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# ***Regional Governance and Development (RGD) – Ukraine***

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## ***Selection of Oblasts Report***

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*Europe, Middle East & Maghreb Branch  
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### ***Lead Executing Agency:***

*Canadian Urban Institute*

### ***In association with:***

*EuroRegio Ukraine, Ukrainian Implementing Partner  
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## 1. Introduction

This report describes the process, undertaken during the inception phase, for selecting two pilot units for the RGD Project.

Based on the process detailed below, the Lead International Expert and the Ukrainian Director recommend that the Project chooses Zaporizhzhia and Zakarpattya as pilot units for the implementation of the RGD Project. In addition, it is also recommended, for risk mitigation and balancing purposes, Chernihiv and Poltava be maintained as secondary targets for the Project, enabling some limited activities, as resources are available and needs are appropriate.

## 2. Map of Ukraine with Oblast Centres



## 3. Methodology and Background

The purpose of RGD Project is to assist the Government of Ukraine to develop, pilot and up-scale a model integrated regional development process at the oblast level that utilizes the capacities of a mobilized civil society to both formulate and implement regional-level development strategies.

More specifically, the RGD Project is designed to enhance the capacity of the Ministry of Economy of Ukraine to implement the Concept of State Regional Policy of Ukraine (CSRP) by working on a pilot basis in two Ukrainian oblasts. The work in the two pilots will serve to innovate and test model approaches to the implementation of the CSRP, thereby providing lessons learned and new methodologies to the Ministry as it rolls out the implementation process on a nationwide basis. The Project will be structured not only to build the capacity of the Oblast State Administrations in the two regions, but also to strengthen mechanisms of civil society involvement in oblast-level planning and government affairs.

In the proposal and Contribution Agreement of the RGD Project, certain stipulations were made regarding the selection of pilot oblasts. The two oblasts are to be selected through a sound, transparent, and competitive process.

The process developed and outlined below was based on widespread consultations with stakeholders, as well as objective reports of independent experts and practical considerations. At each stage of selection, oblasts were eliminated, based on substantial and practical issues, to narrow down the list step by step.

The selection process of pilot oblasts was influenced by some crosscutting factors such as:

- Advice from both the Ministry of Economy of Ukraine and Canadian International Development Agency (CIDA) to complete the selection process in due time;
- CIDA's policy aimed at increasing technical assistance to eastern regions of Ukraine;
- Attractiveness and relatively easy accessibility, to keep the attraction of volunteer experts feasible;
- Feasibility and relevance of expertise to be provided by CEE experts;
- Possibility of cooperation with other Canadian projects in one or two pilot oblasts, especially the People's Voice Project and "Decentralized Management of Skills Training in Ukraine" Project.

The RGD Project has conducted consultations with Project stakeholders on the selection process to obtain multi-dimensional and informed advice. As part of the overall selection process, a competition was launched. Oblast State Administrations were asked to submit their applications and substantiate the relevance of the RGD Project to the needs of their particular region.

The RGD team, which included experts not associated with the Project or Steering Committee, has reviewed the proposals to select a short list of oblasts. According to the Contribution Agreement, the criteria included:

- Sustainable environment within the oblast (i.e. reform minded leadership);
- Readiness to work on the Project's priority crosscutting issues of gender, environment, and donor harmonization;
- Local needs conducive to the objectives of the Project and Canadian available know-how;
- Ability and willingness to provide the necessary local support and contributions;
- Geographical balance; and
- Logistical considerations (travel constraints and costs are not prohibitive).

Based on these criteria and the results of the selection process, two oblasts will be chosen as pilots.

#### **4. Selection Process**

The selection process was conducted in several stages:

1. A list of pre-selected oblasts for which technical assistance by the RGD Project would be most relevant was prepared.
2. A call for proposals from the Oblast State Administrations of pre-selected oblasts was announced.
3. Applications received from Oblast State Administrations were analyzed.
4. Oblast assessment report entitled "Assessment of Readiness and Capacity of the Regions of Ukraine for Improving Methods and Forms of Regional Governance" was prepared by an independent Ukrainian expert.
5. A few pre-selected oblasts (Zhytomyr, Zaporizhzhia, Poltava, and Zakarpattia) were visited by members of the RGD Project team and engaged experts.
6. A decision on the two pilot oblasts was made.

### *A) List of pre-selected oblasts*

Based on consultations with Project stakeholders, meetings with representatives of other technical assistance projects, and available information, the Lead International Expert and the Ukrainian Director identified 14 oblasts as potential pilot regions for the RGD Project. The following considerations were taken into account:

- Level of technical assistance varies from oblast to oblast – the RGD Project could focus its attention on those oblasts which have received little technical assistance;
- Western oblasts of Ukraine have received more donor assistance than Eastern oblasts of Ukraine;
- CIDA's approach aims to address the above-mentioned concern by increasing technical assistance to eastern oblasts;
- Several technical assistance projects operating in Ukraine have similar goals, for example, the TACIS Project "Assistance to Regional Development in Ukraine" (Rivne, Vinnytsya, and Cherkasy oblasts) and the DFID Projects "Socio-Economic Development of Lviv oblast", "Action Donbass" (Luhansk), and LARGIS II, etc. Therefore, the RGD Project avoided selecting oblasts that are pilots of these technical assistance projects. Also, the RGD Project aimed to avoid selecting oblasts, which have already completed technical assistance projects with goals similar to those of the RGD Project.

While assessing the relevance of the RGD Project for particular regions of Ukraine, it was decided not to choose regions with advanced experience in strategic planning or those oblasts where strategic planning at the regional level has been or will be shortly accomplished (either with the assistance of various donor-funded projects or by the authorities themselves). These oblasts include, for example, Lviv, Donetsk, and Luhansk (for more details, please see the report entitled "Assessment of Readiness and Capacity of the Regions of Ukraine for Improving Methods and Forms of Regional Governance").

On the basis of the above-mentioned considerations, 14 oblasts were selected: Chernihiv, Chernivtsi, Dnipropetrovsk, Kharkiv, Kherson, Kyiv, Odesa, Mykolaiv, Poltava, Sumy, Rivne, Zakarpattia, Zaporizhzhia, and Zhytomyr.

### *B) Call for proposals*

On 20 May 2005, the RGD Project sent a letter with a call for proposals to the heads of the Oblast State Administrations of the 14 pre-selected oblasts. The letter introduced the Project and noted that two pilot oblasts for implementing the Project objectives at the regional level will be selected. Regional authorities were invited to participate in the call for proposals (please see Appendix 3 for more details).

The application was supposed to substantiate the oblast's need for the Project, the capability and readiness of relevant departments of the Oblast State Administration to provide necessary informational and organizational support for Project implementation, as well as the political support of the oblast leadership for the Project goals. Any additional information in the form of attachments, which could help the RGD team to better understand the situation in the region and specific development problems, were welcome.

The deadline for submitting proposals was 20 June 2005.

Applications from 11 oblasts were submitted: Chernivtsi, Zaporizhzhia, Sumy, Kyiv, Zakarpattia, Zhytomyr, Mykolaiv, Odesa, Chernihiv, and Poltava. An application from Rivne was submitted on 29 June (i.e. past the application deadline).

On 11 July 2005, EuroRegio Ukraine, the Ukrainian Implementing Partner, received a letter from the Ministry of Economy of Ukraine with a request to consider the participation of Chernihiv in the RGD Project, i.e. the Ministry endorsed Chernihiv as a pilot for the Project.

### *C) Analysis of applications from oblasts*

The Project team under the leadership of the Lead International Expert and Ukrainian Director analyzed the oblast applications. All applications have been translated and are available in English. The Project team viewed the applications as a very important source of information about the pre-selected oblasts, particularly regarding the ability of the relevant authorities to articulate their needs both in relation to the on-going reforms in Ukraine and to the objectives of the RGD Project as outlined in the Contribution Agreement signed between CIDA and the Lead Executing Agency. When analyzing the applications, the team paid special attention to the issue of horizontal communication and cooperation (relationships between non-governmental organizations and regional authorities in the field of development) in the pre-selected oblasts as seen by the oblast authorities. Such a focus helped to better understand this issue nation wide, as well as in each pre-selected oblast.

