

# ICPS newsletter

## Institutional Capacity to Develop Economic Programs project finishes its work

*Under the framework of the Canadian Policy Advice for Reform program (PAR), the International Centre for Policy Studies together with the Ministry of Economy and European Integration of Ukraine wrapped up the Institutional Capacity to Develop Economic Programs project, supported by the Canadian International Development Agency (CIDA). The project results were publicly presented. Apart from this, project consultants and participants created a strategy for developing the State Program for Economic and Social Development in Ukraine, as well as a number of recommendations*

### Public program of economic and social development of Ukraine

The current system of public policy planning in Ukraine is the result of an extemporaneous process of combining Soviet-era state plans, which are purely ideological and not related to financing new types of documents.

Priorities and directions of state development are outlined in strategic documents framed by the Constitution of Ukraine.

Apart from sectoral, intersectoral, state targeted and other programs, concepts, strategies, etc., the paramount documents include the State Program for Economic and Social Development in Ukraine (SPESD). This SPESD was under consideration during this project.

The framework of the said program, which is to become an economic justification of the State Budget of Ukraine for the given year, comprises government priority objectives. The leading institution responsible for the SPESD is the Ministry of Economy and European Integration of Ukraine.

### Flawed system of public policy planning

The project participants acknowledged that the development and successful implementation of the SPESD directly relies on public policy planning, where the following key problems can be singled out:

- There is no distinct differentiation of political documents produced by political parties and the president, and which are to determine the state development strategy, as well as of professional governmental program documents for the implementation of this strategy;

- The system of policy documents is not thought out well enough, it was implemented by separate, often inconsistent decisions. Along with that, process participants do not always take into account the international experience;

- Strategic documents and programs fit poorly into the political cycle. Documents adopted over past years by representatives of different branches of the legislative and executive powers often do not meet the priorities of the Program of the Government's Activities;

- Development of public policy documents has nothing to do with budget planning;

- The principle of integration—which is to be observed by way of producing mutually coordinated program documents and short-, mid-, and long-term forecasts of economic and social development in Ukraine, separate sectors of the economy and separate administrative-territorial units—is violated by the state;

- coordination of public policy as a special function of the Cabinet of Ministers of Ukraine's Secretariat is not being carried out.

### Conditions for successful preparation and realisation of the SPESD

Project participants acknowledged two key prerequisites for successful preparation and implementation of the SPESD—coordination of the program with the State Budget and building a clear-cut outline of the document (obligatory components of this process include public consultations and discussions of the SPESD).

There are different reasons why the SPESD has not become an economic framework of the State Budget: for four years, during Ukraine's government authorities have

been working on this program, it was never approved by the Verkhovna Rada of Ukraine. The primary reason for this status quo is thought to be the fact that the existing process of the State Budget planning does not link the government's policy with spending state money on the SPESD implementation. Budget justifications include neither goals nor priorities for the government's activities. Different approaches are applied to the process of budget planning, as well as program and forecast document preparation.

An indispensable prerequisite of the successful development of the SPESD, its approval by the Government of Ukraine, and its passage by the Verkhovna Rada is also a well-defined document structure, procedures, and schedule, which will envisage holding horizontal inter-ministerial consultations with the parliament and the general public before submitting it for the government's consideration.

By observing these working procedures, the government will be able to outline the priorities and goals of public policy for the year to come, coordinate them with the State Budget and avoid the approval of non-financed programs. The government will have economic justification of the selected policy, and will, therefore, argue its own position regarding the State Budget.

Holding public consultations, in turn, is an interactive process, thanks to which we can network between the government and the public-at-large.

Preliminary consultations between public servants and parliamentarians are an imperative procedure for settling controversial issues.

### The project's significance for more efficient work on the program

It is essential that experts working on the 2003 SPESD of Ukraine and its calendar plan in the Ministry of Economy and European Integration and in other ministries should be involved in the

project. The project consultants have been furnishing regular comments for the above-mentioned documents. Public servants kept note of most of the recommendations in their work.

Consequently, the *concept* of the Program was devised, outlining the goal of the SPESD preparation, number of participants, and key goals and areas of public policy for 2003, as well as describes the program structure and sets the single standard for each of its sections.

