

REPORT

on the implementation of project

“Support to Development of Amalgamated Hromadas in Khmelnytska Oblast”

Reporting period (March 1 – April 30, 2017)

I. Brief project description

According to Grant Agreement between NGO “Civil Society Institute” and “Deutsche Gesellschaft fuer Internationale Zusammenarbeit (GIZ) GmbH (**Contract No. 81201828, Project Processing No. 15.2072.5 – 003.00**) project “Support to development of amalgamated hromadas in Khmelnytska Oblast” has been launched in period of February 20 – September 30, 2016. The project was extended twice: from December 01, 2016 till February 28, and from March 01 till April 30, 2017.

This report covers the period from March 01 till April 30, 2017.

The goal of this extended project was to support the Ministry of Regional Development, Construction, Housing and Communal Services (Minregion) and other stakeholders in further delivering the reform of Ukraine’s regional development policy. In a letter to GIZ, (#7/31-13428 as of 03.11.2016), Mr. Vyacheslav Nehoda, First Deputy Minister of Regional Development, listed tasks to be considered for implementation in the extended period according to the needs of Minregion. Civil Society institute designed the project activities in the extension period to respond to these needs. A group of ten regional development experts and three support staff were contracted to complete the tasks during March-April 2017.

II. Terms of Reference

The following tasks and expected outputs were defined for activities in March-April 2017:

	Tasks March – April 2017	Expected Outputs
1.	Review and analysis of the effectiveness and efficiency of key institutions, mechanisms and instruments for regional development policy. Conclusions and recommendations on the changes in basic parameters, based on which there will be developed proposals to amend the regulatory framework	Analytical review paper on the state of the regional policy system in Ukraine as of the end of 2016 in the "White Paper" format. Experts: Yuri Tretyak, Anatoliy Tkachuk, Serhiy Maksymenko, Vasyl Fedyuk, Gennadiy Rusanov
2.	Methodological support for the implementation of the Action Plan for 2015 - 2017 on the implementation of the State Regional Development Strategy for the	At least one workshop per each of 5 regional development programmes for potential applicants with projects in implementation of the Action Plan for 2015 - 2017 for the implementation of the State Regional

	period until 2020 (including through sector budget support of the EU)	Development Strategy for the period until 2020 (including through sector budget support of the EU) Experts: Yuri Tretyak, Vasyl Kashevskiy, Gennadiy Rusanov, Anatoliy Tkachuk
3.	Support in drafting the Action Plan for 2018 - 2020 for the implementation of the State Strategy for Regional Development of Ukraine till 2020	Expert contributions to draft Action Plan for 2018 - 2020 for the implementation of the State Strategy for Regional Development of Ukraine till 2020 Experts: Yuri Tretyak, Anatoliy Tkachuk, Serhiy Maksymenko, Vasyl Fedyuk, Vasyl Kashevskiy, Gennadiy Rusanov
4.	Conducting seminars for the staff of the economic departments of oblast state administrations on regional development issues	One seminar for the staff of the economic departments of Oblast state administrations on regional development issues held Experts: Yuri Tretyak, Anatoliy Tkachuk, Serhiy Maksymenko, Vasyl Kashevskiy, Gennadiy Rusanov, Vasyl Fedyuk, Vyacheslav Toporov, Natalia Lukashenko, Oleksandr Dudka
5.	Ensuring functioning and improvement of the online platform of the State Fund for Regional Development	Set of recommendations on Ensuring functioning and improvement of the online platform of the State Fund for Regional Development Experts: Yuri Tretyak, Eugene Leonenko, Vasyl Kashevskiy, Gennadiy Rusanov
6.	Creation of and support to maintenance of an automated database of indicators for monitoring regional development (online platform)	Automated database of indicators for monitoring regional development (online platform) populated with relevant socio-economic data Experts: Serhiy Maksymenko, Eugene Leonenko, Gennadiy Rusanov
7.	Analysis of the regulatory framework with regard to the formation, implementation of the state regional policy, strategic planning and financing of regional development and proposals for harmonization between them and the new powers of local self-governments and executive authorities	Analytical notes on regulatory framework with regard to the formation, implementation of the state regional policy, strategic planning and financing of regional development and proposals for harmonization between them and the new powers of local self-governments and executive authorities Experts: Anatoliy Tkachuk, Vasyl Fedyuk, Serhiy Maksymenko
8.	Preparation of analytical review on the operation of the state fund for regional development in 2015 and 2016, with recommendations for improvement of this instrument	Analytical Review on the operation of the state fund for regional development in 2015 and 2016, with recommendations for improvement of this instrument Experts: Yuri Tretyak, Anatoliy Tkachuk, Vasyl Kashevskiy

