



PROJECT NEWSLETTER

Issue # 1, March 2006

The **Regional Governance and Development (RGD) Project** is a five-year (2005-2010) cooperation project of the Canadian Urban Institute (www.canurb.com), supported by funding from Canadian International Development Agency (www.acdi-cida.gc.ca). It is implemented in association with the National Association of Regional Development Agencies (www.narda.org.ua) in Ukraine and with the Foundation for International Training (www.fit.org) in Canada. The project is designed to promote civic engagement in regional governance, providing opportunities for citizens and communities to shape their common future and to put their region on the path towards sustainable development. The project works at several levels. It helps strengthen regional development policy in the country by providing advice to the Ministry of Economy and sharing know-how from other jurisdictions in Europe and North America. It supports two pilot oblasts – Zaporizhzhia and Zakarpattia – to launch participatory processes that give a voice to civil society in regional planning and decision-making. And it promotes open, accountable and effective government institutions at the regional level, responsive to the needs of citizens and working strategically towards its developmental goals. The experiences in the two pilot oblasts are intended to foster model approaches to good governance in Ukraine that can inform the country's policy and practice into the future.



Canadian
URBAN
Institute

The **Canadian Urban Institute (CUI)** is a non-profit organization dedicated to enhancing quality of life in urban areas across Canada and around the world. As Canada's premier think-tank on cities, we bring together experts from different disciplines to connect people, resources and ideas to build strong communities and equitable, sustainable and competitive urban regions. As an independent and non-partisan body, the CUI is committed to improving policymaking, governance and management for city regions by encouraging a better understanding of contemporary urban issues.

IDENTIFYING REGIONAL GOVERNANCE AND DEVELOPMENT NEEDS

The main task of the first year of the RGD Project was to **assess and understand the needs** of our two pilot oblasts and the Ministry of Economy. The project engaged Ukrainian experts to undertake research into the Ukrainian regional governance and development scene generally and in a number of oblasts specifically. This research examined the current system of regional governance in Ukraine and identified those **critical institutional issues** in regional governance, which are likely to have tangible solutions, either in the short- or long-term, given the reform tendencies of the new government of Ukraine. The following briefly summarizes the findings of this research.

Improving the system of government at the regional level requires a **transition from 'government' to 'governance'** as well as the active engagement of citizens in government. Achieving this transition requires permanent mechanisms for increasing the professional and managerial qualifications of civil servants and elected officials. In addition to these training needs, a **modern regional policy** based on a decentralized system of local and regional self-governments is clearly needed. Reforms enacted during the first ten years of Ukraine's independence did not lead to significant progress in creating such a strategy that would strengthen the country's ability to address pressing social and economic challenges.

However, the shaping of an effective regional policy has now become possible with the adoption of the **"Concept of State Regional Policy" (CSRP)**, approved by the Decree of the President of Ukraine dated May 25, 2001. The key fundamentals of state regional policy at the national level have now been defined for the long-term. The main objective is to create conditions for dynamic, well-balanced social and economic development in Ukraine and its regions, to enhance living standards, to support social standards guaranteed by the state to each citizen regardless of place of residency, and to provide effective mechanisms to encourage efforts by the local executive authority, self-government bodies, and the public to accelerate the pace of regional development.

A major goal of the CSRP is to introduce strategic programming to regional development policy at both the central and regional levels. Consequently, the Government of Ukraine has prepared a draft (Concept of) **"State Strategy for Regional Development"** (SSRD). The draft SSRD specifies the strategic objectives and long-term priorities of regional public policy as well as implementation methods. The legal foundation for regional development strategies is also improving. On September 8, 2005, the "Law on Stimulating Regional Development" was adopted. This Law establishes the legal, economic, and organizational fundamentals



for implementing state regional policy, stimulating regional development, and combating territorial deprivation. With the adoption of this Law and the SSRD, regional policy in Ukraine has taken another step in its political development and in the adjustment of its legislation to European standards and norms. The legal foundation is set for the state to begin to undertake the required activities to fulfil the needs of its citizens in all regions.

However, **key impediments** to the successful implementation of the SSRD remain. First, the capacity of national and regional governmental structures is inadequate given the complexity of the reform effort required. Second, there is the need for well-grounded development strategies for all Ukrainian oblasts. Existing strategies are not sufficient for the challenges Ukraine's regions

face. Third, public involvement in the process of developing regional strategies has been lacking in Ukraine, especially at the oblast level. Extensive public consultations on major development priorities are a key prerequisite for the successful and efficient implementation of a regional development strategy.

Based on the findings of this initial research, the project engaged experts from Ukraine, Canada, and Central and Eastern Europe to further delve into **sub-national finance and institutional arrangements** in Ukraine, and the **Central and Eastern European regional experience**. These reports helped the project to identify spe-

cific gaps in the regional governance and finance systems and to ascertain the relevance of the various processes and systems in Central and Eastern European countries to Ukraine's situation.

