,000 to 389,000. Large numbers of young people delayed having families due to uncertain economic conditions. As a result, from 1997 to 2002, Ukraine's population fell from 50.2 to 47.8 million persons (Figure 5). Because of the low birth rate, emigration and other historical factors, approximately 15 percent of all Ukrainians are over 65, a high ratio compared with most other low to middle income countries.

<sup>7</sup> The official unemployment estimate in 2004 is 4 percent. This is likely to under-estimate the extent of actual unemployment since it is based on employment center registration.



FIGURE 5: UKRAINE: POPULATION, BIRTH AND MORTALITY RATES, 1990-2003

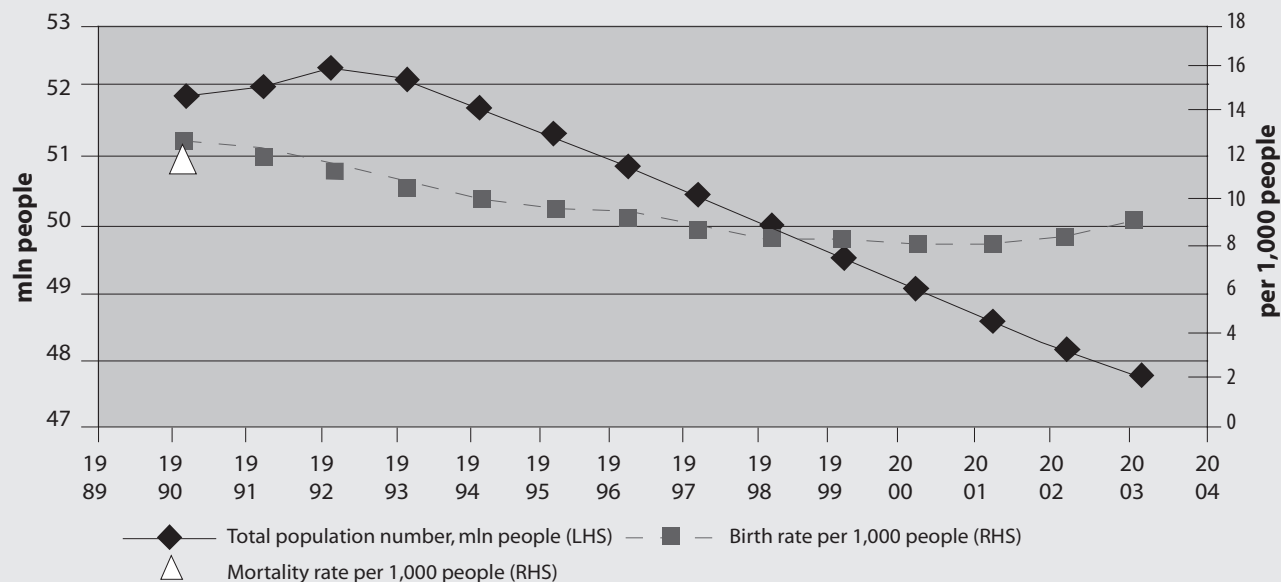


TABLE 3: SELECTED HUMAN DEVELOPMENT INDICATORS, 1992-2002

	1992	1994	1996	1998	2000	2001	2002
Life Expectancy at Birth (years)	69.1	67.8	67.1	67.4	67.9	68.3	68.3
Adult Literacy (%)	98.5	98.6	98.7	98.7	98.8	99.0	99.0
Combined Gross Enrollment (%)	73.7	72.4	73.4	74.9	77.3	78.6	79.3
GDP per capita (PPP, USD)	6,315	4,367	3,680	3,546	4,070	4,458	4,714
HDI	0.778	0.749	0.734	0.741	0.750	0.759	0.763

Source: State Statistic Committee

\* World Development Indicators 2000 CD-ROM, World Bank, HDRs

Further depopulation could threaten the overall stability of the Ukrainian pension system as the shrinking labour force is obliged to meet the retirement income needs of an ever growing population of pensioners.

**Trends in human development** The human development index (HDI) captures the multiple dimensions of impoverishment, and hence provides a better measure of deprivation than other measures based on income alone (Table 3). From 1990 to 2002, Ukraine fell from the 44<sup>th</sup> to the 75<sup>th</sup> position out of 175 countries on the HDI scale. Romania and Poland, which were behind Ukraine at the start of the 1990s, improved their rankings and by 1993 had surpassed Ukraine. Russia also registered a decline in the HDI during the 1990s, but not by as much as Ukraine.

Kyiv exhibits substantially higher incomes, education, living conditions, labour market conditions and material well being than the rest of the country. But paradoxically, Kyiv's social conditions are amongst the most severe in

Ukraine, marked by a high incidence of tuberculosis, a high number of babies born out of wedlock and adverse environmental conditions. Of the other regions, Poltava and the Autonomous Republic of Crimea also report high levels of human development. For Poltava, this can be explained by high education achievement, long life expectancy, good health indicators and favorable natural environment. Crimea recorded a high level of human development thanks largely to effective provision of social services and an upsurge in tourism-related incomes. Donetsk and Luhansk lag far behind in human development. Both regions exhibit low life expectancy, low levels of secondary school enrollment and high rates of pollution.

An analysis of the differences in human development across regions found that budget support for social programmes (education, health, social protection, housing) played an important role in contributing to education, health, life expectancy and other social outcomes. Better local government support and financing for public services

was also directly related to reduced social problems, such as unemployment, crime rates, wage and pension arrears, and marriage instability. This underscores the importance of improved fiscal capacity and autonomy of local governments in improving human development.

**Gender and development** Ukraine's gender development index has been ranked somewhat higher than its HDI, indicating a reasonably high level of gender equality. This is largely due to the equality that men and women enjoyed in the labour force during Soviet times, rather than to more recent improvements. Moreover, while men and women are equally represented in the labour force, women earn an average of 30 percent less for similar work. Women's work tends to be of a lower status, and men are more than three times likely to control companies than women. Women also bear a greater burden of raising families – some 60 percent of all families are headed by women. In rural areas, women bear a triple burden. They work in agro-enterprises, tend their own plots of land and are responsible for maintaining the household. Growing numbers of young women migrate out of rural areas to escape this heavy burden. The proportion of rural women leaving the countryside is 1.5 times that of rural men.

**Gender-related violence** has become a serious concern. While violence against men primarily takes place outside the home, for women, the danger often comes from men that they live with. Ukraine is also one of the main source countries in Europe for trafficking of women and children for forced sexual exploitation. While Ukrainian law enforcement has become active in combating trafficking since the late 1990s, very little assistance is available for victims of such practices<sup>8</sup>.

At the national level, Ukraine's political leadership is male-dominated, and the media tends to reinforce traditional stereotypes of men and women's roles. In the 2002 Parliamentary elections, only 23 women were elected to

serve. As a result, there were 19 men for every woman in the Parliament. Only seven percent of the executive positions in Government are held by women, and among civil servants, men occupy 95 percent of the top posts. Women have far more power in local governments. More than 50 percent of deputies in village and rural governments, and a third in municipal and country governments, are women.

**Health and education services** At independence, Ukraine inherited a health care system that was designed to provide free care for all citizens<sup>9</sup>. The Soviet public health system was designed to provide specialized treatment (rather than preventative care) and was built around an extensive network of hospitals and nearly 500,000 health sector employees (including 200,000 physicians), which was costly to operate and maintain. Despite spending nearly 10 percent of public expenditure on health care, the Government has been unable to provide hospitals with the necessary drugs, equipment or facilities needed to maintain universal access. Much of the Government's health care spending is used to finance basic hospital maintenance and meet energy costs. To fill the financing gap, patients are required to pay informal fees for health services. As a result, the poor can no longer afford routine health care. The Ministry of Health estimates that 20 percent of the population is unable to use any health facilities at all. While government health expenditures have more than doubled in nominal terms between 2000 and 2004, at three percent of GDP (or \$30 per capita), spending remains insufficient to meet priority health care requirements.

Lack of access to essential health services has contributed to a decline in life expectancy and rising rates of tuberculosis, HIV/AIDS infection, alcoholism and substance abuse. Life expectancy at birth fell from 70.5 to 67.9 years between 1990 and 2000, with most of the decline registered in life expectancy for men (Table 4). Mortality rates have been rising since independence (from 1250 per

TABLE 4: HIV/AIDS AND TB INDICATORS

Indicators	1990	2000	2001	2004f*
New HIV-infection cases per 100,000 persons	0.08	12.6	14.2	15.4
Number of AIDS-related deaths per 100,000 persons	N/A	0.8	0.9	1.2
Number of new TB cases per 100,000 persons	31.9	60.4	69.5	80.0
Number of TB related deaths per 100,000 8.0	22.2	22.4	19.0	

Note: f refers to forecast

Source: Ministry of Economy and European Integration, Millennium Development Goals, 2003.

<sup>8</sup> *Gender Issues in Ukraine: Challenges and Opportunities*, UNDP 2003.

<sup>9</sup> Ukraine's Constitution declares that "Citizens have the right to health protection, medical care and medical insurance". The Constitution also declares that citizens have the right to education and social protection.



100,000 persons in 1990 to 1520 per 100,000 in 2000), with cardiovascular diseases, cancer, accidents and poisoning the leading causes of death. The rates of maternal and infant mortality, complicated pregnancies and miscarriages are twice as high in Ukraine than in Western Europe. Due to the high cost of contraceptives and lack of family planning knowledge, abortion continues to be the most common form of birth control.

At one percent, the adult **HIV prevalence** in Ukraine is amongst the highest in Europe. The number of reported HIV cases has increased twenty-fold in the past five years, and some 400,000 persons are already infected. Those living with HIV/AIDS suffer from fear, discrimination and stigmatization, and are generally unable to access anti-viral medical treatment or to obtain legal protection. While injecting drug use currently accounts for three quarters of HIV infections, the proportion of sexually transmitted HIV infections is increasing, and Ukraine is quickly approaching the threshold of a nation-wide HIV/AIDS epidemic. Public awareness about the causes and consequences of HIV/AIDS infection is limited, and a combination of poverty, unemployment, substance abuse and increased sex industry activity combine to foster the spread of sexually transmitted diseases. In addition, a sharp increase in high-risk behavior amongst the youth is leading to an alarming rise in sexually transmitted diseases and substance abuse<sup>10</sup>. Tuberculosis has also become a major and growing health problem in Ukraine, with incidence rates rising from 32 per 100,000 in 1990 to 80 per 100,000 in 2004.

Despite difficult economic and social conditions, some health indicators have improved. Universal infant vaccination coverage for diphtheria, polio, tetanus, tuberculosis and measles was maintained (after a diphtheria epidemic in 1992), maternal mortality rates fell by 22 percent over the 1990s, and since 2002, mother-to-infant transmission rates for HIV infection have been dramatically reduced.

As in the health sector, Ukraine has a long history of high standards and accomplishments in **education**. Enrollment rates and basic literacy in Ukraine are comparable to most high-income countries, since primary and

secondary education has been mandatory since the times of the former Soviet Union. However, the education system is under stress and needs reform. Teachers and administrators are neither being paid well, nor on time. Energy costs consume a large portion of the education budgets. Many schools lack the supplies, computers, Ukrainian language books and other materials required for high quality education. Overly-centralized management, low teacher morale, inadequate teacher training, outdated curricula and a lack of a quality monitoring system limit the capabilities and incentives to boost the quality of the education system.

**Access trends** Between 1990 and 1995, nearly 10,000 preschools were closed or transferred to other uses. Between 1995 and 2004, enrolment in primary education increased from 85.8 percent to 99 percent. By comparison, enrolment in lower secondary schools fell from 96.8 percent in 1995 to 92.9 percent in 2001 (Table 5). An even sharper decline was registered in pre-school enrolment (from 51.4 percent in 1995 to 43.9 percent in 2001). However, between 2001 and 2003, enrolment rates at the pre-school, primary and secondary levels have all started to increase once again.

In 2003, some 2.6 million students were enrolled in tertiary training institutions. About 60 percent of all those in the 19-24 year age group receive some form of tertiary training, and there are more women than men in the University system. The vocational training system, which in the past was linked to the needs of specific industrial enterprises, has gradually been restructured to prepare students to start businesses and meet broader labour market requirements. While access to higher education is generally good, inequalities in access to Universities, especially for rural students, have become a concern.

**Information and Communications Technology (ICT)** In 1997, fewer than three percent of all Ukrainians had access to the Internet and other modern sources of information technology. Few schools had access to ICT resources, and rural areas suffered from a dearth of development information. The legislative framework for fostering ICT accessibility, protecting civil liberties and regulating ICT provision was outdated. Monopolization of

**TABLE 5: SELECTED EDUCATION INDICATORS**

Indicators	1997	1999	2001	2004(f)
Pre-School Enrollment Rate (age 5)	46.6	47.6	50.5	53
Primary Enrollment Rate (ages 6-9)	N/A	81.7	99.2	99.3
Secondary Enrollment Rate	N/A	N/A	90	92
Enrollment rate for those aged 18-22 (net in I-VI levels)	45.2	49.9	57.5	60

Note: 'f' refers to forecast

Source: Ministry of Economy and European Integration, *Millennium Development Goals*, 2003.

<sup>10</sup> Some 62% of those aged 12-14 and over 72% of those aged 15-20 reported that they use alcohol. A large proportion of the adolescent population have also experimented with drugs.

telecommunications meant that the physical infrastructure for the sector was outdated, costs high and regulations restrictive. While progress in fostering competition in the telecommunications sector has been limited, the more lightly regulated Internet and mobile phone sectors have recorded phenomenal growth. By 2003, there were 420 Internet Service Providers on the service market, broadband connections with Western Europe, USA and

Russia were established, all *rayon* (district) centres were digitalized, an estimated eight percent of the population regularly used the Internet, and 6.4 million consumers used mobile telecommunications.

**MDG commitments** As a signatory to the Millennium Declaration in September 2000, the Government of Ukraine made a commitment to fulfil the MDGs. Since social indicators were already reasonably good, Ukraine's

## BOX 2 : UKRAINE'S MDG COMMITMENTS

In 2002 and 2003, a national debate took place in Ukraine. Through a broad-ranging, participatory process, experts from the Government, academia, donor community and civil society adapted the broad MDGs to the Ukrainian context.

**MDG 1** refers to the eradication of extreme poverty and hunger. Although poverty is a problem, there is very little destitution or hunger in Ukraine. Accordingly, the MDG target was defined as reducing by one third, between 2001 and 2015, the proportion of the population whose consumption is below the national poverty line. At the national poverty line of \$4.3 per day in 2001, some 11 percent of the population was classified as poor.

**MDG 2** relates to access to primary education. In Ukraine, access to both primary and secondary education is already high. While increasing education enrolment during 2001-2015 remains one of the MDG commitments, the main target is to increase the quality of education, which will be measured through a national assessment system.

**MDG 3** relates to gender disparities in primary and secondary education. Since there is relatively little gender discrimination in the education system, targets for promoting gender equality and empowerment focused more on issues of political representation and income gaps. Towards these ends, the authorities made a commitment to assure, by 2015, a gender balance of at least 30-70 percent at the top levels of the civil service and the executive (up from 17.6 percent in 2001 to 42.9 percent in 2015), and to decrease by half the gap between men and women's wages (from 71- 86 percent).

**MDG 4 and 5** refer to the reduction in child and maternal mortality. Since Ukraine's performance in child and maternal mortality is on par with much of Western Europe, the MDGs were reformulated to aim for a 17 percent reduction in under-five (from 14.9 to 12.4 per 1,000 live births) and maternal mortality (from 23.9 to 19.8 per 100,000 live births) by 2015. Attention also needs to be directed to reducing the high mortality rate amongst the working age population, especially males, reducing the high abortion ratio, and lowering the adolescent fertility rate, which at 43 births per 1,000, is twice that of Poland and the Czech Republic and nearly four times that of major EU states.

**MDG 6** refers to combating the spread of HIV/AIDS, malaria and other diseases. Since malaria isn't a problem in Ukraine, this MDG was reformulated to focus on reversing the explosive growth in HIV/AIDS and TB incidence. As an estimated 400,000 persons are infected with HIV/AIDS in Ukraine, the authorities' main concern was to reverse the exponential spread of the disease. The HIV/AIDS target is to decrease the rate of new HIV/AIDS infections by 13 percent between 2001 and 2015 (or from 14.4 new cases per 100,000 persons in 2001 to 12.5 cases per 100,000 persons). During the past decade, the TB prevalence rate has doubled. Introduction of new diagnostic techniques may make it possible to spot TB cases early and to reduce treatment costs. Innovative public health approaches will be needed to help reach Ukraine's MDG commitment for TB, which calls for a reduction of 42 percent in the spread of TB between 2001 and 2015 (from 65.9 per 100,000 persons to 40.3 per 100,000 persons).

**MDG 7** refers to fostering environmental sustainability. Improving access to safe drinking water (by 12 percent), stabilizing air pollution from both ambient and moveable sources and expanding the network of natural reserves and parks to reach 10.4 percent of the total area of Ukraine were set as the MDG commitments.

While the first seven goals were designed to address the multiple aspects of deprivation, the last goal—global partnership—was designed to help transform aspirations into reality. To foster global partnership, Ukraine is actively pursuing membership in both the WTO and the EU. WTO membership will help widen opportunities for trade and cross-border investment, contributing to higher rates of economic growth that will in turn boost incomes and generate resources for priority social programmes. Ukraine's European Choice implies the need for political, economic and institutional reforms that will allow Ukraine to reclaim its historical position within the community of European Nations while fostering steady progress in human development and poverty reduction.

Source: Ministry of Economy and European Integration of Ukraine. 2003. *Millennium Development Goals: Ukraine*, Kyiv.

MDG commitments had to be reformulated to better reflect local poverty reduction challenges. A consultative process, supported by UNDP, the World Bank and other development partners was mounted in 2002 to interpret Ukraine's MDG commitments and to establish suitable base-line values and targets. Box 2 summarizes Ukraine's MDG commitments.

**The human security challenge** A major **human security** challenge in Ukraine is the long-term social, economic, environmental and psychological rehabilitation of the communities affected by the **Chernobyl** nuclear power plant accident. Prior to the collapse of the fourth energy block in April 1986, 274 thousand people, including 59.2 thousand children, lived in the Chernobyl area. Some 12 *oblasts* (regions), and a total area of 4.6 million hectares of land were adversely affected by radioactivity. By 2001, there

were just 123 thousand persons residing in Chernobyl, including 21.2 thousand children<sup>11</sup>. Some 3.1 million persons are accorded special social assistance privileges (welfare payments, food allowances and social pensions) as a result of the Chernobyl disaster, including 336,000 liquidators, 1 million children and 1.7 million adults. Since the accident, the incidence of thyroid gland pathology, cancer, respiratory diseases and other health problems has substantially increased. Despite tremendous hardships, there are some signs of recovery. Seventeen years after the disaster, the flora and fauna of the region are showing signs of renewal and local leaders have expressed their commitment to fostering economic and social development.