9.	Development of draft legal acts for enhanced mechanisms to utilize the funds of the State fund for regional development; for mechanism of co-financing of inter-regional programmes (projects) by a few state agencies that are managing the budget funds; for improving the methodology of monitoring of social and economic indicators of development of oblasts, rayons, and towns of oblast significance in order to identify depressive territories	Draft legal acts for enhanced mechanisms to utilize the funds of the State fund for regional development; for mechanism of co-financing of inter-regional programmes (projects) by a few state agencies that are managing the budget funds; for improving the methodology of monitoring of social and economic indicators of development of oblasts, rayons, and towns of oblast significance in order to identify depressive territories Experts: Yuri Tretyak, Anatoliy Tkachuk, Serhiy Maksymenko, Vasyl Kashevskiy, Gennadiy Rusanov, Vasyl Fedjuk
10.	Providing methodological and organizational support for the development of action plans to implement regional development strategies in accordance with approved methodology and the best practices	Consultative, methodological and organizational support for the development of action plans to implement regional development strategies Experts visits to regions, training workshops Experts: Vasyl Kashevskiy, Gennadiy Rusanov
11.	Providing organizational and methodological assistance in developing and implementing projects and programmes for regional development based on PCM methodology (including within the EU grant programme "Support to Regional Development Policy in Ukraine")	Training activities, consultative and monitoring visits to provide organizational and methodological assistance in developing and implementing projects and programmes for regional development based on PCM methodology (including within the EU grant programme "Support to Regional Development Policy in Ukraine") Ongoing support to Minregion Experts: Vasyl Kashevskiy, Vasyl Fedjuk, Natalia Lukashenko, Vyacheslav Toporov
12.	Assisting with organization of specialized information campaigns for various target groups to develop the dialogue, awareness and provide explanations on the state regional policy and spatial planning and to involve the public in all aspects of local and regional governance	Specialized information campaigns for various target groups to develop the dialogue, awareness and provide explanations on the state regional policy and spatial planning Information and awareness-building activities related to the state regional policy Experts: Oleksandr Dudka
13.	Support the functioning of the Inter-Service Coordinating Commission on Regional Development	Package of materials for the meeting of Inter-Service Coordinating Commission on Regional Development Experts: Serhiy Maksymenko, Vasyl Fedjuk

III. Narrative report on tasks implementation:

<i>Task:</i>	1. Review and analysis of the effectiveness and efficiency of key institutions, mechanisms and instruments for regional development policy. Conclusions and recommendations on the changes in basic parameters, based on which there will be developed proposals to amend the regulatory framework
<i>Expected Outputs:</i>	Analytical review paper on the state of the regional policy system in Ukraine as of the end of 2016 in the "White Paper" format.
<i>Description:</i>	<p>In the course of 2017 - 2018, the U-LEAD RD Project will provide a comprehensive analysis of effectiveness and efficiency of key institutions, mechanisms and instruments for regional development policy. Such analytical coverage is expected to contribute with well-grounded advice and recommendations to the currently increasingly demand-driven local, regional and national level initiatives towards European type multi-level governance system in the sphere of regional development public administration in Ukraine. As a part and parcel of this future multiple component output the RD team developed a Review of RD Policy institutions. The review covers key Ukrainian institutions involved in regional development policy formulation and implementation. It includes conclusions and recommendations, primarily but not exclusively, developed for the Minregion with regard to, building partnerships with relevant legislative, executive and NGO entities. Recommendations also focus on enhancing the capacity of different institutional stakeholders for the purpose of increasing the aggregate Ukrainian institutional capacity to deal with various complexities and challenges of RD policy in Ukraine.</p> <p>Additionally, in cooperation with Minregion, the U-LEAD regional development team worked on developing a Regional Policy communications strategy to help communicate the policy to a variety of target groups nationally, regionally and locally. This strategy is the first comprehensive attempt to look at the state regional development policy from an information perspective and develop an effective yet flexible tool that allows to deliver important communication messages, share information, ideas, best practices and lessons learned. Such a strategy, when implemented, will provide both government and non-government stakeholders at various levels with a wide array of communication platforms. The draft strategy includes key communication messages and approaches as well as an action plan specifying how to reach important target groups and identifying resources. Overall, 14 main target groups have been identified ranging from relatively small ones such</p>

as members of parliamentary committees and key ministerial staff to rather broad ones as rural entrepreneurs and students. For each of these main target groups, the project developed various messages and discussion topics as well as outlined media channels that are best suited to ensure targeted coverage.

One of the key vehicles of implementing the strategy will be a web-portal devoted to state regional development policy and also serving as the central information hub to generate and distribute relevant and related content. The web-portal will include a variety of sections and contain material that meets various information needs and levels of expertise in the regional policy domain. For instance, while experts will be able to obtain in-depth analyses of current and upcoming legislations, strategies and other relevant documents, mayors and village heads will be able to look at some of the best regional, municipal and rural development projects and practices. The project will encourage and facilitate dialogue both within and among the identified target groups. The future web-portal will be supported by a whole range of both traditional and social media outlets and will also engage active entrepreneurs, bloggers, and community activists. Such a multi-level and multi-faceted approach will help make state regional development policy recognizable and interesting and, in time, will ensure an increase in both the quantity and quality of regional and local development initiatives generated by a multitude of partners.

Over the next several months, the strategy and web-portal concept and structure will be finalized and ground prepared for their implementation. This will require a series of more in-depth consultations with key stakeholders and representatives of target groups. The project will also need to build both the technical tools and platforms required to implement the communication strategy and launch the web portal as well as start building dialogue with an extremely wide range of media outlets, formal and informal online communities, expert groups etc.

