



PROJECT NEWSLETTER

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The **Canadian Urban Institute (CUI)** is a non-profit organization dedicated to improving the quality of life in cities and regions in Canada and around the world. Our work is dedicated to building strong communities within equitable, sustainable and competitive urban regions. The CUI is an innovator and catalyst engaged in capacity building, research, networking, leadership development, planning and policy development. We collaborate with a range of international partners – in Eastern Europe, Southeast Asia, the Caribbean, Latin America, and Africa – to improve local and regional governance and management.

The **Regional Governance and Development (RGD) Project** is a five-year (2005–2010) cooperation project of the CUI (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.ffit.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 of Ukraine and sharing know-how from other jurisdictions in Europe and North America. It supports two pilot oblasts – Zaporizhzhia and Zakarpattya – 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.

ZAPORIZHZHIA REGIONAL DEVELOPMENT STRATEGY

On June 6, 2008, Zaporizhzhia Oblast Council adopted **Zaporizhzhia Oblast Development Strategy until 2015**. The Strategy was developed jointly by Zaporizhzhia Oblast State Administration and the oblast community, including the private sector and NGOs, with the support of the RGD Project. More than 20 thousand oblast residents were engaged into the two-year strategic planning process. The Strategy was approved unanimously by 99 Oblast Council members.

On September 16, 2009, Zaporizhzhia Oblast Council and Zaporizhzhia Oblast Administration issued a joint letter to the Ministry of Economy indicating Zaporizhzhia Oblast's intention to initiate the preparation of a Regional Development Contract between the Cabinet of Ministers of Ukraine and Zaporizhzhia Oblast Council. Regional development contracts are an important instrument for the implementation of Regional Development Strategies set out by the State Strategy for Regional Development. The contracts provide multi-year financing from the state budget for strategic investment projects from regional strategies. Zaporizhzhia will become the third oblast in Ukraine, after Donetsk and Lviv oblasts, to negotiate a regional contract. RGD Project will support the negotiation process by organizing and facilitating roundtable discussions between the Ministry of Economy and the leadership of Zaporizhzhia Oblast, and by assisting the oblast to develop a portfolio of

strategic investment projects and a proposed co-financing strategy. The Capital Investment Project Proposal Preparation Training Program delivered by RGD project in the summer of this year was important in enabling the oblast to meet the basic conditions for entering the negotiations with the Cabinet of Ministers.



PROJECT REPORTS AND PUBLICATIONS

Between April and September 2008, the RGD Project published the following national and regional reports:

- **Handbook on Strategic Planning and Implementation for Regional Development** - the handbook introduces a step-by-step process of strategic planning for regional development, which is based on Canadian strategic planning model. The handbook will increase the awareness of Project stakeholders of international and Ukrainian best practices in strategic planning.
- **Analytical report Mechanisms for Establishing and Developing Public-Private Partnerships in Ukraine and Worldwide** - the report describes and analyses the experiences of leading jurisdiction in Canada, the European Union and Australia in implementing public-private partnership projects and examines the current P3 environment in Ukraine.
- **Analytical report State Support of Innovations and Investments in Regional Development: International and Ukrainian Experience** - the report analyzes international best practices in providing institutional support for innovations and investments in order to stimulate regional development and offer recommendations on the types of support that can be provided at the central, regional and local government levels in Ukraine.

All RGD Project reports are also available on the RGD Project's website at www.rgd.org.ua