**Human rights** While Ukraine has ratified most of the major human rights covenants, it was one of the last nations in Europe to outlaw the death penalty. In 2002, the

**BOX 3: SELECTED HUMAN RIGHTS COVENANTS AND CONVENTIONS RATIFIED BY THE GOVERNMENT OF UKRAINE**

International Instrument	Year Entered into Force
International Covenant on Civil and Political Rights	1976
International Covenant on Economic, Social and Cultural Rights	1976
Convention on the Elimination of All Forms of Racial Discrimination	1969
Discrimination (Employment and Occupation) Convention	1960
Equal Remuneration Convention	1953
Convention on the Elimination of all Forms of Discrimination Against Women and Optional Protocol	2000
Convention on the Rights of the Child and Optional Protocol on the Involvement of Children in Armed Conflicts and on the Sale of Children, Child Prostitution and Child Pornography	1990
Worst Forms of Child Labour Convention	2002
Convention Against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment	1994
Freedom of Association and Protection of the Right to Organize Convention	1953
Convention Relating to the Status of Refugees	2002
Geneva Convention Relative to The Protection of Civilian Persons in Time of War	1950

Source: *Compilation of Human Rights Instruments: Ukraine*, UNHCR, Kyiv 2004.

<sup>11</sup> *National Environment Report 2001*, page 80.

Government made a commitment to harmonizing national policies with the international Convention Related to the Status of Refugees (see Box 3). In addition to refugees, there are other groups in Ukraine, such as injecting drug users (IDU), female sex workers and persons with HIV/AIDS, whose human rights are not adequately protected. These groups suffer from both overt legal discrimination and social stigmatization.

**Crimea re-integration** The ongoing resettlement, integration and development of about 260,000 formerly deported people (FDP) in the Autonomous Republic of Crimea is a major challenge. Deteriorating economic conditions in Crimea have made it difficult for the population to absorb large numbers of FDPs. Many FDPs are residing in settlements that do not meet minimum standards for basic infrastructure. In 1990, 60 percent of the settlements had no regular access to water and just 30 percent had access to electricity. Thanks to generous external assistance provided between 2001 and 2004, access to water and electricity has improved considerably. Similarly, in 1990, the majority of FDPs lacked clear citizenship rights. By 2004, nearly all of the FDPs were issued with passports. Unemployment, however, remains very high. As many as 70 to 80 percent of the adult FDPs are reported to be unemployed. Despite the large-scale re-integration of the FDPs, peace and stability has been successfully maintained in Crimea. The situation, however, remains tense and continued support will be required to prevent conflicts and build the peace.

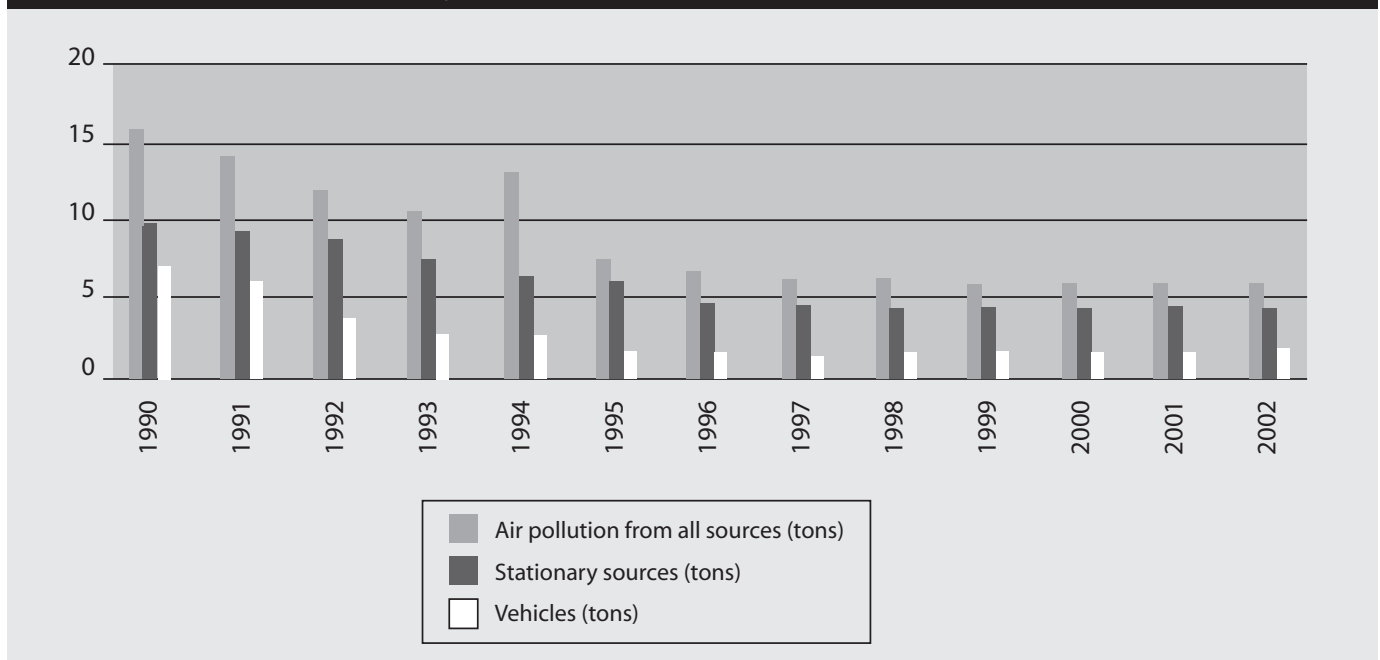
**Weapons stockpiles** Ukraine has large stockpiles of anti-personnel landmines, including 5.94 million PFM 1 mines. These landmines contain a liquid explosive filling (VS6-D) that is dangerous to destroy. Safe destruction of these mines is important because they could potentially leak, and leakage could release toxic, gaseous pollutants. Moreover, the PFM stockpiles are located in densely populated regions, some of which are near nuclear installations.

**Environmental sustainability** Partly as a result of the Chernobyl catastrophe, Ukrainian environmental consciousness and concern is very high. The most commonly noted environmental problems are air pollution, unsafe drinking water, nuclear safety, solid waste disposal, flooding, deforestation and the safe disposal of military stockpiles.

Ukraine inherited a legacy of Soviet disregard for the natural environment. Much of Ukraine's industrial output is highly resource intensive. Construction of dams and storage pools for irrigation and power generation was undertaken with little consideration for the preservation of rivers and watersheds. Added to this was the Chernobyl disaster, which resulted in severe radioactive contamination of water and land resources.

During the past decade, pressures on the natural resource base have abated, thanks largely to a decline in heavy industrial activity (Figure 6). Despite a sharp rise in the numbers of vehicles and vehicle related pollution, the quality of air is improving. Between 1997 and 2001, a 10.6 percent reduction in air pollution caused by static sources was recorded<sup>12</sup>. The amount of arable land under cultiva-

FIGURE 6: UKRAINE: AIR POLLUTION, 1990-2002



<sup>12</sup> National Environment Report 2001, page 14.

tion, which was more than 50 percent of the total territory before 1990, has gradually declined while the share of forests, meadows and hay fields has increased. From 1992 to 2003, the number of nature parks and reserves increased from 5602 to 7040, which represented an increase from 1.3 million hectares to 2.7 million hectares. Still, weak management of the natural resource base persists. Deforestation and other unsustainable practices of managing natural resources are causing several problems in the Carpathian mountains and the Tisza watershed areas, which extend beyond Ukraine.

**Governance reform** Ukraine continues to face significant challenges in strengthening and building a democratic system of governance. The Government and the political system, particularly public finance, remains highly centralized. Involvement of citizens at a local level in the public decision-making processes is limited. Accountability and transparency in the use of public resources is weak, and checks and balances between the legislative, judicial and executive branches of the Government are ill defined. Corruption is perceived to be widespread and is undertaken with impunity. Laws and regulations continue to be applied in an arbitrary manner, the flow of information from Government to the public is inadequate and local administrators have limited authority or capacity to respond to citizens' needs.

**Decentralization and public administration reform** The establishment in the Constitution of the principle of local self-government in Ukraine is a major departure from the Soviet past.<sup>13</sup> For the first time in Ukraine, 'communities' have been defined as the basic unit of local self-government.<sup>14</sup>

The legal basis for the development of local self-government in Ukraine is elaborated in two laws, 'On Local State Administrations' (1999) and 'On Local Self-Government' (1997). These laws guarantee self-government, provide for the basic principles of local government organization and activities, and establish the legal responsibilities of local government bodies. The law on local self-government also establishes the procedure for local referendums, meetings of local citizens and other local initiatives. Local governments are granted exclusive powers in the areas of socio-economic and cultural development, budget, finance and prices, management of public property and services, transport and communication, construction and land zoning, health care and social protection, and

sports. The Concept of Administrative Reform also provides models for the development of institutions of local self-government.

One of the most important steps in recent years in encouraging decentralization was the passage of the new budget code in 2001. Under this, funds are allocated directly to nearly 700 cities on the basis of a revenue equalization formula. The adoption of a modern budget code has also helped improve budgetary management and state finance.

Improvements have also been registered in the management of public finance. Until 1999, the Government made frequent use of extra-budgetary funds, transfers to local government were made in a discretionary manner, and there was a lack of a clear legal and institutional framework for public procurement. By mid-2003 most social funds were brought into the Treasury system, the transfer formula was refined, and non-competitive procurement methods were reduced to 25 percent of the total number of government contracts. There has also been a remarkable turnaround in payments collection in the energy sector. Cash payments increased from a low of 7.7 percent and 15 percent from the public and private sectors respectively in 1999 to about 85 percent and 90 percent in mid-2003. With regard to public sector payments, the non-transparent practice of mutual offsets has been eliminated. Inter-enterprise arrears, which accounted for 91 percent of GDP in 1999 were gradually reduced to 49 percent by mid-2003. Another potential area of corruption and tax evasion – barter – was reduced to just 2.3 percent of state spending in 1999. All wage arrears as well as most other social payments (with the exception of pensions and Chernobyl transfers) were substantially reduced by 2003.

**Public sector accountability** Although actual mechanisms for ensuring that citizens have full access to information have yet to be developed, the Government does recognize the lack of transparency as a problem, and has taken an important step towards improving public access to information by creating a governance portal on the Internet. Deregulation and a reduction in administrative discretion have also been pursued to improve transparency and boost public sector efficiency.

In 1999, the Council of Ministers had an inefficient and cumbersome system of public administration, comprising more than 100 central bodies of executive power. Ministers regularly granted exemptions and preferential treatment on a discretionary basis to selected enterprises.

<sup>13</sup> Constitution of Ukraine, Articles 140-46

<sup>14</sup> Ukraine is divided into 24 *oblasts* (regions), the Autonomous Republic of Crimea and the city of Kiev, which enjoys a special status on par with that of an oblast. Each region is further subdivided into *rayons* (districts). Each oblast and rayon has its own elected Council of Deputies and a parallel state administration. The state administration in each region is headed by a providentially appointed governor. Although Crimea has its own constitution, parliament and government, these remain subordinate to the central government in Kiev.



TABLE 6: CORRUPTION PERCEPTION INDEX FOR THE SELECTED COUNTRIES

Country	Corruption Perception Index by years			
	2000	2001	2002	2003
<b>Ukraine</b>	<b>1.5 (ranked 87<sup>th</sup> out of 90)</b>	<b>2.1 (ranked 83<sup>rd</sup> out of 91)</b>	<b>2.4 (ranked 85<sup>th</sup> out of 102)</b>	<b>2.3 (ranked 106<sup>th</sup> out of 133)</b>
Finland	10	9.9	9.7	9.7
France	6.7	6.7	6.3	6.9
Germany	7.6	7.4	7.3	7.7
Czech Republic	4.3	3.9	3.7	3.9
Hungary	5.2	5.3	4.9	4.8
Belarus	4.1	-	4.8	4.2
Poland	4.1	4.1	4.0	3.6
Russia	2.1	2.3	2.7	2.7

Notes: The CPI ranges between 10 (honest) and 0 (most corrupt).

Source: Transparency International.

By mid-2003, the establishment of Cabinet Committees reduced the scope for granting tax exemptions and special privileges.

While progress has been made, corruption and administrative discretion continue to be important concerns. Corruption, onerous taxation and arbitrary licensing practices continue to discourage potential investors and raise the cost of doing business in Ukraine. Transparency International's Corruption Perception Index (CPI) rating suggests that very little progress in reducing corruption has occurred, and that Ukraine's government is perceived to be far more corrupt than neighbouring transition states (Table 6).

**Public administration reform** In 1998, a commission appointed by President Leonid Kuchma prepared the 'Concept for Administrative Reform', which called for the adoption of laws to formally regulate public administration. However, the draft law authorizing the Cabinet of Ministers to reform public administration has been vetoed by the President seven times since 1997, and returned to the Parliament for further consideration.

**Rule of law and judicial reform** Separation of powers, even application of all laws and independence of the judiciary is expressly mandated in Ukraine's Constitution. But a number of deficiencies prevent the judiciary from acting as a truly independent and even enforcer of legal rights. These include a severe lack of training and resources to operate the courts, extremely low judges' salaries, laws that grant

preferences to one group over another, and reliance by the judiciary on the executive branch for housing and other support. Until the judiciary is granted sufficient budgetary resources and autonomy, it will continue to function inefficiently and be prone to influence by private interests and the Government.

One of the most pressing problems in Ukraine is a lack of legal recognition of the supremacy of human rights, despite having one of the most active Ombudsman in the region. Educational institutions, NGOs, mass media and individuals are still very poorly informed about their legal rights and the means to secure their enforcement. Limited understanding of and appreciation for human rights by law enforcement agencies also makes it difficult to build trust and confidence in the rule of law. Use of the security services and the tax administration to harass those who question authority is common practice. For stateless individuals, of which there are an estimated 400,000 in Ukraine, human rights violations occur on a regular basis.<sup>15</sup> In an effort to protect the human rights of refugees, the Office of the United Nations High Commissioner for Refugees (UNHCR) lodged more than 250 court cases against the Government in 2003 and 2004 alone.

**Freedom of media** Independent media plays a key role in the process of democratic transformation and media freedom is one of the most sensitive political issues in Ukraine. The importance of media freedom has increased in

<sup>15</sup> The open border with Russia and the closed border between Ukraine and Poland are contributing to a rise in the number of detainees at the frontier, the majority of who are detained in conditions inconsistent with Ukraine's international commitments to respect basic human rights.



recent years, when numerous cases of violence against journalists (including the murders of Igor Alexandrov and Georgi Gongadze) were disclosed. In its annual 2002 report on media freedom in the world, Freedom House put Ukraine in the group of 'non-free' countries (earlier it was 'partially free'). The presidential administration has systematically sought to control the press and the television, and has failed to properly investigate a variety of allegations of high-level abuses of power. Also, government officials tend to be aggressive in their use of official powers to persecute critics.

The main private media sources have close links with the authorities, and are therefore unlikely to expose official malpractices or violate media instructions. While official restrictions on independent media have eased since 2002, the authorities still restrict the operation of a free press. Recent examples include the decision of Radio Dovira to terminate the contract for the retranslation of Radio Liberty; difficulties in obtaining a licence for translation of the TV 5 Channel; and the closure of the Radio Continent. As a result of restrictions on press freedom, there is an acute lack of commentary on political developments on Ukrainian television.

## DEVELOPMENT OF CIVIL SOCIETY

**A Renaissance of civil society** At Independence, Ukraine inherited a weak civil society, characterized by limited civic involvement in public affairs and a high degree of dependence on central authorities for decision-making. During the 1990s, Civil Society Organizations (CSO) have grown both in number and in influence. Consultations on government policies have become more frequent, and NGOs are regularly involved in national policy making processes. About 35,000 NGOs existed in Ukraine in 2003, up from only 4000 in 1995. Most NGOs are concentrated in the capital and in some regional centres.

NGOs played an active role during the 2002 election. The All-Ukrainian Monitoring Committee, established in December 2001, kept the public informed about the fairness of the election campaign. After the 2002 parliamentary elections, several parliamentary committees and ministries created advisory boards that included NGO representatives. This has helped increase transparency and formalize the role of NGOs in public debate and legal reform.

Ukraine's NGOs are new and their development is impeded by limited financial resources and several regulatory and institutional obstacles. Philanthropy and volunteerism are insufficiently developed and are usually connected with election-related donations. The legal basis for NGO activities is outdated, as it is based on the 1992 Law on Association of Citizens, the 1997 Law on Charity and Charitable Organizations, and various other government regulations. A draft law on NGOs passed in the first read-

ing of Parliament in October 2000, but since then it has not been taken up again. Registration of the NGOs remains complicated, and new laws that require NGOs to be licensed if they are to provide social services have been passed without defining what such a licensing procedure would entail.

**Transition: looking ahead** Politically, Ukraine's main challenges continue to be (i) the organization of the political system, both at the national and local levels, and the over-concentration of power in the office of the Presidency; (ii) weak political accountability and corruption; and (iii) the dominance of vested interests in decision-making. These political factors constitute formidable impediments to poverty reduction, economic competitiveness, social and human development, and meeting the challenges posed by Ukraine's European Choice. The European Choice strategy must be seen as a medium-term political tendency with broad national ownership that will eventually permeate all aspects of political and economic change. However, maintaining good political and economic relations with the CIS countries also remains very important, and finding ways of fostering economic cooperation with these nations is also vital. The drive for harmonization with the EU, even in the absence of a clear prospect for accession, is likely to provide a strong impetus to institutional and policy reform. Whether this will also tilt the balance of influence in favour of good governance, decentralization, civil rights, freedom of expression, freedom of the media and rule of law, is a separate question, in view of the large and apparently increasing distance between the present Ukrainian governance standards and those of the EU.

Ukraine's economic achievements, especially regarding macroeconomic stabilization, deserve full respect. With GDP growth rate averaging seven percent per annum since 2000, fixed capital investments at about 20 percent of GDP, a balance of payments surplus, rising exports and low rates of inflation, Ukraine is clearly reaping the benefits of first-generation transition reforms. But a number of the factors that have triggered higher growth may be one-off in nature, and therefore new engines of private sector growth must be nurtured. Ukraine's structural reform agenda is far from complete and second-generation transition reforms, centred around the development of institutions necessary to support and sustain market-oriented development, have been slow to take hold. Recovery has been accompanied by widening income inequality and the emergence of large segments of the population that are largely excluded from progress. Social services require fundamental reform if equal access and quality services are to be ensured. New threats to human security, such as an emerging HIV/AIDS pandemic, merit top-level commitment and understanding by all levels of society.

## III

# UNDP's Strategic Contribution

## A. EVOLUTION OF THE COUNTRY PROGRAMME

UNDP operations in Ukraine started in 1993, and much of its first years were devoted to establishing the Resident Mission, forging initial partnerships and responding to a variety of Government assistance requests. UNDP assistance prior to the commencement of the first Country Cooperation Framework (CCF-I) was covered by the first Country Strategy Note (1995-1997), prepared in 1995. A review in 1996 of UNDP assistance during the 1993-1996 period, carried out in preparation for planning for the CCF-I, observed that UNDP's priorities were rather general and that there was a need for UNDP to create a niche to pursue policy dialogue on selected areas of SHD, and to further develop national capacities.

UNDP assistance priorities and strategies for the period 1997- 2003 are set forth in three key programming documents: (a) the CCF-I; (b) the CCF-II; and (c) the Strategic Results Framework (SRF). In addition, the United Nations Development Assistance Framework (UNDAF) 2001 has contributed to sharpening the focus of UNDP programmes and plans. There has been considerable consistency in the overall priorities of planning documents during the reference period as summarized below:

Thematic areas of CCF-I	Thematic areas of CCF-II	The UNDAF priorities
Good governance to provide an enabling environment for SHD.	Strengthening democratic governance.	Improved governance.
Income generation, employment and social protection.	Promoting human security and development.	More effective social services. Promotion of economic growth with equity.
Environmental conservation and management.	Enhancing environmental protection and sustainable development.	Sustainable use of natural resources.