One of the pitfalls of regional policy implementation over the last three years has been systematic violation of milestones set out in the legislation concerning regional development planning and funding. For instance, some regions had not developed/approved their development strategies 2020 and action plans for 2015-2017 to implement them until 2016/2017; almost all regions from year to year are late in submitting to Minregion their projects to be funded by SFRD before May 1. By doing so they do not allow Minregion to include proper budgetary proposals to the draft state budget for a following year. To better inform the national and regional

	stakeholders involved into regional policy implementation and better steer all involved throughout important deadlines, timeframes and processes, the RD team developed a draft guidance document. U-LAED RDPA project will complete the document and communicate it to the regional development policy actors.
<i>Final Outputs:</i>	Analytical review of the Regional Policy Synopsis (in Ukrainian) State Regional Policy Communications Strategy (in Ukrainian) State Regional Policy Institutional Framework (in Ukrainian) Guidance for key regional development policy actors (in Ukrainian)

<i>Task:</i>	2. Methodological support for implementation of the Action Plan for 2015 - 2017 for the implementation of the State Regional Development Strategy for the period until 2020 (including through sector budget support of the EU)
<i>Expected Outputs:</i>	At least one workshop per each of 5 regional development programmes for potential applicants with projects in implementation of the Action Plan for 2015 - 2017 for the implementation of the State Regional Development Strategy for the period until 2020 (including through sector budget support of the EU)
<i>Description:</i>	Implementation has been, and will definitely remain for some time ahead, a key challenge for new Ukraine's regional development policy. In the course of 2015 - 2016 a new paradigm of regional development policy has been introduced in Ukraine. The new paradigm, which has been legally and institutionally fixed, involves the transition from over-centralized model and from sectoral "top down" approach that have previously prevailed to a balanced multi-level governance system of regional development. It involves identification and activation of latent development potentials (within macro-regions, regions, micro-regions and municipalities) in the form of integrated development projects planned both "top-down" and "bottom up", public investment in tangible and intangible assets in the form of projects of "hard" and "soft" infrastructure. However, despite the legal and institutional framework being in place, the implementation along the above outlined parameters lags behind significantly, the very notion of integrated development projects being either not very clear for many national and regional stakeholders, or not very much supported by them for a number of reasons possibly associated with some non-transparent (vested) interests. Many projects and programs continue to be designed and implemented in an "old" way which assumes that RD projects are very often just construction projects to build or modernize social or engineering infrastructure. Despite this, the official figure is quite optimistic – e.g. regarding the operation of the

	<p>State Fund for Regional Development in 2015 – 2016 the Government has calculated the share of developmental projects at 82% - evaluations by independent entities have not been that encouraging at all. In fact, developmental projects have been very few. Thus, appropriate implementation, including an active and well informed involvement of national and regional level civil society organizations, of the Action Plan for 2015 - 2017 can serve as a very strong impetus and a learning/teaching instrument to turn the currently poor situation around starting from 2017, but also, which is critically important, during the next (second) implementation period (2018 – 2020) for State Strategy for regional development.</p> <p>In implementing its mandate to assist the Government of Ukraine with the above tasks, the U-LEAD RD Team, during March – April 2017, organized five awareness workshops for representatives of central executive authorities, local and regional governments, associations of local self-government, civil society organizations and their associations from Kyiv and the regions. The purpose of the events was dual: (1) Inform relevant audiences about funding opportunities under the EU sectoral budget support, (2) Build capacities of prospect applicant to design and develop good quality projects.</p> <p>All five events were held in the House of Decentralization. Thematically, each of the events was devoted to a Regional Development Program under the 2015 – 2017 Action Plan (http://zakon3.rada.gov.ua/laws/show/821-2015-%D0%BF) to implement the SSRD 2020 (State Strategy for Regional Development):</p> <p>RD Program “Innovative economy and investments” - 29 March 2017 RD Program “Rural development” – 22 March 2017 RD Program “Development of human potential” – 30 March 2017 RD program “Development of tourism” – 4 April 2017 RD Program “All-Ukraine solidarity” – 12 April 2017</p>
<p><i>Final Outputs:</i></p>	<p>Draft legal acts of the Government of Ukraine and the Minregion on using the funding of the EU Sector Budget Support for Regional Development for five National regional development programmes that are part of the SSRD 2020 Action Plan for 2015-2017</p> <p>Five workshops (one per national RD programme) to inform relevant audiences about funding opportunities under the EU sectoral budget support, and to build</p>

	capacities of prospect applicant to design and develop good quality projects.
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<i>Task:</i>	3. Support in drafting the Action Plan for 2018 - 2020 for the implementation of the State Strategy for Regional Development of Ukraine till 2020
<i>Expected Outputs:</i>	Expert contributions in draft Action Plan for 2018 - 2020 for the implementation of the State Strategy for Regional Development of Ukraine till 2020
<i>Description:</i>	Minregion is currently in the process of drafting the Action Plan for 2018 - 2020 for the implementation of the State Strategy for Regional Development of Ukraine 2020. The RD team held consultations with Minregion's regional development department advising that the action plan is based on proper analysis of implementation of Action Plan for 2015-2017. It is also advisable to include a three-year investment plan for all Strategy tasks and in coordination with sectoral ministries strategies and relevant action plans. Minregion should also consider extending the adopted in 2015 five national regional development programmes for 2018-2020 (no funding was allocated for their implementation between 2015 and May 2017). An inter-ministerial working group should be established to properly coordinate the relevant sectoral planning documents with the Action Plan. It is recommended to base the new action plan on the predictably available funding from the state budget and other sources. U-LEAD RDPA project will further support Minregion in this task.
<i>Final Outputs:</i>	Set of recommendations to be considered in the process of elaboration of the SSRD Action Plan 2018-2020

<i>Task:</i>	4. Conducting seminars for the staff of the economic departments of oblast state administrations on regional development issues
<i>Expected Outputs:</i>	One seminar for the staff of the economic departments of oblast state administrations on regional development issues held
<i>Description:</i>	Departments of Economic Development and Trade of Oblast State Administrations are key counterparts of the Ministry of Regional Development, Construction, Housing and Communal Services in the context of regional development policy. Directors of economic development departments in the regions are responsible for managing practically all elements of regional development cycle: planning (they coordinate elaboration and implementation of regional development strategy + action plan), financing (provide secretariat for the Oblast commission that selects the