CAPITAL INVESTMENT PROJECT PROPOSAL PREPARATION TRAINING

Building on the success and the results of the Capital Grants Training Program delivered in 2007, the RGD Project provided an in-depth training program for the Project's pilot oblasts, Zaporizhzhia and Zakarpattia. This program was one of the first practical steps towards the implementation of the Regional Development Strategies in these oblasts. The action plans emerging from the strategic priorities include a number of complex infrastructure renewal and development projects, which require substantial investments from the state budget or from international investors and financing institutions. As a result of this training program, 28 regional and local government specialists from Zaporizhzhia, and 30 from Zakarpattia were trained to prepare proposals for complex capital investment projects to the standards required by the Cabinet of Ministers of Ukraine and acceptable by international investors and financing institutions. Six infrastructure investment project proposals were produced in each oblast. All 12 projects were submitted to the Cabinet of Ministers for consideration for state grants. The project on the modernization of the heating system in Zaporizhzhia City is in the process of signing the initial funding agreement with the European Bank of Reconstruction and Development (EBRD). The wastewater management project for Uzhgorod was also of interest to the EBRD. A delegation from the Bank has been invited to travel to Uzhgorod to further explore funding and partnership opportunities. The solid waste management project from the town of Vynogradovo, Zakarpattia received the first tranche of funding from the state budget and is currently seeking co-financing with investors from the EU.

The training was delivered by a team of international and Ukrainian experts. In Zakarpattia oblast, training workshops were delivered by Rafal Szporko and Arkadiusz Bakierzynski of DS Consulting, Gdansk, Poland. Training facilitation from the Ukrainian side was provided by RGD project experts Svitlana Slava and Yaroslav Boiko. The training in Zaporizhzhia oblast was delivered by Zbigniew Jedrzejewski and Jacek Kawala of LemTech Consulting, Cracow, Poland. The regional experts of the RGD Project, Volodymyr Nazarenko and Vitaly Lysenko assisted with the training on the Ukrainian side. In Zakarpattia, participants of the training were specialists from the municipal governments of Uzhgorod, Rakhiv, Mukachevo

and Beregovo, and from the rayons of Irshava, Mizhgirryia, Uzhgorod and Vynogradiv. In Zaporizhzhia, the participants included specialists from the municipal governments of Zaporizhzhia, Energodar, Tokmak, Prymorsk and Melitopol cities.

The training program was designed as a learning-by-doing program. During the first round of training, which was held in June, the participants were introduced to the basics of project development and examined in-depth each component of a project proposal. Following the five-day training workshops, the specialists worked independently in small groups to prepare proposals for selected infrastructure projects from the Regional Development Strategies. The training team provided day-to-day coaching and mentoring to the small groups as they completed this task. During the second five-day training session, held in July, the participants reviewed and finalised their infrastructure investment project proposals for submission to the Cabinet of Ministers of Ukraine and international financing institutions.

All prepared projects addressed different strategic priorities and operational goals of the Regional Development Strategies of Zaporizhzhia and Zakarpattia. In Zakarpattia, the projects were about modernizing wastewater and solid waste management services in Uzhgorod and Vynogradovo cities, reconstructing waste processing plants in Uzhgorod and Beregovo, establishing an international airport in Mukachevo by reconstructing a former military airfield, and restructuring the heating system in the town of Rakhiv. In Zaporizhzhia, the projects included projects addressing the energy and heat supply for the city of Zaporizhzhia, modernization of the heat supply system in Tokmak and the water supply system in Melitopol, construction of a solid waste processing plant in Energodar, and reconstruction of coastal area shore protection structures in Berdiansk. After the project proposals were finalized, the training participants presented their completed proposals to regional stakeholders for discussion and endorsement. As a result, two of the projects in Zakarpattia and three in Zaporizhzhia were selected for presentation to the Cabinet of Ministers and international financing institutions. In Zakarpattia, one of the completed proposals was distributed to rayon administrations and city councils as template.



