

Confidential

**Problems of co-ordinating international
technical assistance in Ukraine:
Comparison with Polish experience**

Research report

for the Administration of the President of Ukraine

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1. INTRODUCTION

The transformation taking place today in Ukraine is significantly different from the evolutionary process of democratisation which took place in Western countries. Ukraine is undergoing a *managed transition* from totalitarianism to democracy, and the result depends critically on the quality of the change management process itself—from the planning and targeting of reforms to the successful building of effective democratic institutions to the fostering of necessary skills and habits in the key players (government, business, and civil society). One of the most important factors of success for Ukraine is ensuring access to the latest information and technical resources.

International donors provide significant conceptual and financial support for reforms in Ukraine through technical assistance. Unrepayable TA resources are provided by individual countries and international organisations with the intention of promoting the development of market economic foundations and institutional capacity of government structures, reducing the negative social aspects of the transition period, resolving the problems of nuclear and environmental safety, democratising and creating a civil society, enforcing the rule of law, etc.

Most international technical assistance is provided to Ukraine in the form of consulting by foreign experts, financing of expenditures on carrying out independent research or training and upgrading personnel, financing the procurement of equipment and new technologies, and grants.

International technical assistance has a significant impact on the transformation processes in Ukraine. This is primarily a consequence of insufficient domestic financial resources, but also of the lack of qualified personnel with relevant experience, knowledge, and skills.

Nevertheless, in our opinion the effectiveness of TA provided to Ukraine remains at a low level, above all due to the lack of a common principle for providing this assistance among the donors. The priorities of donors are more often defined on the basis of existing availability on their side rather than on the real needs and intentions of the Ukrainian government that emerge in the process of carrying out reforms.

In contrast to the situation in Ukraine, TA programmes in the countries of Central Europe—and Poland in particular—are aimed at fulfilling concrete objectives oriented at bringing national institutions into line with European standards. That is, the framework for providing technical assistance to these countries is common and clearly defined—preparation for accession to the European Union. Such a framework, or any other, is not to be found in Ukraine. Moreover, donors do not always specify any practical implementation of results as part of their project objectives; they simply submit ready recommendations and hope that the government will carry them out once it musters the political will to do so.

Ukraine's experience in attracting and involving international technical assistance shows that the most successful projects are those in which the Ukrainian side participates in the definition of priorities and formulation of the terms of reference, and also involves qualified Ukrainian specialists in the project realisation.

The successful projects have been extremely important with regard to conducting reforms and carrying out socioeconomic development programmes for Ukraine. Among their notable features have been the significant reduction of State Budget expenditures, promotion of far-reaching institutional changes, development of infrastructure, and creation of a favourable investment climate in the country. Other international TA projects have facilitated the resolution of social, healthcare, and environmental problems with which Ukraine has had difficulty dealing on its own.

2. ANALYSIS OF CONDITIONS WITH RESPECT TO ATTRACTING AND INVOLVING INTERNATIONAL TECHNICAL ASSISTANCE

2.1 Ukraine

2.1.1 General overview of international and economic co-operation

International technical assistance is provided to Ukraine on the basis of its international agreements. The contractual and legal underpinnings on the Ukrainian side constitute about 40 international agreements on technical and financial co-operation that have been concluded with other countries and international organisations since 1992.

Nowadays, technical co-operation of Ukraine is in progress with 14 European countries, the USA, Canada, and 5 Asian countries, as well as with the Council of Europe and other international organisations; all together, about 4 billion USD have been spent since 1992, on a bilateral and multilateral basis, for the implementation of international TA programmes in Ukraine. Among the major donors to Ukraine are the USA (more than half of the total), Canada, Germany, the Netherlands, the UK, Denmark, Switzerland, Sweden, and Japan.

Since 1992, the total volume of international TA has been exhibiting a persistent tendency to rise; it constituted 407.7 million USD in 1999, 413.62 million USD in 2000, and about 461 million USD in 2001 (planned).

Таблиця 1. Table 1. Volumes of international TA to Ukraine from major donors in 1999–2001, millions USD

Country/Organisation	1999	2000	2001 (forecast)
USA	195.0	195.0	210.0
EU (TACIS)	93.6	88.7	88.9
EBRD	55.45	60.0	90.0
Britain	15.1	15.1	15.1
Canada	13.8	13.8	13.8
Germany	9.62	9.62	9.6
Netherlands	8.05	8.05	11.0
IBRD	6.6	7.3	6.6
UNDP	3.5	3.5	3.5
Sweden	2.88	4.25	3.4
Switzerland	1.9	1.9	2.7
Japan	1.5	6.4	6.4
Total	407.0	413.62	461.0

Source:

According to international agreements currently in force, Ukraine is committed to create favourable conditions for the implementation of international TA programmes on its territory, and to exempt from taxation and customs duties any goods and services involved in their implementation.

2.1.2 Development of a national system of attracting and involving international TA

Since 1995, a distinct system of attracting and involving international TA has been created in Ukraine.

According to Decree No. 488 of the President of Ukraine dated 27 March 1995, a central state executive body for TA was established—the International Technical Assistance Co-ordination Agency, subordinated to the Cabinet of Ministers. The agency was mandated to pursue the state policy on attracting international TA and direct it to socioeconomic development programmes, to develop and introduce an international TA co-ordination mechanism, to carry out expertises of international TA programmes, to effect their state registration, to control their execution, etc. The maximum number of staff at the central office of the agency constituted at first 80 and then 100 employees; regional representative offices employed 135 persons.

Resolution No. 424 of the Cabinet of Ministers of Ukraine, effective as of 14 June 1995, approved the strategic objectives of international TA to Ukraine for 1995–97, which stipulated systemic reforms, human resource development, natural resource management, and environmental and energy conservation as national priorities, as well as the reform of specific sectors of the economy. Each of the objectives included a list of specific problematic issues calling for urgent resolution.

This cabinet resolution empowered the International Technical Assistance Co-ordination Agency to consider applications made by ministries, other central state executive bodies, local authorities, enterprises, institutions, and organisations for international TA, in accordance with the determined objectives.

In September 1995, the International Technical Assistance Co-ordination Agency determined the procedure by which potential recipients should apply for international TA to the agency, as well as expertise and handling procedures for these applications (Order No. 6 of the International Technical Assistance Co-ordination Agency dated 19 September 1995).

The state registration of international TA projects and programmes was established by Resolution No. 441 of the Cabinet of Ministers dated 18 April 1996. State registration provided the legal grounds for the accreditation of participants, as well as confirmation of correspondent allowances, benefits, and immunities envisaged by Ukrainian legislation and international agreements. To date, 1,031 projects have been entered in the State Register of International TA Programmes.

According to Decree No. 493 of the President of Ukraine dated 2 July 1996, the International Technical Assistance Co-ordination Agency was reorganised into the National Agency of Ukraine for Reconstruction and Development, which was later renamed the National Agency of Ukraine for Development and European Integration (Decree No. 866 of the President of Ukraine dated 10 August 1998). The Agency's terms of reference included ensuring a common state policy on financial and economic co-operation with international financial institutions, relevant interstate and regional organisations, foreign organisations, and other groups with regard to the attraction of loans, grants, international TA and humanitarian assistance, and foreign investment.

