

# Strategic Plan



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# Introduction

Since his election, Viktor Yanukovich has delivered on much of what he had promised. The people wanted order, and he delivered order. The EU and the US wanted a less confrontational relationship with Russia, and he delivered that too. So why are neither the people nor Kyiv's western partners happy?

The answer is that this "progress" has come at an unacceptable cost. Order in Ukraine has come at the expense of freedom and competition. Better relations with Russia have come at the expense of independence and territorial integrity.

Today, the role and responsibilities of ICPS are thus arguably greater than at any time since independence. The current government lacks both a sound policy vision and the capacity to implement its decisions. At the same time, the administration's lack of transparency has made more obvious than ever the need for independent analytical institutions to monitor and analyze policy developments.

ICPS is in a unique position both to support sound policymaking and to break it down for the wider public. It enjoys high credibility among Ukraine's policy elite. Its staff comprises former top officials, and its analytical support is regularly solicited by senior civil servants preoccupied with the direction in which the government is taking the country. ICPS also has the ability, unmatched in Ukraine, to make policy comprehensible to the general public. It is these strengths, and this potential, that this Strategic Plan is designed to maximize.

## The Policy Environment in 2010

The 2010 Index of Economic Freedom<sup>1</sup>, a ranking of conditions for investment and enterprise, placed Ukraine 162nd out of 179, behind Belarus, Russia, and Uzbekistan. This is damning proof that, almost twenty years after the end of communism, Ukrainians still do not enjoy real economic freedom. Today, Ukraine's per capita GDP is US \$2,542, compared to US \$8,693 in Russia and US \$46,400 in the United States<sup>2</sup>.

Why? The answer lies not with individual Ukrainians, but with the country's inefficient and corrupt bureaucracy. Over the last 19 years, Ukraine has undergone radical social, political and economic changes:

- a return to private property and the free competition of private and political interests;
- a revival of freedom of speech and of confession;
- the collapse of the soviet command-administrative system in the aftermath of the Orange Revolution, which also destroyed the system's flawed but real system of control;
- piecemeal changes in public administration and legislation.

The lack of a democratic state-building strategy has led to chaos in Ukraine's public administration, and it is the people's thirst for order that brought Viktor Yanukovich to power. Unfortunately, the only order the new President is capable of imposing is soviet order — complete with autocracy and censorship.

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1 2010 Index of Economic Freedoms, Heritage Foundation and Wall Street Journal.  
<http://www.heritage.org/index/Ranking.aspx>

2 GDP per capita, current prices, US dollars  
International Monetary Fund//World Economic Outlook Database, April 2010  
Available from: <http://www.imf.org>

## Is democratic order possible?

Yes, of course. It is not only possible, but readily accessible to those countries willing to undergo serious self-examination and introduce often painful changes. For Ukraine, this means analyzing the reasons for the chaos of the “Orange” period, and choosing one of three possible paths.

**Option 1** — The Yushchenko approach: promoting freedom and democracy for their own sakes, relying on morality as the sole regulatory mechanism and ignoring the need for order and discipline in public administration.

*Cost:* The collapse of the country or the coming to power of a strongman.

**Option 2** — The Yanukovych approach: establishing strict order by returning to a centralized command system modeled and run by Russia.

*Cost:* The elimination of open competition and political freedom.

**Option 3** — The mature democratic approach: establishing a strict democratic order that serves, rather than resists, open competition and political freedom. This means two things. First, independent control of public administration and the automatic punishment of any violation of rules and procedures. And second, the airtight separation of public administration from politics. This is the path to democracy followed by successful transition countries in the post-socialist space, and it is the one way to make order, freedom, and sound public administration mutually reinforcing.

*Cost:* Loss of revenues from corruption for Ukrainians at all social levels.

*Resources needed:* Access to the European democracy-building experience.

Today’s Ukraine has tried two of these options. It is ICPS’ role to help it down the third way.

## ICPS's Mission

To undertake **Option 3**: Establishing democratic order and discipline through building up democratic institutions capable of developing a national strategy and ensuring a high quality of life. Changing public attitudes towards reform in Ukraine from hostile to positive.

## ICPS's Strategic Priorities

- Developing a reform strategy for Ukraine that is understood and supported by voters by engaging all stakeholders from the very start and at every stage of this process.
- Mobilizing business and young voters in support of reforms — two powerful social groups with whom no politicians have really worked in this regard.
- Setting up new socio-political internet networks and resources.

A reform strategy should aim to:

- Democratize public administration;
- Improve the quality of life;
- Prepare for taking on the Association Agreement;
- Ensure energy security;
- Set a new foreign policy course;
- Expand external aid.

# ICPS's Strategic Priorities

**European  
Quality of Life**

**Democratic and  
Good Governance**

**Energy Security**

**Foreign Policy**

**Foreign Aid**

**Association Agreement**

## ICPS's Options to Modernize and Democratize Ukraine

1. Work to change perceptions of the government's main role from "ruling" to "serving." Every democratic government should have as its primary goal to foster a high (=European) quality of life for its citizens. ICPS's aim is to introduce the concept of a European quality of life into everyday policy-making.
2. Contribute to the reform of public institutions in Ukraine.

Firstly, public consensus must be reached as to what are the requirements of public institutions. ICPS can initiate public debate to shape public opinion in Ukraine. The principles of Democratic and Good Governance (DGG) along with the requirements to reform institutions that are written into the Association Agreement (AA) will form the basis for it. DGG is a set of norms and standards for public institutions: a transparent decision-making process, available and accessible information, independent oversight, and so on. At the same time, the requirements in the AA are more geared towards sectoral institutions. These two groups of requirements are complementary and should be fulfilled simultaneously. Ukraine cannot implement the AA without its institutions being compatible with the principles of good governance<sup>1</sup>.

Secondly, the reform of public institutions is possible only if based on a formal plan, which Ukraine currently lacks. ICPS believes that the National Strategy for AA implementation could serve as a reform plan. ICPS intends to contribute to the development of such a plan. In this way, ICPS can strive to ensure that all the requirements of public institutions are taken into account in the process of drafting a National Strategy for implementing the AA.

Thirdly, the reform process needs to be funded. ICPS believes that the resources offered by foreign aid, which are currently used ineffectively, could be the catalysts of reform and pro-

1 According to the SIGMA paper, "...for sectoral institutions to work, crucial horizontal or general governance functions (e.g. system of justice, administrative oversight, expenditure management, public personnel, co-ordination across national and sub-national levels of government) must be in place. ...", Sustainable institutions for European Union membership, SIGMA paper No. 26, p. 6.

poses a series of changes that would allow Ukraine to use such aid to fund its internal reforms in the most effective way.

What does democratization and Europeanization mean for Ukraine? It means that Ukraine is moving into one direction — towards Europe. A pragmatic and realistic foreign policy is vitally important for this purpose, and ICPS has this as one of its priorities.

In reality, Ukraine's energy dependence has an overly strong influence over its foreign policy, making energy independence a mandatory condition for a realistic and pragmatic foreign policy. Given this, ICPS has defined energy security as a priority.