Basing on the pre-determined selection criteria, the analysis of the oblast applications, and the independent report, the RGD Project produced a smaller short list of oblasts to be visited by the Project team as part of the selection process.

### *D) Working visits to pre-selected oblasts*

The following working visits by the RGD team were organized:

- Zhytomyr (7 July 2005),
- Zaporizhzhia (10-12 July 2005),
- Poltava (14 July 2005), and
- Zakarpattia (4-5 August 2005).

On 26 May 2005, a field visit to Kyiv and Chernihiv took place, before the call for proposals was announced to the Oblast State Administrations; however, the set of issues discussed and stakeholders approached were the same as those of the visits made at a later stage of the selection process.

The purpose of visits to the oblasts was to assess the possibility of selecting each visited oblast as a pilot region for the RGD Project.

In particular, the purpose of the visits was to:

- meet with representatives of regional authorities (state administration and local self-government bodies) and NGOs in order to understand their readiness and willingness to cooperate with the Project;
- assess whether the oblast's leadership is reform-minded;
- define the relevance of the Project goal to the needs of the region, including capacity building for regional authorities etc.;
- be exposed to the socio-economic and political development of the oblast; and
- learn about the major critical issues that the oblast faces and how the RGD Project could assist in solving them.

During each visit, meetings with regional authorities (Oblast Councils and Oblast State Administrations) and with NGOs were organized. Discussions focused on the socio-economic situation in the oblasts, major challenges for regional authorities and possible points of intervention by the RGD Project in this regard, as well as their experience with strategic planning for regional development. Meeting notes have been prepared after each visit. Please see Appendix 1 of this report for the list of questions that were asked during the visits to short listed oblasts and please see Appendix 6 for the meeting notes from these visits.

### *E) Independent Reports*

In parallel to the oblast selection process, a Ukrainian expert was contracted to conduct an independent assessment of pre-selected oblasts. The report "Assessment of Readiness and Capacity of the Regions of Ukraine for Improving Methods and Forms of Regional Governance" was the result of his research.

This report includes a summary of national factors that affect the methods and forms of regional governance and an analysis of the main development trends in regional governance in the pre-selected regions. The report describes the regional authorities' experience, if any, in receiving technical assistance for the purposes of complex regional development and improvement to the regional governance system. It also characterizes regional governance in each oblast with respect to major problems and outstanding issues, such as the status of social and economic development strategies of the regions and experience in applying modern tools to strategic planning, etc.

Within the RGD inception phase, an independent analysis "Prospects for strengthening regional governance in Ukraine in the context of initiated reforms" was prepared by another Ukrainian expert. The report provides a better understanding of the major challenges to regional governance strengthening in Ukraine. The report analyzes the current status of regional governance and potential models for its development; describes the main actors dealing with regional development issues and acting at the national level; and outlines the distribution of responsibilities between state authorities at the national and regional level. The report also analyzes the long-term needs for enhancing the capacity of the target state authorities (such as Ministry of Economy and the Oblast State Administrations of the two pilot oblasts) and other Project beneficiaries, which can be fulfilled under the framework of the RGD Project.

### *F) Further considerations and approach towards oblast selection*

The RGD team aimed to conduct a comprehensive and non-biased analysis of the short-listed oblasts through the selection process. Therefore, the team can conclude that the annexed comparative analysis of the short-listed oblasts (Appendix 2 of this report) reflects our consolidated judgment, which has resulted from the multi-dimensional and informed advice received from a number of organizations and individuals in the course of the selection process.

It should be noted that some of the indicators, criteria, and considerations used in the comparative analysis can only be measured qualitatively and not quantitatively, e.g. "Reform minded leadership" or "Readiness to work on Project's priority crosscutting issues of gender, environment, and donor harmonization." Consequently, it was very important for the Project team to ensure that a substantial number of interviews and other meetings with different individuals and entities were held to avoid any subjectivity in the eventual recommendation.

The major oblast selection objective was to identify the most appropriate pilot units for the RGD Project. Therefore, the comparative analysis and the final recommendation are not about "the best" or "the worst" Ukrainian oblasts, referring to their economic development level, existing good governance practices, etc. Instead, it refers to the two oblasts that are the most relevant for the RGD Project's operations in order to achieve maximum impact on good governance and sustainable regional development and to have proper pilot units from which the RGD Project can roll out nationally its models and deliverables.

The above-mentioned relevance, as seen by the Project team, includes a few key dimensions, which have been referred to in the Project Implementation Plan. However, a major task of the Project is to develop, pilot, and up-scale a model integrated regional development process (at the oblast level). To address this task, it was recognized that one of the key problems in development policy is the "coordination" problem, an assumption that was validated in the inception phase of the Project.

Modern economic and social systems are increasingly complex, which might lead to a risk of fragmentation resulting in coordination failures, which in turn makes the achievement of economic and developmental goals extremely difficult. The two traditional mechanisms of coordination – "hierarchy" and "market" – are inadequate in their pure form. A new form of co-ordination is needed which combines elements of these systems so that goals can be achieved. This new form is "network or interactive governance," which brings together economic and social actors in a process of negotiation, interaction, and multilateral coordination. Good governance is crucial for good economic performance and competitiveness.

### *G) Decision on the two pilot units*

Following the visits to the pre-selected oblasts, the RGD team undertook an analysis of the results of these visits in terms of each oblast's capacity to serve as a pilot unit for the RGD Project. The analysis was based

on the criteria spelled out in the Contribution Agreement as well as the considerations and crosscutting issues mentioned in Section 3 of this report.

The comparative analysis of the short-listed oblasts, including the two oblasts endorsed by the Lead International Expert and the Ukrainian Director, can be found in Appendix 2 of this report. The two proposed pilot units are Zaporizhzhia and Zakarpattya. In addition, it is recommended that the Project maintain a certain level of activity in Chernihiv and Poltava as part of the risk mitigation strategy (this level will be defined in the Annual Work Plans).

#### *H) Analysis of the two recommended pilot units*

##### **Benefits of choosing Zakarpattya and Zaporizhzhia:**

In addition to providing geographical balance between the pilot oblasts, the proposed selection of Zakarpattya and Zaporizhzhia was made for the following reasons:

1. Zakarpattya is a net receiver, while Zaporizhzhia is a net contributor to the state budget. For the Project to appropriately balance views and arrive at sustainable solutions and recommendation for fiscal decentralization, it is important to understand and appreciate both types of economies.
2. Zaporizhzhia is a “blue oblast” (referring to its support for Yanukovich in the recent presidential elections) while Zakarpattya is an “orange oblast” (referring to its support for Yushchenko). It is important for the Project to work with both sides of the political equation.
3. While it is hard to accurately distinguish between Western and Soviet traditions, it is evident that Zaporizhzhia, like the rest of eastern Ukraine, follows a more Soviet mentality and traditions. Zakarpattya, on the other hand, borders three new European Union members and is much more Western-minded.
4. Protection of the environment is an issue that is high on the agenda in Zaporizhzhia as it has numerous ecological problems. The situation in Zakarpattya is quite different as this region takes pride in its pristine land and tries to keep it as such for agricultural and tourism purposes. This provides an excellent base for the Project’s sustainable development principles.
5. Geographical balance is a priority that has always been clearly expressed in Project plans because this is important for geopolitical reasons and for accessibility to the regions by the Project’s engaged experts.
6. Both regions are relatively able absorbers of knowledge and technical assistance. Both chosen oblasts are quite large (although in very different ways) and can (potentially) absorb the necessary level of effort of the Project’s engaged experts.
7. Cooperation with other Canadian projects when possible is one of the priorities set by CIDA. A prime candidate for cooperation is the “Decentralization of the System of Professional Education in Ukraine” project (SIAS/ACCC project). Zakarpattya is a pilot oblast for this CIDA-funded project and Zaporizhzhia neighbours Dnipropetrovsk, which is also a pilot oblast for the SIAS/ACCC project. Other donor-funded projects are also present in both oblasts or in their neighbours, rendering donor harmonization possible and practical.
8. Zaporizhzhia is one of the main industrial regions of Ukraine, while Zakarpattya’s agricultural sector is a very important factor in its economy. This provides sectoral balance when developing a methodology for strategic planning and social and economic development, thereby ensuring that this methodology is useful in all types of economies.
9. Zaporizhzhia has been using Soviet-style development methods for decades while Zakarpattya is more western style, with individual households and many small villages in the mountains. This difference will provide varying perspectives on community participation for the Project’s pilot methodologies.
10. Canadian know-how is highly applicable to multicultural settings. Zaporizhzhia has a Russian majority while Zakarpattya has more than 50 different minorities.