The above priorities were selected through close dialogue with the Government and on the basis of evaluations of country programmes. The evaluation of CCF-I, carried out in 2000, concluded that, despite limited financial resources, UNDP has been an important development partner in Ukraine; it has the confidence of the Government, civil society and donors, and, it has been successful in building national capacity and responding to both the immediate and long-term needs of the Government and society. It reported successful results of CCF-I in all three areas of UNDP concentration. In addition to the CCF-I review, the SRF for 2001-2005, the Common Country Assessment (CCA) and the UNDAF<sup>16</sup> provided the analytical underpinnings and motivation for CCF-II.

CCF-I and CCF-II define programme thrusts similarly. Both were launched against a vast number of Government plans and strategies, which were defined at a rather general level and did not serve to set clear development priorities. Both were also cast at a time when Ukraine was undergoing a tremendous array of social, economic and political changes. In response, both CCFs defined programme areas broad enough to accommodate practically any assistance initiative.

The common strategic dimensions of UNDP support factored in at the planning stages were to: (i) enhance understanding of the key SHD issues for policy; (ii) promote the potential of democratization and participation; (iii) develop public sector capacity; (iv) socially integrate and develop the Crimea region; (v) promote enterprises; (vi) combat HIV/AIDS; and (vii) alleviate the adverse consequences of Chernobyl. Environmental conservation and management support was to be extended, *inter alia*, through the use of the Global Environment Facility (GEF) to support environmental advocacy, planning, coordination and management. During the planning stages, attention was also paid to partnership-based strategies covering the Government, local authorities, private sector, NGOs, CSOs, other United Nations organizations, Bretton Woods Institutions, bilateral donors and international NGOs, as well as supporting a cohesive United Nations assistance approach as envisaged in the UNDAF. Performance measurement was to be in accordance with results-based management, capturing both performance and impact, especially on quality of life. Gender mainstreaming was to be an integral part of all programme areas.

To ensure demand-driven assistance and sustainability, all UNDP-assisted programmes were to encourage institu-

tion building and partnerships to deliver results. UNDP recognized that the Government was its primary partner and invested heavily to forge close ties with key institutions and individuals in the executive, legislative and judicial branches of the Government. Strong ties were also forged with local authorities, civil society and the private sector to build capacity to scale-up SHD initiatives.

In terms of mobilizing resources, the **key partners** of UNDP, in addition to the Government, local authorities, civil society and private sector in Ukraine included: United States Agency for International Development (USAID) in **governance, poverty reduction and environment**; the Department for International Development (DFID) of the United Kingdom and the Canadian International Development Agency (CIDA) in **governance and poverty reduction**; Swedish International Development Agency (SIDA), the Swiss Agency for Development and Cooperation (SDC), the Governments of Netherlands and Italy in **governance**; the EU and World Bank in **poverty reduction and environment**; United Nations organizations in HIV/AIDS, the Governments of Turkey and Greece in **human security**; and the United States Environmental Protection Agency and the European Bank for Reconstruction and Development (EBRD) in **environment**. SDC, USAID, the UN Office for Coordinating Humanitarian Assistance, and the UN Disaster Relief Organization have been the main partners supporting the Chernobyl Recovery Programme. The Governments of Turkey, Switzerland, Netherlands, U.K., Greece, Canada and Sweden are partners in the Crimea Integration and Development Programme.

Programme development, with the use of core resources as seed grants, was to be based on partnership approaches to mobilize support and resources. Since annual core resources were projected to be around \$1 million per year, the CO was to emphasize the mobilization of additional resources from both national and international sources.

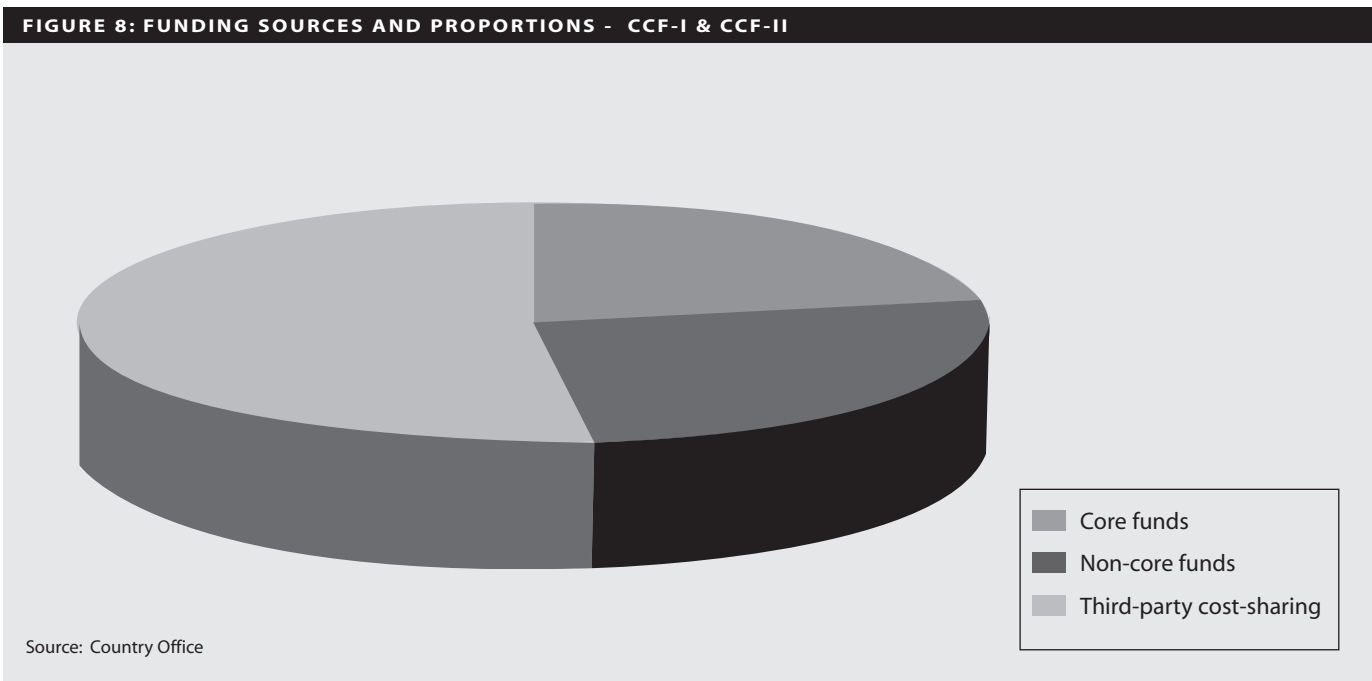
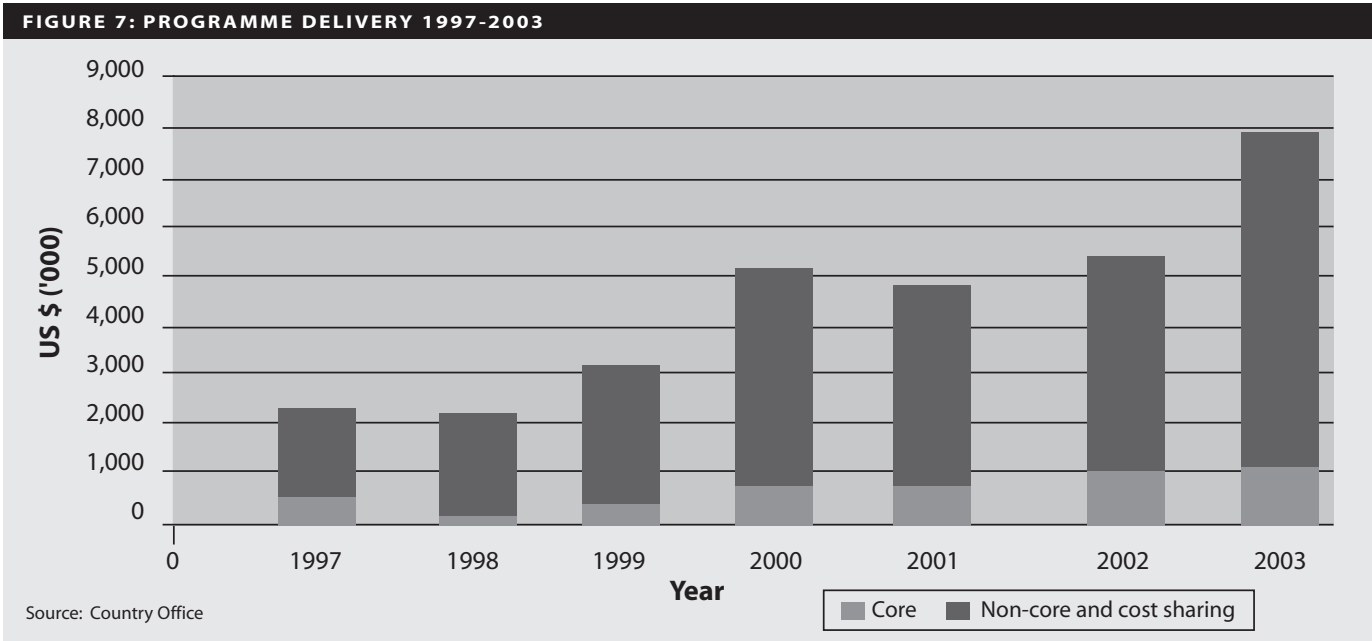
During CCF-I, the resource mobilization effort resulted in UNDP being involved in a large number of projects. The CCF-II attempted to reduce the number of projects in order to increase programme orientation and enhance focus and impact. As in the previous programming period, national execution was to be the principal modality for UNDP-supported projects. The services of United Nations organizations were to be used in accordance with their respective comparative advantages. NGO execution and direct execution was also to be considered in special circumstances.

<sup>16</sup> UNDAF gives priority to: (a) improving governance institutions and practices; (b) promoting economic growth with equity to overcome poverty; (c) enhancing access to and quality of social services to sustain human capital; and (d) furthering the sustainable use of natural resources.

**B. FINANCIAL PERFORMANCE**

UNDP financial resources come from three primary sources: (i) core UNDP funds, which are termed Target Resource Allocation From the Core (TRAC); (ii) non-core funds including thematic trust funds administered by UNDP Headquarters; and (iii) resources mobilized from external sources on a cost-sharing basis. The total financial resources, patterns and their breakdown according to the primary sources of funding and annual distribution are provided in Figures 7 and 8 below. It is noteworthy that UNDP has

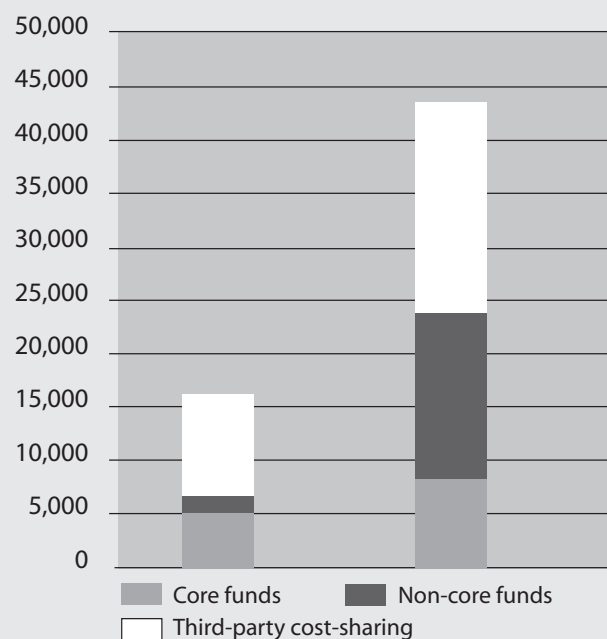
enjoyed considerable success in mobilizing resources. Indeed, close to half of all resources in CCF-II are mobilized from external sources. It is also noteworthy that programme expenditures, while in the range of \$4 to \$5 million for much of the late 1990s, more than doubled in 2002 and 2003. Expenditures are anticipated to rise by another 50 percent in 2004 (Table 7 and Figure 9). Almost all of this growth reflects UNDP's tremendous success in mobilizing resources from external sources on a cost-sharing basis.



**TABLE 7 OVERVIEW OF CCF RESOURCES (1997-2004<sup>17</sup>) IN US \$**

CCF-I:	UNDP Core Funds	5,116
CCF-I:	Non-core Funds (Trust Funds)	1023
CCF-I:	Third-party cost-sharing	12,524
CCF-I:	GRAND TOTAL	18,713
CCF-II:	UNDP Core Funds	8,110
CCF-II:	Non-core Funds	15,390
CCF-II:	Third-party cost-sharing	19,836
CCF-II:	GRAND TOTAL	43,336
<b>CCF I &amp; II</b>	<b>GRAND TOTAL</b>	<b>62,049</b>

Source: Country Office

**FIGURE 9: BROAD FUNDING SOURCES**

In mobilizing resources, the CO and the programme managers have attached considerable importance to responding to donor and Government priorities. Project proposals have often been prepared quite rapidly, and project managers are accorded a high degree of autonomy to develop proposals and to secure support for these with donor partners. This combination of flexibility and agility has helped UNDP Ukraine's resource mobilization effort.

Considerable success has been achieved in securing funding to expand pilot projects from one geographic area to another, and to add new components to ongoing projects. An 'opportunistic' approach to mobilizing funding has been encouraged within the UNDP CO, but this success has come at a cost in three main respects. First, an aggressive effort to mobilize funding is not necessarily the best way to increase portfolio relevance, efficacy or impact. Integration of different co-financed projects into a coherent programme that addresses priority constraints in a given thrust area is difficult, and is often complicated by uncertainty of partner funding. As a result, coherence and cohesion across the different programmes may also be difficult to secure. Second, there isn't a mechanical trade off between resource mobilization and UNDP positioning. In some cases, an aggressive fund mobilization effort has made it possible for UNDP to play a leading role as an assistance provider (i.e. Chernobyl reconstruction and Crimea re-integration). In other cases, the need to mobilize resources for various pilot initiatives (i.e. HIV/AIDS, education,

environment, gender) appears to have diverted attention from capacity-building efforts (especially in the Government) to implementing existing plans and strategies on a larger scale using existing resources. And third, conflicts of interest and confusion of roles may arise when UNDP plays the role of policy coordinator, donor, rights advocate, neutral broker and project implementer for other donors. In particular, activities for which UNDP is unlikely to mobilize external resources – i.e. donor coordination, neutral broker and advocating human rights – may be crowded-out by activities for which cost-sharing assistance is more readily available and Government consent easier to secure. Indeed, key donor partners described the UNDP CO in Ukraine as a 'money chaser', and perceived it to be run as a commercial organization competing for any project that it could 'tailor' so as to get access to external finance. Clearly, ensuring that priorities and programmes are clear and coherent should precede efforts to opportunistically mobilize resources.

### C. RESULTS ORIENTATION: THE STRATEGIC RESULTS FRAMEWORK

Starting in 2000, UNDP introduced the strategic results framework (SRF) as a tool to focus its programme of assistance to contribute more effectively to achievement of tangible results. The UNDP global SRF, at the time of its introduction in 2000, comprised six corporate goals: governance, poverty reduction, environment, gender, special

<sup>17</sup> 2004 data tentative and based on latest CO report to RBEC, UNDP, HQ



development situations and support to UN coordination. There were several sub-goals under each goal and several strategic areas of assistance under each sub-goal. Within this global framework, UNDP Ukraine articulated 18 outcomes under 12 sub-goals and 12 special areas of assistance. The 18 outcomes are given in Box 4.

Ukraine SRF outcomes covered five of the six corpo-

rate goals, with the special development situation being the only global goal not covered by Ukraine. Assistance provided to Crimea and Chernobyl was covered under the poverty reduction goal in the Ukraine SRF. The full distribution of goals, sub-goals, special areas of assistance and outcomes are given in annex I B.

#### BOX 4: SRF GOALS AND OUTCOMES

##### Goal 1: Governance

1. Increased public debate on SHD.
2. More powerful civil society able to articulate and demand from the Government sustainable and equitable growth and poverty eradication in the country.
3. Effective Ombudsman and other human rights oversight bodies either established and/or in operation.
4. Auditing and oversight of Government administered budgets and funds.

##### Goal 2: Poverty Reduction

5. Improved capacity within Government to assess the impact of macroeconomic policies on human and income poverty.
6. Policy and planning framework of the country to incorporate reduction of human and income poverty, addressed as a major concern of macroeconomic policies.
7. The policy and planning framework of the country to incorporate a comprehensive approach to specific targets for reduction of human and income poverty.
8. Institutional capacity built to plan and implement multi-sectoral strategies to limit the spread of HIV/AIDS and mitigate its social and economic impact.
9. National strategies for prosperity and equitable growth to address the issue of the development consequences of HIV/AIDS and the need to promote healthy lifestyles.
10. System of social protection established to target the most vulnerable groups in society, i.e. the FDP in Crimea, and, consequently, peace and stability maintained in Crimea. Effective measures to prevent and deal with disasters.
11. An enabling environment created for increased collaboration between the public and private sectors to provide poor communities with access to ICT, development of the national Internet content and IT-wide integration with the educational sector.
12. The policy, legal and regulatory frameworks reformed to substantially expand connectivity to ICT.

##### Goal 3: Environment

13. A comprehensive approach to environmentally sustainable development integrated in national development planning and linked to poverty reduction.
14. Improved regional capacity to coordinate and harmonize national policies and programmes for management of shared natural resources and sustainable energy development.

##### Goal 4: Gender

15. Close partnerships between government, parliament and civil society for systematic analysis of gender issues.
16. Existing and effective gender networks of politicians, entrepreneurs and farmers.