	<p>projects to be funded from the State Fund for Regional Development), M&E (of projects and planning documents), cooperation with partner institutions (private sector, NGOs, universities, development agencies of all kinds), etc.</p> <p>U-LEAD regional development team jointly with Minregion organized a workshop bringing together directors or their deputies of economic development departments from 23 Oblast State Administrations on 27-28 April in Poltava.</p> <p>The following topics were discussed at the workshop:</p> <ul style="list-style-type: none"> - elaboration of the Action Plans for 2018-2020 of Regional Development Strategies, presentation on the methodology, lessons learned, feedback from the regions on the state of play up to date, presentation of the tasks of RegDev experts of RCs, sharing contacts of RegDev experts - State Fund for Regional Development, review of the recent changes to legislation and their practical application, review of existing issues in the regions, advice on organisation of the work of the selection commissions in the regions, feedback from regions and review of problematic issues related to functioning of the SFRD online platform - regional development projects - feedback from regions on the issues related to elaboration and implementation of projects, sharing good practice - Regional Development Agencies - brief info on the progress of their established and key problematic issues, needs assessment of support measures - EU Sector Budget Support - opportunities for the regions - export promotion activities - representatives of the Ministry for Economic Development and Trade have attended and informed about recent developments and opportunities - VET and regional development - REGIONET - session on amalgamation of hromadas and role of economic departments to support the process, upadate on the AHs infrastructure subvention - presentations of regional directors on good practice and problems that require attention of Minregion and/or Government of Ukraine. <p>The next workshop is planned to be held on June 21-22, 2017 in Lviv.</p>
<p><i>Final Outputs:</i></p>	<p>Workshop for directors of the economic departments of oblast state administrations on regional development issues held in Poltava on 27-28 April 2017.</p> <p>Workshop materials</p>

<i>Task:</i>	5. Ensuring functioning and improvement of the online platform of the State Fund for Regional Development
<i>Expected Outputs:</i>	Set of recommendations on Ensuring functioning and improvement of the online platform of the State Fund for Regional Development
<i>Description:</i>	The RD team provided ongoing support to Minregion in ensuring that the previously created online platform of the State Fund for Regional Development continues to function properly, remains stable and user-friendly. Project experts and technical staff worked in close collaboration with the ministry to identify both technical and functional issues with the online platform and find suitable solutions. Over 20 important tasks were identified to help improve the operation of the platform in terms of presentation of project reports and information open to general public, providing a better working environment for the experts involved in project assessment and establishing better mechanisms for monitoring funding allocation and efficiency. In addition to these main tasks, over 30 small technical issues were identified and resolved. During the next several months, the RD team will continue to provide support to Minregion in improving the functionality of the online platform and creating a more integrated and user-friendly environment.
<i>Final Outputs:</i>	Set of recommendations on ensuring functioning and improvement of the online platform of the State Fund for Regional Development

<i>Task:</i>	6. Creation of and support to maintenance of an automated database of indicators for monitoring regional development (online platform)
<i>Expected Outputs:</i>	Automated database of indicators for monitoring regional development (online platform) populated with relevant socio-economic data
<i>Description:</i>	<p>One of the important endeavors that was launched during the current reporting period was the development of a comprehensive visualization system for the database of indicators for monitoring regional development. This database contains data for all Ukrainian regions in over 250 regional development indicators across a variety of sectors. Previously, this database did not have any tools that would enable the Minregion, expert community and the general public to generate information from this database in a user-friendly format. Therefore, it limited its use for analysis, policy formulation and decision-making.</p> <p>Over the past two months, the project managed to completely reverse the situation</p>

	<p>and establish a simple, user-friendly interface for this database that not only contains simple and easy to use tools for sorting and grouping data but also allows to generate tables and diagrams in a variety of formats. It also contains tools that help users export the data and diagrams into a variety of formats and reports that can then be easily used to make presentations, analytical documents etc. This turned out to be a much more complex and comprehensive task than initially anticipated. Project experts and technical staff had to go through many hundreds of documents with hundreds of thousands of values. Initially, it all had to be manually sorted to identify major data inconsistencies and gaps and only then machine algorithms could be used to structure the data. As the result of this work, the visual interface for the regional development indicators (a total of 634 data sets and over 550 thousand values of indicators) is nearing finalization. This interface is structured to accommodate future changes in data structure and scale.</p> <p>However, while the software part was resolved on track, the key challenge that appeared during implementation was a hardware problem within the Minregion itself. The server that houses this database, Minregion website, State Fund for Regional Development and other internal resources is physically outdated. Therefore, the project was not able to put the developed database and its visual interface on this server. Jointly with Minregion technical staff and project technical experts, a temporary solution was found, where a mirror web resource on an outside hosting platform was created and the data uploaded to it to enable its operation and testing. Over the next months, the project will work with Minregion to develop a more long-term technical solution as well as on finalizing the database interface, improving its functionality and enhancing data scope and quality</p>
<p><i>Final Outputs:</i></p>	<p>Automated database of indicators for monitoring regional development (online platform) populated with relevant socio-economic data and visualized at http://regionstat.webolla.net/</p>

<p><i>Task:</i></p>	<p>7. Analysis of the regulatory framework with regard to the formation, implementation of the state regional policy, strategic planning and financing of regional development and proposals for harmonization between them and the new powers of local self-governments and executive authorities</p>
<p><i>Expected</i></p>	<p>Analytical notes on regulatory framework with regard to the formation,</p>

