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FIRST COUNTRY COOPERATION FRAMEWORK FOR UKRAINE (1997-1999)

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## INTRODUCTION

1. The first country cooperation framework (CCF) for Ukraine outlines the programme for technical cooperation between the Government and UNDP. An integrated United Nations office was opened in Kiev in November 1992. In 1995, a country strategy note was prepared for United Nations system development cooperation for the period 1995-1997, and was followed by a country programme review in late 1996. An Advisory Note in March 1997 made proposals for future UNDP cooperation during the 1997-1999 period. It took into consideration past experience and future needs, and discussions over several months with the Government, United Nations agencies, other donors and a number of non-governmental organizations (NGOs).

### I. DEVELOPMENT SITUATION FROM A SUSTAINABLE HUMAN DEVELOPMENT PERSPECTIVE

2. Since independence in 1991, the Government's reform process has been characterized by a triple transition: (a) the establishment of a law-governed State, (b) the development of civil society and (c) economic change based on market principles. Progress has been made on all three fronts, although new institutions and governance mechanisms need more time to develop and become part of the new enabling environment for socio-economic growth.

3. On the economic front, Ukraine, formerly one of the strongest economies in the former Soviet Union, has suffered a continuous economic decline since its independence. Ukraine's elaborate social protection system has eroded, and its gross domestic product (GDP) has continued to fall, together with production, employment, and capacity utilization. Privatization of State assets has been slow, but accelerated during 1995 and 1996. Ukraine's economy has considerable potential, once the necessary adjustments are made, and is able to compete successfully in external markets.

4. On the social front, hyper-inflation in the early 1990s and the collapse of productive activity associated with the transition to a market economy, had an immediate and serious impact on the incomes of Ukrainians, by reducing their cash assets and their earning capacity. While the number of people, estimated by the World Bank's Poverty Assessment, to be below the given poverty line, varies between 30 per cent and 70 per cent according to the level of the income threshold used, an important coping mechanism for the decline in real incomes has been the informal economy, which is estimated to be worth between 30 per cent to 40 per cent of GDP.

5. The economic transition, and the decline in social expenditures has been particularly hard on vulnerable groups such as children, the unemployed, women and the disabled. Health levels have declined, mortality, particularly of males and infants, has increased, while the country is faced with declining life expectancy and negative natural population growth (-0.2 per cent). Widespread sexually transmitted diseases seriously affect the health of women. An epidemic of HIV/AIDS is rapidly unfolding, and an estimated 100,000 had acquired the virus by the end of 1996.

6. Ukraine faces an acute housing crisis. There are too few housing units, many are overcrowded and most need major investments in repair and rehabilitation. Basic services such as heat, water and waste treatment are often unreliable and many families cannot afford to pay the rapidly rising prices for utilities. The situation has been aggravated by the need to resettle three groups of people: those from regions contaminated by the accident at Chernobyl, about 260,000 descendants of those deported during the Second World War from Crimea to other parts of the former Soviet Union and returning demobilized servicemen.

7. On the environment front, declining industrial production has reduced air and water pollutants and the production of solid waste, but overall levels still remain unacceptably high. The cost of addressing the long-term environmental, social and health problems caused by the Chernobyl disaster are still considerable. The Government does not have the resources required, while at the same time international support is increasingly difficult to mobilize.

8. The net result of the above trends is that the human development index for Ukraine has declined about 20 per cent, from 0.92 in 1990 to 0.719 in 1996, or a fall in the global ranking from 31 to 80 during the same period.

## II. RESULTS AND LESSONS OF PAST COOPERATION

9. A country programme review was carried out in December 1996. This provided an overview of UNDP programming activities in Ukraine over the period 1993-1996, rather than an in-depth substantive analysis of individual projects. The cost of this assistance amounted to \$5.3 million, \$1.5 million from the indicative planning figure, \$3.1 million from cost-sharing, with the balance from Special Programme Resources (\$0.5 million), and Global and Regional Projects (\$134,000).

