

External Review Report

SDC funded projects

DESPRO

Support to Decentralization in Ukraine (phase II)
Implemented by Skat

And

MGSDP

Municipal Governance and Sustainable Development
Programme (phase III)
Implemented by UNDP

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Executive Summary

This review, mandated by SDC in May/June 2012, assesses the achievements of two local governance projects in Ukraine: DESPRO (Support to Decentralization in Ukraine, Phase II, 2/2010-1/2013) implemented by the Swiss consulting firm Skat, and MGSDP (Municipal Governance and Sustainable Development Programme, Phase III, 1/2010-12/2012) implemented by UNDP. The review also provides recommendations for future interventions of SDC in the Local Governance and Public Services domain.

In addition to the study of relevant documents, the review included a two-week mission to Ukraine in order to conduct interviews, meetings and group discussions with stakeholders and resource persons, concentrating on two regions where both projects are active: the oblast of Vinnytsa and the Autonomous Republic of Crimea.

Ukraine is in a phase of transformation to democracy and a market economy. Its local self-government system is emerging but still underdeveloped. Local self-government units are under-resourced and the state government still exercises control to a large degree. Within a very centralized but gradually changing system, there exist possibilities to mobilize and organize people around important issues, to strengthen service delivery and to improve municipal and community management practices.

Through the two projects under review, SDC has made a significant and lasting contribution to strengthening local governance and service delivery practices in Ukraine and, thus, to the achievement of the goals of its Country Cooperation Strategy.

MGSDP and DESPRO have addressed the real needs of the population and local self-governments and produced important results. There are elements in both projects that have potential to produce a larger impact and to exhibit stronger sustainability, if consolidated. These elements appear to be more present in DESPRO.

DESPRO has been very effective in terms of building capacities of communities and local self-governments in rural areas to implement *decentralised water supply schemes*. This effectiveness is due to the successful combination of software (technical assistance) and hardware support (capital investments through co-funding of infrastructure projects, mainly in the area of water supply). Its effectiveness is evidenced by increased co-funding mobilised by communities and local self-governments, improved access to safe drinking water, and emerging dynamics of replication of the “DESPRO-model” by partner rayons. There is anecdotal evidence of improvements in the people’s quality of life, community empowerment and ownership, and improved local governance practices. The recently launched *solid waste management* scheme through inter-municipal cooperation is another model that has an important potential for replication, although its effectiveness and impact are still to be proven. Generous support to the *local self-government reform process* in general and to the *knowledge management system* in the domain of decentralization and local governance complemented the sector interventions, giving DESPRO a high degree of credibility and leverage at national level. It appears though that the linkages between the three components of the project (decentralised service provision, knowledge management and reform process) were not strong.

The willingness and capacity of DESPRO’s partners to own and maintain the gains of the project appears high, but the overall sustainability of the project still needs to be consolidated. This relates particularly to economic, institutional and environmental dimensions of the promoted decentralised water and solid waste management models. Overall, the project used its resources efficiently and is well managed, but its steering mechanisms are under-utilised and its outcome-based monitoring system is underdeveloped.

MGSDP is a relevant intervention due to its demand-driven approach and ability to promote the whole spectrum of good governance principles in urban partner municipalities. MGSDP has gained a special prominence in the *housing sector*. The project was effective in strengthening capacities of municipalities for introducing managerial and local governance

innovations, including cooperation with communities in improving housing and social infrastructure, quality control of municipal services, e-governance, transparency in communication, and promoting energy efficiency. The project also contributed to improving the organisational capacity of citizens, although sustainability of CBOs attached to social infrastructure still requires consolidation, especially in small towns.

Most impressive are the achievements of MGSDP in mobilising citizens for establishing *Associations of Co-Owners of Multi-Apartment Houses* as a model for promoting citizens' participation, ownership and responsibility in housing management. These associations are still at an early stage and have yet to prove that they can function effectively and efficiently in the long-term. While MGSDP managed to link its interventions in housing to energy saving and solid waste management concepts (through inter-municipal cooperation and partnership with DESPRO), it is too early to assess the impact in these areas.

Sustainability of project achievements is to a large extent associated with the capacities built inside partner municipalities to maintain the introduced innovations and to co-fund community initiatives from the budget. Despite its success in different domains at local level, the project has not enjoyed strong policy-leverage, mainly due to its dispersed focus and lack of strategic links between project components.

The project is efficiently managed by UNDP; however, it lacks both a rigorous outcome/impact monitoring system and a steering mechanism involving national stakeholders and SDC.

Both projects collaborate together and engage punctually with an SDC-project implemented by the Council of Europe and other donor interventions in the sector.

The **reviewers recommend** the expansion, consolidation and deepening of SDC's engagement with the local governance and public services domain by future focusing – under the umbrella of DESPRO – on the water, environment and sanitation, solid waste management and housing sectors. It is recommended that DESPRO focus its resources and attention at the regional level, thereby further strengthening capacities of service providers and linking field interventions to policy dialogue. An expansion to new rayons in the three project oblasts and possibly to neighbouring oblasts may require the deputation of project personnel to the regional level. DESPRO should strengthen its monitoring system regarding outcomes and social, economic and ecological impact and sustainability. Collaboration with local self-government associations should be strengthened through existing projects and not through a new, autonomous intervention. A synergetic project on e-governance might be considered. The reviewers advise against the tendering of DESPRO as this would put its achievements, to a large extent embodied in the project team, at risk.

The reviewers recommend that SDC maintains its role as key donor in the sector, that it establishes a contingency fund for support to local self-government reforms, that it employs an international programme backstopper, and that it assumes a stronger role in project-steering and coordination.

List of Acronyms

ACMH	Association of Co-owners of Multi-Apartment Houses
ARC	Autonomous Republic of Crimea
CBA	Community Based Approach, project of UNDP funded by EU
CBO	Community Based Organisation
CD	Compact Disc
CHF	Swiss Francs
CIDA	Canadian International Development Agency
CoE	Council of Europe
DESPRO	SDC-Project: Support to Decentralization in Ukraine
DGTTF	Democratic Governance Thematic Trust Fund, UNDP
DLG	Decentralization and Local Governance
EAB	Expert and Advisory Board
EC	European Commission
EU	European Union
GIZ	Gesellschaft für Internationale Zusammenarbeit, German Development Agency
HQ	Head Quarters
IFC	International Finance Corporation
IMC	Intermunicipal Cooperation
ICT	Information and Communication Technology
ISO	International Organisation for Standardisation
KM	Knowledge Management
Km	kilometer (1000 meters)
LG	Local Governance
LG&PS	Local Governance and Public Services: domain of SDC's Country Programme
LSG	Local Self-Government(s): elected bodies and executives at oblast, rayon, city, town and village level
M	Million
MDG	Millenium Development Goal
MGSDP	Municipal Governance and Sustainable Development Programme, UNDP project resp. SDC support to it
MRDHCS	Ministry of Regional Development, Housing and Communal Service (partner ministry of DESPRO and MGSDP, also known as Minregionbud)
MSU	Municipal Support Unit
MoU	Memorandum of Understanding
NAPA	National Academy of Public Administration
NGO	Non-Government Organisation
PIMS	Project Information and Monitoring System
PR	Public Relations
PIU	Project Implementation Unit (DESPRO)
PMU	Project/Programme Management Unit (MGSDP)
ProDoc	Project or Programme Document
SC	Steering Committee
SCO	Swiss Cooperation Office (Kyiv)
SDC	Swiss Agency for Development and Cooperation
Seco	State Secretariat for Economic Affairs (of Switzerland)
Skat	Swiss Resource Center and Consultancies for Development, Implementer of DESPRO
SIDA	Swedish International Development Agency
SWM	Solid Waste Management
ToR	Terms of Reference
TV	Television
UAH	Hryvnia, Ukrainian Currency (June 2012: 1 USD = 8.1 UAH; 1 Euro = 10 UAH)
UNDP	United Nations Development Programme, implementer of MGSDP
USAID	United States Agency for International Development
USD	US-Dollars
VAT	Value Added Tax
WES	Water, environment and sanitation (sector)

1 Introduction

1.1 Review Background

This report is the result of the external review that was commissioned by the Swiss Agency for Development and Cooperation (SDC) and conducted by two external consultants, Dr. Felix von Sury (team leader) and Mrs. Olena Krylova (local governance expert) at the end of May to the beginning of June 2012.

The brief of the review was to assess two projects:

DESPRO - “Support to Decentralization in Ukraine” (Phase II, 01.02.2010 – 31.01.2013) implemented by Skat - the Swiss Resource Centre and Consultancies for Development (St. Gallen, Switzerland) with a budget of CHF 4'976'905; and

MGSDP – “Promoting Conditions for Participatory Governance in Urban Areas” (Phase III, 01.01.2010 – 31.12.2012) with a budget of 913'780 USD, implemented by United Nations Development Programme (UNDP) as a part of its “Municipal Governance and Sustainable Development Programme”. The acronym MGSDP is used in this report for the Swiss component (by far the biggest) of the programme. The programme had previously received funding from various other sources, including Canadian International Development Agency (CIDA), the Norwegian Embassy, Coca Cola Ukraine and UNDP proper.

DESPRO is considered a flagship project of the SDC Country Programme (domain Local Governance and Public Services - LG&PS). The third project in this domain that is synergetic with the two projects under review is “Strengthening the Capacities of Local Authorities in Ukraine”. It is implemented by the Council of Europe (CoE) with a budget of CHF 885'000 for the period 01.4.2011-31.3.2014.