## ICPS's constituency

Ukraine is in dire need of reforms and ICPS has committed itself to promoting these reforms. Which members of Ukrainian society are clearly interested in the results of this work? Those Ukrainians who will vote for the reforms ICPS is promoting — groups that can be easily identified and already exist.

The main groups are the new classes that have appeared since Ukraine became independent, those that emerged when the ideas of private ownership and political freedom began to take hold:

- **Private business**, which suffers considerably from the current regulatory environment, having to pay bribes instead of finding civilized advocacy.
- **Local government institutions**, which are virtually powerless the way responsibilities and functions are currently divided.
- **Think-tanks and regional NGOs**, whom ICPS is helping build capacity.
- **Young voters**, with whom ICPS is starting to work more actively.

## ICPS's Communication Concept

During the recent years the technological development has contributed to the appearance of new systems with absolutely new qualities. With a help of modern internet-services and technologies it is possible to achieve a tremendous effect in expanding (popularizing/propagating) the information and its public discussion. That is why, the utilization of these services will become one of the main trends in advancement of ICPS strategic priorities and products for involving constituency by quality communication in the world community.

Ukraine is in dire need of reforms and ICPS has committed itself to promoting these reforms. Which members of Ukrainian society are clearly interested in the results of this work? Those Ukrainians who will vote for the reforms ICPS is promoting — groups that can be easily identified and already exist.

In order to engage the broadest scope of stakeholders in the preparation of a reform strategy for Ukraine and establishing a reform constituency, ICPS has developed new approaches to communication and new instruments for mobilizing social groups, among whom ICPS has especially marked out private business and young voters.

Young Ukrainians are not active key players in the country's political arena or in the strategic decision-making process. But young people have their own views and understanding of what kind of country they would like to live in. By adapting to their communications channels in the internet and using its knowledge of the needs of young people, ICPS hopes to turn the diffuse dissatisfaction of young voters into an active, organized reform support constituency.

Business has emerged as a new class in Ukraine only since 1992, when the right to private ownership of property was first reinstated. This group organized the Orange Revolution and should have become a reform initiator and a natural reform support constituency. But all efforts to get it to be so proved unsystematic and any changes short-lived. ICPS's objective is to transform business from a mere interest group to an influential force for reform support.

To get all stakeholders involved in the development of a re-

form strategy and to ensure constant two-way communication with them, ICPS has chosen three basic types of communication instruments:

- Direct communication through roundtables, presentations, interviews, brainstorming, consultations, media breakfasts and the ICPS Café.
- Publications: policy papers, policy briefs, press releases, the ICPS Digest, articles in the press, op-eds, analytical commentary, Green Papers, White Papers, and ICPS periodicals: Inside Ukraine, Consumer Confidence, Economic Insight, ICPS Newsletter, European Focus, and Policy Studies.
- Internet communication and new media: the ICPS website, blogs, social networks (FaceBook, Twitter, LinkedIn), video and photo resources (YouTube, Flickr), Google Wave, and new, theme-based socio-political networks.

The most innovative and promising of these are the socio-political networks, internet tools for disseminating ideas, communications, interactions, information exchanges, and experience in the priority areas of the reform strategy for Ukraine that ICPS is working on. Socio-political networks will become the first communicative internet platforms connecting Ukraine's young people, business, community organizations, representatives of the world community civil servants, politicians, and ICPS analysts, by allowing them to work together on a reform strategy for Ukraine.

# New Media Strategy Development

ICPS's communication concept is based on new media strategy development.

Main tasks of ICPS internet-presence:

- To create and to sustain a quality dialogue between different target groups;
- To influence the discussion;
- To monitor the relevant thoughts and new tendencies;
- To inform the users;
- To give access to the ICPS data.

## Model of internet-presence



## Principle of internet-presence



## The main sources of ICPS internet-presence increase

- **INTERNAL COMMUNICATION.** The use of Google Wave service as one of the best ways of today's communication.
- **BLOG-MARKETING.** The creation and development of the corporative blog LiveJournal in order to form a basis for the development in social media.
- **MICRIBLOG.** Registration and keeping a microblog in Twitter.
- **SOCIAL PROFILES.** Elaboration and infesting of the corporative profiles Facebook, LinkedIn, Vkontakte.
- **PROFILE MANAGEMENT.** The use of social aggregators (Mozilla RainDrop), which help to gather, to keep, to link and to relink different profiles in one place.
- **SOCIAL BOOKMARKS.** Attachment of the resources into Russian and English services of social tabs (Delicious, ...).
- **INFORMATION.** Creation and dissemination of the presentations (SlideShare), e-books (Scribd) and information.
- **INTERESTS COMMUNITY.** Creation of groups and communities, formation of the specialized audience (FriendFeed, forums).
- **PHOTO-CONTENT.** Creation and dissemination of photos, pictures in social networks and photohosting Flickr.
- **VIDEO-CONTENT.** Creation and dissemination of videos in social networks and videohosting YouTube.
- **SOCIAL Wikipedia.** Creation of articles, attachments and dissemination of references in social encyclopedia Wikipedia.
- **COMMENTS.** Commenting information in friendly thematic blogs.
- **TECHNICAL SMO-OPTIMIZATION.** Complex of technical actions for the optimization of the web-resource structure and design to social media in order to facilitate the process of the content's dissemination.
- **ONLINE CONFERENCES.** Organization and participation in

online mass media conferences, in popular blogs and social networks, on resources, where at the set time any topics proposed by online conference thematic can be discussed.

### **Results of the New Media-strategy will be assessed by:**

- The number of quality blogs
- The number of quality comments
- The quality of the disseminated content
- The number of links sent to ICPS

### **At the same time ICPS is advancing its web-page:**

- Development of "ICPS recommends" section at the web-page. It will accumulate interesting and useful information, articles, researches and products of ICPS Ukrainian and foreign partners and other NGOs.
- Development of "Database section" of official documents and international agreements in priority sphere of ICPS activity.
- Development of visual elements. ICPS will develop the concept of visualizing elements on ICPS web-page including photos, presentations, banners for some products etc.

Thus, all above mentioned internet-technologies offer ICPS a possibility to enlarge the audience and to improve the level/quality of communication.

## Improvement of skills, professional experience and coordination of communication team:

- **Study of communication know-how.** ICPS communication team members will take part in specialized workshops and trainings organized by experienced Ukrainian and foreign NGOs to study communication know-how and further analyze and implement the best practice in ICPS communication strategy.
- **Modification of communication tools for each particular product.** ICPS communication team will be enrolled in ICPS activities planning and implementation process in order to modify communication tools for each particular product.
- Improvement of internal communication and **coordination within the communication team by regular internal meetings and brainstorming** on development of certain elements of communication strategy.
- **Development of new templates for ICPS** publications, presentations and all outgoing products in corporative style.



# Democracy and Good Governance

The democratization of Ukraine began in the 1990s with the reinstatement of private property, political freedoms and the legitimization of self-government. These changes were not accompanied by reforms to the state apparatus, education or ideology, which meant that a disastrous disconnect emerged between the administrative machine and the liberalized political and economic system it was intended to serve and corruption completely permeated the public administration system.