##### **Possible disadvantages in selecting Zaporizhzhia and Zakarpattya:**

Zakarpattya is quite busy with technical assistance projects so enhanced coordination of activities is required. On the other hand, few activities exist in the areas of governance at the regional level, a void that the RGD Project can fill. Zaporizhzhia has little experience with and lacks a mindset towards Western-style governance and principles.

### *I) Experiences of other Canadian organizations in the selected units*

No relevant Canadian experience was found in Zaporizhzhia. For Zakarpattya, both the Canadian Bureau for International Education (CBIE) and Association of Canadian Community Colleges (ACCC) provided their opinion in letters to the Project. While CBIE had mixed experiences with the previous regime in the oblast, they think that the new regime will be different. ACCC has just selected the oblast in a process similar to that of the RGD Project, so they are very much in favour of its selection as well as the potential for collaboration.

### *J) Further consultation and consolidation of results*

The next steps to be undertaken by the RGD team include:

- Obtaining formal approval on the recommendation from the CUI,
- Clearing the proposal with the Ministry of Economy of Ukraine,
- Clearing the proposal with CIDA,
- Announcing the two pilots, and
- Visiting the two selected oblasts.

## **5. Conclusion**

The Project recommends that Zaporizhzhia and Zakarpattya be selected as the pilot oblasts as they will serve as the most appropriate units for the RGD Project to develop, pilot, and up-scale an integrated regional development strategy and process within the framework of an interactive governance approach.

## Appendix A: Questions asked during visits to short-listed oblasts

1. Basic data about the oblast - geographic, economic and social.
2. Governance data and issues at the oblast level and below.
3. How do regional authorities and NGOs see the reform process – timing, challenges, etc.?
4. Critical issues in the oblasts - social, economic, environmental, etc.
5. How do regional authorities see national level governance and their relations with it?
6. Decision making processes and public involvement.
7. What is the status of planning and designing the Regional Development Strategy? What is the methodology? Is the public involved?
8. Horizontal relations – regional authorities to NGOs and to civil society in general.
9. Gender issues and willingness to address them.
10. Presence of environmental and sustainability issues in planning?
11. How do regional authorities see their own capacity and their needs?
12. How do regional authorities believe they could use a Canadian technical assistance project like the RGD Project?
13. Any opposition to the Project or the changes it would bring about?
14. What are the risks associated with elections or other change?

## Appendix B: Comparative analysis of short-listed oblasts

#	Indicator	Poltava	Zaporizhzhia	Zhytomyr	Zakarpattia	Chernihiv
1	Local political support (low, medium, high, very high)	Very high	High	High	Very high	Very high
2	Reform minded leadership and estimated level of commitment (low, medium, high, very high)	Very high	High	High	Very High	Very high
3	Estimated sustainability of institutional infrastructure for local and regional development based on democratic principles of good governance (low, medium, high, very high)	High	Medium	Medium	Very high	Medium
4	Readiness to work on the Project's priority crosscutting issues of gender, environment, and donor harmonization (low, medium, high, very high)	Very high	High	Medium	Very high	High
5	Local needs as seen by the oblast authorities are conducive to the objectives of the Project and Canadian available know-how	To train civil servants in strategic planning and to engage public in the development and implementation of a regional development strategy.	To improve civil society involvement in governance; to design a regional development strategy; to train civil servants in strategic planning; and to increase the role of local authorities and territorial communities in strengthening the resource potential and competitiveness of the region.	To create conditions for productive employment of the population and for accelerated economic development of depressed territories; to stimulate innovation; and to increase domestic and foreign investments in the social and economic sphere of the region.	To minimize the need for a professional and qualitative design of a long-term regional development program and its implementation plan; to design a regional development strategy; to decrease the relative depressive and subsidiary nature of the region; to define the optimal model for regional development of the region; and to improve regional development forecasting and programming, as well as the institutional ability of executive bodies in its provision.	To integrate the experience of other countries in the provision of stable economic and social development and to increase the positive quantitative and qualitative economic indices together with the simultaneous decrease or liquidation of the negative ones.
	Conclusion: estimated degree of relevance (low, medium, high) to the RGD Project's objectives	High	High	Medium	High	Medium
6	Estimated ability and willingness to provide the necessary local administrative and informational support	Very high	Very high	High	Very high	Very high

	and contributions (low, medium, high, very high)					
7	Geographical location	Central Ukraine	South-Eastern Ukraine	Northern Ukraine	South-Western Ukraine	Northern Ukraine
8	Logistical considerations (travel constraints and costs are not prohibitive to ensure reasonable travel expenditures)	3.3 hr by train from Kyiv	1 hr flight from Kyiv  0.5 hr flight and 1 hr drive from Dnipropetrovsk  17 hrs by train from Kyiv	2 hr drive from Kyiv	2 hr flight from Kyiv	2hr drive from Kyiv
9	Status of elaboration of social and economic development strategies of the oblast (until 2015)	Was developed by the Oblast State Administration and prepared for consideration at a session of the Oblast Council	At the stage of development	Was approved at a session of the Oblast Council	At the stage of development	Was approved at a session of the Oblast Council
10	Availability of other donor-funded Projects	Komsomolsk is a pilot city of "People's Voice" Project (CIDA).  "Application of Provisions of the Budget Code of Ukraine" Project (USAID)  "Regulatory Reform in Ukraine" Project (USAID)	BIZPRO (Market Development Support, SME Enabling Environment)	"Development of young entrepreneurship in Ukraine" Project (within the framework of "Small and medium business development in Ukraine" – UN Development Programme)	Pilot oblast of ACCC Project (Project on decentralization of the system of professional education in Ukraine) and "Community Economic Development" Project (CIDA).  "An application of strategic approach to development of trans-frontier cooperation in Carpathian regions" Project (TACIS) (2004-2011).  "Creation of the Centre of Ukrainian-Hungarian trans-frontier cooperation" Project.	Chernihiv is a pilot city of "People's Voice" Project (CIDA)
Oblasts endorsed by the Project Team: <ol style="list-style-type: none"> <li>1. Zakarpattia</li> <li>2. Zaporizhzhia</li> </ol>						

## Appendix C: Call for proposals to Oblast State Administrations of short-listed oblasts

20 May 2005

Mr.... To Head of ... Oblast State Administration

Dear xxx,

On April 2005 Institute for Regional and Euro-Integration Studies "EuroRegio Ukraine" with financial support from the Canadian International Development Agency (CIDA) and in cooperation with the Canadian Urban Institute (Toronto) launched a new Project on regional development. Description of the Canada-Ukraine Partnership Project "Regional Governance and Development" is attached.

In conformity with the program documents of the Project, the duration of which is 5 years, two pilot oblasts will be chosen in order to implement the objectives of the Project at the regional level. It is envisaged to implement a set of measures on enhancing institutional capacity of local executive bodies, local self-government bodies, non-governmental organizations to be able to participate in the elaboration and implementation of state regional policy.

The Project envisages provision of consultative assistance in the elaboration of integrated strategies for regional development, elaboration and implementation of specific/target development programs for pilot oblasts, programs of local civil society organizations involvement to the processes of elaboration and implementation of development policy of particular region etc.

If you are interested to participate in the Project and be considered as a pilot oblast, we ask you to submit an application for the participation in the competition. There is no specific application form; the only restriction is that it has to be no more than 5-7 pages. Application should substantiate the oblast's need to participate in the Project, capacity and readiness of relevant oblast state administration bodies to provide the Project with necessary informational and organizational support as well as with political support of the Project from the oblast authorities.