The review had two aims (see ToR in **Annex 1**). Firstly, to assess achievements of the two individual projects (in terms of outcomes, effectiveness and sustainability) and also to look at their possible impact, their management efficiency and treatment of SDC's transversal themes – gender and good governance – as well as at synergies between the projects in the domain. Secondly, the review was asked to provide recommendations for future interventions of SDC in the area of LG&PS in Ukraine. These recommendations were to be based on the experiences and lessons learned of the DESPRO and MGSDP projects, and had to take into account other on-going and planned interventions of SDC in the domain. This included in particular a reference to the “Feasibility Study of Potential Swiss Contribution to the Local Governance Reform Process in Ukraine” (Boss, Proshko, Arnold, April 2012).

The review report is structured in the following way:

Chapter 1 explains the background of the review and the methodology;

Chapter 2 contains review findings in terms of context and relevance of projects, and, as the centerpiece of the report, a separate analysis of effectiveness, impact, sustainability, integration of transversal themes and management efficiency (including steering, communication and monitoring) of DESPRO and MGSDP projects. It also reflects on the synergetic relations between the SDC interventions.

Chapter 3 suggests conclusions and recommendations for SDC at the programme level. More detailed recommendations to individual projects under review are attached in **Annex 4**.

1.2 Review Methodology

The review included the following data collection and analysis methods:

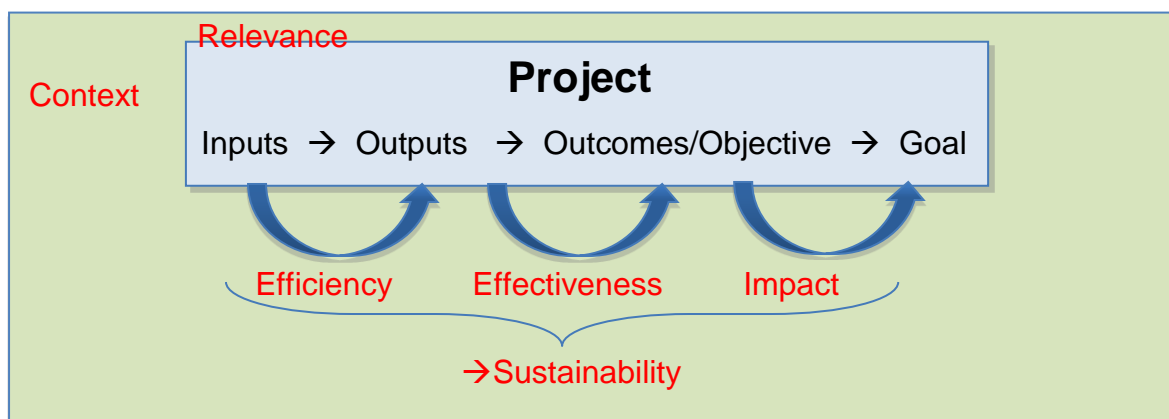
- Desk review of project related documents, reports and written records, and key documents related to LG&PS in Ukraine (see **Annex 2** for documents reviewed);

- Unstructured and semi-structured group and individual interviews with key informants: resource persons, project representatives, municipalities and higher level authorities and partners;
- Focus group discussions with representatives and stakeholders of communities and the project teams;
- Observations and field visits to the locations where the projects are or were implemented.

A detailed review programme and list of people met is attached in **Annex 3**.

The combination of desk review, interviews with multiple stakeholders, focus group discussions and field visits/observations allowed the triangulation and verification of the obtained information, and also provided different perspectives on the issues under review. The review relied on participatory and qualitative assessment methods.

The interpretation of the review team of relevance, effectiveness, efficiency, impact and sustainability is based on the following reference frame:



Due to time constraints of the review and the broad geographical scope of the projects, and in order to strike a balance between both projects, to minimize travel time and to maximize the number of persons met and locations covered, the review field visits were concentrated in two regions: Autonomous Republic of Crimea (ARC) and Vinnitska oblast, where the two projects overlap geographically. In addition, there was a visit to Rivne, partner municipality of MGSDP; a focus group discussion with partners of DESPRO of Sum'ska oblast, and a meeting with representatives of four partner municipalities of MGSDP took place in Kyiv.

In total, 62 people (40 men and 22 women) were interviewed individually and 121 people (55 men, 66 women) participated in group discussions.

2 Review Findings

2.1 Context

This section does not intend to provide a comprehensive overview of the local governance and service provision context in Ukraine,¹ but rather outlines main existing challenges, trends and opportunities that the review team considers most relevant to current and future SDC interventions in the LG&SP domain.

Ukraine is on a thorny path of transition from a centralised post-Soviet state to a democratic decentralised system in line with European standards. Since the Orange revolution in 2004, it has embarked on a process of local governance reform. The pace of decentralisation has been sluggish due to other priorities hijacking the policy-making agenda, a lack of vision regarding local self-government (LSG) reform, the economic crisis that hit Ukraine in

¹ A detailed description of the administrative-political system of Ukraine can be found elsewhere (e.g. in the feasibility study of Boss, Proshko and Arnold).

2008/2009, and the national elections of 2010, which changed the constellation of political powers in the country.

Following the election of a new President in early 2010 the tensions between two political dynamics became more visible: on one hand *centralization* (justified by its proponents by the need to prevent political disintegration of the country); on the other hand *decentralization* (mainly due to an urgent need to deliver promises on LSG reform and to increase effectiveness and efficiency of the governmental system).

Ukraine is still a highly centralized country, which lacks the constitutional and statutory framework to support the stated orientation towards decentralization. The central regulation and control (reinforced by the existence of state administration along with LSGs in the oblasts and rayons) is strict and sometimes coercive. There is however some room for self-organisation and problem-solving at the local level, although a lack of civic activism (as a legacy of Soviet rule) represents an often serious challenge.

The interest for self-organisation and civic initiatives at local level contrasts with a still widespread lack of understanding of business and market economics, particularly among the rural population, and those trained under the former system of a planned economy.

Another challenge is to strengthen efficiency and effectiveness of LSGs in a way that would yield economic growth and better public services. The current government system is very heavy (24 oblast councils; government of ARC; 459 city and town councils; 490 rural rayon councils; 118 city rayon councils in 27 cities; 11'441 rural settlement councils) and under-resourced. Eighty percent of LSG funds come from the state budget; the lack of funds raised by LSGs themselves for capital investments is compensated for by a growing number of central funds (e.g. for ecology, regional economic development, LSG, etc.) for which LSGs have to compete and which are more easily accessible to those more capable.

A *territorial-administrative reform* is unavoidable for increasing the efficiency of LSGs and is high on the national reform agenda. At the same time there is strong resistance against *fiscal decentralisation* that would guarantee a self-raised revenue base for LSGs to fund public services, make capital investments and attract private capital through creating a favourable environment for local economic activities. Because LSGs do not have their own tax base, they do not feel accountable towards their citizens; citizens on the other hand have a low demand for services from LSGs.

The orientation towards European integration is among the driving forces for LSG reform at national level; it has also influenced LSG innovations at local level. Successful examples of improved local governance and effective service management emerge all over the country, many as the result of almost two decades of international assistance. The gap between experiments at the local level and the policy-making process however remains wide.

Many donors and international agencies have previously been engaged in the local governance domain (USAID, EU, UNDP, SIDA, CIDA, GiZ, CoE, Renaissance Foundation/Soros, etc.), but a lack of vision and strategy for LSG reform, coupled with a wide range of responsibilities and interests in the government² largely prevented the alignment of donors and national stakeholders. In this difficult context for LSGs, cities with their municipal councils are the most reform-oriented players and sought-after partners for donor projects.

The donor scene is currently less crowded, since Ukraine gained the status of a middle-income country. In DLG, the withdrawal of donors is also due to the sluggish progress and partial rollback in the sector. Switzerland (represented by SDC and Seco) is still among the donors committed to longer-term cooperation with Ukraine in general (presumably beyond the Cooperation Strategy 2011-2014) and in the LG&PS domain in particular.

² These responsibilities are dispersed: the Ministry of Finance (finances), the Ministry of Regional Development, Housing and Communal services (territorial-administrative reform and IMC); the Ministry of Economy (regional economic development); sectoral Ministries (reforms in separate sectors); several special programmes are attached to the Presidency

There are signs that LSG reform in Ukraine is gaining new momentum, namely the activation of Ukraine in the CoE³, the launch of the constitutional reform that includes proposals for a new territorial-administrative order, and elaboration of a new local governance concept. The success of the proposed reform will depend to a large degree on the government's commitment to reforms and their implementation, as much as to the engagement of LSGs in the process. The appropriateness of concrete proposals will be influenced by the government's readiness to utilise drafts elaborated in 2008/2009.

In the review's assessment there will be gradual progress in DLG in Ukraine in the near future, but a big leap forward is unlikely. For donor interventions it is essential to identify areas and windows of opportunity and to strengthen players of change.

2.2 Project relevance

Project relevance has several dimensions: the aspirations and needs of people, communities and LSGs, national priorities of the host country, common development assistance frameworks applied to the country, and the Swiss country assistance strategy and Swiss-specific competence.