The RGD Project also engaged Ukrainian experts to conduct baseline studies of **regional governance and development** issues in addition to **gender and youth, civil society, and environmental** issues at the national level. These experts gathered primary and secondary data, identified where Ukraine stands generally in these areas, and recommended how the RGD project could contribute to furthering Ukraine's development in governance, development, gender/youth,

environmental concerns, and civil society/public engagement in government activities.

Finally, the RGD Project engaged Ukrainian experts based in each pilot oblast to prepare **regional baseline studies** on similar topics for each pilot oblast. These regional-level reports identified in each pilot oblast the main development challenges and strengths, the institutional capacity of its government and civil society to engage in a participatory strategic planning process, how different segments of society are integrated into government affairs, the main environmental issues, and what has been the impact of previously prepared strategic plans for the region.

RGD PROJECT'S RESPONSE TO IDENTIFIED NEEDS

Over the next four years, the RGD Project intends to assist in **addressing these challenges** at the national-level and in two pilot oblasts (Zakarpattia and Zaporizhzhia) and then to roll out the lessons learned to other oblasts in Ukraine. The RGD Project will accomplish this through three project components: national-level policy & regional dialogue development, capacity development, and participatory planning.

The objective of the **National-Level Policy & Regional Dialogue Development** component is to support the development and implementation of regional governance and development policy by advising representatives in the Ministry of Economy on the practical implications of regional governance and development options. This component will also assist in promoting awareness of the reform agenda amongst Project stakeholders. Within the framework of this component, activities will include policy analysis and advice, conducting forums on regional governance and development, etc.

The objective of the **Capacity Development** component is to enhance the management, operational and planning capabilities of the Oblast State Administration and regional self-government bodies in the two pilot oblasts and their ability to involve civil society in regional government affairs. Support will be provided to the pilot units towards establishing an institutional framework that will better enable them to achieve the goals set out in the CSRP and to undertake new responsibilities. The objective of this component is also to increase the professional capacity of Ministerial staff on issues related to regional development, including how to implement advice given by the RGD Project on regional governance and development policy and reforms. Within the framework of this component activities will include capacity development needs assessment, organization of study tours, research missions, learning exchanges to Canada and CEE countries, etc.



The objective of the **Participatory Planning** component is to support the development of model approaches to participatory planning processes by facilitating the formulation of integrated development strategies and associated action plans for the two pilot oblasts and to provide educational activities and know-how transfer in support of the implementation of these participatory plans. Within the framework of this component, activities will include assessment of critical issues, preparation of background studies, and support for the formulation and implementation of strategic plans and action plans in priority areas.

FIRST YEAR RGD PROJECT ACTIVITIES

Regional Forums. In Zaporizhzhia and Uzhgorod, the RGD Project held its first set of Regional Forums to engage stakeholders in discussion about the current status of regional governance and development in the pilot oblasts, to understand the concerns and needs of local stakeholders and where the RGD Project can assist, and to demonstrate the benefits participatory, strategic planning has brought to Central and Eastern European regions.



Inter-Regional Forum. Following the regional forums, the RGD Project held its first Inter-Regional Forum to launch a participatory dialogue between oblast- and national-level stakeholders on advancing Ukrainian democracy, governance and development at the oblast level; to share Canadian and European experiences; and to discuss the Government's regional development strategy.

Strategic Planning Workshops.

The project has also held four sets of introductory workshops on strategic planning for representatives from the oblast authorities, civil society organizations, and other stakeholders. These workshops brought experts from Canada and Lithuania to share their strategic planning experiences with participants. Participants prioritised each oblast's needs with respect to strategic development. Participants also mapped the ideal organizational structure under which regional strategic development could function effectively in the pilot oblast.



Central and Eastern European Workshop.

The RGD project organized a workshop for Ministry of Economy staff and other stakeholders on regional issues in the Central and Eastern European region, which brought experts from Hungary and Poland to explain how decentralization occurred and how regional policy developed in these countries. An active dialogue with the Ministry of Economy staff ensued allowing them to relate the experiences in Hungary and Poland with regional governance and development to the Ukrainian context.



Forum and workshop informational materials are available on our website at www.rgd.org.ua.

CUI'S HISTORY WITH PARTICIPATORY STRATEGIC PLANNING IN EASTERN EUROPE

With the conclusion of the first year of the project, the two RGD pilot oblasts – Zakarpattia and Zaporizhzhia – are about to launch **participatory strategic planning processes** to develop their **regional development strategies**. Some may wonder why these planning processes are being launched again, given that both oblasts have developed strategic plans before. While the existing plans for Zakarpattia and Zaporizhzhia are excellent, technical documents, they lack a key component for their successful implementation – **public participation**. A key RGD objective is to involve the citizens of Zakarpattia and Zaporizhzhia in the planning process to ensure that experts have sufficient information regarding the day-to-day realities of living and working in the oblast, that the public takes ownership of and supports the strategy over the long term, and that the big picture – enhancing the quality of life for the community – is not lost in the technical details of the planning process.

