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Cooperation frameworks and related matters

**Second extension of the first country cooperation
framework for Ukraine**

Note by the Administrator

Period of extension

1 January 2001 to 31 December 2001

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I. Background and justification

1. In a decade of dynamic transition, independent Ukraine has made tremendous strides towards providing expanded choices and opening up to the outside world. Progress in the socio-economic domain, however, has been slower, with poverty growing to an estimated level of 28 per cent of the population. UNDP has been a trusted partner of the Government since beginning its operations in Ukraine in 1992. A country strategy note (1995-1997) and the country cooperation framework (CCF) for the period 1997 to 1999 describe the areas of activity covered in these past years. The CCF was extended by one year to 31 December 2000.

2. To allow time for the completion of both the common country assessment (CCA) and the United Nations Development Assistance Framework (UNDAF) during the year 2001, the Government hopes to obtain a further one-year extension before submitting the next CCF. This will also make it possible to harmonize the UNDP programming period with that of the United Nations Children's Fund (UNICEF) and the other primary United Nations Development Group (UNDG) partner. The early draft of this CCF, prepared in late 2000 with the Government and other partners, will serve as the de facto blueprint for activities during 2001. It will be revised after CCA and UNDAF finalization and presented for Executive Board approval in early 2002.

II. Objectives

3. The first CCF addressed the difficulties that Ukraine encountered in the recent period, marked by three major transitions: (a) the establishment of a law-governed state; (b) the development of civil society; and (c) economic change based on market principles. The CCF outlined a wide range of programme interventions aimed at mitigating the negative impact of the transition and at strengthening of the capacity of the Government and civil society. These priorities are reflected in three areas of concentration:

(a) Good governance. Provide an enabling environment for sustainable human development, including support to policy formulation, democratization, human rights, gender and public administration.

(b) Income generation, employment and social protection. Social integration and regional development, business promotion and health services.

(c) Environmental conservation and management. Advocacy, planning and coordination, environmental management.

4. A detailed review of the CCF was carried out in the spring of 2000. It noted that, despite limited financial resources, UNDP has been an important and appreciated development partner. Well regarded and having gained the confidence of the Government, civil society and donors, UNDP has been successful in building national capacity and in responding to both the immediate and long-term needs of the Government and society during the difficult transition period. Within the primary focus areas, the following results have thus far been achieved.

A. Good governance

5. UNDP activities in Ukraine have focused on institutional strengthening and capacity-building for sound decision-making. Policy advice has been provided on socio-economic and public administration reforms and has had a significant impact on encouraging a more inclusive decision-making approach by the Government. The democratization of society has been enhanced through: (a) building the capacities of civil society organizations (CSOs); (b) better access to information and communication technology; and (c) greater focus on human rights and gender awareness.

6. Through several major achievements, the Government, civil society and, in certain cases, private sector representatives and Parliament have begun to interact, fostering a climate of consensus for the necessary reforms and policy decisions. The complex mosaic of policies needed for the long-term well-being of the country requires wide public support and political will based on consensus at presidential, governmental and parliamentary levels.

7. The April 2000 Reforms for Prosperity programme of the Cabinet of Ministers was a central policy statement. It designated human development, poverty reduction, prosperity, economic competitiveness and European Union integration as the top strategic priorities. This policy document was based on the human development perspective, which has been disseminated by the UNDP through the annual *Human Development Report*. The concept of sustainable human development (SHD) was, for the first time, reflected in the official strategic document.

8. UNDP was also successful in introducing the SHD concept and approach, with a clear focus on poverty eradication, into specific policy recommendations through the Office of the Prime Minister in the following areas: public administration reform for central government and decentralization, regulatory reform, business development, economic and financial sector reform, and legal support to economic and administrative reforms. UNDP fostered a substantive dialogue on poverty issues, resulting in a proposed poverty strategy, which may form the basis for specific interventions in the future. Arrangements were made to ensure discussion of policy options and to provide policy advice for agricultural and educational reforms.

9. CSO networks and coalitions formed an important cornerstone of efforts to influence public policy-making. Concerned groups included social service providers for the poor and vulnerable, promoters of democracy, human rights and the rule of law, HIV/AIDS organizations. UNDP also helped CSOs to develop practical advocacy and policy formulation skills, providing them with a neutral space to engage in policy dialogue and public consensus building.

10. UNDP has likewise promoted capacity and consensus building for accelerated reforms in Ukraine. The aim has been to remove the critical constraints to reversing the decade-long economic decline and resulting poverty. The foundations of a policy research network at the Ministry of Economy have been laid to address the major areas of intervention including social issues. Public hearings, publications, television and radio programmes, a "road show", and open Internet exchanges between the public and the Government on reform issues have helped to foster consensus building, taking the message directly to the people of Ukraine.

11. As an integral part of the reform efforts, UNDP has supported education reform by working directly with education institutions, the Government and civil society. A new, major initiative, for approval in 2001, will facilitate the implementation of education reform, by furthering the democratization and decentralization of the education system through policy advice, analysis, formulation, and planning and through the introduction of information and communication technology (ICT) and civil society participation in the education process. A similar initiative for agriculture reform will help to promote poverty reduction and sustainable development.

B. Income generation, employment and social protection

12. UNDP has focused on strengthening national and individual capacity to foster sustainable livelihoods and social protection. UNDP interventions have helped to promote business and employment (through support to small- and medium-sized enterprises), investment and exports, human resource development and the strengthening of grass-roots community organizations.