The core activities of both projects are highly relevant to the needs of people in Ukraine. This was reaffirmed by those interviewed. Access to good quality and reliable water supply is a top priority for the rural population. The rural water supply systems from Soviet times are in steady decline; from 1991 to 2008 the percentage of rural population with access to piped water has dropped from 50% to 25%. This is one of the MDGs on which Ukraine is supposed to deliver.

Solid waste management is another emerging problem, especially for urban settlements; its solution requires an integrated approach and inter-municipal cooperation (IMC). Ukraine has recently established a national strategy and a basic law related to solid waste, promoting improved waste utilisation and recycling, waste disposal, and the use of waste for energy generation. Implementation of this strategy at local level is a challenge addressed by DESPRO and MGSDP.

In urban areas, housing-related issues (ownership, maintenance, energy-saving measures) are of very high importance to local authorities and the population. The residents of multi-apartment houses are keen to get better services and their buildings renovated, particularly when this leads to improved living conditions and energy savings. LSGs are interested in mobilising additional resources (also from the residents) for the renovation of housing assets that they are obliged to transfer in decent condition to private owners (in the framework of the on-going housing reform). According to the recent GIZ estimates, 70 billion Euros are needed for renovation and energy improvements of all multi-apartment residential buildings in Ukraine, which is much beyond the investment capacities of the government. Given the dependence of Ukraine on energy imports, the energy-saving theme is particularly high on the governmental political agenda.

The demand-driven approach used by MGSDP in the partnership with the municipalities is highly relevant, because it helps LSGs to define and address their governance and municipal management priorities (which often include administrative services, improving conditions in social institutions, the use of ICT in local governments, etc.).

Another indicator of both projects' relevance is their focus on improving capacities of citizens to organise themselves for pursuing their interests and for developing a sense of ownership and responsibility. These important qualities of civil society have been heavily undermined during Soviet times and are in high demand in this period of transition to market economy and democratic society.

³ Local democracy was identified as a key priority under the Ukrainian Chairmanship in the Committee of Ministers of the CoE in 2011

DESPRO in particular was able to draw on Swiss know-how in terms of decentralised services and natural resource management (namely community-managed water systems), subsidiary principle, integrated approach to solid waste management, inter-municipal cooperation and knowledge management.

The approaches promoted by both projects help to make Ukraine more EU-compatible, which is an important element of relevance in the context of the country's long-term orientation towards European integration.

Finally, the projects correspond well to the goal of the Swiss Cooperation Strategy 2011-14 in the LG&PS domain "to improve access to public services that meet the needs of the population and that are delivered by local governments with increased competence and capacity".

2.3 Assessment of DESPRO

2.3.1 Project objectives system

In the Project Document of Phase II the **goal** of the phase has been formulated as follows: "Feasible mechanisms of decentralized quality public service delivery are developed and implemented in pilot regions, documented and taken up in the national decentralization reform process"

Three **outcomes** were meant to contribute to this goal:

1. Quality of and access to public services in pilot regions are improved, based on principles of participatory planning and decision-making;
2. Effective knowledge management (KM) processes in the sector of decentralized service provision and local self-government are developed and integrated into the local governance system;
3. National reform process towards decentralization and local self-government is strengthened.

The project objectives system formulation does not meet a good standard: the project goal that focuses on public service delivery does not encompass the three outcomes, of which only one is linked to service provision and the two other (KM and national reform) are going much beyond the stated goal. The three outcomes are formulated as separate components with deficient linkages between them. The review mission is of the opinion that the lack of logical relations between these key elements contributed to different project components taking separate tracks and developing their own dynamics.

2.3.2 Effectiveness and Impact

Decentralised service provision

Capacity development

The underlying reason of DESPRO's effectiveness in the area of *rural water supply* is a combination of project inputs into the capacity building of partners responsible for decentralised service provision (software) with an ability to finance implementation of concrete water supply projects (hardware). Both elements and their combination are highly appreciated by the partners, especially given the background of scarcity of resources available to LSGs at the village level for capital investments.

Since the beginning of DESPRO, 73 projects were implemented in 59 localities (33 projects within the current phase). Projects are selected on a competitive basis by rayon working groups and co-funded by DESPRO, LSG budgets and communities. They are initiated by village councils and implemented through community-based organisations (CBOs) or service cooperatives established under the facilitation of the project.

In the current phase DESPRO, jointly with MGSDP, expended its sectorial scope to two projects related to integrated *solid waste management* (SWM) schemes in two localities – the town of Tulchyn with surrounding villages in Vinnitska oblast and the rayon of Bakhchisaray in ARC. The scheme builds on an intensive public awareness and information component and promotes a new approach to waste collection, recycling and disposal and cost recovery.

The project paid equal attention to both *supply and demand* sides of service provision, which has contributed to its effectiveness. The project has also invested extensively into improving knowledge, skills and attitudes of public servants, LSG officers, members of local councils, community leaders and activists, water system operators and media representatives. Up to 300 people participated annually in various capacity development events (including information sessions, trainings, experience exchange, study tours, etc.), the focus of which varied from general decentralisation and local governance issues to very specific organisational, legal and financial aspects of rural water supply. According to many interviewed, the study tours within Ukraine and abroad (related to both water supply and SWM) were particularly beneficial for widening the horizons of the partners.

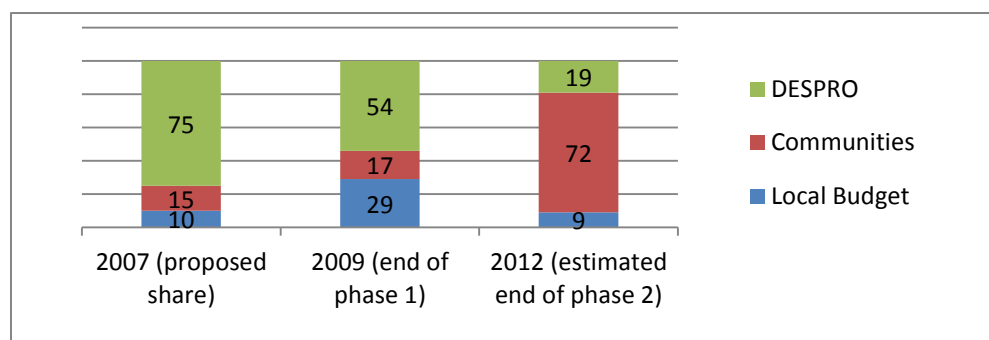
Project specialists, often DESPRO itself rather than private or public service providers, gave constant methodological support to local communities, water system operators and LSGs. A comprehensive package of reference materials on decentralised water supply provision has recently been made accessible on the DESPRO website and on CD. The project has also issued video guides on water supply and SWM.

Establishing models of decentralised service provision

As a result of capacity development and social mobilisation around implementation of concrete water supply projects *two main models of decentralised rural drinking water provision* were established and promoted: the formation of a service cooperative by water users, and the engagement of a private entrepreneur for managing water supply schemes. The former model implies establishment of a cooperative managed and governed by water users who as members contribute financially, either at the time of water supply construction/renovation or after its completion.⁴ The members pay a monthly water fee based on actual consumption and cooperative operational needs. In the latter model, a CBO involved in construction/renovation of a water supply system decides to delegate system management to a private entrepreneur (existing or newly established). In this case a tripartite contract is signed between the CBO, the village council and the entrepreneur, whereby the village council owns the networks and reserves a right to approve water fees. All projects follow either of the two models.

An important indicator of DESPRO effectiveness is a considerable increase of percentage shares from the local governments and communities and a decrease in co-financing shares in water supply projects received from DESPRO (from 75% in 2007 down to 54% in 2009 and further to 30% in 2012 - see *Graph 1*).

Graph 1 Co-financing of rural water supply projects (2007-12), percentage share



⁴ This is possible since the system is designed to ensure full coverage of households in a given project area

The costs of water supply systems differ depending on their characteristics (water mains or distribution networks, pump, drilling, water metering, etc.). They also depend on the population density (much higher in ARC which means lower costs per beneficiary) and regional differences in costs of materials and works (See *Table 1*).

Table 1. Information on DESPRO projects in phase II.

<i>Regions</i>	<i>Total project costs (UAH)</i>	<i>Number of projects (total km)</i>	<i>Average costs per project (costs per km)</i>	<i>Number of benefiting households</i>	<i>Average costs per household (UAH)</i>
Vinnitska oblast	7'999'989	10 (103.7)	799'998 (77'160)	2'995	2'671
ARC	4'192'526	8 (51.0)	524'065 (82'644)	2'547	1'646
Sumska oblast	13'973'221	15 (164.1)	931 548 (85'155)	4'039	3'459
Total	26'165'736	33 (318.8)	792'901 (82'153)	9'581	2'731

All interviewed stakeholders consider the new water supply management models effective, as they allow communities to enjoy a good quality service and to control the way the service is managed. The models are linked to consumption-based payment by an obligatory use of water meters. In case of system *renovations* (mainly in ARC) the project, along with improved control of water consumption, has contributed to reduction of water losses. In Pshenichnoye village DESPRO only supported the installation of water meters on the existing network and the reorganisation of water management. This led to an improved payment system and, thus, more effective and fair water distribution, decrease of conflicts related to water and improved discipline of water fee collection.