##### Goal 6: UNDP Support to UN

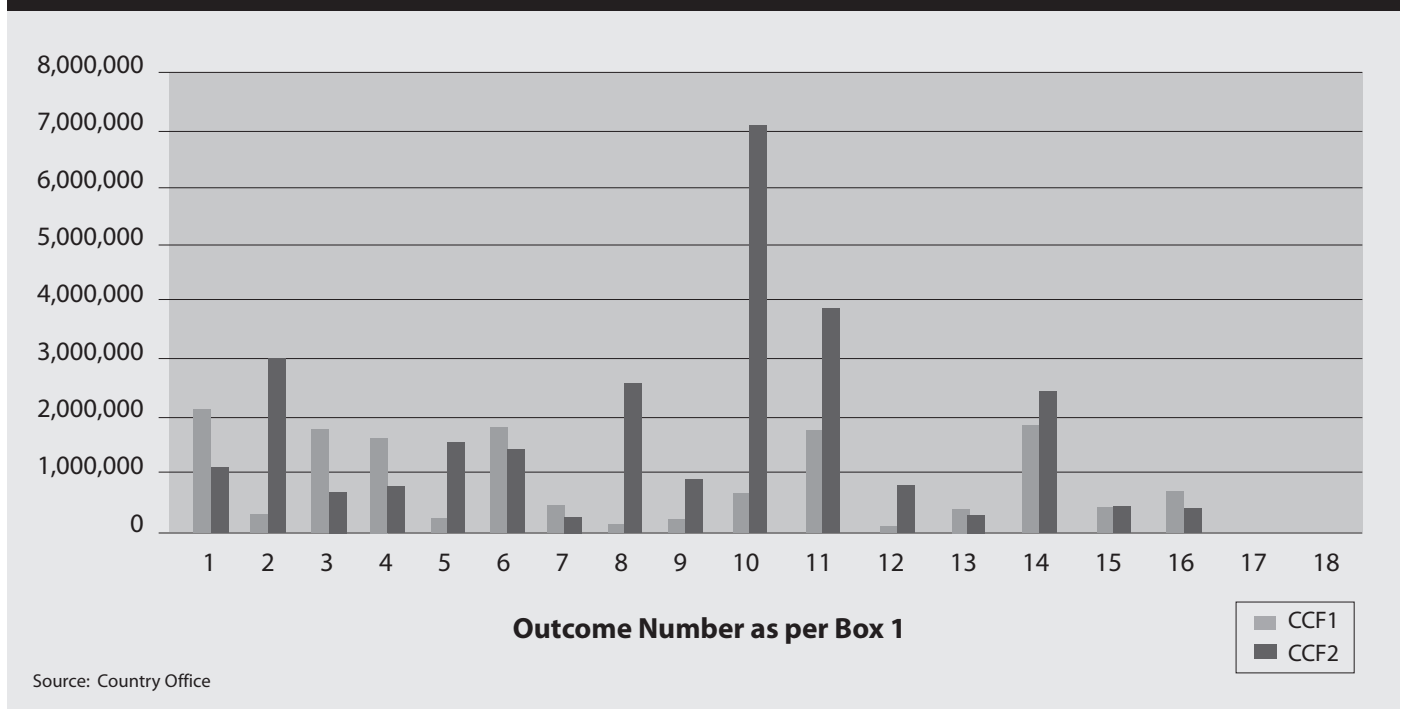
17. Effective use of the UNDAF to facilitate the national response to the MDGs
18. Increased collaboration in country-level programming.

UNDP Ukraine’s SRF was directly linked to the then Government’s Reforms for Prosperity programme.<sup>18</sup> A principal objective of this programme was to encourage high-quality growth by providing jobs and equal opportunities to all and protecting the environment. UNDP’s upstream approach to supporting implementation of this programme was to support Ukraine in establishing policies for sustainable and equitable growth, human development and poverty reduction through cutting-edge advisory services, nationally-based data collection, research and analysis, application of local level experiences to formulate national

policies, and assisting policy implementation through capacity building, including encouraging the active engagement of civil society in demanding quality public services.

Given the very small amount of core resources, Ukraine’s CCF-I, CCF-II and its SRF were ambitious and provided wide latitude for the CO to develop projects and programmes in many areas. In practice, the allocation of programme resources was influenced primarily by the availability of development partner resources, with the special programme in Crimea accounting for nearly 40 percent of all CCF-II outlays (Figure 10).

FIGURE 10: ALLOCATION OF RESOURCES PER SRF OUTCOME



Moreover, the link between programme finances and targeted results remains ill defined. Several sets of financial data were provided to the ADR Team. Close examination of the first two sets revealed that a high proportion of expenditures were not linked to the strategic objectives defined in the SRF. In 1998 this amounted to 40 percent of total expenditures. This proportion gradually reduced to less than two percent in 2002. In 2002 and 2003, which saw rapid growth in mobilization of third-party finance, the financial reports showed that expenditures were increasingly de-linked from the objectives set out in the SRF. After noting this, a third and fourth set of financial data was submitted to the ADR Team. This data re-clustered projects and showed that all spending was linked with SRF out-

comes. It appeared that the links between expenditures and SRF outcomes aren’t well understood in the CO and the assignment of funding to SRF outcomes is done on an ad hoc basis.

Strategic positioning in Ukraine was complicated by the lack of clear priorities set by the Government, and a proliferation of UNDP planning exercises (i.e. CCF-II, UNDAF and the SRF). In particular, articulation of development results in the form of the SRF was a new exercise, both globally and especially in Ukraine. Consequently, the way in which development results are defined in the Ukraine SRF is problematic in certain respects. Although there are many outcomes, there is overlap and what is

<sup>18</sup> While it is noteworthy that the SRF was explicitly linked to the Government’s reforms for Prosperity programme, it also bears noting that this programme was quickly superseded following the change of Prime Ministers.

defined does not fully address the intended results of the CCF-II. Some of the items in the SRF are a means to achieve outcomes (i.e. forging close partnerships) and others are output indicators (i.e. planning frameworks that include poverty indicators).

The very wide remit of CCF-II and UNDAF, and the way in which strategic results were articulated has made it difficult to use these planning tools to set priorities, define programmes strategically, or to cultivate partnerships with the clear aim of contributing to the delivery of agreed results. In practice, what it did accomplish was to provide a programme planning framework that was broad enough to enable the CO and its staff to mobilize resources from a wide variety of donor partners for various types of projects. Looking ahead, there is scope to make the SRF more sharply focused, integrated and strategic, and thereby to make it more useful in setting strategies, fostering cross thematic synergy and contributing to impact.

An effort has been made to reduce the number of projects between CCF-I and CCF-II. The CO has reduced the number of operational projects from nearly 50 to 18. These 18 fall under six practice areas: democratic governance, human security, HIV/AIDS, energy/environment, ICT and education, and poverty. In practice, however, the reduction of operational projects was **more formal than real**, as most of the same 50 programmes re-appeared as sub-headings of the new 18. While programme documents have been prepared for the clustered programmes, these do not clearly reflect the 'results' that are to be achieved at a programme level, or describe synergies arising from the corresponding constituent projects. Grouping several ongoing projects into 18 outcome areas has not resulted in meaningful programmatic focus.

## D. STRATEGIC ORIENTATION OF UNDP ASSISTANCE

### D 1. Advocacy, policy dialogue and policy reform capacity building

A key component of UNDP's strategy for Ukraine is to provide new knowledge, information, partnerships, awareness and leadership capacity to enrich the process of public policy reform. UNDP-led advocacy and policy has benefited from the trust and respect that the Resident Coordinator and the office of the UNDP enjoy in Government circles, civil society, and in other multilateral and bilateral assistance agencies.

**MDGs** Thanks to UNDP policy advocacy and capacity-building support, the MDGs have been endorsed at the highest levels of Government and are now routinely used to

track progress in Government policies and programmes. Support to the Ministry of Economy and European Integration resulted in Government launching and publishing the first MDG baseline report for Ukraine. In addition to defining Ukraine-specific MDGs, the Government has incorporated these into its long-term economic and social development strategy, the European Choice. Public consultation in the formulation of the MDGs, the discussion of the 2004 Programme, and the development of the European Choice programme included 33 public forums, 24 round tables, 64 expert discussions, public debates in nine regions, three scientific conferences and a large number of training sessions.

**Flagship Reports** UNDP has contributed to shaping policy debate and dialogue and building national awareness of human development through the publication and dissemination of a series of national human development reports (NHDR). Launched in 1995, these have served to stimulate debate, build public awareness and sensitize leaders to the need to focus attention on fostering human development as a way of addressing poverty. The 1995 NHDR introduced the human development concept and a first attempt was made to calculate the HDI using Ukrainian data. In 1997/1998 UNDP provided support for a series of living standard surveys. Drawing on these results, the 1996, 1997, 1998 and 1999 NHDRs provided empirical evidence of the rapidly evolving trends in human poverty. These reports also covered issues in education, health care, employment, income generation, social protection, housing, environment, local governance, civil society, migration and ethnicity. Within the Government, social budgets and programmes were prepared and explicitly linked to recommendations made in the NHDRs. The first governance-oriented NHDR was introduced in 2001, with 'participation' as the special theme. This was followed by the 2003 NHDR that focused on decentralization and included a special discussion on the regional dimensions of human development.

**The NHDRs**, which are prepared in both English and Ukrainian and are widely discussed and disseminated, have had some influence on Government thinking. For example, the Reforms for Prosperity Programme, which was approved by Parliament as its central policy statement for 2000-2004, designates human development, poverty reduction, a competitive economy and EU integration as strategic priorities. A locally defined index of human development is regularly tracked as a poverty metric and influences budget allocations for local governments.

Other flagship policy advocacy reports have enriched national debates and contributed to important changes in public policy. The February 2002 release of *'The Human*

*Consequences of the Chernobyl Nuclear Accident: A Strategy for Recovery*, commissioned by UNDP and UNICEF with the support of the United Nations Office for the Coordination of Humanitarian Affairs (UNOCHA) and WHO provided UNDP with an advocacy and policy dialogue tool to help counter donor fatigue relating to Chernobyl. The report encouraged a shift from a rehabilitation to a development focus in Chernobyl, and has served to focus UN activities on the human dimensions of the catastrophe (as opposed to radiation containment).

**HIV/AIDS** Release of the ACT NOW strategy (as a special NHDR in 2003), a partnership between the members of the UN country team, people living with HIV/AIDS, members of the Police Force and Ukrainian employers, was accompanied by a number of high-profile events (World AIDS Day, Race for Life) which attracted widespread media attention. In December 2003, the first public hearings on HIV/AIDS were held in the Parliament, and a national concept on a healthy lifestyle was debated and approved.

That so many flagship reports have been generated in a short period of time attests to UNDP-Ukraine's ability to tap the extensive pool of local skills and in-country expertise. Partly because of extensive local skills, the coverage of transition and human development experiences in other parts of the world has been somewhat neglected in the flagship reports. In the rush to disseminate findings, quality control mechanisms (i.e. external quality review) have been neglected. Inadvertently, with many reports generated in a short period of time, a certain amount of report-congestion has occurred, muting the effectiveness of any single flagship report. In addition, much more effort has been invested in preparing and launching flagship reports, rather than in following up on their recommendations.

While there is evidence that UNDP's flagship reports have influenced development thinking, such assistance has been more effective in influencing policy and public awareness when political conditions were conducive to them. During the past five years, policy making has been marked by frequent changes in government leadership and in the senior officials responsible for leading the process of policy change. Although successive governments have shared the same general commitment to democratic, market-oriented development, the extent of cooperation between the Presidency, Parliament and the Cabinet of Ministers has varied over time. Moreover, frequent political change has contributed to a great proliferation of government priorities and special 'target programmes', a situation that was all too common in post-Soviet transition states. Rarely in the 1997 to 2003 period did the Government have a credible

plan or strategy whose priorities and policies were consistent with the budget.

## **BUILDING CAPACITY TO PLAN POLICY REFORM**

Considerable efforts were made by UNDP to assist the Government in augmenting its policy reform capacity. The main approach pursued was to attach a team of UNDP-funded consultants to a particular ministry or agency and provide training, partnership development, stakeholder consultation and other forms of support for innovative policy formulation and planning exercises.

**Strategic planning** Eight policy research teams were established at the Ministry of Economic and European Integration, all of which regularly generate macroeconomic and sector policy research. Improved strategic planning capacity has helped to focus the policy agenda on key reforms and to scale-back a large number of targeted Government programmes that are either under-funded or inconsistent with the needs of a market economy. Although some improvements have been made in forecasts and strategies, Government plans continue to be largely unrelated to the manner in which the Government allocates expenditures. Moreover, heavy influence of private interest groups and short-term political objectives have come to dominate policy making at the expense of initiative endorsed by Government technocrats.

UNDP has also helped introduce the concept of **sustainability** into public policy making. Policy analysis, advocacy and capacity building assistance in this area has contributed to the Concept of Sustainable Development of Ukraine (2000) and the National Progress Report of Ukraine on Implementing Provisions of Agenda 21. The 5<sup>th</sup> Pan-European Ministerial Conference on Environment in Europe provided an important opportunity to boost the involvement of NGOs in environmental planning and to sharpen the Government's plans and policies in sustainable development. As a result of this conference, a framework convention on environmental partnerships in the United Nations Economic Commission for Europe (UNECE) region was prepared and protocols on pollution, environmental assessment and civic liability for environmental damage were concluded.

**Transforming agriculture** The Agriculture Policy for Human Development project team has been integrated into the working groups of the Government Agrarian Policy Coordination Council, and has been successful in developing supporting legislation for a new land code and initiating regulatory changes to support agri-business in areas such as rural finance, insurance, taxation, market



development, WTO accession, rural social protection, production programmes, private sector investment promotion and export promotion. More than 100 different draft regulations and laws were reviewed, prepared or co-authored under this project to support progress in agriculture and rural development.

**Gender** Starting in 2001, the issue of gender equality was included in the Government's annual action programmes, gender advisors were appointed in all ministries and state committees, and legislation is now regularly monitored for its gender content. A Ministry of Family, Children and Youth Affairs has been established, and some 600 politicians and journalists have undergone gender training. With UNDP input, the State Guarantees of Equal Rights and Opportunities law was prepared; a law on the prevention of domestic violence was passed; the Palermo convention and the optional protocol for the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW) was ratified; and the UN Convention for Combating Trafficking in People was ratified.

**Education reform** In cooperation with the Parliament, the Ministry of Education and Science, and the Academy of Pedagogical Sciences, analytical studies were prepared and a wide-ranging discussion on the need for education reform was launched. This resulted in an improved policy framework for education sector reform, codified in the form of a National Doctrine of Education Development (2001/2002). Following on from this, a series of policy options on issues of equal access, governance, finance, and content and quality monitoring were prepared. These were published in 2003 by the Ministry of Education and Science as a contribution to elaborating a more detailed education sector reform strategy.

**ICT** Roundtables on ICT policy, preparation of an e-Readiness assessment<sup>19</sup> and UNDP support for key stakeholders to participate in various international summits (most notably the 2003 World Summit on the Information Society in Geneva) catalyzed national debate on developing ICT services. Although the Government's monopoly position in fixed-line telecommunications is practically unchanged, the 2003 Laws on Telecommunications, Electronic Signature and Electronic Documents Flow have helped foster private sector initiative in the ICT area.

**Participation in policy change** Hundreds of CSOs have been involved in various UNDP policy reform processes and are actively engaged in policy dialogue. The commissioning of independent NGOs to prepare various sections of the 2002 NHDR and the first MDG report has helped to bring the relationship between UNDP policy

advocacy and the NGO community to a higher level of trust and mutual support.

**Human security policy** The Government has been supported in developing a process and timetable for ratifying the AP Mine Ban Treaty and conducting live trials of PFM destruction. Through this process, the Government has been assisted in adopting national legislation to foster human security, such as the Act on Prohibition of Usage of APL in the Armed Forces of Ukraine, the Act Prohibiting Export of All Types of APL, and the Law of Ukraine on Ratification of the Ottawa Convention.

Capacity building exercises in Ukraine have been adversely affected by frequent changes in Government, a high-degree of staff turnover, low civil service remuneration, politicization of the civil service, and by the willingness of special interest groups to by-pass technocrats when lobbying for policy change. As the private sector develops, civil service is no longer considered to be an attractive source of employment for young, highly skilled Ukrainians. UNDP has tried to bridge this gap by providing large numbers of local experts to assist various government departments and agencies. This has succeeded the most in demonstrating the merits of opening up the policy consultation processes to civil society and other concerned stakeholders. It has had less success, however, for the reasons listed above, in building analytical competence within the civil service or in building trust and credibility between the civil service and the political leaders.

## D 2. Pilot testing innovative initiatives

A key objective of UNDP strategy in Ukraine was to develop and pilot innovative approaches to local-level service delivery to address critical dimensions of human development. These were to serve as models for replication on a larger scale, either within given regions or at a national level. At an early stage of development, UNDP seed-money was used to finance these innovative initiatives. Drawing on assistance from other donor partners, these were then to be scaled-up for testing, adaptation and replication on a larger scale. Eventually, as lessons from these initiatives are learnt, these are to be integrated into local, regional or nationwide initiatives, with funding primarily from government sources.

## POVERTY REDUCTION PILOT INITIATIVES

Since 1997, UNDP has supported many pilot initiatives aimed at reducing poverty. Fiscal and institutional constraints have prevented many of these from being scaled-up, and their lessons for policy making and advocacy efforts

<sup>19</sup> The e-Readiness assessment applied the Harvard e-Development Readiness methodology to Ukraine. Its detailed cost and industry structure analysis served to identify areas in which inadequate investment, high costs and limited consumer awareness inhibited ICT access.



have yet to be fully drawn.

Special projects were launched to assist specified categories of low-income persons. UNDP has supported the development of SMEs as a pilot project in one region through a series of projects (UKR/96/07 and UKR/99/010). These involved NGOs in providing training and consulting services to assist SMEs obtain access to credit facilities and other services. The Sustaining Women Farmers (UKR/98/007) project aimed to facilitate rural women's empowerment through organizing seminars at local centres for information dissemination, and by providing them with Internet access. The Donbass Miners Adaptation (UKR/99/04) was a grass-roots project that assisted unemployed coal mine workers in acquiring new skills and becoming small entrepreneurs. It also aimed to build capacity in NGOs to address similar issues elsewhere. While noteworthy in their objectives and implementation, few of these pilot initiatives have been scaled-up after the end of UNDP pilot project support.

UNDP is currently supporting a prosperity project to help increase livelihoods at the *oblast* and *rayon* levels. This initiative started in three *oblasts* and is based on agreed partnerships with the *oblast* administration and councils. An oblast prosperity fund, aimed at building local enterprise institutions, credit unions, trade promotion and small enterprises under the supervision of a network of local experts has been established in three *oblasts*. Localized social protection networks, based on local needs assessment and best-practices in neighboring countries and EU member states, are also being pilot-tested to assist vulnerable groups.

One of the few poverty reduction pilot projects that has been scaled-up is in the area of vocational training. This started as a small pilot effort in the early 1990s, and has gradually been scaled-up into a nationwide programme under the Government's Inter-branch Modular Training Centre. The UNDP/ILO modular vocational training system involved the production of 120 modular (competency-based) vocational training packages; some 2,000 vocational training specialists have been trained; 24 regional modular training centres have been equipped with computers and network facilities; some 100 education institutions, 40 industries and 40 institutions for disabled persons now use the training materials; and about 40,000 persons have been trained using the modular training system. Small enterprise development initiatives are being conducted in nine localities, resulting in 121 enterprises, 62 of which have been created by women. The vocational training system is also credited with playing an important role in helping to halve the unemployment rate between 1999 and 2003.

UNDP has also supported CSOs' locally designed efforts to combat poverty. Between 2000 and 2003, small grants were provided to support some 25 different CSO-implemented grass-roots initiatives aimed at fostering successful adoption of SHD policies. This included a range of activities in agriculture, education and HIV/AIDS. Best practices from CSO-supported efforts to combat poverty were collected, synthesized and reported on in an annual forum in 2003.

## PILOT PROGRAMMES TO SUPPORT DEVELOPMENT IN SPECIAL REGIONS

In the aftermath of the **Chernobyl** nuclear reactor explosion in April 1986, UNDP, along with many UN agencies and other donors, have helped respond to the catastrophic emergency and to mitigate its adverse environmental and human consequences. In 1997, UNDP launched an initial project (UKR/99/014) in Chernobyl that concentrated on (a) psychosocial assistance for the affected population; (b) environmental management on the Prypyat River; and (c) improved health and prevention of cancer among residents in the contaminated areas. This project helped to build capacity to set strategies for meeting long-term challenges, improving disaster preparedness, increasing understanding among donors and the local communities of the increased possibilities for socio-economic rehabilitation, and improving psychosocial support, reducing social tension, anxiety and stress among populations in the affected areas.