<i>Outputs:</i>	implementation of the state regional policy, strategic planning and financing of regional development and proposals for harmonization between them and the new powers of local self-governments and executive authorities
<i>Description:</i>	<p>The RD team developed amendments to the Government Decree on the Order and conditions for subvention from the State to local budgets for socio-economic development of individual territories. Despite the fact that since adoption, the regulation on subvention had been amended nine times, the problem of subvention transparency still remains unresolved. In fact, the current procedure does not determine the principles of allocation of subvention funds among regions/municipalities, there are no rules to ensure transparency of funds distribution, which creates the risk of manual distribution of funds and risks of corruption.</p> <p>The proposed amendments introduce a transparent funds distribution mechanism and minimize the risks of corruption. One of the key amendments is to base the implementation of the measures for socio-economic development of individual territories, on the regional development strategy and its action plan for the Oblast and on the social and economic development plan for territorial Hromadas.</p> <p>The RD team, in communications with Minregion and Ministry of Economic Development and Trade, initiated to resume the work on the draft Law of Ukraine “On state strategic planning”. The law should set the framework for national and regional sectoral and territorial development planning, the lack of which impedes proper coordination of sectoral and territorial investment actions in short, medium and long-term perspectives.</p>
<i>Final Outputs:</i>	<p>Amendments to the regulations on the use of the state budget subvention for socio-economic development of individual territories</p> <p>Resumed discussion on the draft Law of Ukraine “On state strategic planning”</p>

<i>Task:</i>	8. Preparation of analytical review on the operation of the state fund for regional development in 2015 and 2016, with recommendations for improvement of this instrument
<i>Expected Outputs:</i>	Analytical Review on the operation of the state fund for regional development in 2015 and 2016, with recommendations for improvement of this instrument
<i>Description:</i>	Key institutions, instruments and mechanisms of the new regional development policy for Ukraine have been operationalized with a varying degree of efficiency and

	<p>effectiveness in the course of 2014 – 2016 with the following key outputs – the State Strategy for Regional Development 2020 (SSRD 2020), SSRD 2020 Action Plan for 2015 - 2017, State Fund for Regional Development (SFRD), Inter-Service Coordination Commission for regional development, regional (Oblast) development strategies and their action plans, Regional Development Agencies, etc.</p> <p>The significance of the SFRD, both its eventual establishment in 2012 after some ramifications and under complicated political and policy related circumstances as well as its moderately satisfactory operation in the course of the last few years (2015 – 2016), can hardly be over-estimated. As stipulated by Ukrainian legislation, the philosophy and operational patterns of the SFRD, unlike those of some of previously and currently used other instruments, should promote a number of critically important for Ukraine’s RD policy values, principles, and patterns: integrity, transparency, wider public engagement, systemic approach in RD policy formulation and implementation, predictability, consistency of actions with the architecture of the strategic planning documents, guaranteed availability of cash to fund RD projects. However, there have been discrepancies between the legally declared approaches and practices on the ground, both at the national and regional levels. As of the end of April 2017, there exist a number of outstanding issues with regard to both the procedures of the Fund and as the quality of projects selected for funding by Oblast Selections Commissions. Many projects and programs continue to be designed and implemented in an “old” way which assumes RD projects are very often just construction projects to build or modernize social or engineering infrastructure. Despite this, the official figure is quite optimistic – e.g. regarding the operation of the State Fund for Regional Development in 2015 – 2016 the Government has calculated the share of developmental projects at 82% - evaluations by independent entities have not been that encouraging at all. In fact, developmental projects, as well as projects that would be in agreement with the action plans to implement Oblast (regional) development strategies, have been very few. The analytical review on the operation of the State Fund for Regional Development in 2015 and 2016 has been designed and produced in March – April 2017 to cover key aspects of the SFRD mechanisms, quality of projects selected for funding, and institutional capacity issues of the key stakeholders at both national and regional; level. The review contains recommendations to the Government of Ukraine on possible improvements of the instrument.</p>
<i>Final</i>	Draft Analytical Review on the operation of the state fund for regional development

<i>Outputs:</i>	in 2015 and 2016, with recommendations for improvement of this instrument
<i>Task:</i>	9. Development of draft legal acts for enhanced mechanisms to utilize the funds of the State fund for regional development; for mechanism of co-financing of inter-regional programmes (projects) by a few state agencies that are managing the budget funds; for improving the methodology of monitoring of social and economic indicators of development of oblasts, rayons, and towns of oblast significance in order to identify depressive territories
<i>Expected Outputs:</i>	Draft legal acts for enhanced mechanisms to utilize the funds of the State fund for regional development; for mechanism of co-financing of inter-regional programmes (projects) by a few state agencies that are managing the budget funds; for improving the methodology of monitoring of social and economic indicators of development of oblasts, rayons, and towns of oblast significance in order to identify depressive territories
<i>Description:</i>	<p>The RD team delivered the following outputs to implement this task:</p> <ul style="list-style-type: none"> - developed a draft Law “On amendments and additions to articles 24-1, 29 and 30 of the Budget Code of Ukraine” to ensure compliance with the Law of Ukraine “On Foundations of the State Regional Policy) to improve funding of projects and programmes of regional development; - developed a set of proposals to improve the work of regional selection commissions, specifically a step-by-step guidance on organisation of the commission’s work, sample documents such as call for projects to be funded by SFRD, other documents - amendments to Government Decree on the sector budget support usage and competitive call for proposals. The proposed changes, if adopted, among other improvements, would allow non-governmental organizations to be eligible applicants of projects for the Ukrainian Solidarity programme of the Action plan to implement SSRD 2020; - proposals for classification of projects on SFRD portal - materials for a workshop on SFRD and AHs subvention that could be conducted by RD advisers of Center for development of local self-government Regional Centers and/or directors of economic development departments of the Oblast State Administrations, including agenda, presentations and useful materials for