According to a survey commissioned by DESPRO in 2011, water consumption fees range from 30 to 47 UAH per household per month,⁵ in Vinnitska oblast and ARC respectively (which corresponds to 2.2% and 3.5% respectively of household income). Since the respondents themselves defined the household income level, they have probably reported lower incomes. We can therefore assume that the water fees paid by the households are below 3%, which is acceptable by world standards.

In Sevastyanovka village in Bakhchisaray rayon a lack of economy of scale combined with the reluctance of the village council to raise water fees to a cost-recovery level does not allow the entrepreneur to cover operational costs, let alone make a profit. This raises concerns with regard to efficiency and effectiveness of small water supply networks managed by private entrepreneurs. In many cases the operators are registered as entrepreneurs but they work without profit. The income from fees is just sufficient to cover salaries and system operational costs. Water fee policies are not generally conducive for water saving. Some cooperatives recalculate the fees every month, based on water consumption and actual operational expenses. The more water users consume, the lower the fee per m³ of consumed water.

Efficiency in renovation/construction of water supply networks by the project mainly depends on the speed of mobilisation of community contribution and the choice of sub-contractor by the community. High costs of project design (up to 5% of the total project costs) can indicate difficulties in mobilising community contribution.

In Tulchyn and Bakhchisaray rayon, the pilot work on SWM has begun with public awareness building and waste separation. These schemes require a particular geographical scale for

⁵ The equivalent of 3.7 and 5.8 USD, respectively

launching coordinated waste collection, recycling and disposal. Inter-communal cooperation should contribute to higher efficiency of SWM. The case of Bakhchisaray shows, however, that bigger and more complex IMC schemes are at greater risk of being bogged down by a lack of regional vision about the distribution of functions between municipalities and by potential inter-municipal conflicts (e.g. linked to the placement of landfills).

Local SWM solutions need to be integrated into a larger regional vision and to be accepted by the population. This is the case in Tulchyn, where Vinnytska oblast is behind the pilot project and also supports it financially. The situation is critical in Bakhchisaray rayon in ARC where 1.5 million m³ of waste has accumulated on 20 unsanctioned landfills (also coming from the neighbouring sea resort areas) and where the opportunity for a private investor was lost due to the reluctance of the population to have a waste processing factory on the rayon territory. The project funds a study that looks at the morphologic structure of waste, but it is not yet clear if and how the local solution coincides with the general vision of SWM at the republican level.

The focus on rural water supply, and recently on SWM, has helped DESPRO to gain credibility and leverage within the sector at national level, where its main project counterpart is the Ministry of Regional Development, Housing and Communal Services (MRDHCS). The leadership and specialists within the Ministry have positively evaluated the technical assistance provided to it by the project, mainly in the form of analytical products, information and advice, experience sharing and exposure through trainings and study tours).

Tracing project impact is not yet an integral part of the project monitoring system, as the existing project indicators do not reflect the improvement of quality of life and sustainable access to public service. Therefore, the review assessments on project impact rely on anecdotal evidence, reports collected during interviews and discussions with beneficiaries, and some quantitative information provided by the project.

DESPRO has produced an important impact *on service delivery*. All visited rural communities reported increased coverage, improved access and quality of water⁶, and a fair and effective system of water supply management. 25'455 citizens benefited directly from improved access to safe drinking water co-funded by DESPRO in the second phase (and some 15,000 from the first phase).

The improvement of service is not limited to communities targeted directly by DESPRO. Some partner rayon administrations gradually become resource centres for disseminating experience of decentralised water management models in their regions. A mini-survey organised in the framework of the review revealed that, in the partner rayons, the model of decentralised water supply had been used by 20 neighbouring villages, with 8 villages receiving budget support (12 projects, around 1.3 M UAH) and community co-financing (4.5 M UAH); in 12 villages projects were implemented on the community's own funds. All these 20 villages followed the service cooperative approach for managing their water supply systems.

Improved access to water also had an important spin on the *quality of life* of the people interviewed. Many report improvement of living conditions, private hygiene and children's health, more relaxed family atmosphere, increased birth rate, re-occupation of abandoned houses, and prevention of migration. Additionally, through the introduction of decentralised water management schemes, up to 120 jobs were created for rural dwellers during the current project phase. The use of water for irrigation has also contributed to income generation for rural households; the aerial photo of Viline village in Bakhchisaray rayon shows that numerous greenhouses emerged on private plots due to the improved water supply.

In the partner villages, DESPRO also produced an impact on *community empowerment and local governance system*. Through social mobilisation and the direct community involvement in resolving problems, the project activated communities and developed their sense of

⁶ According to a survey conducted among beneficiaries there is a high index of satisfaction with the quality of water (4.13 on 5-grade scale).

responsibility and ownership. The new model of service provision promoted a democratic decision-making culture, transparency and accountability. Last, but not the least, the project contributed to reviewing budget allocation practices by local governments in targeted oblasts, where budgetary resources available for capital investments are being allocated on a transparent competitive basis for projects co-funded by communities. Working through village budgets was not included, contrary to the intention mentioned in the ProDoc.

Knowledge management

KM was initially conceived as an autonomous project and was, in Phase II, integrated into the project as a component. Although the KM component was formulated with the intention of integrating project experience of decentralised service provision into the local governance practice, the component has broadened to cover general local governance themes.

The project managed to produce an array of good sector-specific KM products related to decentralised service provision (including guidelines, manuals, knowledge CDs, best practice compilations) that are widely used by partners. Most materials developed by the project are published (also on the website) and integrated into the LSG training system.

DESPRO, together with the National Academy of Public Administration (NAPA) and partner projects (MGSDP and CBA implemented by UNDP), has worked on the development of a package of training materials and modules in the thematic areas of decentralisation and local self-governance. These training materials provide guidance to civil servants and LSGs and include best practice cases from the three projects. They also sensitize trainees to such issues as citizen participation, social mobilisation, and anti-corruption.

Among key project achievements is the introduction of the actual concept of KM in Ukraine at different levels, mainly through the training of relevant institutions participating in the KM loop (NAPA, higher and post-graduate education institutions involved in training of civil servants), through an exposure visit to Switzerland, and through the partnership with the Luzern University of Applied Science and Arts. Interviewed partners at national and regional levels were knowledgeable about KM principles and means.

According to the MoU signed with NAPA, the key DESPRO partner in the KM component, the following targets are being pursued: improving the system of professional training for public administrations and LSGs, including the use of e-learning technologies; integrating the DESPRO project experience in the activities of government bodies at various levels through the development of educational materials; development and implementation of professional training programs for training civil servants and local self-government officials to form their competences in knowledge management; networking by means of the KM web portal (that also supports the Interregional Information and Education Network).

As a result, 4 out of 12 training courses of NAPA were modified and NAPA Regional Institutes launched two training courses with the use of the KM web portal – www.derzava.in.ua; 10 certified distance-training courses were developed.

Along with providing access to information and e-learning opportunities, the launching of the KM website is expected to enhance horizontal links among LSG practitioners and experts (Community of Practice). Although it is too early to judge the impact of the website, according to NAPA representatives, the site attendance level reaches 8'000 visitors per day. Additionally, the State Fund for LSG support that issues grants to LSG in Ukraine for implementing innovations has used the services of the webportal for training its applicants. Out of 2'000 registered training course participants, around 900 are representatives of village LSGs and approximately 100 are applicants from the DESPRO targeted oblasts.

Verification of current and potential impact of the KM component on the ground by the review mission showed that in rural areas it is hampered by the low connectivity to the Internet, and limited availability of computer equipment and computer knowledge among LSG staff. The

cellphone is the most common medium for information exchange in rural areas, along with face-to-face contact, and training and workshops facilitated by the project.

The KM component has had a good response and produced some effects. Questions, however, remain as to whether the linkages between teachers/trainers and (as main beneficiaries of this component) practitioners at local level are strong enough for Component 2 to have a lasting and widespread impact among the main players of Component 1. NAPA, as the main partner, is attached to the Presidency and by its organisational culture is more oriented towards graduate courses and the training of central cadres and the elite of bureaucrats, not necessarily the stakeholders of decentralised service provision.⁷

To promote further the experiences of DESPRO, the project has been working with media. In 2011, it organised a competition for print media, a television and a radio programme aimed at promoting best practice of decentralised public services in five oblasts of Ukraine (Vinnytsa, Sumy, Dnipropetrovsk, Ivano-Frankivsk and the ARC).

Reform process

Through its activities DESPRO has gained recognition and a positive reputation among LSG stakeholders at different levels in Ukraine. Its credibility at the national level originates not only from its well-focused work on the ground but also from its ability to respond with flexibility to the demand for supporting national level reform through provision of technical assistance. This technical assistance includes the organisation of roundtables on pending LSG issues and draft laws (such as territorial reform or local referenda), technical input into the work of the Parliamentary Committee on State Building and LSG, supporting the involvement of the Expert and Advisory Board (EAB) platform in the national reform debate and participation in national level working groups. DESPRO cooperated under this component with a variety of think-tanks and advocacy organisations, including the Civil Society Institute.

All interviewed partners appreciated DESPRO's neutral support, as well as its ability to link national experts and policy-making institutions with LSG practitioners. However, by taking on the role of a neutral facilitator and taking a reactive rather than proactive stand, DESPRO abstained from serving as an advocate of LSGs vis-à-vis the upper level authorities. The Associations of local government bodies would be the most legitimate for advocacy work but they have a weak capacity to undertake it.