You can also submit annexes to your application; in particular, you can provide some information/analysis, which, in your view, could enable the committee to better understand the situation in your region, the specificity of the development problems that you are dealing with, and also your approaches to solve these problems.

In particular, we would be very grateful if you could provide your vision of cooperation between local executive bodies and local and regional self-government bodies.

The deadline for the submission of applications is 20 June 2005. Applications should be sent by post to the postal address of "EuroRegio Ukraine" and also by email to [info@eru.org.ua](mailto:info@eru.org.ua).

The decision of the committee on the final selection of oblasts will be reported in the second half of 2005. Should you have some questions on who to prepare the application, please, do not hesitate to send them to us to our email address mentioned above. We would be glad to assist you.

We do hope for fruitful cooperation with you.

Sincerely,

Serhiy Maksymenko,  
Director, "EuroRegio Ukraine"

## Appendix D: Schedule of visits to short-listed oblasts

#	Oblast	Date	RGD participants	Meetings scheduled
1	Kyiv	26 May 2005, Tuesday 11.00 a.m. – 2 p.m.	Tibor Frank, Carole Houlihan, Emmanuel Mankumah, Serhiy Maksymenko, Olga Maksymenko	Meetings with representatives of the Oblast State Administration
2	Chernihiv	26 May 2005, Tuesday 3.00 – 7 p.m.	Serhiy Maksymenko, Olga Maksymenko, Tibor Frank, Carole Houlihan, Emmanuel Mankumah	Meetings with representatives of the Oblast State Administration, Oblast Council, NGOs
3	Zhytomyr	7 July 2005, Thursday	Tibor Frank, Serhiy Maksymenko, Olga Maksymenko	Meetings with the representatives of the Oblast State Administration, Oblast Council, NGOs
4	Zaporizhzhia	11 – 12 July 2005, Monday - Tuesday	Tibor Frank, Chris VanDooren, Ed Sajecki, Serhiy Maksymenko, Olga Maksymenko	Meetings with the representatives of the Oblast State Administration, Oblast Council, NGOs, regional branch of the Association of Ukrainian Cities and Communities
5	Poltava	14 July 2005, Thursday	Serhiy Maksymenko, Ed Sajecki, Nataliya Betsa	Meetings with the representatives of the Oblast State Administration, Oblast Council, NGOs
6	Zakarpattia	4 -5 August 2005, Thursday-Friday	Tibor Frank, Gejza Balogh, Olga Maksymenko	Meetings with the representatives of the Oblast State Administration, Oblast Council, NGOs, CIDA funded "Decentralization of the system of professional education in Ukraine" Project in Zakarpattia oblast, regional branch of the Association of Ukrainian Cities and Communities

## Appendix E: Meeting notes of the visits to short-listed oblasts

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### Meeting with Representatives of the Zhytomyr Oblast State Administration, Self-Government Bodies and NGOs within the framework of the Canada-Ukraine Partnership Project “Regional Governance and Development”

#### Zhytomyr, 7 July 2005

Zhytomyr oblast state administration submitted its application to participate in the RGD Project. The trip to Zhytomyr took place within the framework of the inception phase of the Project. The main goal of the visit was to assess the possibility of selecting this oblast as a pilot region.

#### Characteristics of the region:

- Zhytomyr region borders the Republic of Belarus in the north, namely with its Gomel region; with Rivne and Khmelnytskyi regions in the west; with Kyiv region in the east; and with Vinnytsia region in the south.
- Population: 1.373 million people (as of March 1, 2003).
- In terms of the structure of industrial production in the region, the largest industries are the food, mechanical engineering and metalworking, woodworking and building materials industries. The segment of foodstuffs in the structure of ware production of national consumption is 61%.
- Zhytomyr is a key hop and flax production region.

#### Objectives:

- to meet with representatives of regional authorities (state administration and local self-government bodies) and NGOs in order to assess their readiness and willingness to cooperate with the Project;
- to assess whether Zhytomyr's leadership is reform-minded;
- to define the relevance of the Project goal to the needs of the region, including capacity building for regional authorities etc.;
- to be exposed to the socio-economic and political development of Zhytomyr oblast; and
- to learn about the major critical issues that Zhytomyr oblast faces and how the RGD Project could assist in solving them.

#### Activities:

- Meeting with A.B. Voytenko, Head of Zhytomyr Oblast Council,
- Meeting with B.D. Burjachenko, First Deputy Head of the Oblast State Administration,
- Meeting with the Head and Sector Specialists of the Chief Department of Economy of Zhytomyr Oblast State Administration, and
- Meeting with NGO representatives.

During the meetings, representatives of RGD Project briefly introduced the RGD. Representatives of the regional authorities and NGOs were very interested to learn more about the various components of the Project and expressed their willingness to cooperate and provide all the assistance necessary for implementing the Project.

Discussions with representatives of the regional authorities showed that they are competent in the field of regional development and they want to gain new experiences and use best practices in the implementation of a regional development strategy for Zhytomyr region.

The critical issues for the region as seen by the oblast Administration, brought to the attention of the Project team, and agreed upon by NGO representatives include:

- One third of the region's territory is polluted with radiation because of the Chernobyl disaster,
- Zhytomyr is a depressed region;
- Suspension of the Law on Special Investment Regime in Zhytomyr oblast in 2005 has had an adverse effect on attracting foreign investment to the region. Therefore, the need to attract both foreign and domestic investment is even more pressing now;
- High level of unemployment;
- Low incomes;
- Depopulation and a high level of migration to other oblasts of Ukraine;
- Doubling of the authorities of the oblast council and oblast state administration is the main problem hindering the efficient development of the region; and
- On average, the community/citizens are not aware of their rights to influence the decision-making and policy-making process.

Zhytomyr oblast state administration has established cooperative relationships with various civil society organizations, including unions of entrepreneurs and small and medium businesses, etc. For example, the Oblast State Administration initiated consultations with target groups on certain normative acts on an ad hoc basis. The Oblast State Administration is also reexamining the development strategy for Zhytomyr oblast (until 2015), which was adopted in 2003 without public participation. Representatives of the Department of Economy emphasized that although the Ministry of Economy adopted recommendations on the methodology of designing regional development strategies in 2002, these recommendations do not satisfy the needs of today.

However, the most critical issue is not the availability of a methodology for strategic planning/designing of regional development strategies, but the absence of clear vision on the part of the regional authorities of the situation in the region. In other words, they lack an inventory of what they actually have and what their potential strengths and weaknesses are. The oblast authorities also emphasized the need to create a

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Regional Development Agency (RDA) in the oblast, which does not currently exist, but which is seen as an extremely important institutional tool for regional development and as a hub for both business and public interests.

The main development priorities of the region, as identified by the regional authorities, are: the creation of a positive investment image for both domestic and foreign investment, the development of traditional industries and agriculture and the accumulation of human resources potential in the region.

Meetings with NGOs showed that civil society sector is very well developed in Zhytomyr and their representatives have the enthusiasm, knowledge, capacity and readiness to cooperate efficiently with the regional authorities. Those NGOs dealing with regional development issues are very well informed and are using in practice various regional strategic development tools; however, currently they are only focused on the rayon and city levels and not the oblast level.

### Conclusions:

Zhytomyr region is a net-receiver from the state budget. The need to capitalize on the internal resources of the region in order to foster the socio-economic development of the region is evident. The capacity of representatives of the regional authorities, local self-government bodies and NGOs shows that this region has a very good chance of being considered as a pilot oblast for the RGD Project.