	<p>each topic of the agenda</p> <ul style="list-style-type: none"> - regulations to be able to use the funding of the EU Sector Budget Support for implementation of the five National RD Programmes (part of the SSRD 2020 Action Plan) on the competitive basis.
<i>Final Outputs:</i>	<p>Proposals to improve SFRD legislation</p> <p>Proposals to improve the work of regional selection commissions</p> <p>Amendments to CMU Decree on sector budget support</p> <p>Proposals to classification of project on SFRD portal</p> <p>Materials of workshop on SFRD and AHs subvention for RD advisers and OSA</p> <p>Regulations on the use of EU Sector Budget Support</p>

<i>Task:</i>	<p>10. Providing methodological and organizational support for the development of action plans to implement regional development strategies in accordance with approved methodology and the best practices.</p>
<i>Expected Outputs:</i>	<p>Consultative, methodological and organizational support for the development of action plans to implement regional development strategies. Experts visits to regions, training workshops</p>
<i>Description:</i>	<p>With adoption of the Law of Ukraine “On Foundations of the state regional policy” Ukrainian regions are to plan their development for a 7-year period including two operational planning periods of 3 and 4 years. In 2017, every region has to develop a three year action plan (2018-2020) to implement regional development strategy 2020. Oblast State Administrations are responsible for organizing the process of elaboration of the action plan and had expressed the need for methodological and practical support in managing the process and drafting the final document. The RD team delivered a five-day strategic planning training workshop to the regional development advisers selected for Regional Centers in Support of Local Self-government. One of the tasks of the RD advisers will be to support the regional and local authorities in all aspects of strategic planning at regional and local levels. The regional RD advisers have been trained to support Oblast State Administrations to manage the process of action plans elaboration according to the Government regulations and methodological recommendations, facilitate focus groups meetings during programming sessions, draft the final document. The advisers were also trained to elaborate strategic plans for amalgamated hromadas. The five-day training workshop was organized in Kyiv on 13-17 March 2017.</p>

	RD experts have also continued to consult and mentor individual Oblast State Administrations that are in the process of elaboration of action plans to implement regional development strategies, specifically in Rivnenska, Zaporizhska, Cherkaska, Khmelnytska Oblasts.
<i>Final Outputs:</i>	Strategic and operational planning training workshop for final candidates to RD advisers positions at the Center for development of local self-government Regional Centers in Kyiv on 13-17 March 2017. Workshop materials. Consulting and mentoring of elaboration of action plans to implement regional development strategies in Rivnenska, Zaporizhska, Cherkaska, Khmelnytska Oblasts.

<i>Task:</i>	11. Providing organizational and methodological assistance in developing and implementing projects and programmes for regional development based on PCM methodology (including within the EU grant programme "Support to Regional Development Policy in Ukraine")
<i>Expected Outputs:</i>	Training activities, consultative and monitoring visits to provide organizational and methodological assistance in developing and implementing projects and programmes for regional development based on PCM methodology (including within the EU grant programme "Support to Regional Development Policy in Ukraine")
<i>Description:</i>	Two five-days training workshops for regional development advisers selected for Regional Centers in Support of Local Self-government were delivered to implement this task - on Project Cycle Management (3-7 April in Kyiv), and Training for Trainers on Project Cycle Management (24-28 April in Kyiv). These trainings equipped RD advisers with new knowledge and practical skills to deliver training on PCM and consult amalgamated Hromadas and regional development stakeholders on design and implementation of local/regional development projects. The RD team has also developed proposals for RD advisers terms of references / job description offering to include the following tasks: Elaboration of development strategy for amalgamated hromada (AH); Elaboration of Action plan in 2018-2020 to implement the Regional Development Strategy 2020; Organize and lead PCM training workshops for groups of AHs and regional stakeholders; Provide strategic planning, local/regional development projects on-

	going advise/mentoring to AHs, regional stakeholders; Organize annual (starting in 2017) Regional Development Forums (to exchange good practices of implementation of local/regional development projects); Provide content on RD related issues, RDS implementation and regional development projects for (a regional) / SFRD / U-LEAD websites and information outlets; Support development of 24 Regional Development Strategies for 2020-2027 (the task will be performed in 2018-2019).
<i>Final Outputs:</i>	Project Cycle Management Content training workshop for final candidates to RD advisers positions at the Center for development of local self-government Regional Centers in Kyiv on 3-7 April 2017. Project Cycle Management Training of Trainers workshop for RD advisers at the Center for development of local self-government Regional Centers in Kyiv on 24-28 April 2017. Workshops materials.