The result was that remnants of the soviet centralized command system continue to coexist with a multi-party political system, local government, and legitimized private interests in the central chain-of-command in the executive branch to this day. The government machine does not work for the public, private business or politicians. Despite the reality of private property and democratic freedoms, the perception of the state as a repressive organ in relation to private interests lingers.

There is no state oversight of the enforcement of national interests at the local level. Any attempts to develop the regions run up against conflicts between the new democratic nature of local governments and the actual way that they interact with central executive bodies that remain unreformed since soviet times. State administrations have no authority to oversee the enforcement of the Constitution or the State Budget and continue to carry out the function of mere "managers," in the form of one-time oblast committees and township committees, in parallel with the new "managers," the oblast and township councils that have their own budgets.

There are no democratic standards for public services. Ordinary citizens are not provided with information: there is no exhaus-

tive list of the actions that citizens must undertake themselves in order to get specific services. There is no mandatory list of services that are provided by every specific civil servant. Worse, there is no punishment for the violation of document flow procedures. Consultations with stakeholders and interest groups are a complete fiction: any papers that criticize a particular decision simply disappear. At the same time, adopted policies quite legitimately fail to be carried out by civil servants.

In the civil service management system, the Main Administration focuses simultaneously on all the functions of the civil service—supervision, hiring, policy-making, evaluation and training, statistics, oversight and inspection, and the review of complaints. This is necessary and proper in a single-party totalitarian system, but completely unacceptable for democratic countries, where these functions are divided among individual independent state bodies.

Ukrainian legislation is radically different from legislation in developed democratic countries: it is failing to curb corruption. Bills often are merely instituting changes to individual provisions and contradict each other.

## **Role of macroeconomic analysis and forecasting**

Civil society needs to be informed about the Government's actions and their impact on the economy as a whole, as well as on every individual citizen. Moreover, this information should be both qualitative and quantitative: voters need to have a clear idea about the extent to which and the timeframe within which economic indicators of their well-being are likely to change as a result of the actions of their Government.

This means that civil society needs high-quality—meaning independent and professional—analyses and forecasts of economic developments. What is more, this kind of analysis and forecasting must be tied in to the developmental needs of civil society, that is, they should reveal and explain those issues that most urgently affect voters.

Today, Ukraine lacks suitable forecasting. Firstly, the available forecasts do not correspond to urgent issues in Ukrainian society. Secondly, they are too complicated for the non-specialist to understand: analysts make no effort to explain overall complex macroeconomic processes in an accessible way. In short, mac-

roeconomic analysis and forecasting in Ukraine remains purely for the expert audience that generates it, making its impact on the development of civil society marginal.

From its very inception, the International Centre for Policy Studies has been aware of the need for a democratic society to have high-quality economic analysis and forecasting that is oriented towards the needs of that society and has been putting considerable efforts into generating such products. The result has been the launch of regular discussions of macroeconomic issues among experts and Government officials, the publication of a series of analytical products, and the provision of training for Government officials and members of NGOs. Further on, ICPS intends to focus its efforts primarily on providing in-depth analysis and commentary for the general public on the anticipated and actual impact of Government actions on the economy, that is, on the conditions for entrepreneurial activity and on the well-being of ordinary voters.

## ICPS's Vision

To make Ukraine's state machine one of the best in Europe.

## ICPS's Goal

Democratizing and bringing the state apparatus in line with the market democratic system that it serves.

## Problems that need to be resolved

- Ukrainian legislation lacks a single framework for Bills that might meet European criteria of effectiveness (i.e., to combat corruption), based on SIGMA.
- The central executive chain-of command lacks proper institutions for democratic public administration.
- The regions lack a balance between centralized government oversight of the enforcement of the Constitution regarding human rights, rule of law, national interests, national secu-

rity, territorial integrity, and decentralization among local government bodies in order to carry out proper socio-economic management on the local level.

- The Civil Service administration system has not institutionally separated oversight from the function of management. Separate bodies have not been given the functions of control, such as supervision, hiring, policy-making, evaluation and training, statistics, oversight and inspection, and the review of complaints. Meanwhile no national center has been set up for the regional Civil Service.

Problems/ Obstacles	Actions to achieve goals	Outputs (deliverables)		Timeline 36 months
		Publications	Communication tools	
Legal	Collection of materials, research	Databases: <ul style="list-style-type: none"> <li>• Strategic documents</li> <li>• Laws and draft legislation</li> <li>• Technical assistance projects</li> </ul>	<ul style="list-style-type: none"> <li>• Stakeholder input</li> <li>• Interviews</li> <li>• Roundtable discussion</li> </ul>	1 - 3
	Analysis of roundtable materials			4
	Preparation of Policy Paper	Status Quo policypaper	Workshop	5
	Desk research on best practice	Best Practice policy brief	Roundtable discussion	6
	Preparation of Green Book chapter	Green Book chapter		7 - 9
			Roundtable discussion	10
	Preparation of White Book chapter	White Book chapter		11 - 12
Stakeholder input: experts, state officials, interest groups, government representatives			13 - 14	
Chain-of-command among CEBs	Collection of materials, research	Databases: <ul style="list-style-type: none"> <li>• Strategic documents</li> <li>• Laws and draft legislation</li> <li>• Technical assistance projects</li> </ul>	<ul style="list-style-type: none"> <li>• Stakeholder input</li> <li>• Interviews</li> <li>• Roundtable discussion</li> </ul>	1 - 3
	Analysis of roundtable materials			4

Problems/ Obstacles	Actions to achieve goals	Outputs (deliverables)		Timeline 36 months
		Publications	Communication tools	
	Preparation of Policy Paper	Status Quo policypaper	Workshop	5
	Desk research on best practice	Best Practice policy brief	Roundtable discus- sion	6
	Preparation of Green Book chapter	Green Book chapter		7 - 9
			Roundtable discus- sion	10
	Preparation of White Book chapter		Stakeholder input: experts, state of- ficials, interest groups, government representatives	11 - 12
		White Book chapter		13 - 14
Regional level	Collection of materials, research	Databases: • Strategic docu- ments • Laws and draft legislation • Technical assis- tance projects	• Stakeholder input • Interviews • Roundtable dis- cussion	1 - 3
	Analysis of roundtable materials			4
	Preparation of Policy Paper	Status Quo policypaper	Workshop	5
	Desk research on best practice	Best Practice policy brief	Roundtable discus- sion	6
	Preparation of Green Book chapter	Green Book chapter		7 - 9
			Roundtable discus- sion	10
	Preparation of White Book chapter		Stakeholder input: experts, state of- ficials, interest groups, government representatives	11 - 12
		White Book chapter		13 - 14
Administration of government services	Collection of materials, research	Databases: • Strategic docu- ments • Laws and draft legislation • Technical assis- tance projects	• Stakeholder input • Interviews • Roundtable dis- cussion	1 - 3

Problems/ Obstacles	Actions to achieve goals	Outputs (deliverables)		Timeline 36 months
		Publications	Communication tools	
	Analysis of roundtable materials			4
	Preparation of Policy Paper	Status Quo policy paper	Workshop	5
	Desk research on best practice	Best Practice policy brief	Roundtable discussion	6
	Preparation of Green Book chapter	Green Book chapter		7 - 9
			Roundtable discussion	10
	Preparation of White Book chapter		Stakeholder input: experts, state officials, interest groups, government representatives	11 - 12
		White Book chapter		13 - 14
Incomplete democratization of public administration	Preparation of White Book	White Book		15 - 16
	Implementation of White Book	Integrated calendar plan for government implementation and oversight		16
		2 editorials		17
		Policy brief	<ul style="list-style-type: none"> <li>Final conference</li> <li>Press conference</li> </ul>	
		Publication of all resulting materials	Presentations and discussion on internet including YouTube videos	Every end of month
		Government implementation		18 - 24
		Strategic oversight		From 24

# 2

# European Quality of Life

Quality of life is a proxy for democracy, rule of law, good governance and economic development. However, policies suggested by Ukraine's government and political parties often do not take into account the impact on quality of life and do not lead to real improvement. Policy measures are developed ad hoc as daily reactions to urgent problems rather than being designed to achieve sustainable results. Political decisions are not supported by fact-based analysis. Policy-makers on both the strategic and operational levels lack the capacity to prioritize policy measures and to see the link between quality of life, good governance and economic development.

