

ICPS newsletter

Joint efforts of Ukrainians and donors should make technical assistance more effective

On the path of its reforms, the significant conceptual and financial support which Ukraine receives from international donors primarily takes the form of technical assistance (TA). This aid is very important for Ukraine's transition process, because in addition to a dearth of funds, Ukraine lacks qualified specialists that have the proper knowledge and skills and know how to operate in an environment of market and democracy. However, foreign assistance in Ukraine has not worked effectively, for donors have failed to develop a unifying principle for assistance, on the one hand, while the Ukrainian system for soliciting and applying technical assistance is subject to numerous gaps, on the other. These are the main conclusions of research conducted as part of the project "Problems of Coordinating International Technical Assistance in Ukraine Compared to Poland's Experience", jointly carried out by the International Centre for Policy Studies and the Centre for the Study of Administrative Reform

Poor capacity of the Ukrainian side

Problems in the realm of attracting and applying foreign technical assistance in Ukraine can be divided into those of a strategic, legal, or organisational nature.

Strategic problems

- A unifying framework for Ukraine's transition process has not been determined yet. This framework should be used to direct and harmonise the processes of institutional transformation and reform of the legal system and public governance in Ukraine.
- The government action plan does not take into account the possibility for applying technical assistance resources to implement this plan.
- The granting and use of technical assistance are not linked in a practical way to the implementation of the Agreement on Partnership and Cooperation between the European Community and Ukraine.
- Technical assistance is not focused on developing effective democratic institutions and on building skills and knowledge in the government, business, and civil society—the main actors in the process of democratisation.

- TA projects and programmes rarely have the aim of building social infrastructure, which could foster a favourable investment climate in Ukraine.

Legal problems

- A core legal act needs to be adopted, fixing the definition of technical assistance, its types and forms, and determining the main actors in the process of attracting and applying international aid, as well as tax privileges.

In 1999, on the basis of the transitional provisions of the Constitution, the President of Ukraine issued a Decree "On international technical assistance" containing a definition of technical assistance, its types and forms, and the main rules and procedures for submitting requests to donors and for selecting and implementing TA projects and programmes. The corresponding draft law was submitted to the Verkhovna Rada of Ukraine. However, the Ukrainian parliament rejected this draft law and adopted in third reading a Law "On international technical assistance" which was based on a draft law submitted by the Cabinet of Ministers; the President then vetoed it.

- There is a lack of proper instruments of the Cabinet of Ministers that clearly determine the procedures for drafting and

coordinating project proposals according to Ukraine's needs, and the forms and methods for monitoring the effectiveness of TA projects.

This year, the Ministry of Economy of Ukraine drafted a Cabinet resolution on creating a unified system for attracting, applying, and monitoring foreign technical assistance. However, this draft resolution was rejected at a meeting of the corresponding government committee. Currently, new draft resolution is in the preparation stages.

- There is no programme for obtaining and using technical assistance, approved by the President or the Cabinet of Ministers, that would determine the strategic areas of national development where technical assistance should be directed.

In 1995, the Cabinet of Ministers adopted a resolution on strategic areas of technical assistance in Ukraine for 1995–97, including systemic reforms, human resources development, natural resource management, environmental protection, power sector, and sectoral reforms. However, detailed mechanisms for the programme realisation were not designed. Moreover, no documents were prepared for operations with technical assistance in subsequent years.

- Procedural norms within the framework of bilateral agreements are faulty. The Ukrainian party is not able to govern the process of determining a list of specific projects, their content, and choosing project contractors and Ukrainian grantees.

For example, in December 1999 the National Agency of Ukraine for Development and European Integration (NAUDEI) and US Agency for International Development (USAID) signed an international agreement on forming and approving bilateral TA programs. This agreement specifies that only priority areas of aid should be coordinated with the Ukrainian party, while the American

side unilaterally defines the list of specific projects, their contents, project contractors, and even Ukrainian grantees. USAID applies to the state project registration authority on its own or through the Ukrainian recipient already chosen by the American agency.

- The current Cabinet of Ministers resolution stipulating the procedures for state registration of TA projects has certain gaps: the document does not determine conditions for rejecting applications for state registration on the basis of project criteria or expected effectiveness.
- Ukraine lacks appropriate memoranda, strategic and annual programmes, or action plans on bilateral and multilateral international cooperation oriented at the economic and social development of the country.

Organisational problems

- There is no special body which would be responsible for developing and implementing policy on attracting and applying foreign technical assistance in Ukraine.