<i>Task:</i>	12. Assisting with organization of specialized information campaigns for various target groups to develop the dialogue, awareness and provide explanations on the state regional policy and spatial planning and to involve the public in all aspects of local and regional governance
<i>Expected Outputs:</i>	Specialized information campaigns for various target groups to develop the dialogue, awareness and provide explanations on the state regional policy and spatial planning. Information and awareness-building activities related to the state regional policy
<i>Description:</i>	During March – April 2017 the RD Team devoted a significant effort to promoting the new paradigm of state regional policy, which has been reflected in the key strategic documents and the legislation adopted in the course of the recent few years. Ukraine has adhered to a regional development concept that focuses on all or some regions but is conceived and even mainly implemented from the “centre”, usually by budgetary transfers, tied to specific development activities, to pre-existing local authorities or groups of local authorities in a particular area. Processes of regional development of this nature can be called “functional” as opposed to political or administrative. Usually they are limited to the “narrow” agenda of targeting financial assistance on particular areas and establishing only the minimum of functional, implementation bodies required for the task. This form of development usually differentiates itself from “local development” to the extent that the local (usually

	<p>municipal) territory is considered too small to be a viable strategic unit for economic development and concentration of investment. Consequently, it is likewise considered for public investment or for any other policy intervention. Increasingly, a larger space is identified for such interventions and, in any case, specific economic problems that give rise to pro-active development responses from public authorities, are often spread “regionally” more so than “locally”. Functional regional development in Ukraine – driven by mainly economic development – has more chances to succeed when it is accompanied by wider political processes such as decentralisation and is organized in a system of multi-level governance. It is around these topics that the RD team was building up promotional and public awareness activities. In the reporting period these activities have been materialized in the form of specific customized outputs produced by the RD Team for very targeted dissemination rather than large scale specialized informational campaigns.</p> <p>RD team addressed different target groups, including relevant departments of the Minregion and Oblast state administrations, CSOs and associations of local self-government, through working meetings and workshops, opinions and pieces of analysis disseminated in various ways. Special attention has been paid to REGIONET. RD team partnership and cooperation with REGIONET has been of combined nature, it has been a mix of support to this network, and network’s contributions to RD team overall effort regarding public awareness and promotion of the new state regional policy. The cooperation has proved efficient and effective, including REGIONET’s regional professional communities, their renewed and regularly updated website www.regionet.com.ua and, most importantly, the “Strategy for Development” monthly magazine – three issues were produced in February-April.</p>
<p><i>Final Outputs:</i></p>	<p>Specialized information campaigns, information and awareness-building activities (detailed in the task output folder to the narrative report).</p>
<p><i>Task:</i></p>	<p>13. Support the functioning of the Inter-Service Coordinating Commission on Regional Development</p>
<p><i>Expected Outputs:</i></p>	<p>Package of materials for the meeting of Inter-Service Coordinating Commission on Regional Development</p>
<p><i>Description:</i></p>	<p>Key institutions, instruments and mechanisms of the new RD Policy for Ukraine have been operationalized with a varying degree of efficiency and effectiveness in the</p>

	<p>course of 2014 - 2016: the State Strategy for Regional Development till 2020 (SSRD 2020), SSRD 2020 Action Plan for 2015 - 2017, State Fund for Regional Development, Inter-Service Commission for regional development, regional (Oblast) development strategies and their action plans, Regional Development Agencies, etc. Regional development policy in Ukraine is increasingly seen by the key domestic actors as cross-sectoral. It is an essential tool in translating sectoral policies in areas such as infrastructure, transport, environment (water/sanitation, waste management), agriculture, energy and above all economic development to the level of the territory through a process of planning that should lead in the end to sustainable investments and services that improve regional competitiveness and quality of life. All this tells about the significance of proper quality coordination. Inter-Service Coordinating Commission for Regional Development is seen as an instrument to ensure this much needed coordination. Inter-Service Coordinating Commission for Regional Development was launched in 2016, the first meeting was held on 1 March 2016, and no further meetings have been fixed as of end of April 2017.</p> <p>The U-LEAD RD Team developed a comprehensive list of issues for consideration by Minregion to include into the agenda of the next meeting of the Commission. As soon as the Ministry identifies the date for the next meeting and the draft agenda, the RD team will support Minregion in producing the final package of materials for the next meeting of the Commission.</p>
<p><i>Final Outputs:</i></p>	<p>Package of materials for the meeting of Inter-Service Coordinating Commission on Regional Development, including recommendations for Minregion, draft Agenda of the next meeting with proposed topics to be discussed and presented on.</p>

Additional tasks implemented in March-April 2017

<p><i>Task:</i></p>	<p>Draft Terms of Reference for advancing the reform of Vocational Education Training in the context of Ukraine's regional development policy</p>
<p><i>Description:</i></p>	<p>In response to the request for collaboration expressed by the Ministry of Education and Science with regard to vocational education and training (VET), the U-LEAD regional development expert group facilitated the development of a comprehensive Terms of Reference that would guide targeted reform efforts related to this sector. This document was elaborated jointly with the Ministry of Education and Science,</p>

	<p>Academy of Pedagogical Sciences, National VET Observatory and other stakeholders. It is anticipated that future interventions will be concentrated around the following three objectives:</p> <ol style="list-style-type: none"> 1. Establish local and regional labour market research/forecasting mechanisms 2. Elaborate regional human resource strategies based on stakeholder partnerships 3. Introduce new demand-driven institutional management and program development practices <p>In working with VET, the U-LEAD regional development team will ensure that the development efforts are closely linked to the overall regional development and planning agenda and contribute to economic growth of Ukrainian regions and amalgamated communities.</p> <p>One of the key challenges in ensuring that vocational education and training and regional development are closely linked are the large number of involved stakeholders and weak connections among them, the rigidity of the training systems, and lack of institutional capacity at the regional and local levels. Thus, to overcome these obstacles, specific practical tools and approaches have been built into the proposed intervention scheme that will allow stakeholders to build effective regional human resource strategies based on market research, while the training institutions will improve management and program development practices using new demand-driven approaches. The U-LEAD regional development component will also garner support from other international partners, such as the European Training Fund and others to ensure that their development efforts are focused and coordinated. It is proposed that the U-LEAD regional development component becomes a key focal point responsible for such coordination.</p> <p>Over the next months, dialogue with key national and regional stakeholders will continue to finalize the intervention agenda and initiate first practical steps.</p>
<i>Final Outputs:</i>	Draft ToR for U-LEAD VET activities

<i>Task:</i>	TOR training for U-LEAD Regional Hub representatives
<i>Description:</i>	On March 27, 2017 a brief training was delivered to coordinators and advisors of the U-LEAD Project regional hubs. The training covered such key topics as problem analysis and formulation, goal setting, formulating results and actions, general

approaches, formats and technical tips in TOR development etc.