It is worth noting that the National Agency of Ukraine for Development and European Integration (NADEI) dealt with a wider range of issues compared to the erstwhile International Technical Assistance Co-ordination Agency. In addition to carrying out analysis of the effectiveness of foreign loans, grants, international TA, and humanitarian aid, and developing and implementing international TA programmes and projects, as well as effecting their state registration, the NADEI was responsible for the inter-departmental co-ordination of economic and social co-operation between Ukraine and the European Union, taking part in the implementation of common state policy on European integration and in the development and introduction of co-ordination mechanisms for co-operation between Ukrainian central executive bodies and the European Union.

At the same time, the number of employees dealing with international TA was reduced to 34 persons, i.e., three times fewer. The regional representative offices of the former agency were eliminated, as well.

In 2000, the status and the authority of the NADEI was downgraded; according to Decree No. 271 of the President of Ukraine dated 21 February 2000, the head of the NADEI (who had the rank of minister) was

excluded from the Cabinet of Ministers. Consequently, the deputy head and department managers were downgraded, as well.

According to Decree No. 1159 of the President of Ukraine dated 23 October 2000, the NADEI was reorganised and its functions were taken over by the Ministry of Economy. Subsequently, the Department for International Development and European Integration was created at the ministry; operating still, this department, however, is not empowered to address donors on its own.

Nowadays, the issue of creating a special ministry for European integration or introducing the post of minister without portfolio is being discussed at the level of top government officials. In the latter case, the minister might be a member of the Cabinet of Ministers of Ukraine but not head a ministry or other central executive body. The minister might be personally responsible for developing and implementing a national European integration policy, directing and managing the implementation of measures related to his competence by central executive bodies.

The main tasks of such a Minister of European Integration might be the following:

- ensuring the formation and implementation of a common state policy with respect to European integration; developing and introducing co-ordination mechanisms for co-operation between central executive bodies with the European Union;
- ensuring inter-departmental co-ordination of economic and social co-operation between Ukraine with the European Union;
- ensuring the functioning of the Ukrainian side of the Committee on Co-operation Between Ukraine and the European Union;
- monitoring the process of European integration.

2.1.3 Normative and legal underpinnings

In 1999, the President of Ukraine issued a Decree “On international TA” (No. 596 effective 1 June 1999) in accordance with the “Transition Articles” of the Constitution of Ukraine. The decree defined the concept of international TA, its types and sorts, the basic rules and procedures for applying to donors, and for selection and implementation of international TA projects and programmes. The president also submitted a corresponding draft law to the Parliament (Verkhovna Rada) of Ukraine. The draft law, however, was rejected according to Resolution No. 779-XIV of the Verkhovna Rada of Ukraine dated 30 June 1999, and the draft law on international TA, which had been submitted by the Cabinet of Ministers on 28 May 1998, was taken as a framework. That law was eventually adopted by the Verkhovna Rada, but the president vetoed it.

In addition, a draft resolution of the Cabinet of Ministers was prepared on creating a common system for attracting, involving, and monitoring international TA, though later it was rejected during the government committee session. At present, the Ministry of Economy is preparing another draft of the resolution.

Thus, at the moment Ukraine has no normative-legal underpinnings governing the attraction, involving, and monitoring of international TA programmes and projects. There are no project design criteria, nor any effectiveness criteria or effectiveness assessment mechanisms.

2.1.4 Main principles of Ukraine’s co-operation with the European Union

The EU standpoint on providing TA to Ukraine is clearly defined in relevant programmatic documents of the EU. These include the Partnership and Co-operation Agreement and the Common Strategy for Developing Relations with Ukraine.

Partnership and Co-operation Agreement

The Partnership and Co-operation Agreement (PCA) between the European Community, its member countries, and Ukraine, was signed on 14 June 1994 and entered into force on 1 March 1998.

The PCA provides a framework for political relations between the EU and Ukraine, based on democratic values (including political dialogue). The purpose of the PCA is to facilitate political, economic, and cultural co-operation between Ukraine and the EU.

On the economic side, the main principles underlying the PCA deal with the development of a market economy. The PCA provisions regulate the flows of goods, services, labour, and capital, and introduce extensive and binding requirements.

The PCA is an important mechanism for bringing the Ukrainian system into line with the legal framework of the single European market and with the GATT/WTO system. The agreement contains a number of evolutionary provisions, including on the future creation of a free-trade zone, and provides a basis for wide-ranging commercial, industrial, scientific, and administrative co-operation.

In order to ensure the implementation of the agreement, the following common bodies were established within the PCA:

- **A Co-operation Council**, which holds annual meetings at the ministerial level.
- Preparation for these meetings is performed during annual meetings of the **Co-operation Committee**; the Co-operation Committee determines the Co-operation Programme for a two-year period, setting up priority areas of PCA implementation.
- **A Parliamentary Co-operation Committee** was established, as well; consisting of members of the Parliament of Europe and of members of the Verkhovna Rada of Ukraine, the committee may make recommendations to the Co-operation Council.

At a working level, six sub-committees were created. Their terms of reference include the following issues: trade and investment; finance, economics, and statistics; energy, nuclear safety, and environmental issues; customs, cross-border co-operation, illegal immigration, money laundering, and drugs; transport, telecommunications, science, technology, professional training, and education; coal, steel, mining, and raw materials. These sub-committees hold meetings at least once a year. During these meetings, co-operation is discussed with regard to the TACIS programme and future priority areas of co-operation.

Common strategy

The 1 May 1999 EU Agreement, within the framework of a common external policy and security policy, envisages a new mechanism—development of a common strategy.

A common strategy of the European Council with respect to Ukraine was adopted in December 1999 in Helsinki. The common strategy aims at developing a strategic partnership between the EU and Ukraine on the basis of the PCA provisions.

The strategy sets three principal objectives:

- support for the democratic and economic transition process in Ukraine;
- meeting common challenges on the European continent (ensuring stability and security in Europe, environmental protection, energy, and nuclear safety);
- support for strengthened co-operation between the EU and Ukraine within the context of EU enlargement (providing support for Ukraine's integration into the European and world economies, and co-operation in the fields of justice and internal affairs).

One of the key objectives of the strategy is to ensure coherence of policies and actions with respect to Ukraine on the part of the EU and its member states.

Full implementation of measures envisaged by the PCA and Common Strategy should help Ukraine to integrate into the worldwide trade system—in particular, to join the WTO, which is the first step towards signing a free-trade agreement with the EU and acquiring the status of associate member of the EU.

2.1.5 General overview of projects in the Tacis programme

With the implementation of the Partnership and Co-operation Agreement, one of the principal practical instruments of co-operation between the EU and Ukraine is the Tacis programme (originally an acronym for “Technical Assistance to the Commonwealth of Independent States”).

The Tacis programme was initiated by the European Union for Eastern European, Caucasus, and Near Eastern countries, facilitating the development of harmonious economic and political relations between the EU and partner states.

Tacis provides know-how with the help of a number of state and private organisations which facilitate combining the experience of free-market and democratic countries with local demands and conditions. Know-how is provided in the form of policy advice, by conducting research and training, through legal reform and development of institutions and organisations, etc.