Donors have made numerous attempts to improve quality of life components, but improvements were not united in a wider context. While international organizations offer quality of life indicators such as the UN's Human Development Index, the Economist Intelligence Unit's quality-of-life index and International Living's Quality of Life index, these indices fail to explain Ukraine's poor ranking and do not reflect the country's economic potential.

To change the situation, a new quality of life-focused policy agenda has to be introduced with a mechanism to carry out reforms. In this sense, the future EU-Ukraine agreement can be a tool for change, but only if implementation is framed within the bigger objective of sustainable high quality of life.

Based on our experience in evaluating quality of life in Ukraine and identifying policy priorities for the government, ICPS recommends further action:

- Shifting Ukrainian policies towards a quality of life focus;
- Reshaping key political actors' attitudes towards a quality of life agenda;
- Establishing a policy framework for fact-based decision making

## Problems

- Quality of life in Ukraine is low by European standards;
- Policies are incoherent and often contradictory;
- System of public planning lacks key basic elements;
- Government at all levels of power is unrestrained and irresponsible;
- Expectations of the government and its actual ability to meet social obligations face an ideological gap.

## ICPS's Vision

Ukraine joins the top 20 countries in quality-of-life ratings such as the Economist, International Living, and ICPS. Public policies are coherent and aim to improve the quality of life.

## ICPS's Goal

To reach a European quality of life in Ukraine by introducing a quality of life framework into the public policy agenda.

## Obstacles

- Policies suggested by policy-makers do not take into account impact on quality of life and do not result in its improvement.
- Policy-makers lack the capacity to prioritize policy measures.
- Political decisions are not supported with fact-based analysis.
- The impact of public policies is not evaluated from the point of view of quality of life.

Problems/ Obstacles	Actions to achieve goals	Outputs (deliverables)		Timeline 36 months
		Publications	Communication tools	
Policies suggested by the government and political parties often do not take into account impact on quality of life and do not result in its improvement	Collection of materials, research	Databases: <ul style="list-style-type: none"> <li>• Strategic documents</li> <li>• Laws and draft legislation</li> <li>• Technical assistance projects</li> </ul>	<ul style="list-style-type: none"> <li>• Stakeholder input</li> <li>• Interviews</li> <li>• Roundtable discussion</li> </ul>	1 - 3
	Analysis of roundtable materials			4
	Preparation of Policy Paper	Status Quo policy paper	Workshop	5
	Desk research on best practice	Best Practice policy brief	Roundtable discussion	6
	Preparation of Green Book	Green Book		7 - 9
			Roundtable discussion	10
	Preparation of White Book		Stakeholder input: experts, state officials, interest groups, government representatives	11 - 12
		White Book		13 - 14
	Implementation of White Book	Integrated calendar plan for government implementation and control		15 - 16
		2 editorials Policy brief Press release	Final conference Press conference	17
		Publication of all resulting materials	Presentations and discussion on internet including YouTube videos	Every end of month
			Government implementation	18 - 24
			Strategic control	From 24

Problems/ Obstacles	Actions to achieve goals	Outputs (deliverables)		Timeline 36 months	
		Publications	Communication tools		
Political decisions are not supported with fact-based analysis	Collection of materials, research	Databases:	<ul style="list-style-type: none"> <li>Stakeholder input</li> <li>Interviews</li> <li>Roundtable discussion</li> </ul>	1 - 3	
		<ul style="list-style-type: none"> <li>Strategic documents</li> <li>Laws and draft legislation</li> <li>Technical assistance projects</li> </ul>			
		Analysis of roundtable materials			4
		Preparation of Policy Paper	Status Quo policy paper	Workshop	5
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		Preparation of White Book		Stakeholder input: experts, state officials, interest groups, government representatives	11 - 12
			White Book		13 - 14
					15 - 16
		Implementation of White Book	Integrated calendar plan for government implementation and control		17
			2 editorials	Final conference	Every end of month
			Policy brief		
			Press release	Press conference	
	Publication of all resulting materials		Presentations and discussion on internet including YouTube videos		
			Government implementation	18 - 24	
			Strategic control	From 24	

Problems/ Obstacles	Actions to achieve goals	Outputs (deliverables)		Timeline 36 months
		Publications	Communication tools	
Unaccountable government on all levels of power irresponsible with public resources	Collection of materials, research	Databases: <ul style="list-style-type: none"> <li>• Strategic documents</li> <li>• Laws and draft legislation</li> <li>• Technical assistance projects</li> </ul>	<ul style="list-style-type: none"> <li>• Stakeholder input</li> <li>• Interviews</li> <li>• Roundtable discussion</li> </ul>	1 - 3
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	Publication of all resulting materials	Presentations and discussion on internet including YouTube videos	Every end of month	
		Government implementation	18 - 24	
		Strategic control	From 24	

Problems/ Obstacles	Actions to achieve goals	Outputs (deliverables)		Timeline 36 months	
		Publications	Communication tools		
Planning system lacks basic elements, risk analysis, benchmarks and monitoring of deliverables	Collection of materials, research	Databases:	<ul style="list-style-type: none"> <li>Stakeholder input</li> <li>Interviews</li> <li>Roundtable discussion</li> </ul>	1 - 3	
		<ul style="list-style-type: none"> <li>Strategic documents</li> <li>Laws and draft legislation</li> <li>Technical assistance projects</li> </ul>			
	Analysis of roundtable materials				4
	Preparation of Policy Paper	Status Quo policy paper	Workshop		5
	Desk research on best practice	Best Practice policy brief	Roundtable discussion		6
	Preparation of Green Book	Green Book			7 - 9
			Roundtable discussion		10
	Preparation of White Book		Stakeholder input: experts, state officials, interest groups, government representatives		11 - 12
		White Book			13 - 14
	Implementation of White Book	Integrated calendar plan for government implementation and control			15 - 16
			2 editorials	Final conference	17
		Policy brief			
		Press release	Press conference		
		Publication of all resulting materials	Presentations and discussion on internet including YouTube videos	Every end of month	
		Government implementation	18 - 24		
	Strategic control	From 24			



# 3

# Association Agreement

The Ukrainian government has set itself an ambitious goal to complete negotiations and sign the Association Agreement (AA) with the European Union by the end of this year. Still, the ultimate goal should not be the signing of Agreement. The AA is an instrument for reaching a broader objective: instituting European standards in Ukraine by fulfilling commitments within the AA. This calls for substantial reforms in most of Ukraine's economic sectors, many of which present major technical, managerial and financial challenges requiring the entire governmental apparatus to perform on a fundamentally new level.