Throughout the training, participants were encouraged to discuss how various PCM components relate to their practical field work and how they can be applied to both improve performance of regional hubs and coordination of their work with relevant regional offices.

As part of the group work activity, the participants identified a number of issues that they face in their everyday work related to TOR development, namely:

- the need to identify clear procedures and people responsible for approving TORs (both in terms of content and funding)
- provide regional hubs with clear and standardized reporting formats (both in terms of content and funding), as well as formats for financial documents, such as invoices etc
- clear guidelines for identification of appropriate amounts of expert and other fees
- guidelines on contracting experts from the U-LEAD, Central Reform Office, and Centres for Development of Local Self-government pools (procedures, terms, required documents)

To address these challenges, a number of actions were identified that will be collaboratively initiated and implemented to improve regional hubs' operations and share best practices. These were:

1. Monthly Skype conference;
2. A bimonthly coordination meeting (with support from U-LEAD office);
3. Establishment of a database with sample TORs, financial documents, etc;
4. Development of clear criteria for ensuring correspondence of activities and TORs to U-LEAD operational planning documents (with support from U-LEAD office).

In addition to these, the participants also looked at how the U-LEAD central office can help regional hubs to build their capacity. Among the actions identified were:

- training on U-LEAD operation plan and logic model as well as an operational planning event at the beginning of every year;
- a more comprehensive training program for regional hubs covering such issues as: operational planning, effective communication, budgeting, monitoring and evaluation, reporting, project management.

Overall, the participants responded very positively to the training. All of them stated that their knowledge of the subject improved. Similarly, all of the participants rated

	the quality of training material and instruction as very good or excellent. They also mentioned that the training facility and logistical issues were very good or excellent.
<i>Final Outputs:</i>	TOR training for U-LEAD Regional Hub representatives

<i>Task:</i>	Web-portal Invest-Monitor
<i>Description:</i>	<p>Per the request from the Office of the Commissioner of the Government of Ukraine for Investments, the U-LEAD RD Team assisted them in developing InvestMonitor, a tool for monitoring and evaluation of changes in the investment climate in Ukraine's regions. This task the Office got directly from Prime Minister of Ukraine.</p> <p>Effectiveness of regional investment policy is linked to a few key factors, including the state of the investment environment, which influences the intensity of the investing process and largely defines the investment attractiveness of a region. To be able to properly evaluate the investment climate as a structural component of the investment attractiveness of a region, one would need adequate criteria which would be used to assess the influence of different factors, including those related to public administration specificities.</p> <p>The U-LEAD RD Team assisted the Office in developing such criteria through advice and consultations delivered in the form of specific comments on draft documents, and 4 (four) working meetings with the Office Head Oksana Horyley, and her staff.</p> <p>The target groups of InvestMonitor are foreign and domestic investors, reps of business associations active in Ukraine, reps of central and regional authorities and local self-government.</p>
<i>Final Outputs:</i>	Set of recommendations on improvement of the Invest-Monitor web-portal of the Office of the Commissioner of the Government of Ukraine for Investments

<i>Task:</i>	Donor Coordination WG4 Regional and Local Development
<i>Description:</i>	U-LEAD RD Team played a key role in supporting the WG on Regional and Local Development under the Donor Coordination Board for Decentralization and RD

	<p>Policy Reforms in Ukraine. A main task of the WG so far has been to develop a CRF for the regional and local development pillar of the reforms for the next few years. The U-LEAD Team contribution was delivered along the lines of two key modalities:</p> <ul style="list-style-type: none"> - administrative/organizational support - through chairing the meeting of the WG by _U-LEAD Team Leader - programmatic support - to finalize the CRF - through contributions by three (3) staff of U-LEAD RD Team
<i>Final Outputs:</i>	<p>Regional and Local Development CRF draft was presented by U-LEAD RD Team Leader to the Donor Coordination Board on 27 April 2017 in the premises of the MInregion</p>

<i>Task:</i>	<p>Regional Fund for Eastern Partnerships - Regional Development Peer Exchange</p>
<i>Description:</i>	<p>U-LEAD RD Team supported development by GIZ of a project concept aimed at exchange of professional knowledge and experience as well as targeted capacity development for Georgia, Moldova and Ukraine in the implementation of the regional development chapters in their association agreements with the EU.</p> <p>The project is explicitly relevant for the implementation of the association agreements of the three countries of Eastern Partnership. It also enables the partial involvement of other countries of the Eastern Partnership which may conclude similar agreements (first of all, Armenia and Azerbaijan).</p> <p>The target group of the project is employees of the relevant ministries and regional administrations in Georgia, Moldova and Ukraine who are in charge for the implementation of the regional development chapters of the association agreements at the working level.</p>
<i>Final Outputs:</i>	<p>Advice and specific recommendations by U-LEAD RD Team were delivered on relevant prospect target groups and beneficiaries from Ukraine to be part of the Project, and on relevant topics for exchange between the countries.</p>