A report commissioned jointly by UNDP and UNICEF with the support of UNOCHA and WHO<sup>20</sup> in February 2002 concluded that "...whilst Chernobyl complex is now closed, the process of resettlement complete, but the demands made by the communities involved have scarcely diminished. Indeed, for many of those in the villages and settlements directly affected by the accident, the needs are as acute as ever". The report termed the period 1986 to 2001 as the emergency period, characterized by: (a) urgent measures to make the reactor safe; (b) resettling the population in immediate danger; and (c) delivering humanitarian assistance to those in urgent need. The report then goes on to propose a second ten-year recovery phase "focused on enabling the individuals and communities affected by the disaster to enter fully into society by taking control of their own lives and acquiring the means for self-sufficiency through economic and human development". In line with these recommendations, a second phase of assistance, UKR/02/005 Chernobyl Recovery and Development Programme (CRDP), which began in August 2002, includes UNDP support for: (a) the provision of advisory services and development support to policy makers, admin-

<sup>20</sup> 'The Human Consequences of the Chernobyl Nuclear Accident: A Strategy for Recovery', February 2002.

istrators and institutions supporting Chernobyl recovery; (b) promotion of local self-management and participatory planning for small scale community development; and (c) dissemination of information and educational services to improve well-being of communities living in affected areas. Under CRDP, UNDP has helped to mobilize and empower local governments, community organizations and rural populations to participate more actively in local-level decision making, and to implement locally selected, community development projects. While these activities provide a good start towards fostering recovery and building confidence, and UNDP has helped mobilize significant resources, the current CRDP pilots are too small in scale. For example, in 10 *rayons*, the community-based project components alone have reached 7,676 members of community organizations, carrying out 22 community projects totaling \$ 172,047.<sup>21</sup>

### CRIMEA INTEGRATION AND DEVELOPMENT PROGRAMME

The Crimea Integration and Development Programme (CIDP) arose primarily from a need to combat poverty and avoid a potential ethnic conflict following the return of about quarter of a million FDPs of Tatar origin. The project is currently in its third phase and addresses: (i) building capacities in the Autonomous Republic of Crimea Government and among communities to maintain peace and harmony through a process of dialogue and social inclusion; (ii) increasing access to basic services such as water supply and sanitation among the re-settlers and their neighbours; and (iii) fostering small scale economic initiatives such as savings and emergency credit programmes. The first phase was implemented in two *rayons* from 1995 to 1998, covering 20,500 people. The second phase (1998-2000) covered four *rayons* and the third phase, which began in 2000, currently covers 10 out of the 18 *rayons* in Crimea. While approximately two-thirds of the 2.02 million

Crimean population live in the project areas, the number of direct beneficiaries of UNDP assistance is estimated to be about 51,000 persons.

Under CIDP, local communities are organized into some 150 village-based community organizations in the project area. The project uses participatory methodologies to encourage inclusiveness and build consensus on matters affecting the local communities and identifying local needs. It then mobilizes support to implement community projects and to assist small-scale savings mobilization and credit programmes. Vocational training is also provided.

In implementing CIDP, UNDP plays a critical lead role in mobilizing and coordinating inputs by other donors. To date, Canada (CIDA), Turkey (TICA), Switzerland (SDC), Sweden (SIDA), the United Kingdom, Greece, Norway and Netherlands have partnered with UNDP as donors of CIDP.

A notable feature of the CIDP is the establishment of the Human Security and Development Council (HSDC) in the Autonomous Republic of Crimea, comprising 18 key policy and decision makers from the Crimean Government, Parliament, academia and civil society. The main purpose of the HSDC is to monitor and detect early signs of possible tension, instability or social conflict, using a Human Security Management Information System (HSMIS). HSMIS periodically carries out public opinion surveys and collects other statistical data that is relevant for assessing the risk of social conflict. This information is analysed and used for the preparation of a Human Security and Development Report (HSDR). The following summary data (Table 8) from the draft 2003 HSDR provides trends in security perceptions amongst the FDPs between 2002 and 2003.<sup>22</sup>

In addition to local perceptions of rising insecurity, the other main conclusions of the 2003 HSDR are: (a) in 2003, the main threat to human insecurity arose from land related issues (Box 5), increased poverty and inadequate economic

**TABLE 8: SECURITY PERCEPTIONS IN CRIMEA**

Do you feel secure in Crimea?	Perfectly secure	Relatively secure	Insecure	Difficult to say
2002	5%	45%	45%	5%
2003	5%	38%	54%	3%

Source: UNDP, *Draft Human Security and Development Report (HSDR)*, 2003.

<sup>21</sup> 'Building Local Self-Reliance in Chernobyl Affected Areas of Ukraine in 2003', CRDP Experiences, 2004.

<sup>22</sup> Draft Crimea Human Security and Development Report 2002-2003, CIDP (extracts taken from a draft report).

**BOX 5: CRIMEA: AVOIDANCE OF POTENTIAL CONFLICTS.**

By far the most contentious issue in Crimea is the issue of access to and allocation of land along the South Coast, which is where the lucrative tourist industry is centred. Crimean Tatars were largely denied the right to settle in the Greater Yalta Area upon their return, even though a large proportion of them came from the South Coast. Access to land on the South Coast has been a major source of dispute between the Crimean Tatar leadership (Mejlis) and the Autonomous Republic of Crimea authorities.

In the summer of 2003, groups of Crimean Tatars occupied several plots of land in the Greater Yalta Area and raised makeshift huts and shelters. They claimed that the land they occupied was either left unused or had been illegally allocated. A compromise was swiftly negotiated between the Mayor of Greater Yalta and the Crimean Tatar leadership, whereby alternative land plots would be allocated to Crimean Tatars. Although the action was condemned by the Republican authorities as “giving in to illegal actions of land grabbing”, no action was taken to impede the agreement reached. In September 2003, Crimean Tatars occupied another string of land along the Coast on the basis of similar claims. The Speaker of the Crimean Parliament ordered the Prosecutor’s Office to take legal action against what was described as “illegal land squatting” by Crimean Tatars. Shortly thereafter, an agreement was reached between the Autonomous Republic of Crimea Government and the Crimean Tatar leadership under which the occupiers withdrew from the land plots. This incident led to an investigation by the Prosecutor-General’s Office of Ukraine into privatization of land and resort sites along the South Coast, resulting in, *inter alia*, 33 criminal cases and 64 disciplinary sanctions. However, in response, many local officials on the South Coast refused to further cooperate in allocating land to Crimean Tatars. In reaction, Crimean Tatars occupied another section of land in December 2003, and the local police had to intervene to prevent a violent clash between the demonstrators and local residents. At the same time, there was a violent confrontation between a group of young Crimean Tatars and a self-styled local militia of ethnic Russians and Ukrainians in another part of the South Coast. The Crimean Tatar leadership and the Speaker of (national) Parliament traveled to the area to mediate in the conflict and helped to deflate tensions. In January 2004, the President of Ukraine issued a decree that called upon the Crimean authorities to take immediate measures to regulate the allocation of land plots to individuals and legal entities, and a Commission for Inspecting Protection and Sustainable Use of Land in the Autonomous Republic of Crimea was established to resolve all outstanding land issues over the following three months. These examples illustrate the sensitivity and complexity of land issues in Crimea, as well as the importance of early warning and a readiness to compromise, on the part of both Government and the Tatar leaders, in order to avoid confrontation and violence.

opportunities; (b) protests increased, and there was increased polarization on political lines (which raised the risk of confrontations); (c) access to education has increased, enhancing access to economic opportunities and tolerance among the educated; (d) the rising cost of health care and insufficient housing for the poorer sections of society are becoming increasingly important issues for potential conflicts; and (e) although government data show that crime rates have fallen, there is a popular belief that crime (particularly property-related crime) is on the rise.

Establishment of the HSDC and the HSDR has greatly assisted policy makers in understanding the factors that could trigger conflict, and elaborating strategies to restore peace and stability. On several occasions, when there were possibilities of incidents, the communities and their leaders got together quickly and resolved the problems with the active support of the authorities. Box 5 provides examples of potential conflicts that were resolved by taking quick action and using innovative approaches for conflict reduction.

### **DEVELOPING A MODEL OF INNOVATIVE RESPONSES TO HIV/AIDS**

UNDP pilot initiatives in the area of HIV/AIDS have been aimed at overcoming stigmatization, boosting awareness, fostering prevention and providing effective treatment models that incorporate respect for human rights. A large

number of pilot initiatives in prevention and treatment have been field-tested and gradually scaled-up into model programmes in regions with the highest HIV/AIDS prevalence.

**HIV/AIDS prevention** In 1995, only a few NGOs were working on HIV/AIDS issues. By 2004, more than 200 NGOs were active in this area. Innovative approaches to fostering HIV/AIDS prevention have been piloted and scaled-up on a large scale. Peer-training programmes, which are aimed at empowering pupils to encourage healthy lifestyles, are operating in nearly a quarter of all schools and could reach nearly half of all target pupils within a year or two; media and educational campaigns have reached large segments of the population; the Education Ministry has endorsed the promotion of a healthy lifestyles programme in the schools; a five module healthy lifestyle training course has been prepared; some 5,000 teacher-trainers (psychologists, teachers, social and medical workers) have been trained in healthy lifestyles; 27 Oblast Coordination Councils on healthy lifestyle promotion have been established; and a National Coordination Council is working to ensure better outreach at the national and local decision-maker levels. An all-Ukrainian network of People Living With HIV/AIDS has been set up, a coalition of Ukrainian women to combat HIV/AIDS has been established, and a national network of NGOs providing services for female sex workers has emerged as an important

advocate for drawing attention to HIV/AIDS. Seventeen NGOs have united in a National Harm Reduction Association and NGOs now participate in Regional HIV/AIDS Coordination Councils in five *oblasts*. A pilot programme to build leadership to combat HIV/AIDS has been developed. Some 700 national leaders have been mobilized and trained to spearhead the national HIV/AIDS response.

**A human-rights based HIV/AIDS care approach**  
UNDP has supported pilot programmes to shift from isolated hospital treatment for HIV/AIDS patients to the provision of community and home-care services that explicitly encourage respect for human rights. A nurse-supported home-care programme has been supported in a model of multi-partner continuum of care. New partners have been involved in providing treatment for HIV/AIDS patients. Private sector pharmacies are actively involved in needle exchange programmes, and the Red Cross is providing home-care services to people living with AIDS<sup>23</sup>. A harm reduction programme, involving needle exchange points and provision of legal and psychosocial support for IDUs has been scaled-up from the city of Kherson to the entire Kherson region, and substitution therapy has been tested and promoted. A national network of commercial sex workers has been launched and maintained. In Odessa, UNDP has provided emergency health and psychosocial services for persons living with HIV/AIDS through innovative approaches that involve a continuum of health, social and psychosocial care.

## EQUAL GENDER OPPORTUNITY INITIATIVES

Developing effective gender networks of politicians, entrepreneurs and farmers has been central to UNDP's efforts to focus more attention on gender issues at the grass-roots level. Four gender networks have been established with UNDP support. These are an all-Ukrainian network of rural women, a network of women farmers, a network of 'men against violence', and a national network of gender education centres.

Another set of pilot activities has focused on empowering women to run businesses. Training in how to run a farm was provided to nearly 400 women, and 1000 women and men entrepreneurs were trained through women's trade fairs and other courses.

Pilot initiatives have been aimed at building gender capacities in planning and education. Gender issues have been mainstreamed into local level planning activities in Lugansk, Kherson and Zakarpattya *oblasts*. A basic course in gender issues has been prepared by the Ministry of

Education, gender education programmes are being supported in 15 regions, and the UNDP-supported gender bureau has emerged as a source of expertise and advice for schools, universities and other sectors of the education system. Regional gender education centres have been established under the aegis of the universities and *oblast* education departments in four pilot *oblasts*.

## ICT AND EDUCATION INITIATIVES

UNDP has pilot-tested a number of initiatives aimed at introducing modern ICT services in the education system and in regions with low connectivity. Between 1993 and 2001, UNDP helped establish the networks connecting Ukraine's main libraries and key government ministries. A pilot ICT programme targeting women farmers was supported in selected rural areas by providing Internet access in local community centres. UNDP has supported the use of ICT networks for distance training and has helped to establish a civic portal for enhancing civic participation and good governance. A distance learning platform has been established, software tested, and a laboratory of distance learning facilities opened. University staff has been trained in distance learning, and nine higher-level distance training courses have been prepared and tested. To foster rural Internet access, public Internet access points are being created in rural schools through partnerships between Internet Service Providers, the Ministry of Education and Science, Ukretlecom and the national organization of computer clubs. These are being tested in seven pilot schools in four regions of Ukraine (Kyiv, Poltava, Chernivtsi and Cherkassy), with plans being made to expand access to 220 schools in 17 regions.

Progress has been made in scaling-up some of the ICT pilots. A second edition of the civic Internet portal was launched in 2002, and is now used as a forum for information exchange by more than 300 NGOs and CSOs.

UNDP has supported a pilot initiative to reform the secondary school education curriculum. Recommendations for reform were made in the areas of health and physical culture, languages and literature. Regional expert groups were created and trained in the new curricula, and quality improvement approaches in Odessa, Poltava, Kharkiv, Lviv and Dnepropetrovsk, and a memorandum on the improvement of education standards was prepared and agreed upon.

## CORE GOVERNANCE

Only a very limited number of pilot programmes have been launched to improve core governance standards. This can largely be explained by the Government's reluctance to



address these issues directly. UNDP has responded to this reluctance by mainstreaming good governance practices into all of its projects. In addition, the special initiatives in Chernobyl and Crimea were designed to be models for fostering good local governance by building effective partnerships between local governments, NGOs and the private sector to deliver services demanded by the local communities.

One of the pilot projects aimed specifically at improving core governance is the creation of Citizen's Advice Bureaus. These are to be supported in the Zakarpatska, Luhansk and Kiev *oblasts* where they will deliver information to the public on how to exercise and comply with their legal rights. In some instances the administration may delegate the Bureau authority to monitor local elections. While it is far too early to assess the impact of these newly created Bureaus, the fact that the Government has requested UNDP assistance in this area is an encouraging sign.

Another area in which modest improvement in core governance has been registered has been in the Government's capacity to monitor and act on human rights abuse. This has been strengthened as a result of improving the human rights monitoring capabilities of the Ombudsman's Office, involving the public in human rights monitoring, improving access to information, and harmonizing the Government's human rights monitoring approach with UN reporting processes.

## ENVIRONMENT AND ENERGY CONSERVATION INITIATIVES

UNDP has provided assistance to municipal authorities in drafting and updating environmental legislation, developing participatory models for environmental audits, building local environmental monitoring capacity and introducing local regulatory changes. Pilot projects have been launched in two municipalities and another seven are planned. These involve public-private cost sharing to undertake small-scale environmental improvement initiatives identified as high priorities by local community groups. These pilots have served to establish institutional mechanisms and procedures at a municipal level to budget for local-level environmental projects.

Energy losses and a high level of system inefficiency hampers municipal energy use. The city of Rivne and the State Committee on Energy Efficiency are working with UNDP to implement a pilot project to promote climate change mitigation by fostering energy efficiency in district heating. This programme has established a municipal energy service company and a demonstration programme promoting energy-efficiency. This is a multi-million dollar pilot project. Unless private management and financial sustainability of the energy service company can be secured,

the spread of project benefits beyond the initial pilot case may be difficult to sustain.

### D 3. Resident Mission coordination and strategic partnerships

In addition to UNDP, there are Resident Missions of UNICEF, UNHCR, UNFPA, WHO, ILO as well as the World Bank and IMF in Kiev. UNDP serves as the Resident Coordinator of the UN System. Coordination amongst the UN agencies has been facilitated by the establishment of UN House, a compound in which several of the agencies are represented. A meeting of the country team is held every month, and is attended by agency heads or their representatives. Under the auspices of the office of the Resident Coordinator, a human rights focal point and a youth focal point have been established. Amongst other activities, these provide leadership for the Youth Summit and the Race for Life. The Resident Coordinator's office takes the lead in promoting UN activities in Ukraine by fostering a culture of open communication that promotes the UN as a whole, and by encouraging opportunities to be shared by various UN agencies.

As Resident Coordinator, the UNDP Resident Representative has taken a lead role in assisting in the preparation of the UNDAF, and in supporting its implementation through joint programmes in Chernobyl and in HIV/AIDS. Additionally, the UN country team has one joint theme, youth, and one common geographic area of focus, Zarkarpattia province, a region with a high incidence of poverty, confined asylum seekers and environmental degradation. Joint initiatives include support for human rights of confined people, understanding the pattern of trafficking and a special study on HIV/AIDS among minorities in that region.

On HIV/AIDS, UNDP co-chairs with the Government, the national HIV/AIDS donor coordination group. This meets once every two months and includes key donors and NGO partners involved in the HIV/AIDS response. In addition, UNDP is involved in all six of the technical working groups that meet regularly to exchange information and coordinate HIV/AIDS activities.

The UN country team played an active role in the preparation of Ukraine's first MDG report in 2003. The UN country team, along with Bretton Woods Institutions, participated in all six national working groups that analysed and generated Ukraine's MDGs. UN agencies and the World Bank have also held a joint follow-up workshop to discuss issues related to MDG follow-up. In an inter-agency attempt to involve the youth in achieving MDGs, an annual Youth Summit on MDGs is held at which the youth are given the opportunity to interact with Parliamentarians and government officials.



UNDP has helped build Government capacity to improve the management of external assistance. Support has been given to the Ministry of Economy and European Integration to develop the 2004 Law on Provision of Technical Assistance. As part of this process, UNDP provided a venue at which senior officials and representatives of the diplomatic community came together to discuss issues of aid management and effectiveness. UNDP regularly provides the venue for a large number of conferences, seminars and meetings at which senior government officials and representatives of the donor community meet to discuss issues of common concern.

Another approach used by UNDP to foster donor coordination is joint field trips to project sites and inviting donors to UNDP training events. An annual field visit to Crimea by all participating donors has helped provide visible evidence of the results of multi-donor cooperation.

Resource mobilization appears to be an important motivating force for UNDP donor/aid coordination initiatives. As a result, such efforts have been most effective when organized around specific issues (i.e. HIV/AIDS, Chernobyl) that lend themselves to community-based projects rather than on thematic topics (i.e. decentralization, good governance or human development policy reform) of more general interest to all partners. Since Ukraine does not have a tradition of development forums or consultative group meetings, there are no regular events to facilitate the exchange of views between the Government and the donor community on matters of development policy or strategy.

More generally, effectiveness of external assistance is hampered by the Government's inability to set clear priorities for external assistance. More than 160 government 'target' programmes have been approved, few of which have adequate resources to be implemented. Effective utilization of aid resources is also constrained by cumbersome procedures, inadequate counterpart finance and weak fiduciary controls. Key agencies in the Government and the donor community have indicated that UNDP leadership to improve aid coordination in general, in addition to measures aimed at mobilizing resources for specific UNDP-executed programmes, would be greatly valued.