That Ukraine has failed to carry out its commitments under the previous EU agreements does not bode well that this agreement will be handled any better. The EU will impose strict and specific oversight of this implementation meaning that the appearance of burgeoning activity will not replace real results this time.

## Cost of Non-performance

Should the country's leadership fail to carry out the AA as agreed, Ukraine's good faith will be expended with the EU and politicians will fail to deliver important campaign promises. For domestic business, such a failure would mean, at best, continued restrictions on access to the EU's single market and, at worst, the inability to meet European standards domestically and the loss of market share to competitors. Meanwhile, ordinary Ukrainians will not be able to freely travel, study or work in a united Europe, enjoying equal rights and guarantees with EU citizens. Finally, public services in this country will continue to lag far behind European levels.

## ICPS's Vision

Ukraine complies with all commitments within the Association Agreement and Association Agenda. Ukraine uses the process of implementation for the promotion of domestic reforms and the building of a Europeanized state.

## ICPS's Goal

Prepare Ukraine's institutional system for the proper implementation of the EU's Association Agreement, for the application of SIGMA recommendations and baselines and for implementation of acquis.

## Problems

Under present circumstances, the Government cannot properly implement the AA. Without imperative restructuring, once the Agreement is signed, the Government will be faced with serious problems in organizing its execution, both on the systemic and individual CEB levels. Three key problems need resolution:

1. European integration policy coordination in the Ukrainian government is very poor; there are a number of overlapping activities taking place in separate CEBs, often in parallel.
2. The Ukrainian Government has no program for implementation of the AA and existing systems for strategic, operational and budget planning preclude preparation of a comprehensive program.
3. Individual CEBs don't have sufficient capacity to plan for and implement AA programs.

## Problems that need to be resolved

- Absence of an effective centralized mechanism for coordination.
- Absence of practical experience in preparation of documents and so forth.
- Absence of a normative act establishing the status and location of a national program for the execution of the Association Agreement (NEPAA) within the governmental system of programs, plans, procedures and templates.
- Absence of a unified methodological grounding for the preparation of NEPAA: model templates, instructions for creation of departments and methodology for institutional development.
- Absence of required knowledge among civil servants for the preparation of NEPAA.
- Absence of required knowledge among civil servants for the administration of AA commitments.
- Absence of clearly defined list of functions and outputs of CEBs necessary for the successful implementation of the AA.
- Ineffective work within CEBs regarding European integration.
- Irrational distribution within CEBs of functions concerning European integration.
- Absence of understanding of the scale of institutional change necessary for AA implementation.

Problems/ Obstacles	Actions to achieve goals	Outputs (deliverables)		Timeline 36 months
		Publications	Communication tools	
	Preparation of procedures and templates for preparation of sectoral departments within NEPAA based on examples of selected sectors			
Absence of unified methodological grounding for the preparation of NEPAA; methodological-institutional development	Inventory and delineation of AA commitments in selected sectors	<ul style="list-style-type: none"> <li>Green Paper "State of play within the sector and obstacles to achieving compliance with the EU norms":</li> </ul>	<ul style="list-style-type: none"> <li>Focus groups</li> <li>Interviews</li> <li>Expert discussion</li> </ul>	1st year
	Scenario analysis needed for administration of AA commitments (on the basis of analysis of international experience and best practice)	<ul style="list-style-type: none"> <li>Description of requirements (optimal conditions)</li> <li>Cost of non-performance</li> <li>Previous reform experience: reasons for failure</li> </ul>		
	Collection of information on current sectoral status	<ul style="list-style-type: none"> <li>Description of current conditions</li> <li>Obstacles to implementation of commitments</li> </ul>		
	Inventory of existing programs/steps for institutional capacity development. Evaluation of sectoral needs in light of EU commitments	<ul style="list-style-type: none"> <li>Variations for commitment implementation (on the basis of international experience)</li> </ul>		
	Consultation with interest groups (stakeholders)	Stakeholder positions	Public consultations (hearings)	1st year
	Preparation of strategic documents for politicians concerning reforms needed by sector	White Book "What needs to be done to achieve conformity with EU norms"	Public consultations (hearings)	1st year
	Support and assistance for CEBs in developing executive plans for sectoral priorities (Institutional Building Plan)	Consultation (peer-review, commentary)	<ul style="list-style-type: none"> <li>Presentation for government on results of pilot IBP</li> <li>Press conference</li> <li>Seminar</li> <li>Focus group</li> </ul>	1st year

Problems/ Obstacles	Actions to achieve goals	Outputs (deliverables)		Timeline 36 months
		Publications	Communication tools	
	Support for government in developing CEB institutional capacity for implementation of AA			
Absence of clearly defined functions and outputs of CEBs necessary for successful AA implementation	Preparation of proposals for changes to normative base regulating CEB activity	List of needed legal changes: <ul style="list-style-type: none"> <li>• Normative acts to eliminate;</li> <li>• Normative acts to change;</li> <li>• Normative acts to introduce</li> </ul>	Presentation for government/ focus groups/ roundtables	1 - 6
Irrational distribution within CEBs of functions concerning European integration	Preparation of proposals for CEB structural changes	List of needed changes: <ul style="list-style-type: none"> <li>• Structural sub-units to eliminate;</li> <li>• Structural sub-units to change;</li> <li>• Structural sub-units to create</li> </ul>	Presentation for government/ focus groups/ roundtables	1 - 6
Ineffective work within CEB sub-units regarding European integration	Preparation of model regulations for sub-units working on European integration	Model regulations	Presentation for government/ focus groups/ roundtables	1 - 6
	Methodological and organizational support for CEBs in creating NEPAA: basic stages (encompassing all sectors)			
Absence of a normative act establishing the status and location of NEPAA within the national system of programs, plans, procedures and templates	Support and assistance to the central coordinating body in preparation of procedures for creation of NEPAA	<ul style="list-style-type: none"> <li>• Model plan template</li> <li>• Guide for plan creation</li> <li>• Institution building methodology</li> </ul>	Focus groups for CEB representatives	7 - 12
	Preparation of proposals for strengthening normative procedures for establishing NEPAA	Draft resolution for Cabinet of Ministers	Roundtable	7 - 12
Absence of required knowledge among civil servants for preparation of NEPAA	Seminar(s) for CEBs on creation of NEPAA	Guide for plan creation	Seminar(s)	12 - 24