13. The Crimean Integration and Development Programme (CIDP) helped to improve conditions for formerly deported peoples of Crimea (predominantly Crimean Tatars, Armenians, Bulgarians, Germans and Greeks) and other nationalities, thereby fostering their peaceful coexistence through a mix of community-based development activities with a particular focus on the participation of women and children. UNDP played a vital role in advocating concerted action and support by the Government and parliament of Ukraine, by the Government and parliament of the independent Republic of Crimea. Policy decisions have integrated the UNDP-supported peaceful resettlement of formerly deported peoples. National and local efforts have successfully maintained peace and stability in the area, but the situation remains tense and calls for continued support for conflict prevention and peace-building.

14. In conjunction with the Joint United Nations Programme on HIV/AIDS (UNAIDS), UNDP has been instrumental in pursuing a consolidated approach to addressing the issue of HIV/AIDS. Ukraine now has the highest per capita ratio in Central and Eastern Europe. Advocacy and policy dialogue has led the Government, supported by major donors and the World Bank, to adopt a national action plan. UNDP has concentrated on working with NGOs and the Government at the project level to promote a healthy lifestyle among young people.

15. ICT has been a component of many programme initiatives in Ukraine. Substantive policy dialogue with the Government on ICT has begun in 2001. A rapid UNDP ICT assessment in 2000 revealed the enormous potential that Ukraine has and the need for a decentralized introduction of ICT tools as a means to fostering civil society development, human rights, education, and overall social and economic development.

C. Environmental conservation and management

16. Inadequate pollution control and the Chernobyl disaster have been the primary environmental concerns for Ukraine over the past decade of transition. UNDP supported the Government in its dialogue with civil society on sustainable

development policy; capacity-building for environmental management; and public awareness campaigns for environmental protection. Advocacy and policy dialogue were further pursued with regard to the environment and sustainable development through the interministerial forum, Working Groups on Sustainable Development. The challenge was to incorporate the sustainable development approach into sectoral and cross-sectoral policy decisions and into the annual plans for economic development. By encouraging the Government to address the long-term environmental, social and health problems resulting from the Chernobyl nuclear power plant accident, UNDP indirectly influenced the passing of legislation to close the plant and to tackle the consequences. The last block of the Chernobyl power plant was closed on 15 December 2000; an internationally financed \$720 million programme was initiated to build a new more solid sarcophagus around the contaminated reactor. It will nevertheless be necessary to address a number of issues in conjunction with the closure of the power plant: immediate social consequences, persistent environmental and health hazards and the long-term socio-economic development needs of the region.

Resource mobilization

17. The country office has been successful in mobilizing resources through cost-sharing from multilateral and bilateral donors and the Government. The total amount mobilized between the start of the CCF and the end of 2000 equals \$14.3 million, which surpasses the initially established non-core target. The ratio of delivered non-core resources to delivered target for resource assignment from the core (TRAC) resources between 1997 and 1999 is just over 3 to 1.

18. UNDP will continue working in the above areas during 2001 while adjusting to new challenges. The current Government action plan for 2000 to 2004 focuses primarily on human development. Entitled "Reforms for Prosperity", the plan was approved by the Cabinet of Ministers and the parliament in the first half of 2000. It focuses on restoring economic growth and improving human development through employment generation, investments in human capabilities and enhancing the system of social protection.

19. UNDP support to this national action plan will centre on policy development to create a pattern of sustainable and equitable growth that promotes human development, protects human security and reduces human poverty. A principal objective will be "high-quality" growth which, by providing jobs and equal opportunities and by protecting the environment, will help to reduce poverty and to enhance the well-being of Ukrainian citizens. The three interlinked UNDP programme areas of concentration will be: better governance; human development and human security; and environmental protection and sustainable development.

20. All UNDP-supported activities will utilize the following cross-cutting approaches :

(a) *Policy formulation.* Efforts will focus on helping Ukraine to establish policies for sustainable and equitable growth, human development and poverty reduction through innovative advisory services and nationally based data collection, research and analysis and by applying local-level experiences in the formulation of national policies.

(b) *Policy implementation.* The focus will be on capacity-building, including encouraging the active engagement of civil society in demanding quality public services.

(c) *Partners.* The primary partners for UNDP will be the Government, at the national and local levels, civil society and the private sector. Other essential partners include United Nations organizations, the Bretton Woods institutions, bilateral donors and international non-governmental organizations. While focusing its own efforts on areas of intervention with high potential for impact, UNDP will play a critical role in donor coordination. The Resident Coordinator will continue to foster cohesive United Nations support to Ukraine.

(d) *Participation.* The principle of the new constitution of Ukraine — that citizens are free to determine the direction of their own lives — will serve as the cornerstone of UNDP activities. Outreach to civil society will focus on building consensus around important policies.

(e) *Performance.* Success will be measured by the concrete impact on the quality of life of Ukrainians, not by the delivery of inputs and the completion of tasks.

III. Recommendation

21. The Administrator recommends that the Executive Board approve the second extension of the first country cooperation framework for Ukraine for a period of one year from 1 January 2001 to 31 December 2001.

Annex

Resource mobilization target table for Ukraine

<i>Source</i>	<i>Amount</i> <i>(In thousands of United States dollars)</i>	<i>Comments</i>
UNDP regular resources		
IPF carry-over	(178)	
TRAC 1.1.1	1 260	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	1 748	In line with decision 95/23, paragraph 19
TRAC 1.1.3	217	
SPPD/STS	599	
Subtotal	3 646^a	
UNDP other resources		
Government cost-sharing	3 000	
Third-party cost-sharing	3 000	
Funds, trust funds and other	1 850	
	of which:	
Poverty strategy initiative	150	
UNCDF	500	
GEF	1 000	
Capacity 21	200	
Subtotal	7 850	
Grand total	11 496^a	

^a 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; STS = support for technical services; TRAC = target for resource assignment from the core; UNCDF = United Nations Capital Development Fund.