10. Given the limited period of operation and the financial resources at its disposal, UNDP has been successful in launching a number of initiatives, critical for building national capacity. At the macro level, policy support has been provided through the National Human Development Reports for Ukraine in 1995 and 1996. At the micro level, projects in the areas of governance, environment, humanitarian assistance, disaster management, and information (Internet) were carried out.

11. The lessons which can be drawn from this assistance are the values of: (a) small-scale initiatives to provide visible evidence of what the United Nations system can do to build up goodwill and mobilize resources, e.g. the Internet project; (b) policy dialogues in selected areas of sustainable human development, including through the national human development response; (c) regional projects to provide complementary support to national activities, for instance, democracy, governance and participation and the gender in development projects; (d) the use of national expertise, particularly through the national execution modality; and (e) the value of common United Nations premises, and coordination mechanisms to promote complementarity of inputs from different United Nations organizations.

### III. PROPOSED STRATEGY AND THEMATIC AREAS

12. During the period covered by the first CCF, UNDP and the Government will cooperate in the three thematic areas outlined below.

#### A. Good governance to provide an enabling environment for sustainable human development

13. UNDP will support the Government in its decision-making process, in close collaboration with other United Nations agencies by: (a) enhancing understanding of the key issues of sustainable human development in Ukraine and other countries and advocating their incorporation into national policies and programmes; (b) in promoting greater awareness of the potential of democratization and popular participation in governance; and (c) in strengthening the capacity of selected areas of public administration, particularly in relation to resource management.

14. Impact will be demonstrated in terms of strengthened institutions and trained human resources responsible for policy-making; human rights protection; crime and drug prevention and control; external resources management and the promotion of gender awareness. UNDP cooperation will thus focus on the following areas:

(a) Support to policy formulation: by establishing a National Human Development Advocacy and Training Programme including the publication of annual Ukraine Human Development Reports. This will be accompanied by parallel initiatives such as poverty analysis in Ukraine, disaggregated by region and gender, and strengthening the statistical system to serve as a basis for formulating a national poverty alleviation strategy. Further, the Internet will be utilized to expand awareness of relevant databases and extend the reach of this technology to incorporate more users. In collaboration with the United Nations Population Fund, support will be given to the 1999 housing and population census. Activities in the area of horizontal cooperation, will acquaint policy makers and government officials with first-hand experiences of reform in other countries in transition. Impact will be measured in terms of evidence of use by the Government and civil society of the above-mentioned tools, for which an appropriate monitoring system will be developed;

(b) Democratization: through support to the 1998/1999 parliamentary and presidential elections by providing voter education and study tours to countries with compatible experience, in close coordination with other interested donors (e.g., European Union and the United States). Assistance is also envisaged to strengthen the participation of the non-governmental sector in policy debate, through a national small grants programme for NGO development. Impact will be measured in terms of better informed presentations and debate of national issues, leading to greater voter participation as well as the incorporation of certain "best practices" learned from other countries into the Ukrainian democratic process;

(c) Human rights: through the establishment of a national Ombudsman institution. Support is also envisaged to enhance the quality of goods and

services through strengthening NGOs engaged in consumers' rights protection. Impact will be assessed in terms of the existence and capacity of non-governmental institutions to protect citizens' rights and enhance their role in society;

(d) Crime and drug prevention and control: through support from the relevant United Nations system organizations, including UNDP; the United Nations Crime Prevention and Criminal Justice Division; and the United Nations International Drug Control Programme (UNDCP) in strengthening national capacity relating to information management and training on crime control, drug trafficking and abuse. Impact will be measured in terms of the increased capacity of the relevant national bodies in monitoring and controlling crime and drug trends;

(e) Capacity-building in resources management in public administration: through support in the areas of external resources management and aid coordination, external debt management (by installing United Nations Conference on Trade and Development computerized debt management system), project implementation, public procurement, strengthening the technical capacity of the Ministry of Foreign Affairs and disaster preparedness. Impact will be measured in terms of improvements in the efficiency and delivery capacities of government units responsible for external resource management, debt management, public procurement, project implementation and disaster relief and preparedness;

(f) Gender in development: through support to a national gender in development programme and the Cabinet of Ministers' Department of Women's Issues. UNDP cooperation will help to monitor and promote implementation of follow-up activities to the Fourth World Conference on Women in Beijing. The impact of these activities will be manifested in increased funding for gender-related projects, greater earning capacity for women, and more women in Parliament and senior government positions.

