



The Impact of International Technical Aid on Implementing Economic Reforms in Ukraine. Suggestions on Improving Results of Co-operation

We propose to consider the following factors of economic reform in Ukraine:

1. The international community tends to see the cause of insufficient reforms in Ukraine exclusively as a lack of political will by the President and Government of Ukraine.
2. We see the main reason for lack of consistent reforms in Ukraine as low effectiveness by government mechanisms in conducting economic reform policy.
 - Each reform measure, which requires governmental and parliamentary decisions, inevitably changes the status quo of society, affecting the interests of various societal groups, their state and work.
 - Because such intensive changes do not take place within governmental decisions of stable societies, there are not many experts in the world able to provide technical consultation on managing the process of changes (reforms). Serious governmental reforms have taken place in Great Britain, New Zealand, Canada, and of course the CEE and Baltic countries.
 - The influence of reforming decision-making inevitably causes active opposition. Opposition groups usually attract financial resources rather quickly for their resistance, and in the effort to retain social support, they use familiar Communist slogans.
 - The institutional capacity of the government mechanism to carry out reforms includes: 1)employing qualified experts for professional policy analysis; conducting research of the possible short- and long-term consequences of suggested decisions; evaluating public costs for not making those decisions; comparing these decisions with the defined goals; 2)existence of the organisational capacity to manage change; 3)existence of organisational procedures able to provide extensive support for government reform policies: officially structured system of communication with the Parliament, procedures and documents that fulfil the principle of government transparency for its citizens.
 - It is obvious that the Ukrainian government has not worked out anything close to that during its eight years of reform. It is also obvious that knowledge on the necessity of the aforementioned transformations could not have existed within the Ukrainian government eight years ago. It is happening gradually in the process of studying the experiences of Western governments.
3. The government's institutional capacity to fulfil a new role has not been developed yet, which is a requirement stated in each reform document by international financial organisations in Ukraine. For the first time during eight years of reform, the IMF is questioning government capacity and establishing strict requirements for quantitative changes in the government and qualitative transformations in new government agencies without any understanding of the Ukrainian side.

4. Very often we are pointed to the example of Baltserovych, but nobody mentions that the first economic reforms in Poland eight years ago were carried out simultaneously with administrative reform. It is necessary to note that the administrative reform program was not restrained by recommendations and requirements for loans, but consisted of projects for developing new institutional functions.
5. Technical aid programs play a key role in reforms. If we want to facilitate the reform process, we have to revise the mechanism and procedures of technical aid programs.
 - Heed recommendations on measures and steps for reforming targeted projects on institutionally developing new government functions which support the new role of the government on a daily basis.
 - Completely restructure training programs which do no more than provide sight seeing tours overseas. Develop a substantial training system for Ukrainian participants, including an extended program of study upon return.
 - Besides CEM and Centres for Policy Excellence, we have no projects that require constant, planned and consulting work for governmental state officials, the work of which is included in the objectives of the institution where this state official is employed.
6. Eight years ago the Ukrainian government had an absolutely different objective, role and functions. The Soviet government machine was applied ideally. One of the new major functions that must be established is the development and implementation of state policy in a new situation characterised by the presence of political parties, opposition, parliament and freedom of speech. It is no longer possible just to make a decision, knowing that it will be unquestionably fulfilled. It is necessary to justify this decision, prove why it is better than alternatives and show what consequences it will have compared to other decisions. It is necessary to develop analytical and political support as well as attract public support. The Soviet mechanism did not and could not have procedures or institutional knowledge for these tasks. But even during the reform process, a new capacity has not been developed and is not being developed.
7. One can blame the government for insufficient reform, but this does not change anything. The problem with Ukrainian reform is that it does not consider institutional, political, humanitarian and economic reality.
 - Institutional conditions: reform requires work by new government institutions different from the Soviet type. In order to restructure government institutions, it is necessary to develop targeted projects for technical aid because the government will not be able to restructure itself without these programs.
 - Political conditions: undoubtedly Ukraine is already a democratic, state since it maintains many various political parties and groups. All of them have their own particular political and economic interests and Constitutional possibilities to fulfil their interests. Unfortunately, they have very small economic knowledge and understanding of the logic of reform. Therefore, all reform decisions require serious justification so they can be advocated in the Parliament and in public. Soviet analytical departments could not have had the task of justifying alternative decisions, public costs and possible consequences. State leaders never worried about justifying their decisions in public. Unfortunately, technical aid does not help develop Ukraine's

analytical capacity within and outside the government. We have foreign groups of experts that conduct their own research and offer them to the government. While they are interesting to read, they cannot be used in our policy-making processes. We need projects which develop a new type of government analytical capacity.

- Human factor: Considering the high general level of education, very few specialists exist in the Ukrainian government with the knowledge and skills necessary for government work in a democratic, open and transparent society. Nowhere in the world do public servants go to their workplace in order to start a revolution every day. People usually join or merge into an existing system to fulfil their functions and tasks. The Ukrainian government, like Baron Munchausen, is expected to drag itself by its own hair into a new role. Ukraine, unlike the Baltic and CEE states, does not have consistent programs to establish democratic government institutions. Quite the opposite, only pseudo-government agencies are being financed by donors and shown to be alternatives to the anti-reform government. Such reforms and technical aid do not help establish a new government institutional capacity and promote reform. Stable, target-oriented retraining programs are needed. We must use existing governmental institutional capacity to develop and implement such projects. Then all those who go through a project, either individual public servants or whole departments, will be different. Technical aid must be targeted only at those government departments that are an essential part of the government and have to start a new way of restructuring today.
- Economic interests: while planning reforms, it is necessary to realise and take into account economic interests that are affected by the reform: when they inevitably hinder reform efforts and when they can be used. Unfortunately, government analysts still do not have relevant experience in such work and technical aid does not help learn how to do that. With the exception of RAND Corporation, nobody has worked in this field yet.

8. The most important problem of technical aid to the government is the area of state policy making. It is necessary to separate technical aid to the government and independent research by international experts. The latter are very interesting and valuable both for Ukrainians and donor countries, but there is no way they can replace technical assistance to the government in doing similar research. Such groups as HIID, Polish CASE, Ukrainian-European and German institutes are very useful, but they cannot be called technical assistance because they do not develop new institutional capacities either within or outside of the government. Their research basically answers the question “what to do”. However in order to manage change successfully, it is necessary to answer the questions “why”, “how”, “when”, and “who”. And only Ukrainian experts can give the correct answers. Technical aid has to be aimed at acquiring this knowledge and support in the decision-making process. Existing forms of technical aid do not fulfil the aforementioned tasks, and therefore after the programs end they will not have any effect.

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