Problems/ Obstacles	Actions to achieve goals	Outputs (deliverables)		Timeline 36 months
		Publications	Communication tools	
	Consultative assistance for CEBs on policy documents preparation	Peer-review, commentary on Green and White books	Focus groups/ working groups	12 - 24
	Organizational assistance for CEBs on conduct of consultations (hearings) with interest groups (stakeholders)		Public consultations (hearings)	12 - 24
	Consultative support for CEBs creation of IBP	Peer-review, commentary on plans for institutional development	Focus groups	12 - 24
Capacity development of civil servants for execution of AA				
Absence of required knowledge among civil servants for implementation of AA commitments	Determination of knowledge and skill needs among civil servants to fulfil AA commitments	Guidebook for professional skill requirements	<ul style="list-style-type: none"> <li>• Roundtable</li> <li>• Press conference</li> </ul>	25 - 36
	Preparation of documents for strengthening civil servant professional skill requirements	Guidebook for professional skill requirements	Focus groups	25 - 36
	Preparation of new methodology for civil servant needs assessment to improve knowledge and skill levels (needs assessment training must be carried out in connection to IBP)	Methodology for assessments	<ul style="list-style-type: none"> <li>• Roundtable</li> <li>• Press conference</li> </ul>	25 - 36
Absence of an effective central coordination mechanism	Support for establishment of a central coordination mechanism	Plan to create centralized coordinating body	Focus groups/ working groups	1 - 12
	Support for development of necessary procedures	Common procedures among CEBs during preparation and establishment of NEPAA	Focus groups/ working groups	1 - 12

Problems/ Obstacles	Actions to achieve goals	Outputs (deliverables)		Timeline 36 months	
		Publications	Communication tools		
	Campaign to raise awareness				
Lack of awareness of the scale of institutional changes necessary for AA implementation	Inventory of programs and plans for reform in selected sectors	Series of policy documents for selected sectors	<ul style="list-style-type: none"> <li>Series of roundtables for various stakeholder representatives</li> <li>Radio program series</li> </ul>	1 - 36	
	Analysis and description of changes by sector as required by AA				
	Preparation of policy documents with descriptions of: <ul style="list-style-type: none"> <li>Activities required of CEBs and businesses following the signing of the AA</li> <li>Linkages between planned reforms and these activities</li> <li>Risk of non-performance</li> <li>Cost of non-performance</li> </ul>				
	Preparation of policy briefs on positions of all stakeholders	Policy briefs	Series of press conferences		1 - 36
	Monitoring of critical gaps in AA implementation	Reports on the implementation of commitments			24 - 36
	Evaluation			24 - 36	
	Revision of programs and plans			24 - 36	

# 4

## Energy Security

Ukraine's energy sector is one of the most important strategic components of its economy, yet, one of the weakest in terms of national security. This situation stems from several factors:

1. absence of effective and coherent strategic documents in the energy sector;
2. conflicting vested business interests in the energy sector;
3. dependence on energy resource supply from one country;
4. disaggregate international commitments;
5. the inability to implement strategically and to uphold international commitments.

## Symptoms of the problem

- Absence of strategic thinking. Despite numerous reform concepts, plans and programs, the energy sector is inefficient. The Energy Strategy of Ukraine until 2030, adopted in 2006, is already outdated and badly needs revision.
- Absence of push for reform. Private corporations, which largely control the energy sector, are interested in holding down gas and oil supply costs rather than undertaking significant restructuring which would bring about natural resource consumption efficiencies. These interests also account for the resistance to diversification of energy resource supply to Ukraine.
- Absence of will to implement. Even good concepts and laws are useless in the absence of implementation mechanisms and appropriate controls.

## ICPS's Vision

The ICPS Energy Security program promotes critical demand in the Government and business community for strategic thinking and sectoral reform. ICPS is an effective watchdog on reform implementation. As a result, the energy sector is a primary driver of Ukraine's economic growth, showing long-term profitability, transparency and effectiveness.

## ICPS's Goals

- Inculcating knowledge-based strategic thinking into Ukraine's energy sector.
- Drafting an energy sector reform strategy for Ukraine (White Book).
- Raising demand for energy sector reform.
- Mobilizing the key stakeholders (Ukrainian government officials, businesses and NGOs) for implementation of energy sector reforms.
- Creating a database of Ukraine's energy sector strategic documents and international commitments, providing transparency through public disclosure of governmental and business energy sector activity.

## Problems

- Outdated Energy Strategy of Ukraine until 2030 that does not incorporate global best practice on energy security.
- Lack of intent to implement energy sector strategy in the event that is adopted.
- Frequent changes of energy sector governmental decision-makers and their heavy dependence on business interests that are frequently in conflict with national interests.

Problems/ Obstacles	Actions to achieve goals	Outputs (deliverables)		Timeline 36 months
		Publications	Communication tools	
Ukraine's out- dated energy strategy	Collection of materials, research	Databases: <ul style="list-style-type: none"> <li>Ukrainian strate- gic documents</li> <li>National laws</li> <li>Bilateral interna- tional commit- ments</li> <li>Multilateral inter- national commit- ments</li> </ul>	<ul style="list-style-type: none"> <li>Stakeholder input</li> <li>Interviews</li> <li>Roundtable discus- sion</li> </ul>	1 - 3
		Analysis of roundtable materials		4
	Preparation of Policy Paper	Policy paper "Status Quo"	Workshop on the policy paper	5
	Desk research on best practice	Best Practice policy brief	Roundtable discus- sion	6
	Preparation of Green Book	Green Book		7 - 9
			Roundtable discus- sion	10
	Preparation of White Book		Stakeholder input: experts, state of- ficials, interest groups, government representatives	11 - 12
			White Book	13 - 14
				15 - 16
	Lack of intent to implement strategy	Implementation of White Book	Integrated calendar plan for government implementation and oversight	17
2 editorials Policy brief			Final conference	17
Press release			Press conference	
Publication of all re- sulting materials			Presentations and discussion on inter- net including You- Tube videos	Every end of month
			Government implementation	18 - 24
			Strategic control	From 24

# 5

## Foreign Policy

Ukraine's foreign policy weakness stems from two essential problems: 1) a lack of strategic thinking at the top and 2) inadequate institutions. Ukraine's foreign policy is unfocused and unpredictable. A change in government too often means a change in foreign policy orientation. In other words, Ukraine has no enduring strategic foreign policy position. The current legislative basis for foreign policy, adopted in 1993, is not fulfilling its function.

At the same time, the institutional framework responsible for the development and implementation of foreign policy is unreformed: it is bureaucratic, sluggish and incapable of innovative thinking.

There is no lack of foreign policy recommendations directed at the Government, but these largely go unheeded due to three factors:

1. the quality of recommendations is generally poor;
2. recommending institutions lack influence; and
3. the Government is unable and unwilling to implement outside recommendations.

## Symptoms of the problems

- No or poorly-defined foreign policy strategy leads to ad hoc foreign policy:
  - Foreign policy dependent on political interests, rather than on national interests;
  - Political opportunism;
  - Unpredictable relationships with partner countries;
  - Poor representation of Ukraine's interests abroad;
  - Poor performances in international negotiations, e.g., Copenhagen;
  - Underdeveloped diplomatic corps and structures;
  - Diplomatic passivity.
- Ukraine misunderstood abroad:
  - Dualistic international vision of Ukraine and its leaders, i.e., either democratic/pro-Western or autocratic/pro-Russian;
  - Ukraine seen as a geopolitical pawn, not as an actor in its own right;
  - Inability of Kyiv to press Ukrainian interests with bilateral partners, e.g., on gas conflicts with Russia;
  - Inability of Kyiv to promote the Ukrainian position in foreign media.