Each SPESD section will definitely include an overview of the current situation, identification of policy problems, goals, and measures, as well as criteria for their accomplishment, possible risks, and required volumes of financing.

## The role and mechanisms of holding public consultations

The paramount output of the cooperation between project consultants and participants became the preparation of instructions for conducting obligatory consultations with the public-at-large, committees, and parliamentary factions already at the stage of working out the SPESD concept.

Holding inter-ministerial, parliamentary, and public consultations is a new type of work for public servants. Until now, such work was not regulated by any normative documents or instructions. For this reason, the project envisioned the preparation of special instructions and recommendations. Instructions on conducting public consultations define principles and major stages of public consultations in the process of working on the SPESD. A particular emphasis is made on feedback and mechanisms, allowing to assess the impact of such measures in the process of working out the program.

The recommendations on conducting inter-ministerial coordination and consultations will help to ensure the effective coordination of the efforts of government authorities in the process of devising the SPESD.

The instructions on how to conduct consultations with the parliament give a detailed description of the procedures of interaction between public servants and the Verkhovna Rada during the period of submitting the SPESD to the Verkhovna Rada of Ukraine, and in the process of considering the program at the sessions of committees and of the parliament as a whole.

## Project results

- Project participants got acquainted with international experience regarding the contents and principles of work of the professional public service as a fundamental institution of the democratic system of public administration, as well as acquired new skills, which they will apply in practice.

- The capacity of public servants (project participants) to understand existing requirements, to comprehend pressures and risks related to the execution of office duties, was strengthened.

- Institutional environment and frameworks for the work of public servants from ministries under democratic competition (office duties, instructions and procedures) that ensure stability, accuracy, and distinctness of work are being gradually formed.

- We can acknowledge the enhanced quality of project outputs generated by public servants, as well as their bigger responsibility to today's political requirements.

## Lessons learned

- It became evident that the project's success largely depended on the organisational efforts of the Ukrainian party. Thus, a skillful organisation of work processes and rational time usage promoted active government participation. Specifically, it entailed individual planning of works, complete engagement of project participants, and regular updates on the project execution status and the upcoming prospects.

- In the process of working on the project, it turned out that the project launch necessitates bigger resources: participants will be joining in the project gradually.

- At the preparatory stage, project participants have to designate priorities and needs, which will later be taken into account when making the curriculum.

- In order to prepare curriculums and appoint consultants, close cooperation should be established with international experts who are well-versed in Ukraine's peculiarities, thanks to hands-on experience.

- During the project execution, it turned out that today Ukrainian government officials feel a more noticeable need for expert advice supported by hands-on experience in the public administration system, as well as in the access to official

regulating documents of the governments of developed countries, in order to use these documents as examples in their work.

- Regional and local experts should be involved in such projects—representatives from countries in transition, since the experience of such states is much easier to adapt to the Ukrainian reality than the experience of sustainable democracies.

## Recommendations produced by foreign experts

- Further on, it is imperative to take into account the benefits of the principle of project construction that envisages the development of institutional capacity.

- It is necessary to help the government to create an internal government system of improving the skills of public servants, which would operate based on the principle similar to the one used in this project. *At the first stage*, the government strategy of re-training should be devised, which would foster the formation of new quality personnel. Partners should be the Presidential Administration of Ukraine, the Head Department of the Public Service, the Cabinet of Ministers of Ukraine's Secretariat, the Economy Ministry, the Finance Ministry, and the Public Administration Academy of Ukraine (PAAU). The outputs would be a public policy paper (strategy) and an action plan for implementation of objectives, specified in such a document. *The second stage* of the project should be dedicated to the implementation of the developed and approved policy. The key partner at this stage should be the PAAU Institute of Re-training.

- It is feasible to support the full cycle of development of the State Economic and Social Program of Ukraine in real-time mode, providing for proper execution of the schedule and holding inter-ministerial, parliamentary, and public consultations.

- Support should be extended to the process of planning and coordinating public policy as a special function of the Cabinet of Ministers of Ukraine's Secretariat, by creating corresponding appropriate subsections of policy planning in the Cabinet of Ministers of Ukraine's Secretariat and ministries. ■

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