### RGD Representatives Attending the Meetings:

Tibor Frank, Lead International Expert  
Serhiy Maksymenko, RGD Ukraine Project Director/Lead Ukrainian Expert  
Olga Maksymenko, RGD Ukraine Project Manager

### Annexes:

- Trip Agenda
- List of Participants (LoP)

### Annex 1: Agenda for the Trip to Zhytomyr by Representatives of the Canada-Ukraine Partnership Project in Regional Governance and Development

Thursday, July 7, 2005

12:00-13:00	Meeting with Voytenko A.B., Head of the Oblast Council
13:00-14:00	Lunch
14:00-14:30	Meeting with Oblast State Administration Deputy Head, Buryachenko B.D.
14:30-15:30	Meeting with the leaders of branch departments: <ul style="list-style-type: none"><li>▪ Main Department of Economy</li><li>▪ Main Department of Industry and Infrastructure Development</li></ul> Location: meeting hall of the Main Department of Economy
15:30-16:30	Meeting with NGO representatives: <ul style="list-style-type: none"><li>▪ Zhytomyr Regional Businessmen Union</li><li>▪ Regional Foundation for Support of Enterprise</li><li>▪ Zhytomyr Business Centre</li><li>▪ Regional Development Agency, town of Korosten</li><li>▪ Zhytomyr Association of Researchers and Business Consultants</li></ul> Location: Pres-club of market reforms

Address: Zhytomyr Oblast State Administration, Maydan Rad, 12  
Contact person: Nataliya Arendarchuk (+38 0412 37 42 58)

### Annex 2: List of Representatives of Zhytomyr Oblast State Administration who participated in Meetings with the "Regional Governance and Development" Project team

1. Shatun, Mykola Andriyovych, Deputy Head of Department for Economy, Head of Division of Economic Analysis and Regional Development
2. Arendarchuk, Nataliya Petrivna, Head of the Division of External Economic Activity and Interregional Cooperation
3. Vygovskyi, Anatoliy Volodymyrovych, Head of the Division of Regional Development Forecasting
4. Pashchenko, Galya Ivanivna, Head of the Division on Market Relations and Business Development
5. Svinzyzkyi, Dmytro Volodymyrovych, Head of Division on Investments and Territories of Priority Development
6. Seryogin, Viktor Mykolayovych, Head of Division on Economy of Material Production

### List of Representatives of Non-Governmental Organizations who participated in Meetings with the "Regional Governance and Development" Project team

1. Zhytomyr Regional Union of Entrepreneurs, Danyleyko, Oleh Tymofiyovych, Manager of programs on entrepreneurship development and Sorochnytska, Liliya Mykolayivna, Financial Director
2. Regional Fund for Entrepreneurship Support, Melnyk, Oleksandr Ananiyovych, Director
3. Zhytomyr Business Centre, Ivanov, Valeriy Leonidovych, Director
4. Regional Development Agency (City of Korosten'), Pashynskiy, Ihor Ivanovych, Director
5. Zhytomyr Association of Scientists and Business Consultants, Kotvytska, Olga Viktorivna, President

**Meeting with Representatives of the Zaporizhzhia Oblast State Administration, Self-Government Bodies and NGOs within the framework of the Canada-Ukraine Partnership Project “Regional Governance and Development”**

**Zaporizhzhia, 11-12 July 2005**

The Zaporizhzhia Oblast State Administration submitted its application to participate in the RGD Project. The trip to Zaporizhzhia took place within the framework of the inception phase of the Project. The main goal of the visit was to assess the possibility of selecting this oblast as a pilot region.

Characteristics of the region:

- Zaporizhzhia borders Kherson, Dnipropetrovsk and Donetsk regions. The southern border meets the Azov sea, the coastline of which is more than 300 km long.
- Population: 1.877 million people (as of January 1, 2005). The region is the 9th largest by population in Ukraine. More than 42.2% of the regional population (847.8 thousand people) lives in Zaporizhzhia city.
- Zaporizhzhia region is one of the key Ukrainian regions that comprises its industrial and agrarian base. Despite being the ninth largest region in Ukraine by population, the region ranks second by GDP per capita (Kyiv region is first).
- Zaporizhzhia region is one of the industrial leaders of the country, taking first place among all regions in terms of volume of industrial output per capita and per industrial worker.
- Practically all basic industrial branches are located within the region. Leading industries include electro-power production, metallurgy, machine building, metalworking, and chemistry. The key regional industries are metallurgy and power complexes.
- Zaporizhzhia is one of the top five Ukrainian regions in terms of consumer goods manufacturing per capita.
- Zaporizhzhia, having rich black earth lands, produces a great share of the grain of the country.

Objectives:

- to meet with representatives of regional authorities (state administration and local self-government bodies) and NGOs in order to understand their readiness and willingness to cooperate with the Project;
- to assess whether Zaporizhzhia's leadership is reform-minded;
- to define the relevance of the Project goal to the needs of the region, including capacity building for regional authorities etc.;
- to be exposed to the socio-economic and political development of Zaporizhzhia oblast; and
- to learn about the major critical issues that Zaporizhzhia oblast faces and how the RGD Project could assist in solving them.

Activities:

- Meeting with Oleksandr Berezhnyi, Deputy Head of Zaporizhzhia Oblast Council and heads of key permanent council commissions on social policy, agricultural policy, land issues and entrepreneurship;
- Meeting with Oleksandr Sin, Deputy Head of Oblast State Administration on economic and financial issues;
- Meeting with Hennadiy Rekalov, Head of the NGO Regional Union “Zaporizhzhia - Our Home”;
- Meeting with representatives of Zaporizhzhia Regional Union of Entrepreneurs and Employers “Potential”;
- Meeting with Volodymyr Kalika, consultant, advisor and co-author of the 1994 Strategy for Zaporizhzhia region; and
- Meeting with the Secretary of Zaporizhzhia City Council and representatives of the regional branch of the Association of Ukrainian Cities and Communities.

During the meetings, the RGD team briefly introduced the RGD Project. Representatives of the regional authorities and NGOs were very interested to learn more about the various components of the Project and expressed their willingness to cooperate and provide all the assistance necessary for implementing the Project.

The critical issues for the region as seen by the oblast Administration, brought to the attention of the Project team, and agreed upon by NGO representatives include:

- Ecological problems in the region (that are also very important in terms of the Kyoto Protocol),
- Health care reform,
- Administrative and territorial reform,
- Agricultural reform and rural development,
- Unemployment (high rate of unemployment in rural areas; establishment of efficient and effective system of small and medium businesses in order to address the current situation),
- Housing problems (water and gas supply),
- Social reform (raising the standard of living),
- Transportation (building bridges and infrastructure in rural areas),
- Absence of a legal regulatory basis for local self-government bodies (the need to adhere to the European Charter on Local Self Government signed by Ukraine and to the Law on Local Self-Government in Ukraine, which is considered to be the best in Europe, but which does not work),
- Fiscal imbalance (the formula model and system of equalization makes all regions equally poor; it is necessary to allocate 50% of local revenues to implement programs that could meet citizens' needs),
- Educational reform (the need to create centres for professional training of personnel),
- Tourism should be one of the priorities for the region,
- Lack of trust and confidence in regional authorities,
- Absence of public opinion, and
- Absence of strategic development goals both at the central and regional levels.

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According to Mr. Sin, Deputy Head of the Oblast State Administration, Zaporizhzhia region is "Ukraine in miniature." A comparison of statistical indicators shows that the patterns and pace of the region's development closely resemble the all-Ukrainian indicators in terms of social, economic, and political development. However, he also indicated that Ukraine does not have many significant problems. For example, Zaporizhzhia lacks political, religious or national conflicts. Additionally, it produces 40% of the electricity in Ukraine and is also the leader in the metallurgy, machine-building and aviation industries.

Discussions regarding institutional capacity development centred on learning a methodology to develop, implement and monitor a regional development strategy and on state administration personnel gaining strategic planning skills.

NGO representatives expressed the crucial idea that, even through there is a united vision of the major critical issues and means to solve them, executive bodies serve the state and not citizens while NGOs serve citizens and not the state. NGO representatives reiterated that it is necessary to change the mentality of civil servants (through trainings, experience exchanges, etc.).

### Conclusions:

Zaporizhzhia meets the pilot oblast requirements of the RGD Project. It is located in the East of Ukraine (and is quite accessible); is a net contributor to the budget; and is well developed and industrialized; however, it has significant problems in the ecological and social spheres. The willingness and enthusiasm of representatives of the regional authorities demonstrate that this region has a very good chance of being considered as a pilot oblast for the RGD Project.