Since most of the DESPRO inputs were in the form of general support to the reform debate, which could also have come from other quarters, it is not possible to assess its impact on national policies and the law-making process in general. Examples of DESPRO's more specific and well-targeted assistance related to decentralised service provision include: the elaboration of a draft national concept and a draft law on IMC and its participation in the related national working group; adjustments of the law on SWM related to inter-communal cooperation drafted by MRDHCS, following the exposure to the Swiss experience.

2.3.3 Sustainability

Decentralised service provision

Socially, the introduced models of decentralised water supply management are well accepted by communities and internalised by the LSG partners. Moreover, the models are being replicated in other localities and have potential to be utilised for resolving other issues, such as gasification, lighting and SWM. Social acceptance of the SWM is too early to assess.

Institutionally, the rural water supply management models are embedded into existing regulatory frameworks (i.e. institutionalised) but they are still vulnerable to regulation

⁷ NAPA compares itself to the French ENA and is interested to collaborate with IDHEAP Lausanne

interpretations by local authorities (specifically concerning taxation aspects) and to regulatory changes.⁸ Direct budget support to LSG could enhance sustainability.

To date, the project has been mainly contributing to the improvement of analytical and communication capacities of MRDHCS. Yet the map of players with a stake in rural water issues is broader. MRDHCS is responsible for communal drinking water schemes but it lacks financial instruments to address the problem (the exception being the National Potable Water Program). There are two other national players: the National Agency for Water Resources, responsible for assisting settlements without water supply, and the Ministry of Agriculture, responsible for comprehensive development of rural areas. These two institutions remain outside the project radar.

A lack of government and donor coordination mechanisms relating to water issues in Ukraine is among the hindrances to reaching a sustainable achievement of the MDGs for improved access to drinking water.

Institutional sustainability of the SWM scheme is not yet secured due to the weak regulatory framework (specifically IMC) and lack of clarity about how the suggested local solutions fit into a larger regional vision (case of Bakhchisaray rayon in ARC).

Economically, both water supply models (service cooperatives and private entrepreneurs' engagement) need to be closely monitored and further developed. Among the factors that could improve their financial sustainability are full cost-recovery/economically justified water fees and de-politicising fees, the ability to accumulate reserves, and increased efficiency through economy of scale. This would require DESPRO's greater attention to economic issues.

For SWM, establishing a cost-recovery scheme and partnership with the private sector for securing its economic viability remains a challenge. In Tulchyn municipality and the surrounding villages; the funding of a new sanitary landfill is not assured. Replications of pilot sites for separated waste collection depend on the economic interest of local communal enterprises (although preliminary calculations of local authorities show the benefits).

Environmentally, a lack of project attention to waste water issues is an emerging problem that is counter to good governance standards in the water, environment and sanitation (WES) sector. With the steady access to water comes greater consumption of water, and households are left on their own to deal with the wastewater problem (the majority uses septic tanks). Building water supply systems without a solution of wastewater on the balance sheets of LSGs is counter to existing Ukrainian regulations.

Another issue that deserves exploration is the use of chlorinated water for irrigation, which currently seems to be unavoidable for communities that lack other water sources (in some communities drip irrigation is being applied, minimizing water consumption). It is also not clear what long-term effect decentralized water solutions have on the underground water table.

If successful, the SWM model, has great potential to reduce environmental harm.

Knowledge management

Socially, the KM concept is understood and accepted by the key partner institutions at the national and regional level, but sustainable effects depend on connectivity, improved access to computer equipment and influx of a new generation into LSGs in rural areas. A KM system also requires that new knowledge is continuously fed into the system, processed into digestible bits and forwarded to potential users.

⁸ For instance, according to some partners, recent regulatory changes in ARC ban private enterprises (the unified tax holders) from business linked to the use of natural resources. This would affect dramatically the management of water systems, like the one in Sevastyanovka and Samokhvalovo villages.

Institutionally, although newly elaborated or adjusted training courses are well integrated into the mainstream national training system, it is doubtful whether NAPA with its centrist orientation is the most appropriate knowledge broker and partner for reaching the lowest level of LSGs where the project operates. The Regional Centres for Retraining and In-Service Training, which administratively are attached to the oblasts and supervised by NAPA, may be more suitable partners for knowledge loops close to the ground.

Financially, the KM component in general and the web portal in particular are heavily supported by the project, and the issue of their maintenance within the existing system needs to be tackled.

Policy

Project support to the policy debate and policy initiatives are expected to have a catalytic effect on the national reform process. However, only if LSGs are empowered to develop their collective capacities and to advocate more actively for their decentralisation agenda can the national reform be sustained.

Due to its presence and intensive, flexible and strong support, partners at all levels tend to view DESPRO as an institution rather than as a temporary project structure. This could become an increasing concern in the next phase of the project that should give rise to the future phasing out of DESPRO.

2.3.4 Transversal themes

Gender

Since the assessment commissioned in 2010 by SDC, more attention has been paid by DESPRO to gender issues. Currently, the project has a gender focal point (remarkably, a male collaborator). The "Decentralization and Local Governance as potential for gender equality" study conducted in 2011, in three villages and assisted by DESPRO, revealed obvious positive effects in terms of satisfying women's practical needs (easing household work burden as a part of women's reproductive role) and having a positive impact on such areas as leisure time and domestic atmosphere. However, it did not extend to examining the project impact on women's strategic needs (shifts in gender roles) and gender equality impact (responsibilities and resources redistribution), which is essential for any gender-sensitive cooperation work.

It seems that DESPRO in its activities, such as social mobilization, training and KM, has not been pursuing gender-themes. Yet women are actively involved in the project (especially in areas prone to male labour migration) and some shifts in gender roles do take place. In some cases, the project has reduced the household burden of women and allowed them to be more involved in productive activities, like irrigated homestead agriculture. Women take a more active role in the communities through participation in decision-making, management of water service cooperatives and entrepreneurship activities. Currently, there are three female heads of water service cooperatives (out of 28). All five entrepreneurs managing the water systems supported in the second phase are women. Of nine rayon coordinators, two are women. Women are also involved in managing finances (bookkeepers in most service cooperatives are women). There is the case of Cherepashyntsi village where a woman head of the CBO was elected as the village head. However, this type of gender transformation is not captured by the project; it limits itself to disaggregation of initial data, such as the number of women beneficiaries or the number of women trained.

Women's political empowerment remains a challenging task in Ukraine, especially in rural areas. There are very few women among high level local government officials such as mayors, heads of rayon or oblast councils and heads of rayon or oblast administrations.

The DESPRO core team has more women than men (six women and four men, including two drivers) and is well positioned to reach and empower women.

Good Governance

The good governance principles – efficiency, accountability, transparency, participation, social equity (or non-discrimination) and rule of law – are the backbone of a local governance project like DESPRO. In particular, participation is enhanced through community mobilization. Transparency and accountability is promoted through the selection of projects in an open competition, according to transparent criteria. These are also underlying principles of the functioning of the decentralised water management schemes that are directly managed by people (service cooperatives) or closely supervised by communities (in the case of management contracted to a private entrepreneur). The principles of transparency and participation, not necessarily efficiency, are more obvious in the case of the service cooperative, which makes it the preferred organisational solution for managing village drinking water. The issue of fair opportunities to connect to the water supply for socially vulnerable households, and for those joining after the construction/repair of a system, has not been systematically addressed or monitored by the project. The DESPRO team reports a high level of post-project connectivity of residents to the water supply systems (97%).

However, several aspects of good governance (namely social equity and efficiency) merit closer attention. Non-participants in communal drinking water schemes could potentially be discriminated against when water is treated as a commodity rather than as a right. There are various reasons why households do not join a drinking water scheme: insufficient well water, old age, unacceptable costs, abandoned houses, etc. Some communities managed to identify and include social cases into the water provision scheme (mainly by finding sponsors among entrepreneurs, labour contribution, or allowing needy families to pay their shares in instalments during a grace period). In other cases, for those deciding to join the water supply/service cooperative later, a fee was levied 5 times higher than that charged to members during the construction phase.⁹

Exclusion can also occur when communities are not entitled to DESPRO-funding because their solutions to water supply are more expensive than average and require a co-funding support beyond the UAH 240'000 defined by DESPRO as the upper limit.

The service cooperative is highly appreciated by local governments for its ability to mobilise community resources for solving local problems (in particular water, roads, gasification, lighting, SWM, etc.). Nonetheless, the use of this model should not erode LSG accountability for the provision of basic services and transparent management of public resources.

The last but not the least of the issues is that of potential conflicts of interest good corporate governance in service cooperatives. This includes cases where heads of cooperatives are at the same time their managers, or representatives of village authorities are involved in the management of cooperatives.

2.3.5 Project Management Efficiency, Steering, Communication and Monitoring

Implementation arrangements, human resources and local partnership

Phase II of DESPRO has followed the management pattern adopted in Phase I. The project was mandated to Skat and is implemented by a Project Implementation Unit (PIU) established in Kyiv. The project has a well-established structure and is staffed with capable human resources. A Senior Project Coordinator supervises a team consisting of two specialists involved into the Community Development and Services Provision, one specialist in KM and Capacity Building, one specialist in National Policy Development, two part time staff members responsible for Communication, PR and Reporting Unit, a Finance Manager, a Project Assistant and two drivers. The PIU is reinforced by part-time consultants. With increasing

⁹ The cooperative by law can either accept or reject any new member.

importance assigned to Components 2 and 3 and the communication aspects in the Project Document of the second phase, the project increased relevant staff and professional inputs.

