

Executive Summary

The purpose of this report is to study the preconditions for the establishment and functioning of the Regional Development Agency in Zaporizhzhya oblast. This initiative was suggested and repeatedly discussed by major stakeholders in Zaporizhzhya oblast, the leadership of Zaporizhzhya Oblast State Administration and Oblast Council, the representatives of the academic institutions, business and civil society organizations from 2005 through 2008 over the course of the elaboration of Zaporizhzhya Regional Development Strategy until 2015, which was approved by the Zaporizhzhya Oblast Council in June 2008.

The document contains an analysis of the functioning of Regional Development Agencies in Europe and in Ukraine and suggests certain models that could be applied in Zaporizhzhya oblast. The first chapter of the document presents an analysis of more than 70 years of experience of functioning of these agencies in Western, Central and Eastern Europe. The second chapter covers legislative requirements, core dimensions, organizational and legal forms of regional development agencies in Ukraine and identifies resources necessary for its functioning. The third chapter suggests practical recommendations as to the feasibility of establishment of this kind of agency in Zaporizhzhya oblast.

The report has been prepared by the Canada-Ukraine Partnership Project for Regional Governance and Development which is implemented by the Canadian Urban Institute in association with the Foundation for International Training (Canada) and the National Association of Regional Development Agencies (Ukraine) supported by funding from the Canadian International Development Agency. The experience of the National Association of Regional Development Agencies (Ukraine), materials developed by international technical assistance projects implemented in Ukraine, recommendations of Ukrainian and international experts, materials of the Ministry of Economy and the Ministry for Regional Development and Construction of Ukraine were used in the course of the preparation of this report.

In summary, the report contains the following conclusions and recommendations:

1. In this document the term **“Zaporizhzhya Oblast Regional Development Agency”** (hereinafter referred to as – Zaporizhzhya Oblast RDA) is used for an agency, which will operate on the territory of the whole region and will take part in the development processes in Zaporizhzhya oblast.
2. ***The purpose of the establishment and the activity of the RDA*** is to contribute to social and economic development of Zaporizhzhya oblast and enhancement of its competitiveness through consolidating on a partnership basis of the resources and initiatives of central and regional governments, local self-government bodies, businesses, academic institutions and civil society organizations.
3. Zaporizhzhya Oblast RDA ***will aim not at replacing the respective departments of oblast executive authorities or local self-government bodies, but at assisting them*** in exercising their powers, defined by the Ukrainian legislation and in tackling urgent issues related to the development of Zaporizhzhya oblast. Zaporizhzhya Oblast RDA will coordinate its activities with the respective departments of Zaporizhzhya Oblast State Administration.
4. ***The Zaporizhzhya Oblast RDA will assist the Zaporizhzhya Oblast State Administration*** (ZOSA) in strategy preparation, implementation and review, ***by providing services that it is not possible or appropriate for the ZOSA to provide itself, such as:***
 - take the leading role in bringing together the key stakeholders from regional and local governments, business, NGOs, academic institutions and the wider community, for the purpose of regular review of the regional development strategy and its operational programs. Placing this responsibility with the RDA will facilitate a partnership of equals in this process rather than one which is dominated by government interests;

- take the leading role in developing and implementing a marketing strategy for the region within and outside Ukraine, making it an attractive destination for investors, skilled workers, businesses seeking skilled labour, tourists, cultural events etc.;
- identify and build links with potential sources of private and public finance for investment in the region, including the major international finance institutions such as the World Bank, European Bank of Reconstruction and Development. Assist regional and local government to work productively with such institutions;
- build and maintain a database of priority investment projects in the region which are ready for assessment by potential investors, public or private, and which reflect the priorities of the regional development strategy. In parallel, build and maintain a database of land and property available and suitable for use by incoming investors;
- on a contract basis with both public and private sectors, prepare major investment projects to the standards required by international institutions, and provide training in this field to agencies or public bodies, as requested;
- undertake measures and deliver services aimed at development of innovative-based businesses in Zaporizhzhya oblast.