By involving citizens in the early stages of development through identifying and defining priorities, analyzing and estimating resources, and evaluating concepts and alternative solutions, the regional development strategy for the oblast will be more **efficient, transparent, and innovative**. And most importantly, the public will more readily accept the difficult choices and tradeoffs expressed in the strategy because their voices will have been heard from the start of the decision making process. Involving citizens in this process does

not exclude or lessen the role of experts, officials, or representatives of different institutions. Rather, decisions made with the inclusion and support of citizens gain legitimacy compared to those made only by the government. This legitimacy means that the oblast strategy will be implemented more easily and will more likely succeed in its overarching goal – **enhancing the quality of life for the community**.

The RGD Project aims to facilitate these participatory strategic planning processes by improving the capacity of government officials to carry out the process and the capacity of civil society to participate in it, by sharing best practices from Europe and Canada, and by providing expertise in facilitation, public consultations, and needs assessment. The Canadian Urban Institute has over a **decade of experience** in facilitating these types of participatory processes. Most recently in Bosnia, CUI launched an initiative to promote good governance by supporting decentralization and regional government in Bosnia & Herzegovina. CUI delivered a technical assistance and training program for the Tuzla Canton (region) and its 13 municipal governments in the areas of strategic planning, economic development, public participation, project management, and concepts of real property management. This project positioned Tuzla Canton to initiate new **participatory planning approaches** based on the concepts learned through project activities and it also built **local consensus** on the need for a cantonal strategic plan.



In addition to the project in Bosnia & Herzegovina, CUI has worked with local partners in the Baltic countries, Slovakia, Poland, Czech Republic, and Hungary to successfully bring the public into the decision-making and planning process, thereby improving the capacity of the local or regional government and its citizens to better face the challenges of **decentralization**, adopt international **governance best practices**, and promote **sustainable economic development**.

Experts and practitioners from Lithuania, Hungary, Poland, and Slovakia have already travelled to Ukraine to share their expertise and experiences with our Ukrainian colleagues. Throughout the RGD Project, experts from the Central and Eastern European region will continue to share their knowledge and experiences with Zakarpattia and Zaporizhzhia, aiding in the development of their regional development strategies.

SECOND YEAR RGD PROJECT ACTIVITIES

- Meetings with stakeholders to review the baseline reports, evaluate them, and discuss how the needs expressed in them can be addressed by the RGD Project.
- A roundtable on the problems of fiscal decentralization in Ukraine, led by a Ukrainian finance expert, to discuss the results of his research into the Ukrainian sub-national finance system and to discuss how RGD can assist in addressing the challenges in this area.
- A study tour to Canada for officials from the Ministry of Economy and oblast authorities, taking participants to the Regions of Waterloo and Niagara and the Cities of Hamilton, Guelph, Toronto and Ottawa, to learn about governance in Canada and the regional, provincial and federal role in strategic planning and economic development.
- Workshops on regional development issues for all stakeholders to increase the capacity of project stakeholders in areas of need identified in the first year of the project.
- Strategic planning workshops, including a “train the trainer” workshop on strategic planning methodologies, to transfer international knowledge on planning to Ukrainian experts and stakeholders and to increase the capacity of stakeholders to effectively participate in the planning process.
- Workshops on developing public engagement and communication strategies to help the oblast authorities in developing their own strategy, ensuring the public and civil society organizations are effectively represented and their needs are considered throughout the regional planning process.
- Missions to Zakarpattia and Zaporizhzhia by officials from the Canadian Regions of Waterloo and Niagara plus the City of Hamilton to share their knowledge and expertise in regional development and planning.
- Visioning exercises in each pilot oblast facilitated by Ukrainian and international experts to outline the major direction of the regional plan in each oblast.
- Establishment of a Regional Development Council in each pilot oblast to guide the strategic planning process through widespread stakeholder representation.
- Policy reports on depressed regions assistance, monitoring and evaluation methodologies, and financial support for regional development to provide practical tools to the Ministry of Economy in these areas.

For more information about upcoming events and activities, please visit our website at www.rgd.org.ua.

RGD PROJECT CONTACT INFORMATION

Contact Information in Canada

Canadian Urban Institute
555 Richmond Street West,
Suite 402, P.O. Box 612
Toronto, Ontario Canada M5V
3B1
Tel: 1-416-365-0817
Fax: 1-416-365-0650
E-mail: cui@canurb.com
Web: www.canurb.com

Contact Information in Kyiv

Kyiv Field Office
3 Triokhsviatytska Street,
office 60
Kyiv, 01001, Ukraine
Tel: 380-44-390-7087
Fax: 380-44-278-0714
E-mail: info@rgd.org.ua
Web: www.rgd.org.ua

Contact Information in Zaporizhzhia

Zaporizhzhia Field Office
164, Lenina Avenue, office 730a
Zaporizhzhia, 69107, Ukraine
Tel./Fax: 380-61-228-15-36
E-mail: ilekh@canurb.com

Contact Information in Uzhgorod

Zakarpattia Field Office
71 A, Shvabska Street, office 8
Uzhgorod, 88018, Ukraine
Tel./Fax: 380-312-67-9095
E-mail: nnosa@canurb.com