Ukraine is the second-largest recipient (after Russia) of EU funds within the Tacis programme. Principles of TA provision to Ukraine are set out in the PCA and in the EU Common Strategy Regarding Ukraine. The strategic goals of the Tacis programme in Ukraine are determined in Tacis' so-called indicative programmes for Ukraine.

Former activities under the Tacis programme

The Tacis Indicative Programme for 1996–99 focused on three main areas:

- institutional reform and development;
- economic reforms and private sector development;
- energy and the environment.

Particular emphasis was given to the problem of Ukraine's high energy dependency.

Annual action programmes included both specific projects (budgets over 1 million euro) and different small projects or programme instruments (for instance, twinning cities, LIEN, TEMPUS, a productivity initiative programme, a customs programme, etc.).

The latest independent evaluation of the national Tacis programme in Ukraine was completed in July 1998, in the middle of the implementation of the last Indicative Programme. Based on this evaluation, it was concluded that the projects under the Tacis programme in Ukraine had mixed results.

In practice, the Tacis assistance tended to be too thinly distributed in the three main co-operation areas.

Active Tacis interventions in the financial sector and in energy savings resulted in real changes of Ukrainian policies. In other areas, however, especially agriculture and private enterprise development, the lack of reform progress in the legal and regulatory framework meant that even if individual projects were successful, the positive overall effect on the sector was minimal.

In future, Tacis intends to look more carefully at the likelihood of reform progress, and set up the programme on more realistic assumptions of what can or cannot be achieved under existing conditions.

In addition to the national programme, Ukraine benefited from regional and NIS programmes such as the nuclear safety programme, cross-border co-operation programme, and inter-state programme.

As of the end of 2000, Tacis assistance to Ukraine in the area of nuclear safety amounted to over 370 million euro. This includes 210 million euro in grants to the Chernobyl NPP and Chernobyl-related projects.

Over 1996–99, Ukraine received about 23 million euro as part of the cross-border co-operation programme. Support was provided to two frontier posts—one on the border with Poland and one with Hungary—as well as to some environmental projects and to one project supporting small and medium enterprise development. Ukraine also successfully participated in the Tacis programme of small projects on cross-border co-operation.

In addition, Ukraine obtained assistance within the framework of inter-state programmes in the fields of ecology, transport, and energy. In the environmental field this included betterment of environmental public awareness, as well as the development and implementation of national environmental action plans.

Since 1997, Ukraine has been a beneficiary of the TRACECA project (Transport Corridor Europe–Caucasus–Asia), including the train/ferry connection between Illichivsk and Poti. Ukraine was also substantially supported by the INOGATE (Inter-State Oil and Gas Transport) programme for the development of own energy transport networks.

New Regulations on Tacis programme activities

On 29 December 1999, the Council of Europe adopted new Regulations on Tacis programme activities in 13 partner states for the period 2000–2006, with a 3,138 billion-euro budget. The new regulations include a number of innovations; for instance, new mechanisms such as industrial co-operation and partnership between organisations in the EU and partner states are introduced. For the first time, an incentive scheme is established in order to promote project quality and to introduce an element of competition.

In addition, the regulations envisage the possibility of attracting the EU's financial resources to invest directly in the promotion of small businesses and in the development of border infrastructure.

For a seven-year period, Tacis will be supporting three main types of programmes—national, inter-state, and regional.

National and *inter-state* programmes for groups of countries comprise indicative and action programmes:

- **Indicative programmes** cover three- to four-year periods. These programmes define the principal objectives and recommendations for EU assistance to partner states in the relevant areas of co-operation.
- **Action programmes** are based on the indicative programmes, and cover one- to two-year periods. Action programmes include the lists of projects to be financed within previously set areas of co-operation.

Inter-State programmes deal with issues of high priority at the international level.

Regional programmes will facilitate co-operation between the partner states themselves, between the partner states and the EU, and also between these countries and the Central and Eastern European countries. These programmes must assist border regions to overcome their specific problems and to develop border-crossing infrastructure.

In the framework of the TA programmes, the following measures are to be supported:

- transfer of experience and know-how, including training;
- industrial co-operation and partnerships for strengthening institutional structure, based on co-operation between public and private organisations of the EU and partner states;
- the cost of supplies and equipment necessary for the implementation of the programmes;
- investment and investment-related activities.

As of 2000, the TA programme activities would be closely related to the political priorities of the EU in Ukraine, and also must be better adjusted to the priorities of the partner state. The Tacis programme will be focused on Ukraine's preparations for the future enlargement of the EU up to its borders.

In 2000–2003, Tacis intends to provide TA valued at about 200 million euro to Ukraine. The Tacis National Indicative Programme will be concentrated on the following three principal areas:

1. Institutional, legal, and administrative reform:

- support for the rule of law and improvement of the legal environment in strategic areas;
- promotion of the quality of public administration and executive bodies functioning in key sectors;
- empowerment of the individual through support for civil society development and assistance in education and training.

2. Support for economic reforms and private sector development:

In this area, the main priorities are promotion of private entrepreneurship and financial sector reform. Also, support for the energy sector and agricultural reform will be extended.

Assistance to privatisation and enterprise restructuring remains among the priorities of the Tacis programme in Ukraine. The focal point of the programme is the promotion of small and medium enterprises at the local level, notably:

- integration of small and medium enterprises operating in the “shadow sector” into the legal economy;

- promotion of organisations and networks providing support for small and medium enterprise development;
- development of banking and financial services for small and medium enterprises.

3. Addressing the social consequences of transition:

- improvement of the healthcare system;
- development of employment services to prevent unemployment.

Tacis will assist in promoting more effective resource allocation in the Ukrainian healthcare sector by implementing the following measures:

- improving legal and financial underpinnings in healthcare;
- providing training for resource allocation managers in the healthcare system;
- increasing emphasis given to reducing mortality levels and raising public health awareness;
- development of the ambulance infrastructure.

Support will include the following components:

- improving the monitoring and analysis of labour market development, including the development of statistical services;
- promotion of a policy environment favouring job creation at regional and local levels, in particular through the development of effective employment services;
- enhancing the quality of training/retraining in order for the labour force to be able to adapt in the development of the local economy.

Tacis programme implementation instruments

Assistance will be provided through a variety of instruments—from large-scale programmes and projects to small initiatives.

Traditional provision of TA through consultancy companies will remain the principal measure in some areas, though it may be reinforced with the experience of government and non-government organisations and consultancy departments of enterprises with the potential to establish long-term relationships.

Thus, ever greater emphasis is being given to establishing permanent partnerships between participants from the EU and Ukraine, for their mutual benefit beyond the project framework.

Investment financing will be extended indirectly, through improving the overall economic environment and creating favourable legal parameters.

Once the economic environment becomes more favourable, TA will also be provided in close co-operation with international financial organisations in order to prepare, accelerate, and/or accompany investments in targeted programmes or special agreements (such as agreements with the EBRD).

Foreign direct investment can be considered in such areas as cross-border co-operation, support for small and medium enterprises, environmental infrastructure, and networks of strategic importance to the EU, when complementary and reinforcement effects are anticipated.

2.2 Poland

Since 1999, Poland has been a recipient of unrepayable TA under the EU's PHARE programme (Poland and Hungary: Assistance for Restructuring Economies). During the period 1990–99, it was given 2,029 million euro. The EU annual budget is the source for financing the PHARE programme.