DESPRO's structure is lean, rather flat and flexible with short ways of command and reporting. The PIU works directly with and through partners and stakeholders at national, regional and local levels and is capable of drawing on plenty of informal contacts. DESPRO does not have any field-based staff. In the implementation of Component 1 (that implies intensive work in the field) it relies mainly on the project contact persons in the two partner oblasts and ARC, the rayon working groups and designated coordinators/focal points in partner rayons (appointed within the local administration and not paid extra by the project).

Among more critical aspects (especially given the project's orientation to strengthening local governance), particularly regarding Component 2, is DESPRO's strong reliance on national partner institutions based in the capital that tend to hold centric and top-down views.

Skat has a role to play in project management (administratively reporting to SDC) and in providing technical backstopping in different fields, mainly drinking water, SWM, KM and decentralization. Mr. Jürg Christen plays a dual role as project director, assisted by a project manager, and as project back-stopper. The local team respects Skat for its technical and administrative support, but seems to be quite autonomous in the day-to-day management of reserving 1/3 Full Time Equivalent for Skat's management and administration of DESPRO (this does not include the thematic backstopping).

The use of financial resources

The project financial resource base was substantially expanded in Phase II (from 3.5 M CHF in phase I to 4.97 M CHF). The breakdown of the current 3-year phase is shown in Table 3.

Table 3 DESPRO funding structure (2/2010-1/2013)¹⁰

<i>N</i>	<i>Budget lines</i>	<i>CHF, M</i>	<i>Percentage</i>
1	HQ services (Skat)	0.686	14%
2	PIU (including project team, consultants and operations)	1.536	31%
3	Administered project funds	2.746	55%
	Component 1 (Service provision)	1.519	21%
	Incl. contribution to infrastructure projects	1.033	
	Component 2 (KM)	0.763	
	Component 3 (National reform)	0.463	
	Total	4.968	100%

Budget analysis shows that the ratio between services (1 and 2) and funds for activities (3) is rather generous, which invited Skat's extensive involvement into project management. It also allowed the project a flexibility to fund five international study tours to Switzerland in 2010-11¹¹ that were highly appreciated by participants, to take part in international events, to issue a wide range of publications, and to involve a great number of international and local consultants. At the end of 2011 (after 2/3 of the phase) the PIU had spent under most headings less than 66% of the phase budget. This low budget absorption level is a further indication that DESPRO was generously funded, but at the same time keen to adjust disbursements to the absorption capacity. The review, however, did not come to the conclusion that funds were wasted. The high professional quality of the PIU team and the great interest of most partners guarantees a good absorption of inputs provided.

¹⁰ Budget 12/2011; the budget of 1/2010 (attached to the ProDoc) was CHF 240'000 more in favour of administered project funds

¹¹ Skat Annual Report 2011, p. 13; the study tours of DESPRO are well documented including practical learnings of the participants

It should be noted though that the budget part for co-funding community initiatives and inter-community projects on decentralized public services (Component 1) stays with CHF 1.033 M at 21% of the total budget and is comparatively lower than in the first phase, particularly taking into account that CHF 200'000 are reserved for the two pilot SWM projects. The review considers this proportion insufficient against the background of heavy focus of the project objectives system on decentralised service delivery.

It is estimated that at the end of 2012 (total SDC contribution of CHF 8.4 M) approximately 75'000 residents of rural communities will benefit from the project (some 40'000 drinking water¹² and 25'000 SWM). The costs per end user in the water sector amounts to some CHF 100 (or UAH 837), while the costs per end user in the SWM projects will be defined when the co-financing arrangements are finalised.

Steering

The project is supposed to be governed by the Steering Committee (SC) established in the framework of the MoU signed between SDC and MRDHCS during Phase I. The SC, however, has not been constituted during Phase II, mainly due to difficulties related to the functioning of the partner Ministry at the beginning of the phase.

At the regional level the steering role is played by the oblast and republican (in ARC) SCs established under a MoU signed between the regional Council/Ministry, the administration and DESPRO. These committees play an important coordination role at their level but cannot serve the purpose of providing strategic oversight to the project.

Intensive contacts take place at the working level between the Swiss Country Office (SCO) and DESPRO, on one hand, and between DESPRO and its main partners, on the other hand. SCO and the DESPRO team also regularly meet on a bilateral basis with the main national partner – MRDHCS. However, the reviewers consider the lack of proper formal steering of the project by the national stakeholders and SDC as one of the major shortcomings of DESPRO Phase II. A clear distinction between operations and management (Skat/PIU) and supervision and controlling (SDC and national stakeholders, including government) can secure integrity of the main players and mediate potential conflicts and major controversies. It is a major characteristic of good corporate governance of which DESPRO is expected to be an example.

On the professional side, DESPRO is supported by an EAB. Through its Advisory Board the project managed to secure access to a mixture of best national experts and some high officials with practical local governance experience. The EAB members are supposed to advise the project on a volunteer basis, but some of them are at the same time deployed by the project under consultancy contracts (e.g. for policy related studies). This practice raises concerns about possible conflicts of interests.

Communication

DESPRO has a Communications and PR/Reporting Department that is also responsible for monitoring. The project has a general Communication Concept. Although the Concept provides little guidance on tools and resources used for communication, the project managed to implement extensive communication activities (website, TV-programmes, CDs, newsletters, manuals and books) targeting various groups. It follows the motto: “do good things and talk about them”. The communication seems to be factual and sober and does not give the impression of propaganda-like PR.

M&E

¹² With the finalisation of six projects in Vinnitska oblast the number of beneficiaries, according to the project's preliminary estimates, would reach 50'000 people.

The DESPRO project is well documented. It operates an electronic online Project Information and Monitoring System (PIMS) for tracking all events and activities. The project logical frame at the level of activities and outputs presents a reasonably well-developed reference against which delivery is tracked. The project monitoring system however is more oriented towards outputs than outcomes.

Quantitative information at the level of outcomes, namely in Component 1, is partly registered by the responsible specialists (e.g. level of connectivity to constructed water networks, partner contributions, beneficiaries by categories) and can partly be traced retrospectively (e.g. instances of replication of decentralised models in partner rayons). However, the project logical frame fails to provide good quantitative indicators of effects (related to improvement of service quality, capacity building of local players to manage decentralised models and their sustainability). Some important data related to social, economic, and ecological impact of DESPRO-supported projects are not easily available. The project made an attempt to compensate this shortcoming with the survey on beneficiaries' satisfaction, implemented under the leadership of the Slavutych Social Centre in spring 2011, but the survey results are limited to perception-based judgements and cannot replace an objectively verifiable systematic monitoring.

2.4 Assessment of MGSDP

2.4.1 Project objectives system

MGSDP is a multi-donor project co-funded by SDC, CIDA, Royal Norwegian Embassy, and – in a separate recent sub-project – Coca Cola Ukraine. Relations between contributions of separate donors and specific achievements are not always evident.

SDC funds within MGSDP the part: “Promoting Conditions of Participatory Governance and Development in Urban Areas”.

In the proposal to SDC, the **overall goal** of the current phase of the SDC-part of MGSDP is formulated as follows: “Effective approaches and mechanisms of decentralized municipal governance contributed to effective public services provision”.

Under this goal there are **three key objectives**:

1. Institutional mechanisms at the local/municipal level to enhance local governance are consolidated and strengthened;
2. Public-private-community partnerships, established in the partner municipalities to improve service provision, are consolidated, documented and disseminated all over Ukraine;
3. Community-based approach is integrated into the process of developing legislation on DLG reform and contributed to strengthening and successful implementation of the decentralization and local self-government reform.

In order to achieve the overall goal the project applies a multi-level approach and undertakes activities at the local (community), municipal and national levels.

The formulation of the overall goal and the three key objectives are process and not outcome oriented, failing to provide clear orientation for project implementation and monitoring. They can hardly be a reference for the review. The Results and Resource Framework in the project proposal is a collection of activity lines rather than a logframe. There is also a confusing mix-up of activities between objectives 1 and 2.