### RGD Representatives Attending the Meetings:

Tibor Frank, Lead International Expert  
Chris VanDooren, RGD Project Manager  
Ed Sajecki, International Expert  
Olga Maksymenko, RGD Ukraine Project Coordinator  
Serhiy Maksymenko, RGD Ukraine Project Director/Lead Ukrainian Expert  
Nataliya Betsa, Project Assistant, EuroRegio Ukraine

### Annexes:

- Trip Agenda
- List of Participants (LoP)

Monday, July 11, 2005

09:50-10:00	Arrive at the Zaporizhzhia Oblast Council Contact person: Pavlo Mykhaylyk
10:00-11:00	Meeting with the leadership of the Zaporizhzhia Oblast Council Venue: Oblast Council session hall Participants: Berezovsky V.P., Berezhny O.P., Heads of Oblast Council permanent commissions Contact person: Skirko R.L.
11:00-12:00	Meeting with Deputy Head of the Oblast State Administration Sin O.Ch. Venue: Room # 305 Participants: Mischanin V.V., Bogun S.V., Slepyan E.V.
12:00-14:00	Lunch
14:00-14:15	Arrive at the Zaporizhzhia Chamber of Commerce and Industry Contact person: Pavlo Mykhaylyk
14:15-15:15	Tour of the activities of the Zaporizhzhia Chamber of Commerce and Industry Contact person: Semchenko A.V.
15:15-15:30	Arrive at ZOUMB "Potential" Contact person: Pavlo Mykhaylyk
15:30-16:30	Meeting with the leadership of the Zaporiz'ky oblast Union of Manufacturers and Employers "Potential" Contact person: Semenov V.V.
16:30-19:00	Wrap-up

Tuesday, July 12, 2005

09:40-09:50	Arrive at Zaporizhzhia City Council Contact person: Pavlo Mykhaylyk
10:00-11:00	Meeting with the leadership of the Zaporizhzhia city and Zaporizhzhia regional department of the Association of Ukrainian Cities and Communities Contact persons: Gryschenko V.F., Scherbaka I.G.
11:00-11:15	Arrive at Hortytsya Island, the Museum of Zaporizhzhia Cossacks history Contact person: Pavlo Mykhaylyk
11:15-12:15	Tour of the Museum of Zaporizhzhia Cossacks history Tour of the construction site of a historical and cultural reserve on Hortytsya Island Contact persons: Sushko K.I., Prygaro M.V.
12:15-12:30	Arrive at DniproGES Contact person: Pavlo Mykhaylyk
12:30-13:15	Tour of the DniproGES

	Contact person: Kucher V.G.
13:30-14:30	Lunch
15:00-18:30	Wrap-up discussions and additional meetings as necessary

Annex 2: List of Participants in Meetings with Representatives of the “Regional Governance and Development” Project

7. Meeting at Zaporiz'ka Oblast Council

- Oleksandr Berezhny – Deputy Head of Zaporizhzhia Oblast Council
- Ivan Bakumenko – Head of Oblast Council Permanent Commission on the Agro-industrial Complex
- Nataliya Avramenko – Head of Oblast Council Permanent Commission on Health Protection and Social Services Provision
- Serhiy Olshansky – Head of Oblast Council Permanent Commission on Enterprise Development
- Vasyl Foschenko – Head of Oblast Council Permanent Commission on Administrative and Territorial Structure and Land Issues
- Pavlo Mykhaylyk – First Deputy Head of Department of External Relations and Foreign Economic Activity of Zaporiz'ka Oblast State Administration

8. Meeting at Zaporiz'ka Oblast State Administration

- Oleksandr Sin – Deputy Head of the Oblast State Administration for economic and financial issues
- Vadym Mischanyn – Head of the Department of External Relations and Foreign Economic Activity of Zaporiz'ka Oblast State Administration
- Serhiy Bogun – Head of the State Department of Ecology and Natural Resources in Zaporiz'ka oblast
- Ella Slepyan – First Deputy Head of the Main Department of Economy of the Oblast State Administration

9. Meeting at Zaporiz'ka City Council

- Ivan Nalyvayko – Secretary of City Council
  - Volodymyr Gryschenko – First Deputy Head of City Council for the activities of the Rada's Executive Bodies
  - Ivan Scherbaha – Executive Director of Zaporizhzhia Regional Department of the Association of Ukrainian Cities and Communities
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**Meetings with Representatives of the Poltava Oblast State Administration, Self-Government Bodies and NGOs within the framework of the Canada-Ukraine Partnership Project “Regional Governance and Development”**

**Poltava, 14 July 2005**

The Poltava Oblast State Administration submitted its application to participate in the RGD Project. The trip to Poltava took place within the framework of the inception phase of the Project. The main goal of the visit was to assess the possibility of selecting this oblast as a pilot region.

Characteristics of the region:

- Poltava region borders Chernihiv, Sumy, Kharkiv, Dnipropetrovsk, Kirovohrad, Cherkasy and Kyiv regions.
- Population: 1.7 million people (as of January 1, 2004).
- Poltava region is an agricultural-industrial area. It stands out from other regions of Ukraine by its iron ore and fuel producing, mechanical engineering, ferrous metallurgy and light industries, as well as by its agro-industrial complex with a highly advanced food and beet sugar manufacturing industries. The segment of foodstuffs in the structure of ware production of national consumption is 77%.

Objectives:

- to meet with representatives of regional authorities (state administration and local self-government bodies) and NGOs in order to understand their readiness and willingness to cooperate with the Project;
- to assess whether Poltava's leadership is reform-minded;
- to define the relevance of the Project goal to the needs of the region, including capacity building for regional authorities etc.;
- to be exposed to the socio-economic and political development of Poltava oblast; and
- to learn about the major critical issues that Poltava oblast faces and how the RGD Project could assist in solving them.

Activities:

- Meeting with S.S.Bulba, Head of Oblast State Administration; V.A. Inozemtsev, First Deputy Head of Oblast State Administration; V.M. Polishchuk, Head of Division of External Relations and External Economic Activities of the Oblast State Administration; and V.V. Hryshko, Head of the Oblast Council
- Meeting with the Head and Sector Specialists of the Chief Department of Economy of the Poltava Oblast State Administration
- Meeting with NGO representatives

During the meetings, the RGD team briefly introduced the RGD Project. Representatives of the regional authorities and NGOs were very interested to learn more about the various components of the Project and expressed their willingness to cooperate and provide all the assistance necessary for implementing the Project.

Representatives of the state authorities and local self-government bodies as well as NGO representatives showed great interest in the activities of CUI, which was expressed through their various questions about CUI Projects undertaken in different countries around the world, their objectives and the final results.

Discussions with representatives of the regional authorities showed that they are highly competent in the field of regional development, as they have previously implemented various Projects on regional development, including conducting surveys and scientific and sociological research and engaging universities, civil society institutes, the mass media, and the public. The regional authorities have a strong will to gain new experience and extrapolate best practices to successfully implement the recently-launched, regional economic and social development strategy for Poltava. Both the regional authorities and NGOs demonstrated that they are reform-minded and ready to implement new development strategies in their region.

The critical issues for the region as seen by the oblast Administration, brought to the attention of the Project team, and agreed upon by NGO representatives include:

- Eradication of poverty (by creating new workplaces and increasing salaries and pensions),
- Attracting investments in order to renew production (by using new technology and through educational reform, etc.),
- Problem of a lack of trust in the state authorities (in this regard “small victories” and the implementation of short-term effective and efficient programs would be very useful),
- Need to create a new team of result-oriented managers,
- Reforms in the health care, education and transportation systems,
- Relations between regional councils, executive bodies and the governor should be set legally,
- Agricultural reform (provision of state support for agricultural development through donations and subsidies),
- Communal housing reform,
- Need to create a legitimate mechanism for the significant process of including consultancy advice in the decision-making process,
- Need for professional training on strategic planning,
- Need for financial and technical instruments to implement reforms,
- Absence of financial resources for business development in the region, and
- Need to monitor the use of budget resources.

Discussions regarding institutional capacity development centred on learning a methodology to develop, implement and monitor a regional development strategy and on state administration personnel gaining strategic planning skills.