## IV

# UNDP's role in fostering progress: key outcomes

## A. POVERTY REDUCTION

**Policy reform to inspire poverty reduction** UNDP's main contribution to poverty reduction has been in assisting the Government to reform the legal and policy environment to foster economic recovery, spur civic participation, enhance labour market flexibility, develop commercial agriculture, provide equal gender opportunities and formulate policies to respond to HIV/AIDS. The Government has come to adopt various elements of UNDP's distinctive human development perspective on poverty reduction, including the measurement of multiple dimensions of poverty, inclusion of the poor in decision making, consideration of gender concerns, and drawing on lessons from grass-roots experience to inform policy making. Increasingly, strategic planning efforts are guided by MDG-linked poverty reduction targets, rather than by sector-wide strategic initiatives.

**UNDP and economic recovery** The speed, pace and breadth of economic recovery reflects improvements in macroeconomic, structural and sector policies, as well as a conducive external trading environment. UNDP policy advocacy and capacity-building assistance has contributed to many of these changes, although its influence in assisting economic policy reform has been eclipsed by that of the World Bank, IMF, USAID and the EU. Nonetheless, UNDP investment in capacity building in a number of core ministries has improved the capacity of those agencies to partner with the multilateral development banks.

**Agricultural transformation** The fiscal savings and positive impacts on rural livelihoods from the transformation of collective farms into a more market-oriented agrarian structure is one of the areas in which UNDP-supported policy change has witnessed the greatest success. Thanks to the break-up of collective farms, a dynamic private sector in agriculture is emerging. In 1999, the Government provided nearly \$1 billion in agro-input credits to farmers, little of which was ever repaid. In 2003, the Government no longer directly intervened to provide agro-inputs. In that year, the farm community obtained nearly \$1.5 billion in working capital credit from the commercial banking system, and despite adverse weather conditions, more than 90 percent of that credit was repaid on time.

**Fostering labour market flexibility** By helping to put in place a new skill-specific vocational training system, UNDP and ILO have made an important contribution to fostering labour market flexibility. This in turn has

contributed to the 50 percent decline in the rate of open unemployment (using ILO definitions) between 1999 and 2004. Moreover, institutional capacity to foster adoption of more market-oriented technical skills in the labour force has been built thanks to the scaling-up of the modular vocational training system by the State Employment Service.

**Mobilizing civil society to address poverty** Thanks to UNDP support (and to similar support from other donor partners), CSOs are now recognized by the Government as contributors to policy-making processes. They are also providing important services aimed at fostering livelihoods, particularly in the areas of HIV/AIDS, enhancing human rights, promoting gender equality and assisting the vulnerable. Involvement of some 100 NGOs in a public dialogue on the relationship between the Parliament and the CSOs is a good example of the way in which civil society has been directly engaged in formulating poverty reduction policy.

## B. HIV/AIDS

**A shift in the awareness paradigm** UNDP has played a lead role in helping to boost social awareness and in shaping the Government's response to HIV/AIDS. For many years, HIV/AIDS was not discussed, and when it was, it was associated with death and punishment for those, such as IDUs and female sex workers, who were on the margins of society. Previously HIV/AIDS was treated as a purely medical problem and those who contracted the disease were kept in isolated wards. But this has changed. An inter-sector, public health response to HIV/AIDS has been launched and is garnering support. Building awareness to promote healthy lifestyles and to avoid harmful behavior is actively promoted while a more rights-oriented, public health approach to treatment has emerged. Thanks to UNDP leadership in this area, there is a far better awareness and understanding of HIV/AIDS in Government, civil society and the private sector.

### BOX 6: GLOBAL FUND SUSPENSION

UNDP assisted the Government in preparing a request to the Global Fund for HIV/AIDS, Tuberculosis and Malaria to combat HIV/AIDS. The proposal was one of the first to be reviewed and accepted by the Global Fund. It represented an attempt to substantially scale-up a number of the initiatives that UNDP and other UN agencies had pilot tested in different parts of the country. The Ministry of Health was to be the main executing body responsible for the majority of funds, including those for procuring and distributing anti-retro-viral drugs and other medical supplies. UNDP became an implementation partner of a small (\$3 million) component on prevention, public awareness and needle exchange. A third partner, a local NGO, was to implement another project component.

The international accounting firm appointed by the Global Fund for financial supervision of the project identified and reported on a number of procurement and management violations. These included charges of misprocurement (by the Government and the local NGO), inappropriate hiring practices, over-charging for medicines and supplies, and gaps in reporting, accounting and auditing practices. After two disbursements from the Global Fund, the grant was terminated and a decision was made by the Global Fund to replace all of the implementing agencies, including UNDP.

The suspension of Global Fund activities was a substantial set-back to efforts aimed at scaling-up an effective HIV/AIDS response. It also soured the Government's relations with the Global Fund.

UNDP staff maintains that whatever malpractices (committed by the other project partners) have been reported, its own components were well managed and implemented appropriately. UNDP staff also maintains that the Global Fund was inexperienced when it began operations in Ukraine, and that this contributed to flaws in the project design. Moreover, UNDP staff claims that external factors, related to the operations of the Global Fund Board, may have influenced the decision to suspend Global Fund activities and drop UNDP as an implementing agency.

Independent development partners perceived that the Global Fund suspension has damaged UNDP Ukraine's reputation because UNDP was perceived to be covering-up for reported corrupt practices. They also perceived that there was a conflict of interest with UNDP serving as the Government's main policy advisor on HIV/AIDS and at the same time, implementing part of a large grant on behalf of the Government. Other partners also felt that UNDP should have been more closely involved in building capacity within the Ministry of Health to handle such a large procurement, especially if they were to be a partner in implementing such a project. They also felt that there was little value-added to having UNDP involved in the project, since it sub-contracted their components to NGOs that were eventually retained by the Global Fund to implement certain activities after UNDP was dropped.

**Political commitment to address HIV/AIDS** is slowly emerging, thanks to many years of policy advocacy from UNDP and other UN agency partners. Ukraine was an active participant in the June 2001 United Nations General Assembly Special Session on HIV/AIDS (UNGASS), and commitments made there were reflected in the 89-point National Programme on HIV/AIDS for 2001-2003. A State AIDS Commission, chaired by the Vice Prime Minister, was established in 2001 to guide multi-sectoral implementation of the National Programme on HIV/AIDS. There remains, however, a wide gulf between declared Government intentions and the commitment of budgetary and organizational resources to respond to HIV/AIDS on a large scale.

UNDP's leadership has helped forge a **unified UN System response** to the HIV/AIDS crisis. Combating HIV/AIDS is one of the five priority domains for UNDAF during the 2002-2005 period. UNDP's support is aimed at preventing new infections, providing improved care, support and treatment for those infected and affected by HIV/AIDS, reducing vulnerability to infection, especially amongst high-risk groups, and mitigating the social and economic impact of HIV/AIDS. Three main UNDP projects focus on combating HIV/AIDS – the Applied Human Rights Project, the Leadership for Results Project, and the Peer Education to Promote Healthy Lifestyles Project. The Applied Human Rights Project is designed to create an enabling environment to empower IDUs, commercial sex workers and people living with HIV/AIDS to access necessary services, to reduce vulnerability and to cope with HIV/AIDS. The Leadership for Results Project is aimed at scaling-up small-scale, project-based efforts to combat HIV/AIDS into nation-wide approaches. The Peer Education to Promote Healthy Lifestyles Project is aimed at empowering youth leaders to play a positive role in affecting attitudes and influencing behavior. WHO, UNFPA, UNAIDS and other UN agencies have been intimately involved in the planning and execution of each of these projects.

**Scaling-up the HIV/AIDS response** UNDP played a catalytic role in attracting and helping to shape the proposal for financial support from the Global Fund for HIV/AIDS, Tuberculosis and Malaria to scale-up HIV/AIDS prevention and treatment efforts. Although more than \$90 million in funding was agreed upon, implementation proved difficult. Eventually the programme was suspended and UNDP was replaced as an executing agency (see Box 6). This underscores the importance of fostering accountability, transparency and building adequate management capacities in the Government and CSOs, so that pilot programmes can be successfully scaled-up.

One of the most important lessons from the Global Fund experience is that, while facing an emerging HIV/AIDS pandemic, the critical constraint is not funding per se, but the capacity of the Government to utilize that funding effectively and efficiently. Absorptive capacity in the public sector is limited, and this in turn is closely linked to weaknesses in public sector governance. Unless the Government's administrative standards for procurement, accounting, project management and release of information are improved, it will be very difficult for it to implement large-scale donor-funded projects effectively and efficiently, either in partnership with UNDP or on its own account. This underscores the importance of building capacity, in the Government and civil society both, to deliver development results effectively.

A number of other important lessons, related more directly to UNDP positioning, can be drawn from this unfortunate scaling-up episode. First, conflicts of interest can arise if UNDP co-chairs a country coordinating mechanism for HIV/AIDS while simultaneously implementing part of a large donor-funded programme. Second, if there is a high risk of misprocurement or other forms of administrative malpractice, UNDP should not be a party to the design or implementation of such a programme. Third, if complaints are made about project malpractice, UNDP should be careful not to rush to defend the Government, but should support an impartial inquiry into the alleged wrong-doing. The most important lesson from this experience, however, is that constraints to scaling-up important initiatives such as HIV/AIDS, hinge very much on the quality of governance.

### C. SPECIAL CHALLENGES OF CHERNOBYL AND CRIMEA

Chernobyl is a major human catastrophe that will continue to require support from the Government and its development partners. In this regard the UN report, *'A Strategy for Recovery'*, has helped to renew Government and donor attention on the huge problems facing the residents of that region. There are, however, several aspects of the report that require further attention before it is likely to be widely accepted by Parliament, local government and donors:

- While the UN report declares that the emergency period is over, a number of health (i.e. genetic mutation) and environmental (i.e. soil and water contamination) problems may constitute emergencies even for the next generation of Chernobyl survivors.
- Clearing the backlog of outstanding social assistance arrears for Chernobyl – i.e. funds that the Government was legally obliged to pay but was unable to in the

1990s—will need to take place before local governments and Parliament would be willing to shift the focus from emergency support to recovery.

- Opportunities for recovery may be limited by national and international perceptions that agricultural produce from parts of the Chernobyl territory are unsafe for human consumption. Given the limited options outside of agriculture, and weak institutions in support of private sector activity in that region, more attention must be devoted to identifying economically viable strategies for recovery before encouraging policy makers to shift the assistance focus away from entitlements.

UNDP's most notable contribution to development on the ground in Chernobyl is in the area of social mobilization, by helping to empower communities to participate actively in community activities, and in building the capacity for psychosocial counseling and rehabilitation amongst the Chernobyl disaster-affected communities. While these activities provide a good start towards fostering recovery and building confidence, current CRDP pilots are too small in number to: (a) create a critical mass of demonstrations of socio-economic options; (b) test their viability; and (c) create an empowered critical mass of stakeholders that can demand more effective solutions to meet the long-term livelihood challenges of the people in the affected areas. CRDP is still very much in the pilot stage, and suitable development models that can be scaled-up in that region have yet to emerge. As part of the scaling-up process, it would be appropriate for UNDP to consider forming a coalition of donors to help expand the coverage of its community empowerment and socio-economic activities. This would help generate the critical mass of evidence and support to demonstrate that community-driven recovery is indeed a viable option. Such demonstrations should ideally precede changes in national relief policy for the Chernobyl region. Building on decentralized community development, a more comprehensive area-cum-regional development approach will be required to enable those in Chernobyl to lift themselves out of poverty. Tackling development at a regional level requires a different set of concepts, approaches and strategies. Such an approach will require a fuller assessment of needs and opportunities to improve income generating opportunities, and especially measures that may be taken to attract private investment to the region.

What UNDP currently supports under CRDP is, however, relevant to address the immediate short-term needs of the adversely affected persons. Social mobilization and the early stages of community development have delivered a measure of hope and solidarity largely absent from this region ever since the Chernobyl disaster.

**Crimea integration** Considerable progress has been made in fostering integration, building early warning systems and encouraging social mobilization in Crimea, but still, insecurity is mounting and new threats to human security, such as land grabbing, crime and politicization, are intensifying. The FDP communities still face challenges in terms of accessing basic services and economic opportunities, the absence of which may trigger renewed tension. Thanks to a resurgence in tourism activity, Crimea's economy is expanding rapidly. Ensuring that the FDPs have equal opportunities to participate in the region's economic progress is essential if sustainable solutions to poverty and horizontal inequality (i.e. between the FDPs and Russian communities residing in those areas) are to be achieved.

Provision of basic infrastructure, small-scale savings and credit programmes, as well as small-scale economic activities have made an important contribution to eliminating the initial threat of unrest and building some level of trust, peace and security. CIDP brought tangible benefits to the communities, especially in terms of access to basic necessities such as water supplies. More importantly, CIDP also demonstrated to the FDP community that the Government was committed to restoring their citizenship rights and providing access to basic services and assistance. Had this not been done, violent social conflict would undoubtedly have ensued.

However, many FDP communities have yet to benefit from CIDP support, and basic services are still inadequate in many of the resettlement areas. There is a need to expand the geographic scope of CIDP assistance to ensure that essential social services are accessible and that the risk of conflict is reduced. CIDP represents a more holistic and integrated approach to fostering community development than many other poverty reduction efforts. In this respect, it can serve as a model for the first stage of community development and social mobilization in Crimea and other regions that are excluded from the mainstream of Ukraine's economic recovery.

In the long run, small-scale community development initiatives cannot provide the employment and incomes needed to lift large groups of FDPs out of poverty. With some 80 percent of the FDP population reported as unemployed, the employment challenge alone is staggering. In the medium-term, there is a need to foster an integrated approach to area development in Crimea, both to tackle the livelihood constraints facing the FDPs and to meet the needs of the poorer Russian-ethnic settlers. Graduating from an integration-cum-mobilization approach to one that encourages broad-based inclusive regional development is a major challenge. Developing the Crimea region



as a whole will need to be conceptualized differently from assistance built on social integration and community empowerment if the impact is to be greater and more long lasting. For this, new partnerships will need to be secured with private investors, development banks, specialized agencies for technical assistance, and a mix of private and public sector agencies. Building on the trust and credibility it has earned in Crimea, UNDP is now well positioned to help the Crimean authorities scale-up the response to human insecurity through an area-based approach to inclusive human development.

## D. OPPORTUNITIES FOR EQUAL ACCESS

**Building awareness and enabling equal opportunity** A combination of advocacy, training and lobbying from UNDP-assisted gender rights groups has inspired government leaders to incorporate gender considerations in their public policies and statements. Equal opportunity is firmly enshrined in the legal and planning framework; the family code has been revised to reflect gender concerns; the legal basis for combating human trafficking and violence against women has been improved; conscious efforts are being made to address negative gender stereotyping in the press; and legal reforms are being considered to help end political discrimination against women in Parliament and in the highest echelons of government. What was once a small committee on family and youth has now been transformed into a ministry empowered to lead gender reforms in the Cabinet of Ministers.

Gender considerations are being mainstreamed into the **educational curriculum**. A UNDP-supported national foundation course on gender has been adopted by the Ministry of Education. A gender training capacity has been created for the civil service. Regional centres have been established to foster inclusion of gender concerns in local government and national networks have been created to promote gender awareness and understanding.

## E. ICT AND EDUCATION

**From research network to innovation springboard** Between 1993-1996, UNDP helped establish the first Ukrainian academic and research network, the first public access Internet portal (Kyiv FreeNet), and helped to connect the government ministries and Parliament to the Internet. Building on this foundation, from 1997-2001, UNDP helped develop the networking capabilities of key institutions. This included the establishment of ICT networks in the Ministry of Foreign Affairs and the Cabinet of Ministers, Ukraine's universities and national libraries. On 1 September, 2001, a UNDP Innovations Springboard programme was launched in partnership with the National

Committee on Telecommunication and Informatics, Ukrtelecom, the National Academy of Sciences, Kyiv National Taras Shevchenko University and the Renaissance Foundation. International partners in the Innovations Springboard programme include UNESCO, ITU, the Open Society Institute, World Bank, NATO, the German Embassy, Harvard University and the Global Internet Policy Initiative.

**Limited progress on ICT policy** To improve ICT policy, roundtables have been conducted with relevant stakeholders, and a national e-readiness assessment was prepared and presented. Progress in fostering a more competitive ICT sector has been less than expected, largely because the restructuring of the state telecommunications monopoly Ukrtelecom has been delayed, and it continues to exercise near monopoly power in the telecoms market.

UNDP support has helped to **mainstream ICT capabilities within the higher education system**. A scientific and research Internet network was established and connected to the European scientific network GEANT, a distance learning platform was established, software tested, and a laboratory of distance learning was opened. University library facilities have been upgraded, brought online and inter-connected. The University Innovation Centre has also made good progress in empowering Kyiv's Taras Shevchenko University, in partnership with Cisco, to set national standards and demonstrate best ICT practices. Thanks also to UNDP support, some 250 NGOs can communicate more effectively through the civil Internet portal. This portal also serves as a host for the Model UN Conference.

**Education sector reform** UNDP assistance has helped the Government take the first steps towards reforming and restructuring the education system. The most important contribution that UNDP has made is to build a consensus amongst policy makers, academicians and educators as to the main areas in which reform is required and the broad directions it should take.

## F. GOVERNANCE

The Government's commitment to good governance is enshrined in the Constitution, the various Action Programmes of the Cabinet of Ministers, Government's Concept Paper on Administrative Reform, the Law on Elections and many other laws. There remains, however, a tremendous gap between political statements, the legal framework in support of good governance, and actual implementation. In practice, there are many impediments to building accountable institutions to foster good governance, including deficiencies in public sector (and political)

ethics and incentives, fractious political parties, weak human rights institutions, fragile and under-funded NGOs, arbitrary law enforcement and crime prevention institutions and political interference in media and commercial affairs.

UNDP has made some, albeit modest, contribution to improving public accountability and awareness of human rights. Capacity has been created in the Accounting Chamber, Parliament and the Ombudsman's Office to improve access to information and Parliamentary oversight. Access to the reports of the Accounting Chamber and the Ombudsman's Office has improved, and a system has been established in government to monitor and report on Ukraine's human rights situation, including progress registered in acceding to agreed human rights treaties.

While UNDP has primarily attempted to reform governance indirectly, by mainstreaming good governance practices in its different projects, the overall effect on various aspects of political and administrative governance, such as freedom of the press, transparency and accountability, corruption, fiscal decentralization, public sector management, rule of law and respect for human rights, has been quite modest. A number of bilateral donors (and international NGOs) have provided assistance in each of these core governance areas, but since bilateral assistance is often construed as being associated with the political agenda of one donor country or another, the Government has not been very receptive to advice and advocacy provided in these areas.

## G. ENVIRONMENTAL MANAGEMENT AND SUSTAINABILITY

Improvements in environmental indicators such as a decline in ambient pollution levels and an increase in protected zones in the 1990s and in the first three years of this decade can be explained primarily by a decline in heavy industrial activity rather than by a change in public policy per se. Nonetheless, UNDP assistance has been instrumental in fostering public dialogue on sustainability and UNDP support has facilitated the integration of sustainable development concepts in national policies and planning initiatives. Capacity for implementing environmental legislation has also been improved. In partnership with USAID, UNDP has helped to establish a department of sustainable development in the Ministry of Ecology. UNDP has also helped establish the Environmental Policy Unit of the Ministry of Environment and Natural Resources. This unit took the lead in preparing a national strategy for sustainable development, with the active participation of civil society.