The NAUDEI used to be such a body. However, since 2000 its status has been gradually lowered, and its powers have been diminished. The Agency's head, who used to be at the level of a minister, was deprived of this status and was excluded from the Cabinet of Ministers. Concomitantly, the status of deputy heads and department managers was decreased. Then, the NAUDEI was eliminated and its functions were transferred to the Ministry of Economy, where the Department for International Development and European Integration was established (and still exists). However, this department does not even have the right to independently address international donors on behalf of Ukraine. Now, an idea is being discussed to establish a central executive body on international development and European integration issues or to introduce a respective position of minister without portfolio.

- A universal national system is lacking for obtaining and using TA and analysing its effectiveness; there is also a lack of established criteria for choosing projects and programmes.
- Infrastructure is underdeveloped, both at the national and regional level, incapable of providing efficient coordination of current TA projects and programs or controlling the results and effectiveness of projects and programmes.

- There is an insufficient number of Ukrainian specialists on issues of international development; the number of such individuals involved in the coordination of technical assistance is proportionately lower than the number of government representatives from donor countries and experts who stay in Ukraine for implementing TA projects and programmes.
- There is a lack of continuous operational cooperation between the Ukrainian government and plenipotentiaries of foreign states (donor organisations) regarding the development of strategic programmes for bilateral and multilateral cooperation between Ukraine and donor countries.
- Ukrainian ministries and other central executive bodies are inconsistent in their actions during the process of developing proposals for TA projects and during the submission of proposals.
- There is a lack of clear demands and criteria for the body empowered to register TA projects regarding providing letters of support to projects at the donors' request. These requirements should include approved terms of reference, scope and plan of activities, expected results, etc.
- There is often insufficient justification for inviting foreign experts, including a lack of criteria for selecting them and determining their assignments and schedule of activities.

Donors' mistakes

Besides the aforementioned problems on the Ukrainian side, it is important to focus on problems related to the approach used by donors providing technical assistance to Ukraine:

- the lack of unified principles for providing technical assistance;
- the lack of continuous consultations with the Ukrainian partners during the process of preparing programmes;
- the lack of effort to create institutional mechanisms for implementing the results of TA programmes and projects;
- the lack of procedures for dissemination and use of experience which was acquired by participants of TA projects;
- isolation of Ukrainian public servants from the international network of public servants and consultants on public policy issues;
- intentional seclusion of projects from the public at large and the mass media.

Consequences for Ukraine

The aforementioned problems result in a number of negative phenomena in the system for attraction and application of international technical assistance.

Previous and current TA projects in Ukraine are isolated from each other; they are uncoordinated and generally do not foster deep systemic transformations.

Furthermore, because of projects' seclusion, their results do not enrich the public domain.

During the process of drafting projects, the fact is ignored that most social institutions in Ukraine are nonexistent or fault-ridden. Donors do not pay attention to the lack of skills and procedures for policy analysis, or the lack of public participation during government decision making. However, the major objective of technical assistance should be to increase the capacity of central and local governments to develop and implement strategic decisions. It is difficult to imagine the implementation of democratic reforms without this capacity. Due to the lack of well-defined procedures for development and approval of project proposals, potential beneficiaries at the government level turn out to be isolated not only from the resources required for urgent transformations, but also from available products which were potentially created just for them. Since the Ukrainian government does not have a consistent position regarding the direction of international TA, donors start working in a "one-way street" regime. As a result, donors develop recommendations that look to the Ukrainian side like an imposed political position.

Finally, because of the lack of coordination with the Ukrainian side in the process of evaluating international TA programmes and projects and monitoring their products and results, there is no possibility to make objective conclusions regarding the efficiency of particular projects and foreign technical assistance in Ukraine in general. ■

For more information about the project "Problems of Coordinating International Technical Assistance in Ukraine Compared to Poland's Experience", please contact Andrii Vyshnevsky, tel. (044) 462-4937/38, e-mail: avyshnevsky@icps.kiev.ua

ICPS Newsletter is a weekly publication of the International Centre for Policy Studies delivered by electronic mail. To be included in the distribution list mail to: marketing@icps.kiev.ua. ICPS Newsletter is published by the ICPS Publications Group. ICPS Newsletter editor Maria Melnyk (mmelnyk@icps.kiev.ua) English text editor D. (Ksenia) Ovcharenko. Articles may be reprinted with ICPS consent.

The International Centre for Policy Studies is an independent non-profit research organisation with the objective of improving the Ukrainian policy development process. Address: 8/5 Voloska Street, Kyiv 04070, Ukraine Phone (380-44) 462-4937/38/48. Fax (380-44) 463-5970 Web-site: <http://www.icps.kiev.ua>