### Conclusions:

Poltava is a typical region of Ukraine in terms of the socio-economic development level. The capacity, willingness and enthusiasm of representatives of the regional authorities, local self-government bodies and NGOs show that this region has a very good chance of being considered as a pilot oblast for the RGD Project.

### RGD Representatives Attending the Meetings:

Ed Sajecki, International Expert  
Serhiy Maksymenko, RGD Ukraine Project Director/Lead Ukrainian Expert  
Nataliya Betsa, Project Assistant, EuroRegio Ukraine

### Annexes:

- Trip Agenda
- List of Participants (LoP)

### Annex 1: Agenda for the Trip to Poltava by Representatives of the Institute for Regional and Euro-Integration Studies "EuroRegio Ukraine" (Kyiv) and the Canadian Urban Institute (Toronto)

Approved by S. Bulba, Head of Poltava Oblast State Administration  
Prepared by Dmytro Vadymovych Orlov, Head of Division of External Relations and External Economic Activities

Thursday, July 14, 2005

11:00-11:30	Meeting with S.S.Bulba, Head of Oblast State Administration, and V.V Hryshko, Head of oblast City Council <u>Attending:</u> Inozemtsev V.A., First Deputy Head of Oblast State Administration Polishchuk V.M., Acting Deputy Head of Oblast State Administration  Orlov D.V., Head of Division of External Relations and External Economic Activities of Oblast State Administration  Protocol media coverage at the beginning of the meeting (10 minutes)
11:30-12:30	Meeting with the Head and Sector Specialists of the Chief Department of Economy of Poltava Oblast State Administration
12:30-13:30	Lunch
14:00-15:30	Meeting with NGO representatives (potential Project partners)

### Annex 2: List of Participants in Meetings with Representatives of the "Regional Governance and Development" Project

#### 1. Meeting with Regional Authorities

- Bulba S.S. – Head of Poltava Oblast State Administration
- Marchenko V.V. – First Deputy Head of Poltava Oblast Council
- Inozemtsev V.A. – First Deputy Head of Poltava Oblast State Administration
- Polishchuk V.M. – Acting Deputy Head of Poltava Oblast State Administration, Head of the Chief Department of Economy of Poltava Oblast State Administration
- Orlov D.V. – Head of Division of External Relations and External Economic Activities of Oblast State Administration

#### 2. Meeting with staff of the Chief Department of Economy of Poltava Oblast State Administration

- Romanov V.V. – First Deputy Head of the Chief Department of Economy of Poltava Oblast State Administration
- Shyshkova O.I. – Deputy Head of the Chief Department of Economy of Poltava Oblast State Administration
- Sazonova G.E. – Head of the Division of Regional Policy of the Chief Department of Economy of Poltava Oblast State Administration
- Sagaydachniy A.P. – Head of the Scientific, Technical and Innovation Policy Division of the Chief Department of Economy of Poltava Oblast State Administration

#### 3. Meeting with the NGO representatives

- Zelyuk Vitaliy and Zelyuk Viktoriya – Poltava Agency for Territory Development
- Peretyat'ko Petro Ivanovych – Poltava Regional Development Agency
- Dudnyk Oleksandr Filipovych – Accountants centre and audit firm "KORN"
- Volyk Yuriy Ivanovych – Poltava Union of Entrepreneurs
- Kuzmenko Nina Volodymyrivna – Regional Fund of Entrepreneurship Support
- Rudikov Valentyn Leontiyovych – Entrepreneurs' Union "Poltava"

**Meeting with Representatives of the Zakarpattia Oblast State Administration, Self-Government Bodies and NGOs within the Framework of the Canada-Ukraine Partnership Project "Regional Governance and Development"**

**Zakarpattia, 11-12 July 2005**

The Zakarpattia Oblast State Administration submitted its application to participate in the RGD Project. The trip to Zakarpattia took place within the framework of the inception phase of the Project. The main goal of the visit was to assess the possibility of selecting this oblast as a pilot region.

Characteristics of the region:

- The region borders Lviv and Ivano-Frankivsk oblasts and Poland, Slovakia, Hungary, and Romania to the north, west and south.
- The population is 1.287 million people.
- Zakarpattia is an industrial and agricultural region. The forests have fostered the development of the wood processing (furniture, saw-timber production) and resin (wood charge stock) industries. The food industry (wine- and cognac-making, potted goods), light industry, and mechanical engineering are also well developed.

Objectives:

- to meet with representatives of regional authorities (state administration and local self-government bodies) and NGOs in order to understand their readiness and willingness to cooperate with the Project;
- to assess whether Zakarpattia's leadership is reform-minded;
- to define the relevance of the Project goal to the needs of the region, including capacity building for regional authorities etc;
- to be exposed to the socio-economic and political development of Zakarpattia oblast; and
- to learn about the major critical issues that Zakarpattia oblast faces and how the RGD Project could assist in solving them.

Activities:

- Meeting with Oleh Luksha, Director of the Agency of local development and information resources "EuroPolis" and Head of Zakarpattia regional department of the Association of Ukrainian Cities;
- Meeting with representatives of the Institute of Public Administration and Regional Development (Myroslava Lendyel, Mykola Palinchak, and Svitlana Slava) and Agency of Regional Development and cross-border cooperation "Zakarpattia" (Vlad Chopak);
- Meeting with representatives of the CIDA-funded Project "Decentralization of the system of professional education in Ukraine" in Zakarpattia oblast;
- Meeting with Volodymyr Vasylyovych Goblyk, Deputy Head of Oblast State Administration and Head of sectoral departments of Zakarpattia state administration; and
- Meeting with Mykola Ivanovych Andrus, head of the Zakarpattia oblast council.

During the meetings, the RGD team briefly introduced the RGD Project. Representatives of the regional authorities and NGOs were very interested to learn more about the Project. Regional authorities – both the oblast state administration and oblast council - expressed their willingness to cooperate and provide all the necessary assistance for implementing the Project.

The critical issues for the region brought to the attention of the Project team include:

As seen by NGOs:

- Regional authorities do not allocate any resources from the oblast budget to stimulate regional development processes (i.e. there is no budget for development).
- While overall NGOs regard the elaboration of the Concept of Sustainable development of Zakarpattia region as a positive step, they are united in their view that this is a rather abstract and political document.
- Absence of cooperation/dialogue between regional authorities and NGOs, in particular local and regional development agencies. There is no demand for their services/involvement on the part of regional authorities.
- Additional resources for the development of territories are needed (for example, "EuroPolis" initiated the creation of territorial development funds, which would attract additional resources, not only from the oblast budget).
- Large number of development organizations in Zakarpattia oblast have been created to attract resources from international donors, but not to develop the territory. There are many NGOs in the region, but most of them have limited capacity and do not function in sustainable manner. In order to survive, NGOs become competitors for donor funds, not partners. In addition, there is no strong leader among the NGOs dealing with development issues (either on local or regional levels), who would be able to achieve an efficient level of communication with the regional authorities.
- In the opinion of Oleh Luksha, Head of TES-Mukachevo NGO, RDAs in the region could be supported by the oblast budget (suggested level of financing is 30% of the annual budget) and should work for their community/region by implementing the principles of the regional development strategy for Zakarpattia through specific Projects/programs/initiatives. This would allow RDAs to focus on the development of territories, which should be one of their primary tasks.
- Regional authorities have limited abilities to implement development Project/programs or strategically manage the social and economic development of the region.
- Implementation of the already developed (but not approved) energy saving program for Zakarpattia could provide significant savings and allow for more development initiatives to be financed by the oblast budget. Using renewable energy resources should be a priority for Zakarpattia.
- Developing infrastructure for tourism should be a priority for the region.
- Frequent changes in regional state and local self-government personnel are seen by NGO representatives as one of the key impediments to the development of the region as well as to the development of cooperation between regional authorities and NGO sector.

- Regional authorities lack a systemic approach to the complex set of issues that should be on the priority list for regional authorities – transportation logistics, tourism, ecology, socio-cultural and economic development, and cross-border cooperation.