Table 2. Dynamics of focusing TA programmes of the European Union for Poland

stage 1	1989–91	Humanitarian assistance
stage 2	1991–93	Providing recommendations and organising training
stage 3	1993–97	Investment support—regional and sector-based
stage 4	1997–99	Assistance aimed at the preparations for entering the EU
stage 5	From 2000 until EU accession	Assistance (PHARE, ISPA, SAPARD programmes) targeted exclusively at the needs of European integration
stage 6	After joining the EU until the end of 2006	Access to structural funding of the EU

Source:

2.2.1 General overview of PHARE programme projects

During recent years, the largest share of financial support in the framework of the PHARE programme was allocated for structural projects, educational programmes, and programmes related to the restructuring of enterprises and modernisation of the agricultural sector.

Table 3. PHARE programme funding allocated for separate areas in Poland in 1990–98 (millions euro)

Area	1990	1991	1992	1993	1994	1995	1996	1997	1998	Sum
Public administration	10.0	7.5	9.2	27.0	21.5	2.0	0.0	20.5	12.0	109.7
Agriculture	100.0	17.0	18.0	30.0	2.5	13.0	8.0	8.0	7.5	204.0
Education, training, research	2.8	14.5	42.0	45.0	39.0	37.0	30.	20.0	31.3	261.6
Environmental protection, nuclear safety	22.0	35.0	18.0	0.0	12.0	22.0	3.0	0.0	12.2	124.2
Finances	2.0	17.0	4.7	21.0	22.0	0.0	0.0	0.0	0.0	65.7
Infrastructure	7.0	10.0	27.4	63.0	93.8	91.0	98.7	84.4	87.0	559.3
Consumer protection	0.0	0.0	0.0	5.0	0.0	0.0	0.0	0.0	0.0	5.0
Restructuring of enterprises, private sector	38.0	57.0	74.5	7.0	9.0	9.0	24.3	15.0	0.0	238.8
Job placement, social development	0.0	18.0	7.2	0.0	9.0	0.0	0.0	0.0	30.0	64.2
Healthcare	0.0	20.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	20.0
Other	0.0	3.0	0.0	27.0	0.0	0.0	0.0	1.5	0.0	31.5
Total	180.0	197.0	200.0	225.0	208.8	174.0	164.0	149.4	179.0	1,678.0

Source:

2.2.2 Other technical assistance programmes

SIGMA programme

At the initiative of the OECD (Organisation for Economic Co-operation and Development), which is an inter-governmental organisation of 29 countries with developed democracies and market economies, and the PHARE programme for 13 countries which are in transition, a programme titled SIGMA (Support for the Improvement of Governance and Management in Central and Eastern European Countries) is being implemented.

The programme involves the countries of Albania, Bosnia and Herzegovina, Bulgaria, the Czech Republic, Macedonia, Hungary, Latvia, Lithuania, Estonia, Poland, Romania, Slovakia, and Slovenia.

The main objectives of the SIGMA programme are the following:

- assistance to recipient countries in establishing a holistic system of public governance in order to increase the efficiency of the work of administrations, and support of the dissemination by the public sector of democratic values and principles of the rule of the law;
- assistance in the development of own capacities at the central government level for addressing issues related to the implementation of plans for European integration;
- promoting the initiatives of the EU and other donors to support recipient countries in their reforms of the administrative system, and co-ordinating donor activities.

Work in the framework of the SIGMA programme is implemented according to five objectives, as follows:

- Strategy of administrative system development;
- Development of policy;
- Co-ordination and regulation;
- Allocation of the budget and resources;
- Public (state) service;
- Auditing and financial control.

PUMA programme

The OECD programme for public management and administration, titled PUMA, was established in 1990.

The main objective of the PUMA programme is to assist the governments of candidate countries for membership in the EU in their development of efficient, rational, and transparent structures of public administration.

The PUMA programme is to investigate how government structures organise and administrate the public sector, and is aimed at the identification of issues which may appear in their work.

One of the main functions of the PUMA programme is establishing a forum for the free exchange of ideas on ways and mechanisms of adapting public sector management to internal and external changes.

Otherwise, the PUMA programme organises regular meetings of workgroups of experts consisting of persons responsible for the development of national budgets, key officials from presidential administration, prime ministers and ministers, and managers of agencies responsible for regulatory reform and management of human resources.

PUMA is spreading the experience of the OECD on the development of efficient public administration among countries in transition and developing countries.

- The main areas of activities supported by PUMA are the following:
- Development of the state budget;

- Ethics and corruption in the public sector;
- Management of human resources;
- Strategic management and policy development;
- Strengthening linkages between citizens and government agencies.

The programme is managed by the Committee for Government Management, comprising key officials from all 29 OECD member countries. The committee has meetings twice a year, in March and October. The work programme is implemented by the PUMA Secretariat jointly with the expert workgroups, which have their meetings once a year, on average.

2.2.3 Principles of EU technical assistance provision under the PHARE programme

During 1990–94, the programming procedure was based on the principle of a budget for one year. According to a decision of the European Council in 1992, long-term programming was applied as of 1995 in order to empower the sustainability of the programming. Under this principle, the annual amount of the assistance remained flexible, and it could be changed depending on the quality of the project proposals suggested by the Polish side.

Since 1998, the EU assistance has been focused on the concrete goal of future membership in the EU.

During a meeting of EU members in March 1999, the main guidelines for the European Union's financial policy for the next 7 years were approved. It was the first time in its history that significant amounts from the EU budget were reserved for the integration of Central and Eastern European countries. These funds have been divided into two groups: pre-accession and structural funds. Three pre-accession programmes are ongoing:

PHARE – financing of priority objectives in applying the legislative experience of the European Union. The annual budget of this programme is 1,560 million euro during 2000–2006, from which Poland is annually supplied with 350–400 million euro.

ISPA – support of investments in transport and environmental protection. The budget of this programme amounts to 1,040 million euro annually during 2000–2006, from which Poland is annually supplied with 330–370 million euro.

SAPARD – support of investments in agriculture and in rural regions in general. The annual budget of this programme is 520 million euro during 2000–2006, from which Poland is annually supplied with about 170 million euro.

Structural funds of the European Union will become available for EU candidates only after their accession. Since this will probably not happen by 2003, the Agenda 2000 budget reserves 58 billion euro for 2003–2006, to allow the participation of new members in the EU funding designated for supporting structural and agricultural policy, and policy focused on strengthening internal security. For Poland, it means that until it joins the EU it will have the possibility to use the three abovementioned types of pre-accession funds. At the moment of entering, Poland will lose its right to the PHARE, ISPA, and SAPARD funds, but instead it will become a potential beneficiary of the structural and agricultural funds of the EU.

Since 1998, PHARE assistance has been provided in accordance with the new principles defined in the document *Decentralised Implementation Under New PHARE Orientation*, adopted in July 1998 by the General Board and the XX European Commission.

The European Commission stipulated that the funds designated in recent years for facilitating of social transformation processes (transition driven) should be mostly allocated to preparation for membership (accession driven).