B. Income generation, employment and social protection to promote sustainable livelihoods

15. In close collaboration with other donors, UNDP will cooperate in strengthening national and individual capacity to ensure sustainable livelihoods. This will be concentrated geographically in Crimea, and substantively in the areas of business promotion and strengthening health services. The impact of this would be reflected in terms of effective community organization, employment, housing, trained human resources, income-generation capacity and health services through:

(a) Social integration and regional development: A second phase of the ongoing project, Crimea Integration and Development Programme, will be supported. This involves the resettlement and reintegration into the Crimea of a total of 240,000 people, including descendants of those deported to Central Asia and northern Russia in the 1940s. This support involves community development with selected target groups, whereby beneficiaries and local authorities work together in two pilot areas to build social infrastructure (housing, health care, education community facilities, etc.), create employment,

promote income generation, credit unions and small and medium enterprises (SMEs). The programme has been well supported by a number of agencies and donors, including the Office of the United Nations High Commissioner for Refugees/ United Nations Educational, Scientific and Cultural Organization, the International Office of Migration, and bilateral donors such as Switzerland, Norway, Netherlands, Canada, Greece and the British Know-How Fund. Eventual future collaboration will be discussed in the context of resource mobilization efforts for the second phase. The impact of this programme will be felt in terms of increased employment, greater community participation in programme activities, the establishment of social services and infrastructure, and the establishment of a model for integrated regional development that can contribute to the political stability of the Crimea;

(b) Business promotion: Support will be provided to: (i) Credit Union training; (ii) the development of SMEs; (iii) women in business; (iv) vocational training, through the implementation of modular skills-related training packages in 26 training centres; and (v) private sector development by providing support to investment and entrepreneurship projects. Impact will be measured in terms of an increase in the number of people (private individuals, potential entrepreneurs, the unemployed, etc.) with the finances, training and capacities to create or be employed in SMEs, and the corresponding reduction in relative poverty of the target populations;

(c) Strengthening of health services: UNDP and other United Nations agency support has been requested in: (i) restructuring the health sector during transition; (ii) prevention of HIV/AIDS among high-risk groups (with the Joint United Nations Programme on HIV/AIDS (UNAIDS)); and (iii) Chernobyl anti-radiation programme, whereby support may be provided to continuing government efforts to alleviate the health consequences of the Chernobyl disaster. Impact will be measured in terms of strengthened health services, greater awareness of the relevant issues, more trained staff, improvement in the health of women and children, a reduction in the incidence of HIV/AIDS, and lower morbidity and mortality rates.

C. Environmental conservation and management to enhance sustainable development

16. Ukraine has suffered greatly from inadequate environmental controls and lack of awareness of environmental and health implications of government policies. The Chernobyl disaster and its long-term social and economic effects are well-known. Environmental damage is also evident in air pollution from industrial emissions; water pollution from industrial discharges, sewage, pesticides, inadequate treatment, etc.; and loss of soils due to erosion and inadequate solid waste management. UNDP proposes to provide support in a number of areas in close cooperation with the Global Environment Facility (GEF), the impact of which would be felt in terms of greater awareness of options for addressing environmental problems, and capacity to manage them, through, for instance:

(a) Environmental advocacy, planning and coordination, through (i) Rio +5, whereby UNDP will assist in a review of progress in implementing Agenda 21 of

the United Nations Conference on Environment and Development and the formulation of a National Environmental Action Plan; (ii) environmental advocacy and training; and (iii) environmental information and exchange, through the establishment of a national environment centre involving the Government, NGOs and the private sector. The impact will be felt in terms of increased knowledge, awareness and information on environmental issues, coupled with enhanced capacity of Government and NGOs to address them;

(b) Environmental management, through (i) environmental monitoring, in the context of joint support of UNDP/United States Agency for International Development/United States Environmental Protection Agency to the Ministry of Environmental Protection and Nuclear Safety in the areas of monitoring of air, water and soil pollution; (ii) nature conservation and biodiversity protection; and (iii) follow-up to alleviating the consequences of the Chernobyl disaster. Impact will be measured in terms of improved monitoring capacity and the creation of protected nature reserves.