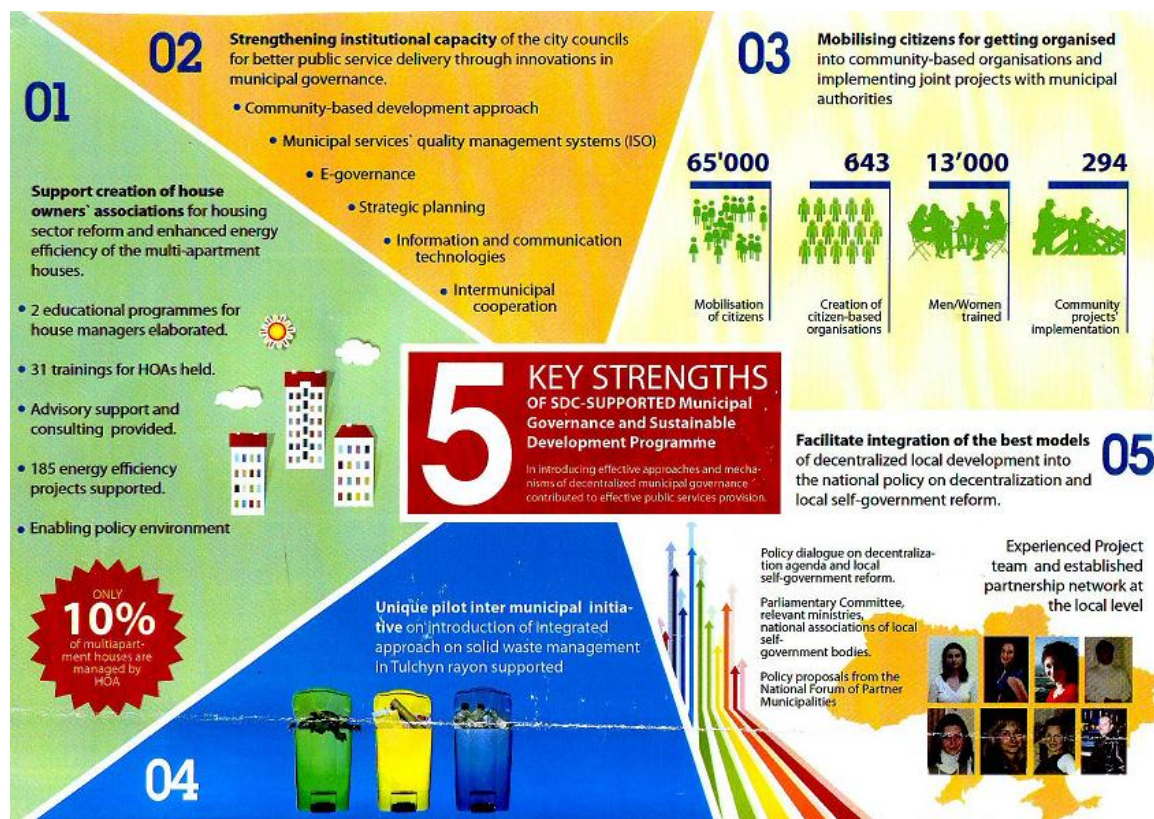
2.4.2 Effectiveness and Impact

MGSDP is one of few projects in Ukraine with such a broad geographic coverage of municipalities (currently 29 municipalities in 12 oblasts of Ukraine). The municipalities were chosen based on an open call.

The project has adopted a demand-driven approach of cooperation with the partner municipalities. As a result the project got involved with supporting a very wide variety of initiatives, from repair works in kindergartens and schools to renovations of multi-apartment houses, SWM scheme and e-governance.

The poorly formulated logical framework of the project was not the best aid for focusing the intervention. To overcome this challenge the MGSDP team had to rethink its strength and thus mapped the logic of the project. As a result, it produced the following scheme, which gives a good overview of MGSDP and its self-understanding.

Scheme 1: Five Strengths of MGSDP



Strengthening municipal institutional capacities

Project implementation in each partner municipality starts with the establishment of a Municipal Support Unit (MSU) consisting of 2-3 staff members that in addition to their ToR in the municipality are made responsible for coordinating and managing project activities. The MSU is led by a coordinator, is fully maintained by the municipality and receives training, necessary equipment, information, methodological and advisory support from the MGSDP team. The profile of the MSU staff and the focus of the provision of technical assistance depend on the scope of MGSDP activities in the municipality.

In many partner municipalities the MSUs were actively involved in mobilizing local communities to create CBOs (officially registered Associations of Co-Owners of Multi-Apartment Houses (ACMH); NGOs founded by schools and kindergartens; service cooperatives). These organisations are eligible to apply for co-funding for their projects from MGSDP and municipal budget sources. Most projects aim at improving peoples' living conditions or their physical infrastructure in social institutions.

Another area of support for partner municipalities was the introduction of innovations in local governance and municipal services quality through ISO certification in the six municipalities of Voznesensk, Dolyna, Kirovske, Novograd-Volynskyi, Lviv, Bakchysaray and e-governance/electronic document flow (municipality of Voznesensk). In 17 municipalities the

project supported creation of municipal websites. Novgorod-Volynsky municipality elaborated its strategic development plan with the support of MGSDP.

Out of six targeted municipalities three had already received the certificates of compliance with the ISO 9001:2008 standard. According to Lviv municipal officials, the quality management system contributes to increased effectiveness of City Council operation, to the transparency of decision-making and to better information flow to the population. In Voznesensk, e-document flow is expected to raise the level of transparency of local authorities, to enhance community participation in local decision-making processes and to reduce administrative barriers and time of service provision. It is still to be seen (and monitored) how expected benefits will materialise in reality.

Another direction of project assistance was the dissemination of energy efficient technologies in partner municipalities. The project supported the Association of Energy-Efficient Cities of Ukraine in joining partner municipalities under the Covenant of Mayors for diminishing global warming (EC initiative) and in conducting a contest for the best energy-efficient municipality. MGSDP organised trainings for teachers and pupils on rational water usage, energy efficiency and rational solid waste management (in the framework of "Every Drop Matters" initiative funded by Coca-Cola in MGSDP). As a result, some city councils launched their own municipal programmes on energy efficiency and joined the activities of the Association of Energy Efficient Cities.

The interviewed municipal representatives evaluate very positively capacity development support provided by the project through training, advice and consultancy, exposure and exchange visits, information dissemination and exchange. As an effect of MGSDP, they report improvement of knowledge, skills and attitudes, communities' engagement into searching and implementing solutions to their existing problems, joint and transparent planning of priorities, mobilisation of community resources, service users' involvement into service management and trust building between government and citizens.

It is worth noting that around half of the partners have not been involved in the last years in the implementation of tangible projects in their municipalities with the support of MGSDP. However, they seem to appreciate "belonging to the club" and to be a part of the project's information and knowledge exchange network, but are not actively looking for funding support.

Improving organisational potential of citizens and their engagement in service provision

In 2010, UNDP commissioned a study of the impact of the community mobilisation model applied in the framework of its projects, including MGSDP. The study has attested to many merits of the model with the main strength being the ability of communities to address their problems in partnership with LSGs.

Since the beginning of MGSDP in 2004, 636 ACMH and 84 service cooperatives were created. They implemented in total 294 projects, mainly aiming at improving living conditions of people in the multi-apartment buildings. Through 265 CBOs linked to kindergartens and schools, 109 projects were completed, mainly in improvement of infrastructures.

The establishment of CBOs was a precondition for project funding, but the improvement of peoples' organisational capacity was also considered a goal in itself. The quantitative success of MGSDP in creating ACMH and service cooperatives is impressive by itself. The ability to sustain CBOs established on the basis of kindergartens and schools, especially in small towns, is less evident.

Visited schools and kindergarten CBOs are proud of substantial infrastructure improvements and refer to savings in heating costs, reduction of respiratory diseases among children in winter etc. CBOs in large cities seem to be more active in accessing other funding opportunities and following the idea of democratic internal governance. Some networks of educational institutions, like the one in Rivne, unite 80% of schools, mobilise funding from multiple sources and are actively promoting the concept of civic education. Without a strong

element of local governance, community involvement, institutional strengthening or technology transfer it would be somewhat problematic for SDC to justify financing of basic public infrastructure in a middle-income country.

Representatives of ACMH stressed as the main benefit the improvement of their living conditions, but also highlighted other plus-points, such as their enhanced ability to address housing problems, privatisation of land, boosted sense of ownership and responsibility, full control of housing management, and confidence in dealing with authorities. The project had in Phase III an important effect on service delivery by improving the mode of housing management and living standards of 35'000 households. Indicators of people's better living standards are improved quality of and access to water supply and sewage systems, enhanced security of house buildings, better heating, increased dwellers' savings and ability to invest in housing as a result of reduced housing fees (by reduction of management and heating costs), and increased selling price of apartments due to improved conditions.

Efficiency in the functioning of ACHM deserves a closer assessment in future. An appealing feature of the ACHM model is that it is cheaper than the previous model of managing houses by communal housing enterprises (Zek). The ACHM has lower operational costs, does not pay VAT, saves depreciation costs etc. At the same time, ACHM have limited access to tools and machinery, often lack human resources to manage financial and legal affairs and are not capable of earning income (e.g. by selling services like the issuing of birth, death or family certificates that they currently must provide to their dwellers free of charge).

In some localities those interviewed claimed that the value of ACMH is not so much in effective housing management but rather in boosting the ownership, in improving services of municipal communal structures by introducing an element of competition, and in institutionalising better control by the co-owners.

Yet, efficiency does not seem to be high in case of houses with a low number of apartments (an experience with ward-based ACHM covering several houses shows that this model is more labour intensive in terms of social mobilisation). There are examples of ACHM organised into Federations (whereby ACHM delegate to the Federation their managerial competencies); this seems to be more popular among newer houses in better condition. Some municipalities are already searching for ways of preventing segmentation in housing management (e.g. the municipality in Ivano-Frankivsk on its own initiative established a unified services centre to support the ACMH functioning).

MGSDP devised an intensive training program and provided constant advisory and methodological support to ACMH and respective MSUs. In 2011 alone, 316 representatives of house-based organisations and municipal administrations took part in eight training sessions organised by the project. There are good quality manuals and templates available, as well as periodically updated electronic compilations of relevant documents and regulations.