**Partnerships to foster sustainability** Since the institutions involved in addressing environmental concerns in

Ukraine are quite new, an important challenge has been to assist the authorities in developing international partnerships aimed at fostering sustainable development. UNDP has had some success in forging such partnerships. UNDP's main Ukrainian partners in this area include the Ministry of Environment and Natural Resources, the State Committee on Energy Efficiency and the Association of Ukrainian Cities. External partners for UNDP-supported activities include the GEF, the Governments of the United Kingdom, Netherlands, Germany, and Finland, as well as Public-Private Partnerships for the Urban Environment Facility.

Although it is too early to observe tangible results, UNDP has played a pioneering role in fostering integrated, **trans-border management of critical rivers**. The Dnipro River stretches over 2000 kilometers, from the west of Moscow through Belarus and Ukraine. The UNDP assisted and GEF-funded Dnipro river project brings together Belarus, Russia and Ukraine to cooperate in the management of the Dnipro. A multi-sector trans-boundary diagnostic report on the Dnipro basin was completed in 2002 and has served as an important input into the Dnipro Basin Strategic Action Programme.

## V

# Conclusions, lessons and recommendations

Since 1997, Ukraine has registered substantial social and economic progress. Inflation has been much reduced; the economy is bouncing back; public finance has been put on a sound footing; the regulatory setting is improved; local governments are gradually being empowered; and institutions, both public and private, are gradually being reformed. UNDP has contributed to this progress by assisting in the process of policy change, by building better planning and strategy development capacity, by raising awareness of issues critical to human development, by helping build networks linking government, civil society and the private sector, and by providing financial and organizational support to an array of pilot projects designed to demonstrate new ways of addressing human development challenges.

Three distinct factors explain the UNDP's success in contributing to the delivery of development results:

- **Focus on MDGs** The MDGs have guided UNDP's programmatic response. It has been dogged in its pursuit of the MDGs, and focusing on their achievement has helped to introduce a measure of priority setting in an environment characterized by political volatility and change occurring on many different fronts.
- **Confronting crises** UNDP has been at the forefront of international efforts to address HIV/AIDS, Crimean re-integration, Chernobyl recovery and the disposal of hazardous landmines. This has been done in a manner consistent with human rights, partnerships with multiple stakeholders, and a focus on durable improvements in living standards.
- **Responsive to government** Despite frequent political change, UNDP has recognized the Government as its primary client and has been highly responsive to its requests. High-ranking Government officials serve as national programme directors of policy reform initiatives. UNDP assistance has helped open the Government to civil society, and to gradually bridge the divide between academia, NGOs, CBOs, the private sector and the Government through countless dialogues, consultations, discussions and joint initiatives.

Despite considerable progress, Ukraine continues to operate far below its human development potential. It has a highly skilled population with a history of technological advance; the natural resource base favours commercial agriculture; and the country lies at the confluence of the major markets of Europe, Russia and the Far East. Creating a policy and institutional environment that would enable the nation to capitalize on its human, natural resource and geographical advantages remains central to all efforts to foster sustainable human development in Ukraine.

**From recovery to inclusion** The economic and social situation is rapidly

changing in Ukraine, and so are the Government's priorities. As these change, the focus of UNDP operations will also need to change. As the economy recovers and Ukraine becomes more globally integrated, nominal GDP per head (about \$1,000 in 2003) should begin to converge more towards its purchasing power parity level (\$4,270 in 2002). There is clear evidence that high, sustained rates of economic growth since 2001 have already helped reduce income poverty. At the same time, inequality is worsening, and large segments of the population and specific regions are being left behind. Many depressed regions suffer from a high degree of dependence on low-productivity agriculture, or on industries badly in need of restructuring. There is a need to refocus external assistance from supporting economic recovery in general to combating exclusion, i.e. on meeting the needs of those groups and regions that are unlikely to benefit from the growth process. Promoting policies supportive of broad-based growth will also help check tendencies towards excessive inequality.

#### **Redoubling efforts to foster core governance**

Economic recovery in Ukraine stands in sharp contrast to progress made in reforming governance. While governance initiatives have been supported in almost all UNDP projects, these have generally been limited to introducing participatory dialogues, improving legal frameworks and providing technical advice and training. Implementation and sustainability of UNDP-supported strategies, policies, programmes and pilot projects have suffered because other dimensions of governance were not adequately addressed. The Government's appropriate role in the spheres of economic activity, rule of law, judicial independence, public ethics, media freedom, institutional incentives, and the nature of transparency, civic involvement and oversight arrangements are all crucial parts of good governance that impinge on the Government's capacity to translate reforms into meaningful action. To broaden the governance focus beyond training, technical assistance and pilot projects, there is a need for a better diagnostic understanding and assessment of what is required to build effective capacity for service delivery and for effective democratic governance. Currently, UNDP is not perceived to be a champion or campaigner for good governance or democratic development. Moreover, a lack of UN leadership in governance reform is seen to impede a coherent donor response. This can and should change, and there is every reason to believe that UNDP can serve as an effective partner to assist the Government and the Presidency in what are sensitive but vital areas of reform.

**From a national to a local focus** Ukraine's economic recovery shifts the locus of the human development challenge from a national to a local scale. For much of the

1990s, as the economy was collapsing, it was appropriate for the donor community to assist the central Government in formulating national policies and programmes to reverse the economic decline. With recovery, the Government will have more resources that can be devoted to addressing development challenges at a local level. Ukraine's legal framework already accords substantial responsibilities to local governments for policy making, programme definition and the delivery of local services, although fiscal decentralization is far from complete. Support will still be needed to build local government capacity to foster regional development. This is especially the case in the regions and municipalities that lag behind according to the HDI, those with the highest HIV/AIDS incidence, secondary towns and municipalities that have large concentrations of low-income families, and poor rural areas in which agriculture and rural development has been slow to develop. In the early stages of decentralization, it is especially important that local communities are empowered to shape their own destiny, and can see evidence that cooperation, local knowledge and local initiative can help overcome a legacy of poverty and highly centralized planning and policy making.

#### **A. REPOSITIONING TO KEEP PACE WITH CHANGING COUNTRY CIRCUMSTANCES**

Small-scale, community based participatory initiatives may help to empower local organizations, but they are unlikely to ease the constraints to regional development. In line with assisting decentralization and poverty reduction, capacity must be built at the local level to develop strategies and plans for fostering regional development, with a focus on employment and income generation, social development, sustainability and good governance. The implementation of **regional development** initiatives would require financial support from public and private sources that would be well in excess of what UNDP could provide. This implies a need for partnerships that extend beyond community organizations to include domestic and foreign private investors, multilateral financiers and the financial sector.

**Chernobyl and Crimea** must overcome problems that are not shared by the rest of the nation. Small-scale community-driven projects in both regions help to promote peace and stability, and to demonstrate that the international community has not abandoned these groups. There is a need, however, to graduate from relief-cum-community empowerment oriented assistance in both regions to a more integrated and holistic approach to supporting regional development. UNDP can use its experience in building partnerships between local government, local civil society and local enterprises to identify and address constraints to sustainable human development. It can build on its experi-



ence in fostering small and medium-scale enterprise, providing vocational training, fostering e-commerce, and developing enterprises to help disadvantaged regions restore a more robust base of economic activity. Fostering participation in local-level policy making and policy implementation is equally important to improve local governance.

**From traditional technical assistance to learning institutions** Ukraine has entered an era of second-stage transition reform, with a focus on building the institutional foundations of a democratic, market economy. The institution building challenges are tremendous, and long-term commitment will be required in many areas. At the national level, capacity building requirements are becoming more sophisticated, and more intimately linked to issues of European approximation. UNDP will need to consider augmenting its customary approaches to supporting policy reform – i.e. through advisory support, citizen participation, networks, advocacy publications and events – with approaches that emphasize regular and rigorous institutional self-evaluation, and which twin government, civil society and private sector institutions with similar institutions in neighboring countries. Such arrangements would provide a natural vehicle for Ukraine to graduate from capacity-building as an assistance activity, to developing learning institutions that routinely collaborate and cooperate with strategic partners in neighboring states. Ukraine’s officials are aware that they can learn a lot from those post-socialist states that have recently joined the EU and are more advanced in their transition process. Thanks to its political neutrality and presence on the ground in these countries, UNDP is uniquely placed to help the Government cement such cross-border institutional ties.

## B. BUILDING ON CORE COMPETENCE

At the heart of UNDP is a young, highly skilled and motivated staff dedicated to putting the goals and objectives of human development into practice. UNDP is well respected, especially in the Government, and it is regarded as being highly responsive to the changing needs of the country. UNDP’s publications and activities are well publicized, and it has become a leading Ambassador for the UN System in civil society, academia and the donor community.

UNDP’s policy advocacy, with its unique focus on sustainable human development, carries a certain gravitas rarely seen in other settings. In the rush to move public policy into law, there is a risk that careful analysis and understanding, particularly of the constraints to implementing improved policies, may not be fully addressed<sup>23</sup>.

Ensuring that policy advice is sound, that the strategies, programmes and laws supported by UNDP can be effectively implemented, and that implementation arrangements are defined in advance of changing public policy, requires greater selectivity, attention to analysis and quality control.<sup>24</sup> The many national programmes and strategies that the Government has formulated with UNDP assistance but have yet to be implemented, is additional evidence that the rush to revise policy (i.e. laws) before implementing arrangements have been adequately thought through is unlikely to generate the desired effects.

**Learning from global good practice** Now that the economy has stabilized, the policy reform agenda has shifted to building the institutional foundations to deepen democracy and ensure that markets serve human development needs. Not only will the pace of change be inevitably slower – institutional development does take time – but also the universe of global experience in developing policies and strategies for building institutions that Ukraine can draw on is much wider than that of other nations in transition. UNDP’s policy assistance and advocacy efforts can serve as a window on the world to bring global lessons to bear on domestic policy debates.

**From activities to results** UNDP has assisted many different initiatives, both at a policy and a pilot project stage. This was understandable, particularly since the first stage of transition required reform on practically every front. There has been a tendency, however, to support change in a particular set of policies or strategies and to launch a number of pilot projects without properly assessing the requirements of managing the process of policy change (i.e. to see implementation through) or of scaling-up pilot projects. While practically all UNDP programme initiatives are now based on creating or establishing strong institutional or organizational foundations, generating internal revenues, or capacity building, many activities remain at the pilot-scale level, and exit strategies from donor assistance are defined in rather vague terms. The long-term sustainability of pilot projects is a particular concern. In practice, more attention appears to have been devoted to mobilizing assistance resources to fund projects than to ensuring that these were economically viable, or that adequate capacity has been built to scale-up successful pilots.

A better definition of UNDP’s SRF could help foster a more effective approach to supporting the delivery of development results. The existing SRF has too many strategic objectives, and several of the outcomes are ill-defined. Revisiting the programming framework, with attention to

<sup>23</sup> For example, institutions to mount a cadastre and to register land are fundamental to the success of an agrarian land reform programme, and the absence of these has given rise to delays and back-tracking in the Government’s policy to introduce a rural land market.

<sup>24</sup> Use of international advisory panels, including and extending beyond UNDP’s regional representatives in Bratislava, can be helpful in reviewing work programmes and progress in policy advisory practice areas and in exercising quality control of NHDRs and other flagship publications.



greater selectivity, focus and impact is warranted.

Scaling-up activities is a difficult task, and UNDP should make every effort to help the Government build the capacity to manage scaled-up programmes in a transparent, efficient and effective manner. Scaling-up initiatives before this capacity is put into place is a recipe for disaster, as the difficulties with implementing Global Fund assistance for HIV/AIDS illustrated. The main lesson from this is that UNDP assistance for initiatives aimed at piloting innovative approaches to foster human development must help build the capacity to effectively scale-up such initiatives. That challenge is much greater, and extends well beyond helping the Government secure the necessary financing for nationwide programmes.

**Development partner perceptions** Amongst the donor community in Ukraine, UNDP is widely regarded for its ability to organize networks of NGOs and CBOs and for its capacity to mount community development projects in remote regions. It is not perceived by local donors to have a comparative advantage in assisting policy change or generating new knowledge. Local donors feel that World Bank and IMF provide policy analysis that is generally of a higher quality and is integrated into policy-based lending, and that the EU, USAID and other bilateral donors are able to recruit and mobilize international advisors who are better able to harmonize their recommendations with prevailing EU practices than are the national policy experts supported by UNDP. In addition, while this may also reflect UNDP's success in mobilizing donor partners to co-finance local level community-based pilot projects, there is a risk that a lack of development partner recognition and support for UNDP policy reform activities could hamper implementation of UNDP support for human development policy change.<sup>25</sup>

### C. FOCUS PROGRAMMING ON MDGS, EU CHOICE AND AID EFFECTIVENESS

**Meeting MDG commitments** The MDGs, and the manner in which these have been interpreted in Ukraine, have played an important role in guiding UNDP support. Moreover, UNDP is playing an important leadership role in interpreting, accessing and developing strategies for the achievement of the MDGs. This should continue, both to ensure that human development figures into national plans and policies, and to help Ukraine's other development partners sharpen their focus on poverty reduction. Fostering

convergence between Ukrainian and EU conditions in living standards, policy regimes and institutional practices is a means of translating MDG commitments into practice. UNDP can continue to play a valuable role by focusing policy attention on the MDGs; by defining, monitoring and tracking their achievement; and by assisting in the development of public policies that can foster human development.

**The EU Choice** While EU accession remains a long-term goal, EU enlargement in 2004 is likely to expose Ukraine to greater competitive pressures, as Poland in particular tightens border controls and restricts market access to goods and services that do not meet EU requirements. Short-term difficulties aside, Ukraine's leaders are united in their desire to see Ukraine eventually accepted as a member of an enlarged Europe and membership in the EU is Ukraine's main long-term strategic goal. Many changes will be required before Ukraine can integrate effectively with the EU. Although living standards in Ukraine are just 15 percent of those in the EU, the EU provides a third of all FDI into Ukraine and accounts for nearly half of Ukraine's total trade.<sup>26</sup> But there remain wide (and possibly widening) gaps in human rights and democratic practice between Ukraine and the EU that frustrate the forging of closer ties.

Ukraine's European Choice was welcomed and in a sense anticipated by the EU's Partnership and Cooperation Agreement (PCA). It acknowledges Ukraine's European aspirations and welcomes its pro-European choice. The strategy sets three principal objectives:

- support of the democratic and economic transition process in Ukraine;
- meeting common challenges on the European Continent (i.e. stability and security in Europe, environment, energy and nuclear safety); and
- support for strengthened cooperation between the EU and Ukraine in the context of enlargement (i.e. support for Ukraine's integration into the European and world economy, cooperation in the field of justice and home affairs).<sup>27</sup>

Limited progress has been made in implementing Ukraine's European Choice. A national strategy of legal adjustment, administrative capacity development and institution building to meet PCA objectives was not elaborated until 2002. Moreover, in 2004, many new initiatives have been undertaken (i.e. implementation of the wider

<sup>25</sup> For example, there is no evidence that UNDP's fairly extensive policy advocacy in 2003 and 2003 (i.e. Chernobyl Strategy for Recovery, NHDR on decentralization, e-Readiness, Gender Assessment, HIV/AIDS Act Now) was reflected in the wide-ranging policy and institutional reform agenda supported by the World Bank under its PAL-2 adjustment operation.

<sup>26</sup> See World Bank, 'Country Assistance Strategy for Ukraine for 2004-2007', Table 1, p. 2; AHT Consulting Group, 2003, 'Ukraine-EU: On the Road to 4 Freedoms', Prepared for the Ministry of Economy and European Integration, Kyiv.

<sup>27</sup> See EU-EC Country Strategy Paper, National Indicative Programme 2002-2003, Ukraine 2002-2006, 27 December 2001, pp. 2-3. Moreover, PCA's Art. 51 names 14 selected areas in which Ukraine will amend its legislation in conformity with EU directives (in areas of customs, banking, taxes, jurisprudence and internal affairs, among others).

economic space agreement, support to state owned enterprises, neglect of intellectual property, media freedom restrictions) that are inconsistent with both WTO and the EU PCA. Limited progress has also been made in the areas of social rights (e.g. safety at work, contract enforcement), the rule of law, human rights, freedom of speech and of the media, and good administrative governance.

The EU Constitution and the *Aquis* provide clearly stated norms and standards against which progress in human rights, rule of law, social development, economic competitiveness and good governance can be assessed. UNDP should provide greater assistance to the Government in identifying and defining these gaps, and thereafter in developing concrete strategies, policies and programmes to foster convergence with accepted EU norms and standards. Ultimately, these are the same sorts of processes and practices needed to foster sustainable human development.

At the same time, UNDP should support Ukraine in its efforts to maintain good relations with all its neighbors, not only the EU. Although Ukraine and Russia share many trans-border problems and concerns, cooperation between the two states has been extremely limited to date. UNDP could help Ukraine foster partnerships with all its neighbors to address issues of common concern.

#### **Donor coordination to enhance aid effectiveness**

UNDP is but a small source of external assistance, and therefore its impact can be multiplied several times over if it can assist the Government improve the effectiveness with which external assistance is used. Too often, donor coordination is understood as a way of mobilizing non-core resources, rather than a valuable contribution in its own right. The Government's ability to mobilize and coordinate external assistance is limited, and the result is sometimes a free-for-all in terms of aid prioritization, allocation and utilization. UNDP can help the Government build the capacity to better manage external assistance by strengthening the aid coordination function in the Government, by hosting development forums on issues of national concern, and by encouraging formation of thematic groups around specific issues related to governance reform. There may also be scope for UNDP to play a more active role in donor coordination at a local and regional level, especially if more emphasis is placed on decentralized, regional development.

## ANNEX I A: TERMS OF REFERENCE

The Evaluation Office (EO) of the United Nations Development Programme (UNDP) launched a series of country evaluations, called Assessments of Development Results (ADRs), in order to capture and demonstrate evaluative evidence of UNDP's contributions to development results at the country level. Undertaken in selected countries, the ADRs focus on outcomes and critically examine achievements and constraints in the UNDP thematic areas of focus, drawing lessons learnt and providing recommendations for the future. The ADRs also recommend a strategy for enhancing performance and strategically positioning UNDP support within national development priorities and UNDP corporate policy directions.

The ADR for Ukraine covers the years of 1997 to 2003, i.e. the 1997-2000 Country Cooperation Framework (CCF-I) and the first three years of the current CCF-II (2001-2005). The assessment will, however, attempt to point out where support prior to this period may have served as a foundation for current achievements. The purpose of the evaluation is to review the experience of UNDP in Ukraine, draw lessons learnt and recommend improvements. The ADR in Ukraine will:

- Provide an overall assessment of the results achieved through UNDP support, and in partnership with other key development actors, during the period 1997-2003, with particular in-depth assessment of Policy Advisory Support, and Deepening Democracy and Social Inclusion, with an overall view of poverty reduction. The assessment will address the effectiveness and sustainability of the UNDP programme by highlighting its main achievements (outcomes) at the national level, UNDP's contribution to these in terms of key outputs, and main factors influencing results.
- Provide an analysis of how UNDP has positioned itself strategically to add value in response to national needs and changes in the national development context, with particular attention to: (a) entry points and strategy selected by UNDP in support of policy advocacy; (b) testing of innovative initiatives; and (c) cooperation with different groups of development partners. The analysis will review relevance to national needs and Millennium Development Goals (MDGs), responsiveness to significant changes in the development context, and synergies and alignment of UNDP support with other initiatives and partners.