Thirty percent of the costs should be allocated for the support and development of institutions which ensure the implementation of EU legislation. In most cases, these programmes and projects result in the establishment of institutions for the realisation of EU policy, development of human resources, and administrative skills.

Seventy percent of the costs should be used for additional investment in transport and environmental protection, in order to meet EU standards. At that, in contrast to the first seven years of the PHARE programme, nowadays the EU doesn't support general projects in these spheres, and provides assistance only for resolving concrete tasks related to the integration process; for instance, the implementation of antimonopoly or tax administration improvement, supporting activities preventing financial violations, development of phyto-hygienic control, sewage system improvement, and construction of highways.

Therefore, since 2000 the main efforts of the PHARE programme for EU partners are focused on two priority-driven directions of co-operation—institutional development and investment support.

Investment support under the PHARE programme

Investment support under the PHARE programme is realised under four main objectives:

- investment in the implementation of EU standards;
- regional development;
- development of infrastructure;
- supporting small and medium-size enterprises.

Investment in the implementation of EU standards

The assistance is focused on key institutions which need to strengthen their capacities on *acquis* implementation, for example, through the provision of required equipment. All PHARE investment projects in this sphere are supported by the promotion of institutional development, which should facilitate assimilation and efficiency of the investments. To achieve compliance with EU standards in certain sectors of the economy, sectoral grants are provided in parallel with the national crediting systems.

Regional development

The main goal of PHARE assistance in this area is the development of knowledge and understanding in candidate countries of EU structural policy, in order to develop the decision-making procedures required for future membership in the EU structural programmes.

The support will be focused on regions with outmoded industry, with regard to which the government has plans for reconstruction, and on pilot programmes on restructuring agriculture and the processing industry. The objective is to increase their attractiveness and involve strategic investors.

In the long term, financing would be provided for more large-scale regional and agricultural programmes and environmental protection programmes, which should ensure access to EU structural funds for candidate countries. Projects on regional co-operation in border areas would be also supported.

Development of infrastructure

In co-operation with the EBRD, World Bank, and other international financial institutions, the PHARE programme provides for joint financing of projects which are aimed primarily at the development of transport infrastructure along Trans-European transport borders, as well as the implementation of EU environmental standards.

At the European Council's meeting in Copenhagen, a decision was made on the allocation of 15% of the PHARE total budget for joint financing of the main projects on infrastructure development which are implemented in co-operation with other international financial agencies. At the meeting of the Council of Europe held in Essen this amount was increased to 25%.

The support is provided through the Large-Scale Infrastructure Facility—LSIF—in addition to assistance under the PHARE national programmes. All the projects are financed jointly with the appropriate international financial agencies, and PHARE contributes a minimum of 25% to each LSIF project.

Projects not already involved in the PHARE national programmes are preferred. These projects can have no priority per se for the recipient country, but they have priority with regard to the integration process;

or, vice-versa, they may involve significant national investments but their realisation is beneficial for other countries of the region.

LSIF finances activities, delivery, and know-how in the following areas:

- infrastructure investments required for supporting development of the Trans-European Network in the candidate countries and among them;
- infrastructure investments in environmental protection where significant cross-border impact is indicated.

Supporting small and medium-size enterprises

PHARE supports the entire small and medium-size enterprise sector to provide just and free access of the enterprises to lending sources through a system of local financial mediators.

This assistance also should decrease the costs of small and middle-size enterprises related to their adoption of EU norms and standards.

Institutional support under the PHARE programme

Institutional development is defined as the strengthening of democratic institutions, public management agencies, and institutions responsible for the implementation of EU legislative regulations in the EU partners, and their adaptation to new conditions. The integration process provides for not only the approximation of the legislation of the candidate country to the EU law but also requires the improvement of appropriate structures, human resources, and administrative skills. Institutional development involves the development of management systems, as well as training and provision with all necessities for the work of public servants, governmental officials, experts, and relevant players from the private sector.

Support of institutional development is implemented by means of the mechanism of twinning. This mechanism was developed in May 1998 as the main instrument of institutional development which should help candidate countries to establish a modern and efficient system of governmental management with structures, human resources, and administrative skills needed for the implementation of EU requirements on entering.

Twinning creates a framework for co-operation between governmental and non-governmental organisations in candidate countries with their partners in the EU members in order to develop and realise projects addressing the implementation of EU accession requirements.

The principal feature of the twinning projects is their aim of achieving concrete and guaranteed results. It means that these projects are focused not only on general co-operation but also on achieving concrete results on the implementation of EU accession requirements.

The twinning mechanism is not aimed at short-term expert advice on addressing concrete problems. Rather, it suggests the long-term work of EU experts in the candidate countries, in order to achieve real change. Each of the twinning projects provides the work of at least one adviser on European integration, sent by an executive government agency from an EU member or other agency from the EU country for full-time work at the appropriate ministry of a candidate country, for at least 12 months.

During 1998 and 1999 the twinning project was realised in four priority sectors in Poland: agriculture, environmental protection, financial sector, and justice and law enforcement. These sectors of co-operation have been indicated as priorities under the programme of partnership on EU accession. Twinning also entails the preparation of candidate countries for the introduction of structural funds.

Table 4. Comparison of objectives, tasks, and principles of the PHARE and TACIS programmes

PHARE	TACIS
<p>Preparation of candidate countries for future membership in the EU.</p> <p>Including:</p> <p>Financing of priority tasks on studying and application of the legislative experience of the EU.</p> <p>Preparation of central and local administrations for using EU structural funds.</p>	<p>Support of transition market economies and development of democratic society in the New Independent States.</p> <p>Including:</p> <p>Facilitating social transformation processes in the NIS</p> <p>Preparation of EU partners for the enlargement of the EU towards their borders.</p>
<p>Technical assistance and investment support.</p> <p>Priority directions:</p> <p>Institutional development (30% of PHARE funds). The main instrument of institutional development is the twinning mechanism, which creates a framework for co-operation between state agencies and non-governmental organisations in candidate countries with their partners in the EU members, in order to develop and implement projects to comply with the EU accession requirements.</p> <p>Investment support (70% of PHARE funds).</p> <p>Should be used for additional investment in transport and environmental protection, in order to achieve EU standards.</p> <p>The projects are to be accompanied by the long-term work of EU experts in the candidate countries in order to achieve real changes.</p> <p>In Poland, PHARE projects are elaborated and prepared by the Department of Co-ordination and Monitoring of Foreign Assistance at the Bureau of the Committee on European Integration chaired by the Head of the Council of Ministers. Most of the PHARE projects are co-ordinated through programme management groups that work in ministries, or with the ministries directly.</p>	<p>Only technical assistance.</p> <p>Financing grants for transferring know-how in four key sectors:</p> <ul style="list-style-type: none"> - institutional reform and development; - private sector development; - energy and environment; - nuclear safety. <p>The projects are aimed at providing short-term expert advice on addressing concrete issues.</p> <p>Ukrainian officials responsible for co-ordination of the international TA have limited possibilities to make an impact on the process of identifying priorities for TACIS activity in Ukraine. There is a lack of an efficient mechanism for control and monitoring the results of TACIS projects implemented in Ukraine.</p>

According to the new PHARE orientation, countries which are provided assistance, including Poland, are to be obliged to finance 25% of the costs of projects and recover the expenditures on technical support of the projects (e.g., financing the office which receives and checks receipts while the funds are transferred to the account of specific recipients).