The ICPS Foreign Policy Program is new, but it has rapidly gained credibility and attention among top policymakers. ICPS can succeed where others have failed to affect a coherent foreign policy. First, ICPS has demonstrated its ability to produce high-quality recommendations, winning over key governmental insiders. Second, ICPS's recommendations are designed to be easily implemented. And third, ICPS has a high ranking among international think tanks concerning policy impact. While other think tanks shape the debate, ICPS is fully equipped to shape policy.

## ICPS's Vision

The ICPS foreign policy program is a key force in making Ukraine's foreign policy realistic and pragmatic.

## ICPS's Goals

- Preparation of the reform strategy:
  - Cohesion at the top on Ukraine's key priorities and partners: a stable but flexible foreign policy;
  - An updated foreign policy legal basis;
  - De-sovietized institutions;
  - A stronger voice for Ukraine in European institutions.
- Mobilization of constituencies supporting reforms: private business, local government, think tanks, regional NGOs, students.
- Creation of a social online network on foreign policy issues.
- Greater analytical support for foreign policy stakeholders, especially the foreign ministry and presidential secretariat.
- Better international credibility.
- Ukraine's partners have a better understanding of and more respect for the country's role as an autonomous actor on the international scene.

## Major Problems in Foreign Policy

- Soviet-style institutions: lack of coordination, inadequate and outdated institutions, insufficient funding.
- Inability of foreign policy elite to think in strategic terms, lack of understanding of Ukraine's key foreign policy interests.
- Outdated legislation (operative law: 1993 Basic Directions of the Foreign Policy of Ukraine).
- Lack of quality intellectual support to the Government, e.g., tendency to judgment instead of analysis.
- Low credibility and bargaining power on the international scene.
- Lack of international understanding of Ukraine.

## Obstacles

- Lack of a nationwide minimal definition of the national interest;
- Political infighting;
- Bureaucratic inertia;
- Entrenched interests within foreign policy institutions.

Problems/ Obstacles	Actions to achieve goals	Outputs (deliverables)		Timeline 36 months
		Publications	Communication tools	
De-sovietized institutions				
Soviet-style institutions: lack of coordination, inadequate and outdated institutions, insufficient funding	Collection of materials, research	Databases: <ul style="list-style-type: none"> <li>• Strategic documents</li> <li>• Laws and draft legislation</li> <li>• Technical assistance projects</li> </ul>	<ul style="list-style-type: none"> <li>• Stakeholder input</li> <li>• Interviews</li> <li>• Roundtable discussion</li> </ul>	1 - 3
	Analysis of roundtable materials			4
	Preparation of Policy Paper	Status Quo policy paper	Workshop	5
	Desk research on best practice	Best Practice policy brief	Roundtable discussion	6
	Preparation of Green Book	Green Book "Institutional blockages"		7 - 9
			Roundtable discussion	10
	Preparation of White Book		Stakeholder input: experts, state officials, interest groups, government representatives	11 - 12
		White Book "Institutional reform for foreign policy institutions"		13 - 14
	Implementation of White Book	Integrated calendar plan for government implementation and control		15 - 16
		2 editorials	Final conference	17
		Policy brief		
		Press release	Press conference	
		Publication of all resulting materials	Presentations and discussion on internet including YouTube videos	Every end of month
			Government implementation	18 - 24
		Strategic control	From 24	

Problems/ Obstacles	Actions to achieve goals	Outputs (deliverables)		Timeline 36 months	
		Publications	Communication tools		
Cohesion at the top on Ukraine's key priorities and partners					
Inability of foreign policy elite to think in strategic terms, lack of understanding of Ukraine's key foreign policy interests	Collection of materials, research	Databases: <ul style="list-style-type: none"> <li>• Strategic documents</li> <li>• Laws and draft legislation</li> <li>• Technical assistance projects</li> </ul>	<ul style="list-style-type: none"> <li>• Stakeholder input</li> <li>• Interviews</li> <li>• Roundtable discussion</li> </ul>	1 - 3	
	Analysis of roundtable materials			4	
	Preparation of Policy Paper	Status Quo policy paper	Workshop	5	
	Desk research on best practice	Best Practice policy brief	Roundtable discussion	6	
	Preparation of Green Book	Green Book: <ul style="list-style-type: none"> <li>• "Relations between Ukraine and its Key Partners in the EU",</li> <li>• "Main Problems in Ukraine's Foreign Policy Today",</li> <li>• "Ukraine and Emerging Powers"</li> </ul>		7 - 9	
			Roundtable discussion	10	
	Preparation of White Book		Stakeholder input: experts, state officials, interest groups, government representatives	11 - 12	
		White Book: <ul style="list-style-type: none"> <li>• "Relations between Ukraine and its Key Partners in the EU"</li> <li>• "Main Problems in Ukraine's Foreign Policy Today"</li> <li>• "Ukraine and Emerging Powers"</li> </ul>		13 - 14	
	Implementation of White Book	Integrated calendar plan for government implementation and control			15 - 16
		2 editorials		Final conference	17
Policy brief					
Press release			Press conference		
	Publication of all resulting materials		Presentations and discussion on internet including YouTube videos	Every end of month	

Problems/ Obstacles	Actions to achieve goals	Outputs (deliverables)		Timeline 36 months
		Publications	Communication tools	
		Non-papers: <ul style="list-style-type: none"> <li>• “Restoring Ukraine’s Image”</li> <li>• “Restoring Partnerships”</li> <li>• “Protecting Sovereignty and Independence”</li> <li>• “Assuming regional leadership”</li> <li>• “International Environmental Cooperation”</li> </ul>	Government implementation	18 - 24
			Strategic control	From 24
	Updated foreign policy legislation			
Outdated legislation	Collection of materials, research	Databases: <ul style="list-style-type: none"> <li>• Strategic documents</li> <li>• Laws and draft legislation</li> <li>• Technical assistance projects</li> </ul>	<ul style="list-style-type: none"> <li>• Stakeholder input</li> <li>• Interviews</li> <li>• Roundtable discussion</li> </ul>	1 - 3
	Analysis of roundtable materials			4
	Preparation of Policy Paper	Status Quo policy paper	Workshop on the policy paper	5
	Desk research on best practice	Best Practice policy brief	Roundtable discussion	6
	Preparation of Green Book	Green Book “Problems in Ukraine’s Foreign Policy Legislation”		7 - 9
			Roundtable discussion	10
	Preparation of White Book		Stakeholder input: experts, state officials, interest groups, government representatives	11 - 12
		White Book “Recommendations for Legislative Changes”		13 - 14
	Implementation of White Book	Integrated calendar plan for government implementation and control		15 - 16