As seen by the oblast Administration:

- Although the oblast is on the periphery of the country, it has great potential.
- Three major development priorities should be: cross-border cooperation (CBC) (in particular, the development of infrastructure), tourism and recreation, and protection from floods (25% of the population lives in mountainous areas where flooding occurs).
- Zakarpattya is part of the Carpathian Euroregion, which creates opportunities for CBC development. However, the potential of being a member of this Euroregion is not being fully captured.
- oblast authorities have experience in cooperating with international Projects, which can be regarded as an advantage.
- Zakarpattya is the only oblast in Ukraine that participates in all three INTERREG programs of the EU.
- Regional development issues are high on the agendas of both the oblast authorities and NGOs working in the region. However, most activities are separate and not streamlined, thus the added value of uncoordinated efforts is limited. The challenge is to streamline the process along major directions in cooperation between sectors.

Zakarpattya region is the only region in Ukraine where a strategy for sustainable development was adopted on the initiative of the regional authorities in 2004. Mr. Petrovtsi, head of the Department of Economy, said that the Oblast State Administration's plan is to further specify the principles laid out in this document while elaborating the socio-economic development strategy for the region until 2015, which is already in the pipeline.

Mr. Andrus, head of Zakarpattya oblast council, said that thanks to the implementation of the new approaches laid down in the Strategy for Sustainable Development of Zakarpattya region (which reconsiders the major priority areas for economic activity in the region), some results in terms of the development of tourist infrastructure have already been achieved. He also noted that for international Projects operating in the region, it would be critical to avoid duplication of already existing initiatives/activities (especially on CBC) as the region has been quite saturated with them.

Conclusions:

Zakarpattya is located in the West of Ukraine; it is a net receiver from the budget; and borders four CEE countries - Romania, Hungary, Slovakia and Poland, which provides specific conditions for the region's development, particularly through CBC activities. The enthusiasm of regional authority representatives towards the possibility of being selected as a pilot unit for the RGD Project can be explained by the fact that they already have experience in attracting international assistance Projects to the region. There is also a clear need to co-ordinate those activities which could be done in the framework of a strategic planning exercise.

While the oblast has numerous cross border Projects and activities on its plate, they do not focus on governance. Overall, the capacity of the oblast state administration can be characterized as quite high, indicating a potential opportunity to successfully absorb the RGD Project. This higher capacity also means that the effort of providing capacity building for the regional authorities, as envisioned by the RGD Project, could be smaller than in other short-listed oblasts of Ukraine, which the Project team has already visited and which have more limited capacities. The oblast leadership showed willingness to apply new methods as well as provide support to the Project.

Next actions:

The process of selecting oblasts is to be finalized and decision on the two pilots to be made shortly.

RGD representatives attending the meetings:

Tibor Frank, Lead International Expert  
 Olga Maksymenko, RGD Ukraine Project Coordinator  
 Gejza Balogh, CEE Expert

Annexes:

- Trip Agenda
- List of Participants (LoP)

Annex 1: Agenda for the Trip to Zakarpattya by Representatives of the Institute for Regional and Euro-Integration Studies "EuroRegio Ukraine" (Kyiv) and the Canadian Urban Institute (Toronto)

Thursday, August 4, 2005

4 p.m.	Meeting with representatives of: - Agency of local development and information resources "EuroPolis" - Zakarpattya regional department of the Association of Ukrainian Cities Contacts: Luksha Oleh Vasylyovych (director): +38 050 611 33 15 Venue: Uzhgorod Business-Incubator, 8 Bereznya Str., 46 (Conference hall)
6 p.m.	Meeting with Myroslava Lendyel, Mykola Palinchak, and Svitlana Slava, Institute of Public Administration and Regional Development Venue: Premises of the Institute of Public Administration and Regional Development, Narodna square,
7 – 8.30 p.m.	Meeting with Ihor Ilko, International Project Coordinator, "Decentralization of the system of professional education in Ukraine" Project and Tetyana Pashchenko, local Project coordinator in Zakarpattya oblast

Friday, August 5, 2005

9:30 – 11 a.m.	Meeting with Vlad Chopak, Project management expert, Agency of Regional Development and cross-border cooperation "Zakarpattya" Contacts: Vlad Chopak (Project management expert): +38 050 598 65 29 Venue: Uzhgorod Business-Incubator, 8 Berezhnya Str., 46, room 228
11.30 a.m.	Meeting with representatives of Zakarpattya Oblast State Administration: <ul style="list-style-type: none"> <li>▪ Goblyk Volodymyr Vasylyovych – Deputy Head of Oblast State Administration</li> <li>▪ Petrovtsi Mykhaylo Mykhaylovych – Head of the Main Department of Economy of Oblast State Administration</li> <li>▪ Nuser Ernest Ernestovych – Head of the Main Department of European Integration, External Economic Relations and Tourism</li> <li>▪ Lukecha Viktor Ivanovych – Head of Department of Industry and Infrastructure Development</li> </ul> Contacts: Voloshyna Nataliya Myronivna (Head of Department of Investment Activity): (Venue: Ploscha Narodna, 4, rooms 303-305)
2 p.m.	Meeting with Mykola Ivanovych Andrus, head of Zakarpattya oblast council Contacts: Voloshyna Nataliya Myronivna - Tel: +38 0312 61 31 13

Annex 2: List of Participants in Meetings with Representatives of the "Regional Governance and Development" Project

1. Luksha Oleh Vasylyovych, Executive Director of Zakarpattya RV AMU, Head of the Agency for Local Development and Informational Resources "Europolis"
  2. Ganych Svitlana Vasylivna, Legal advisor of the Agency for the development of small and medium business and innovations "Uzhgorod-XXI-vik"
  3. Luksha Yevgen Olehovych, Lead of the Agency for Local Development and Innovations "TEC-Mukachevo"
  4. Petrovsky Anatoliy Mariyanovych, entrepreneur, board member of the Agency "Europolis", author of the Energy saving Program for Zakarpattya region
  5. Korud Myroslava Vasylivna, Director of the communal enterprise "Mukachevo Tourism and Information City Center"
  6. Kseniya Okhotnyk, Business-incubator, Uzhgorod
  7. Ihor Ilko, International Project Coordinator, "Decentralization of the system of professional education in Ukraine" Project
  8. Tetyana Pashchenko, local Project coordinator in Zakarpattya oblast, "Decentralization of the system of professional education in Ukraine" Project
  9. Myroslava Lendyel, Institute of Public Administration and Regional Development
  10. Mykola Palinchak, Institute of Public Administration and Regional Development
  11. Svitlana Slava, Institute of Public Administration and Regional Development
  12. Vlad Chopak, Project management expert, Agency of Regional Development and cross-border cooperation "Zakarpattya"
  13. Goblyk Volodymyr Vasylyovych, Deputy Head of Oblast State Administration
  14. Petrovtsi Mykhaylo Mykhaylovych, Head of the Main Service of Economy of Oblast State Administration
  15. Nuser Ernest Ernestovych, Head of the Main Service of European Integration, External Economic Relations and Tourism
  16. Lukecha Viktor Ivanovych, Head of Department of Industry and Infrastructure Development
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## Appendix F: Letter of support from Zakarpattya Oblast Council and Oblast State Administration



UKRAINE

**Zakarpattya  
Oblast State Administration**

**Zakarpattya  
Oblast Council**

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88008, city of Uzhorod,  
Narodna square, 4  
tel: 61-32-09, 61-34-19

88008, city of Uzhorod  
Narodna square, 4  
tel: 61-31-40

Tibor Frank  
Olga Maksymenko  
Geisa Balog

Ukrainian Project manager  
International Project expert

To Lead International Expert of the Canada-Ukraine  
Partnership Project "Regional Governance and  
Development" – Mr. T. Frank

**Dear Mr. Frank!**

Zakarpattya Oblast Council and Zakarpattya State Administration inform you that they would fully contribute to and support implementation of the "Regional Governance and Development" Project in Zakarpattya region.

We hope for efficient cooperation in the process of implementation of this Project which is highly important for the social and economic development of the region.

With respect,

Deputy Head of Oblast State Administration

Head of Oblast Council

V. Goblyk

M. Andrus'

06-22/1779  
05.08.05