

ICPS newsletter[®]

Experts advise the Government on its "Towards the People" program

A plan to implement the new Government action program called "Towards the People" was discussed with independent experts, who provided suggestions as to how to improve it. The specialists recommended identifying priorities to concentrate both efforts and funding. They also proposed that the Government determine the "price-tag" for various reforms and compare it with Budget realities. These were the conclusions of a public hearing that took place in the Cabinet of Ministers on 3 March 2005

On 4 February 2005, the Verkhovna Rada adopted the Government's Program called "Towards the People." After that, executive bodies, under the guidance of the Ministry of Economy and European Integration, were instructed to develop a Plan of Action to implement the provisions in the Program, identify criteria for assessment, and set up a system to oversee the progress of implementation.

On 3 March 2005, the Cabinet of Ministers hosted a debate on the proposed plan involving experts and representatives of the general public, government and non-government think-tanks, executive bodies, business, NGOs, and the media. This Plan of Action can be seen on the Ministry of Economy and European Integration website at <http://me.kmu.gov.ua> (in Ukrainian).

Priorities need to be identified

According to the panel of experts, one of the ways to improve the plan was to clearly identify priorities. "The Plan of Action does not indicate what are the Government's priorities," said ICPS Director Vira Naniivska. "When you have specific problems, any plan to tackle them needs to be based on a number of priorities." According to Ms. Naniivska, only when priorities have been properly identified and fulfilled is there a chance for the handling of government problems to advance to a new level.

Ms. Naniivska named a number of key priorities:

- controlling Budget spending, preventing Budget resources from being diluted

among areas that are either not priorities or are duplicated elsewhere;

- establishing an environment to implement individual economic initiatives;
- reforming the system of government decision-making;
- bringing the education system in line with market needs and the global situation.

According to Ms. Naniivska, reforming the system of policy-making is the key reform that will make it possible to effectively institute all other changes.

Valeriy Heyets, director of the Institute for Economic Forecasting under the National Academy of Sciences, proposed providing greater detail about the timing of various steps and identifying which ones are top priority. He also suggested that the Plan of Action be based on macroeconomic scenarios of Ukraine's development and implement specific steps to a greater or lesser degree, depending on the economic situation.

Reforms have a price-tag

According to experts, it also makes sense to link steps listed in the plan to financial realities, in particular the State Budget.

Ihor Burakovskiy, director of the Institute for Economic Research and Policy Consulting, considered the problem of ill-defined financing very serious. "We have never taken the cost of reforms into account," he said. "Any kind of action needs funding. It's impossible to review

privileges free-of-charge or develop a paper free-of-charge. You need at least an approximate value." According to Mr. Burakovskiy, another problem with financing the Government Plan of Action is that many of the scheduled steps are of a recurring nature, which means that budgets need to allocate funds for their implementation over the next several years. He also thought it made sense at least to estimate the cost of the scheduled actions and compare the plan of expenditures with the plan of future revenues.

Example of an integrated approach

Ms. Naniivska also presented an example of successful large-scale reforms in new EU members (former Accession States). The PHARE program, whose aim was to prepare post-socialist Central and Eastern European countries for EU accession, proposed analyzing several key factors in implementing any reform:

- **Legislation.** Which regulations should be replaced, introduced or cancelled to achieve the declared goal?
- **Institutions.** What should be changed in ministries and other government bodies? Is it necessary to set up new government bodies and disband the old ones?
- **Infrastructure.** What changes are imperative to provide technical support?
- **Financing.** What is the budget and what are the sources of financing?
- **Training.** What skills are needed to implement the tasks?

"These elements are a must," Ms. Naniivska pointed out, "and they need to be established for each priority. ■"

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