Problems/ Obstacles	Actions to achieve goals	Outputs (deliverables)		Timeline 36 months
		Publications	Communication tools	
		2 editorials Policy brief Press release	Final conference Press conference	17
		Publication of all re- sulting materials	Presentations and discussion on inter- net including You- Tube videos	Every end of month
			Government implementation	18 - 24
			Strategic control	From 24
<b>A powerful voice for Ukraine in EU institutions</b>				
Lack of credibility and bargaining power on the in- ternational scene	Collection of materials, research	Databases: • Strategic docu- ments • Laws and draft legislation • Technical assis- tance projects	• Stakeholder input • Interviews • Roundtable dis- cussion	1 - 3
	Analysis of roundtable materials			4
	Preparation of Policy Paper	Status Quo policy paper	Workshop	5
	Desk research on best practice	Best Practice policy brief	Roundtable discus- sion	6
	Preparation of Green Book	Green Book		7 - 9
			Roundtable discus- sion	10
	Preparation of White Book		Stakeholder input: experts, state of- ficials, interest groups, government representatives	11 - 12
		White Book		13 - 14
		Training for diplomats		15 - 16

Problems/ Obstacles	Actions to achieve goals	Outputs (deliverables)		Timeline 36 months
		Publications	Communication tools	
	Implementation of White Book	Integrated calendar plan for government implementation and control		17 - 18
		2 editorials Policy brief Press release	Final conference Press conference	19
		Publication of all re- sulting materials	Presentations and discussion on inter- net including You- Tube videos	Every end of month
		Non-papers	Government implementation	20 - 26
			Strategic control	From 26
Fill the gap in Ukraine's foreign policy analysis landscape				
Lack of qual- ity intellectual support to the government	Collection of materials, research	Monthly publications on international af- fairs	<ul style="list-style-type: none"> <li>Stakeholder input</li> <li>Interviews</li> <li>Roundtable dis- cussion</li> </ul>	1 - 36
Better understanding of Ukraine abroad				
Lack of un- derstanding of Ukraine abroad	Collection of materials, research	Monthly publication on Ukrainian foreign policy (e.g. as a part of Inside Ukraine)	<ul style="list-style-type: none"> <li>Stakeholder input</li> <li>Interviews</li> <li>Roundtable dis- cussion</li> </ul>	1 - 36

# 6

## Foreign Aid

Ukraine has been a recipient of foreign aid since independence, receiving nearly \$6 billion in foreign material and technical aid. In addition, since 2007, the EU has extended a budget support instrument to Ukraine.

There is no doubt that technical assistance has influenced all aspects of life in Ukraine. For the most part, however, foreign aid has been scattered, ad hoc and incoherent. Further, technical assistance programs failed to systematically collect knowledge gains. Knowledge and skill improvements were spotty and never reached a useful critical mass. On its side, Ukraine never formed institutions for the administration of foreign assistance that could have rolled out narrow projects into systemic reform.

During 1999-2000, ICPS compared foreign assistance in Ukraine and Poland. ICPS's current research on foreign aid in Ukraine shows that the same problems have persisted throughout the decade:

- Absence of a top-level governmental centre for management of foreign aid resources;
- Detachment of foreign aid goals with the national development agenda;
- Wide gap between declared foreign aid goals and actual outputs through lack of an overarching reform strategy;

- Unconditional aid delivery.

While it is always easy to blame Ukraine first for sluggish reform, there are also problems on the donor side. For example, aid delivered to accession countries was done much more effectively than the piecemeal approach taken in Ukraine. ICPS is the only think tank in Ukraine that works on foreign aid issues from the perspective of efficiency on both sides including the government's administrative capacity and the donors' programmatic approach.

## Symptoms of the problems

- Ukraine has and is not receiving urgently needed money.
- Even if money was allocated, Ukraine is unable to effectively use this resource.
- Systemic change through reforms has not taken place.
- Ukraine does not receive the volume of foreign assistance that could bring about significant financial opportunity. For example, within the Neighbourhood Programme Poland-Belarus-Ukraine during 2004-2006, only nine out of 158 funded projects were Ukrainian.

## ICPS's Vision

The ICPS Foreign Aid Program is a key driver for turning foreign aid into a catalyst for reforms in Ukraine.

## ICPS's Goals

- To reform the Ukrainian system of foreign aid management: to make it strategic, centralised and incorporated into the institutional reform process;
- To focus foreign aid on the democratization of public institutions.

## Obstacles

The achievement of goals is hindered by barriers, some of which we can overcome and others that cannot be surmounted by the Ukrainian side. Many solutions are beyond Ukraine's competence and authority and depend on donor policies and priorities. Therefore, without donor change, we are forced to adapt.

## Persistent Problems

- Donors do not have unified strategy for foreign aid in Ukraine.
- Absence of a systematic approach to foreign assistance makes efforts largely futile and ineffective. The system of external assessment reporting, which was foreseen as transparent, in fact, became closed. The reporting that was disclosed was so negative in tone, rough and inaccurate that no one was willing to take responsibility for it.
- Donor programs are supply driven: the allocated funds comes from taxpayers, therefore, assistance is aimed at satisfying domestic demands upon donor governments.

## Problems that must be overcome

- Ukraine is not eligible for the more effective delivery mode of foreign aid used for accession countries.
- The unwillingness of government officials administering foreign assistance, scattered among the Ministry of Finance, Ministry of Foreign Affairs and the Cabinet of Ministers, to cooperate in changing the system. Even when there was a Ukrainian Vice Prime Minister for European Integration, quarrelling between ministries was not abated.
- Absence of a unified reform strategy within the Ukrainian government that singles out priorities for foreign assistance procurement.
- Absence of a strategic priority map for Ukraine that would compensate for the absence of a unified donor assistance strategy.
- Absence of governmental capacity to administer foreign aid effectively.
- Absence of documented procedures for exact processing of foreign assistance funds.
- The donor practice of providing technical assistance to unreformed governmental institutions only prolongs institutional stagnation, worsening the situation for Ukraine.

Problems/ Obstacles	Actions to achieve goals	Outputs (deliverables)		Timeline 36 months	
		Publications	Communication tools		
Absence of a centralized catalogue of all foreign technical assistance programs and projects in Ukraine since independence (1991)	Collection of materials, research	Databases:	<ul style="list-style-type: none"> <li>Stakeholder input</li> <li>Interviews</li> <li>Working groups</li> <li>Roundtable discussion</li> </ul>	1 - 3	
		<ul style="list-style-type: none"> <li>Strategic documents</li> <li>Laws and draft legislation</li> <li>Technical assistance projects</li> </ul>			
Absence of evaluation of foreign assistance effectiveness, analysis of failure to achieve reform in Ukraine	Analysis of roundtable materials			4	
		Preparation of Policy Paper	Status Quo policy paper	Workshop	5
		Desk research on best practice	Best Practice policy brief	Roundtable discussion	6
Absence of clear assessment of governmental foreign aid administration effectiveness in Ukraine	Assessment of the system of foreign aid management with identification of main gaps	Green Book		7 - 9	
			Roundtable discussion	10	
Absence of strategy for reform of governmental foreign aid administration in Ukraine	Elaboration of foreign assistance administration system reform	White Book	Stakeholder input: experts, state officials, interest groups, government representatives	11 - 14	
	Implementation of White Book	Integrated calendar plan for government implementation and control		15 - 16	
		2 editorials	Final conference	17	
		Policy brief			
	Publication of all resulting materials	Presentations and discussion on internet including YouTube videos	Every end of month		
		Government implementation	18 - 24		
		Strategic control	From 24		

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