PRESENTATION OF INFRASTRUCTURE INVESTMENT PROJECTS TO THE MINISTRY OF ECONOMY OF UKRAINE AND INTERNATIONAL FINANCING INSTITUTIONS

On July 30, 2008 selected infrastructure investment project proposals from Zakarpattia and Zaporizhzhia were presented to the Ministry of Economy and international financing institutions. This event was jointly hosted by the RGD Project and the Ministry of Economy of Ukraine. The international financing institutions represented at this meeting included the European Bank of Reconstruction and Development, the World Bank and the International Finance Corporation. The Ministry of Economy was represented by Serhiy Romanyuk, First Deputy Minister of Economy of Ukraine, and Olena Nyzhnyk, Director of the Department for Regional Development of the Ministry of Economy of Ukraine. Zaporizhzhia and Zakarpattia were represented by Oleksandr Berezhnyi, First Deputy Head of Zaporizhzhia Oblast State Administration, Ella Slepian, Head of the Main Department of Economy of Zaporizhzhia Oblast State Administration, Oleksandr Kulibov, Mayor of the City of Energodar, Vasyl Papp, Deputy Head of the Main Department of Economy of Zakarpattia Oblast State Administration, and Adik Bodnar, Deputy Head of the Department of Economy of the Mukachevo City Council.

During the meeting each oblast presented two projects. The projects presented by Zaporizhzhia Oblast included: Energy Conservation Program for the Heating System of Zaporizhzhia City and Construction of a Solid Waste Processing Plant for Household Waste (Energodar City). Zakarpattia oblast presented the following projects: Reconstruction of Sewage Treatment Facilities for the City of Uzhgorod and Establishment of "Mukachevo" International Airport through Reconstruction of a Former Military Airfield.

After discussing the projects presented by Zaporizhzhia and Zakarpattia and the results of the training, the representatives of the international financing institutions and the Ministry of Economy expressed interest in continuing the discussion with regard to further cooperation and possible funding arrangements for some of the projects or for similar projects in the future. The round table participants underscored the importance of the RGD Project's training on developing infrastructure investment project proposals and expressed hope that such training programs would continue in the future.

IMPLEMENTATION OF ZAPORIZHZHIA REGIONAL DEVELOPMENT STRATEGY

As part of the implementation of Zaporizhzhia Regional Development Strategy, RGD Project is supporting the implementation of two small demonstration projects: Creation of a Tourism Network through the Establishment of an Internet Tourism Map of Zaporizhzhia Oblast, (Tourism Map) and Establishment of a Tourism Information Centre in Melitopol (Tourism Centre). The goal of this activity is to demonstrate how a Regional Strategy can be implemented through cooperation and partnership between different regional stakeholders and with the use of local resources. These two projects aim to foster cooperation between the Oblast and Rayon administrations, local businesses, the non-governmental sector, and the local communities, and thus providing a basis for effective implementation of the Historical, Cultural Tourism, and Resort Industry (Tourism) priority. Furthermore, the partnership model developed through the implementation of these two projects could be applied in the implementation of other regional development priorities.

Zaporizhzhia oblast has potential to draw a significant amount of both internal and international tourism. It is rich in both historical and cultural heritage sites such as Khortytsia Island and Kamyana Mohyla and resort tourism resources on the Azov seacoast. The key challenge in the development of the region's tourism potential is the lack of communication and coordination of the actions and interests of the tourism service providers, the regional and local governments and the communities with regard to the development of tourism in the oblast. There is limited information available for potential tourists about the oblast's tourism sites, and the tourism services currently provided in the oblast. Additionally, there is limited cooperation between the businesses, the government, and the local communities in providing these services. The Tourism Map and Tourism Centre projects aim to address these challenges. The projects are designed to first of all provide a set of wide networking activities that would convene and foster communication among the various stakeholders in this sector. The actual deliverables, the tourism map and the tourism centre themselves, would continue serving as venues for sustaining and promoting cooperation among different stakeholders over time. The implementation of these two projects is led by local champions and multi-stakeholder teams. Zaporizhzhia Oblast State Administration and Melitopol Rayon State Administration are key partner of the projects and are providing resources and support, including funding and in-kind contribution.

Creation of a Tourism Network through the Establishment of an Internet Tourism Map of Zaporizhzhia Oblast

The map is an interactive marketing tool for the oblast that allows promoting its tourism sites and services in order to encourage local and international visitors. It is also a tool for developing and sustaining a regional network of tourism providers and stakeholders.