17. Activities at the national level will be undertaken in close coordination with ongoing or new regional projects financed by the GEF, namely: (a) the Dnieper River Basin Programme - water resources management and implementation of the Strategic Action Programme, (b) the Danube River Basin Programme - NGO small grants fund; and (c) the Black Sea Environmental Programme, relating to water pollution. The impact of these projects will be assessed in terms of strengthened regional collaboration in selected environmental fields and corresponding national programmes.

#### IV. MANAGEMENT ARRANGEMENTS

18. Execution and implementation. National execution will continue to be the principal modality for executing UNDP cooperation projects in Ukraine, although the services of United Nations agencies for certain projects may be required. Further training on the administrative modalities for national execution is envisaged.

19. Monitoring, review and reporting. All projects will be subject to normal UNDP monitoring and evaluation procedures, including progress and technical reports, meetings and visits. Particular attention will be given to establishing benchmarks and success criteria for national programmes, and corresponding UNDP and other support, including the review of the impact of UNDP support in the thematic areas described in chapter III above.

20. Coordination. The United Nations Resident Coordinator and the UNDP office will continue to assist the Government in its coordination efforts, in organizing United Nations system coordination, reflected in such programme documents as the country strategy note and in this context, the organization of theme groups to promote exchange of information among donors in each of the areas where UNDP support is being provided.

21. Resource mobilization. In view of the limited core resources available (estimated at \$2.5 million, including carry-over), particular attention will be paid to the mobilization of additional resources, from both national and

international sources, to be focused on those areas of interest to the relevant department and donors concerned. Tentative cost-sharing requirements of about \$6 million are given in the resource mobilization target table, and it is hoped that in due course UNDP core resources will be more than matched by cost-sharing contributions. These would be complemented by future funding from sustainable development funds (GEF, Capacity 21), and other funds (the poverty strategy initiative, UNAIDS, UNDCP, etc.). With respect to government cost-sharing, this will be provided through programme and project cost-sharing, and the use of grants and loans, particularly from the World Bank. The above brings the total potential available funds to around \$10.3 million.

22. Public information and media. In the context of a future United Nations system information strategy, UNDP will pay particular attention to the regular dissemination of United Nations advocacy and public information materials to the Government, donors and NGOs. It will also help in the organization of a United Nations reference library, and make available information on United Nations system technical reports. The Internet project will play an important role in this process.



Annex

RESOURCE MOBILIZATION TARGET TABLE FOR UKRAINE (1997-1999)

(In thousands of United States dollars)

Source	Amount	Comments
UNDP CORE FUNDS		
Estimated IPF carry-over	(178)	
TRAC 1.1.1	342	Assigned immediately to country.
TRAC 1.1.2	0 to 66.7 per cent of TRAC 1.1.1	This range of percentages is presented for initial planning purposes only. The actual assignment will depend on the availability of high-quality programmes. Any increase in the range of percentages would also be subject to availability of resources.
Other resources In line with decision 95/23, paragraph 19.	2 098 of which: 1 748	
UNAIDS (SPR)	350	
SPPD/STS	210	
Subtotal	2 472*	
NON-CORE FUNDS		
Government cost-sharing	3 000	
Sustainable development funds	1 200 of which:	
GEF	1 000	
Capacity 21	200	
Third-party cost-sharing	3 000	Subject to confirmation on basis of matching funds.
Funds, trust funds and other	650 of which:	
Poverty Strategy Initiative	150	
UNDCP	500	
Subtotal	7 850	
TOTAL	10 322*	

\* Not inclusive of TRAC 1.1.2, which is allocated regionally for subsequent country application.

Abbreviations: GEF = Global Environment Facility; IPF = indicative planning figure; SPPD = support for policy and programme development; SPR = Special Programme Resources; STS = support for technical services; TRAC = target for resource assignment from the core; UNAIDS = Joint United Nations Programme on HIV/AIDS; and UNDCP = United Nations International Drug Control Programme.

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