The European Commission also requires establishing additional institutions responsible for cost control and monitoring. Up to 1998, all financial receipts were processed by the offices of the European Commission in countries co-operating with the EU, through funds and agencies responsible for programme implementation. The new PHARE orientation places the financial and administrative responsibility on the governments of the recipient countries (on their agencies, for example, the Ministry of Finance).

The largest assistance programme in Poland under PHARE is the Cross-Border Co-operation Programme, which is an instrument of the Polish regional development policy. According to a decision of the European Commission, the programme was planned for 1994–99; later it was extended to 2006.

2.2.4 A national system for programming, co-ordination, and monitoring of TA

Elaboration and preparation of projects are provided by the Department of Co-ordination and Monitoring of Foreign Assistance at the Bureau of the Committee on European Integration, chaired by the Head of the Council of Ministers.

The Polish national system for programming, co-ordination, and monitoring of TA consists of specific structures responsible for their own sectors of activity, as follows:

Committee on European Integration – a corporate government administrative agency established to program and co-ordinate the Polish integration policy with the EU, and to program and co-ordinate activities on bringing Polish standards in line with European standards. The committee co-ordinates activities of the state administration on applying foreign assistance, and activities on receiving and using foreign support.

National Assistance Co-ordinator – the Head of the Bureau of the Committee on European Integration, responsible for co-ordinating the process of programming and implementation of projects and programmes. He/she is responsible for establishing European integration as the goal of the projects realised under assistance programmes. At the request of the Head of the Council of Ministers, he/she prepares and signs a financial memorandum.

A person commissioned by the government to provide servicing for financial assistance from the European Union – the Deputy Minister of Finance, and Head of the National Fund of Financial Assistance from the EU. He/she is responsible for servicing receipts and control of EU funding, and costs allocated from the budget for co-financing the PHARE programme.

Persons mandated to implement projects – they are appointed by the National Assistance Co-ordinator on the recommendation of ministers or managers of the Central Office. They are responsible for the implementation of programmes and supervise the units which implement projects.

Project implementation units – structures which function at ministries and central offices, and implement projects at this level.

Project Co-ordinators – officials responsible for the realisation of the Institutional Development of Public Administration component in designated ministries or central offices.

Joint Monitoring Committee – a corporate agency consisting of: the **National Assistance Co-ordinator**, **person commissioned by the government to provide servicing for financial assistance from the European Union**, and the European Commission's representatives.

Sub-Committee for monitoring projects – a structure which controls and checks up on project implementation. It consists of: **persons mandated to implement projects**, a representative of the **National Assistance Co-ordinator**, a representative of the **person commissioned by the government to provide servicing for financial assistance from the European Union**, and the European Commission's representatives.

2.2.5 Legal principles for attracting and involving technical assistance

EU assistance to Poland is provided on the basis of two framework agreements, concluded in May 1990:

- General Agreement between EU members on providing assistance to Poland; and
- European Agreement, which defines relations between Poland and the EU.

For the time being, the processes for attracting and involving TA provided to Poland from the EU are based on the following three policy documents:

- The European Commission's document *Accession Partnership*, which identifies the objectives for Poland prior to joining the EU and the EU obligations regarding technical and financial assistance for their implementation;
- Polish document *The National Programme of Membership* which is a detailed programme for achieving the objectives stated in the *Accession Partnership* to 3 December 2000. In this document, sectors and concrete objectives for co-operation are identified, as well;
- *Initial National Plan for the Development of Poland* which defines priorities in the socio-economic sphere for 2000–2002.

In the document entitled *A System of Decentralised Implementation of the PHARE Programme*, all the principles and procedures which make up the basis of project implementation (preparation and holding of tenders/competition, contracts, payments, standard documents, etc.) are collected and described.

Moreover, the programming process at the national level itself entails the development, adoption, and implementation of a series of documents; among which the most significant are the following:

Polish Position Regarding Financing – a document approved by the Council of Ministers that represents the Polish vision of the scope and destination of assistance provided to Poland under the PHARE programme for a given year. On the basis of this document, negotiations with the European Commission are conducted, and the Financial Memorandum is signed.

Financial Memorandum – the annual agreement made between the European Commission and the Council of Ministers. It defines the amount of unrepayable support allocated under PHARE, and the purposes of this assistance. In the memorandum, the procedures and sharing responsibilities and competencies during project implementation are identified. For signing the Financial Memorandum, the European Commission has to approve a Decision on Financing.

Decision on Financing – a document of the European Commission which identifies the amount and purpose of the assistance for a beneficiary of the PHARE programme for a given year. This decision is made on the basis of a Financial Proposal submitted by the services of the European Commission and evaluated by the Committee which manages the PHARE programme.

Terms of Financing – a document signed between the person commissioned by the government to provide servicing for financial assistance from the European Union, and the person in charge of the project implementation. It outlines the principles of transferring costs, reporting, responsibility for using out of purpose, internal and external control, etc. The terms of financing also include the financial plan.

Financial Plan – a document which is prepared on the basis of payment schedules, and provides uninterrupted financing from the European Union.

2.2.6 PHARE programme mechanisms and procedures

Strategic decisions with respect to the programme are made by the Committee on European Integration after international consultations. The committee is authorised for the following activities:

- Co-ordination of the processes of adoption and integration of Poland into the European Union, including initiation, organisation, and co-ordination of related activities in the socio-economic sphere;
- Co-ordination of initiatives on sourcing and applying funds from foreign assistance;
- Co-ordination of state administrative activities in the sphere of receiving foreign assistance.

Pursuant to the programming, the Bureau of the Committee on European Integration is responsible for the following:

- Preparation of the principles of state policy regarding the involvement of unrepayable foreign assistance;
- Co-operation with the European Commission on planning the integration activities programme, that is to be financed from EU funds;
- Initiating the process of project development through the appropriate ministries and central governments;
- Project pre-assessment;
- Formal check (compliance with EU requirements and the National Programme of Preparation for Membership);
- Preparation of the proposal titled *Financial Status of Poland* for approval by the Committee on European Integration and follow-up approval by the Council of Ministers.

The Council of Ministers authorises the National Assistance Co-ordinator for negotiations with the European Commission.

The European Commission makes a decision on project financing and prepares documents in the form of a financial agreement (the Financial Memorandum) for signing.

The Bureau of the Committee on European Integration is responsible for the preparation of the Financial Memorandum on the Polish side; the National Assistance Co-ordinator signs the Memorandum on behalf of the government of Poland. The signing of the Financial Memorandum concludes the programming stage and starts the programme implementation stage.

In 1990–94, the programming procedure was based on the annual budget principle. It consisted in the adjustment of the general objectives of assistance, with designation and sectors in the framework of a so-called annual indicative programme. A certain number of follow-up financial memorandums described in detail the planned activities and required costs.

Since 1995, a programming procedure based on long-term planning has been in effect. The maximum amount of assistance that Poland could receive during the period of 1995–99 was 1,015 million ECU. The annual amount of the assistance remains flexible and depends on the quality of the project proposals and programmes submitted for financing.