The project was championed by the local media company "Ukrprostir." The project team consists of representatives of the Department of Culture and Tourism of Zaporizhzhia Oblast State Administration, media company "Ukrprostir," tourism company Discovery Travel, and the Ukrainian ecological portal "EcoPortal," providing informational technology support. The partners of the project are the Department of Culture and Tourism of Zaporizhzhia Oblast State Administration; Tourism League, which is being established; cultural organizations – Ethnic Germans in Zaporizhzhia, Association of Armenians, and Association of Zaporizhzhia Cossacks "Dzhura"; oblast universities – Zaporizhzhia National University, Zaporizhzhia National Technical University, Zaporizhzhia Classical Private University; and online informational portals. The Department of Culture and Tourism of Zaporizhzhia Oblast State Administration collected and provided information about tourism sites in the oblast. This information will be used to develop the website database. The media company "Ukrprostir" developed the website with technological support from the ecological portal "EcoPortal." The RGD Project provided overall coordination of the project implementation and international expertise in the development of the map.

The Electronic Tourism Map was developed over a period four months, and launched in July 2008. The map can be accessed at <http://travelzp.net>. The map provides a fee-based service to local businesses and stakeholders to post their information on the map website. The fees are used to maintain the website and update the map database. It also allows paid members to access the map database to update their own information. The full map database is still being populated and will be updated on a regular basis. The information on the website is provided in Ukrainian, Russian and English. The fourth language, French, is currently being introduced. The information on the map is organized by geographic region (rayon) and by technical tasks.

At this time the Tourism Map project is implementing an oblast wide information campaign. The goal of the campaign is to increase the membership and the use of the map and includes publication of informational materials, media campaign, and public events.



Establishment of a Tourism Information Centre in Melitopol

The official opening of the first Tourism Information Centre of Zaporizhzhia oblast took place on June 12, 2008. The Tourism Centre is located in the Myrne village of Melitopol rayon, on the travel route to Kamyana Mohyla, one of the most popular tourism sites in Zaporizhzhia oblast.

The champion of this project is the Department of Culture and Tourism, Melitopol Rayon State Administration. The project team includes representatives of the Department of Culture and Tourism of Melitopol Rayon State Administration, the Novofilipiv Village Council, the Historical-Cultural Society "Velykyi Step," and bed and breakfast "Sadyba" from the village of Mirnyi. The Department of Architecture of the Melitopol Rayon State Administration is a partner of the project. The Melitopol Rayon State Administration assisted in allocating space for the centre and is covering the salary of one full-time staff person of the Centre. The local businesses provided equipment for the centre and are covering the salary of the second full-time staff person of the Centre. The RGD Project facilitated the launch of the Centre and provided important international experience that informed the decisions with regard to the role and operation of the Centre.

This project has been very successful and achieved some important results. First and foremost, it created an important shift in the way rayon government authorities and other regional stakeholders approach tourism development. This includes re-focusing of development activities on domestic and local tourism, and improved cooperation among and participation by various stakeholder groups in the tourism development process. In particular, local businesses have been actively engaged in distributing information about the Tourism Centre and are keen on using the Centre to provide information about their own services. Community organizations also cooperate with the Tourism Centre. They gather information about the oblast's tourism sites and provide information about public events and festivals within Melitopol rayon and beyond. During a month and a half after the opening of the Centre, more than 200 customers used its services. This primarily included transiting tourists travelling by car to Kamyana Mohyla. However, several organized tour groups have used the Centre to provide information to their clients. The information most commonly requested is about bed and breakfast services and places of interest in the oblast.

The Tourism Centre project team is currently exploring opportunities for sustaining the operation of the Centre. One idea, which is currently under development, is to provide tourism vouchers for access to various tourism sites or events in the oblast. The Centre is also developing a web-page and is exploring opportunities for increased links with the Electronic Tourism Map project.