The EO will manage the evaluation and ensure coordination and liaison with concerned units at the

Headquarters' level. The Evaluation Team will include the Task Manager from the EO; two international consultants, one of whom will be the Team Leader; and a national consultant. The Team will be supported by local studies and desk research.

In line with results-based management, UNDP operates with three levels of 'development results', namely **outputs, outcomes** and **impact**, that refer to the effects of programmes, projects and/or activities. Outcomes are developmental changes between the completion of outputs and the achievement of impact, and are achieved in partnership with others. Impact is seen as the longer-term effect of these changes.

This evaluation will focus on **outcomes**, i.e. changes in specific development conditions, and UNDP's contribution to these. The emphasis is on improving understanding of the outcome itself, its status and the factors that influence or contribute to its change. This level of results reveals more about how effective UNDP's actions are in reaping real development changes in peoples' lives. The shorter time-frame of achieving outcomes (typically 3-5 years) allows for more credible linkages between the results and UNDP efforts.

## ANNEX I B: ENVISAGED OUTCOMES AND OUTPUTS IN UKRAINE FROM UNDP SUPPORT

### GOAL 1: GOVERNANCE

#### Sub-goal 1: Strategic area of support: policy dialogue

**Outcome 1:** Increased public debate on sustainable human development (SHD).

**Outputs:** (i) SHD is incorporated into the Economic and Social Development Programme for 2002; (ii) raised public awareness on sustainable development as a result of policy dialogue initiated in the framework of preparation to Rio+10 and Kyiv, 2003.

**Outcome 2:** More powerful civil society able to articulate and put demands to the Government for sustainable and equitable growth as well as to contribute towards poverty eradication in the country.

**Outputs:** (i) Civil Society Organization's (CSOs) personnel trained on problem analysis, strategy development and managing partnerships; (ii) pilot grass-roots interventions of CSOs in the area of poverty eradication supported; (iii) series of public hearings and round-table discussions conducted at the national and local levels.

#### Sub-goal 2: Strategic area of support: human rights

**Outcome:** Effective Ombudsman and other human rights oversight bodies either established and/or in operation.

**Outputs:** (i) in cooperation with the human rights strengthening joint programme between the OHCHR and UNDP (HURIST), a National Human Rights Plan was developed; (ii) human rights advocacy programmes were developed; (iii) regular public reporting by Ombudsman Office is ensured; (iv) Management Information System (MIS) is installed at the Ombudsman Office.

#### Sub-goal 3: Strategic area of support: financial management

**Outcome:** Auditing and oversight of Government administered budgets and funds.

**Outputs:** (i) advocacy programme on transparency and accountability to Ukraine is developed in cooperation with the Programme for Accountability and Transparency (PACT); (ii) results of regular audits widely disseminated; (iii) public debate on the budget process is initiated.

### GOAL 2: POVERTY REDUCTION

#### Sub-goal 1: Strategic area of support: poverty reduction strategies

**Outcome 1:** Improved capacity within Government to assess the impact of macroeconomic policies on human and income poverty.

**Output:** Poverty Assessment Report is to be produced annually.

**Outcome 2:** Policy and planning framework of the country incorporates reduction of human and income poverty; this is also addressed through suitable macroeconomic policies.

**Output:** N/A

**Outcome 3:** The policy and planning framework of the country incorporates a comprehensive approach to specific targets for reduction of human and income poverty.

**Output:** Economic and Social Development Programme (ESDP) of the Government for 2001 is produced based on the discussions with CSOs and the public at large.

#### Sub-goal 2: Strategic area of support: HIV/AIDS

**Outcome 1:** Institutional capacity built to plan and implement multi-sectoral strategies to limit the spread of HIV/AIDS and mitigate its social and economic impact.

**Output:** (i) national system for healthy lifestyle promotion developed by 2003; (ii) networks of people living with HIV/AIDS and women living with HIV/AIDS registered and developed by 2002; (iii) series of public awareness and advocacy campaigns on HIV as a development issue conducted by 2003.

**Outcome 2:** National strategies for prosperity and equitable growth address the issue of development consequences of HIV/AIDS and the need for healthy lifestyle promotion.

**Output:** (i) background information, consultations and expertise provided for the elaboration of the new national strategy on HIV/AIDS and the Programme 'Reforms for Prosperity' by 2000; (ii) new concept of healthy lifestyle promotion developed and approved by 2001.

#### Sub-goal 3: Strategic area of support: basic social services

**Outcome:** System of social protection established to target the most vulnerable groups in society, i.e. the formerly deported peoples (FDP) in Crimea, and, consequently, peace and stability maintained in Crimea. Effective measures to prevent and deal with disasters established.

**Output:** (i) provision of basic social services to population of seven targeted regions in Crimea; (ii) provision of

income generating opportunities; (iii) establishing an early warning system for conflict monitoring and disaster management.

**Sub-goal 4: Strategic area of support: access to technologies**

**Outcome 1:** An enabling environment created for the expansion of collaboration between the public and private sectors to provide poor communities with access to information and communication technologies (ICT), development of the national Internet content and IT-wide integration to the educational sector.

**Output:** Support to the creation of a number of powerful national content providing Internet sites and portals.

**Outcome 2:** The policy, legal and regulatory frameworks reformed to substantially expand connectivity to ICT.

**Output:** (i) a national e-readiness assessment has been carried out (on connectivity, policy frameworks and human and institutional capacity); (ii) international and national policy advice on IT sector reform provided to the Government.

## GOAL 3: ENVIRONMENT

**Sub-goal 1: Strategic area of support: policy framework**

**Outcome:** A comprehensive approach to environmentally sustainable development integrated in national development planning and linked to poverty reduction.

**Output:** (i) broad public involvement in decision-making process on environmental policy issues; (ii) broad dissemination of the information on sustainable development principles; (iii) local population is made aware of environmentally sound practices.

**Sub-goal 2: Strategic area of support: regional cooperation**

**Outcome:** Improved regional capacity to coordinate and harmonize national policies and programmes for management of shared natural resources and sustainable energy development.

**Output:** New projects (global, regional, national) eligible for Global Environment Facility (GEF) funding are elaborated, initiated and successfully implemented.

## GOAL 4: GENDER

**Sub-goal 1: Strategic area of support: advocacy and partnerships**

**Outcome:** Close partnerships between Government, Parliament and civil society for systematic analysis of gender issues.

**Output:** (i) women and men politicians trained through seminars; (ii) gender courses introduced in the curriculum of major universities; (iii) data on women and men collected and analysed.

**Outcome 2:** Existing and effective gender networks of politicians, entrepreneurs, including farmers.

**Output:** (i) women entrepreneurs trained through seminars and Women's Trade Fair; (ii) rural women empowered through participation in business and computer trainings.

## GOAL 5: UNDP SUPPORT FOR THE UN

**Sub-goal 1: Strategic area of support: RC global agenda**

**Outcome:** Effective use of the United Nations Development Assistance Framework (UNDAF) to facilitate the national response to the MDGs.

**Output:** Common country assessments (CCA) and UNDAF widely used by the UN agencies to develop their programmes for Ukraine.

**Sub-goal 2: Strategic area of support: RC system**

**Outcome:** Increased collaboration in country-level programming.

**Output:** Increased use of the UN System by the Government through at least two joint programmes that are supported by two thematic groups.



## ANNEX 1C: UKRAINE MAP OF INTENDED DEVELOPMENT RESULTS

UNDP Themes	CCF 1997-1999 Focus	CCF 2001-2005 Programme	UNDAF 2001-2005	Objectives Ukraine SRF Outcomes
Governance	Good governance Support to policy formulation Democratization Human Rights Crime and drug prevention and control	Strengthening democratic governance Policy dialogue Government capacity Decentralization and local capacity	Governance Participatory policy development Public sector reform Decentralization and local capacity Gender issues Human rights and access to legal aid	Increased public debate on sustainable human development More powerful civil society to articulate and put demands to the government Effective Ombudsman and other human rights oversight bodies Auditing and oversight of government budgets and funds Improved government capacity to assess impact of macroeconomic policies Human and income poverty addressed in macroeconomic policies Policy frameworks incorporating specific targets for poverty reduction
Poverty Reduction	Income Generation, employment and social protection to promote sustainable livelihoods Social integration and regional development Business promotion Strengthening of health services (i.e. Chernobyl victims, HIV/AIDS)	Human security and development National poverty reduction strategy Agriculture reform Education reform HIV/AIDS prevention Crimean re-integration Support to Chernobyl Monitoring poverty	Poverty reduction Economic policies for growth privatization and public sector development Agriculture and land reform HIV/AIDS Chernobyl assistance Crimean re-integration Social service- education, health and social security	Multi-sectoral strategies to prevent HIV/AIDS and mitigate its impact National strategies for growth address the issue of HIV/AIDS Social protection for the most vulnerable groups in society Collaboration between the private and public sector to provide poor communities with access to ICT Legal and regulatory framework reformed to expand ICT
Environment	Environmental conservation and management Environmental advocacy, planning and coordination	Environmental protection and development Natural resource management National policies and institutional development Capacity building at all levels International obligations	Environment National frameworks Environmental management capacity Energy efficiency and nuclear safety Regional activities Land mines	Environmentally sustainable development integrated in national development Improved regional capacity to manage shared resources and sustainable energy development
Gender				Partnership between government and civil society to analyse gender issues Effective and existing gender networks of politicians, entrepreneurs, including farmers
Special Development Situations				
Support for the UN				Use of UNDAF to facilitate national response to MDGs Increased collaboration in country-level programming
Cross-Cutting Themes and Objectives		Gender, Policies, Partners, Participation, Performance.	Cooperation strategies with partners	

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## ANNEX III: PERSONS INTERVIEWED

### Central Government Representatives

1. Oleksandr Brodsky, Head of Department of the Technical Assistance Coordination, Ministry of Economy and European Integration of Ukraine
2. Ali Bilge Cankorel, Ambassador, Embassy of Turkey in Ukraine
3. Gnybidenko, First Deputy Minister, Ministry of Labour and Social Policy of Ukraine
4. Nina Karpachova, High Commissioner of the *Verkhovna Rada* of Ukraine on Human Rights
5. Ivan Kyrylenko, Vice Prime Minister, Cabinet of Ministers of Ukraine
6. Vasyl Lutsko, Deputy Minister of Environment and Natural Resources
7. Vitaliy F. Moskalenko, Rector of the National Medical University (former Minister of Health of Ukraine)
8. Luidmyla Musina, Deputy Minister, Ministry of Economy and European Integration of Ukraine
9. Svitlana Plachkova, Head of Secretariat, Committee on European Integration, *Verkhovna Rada of Ukraine*
10. Hennadiy Rudenko, Head of Committee of the Environment Policy, Natural Resources Use and Liquidation of the Chernobyl Consequences, *Verkhovna Rada of Ukraine*
11. Igor Shumilo, Advisor, National Bank of Ukraine
12. Valeriy Tantsyura, Deputy Minister of Family and Youth
13. Sukhoterina Tatyana, Deputy Minister of Economy of ARC
14. Natalia Vlasenko, Deputy Head of the State Committee of Ukraine on Statistics

### Development Partners

15. Luca Barbone, Country Director, World Bank
16. Olena Bekh, Consultant, World Bank
17. Robert Brinkley, Ambassador of the Embassy of the United Kingdom of Great Britain
18. Yevgen Bystrytsky, Executive Director, International Renaissance Foundation
19. Hélèn Chraye, Head of Operations, Tacis Operations Section, EU Delegation
20. Lorenzo Figliuoli, Senior Resident Representative, International Monetary Fund
21. Jeremy Hartley, Head of UNICEF
22. Jean-Francois Kammer, Ambassador of Switzerland in Ukraine
23. Yungchon Pan, Head of CIDA, Canadian Embassy
24. Peter Stredder, Ukraine Country Deputy Director, EBRD
25. Boris Vornik, Head of UNFPA

### UNDP and Programme Implementation Partners

26. Manoj Basnyat, UNDP Deputy Resident Representative

27. Douglas Gardner, UN Resident Coordinator and UNDP Resident Representative
28. NHDR Team: V. Gladkiy and A. Ivanov, HD Regional Advisor and Svitlana Shneydina, UNDP Programme Manager
29. Governance and Gender Cluster
  - Manoj Basnyat, DRR/CPD
  - Yulia Burmistenko, UNDP Programme Manager, Governance
  - Yevgen Gerasymenko, Policy Component Manager, Governance Programme
  - Valeriy Gladkiy, Human Development Policy Dialogue, Project Manager
  - Iryna Ignatova, Gender Programme Expert
  - Larysa Kobelyanska, Gender Programme, Project Manager
  - Volodymyr Kondrachuk, Specialist in Financial Accountability and Integrity, Governance Programme
  - Volodymyr Morsky, Administrative Assistant, Equal Opportunities Programme
  - Helen Petrozzola, UNDP Programme Manager
  - Valentyna Rostopira, Specialist in Human Rights, Governance Programme
  - Svitlana Shenydina, UNDP Programme Manager/PRC
  - Glen Wright, International Governance Advisor
  - Edward Zakharchenko, Regional Manager, Governance Programme
30. HIV/AIDS Cluster
  - Sergey Dvoryak, Expert on Care and Treatment
  - Irina Grishayeva, Project Manager
  - Helen Petrozzola, UNDP Programme Manager
  - Dimitri Vasylev, Communications
  - Anatoliy Yakobchuk, Expert on Policy
31. Poverty and Prosperity Cluster
  - Olga Duchenko, ESDP Communications Assistant
  - Roman Ilto, UNDP Programme Manager
  - Vasyl Koval, National Project Coordinator, Vocational Training
  - Oksana Leshchenko, UNDP Senior Programme Manager
  - Galyna Meshcheryakova, Project Assistant, Vocational Training
  - Oleksandr Shevtsov, Project Manager, AgPolicy project
  - Natalia Sitnikova, ESDP Project Manager
32. Human Security Cluster (CRDP, BUMAD)
  - Sergiy Bezkorovainyi, BUMAD Project
  - Oksana Garnets, Policy Advisor, CRDP
  - Oksana Leshchenko, UNDP Senior Programme Manager
  - Mykola Movchan, Reporting and Communications Officer
  - Yugesh Pradhanang, Regional Recovery and Development Manager, CRDP
  - Pavlo Zamostyan, ICRIN MSP Coordinator



## 33. ICT Private Sector Representatives (ISB project):

- Aleksandr Bernatovich, Chairman, All-Ukrainian Association of the Computer Clubs
- Maksym Chernysh, Expert, Ukrainian Association of Business Incubators and Innovation Centres
- Maksym Kharchenko, Director, Kvazar-Micro
- Victor Kryvtsov, Expert analyst, Kvazar-Micro
- Igor Mendzebrovski, Managing partner, SoftServe
- Nikolay Royenko, President, Miratech
- Aleksandr Savchenko, Manager of Kyiv branch, Telesens
- Oleksiy Skrypnyk, Technical Director, ELEKS Software
- Victor Spiridonov, Executive Director, Ukrainian Association of Software Developers
- Ian Tsybulkin, Executive Director, Kvazar-Micro
- Vladimir Yaremiy, Expert, Ukrainian Association of Business Incubators and Innovation Centres.

### Civil Society, Media and Local Government Representatives

34. All Ukrainian Charity Association, ‘Peer to Peer’ (NGOs):  
Zhanna Savych, Executive Director and Natalya Dotsenko,  
Director of the Zaporizhzhya branch of the Association

35. Igor Burakovskiy, Director, and Iryna Akimova,  
Co-Director, Institute of Economic Studies and  
Political Consultations

36. Oleg Denysov, ‘Ukraine’s Voice’

37. Valentyna Kokina, Government’s Courier

38. Leonid Kozachenko, President of Ukrainian Agrarian  
Confederation

39. Anna Kuzma, Correspondent, Polskie Radio

40. Pavlo Novikov, Internews Ukraine

41. Chrystyna Protsiv, Ukrainian News

42. Natalya Sokolenko, STB TV Channel ‘Windows-Business’

43. Igor Soldatenko, Public’s Radio (Charter 4)

44. Belogorsk Representatives Involved with the Community-  
Based Self-Help Initiatives and Partnership

- Lyashchuk Aleksandr, Chairperson of the Regional Council of Belogorskii region
- Babii Anatolii, Head of Vishenskii Village Council
- Kurtseitov Enver, Head of Zemlyanichenskii Village Council
- Zimfira Ilyasova, Chairperson of Community Organization of Sadovaya street, Michurino village
- Lugovik Konstantin, Deputy Head of the Regional State Administration of Belogorskii region
- Yunusov Nazim, Head of Bogatovskii Village Council
- Zarema Osmanova, Chairperson of Community Organization of Stepnaya street, Michurino village
- Gornichar Raisa, Head of Melnichnii Village Council
- Chernovanenko Sergei, Head of Krinichenskii Village Council
- Khalilova Valide, Head of Chernopolskii Village Council
- Japparov Yunus, Head of Michurinskii Village Council

45. Belogorsk Representatives from the Networks of  
School Communities

- Shevrienko Anna, School Principal of Amurskoye village of Krasnogvardeyskii *rayon*
- Ayshe Chobanova, School Principal of Stariy Krim of Kirovskiy *rayon*
- Nadezda Gayman, Member of Parents Committee of School of Amurskoye village of Krasnogvardeyskii *rayon*
- Tatiana Gogoleva, School Principal of Sinicino village of Kirovskiy *rayon*
- Galina Goncharova, Methodologist, NGO Cultural Centre “Yashlik”, Yevpatoria
- Lubov Hristienko, Head of Educational Department of Belogorskii *rayon*
- Tatiana Jakovleva, Head of Department of innovation policy of Ministry of Education, AR Crimea
- Vladimir Kozoviy, School Principal of Perwomayskoe village of Kirovskiy *rayon*
- Janina Likus, Methodologist of Children Creativity Centre, Yevpatoria
- Marina Nefedova, Member of Parents Committee of School of Bogatoye village of Belogorskii *rayon*
- Dilara Osmanova, School Deputy of Principal of Crimean Tatars school of Yevpatoria
- Elvira Ramazanova, Member of Parents Committee of School of Amurskoye village of Krasnogvardeyskii *rayon*
- Elena Rizenko, Member of Parents Committee of School of Muromskoe village of Belogorskii *rayon*
- Marina Rozman, School Principal of Bogatoye village of Belogorskii *rayon*
- Nazim Yunusov, Head of Village Council of Bogatoye village of Belogorskii *rayon*
- Ludmila Zdanova, School Principal of Zurawki village of Kirovskiy *rayon*

46. Networks Against HIV/AIDS Representatives

- Nemykin Aleksandr, Expert in Narcology, Republican Narcological Dispensary
- Arkadova Natalya, Infection specialist, AIDS Centre, Sevastopol
- Egorova Natalya, “New life style” Charitable Foundation
- Baskakov Petr, Deputy Mayor, Simferopol
- Safonova Tatyana, Director, “Lotos” Charitable Foundation
- Bazhenov Vyacheslav, A network of people living with HIV
- Gavrilenko Yuliya, Deputy Head of Department, Ministry of Education

47. Crimea CIDP Programme Staff

- Mansur Ametov, Community Development Specialist
- Jan Harfst, International Programme Coordinator
- Ayder Seitosmanov, Social Development Specialist
- Basant Subba, Regional Development Advisor