The procedure of programming for the purpose of assistance consists of subsequent steps made both in the framework of governmental administration and in relations between the European Commission and the government of Poland. Until November 1996, Poland was represented by a government representative on European integration and foreign investments; now it is represented by the Committee on European Integration (in practice, by its secretary).

The first step was the information from the European Commission on the suggested amount of assistance for a given year, directed to the assistance co-ordinating agency.

The Assistance Co-ordinator forwarded this information to the institutions (agencies), in accordance with prescribed standards, for sectors of the proposal of the so-called National PHARE Operational Programme.

Agencies (institutions) which provide servicing for the PHARE projects elaborated proposals for the National PHARE Operational Programme, in co-operation with appropriate services of the Assistance Co-ordinator.

The co-ordinator collected, completed, and consolidated sectoral parts and compiled them into a single working document, then submitting it to the European Commission.

The European Commission processes the document in accordance with its internal rules and needs, and then submits it to the PHARE Management Committee.

After receiving a positive response from the PHARE Management Committee and making a decision on financing the programme, the European Commission prepares a Financial Memorandum on the National Operational Programme. This memorandum is a legal document between the European Commission and the government of Poland on the implementation of the obligations of the programme, financed with a certain designated amount by the donor.

2.2.7 General co-ordination of the programming process

The National Assistance Co-ordinator ensures the unity and coherence of sectoral or regional programmes, elaborates criteria for project selection, organises co-financing, and identifies priorities on the basis of governmental decisions. He/she is, to some extent, an arbiter who balances needs and possibilities, and controls programme implementation at regional or sectoral levels. The National Co-ordinator also executes as an organiser of the monitoring and assessment processes.

Among the EU members, the general co-ordination of the structural funds programming is conducted through a single administration unit or government agency (in order to ensure integrity).

2.2.8 Project implementation and monitoring

Programme and project implementation is conducted at various levels of public administration. Assistance programmes are implemented through public administration agencies at different levels. Sectoral projects or regional programmes are implemented at the regional level—governments of the

appropriate level are their direct implementers. In contrast, infrastructure projects are implemented at the ministerial level or through the ministries themselves.

Depending on the nature of the programme, its implementation may be based at commercial, NGO, or government and private entities.

Monitoring is conducted by so-called monitoring committees at the national and regional levels. In addition to the state administrations of different levels which are organised jointly with the European Commission and responsible for the monitoring process, public partners also participate, such as professional organisations, self-governing bodies, NGOs, etc.

2.2.9 Drawbacks of attracting and involving TA

The institutions which co-ordinate the PHARE programme implementation in Poland do not use professional project assessment standards commonly recognised among EU members, which are based on comparison of inputs (amount of investments) and outputs—received profit in accordance with the clearly identified criteria. Costs allocated for conducting this valuable analysis are almost out of use, and there is a lack of qualified personnel.

The Bureau of the Committee on European Integration has yet to conduct a systematic investigation of the efficiency of usage of the PHARE resources; this issue has not been analysed by other government agencies, either. Representatives of the Committee on European Integration many times emphasised the necessity of establishing a central monitoring system on the use of the funds provided by the EU for assistance. Separate checks conducted during recent years proved that the costs were often not used as designated.

For internal use of the Committee on European Integration, detailed comparative tables are prepared, with the names of projects, amounts of assistance allocated for their implementation, implementation levels, and institutions responsible for project management are described.

Since 1996, at the request of the European Commission, the PHARE programme monitoring in all Central and Eastern European countries is conducted by a special service—the Joint Relations External Service for the Management of Community Aid (SCR), which exercises its activities through consulting agencies united under the OMAS Consortium, Brussels. In Poland, two persons work on OMAS requests. To date, nearly 30 detailed reports on using PHARE funds in sectors have been prepared. These reports are only for internal use by the European Commission; they are transferred to the EC Delegations in Poland, the Bureau of the Committee on European Integration, and to all implementers of the PHARE programme in Poland who are interested. The general public has no access to the documents containing detailed assessments of concrete projects.

Information on available costs provided as assistance is slowly reaching local administrations and non-government institutions, and especially the general public. Only the members of the Bureau of the Committee on European Integration have access to detailed developments on how to initiate programmes, how to monitor and control their implementation, how to designate costs for separate projects, and about organisations responsible for programme implementation. During ten years of the PHARE programme functioning, not a single publication has been issued with complete information on existing programmes, on institutions responsible for their implementation, and on the competition terms for receiving financial support.

3. MAIN LESSONS LEARNED BY UKRAINE FROM INTERNATIONAL TECHNICAL ASSISTANCE

3.1 Problems on the Ukrainian side

All problems with international technical assistance on the Ukrainian side fall into three groups: strategic, legal, and organisational.

3.1.1 Strategic problems

- Ukraine does not have any programme directing and binding together its institutional, legal, and administrative reforms.
- There is nothing in the government's Action Plan about how TA resources can be used to help achieve its priorities.
- Provision and use of TA does not depend on the implementation of Ukraine's Partnership and Co-operation Agreement with the EU.
- TA is not being used to build up effective democratic institutions or to foster necessary skills and habits in the key players (government, private business, and civil society).
- TA programmes very rarely target the building up of social infrastructure in order to make possible a favourable investment climate in the country.

3.1.2 Legal problems

- Ukraine does not have a basic legislative act defining the notion of TA, its types and forms, and key players in attracting and involving international technical assistance, providing for fiscal privileges, etc.
- There are no government regulations laying out the procedures for preparing and approving project proposals, taking account of Ukraine's needs, and monitoring the effectiveness of TA projects.
- There is no government or president-approved national TA programme of attracting and involving international technical assistance, setting policy priorities of the country's social, economic, and institutional development to be targeted by TA.
- Shortcomings in Ukraine's framework bilateral agreements give the country no say in approving TA projects and their content, or selecting implementing agencies and Ukrainian recipients.

An indicative example is the NAUREI-USAID international agreement on forming and approving U.S. technical assistance programmes for Ukraine, which was signed in December 1999. Under this agreement, Ukraine is only allowed to approve the TA priorities, while the U.S. unilaterally selects projects, their content, implementing agencies, and even Ukrainian recipients. To register the projects, USAID applies to the Ukrainian authorities either on its own or via the recipients, already unilaterally selected.

- A shortcoming of the resolution of the Cabinet of Ministers of Ukraine currently in force that defines the registration procedure is the ambiguity of reasons why state registration may be withheld based on the project's scope and expected effectiveness.
- Ukraine has no memoranda, strategic programmes, annual plans, or action plans for bilateral or multilateral international technical and economic co-operation concerning the country's social and economic development.