VISIT BY THE RGD PROJECT'S GENDER AND CIVIL SOCIETY SPECIALISTS TO ZAPORIZHZHIA OBLAST

From June 9 to June 12, 2008, the RGD Project's Gender Specialist, Carole Houlihan, and Civil Society Specialists, Ann Szyptur, visited Zaporizhzhia Oblast. The purpose of their visit was to assess the results of the implementation of the Project's Gender Equality Strategy and the Project's strategy for engaging civil society in regional development in Zaporizhzhia. The specialists also provided recommendations on incorporating gender and social consideration in the strategy implementation process, and on ensuring continued engagement of various stakeholder groups in this process.

During the visit the experts met with the representatives of the Department of Youth and Sports, the Department of Foreign Economic Activity and Tourism, and the Main Department of Economics of Zaporizhzhia Oblast State Administration. These meetings were used to discuss social, age and gender equality issues that are relevant to the work of these departments as well as the role of the civil society in the oblast. Additionally, the experts participated in a roundtable meeting at the Melitopol Oblast State Administration on the implementation of the Historical, Cultural Tourism and Resort Industry priority. This included the presentation of the Electronic Tourism Map of Zaporizhzhia Oblast, and the official opening of the Melitopol Rayon Tourism Information Centre. Several meetings with RGD Project Ukrainian experts and staff were also held throughout the visit.

The recommendations from both, the Gender Specialist and the Civil Society Specialist included providing more intensive practical support and mentoring to project teams in the implementation of priority projects. They also emphasized the importance of assessing and documenting the lessons learned in integrating the gender and social analysis into regional strategic planning and implementation process.



ROUND TABLE ON PUBLIC PRIVATE PARTNERSHIPS AND STATE SUPPORT OF INVESTMENTS

The roundtable on Attraction of Investments into Regional Development: Global and Ukrainian Trends and Tendencies and Lessons learned and Perspectives of Public-Private Partnership Implementation in Ukraine and Abroad was held on April 1, 2008 in Kyiv. The roundtable was organized to present the results of research conducted by a team of international and Ukrainian experts. The event was attended by specialists of the Ministry of Economy of Ukraine, the Ministry of Regional Development and Construction of Ukraine, Zaporizhzhia and Zakarpattia Oblast State Administrations, Ukrainian Center of Foreign Investments Promotion and representatives of other International Technical Assistance projects.

The reports were presented in the first half of the event. Svitlana Slava, Associate Professor of Uzhgorod National University, RGD Project Expert, presented the results and recommendations of the study on Investment Attraction into Regional Development. The study addressed creating a positive investment climate, the role of investment agencies, innovation policy, and science and technology parks. One of the important recommendations was about the role of government agencies in promoting and supporting investment activities.

The results and recommendations of the study on Public Private Partnerships (P3) were presented by Myroslava Lendel, Associate Professor of Uzhgorod National University,

RGD Project Expert. The recommendations addressed changes to the legal framework concerning P3s, institutional strengthening and capacity development for regional and central government bodies, and practical tools for supporting P3s in Ukraine.

Following the presentations, Tetyana Lysytia, Deputy Head of the Investment Policy Department of the Ministry of Economy of Ukraine presented the draft Law of Ukraine "On Common Principles of Public Private Partnerships in Ukraine." She stated that in developing the draft law the Ministry's specialists relied on the results and recommendations of the RGD Project research presented at the roundtable. Ms. Lysytia emphasized that this law was important to support further development of P3s in Ukraine. The second half of day was used for discussion of the research reports and of the draft law. The discussion was enriched by input from Peter Szegvari, Deputy Director of Regional Development Holding, Hungary, and RGD Project International Expert, who was involved in the development of these reports. He shared Hungarian experience and lessons learned in attracting investments using case studies of technoparks and public private partnerships from Hungary. The analytical reports on the themes of the roundtable will be published and distributed this year.

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