5. In its activities ***Zaporizhzhya Oblast RDA will adhere to the following principles:***

- the agency will be established on the basis of active partnership between various sectors; its activities will be based on the same basis; it will unite all local/regional development actors around the Action Strategy, which will be developed jointly with main stakeholders;
- the agency will assist oblast executive authorities and local self-government bodies in stimulating the regional (territory) strategic development processes and enhancing competitiveness of the region;
- the agency will coordinate main directions of its activities with the priorities set in Zaporizhzhya Regional Development Strategy and state regional policy;
- the agency will apply an entrepreneurial approach to the development of the territory of the region;
- the agency will reinvest the income received from the economic activities into the development of the region in line with the priorities of the strategy/action plan;
- the agency will not compete with the private sector on a free market;
- the agency will be independent from political factors and administrative hierarchy;
- the agency will have an authority delegated from its founders to take autonomous decisions in operational activities;
- the agency will adhere to the principles of transparency and accountability;
- the agency will not deliver the services which are the responsibility of the powers of the local executive authorities or self-government bodies;
- the agency will act effectively in a complex institutional framework, in which in addition to the executive authorities there are other institutions and partnerships of various levels aimed at development of the territory.

6. Zaporizhzhya Oblast RDA has ***to diversify funding sources*** (or financial resources) aimed at implementation of strategic priorities for the development of the region and aimed at its own maintenance. The RDA will establish a model of fundraising from the private sector, but will allow consideration of alternate sources of funding, such as state and local budgets, international finance institutions, etc.

7. It is suggested to establish the Zaporizhzhya Oblast RDA as a non-state non-for-profit organization, namely – a civil society organization, charity fund or institution. Selection of the

proper organizational and legal status of the institution will have to effectively address the needs of the Zaporizhzhya oblast.

8. **The establishment and development** of the RDA in Zaporizhzhya oblast can be achieved in **several steps** outlined below:

- **Inception phase** (up to 6 months): identification of stakeholders and negotiations with potential founders of the RDA in Zaporizhzhya oblast; definition of the role and the resources of the RDA; drafting and approval of relevant documentation; organization and legal setup of the RDA; preparation of a business plan for activity of the Zaporizhzhya oblast RDA.
- **Establishment of the RDA** (from 6 months to 1 year): selection and training of staff; provision of materials, technical and financial resources; development and launch of the website of the Zaporizhzhya oblast RDA; establishment of working contacts with the stakeholders in Zaporizhzhya and other oblasts of Ukraine, foreign and international organizations, funding institutions and investors; implementation of first projects aimed at realization of the Regional Development Strategy, etc.
- **Development of the RDA** (from 1 year): the processes of the development/review, implementation, monitoring and evaluation of the Zaporizhzhya Regional Development Strategy, certain programs and projects are fully established; funds are raised from the state budget of Ukraine and local budgets, the European Union, Ukrainian, foreign and international funding institutions and private investors for the implementation of the development priorities of Zaporizhzhya Regional Development Strategy; the development and implementation of the Agreement on Regional Development of Zaporizhzhya Oblast and other projects, identified by the Agreement are coordinated; consultative support to the Ministry of Economy of Ukraine and sharing of best practices to other regions of Ukraine are provided.

9. In order to provide the initiative group working on the establishment of the Zaporizhzhya Oblast RDA with the information on the specifics of RDAs' activities in other regions of Ukraine, which have different organizational and legal status, it is recommended that the RGD Project conducts **a study trip for 2-3 representatives of the initiative group to 2-3 RDAs – members of the National Association of Regional Development Agencies** (Ukraine). It is expected that the result of this study trip will be the development of draft statute (regulations) of the Zaporizhzhya oblast RDA and; the established contacts with regional development agencies in Ukraine.

10. It is also recommended that the RGD Project conducts **a study trip for the representatives of the initiative group on the establishment of Zaporizhzhya Oblast RDA (2-3 persons) to one of the Central and Eastern European countries (Poland, Hungary or Slovak Republic)** in order to learn about the sustainable development and activities of RDAs in these countries. In particular, it is envisaged that the following experience will be explored during the visit: coordination of the elaboration and implementation of regional development strategies; involvement of various stakeholders in the development and implementation of strategies; delivery of services to local authorities, self-government bodies and businesses; fund raising from different sources; cooperation between RDAs and other territory development institutions within the framework of exercising their powers defined by the statutes as well as fulfilling the tasks of the regional development strategy. It is expected that this trip will result in the development of a business plan for the Zaporizhzhya oblast RDA; the establishment of working contacts between the initiative group for the establishment of Zaporizhzhya oblast RDA and RDAs from CEE countries, and will further integrate Zaporizhzhya oblast RDA into the network of similar organizations in Europe.