3.1.3 Organisational problems

- Ukraine does not have a special TA agency which would be responsible for the development and implementation of state policy on attracting and involving international technical assistance.
- Ukraine does not have a national TA co-ordination system for attracting and involving international technical assistance, assessing TA effectiveness, or setting criteria for selecting TA projects.
- TA co-ordination and monitoring is inadequate; an infrastructure is needed, both at the central and local levels, that would ensure effective co-ordination of current TA projects and programmes, as well as monitor the results and effectiveness of current TA projects and programmes.
- There is a lack of Ukrainian experts on international development that would be able to co-ordinate TA, which is mostly managed by foreign co-ordinators representing the governments of donor countries, implementing agencies, and experts who are in Ukraine implementing TA projects and programmes.
- There is a lack of continuous communication between Ukraine's government and donor countries or donor organisations in preparing strategic and annual programmes and action plans of bilateral and multilateral technical and economic co-operation with donor countries.
- Co-ordination of the efforts of Ukraine's ministries and other executive bodies in preparing TA project proposals is poor, with frequent violation of application procedures.
- Criteria on the part of the TA project registration agency are unclear with regard to provision of letters of support for TA projects when requested by donors; for example, whether approved requirements specifications, time-schedules, or lists of expected outcomes need to be submitted.
- International experts are engaged without any selection criteria, specific tasks, or work schedules.

3.2 Problematic issues on the part of donor organisations providing TA to Ukraine

Besides the above TA problems on the Ukrainian side in the context of attracting and involving international technical assistance, there are some problematic issues stemming from the donors' approaches to providing TA to Ukraine, as well as from the programming process itself.

- Ukraine lacks a uniform principle or clear procedures governing TA.
- Ukraine is not consulted during the programming process.
- TA projects lack effective institutional mechanisms of applying their results.
- Not enough mid- or top-level civil servants take part in training programmes and projects.
- There are no procedures for disseminating and applying the experience gained by TA project participants.
- Ukrainian civil servants are isolated from institutionalised international networks of civil servants and government policy consultants, and have no ongoing contacts with them.

3.3 Consequences for Ukraine

The above problems and shortcomings in attracting and involving international technical assistance on the Ukrainian side, as well as in providing this assistance on the part of donor organisations, result in a number of negative effects.

Ukrainian TA projects have been (and still remain) isolated from one another, uncoordinated, and having little impact on society, which is in need of deep transformations. Many of the projects take no account of the current state of most of Ukraine's social institutions, which are imperfect or undeveloped at best.

Many TA projects seem to ignore the fact that Ukraine is not familiar with such practices as policy analysis or public participation in drafting and discussion of major decisions. Building the capacity of Ukraine's central and local governments to make strategic decisions, which is a precondition for any

democratic reforms, is yet to become a priority for TA programmes. Without this, however, it is difficult to imagine how democratic reforms could be implemented successfully in Ukraine.

The lack of a clear definition of what exactly international technical assistance is results in the practice of trying to dodge taxes and import duties by registering all kinds of international projects as TA.

The procedures for drafting and approving project proposals by the government are so vague that potential recipients are isolated from both the resources they need and the projects' products.

Since Ukraine does not appear to be very consistent as to its TA priorities, donors sometimes feel they should take the initiative, and thus start working unilaterally, in effect. Then, when they come up with what may be called unilateral recommendations, Ukraine interprets them as attempts to impose a political stance on it.

Criteria against which TA projects are judged, and monitoring systems as well, are not co-ordinated with Ukraine, making it impossible to objectively assess the effectiveness of individual projects, and of TA in general.

3.4 Comparison with Polish experience

All of Poland's TA programmes and projects fall into two large groups. The first group includes projects financed by pre-accession EU funds; PHARE is the largest of such programmes. The second group comprises bilateral projects.

Unlike Poland, Ukraine only has bilateral TA projects. The two countries have similar problems programming, implementing and, above all, applying the results of such projects. Neither of the countries has a unified system for managing projects of this kind; even monitoring mechanisms are non-existent. According to experts from both countries, the effectiveness of their TA projects is often very low.

Ukraine does not have a uniform principle and strategy, neither for TA provided by donors nor for attracting TA. Donors' priorities are often determined by what they have to offer and not by what Ukraine really needs. Ukrainian recipients, unable to get what they need, try to grab whatever they can, caring little about such things as applying the results.

It is a different situation in Poland, where TA projects are selected to target clearly defined goals, all geared toward modernising the country's governmental agencies and societal institutions, to meet EU standards. This way, all TA efforts help to achieve one ultimate objective—gaining EU membership.

In contrast to Ukraine, all EU technical assistance to Poland is focused on only two objectives: investment support and institutional support.

The priorities of investment support include:

- developing institutions which will ensure efficiency of involving investments;
- developing policymaking procedures, administrative structures and budgetary procedures at the regional level, to make possible future participation in the EU's structural programmes;
- developing transport infrastructure; and
- supporting small and medium business in order to ensure access to loans via a system of local financial intermediaries.

The objective of institutional support is to strengthen Poland's democratic institutions, bodies of government, and agencies charged with implementing EU legislation. Along with harmonising laws, integration includes improving a candidate country's institutions, human resources, and administration skills.

Ukraine has no general objective for attracting and involving international technical assistance. Moreover, the products of particular TA projects are not always intended to be applied at the governmental level, or any other level for that matter. Products of most Ukrainian TA projects are mere recommendations, and not always of high quality, without effective application mechanisms.

Like Ukraine, Poland does not have a basic national legal act which defines the notion of TA, its forms, types, and the main framework and mechanisms of attracting TA. But it does have programme documents such as the *Partnership for Membership* and the *National EU Membership Programme* (based on the former document). The two documents specify areas of co-operation and TA goals, and contain detailed programmes for achieving them.

Ukraine only has bilateral framework agreements with several countries, specifying mostly mutual TA obligations and saying nothing at all about areas of co-operation.

While Ukraine's TA strategy (non-existent since 1998) was never co-ordinated with the government's Action Plan, Poland's TA development programme is based on the *National EU Membership Programme*.

Poland has a system of government agencies charged with programming and implementing TA projects. They maintain communication with corresponding EU structures. The agency in charge of communication with the European Commission and programming and co-ordinating TA is headed by the prime minister, which is a much higher level than that of its Ukrainian counterpart. In Poland, this agency co-ordinates TA in accordance with the country's programme documents. It also co-ordinates the efforts of all government agencies in applying TA products. In Ukraine, the corresponding body in recent years has been downgraded from a national agency to a mere department within a ministry, with powers limited to registering TA projects.

4. RECOMMENDATIONS FOR IMPROVING THE CO-ORDINATION OF INTERNATIONAL TECHNICAL ASSISTANCE IN UKRAINE

International technical assistance must be geared toward Ukraine's strategic goals of transformation and socioeconomic development. This can be achieved by:

- adopting the Law of Ukraine "On international technical assistance";
- building up the institutional capacity of the TA agency implementing state policy in the field of attracting and involving international technical assistance;
- drafting and approving a concept document for 2001–2004 on TA priorities as part of the government's social and economic development programme;
- drafting a national TA programming, co-ordination, and monitoring system providing for appropriate infrastructure to be created at the central and regional levels;
- establishing continuous communication between the government of Ukraine and donor organisations in order to set clear and transparent procedures for preparing medium-term and annual TA programmes and individual projects: ensuring the participation of Ukrainian recipients in setting requirements specifications, and so on;
- creating a map of TA projects showing:
 - TA projects in line with the government's and society's strategic priorities;
 - individual projects and programmes implemented by different donor organisations, showing goals, content, and results of each project; and
 - projects being planned or prepared;
- using the experience of EU candidate countries in utilising TA, especially PHARE projects financed by pre-accession EU funds;
- establishing and applying requirements and criteria for the effectiveness of TA projects.