Another example of MGSDP's contribution to developing new models of decentralised service provision is the SWM scheme in Tulchyn rayon (jointly with DESPRO), where the partners attempt to apply an integrated solution for an entire territory that includes the Tulchyn municipality and surrounding villages. The pilot in Bakhichsaray rayon of ARC also builds on collaboration between the two projects, but is less advanced. MGSDP promotes a new approach to the treatment of residential solid wastes in urban buildings, based on the experience of community mobilisation for ACMH. A pilot initiative tests the waste collection system in five multi-apartment houses managed by ACMH. The effectiveness of the pilot depends, on one hand, upon the investment of the project in organisational capacity building and skills development (through such activities as surveying the current situation and motivating residents to participate in the new scheme, training of dwellers on solid waste separation, organisation of public information campaigns, strengthening capacities of communal enterprises to transport and treat separated waste) and, on the other hand, on physical infrastructure (containers for separate waste collection, solid waste grounds, comparator equipment, etc.). DESPRO takes care of the downstream part of the garbage

chain from the collection point to the sanitary landfills. It is too early to assess effectiveness and impact of the SWM pilots.

In MGSDP, financial contribution of municipalities was considerably higher (45%-52%) than that of the project (26%-41%). In 2012 community contribution is expected to grow to 29% (see Table 2).

Table 2. MGSDP projects in 2010-12

Year	Nr of projects implemented (Nr of municipalities)	Total project value (UAH)	Project share, UAH (%)	Municipality share UAH (%)	Community share UAH (%)
2010	40 (12)	4'685'786	1'579'929 (34%)	2'462'333 (52%)	643'524 (14%)
2011	16 (10)	1'981'546	807'496 (41%)	981'967 (49%)	192'083 (10%)
2012	17 (7*)	1'731'475	449'578 (26%)	785,899 (45%)	495'998 (29%)

* Approved for financial support in the first half of the year. Still expecting 4 more cities.

Leverage on national policy and decision making

Besides being a hub for sharing knowledge and best practices and for facilitating interactions between partner municipalities, MGSDP attempted the integration of decentralised local governance models into national regulations, policies and reforms. It did so through:

- Conducting annual meetings of the National Forum of Partner Municipalities as a platform for policy dialog between local and national authorities, for exchange of experience and for advocacy;
- Organising a round table and a national forum of ACMH that provided recommendations on regulations and functioning of ACHM to national level structures;
- Supporting MRDHCS through elaboration of training programmes for house managers, participation in working groups on reform of housing and municipal economy, funding national seminars on SWM, international events on housing and municipal economy;
- Supporting the Association of Ukrainian Cities and the Association of small Cities of Ukraine in organising national level gatherings;
- Supporting the Ukrainian Association of Rayon and Oblast Councils among others in trainings for council members and in exchanging best practices;
- Supporting analytical research (particularly in the area of SWM);
- Together with CoE and DESPRO, supporting national policy dialogue on IMC;
- Elaboration of the "Measuring rule of law in public administration tool";
- Elaboration of the course "Sustainable Development" by the Academy of Municipal Management for training civil servants, policy makers, CSOs, private sector, representatives of academia and scientific community on concepts and processes of participatory and sustainable local development. It has been introduced into post-graduate education process by a number of institutions.

Although MGSDP has been active in the national policy making process, the review mission is not able to assess its impact. The wide range of activities and lack of thematic focus has hindered recognition of MGSDP as a programme with strong leverage at national level. Thus, the comparative advantage of UNDP as a multilateral organisation with some clout in national decision-making remained under-utilised. MGSDP with its large outreach and links to champions of LSG could have used other fora like the LG associations to build up advocacy pressure from below. As MGSDP reached a rather large number of municipalities and

contributed to the emergence of champions of LSG and municipal management in Ukraine, the project was well positioned to do so.

2.4.3 Sustainability

Socially, the community-based approach to local development and the new models of housing management (ACHM and service cooperatives) are well accepted by partner municipalities and citizens. ACHM are less popular among the residents of old and small houses (where the dwellers are reluctant to take upon themselves the responsibility for dilapidated infrastructure, and where the economy of scale in management is difficult to achieve). Other reasons for people's reluctance to establish ACHM include lack of awareness, legal illiteracy, and difficulties related to dwellers' social mobilisation in very large houses.

Institutionally, the ACHM and service cooperative models are well embedded into existing policies and regulatory frameworks; they have been applied before and after the project along with the establishment of housing committees. Moreover, the model has a potential to be used for SWM, taking care of the surrounding territory and lighting.

Economically, interviewed ACMH and service cooperatives are able to cover their operational costs and mobilise residents' contributions for small infrastructural improvements, but their longer term sustainability with regard to capital investments and/or the ability of dwellers to take loans has to be monitored. Assessments of housing market in Ukraine confirm that it is potentially attractive for investors but risky for them to enter, due to a number of reasons, including current housing tariffs not guaranteeing investment repayment.

Organisational and financial sustainability of CBOs established for accessing grants for social infrastructure is not secured. In small towns they face difficulties in accessing funding or maintaining their activities. This could undermine the very idea of associational activities of citizens, as people may limit the utility of CBOs to accessing grants for infrastructural improvement.

As a result of MGSDP, many municipalities have institutionalised programmes with the aim of co-funding CBO initiatives in the housing sector (mainly in the framework of the national programme of housing improvement), and in other sectors. Most of these programmes still receive co-funding from MGSDP. Some programmes are growing (e.g. from eight projects in 2009 to 31 projects in 2010 in Rivne) and this practice has a chance to be maintained beyond MGSDP. Some municipalities have housing programmes outside MGSDP (Rubizhne, Voznesensk, Mykolayiv, Kirovske, Ivano-Frankivsk, Novograd-Volynskiy) but this dynamic is not systematically captured by the project M&E system.

Institutionally, MSU are an integral part of LSGs, and the project investment into human resources is well utilised. Moreover, some advanced MSUs (Ivano-Frankivsk, Dolyna, Voznesensk, etc.) gradually become Oblast Resource Centres that provide services for other cities and assist in attracting national and international investments. In a few advanced cities MSUs also become hubs for supporting the creation of ACMH in their regions (Rivne, Zhytomyr).

MGSDP has established the forum of partner municipalities. Its maintainability beyond the project is doubtful; the partner municipalities would regret losing this opportunity for exchange.

Ecologically, the project has addressed a number of environmental aspects through paying attention to energy saving in its infrastructural investments, supporting partner municipalities' associations around energy issues, and through introducing the concept of sustainable development into the education process.

Transversal themes

Transversal themes are well reflected in the MGSDP Programme Document and since 2011 have been given more prominence in reporting.

Gender

Phase III of the project placed emphasis on the priorities outlined in the national policy on gender, with its focus on women's participation in public service management and decision-making processes. Moreover, the project team that is gender balanced has undergone training (online courses like "Gender Journey" and "Prevention of Harassment at work place" are obligatory for all UNDP staff members). In March 2011, the integration of a complex gender approach into implementation of local community projects was one of the foci of the MGSDP Annual Conference for MSUs.

The review team can attest that women are fully involved in project activities at community and municipal level. Yet, it is difficult to judge to what extent this is due to the application of a gender sensitive approach by the project or to an inherent female interest in the issues of housing, kindergartens and schooling, where MGSDP's inputs and results are most tangible. It can be noted that women are more active in ACHM and kindergarten/school committees than men.

MGSDP's monitoring and reporting system is gender-disaggregated throughout, but since it focuses on project inputs/outputs rather than outcomes/impact it does not allow assessment of the project's influence on gender equity, or of gender role shifts in partner municipalities

Good Governance

The application of good governance principles is an intended outcome of MGSDP at the level of municipalities. These principles are well mainstreamed in UNDP/MGSDP operational guidelines.

The project has been successfully promoting citizens' *participation* through self-mobilisation and organisation and through their involvement in local decision-making processes (which the review team were able to observe in Rivne during the meeting of the Municipal Sustainable Development Council with the applicants of the municipal grants programme). The principles of *effectiveness and efficiency* are reinforced through support to projects aiming at improvement of public service delivery (related to housing, social infrastructure and administrative services). The efficiency of CBOs established as a result of the project remains an area of concern. *Transparency* is a cornerstone of MGSDP's activities in strengthening communication with citizens and promoting the use of ICT in local governance.

MGSDP has contributed to increased *accountability* of partner municipalities by advancing their planning and budgeting practices. Through cooperation with the project some LSGs managed to open up part of their programme budget for CBOs but this has not necessarily led to more transparency and accountability in the overall budgeting process. The review team believes the impact of MGSDP on public budget transparency and general accountability remains low because the focus is limited to bargaining of municipal contributions to the project without challenging the overall resources distribution practice of municipalities.

At the regional and national level the project has contributed little towards government accountability in the housing sector. Tariff policies that hinder the further development of the housing sector and energy saving measures remain a concern.

On several occasions the project has actively promoted *rule of law* by supporting citizens' appeal to the civil court on matters relating to housing and land/property. The review was unable to assess MGSDP's contribution towards *inclusiveness* (or at least non-discrimination) of vulnerable society groups, particularly with regard to the representation of their interests in ACMH, as relevant information is not available.

The project's own accountability vis-à-vis the partner municipalities is ensured through the National Forum of Partner Municipalities. Whether MGSDP's experiences and good practices can be mainstreamed and transferred to local ownership will largely depend on the durability of inter-municipal networks and exchange mechanisms.

2.4.4 Project Management Efficiency, Steering, Communication and Monitoring

Implementation arrangements, human resources and local partnership

Although MGSDP is a multi-donor program (as outlined earlier), it does not follow a “one basket” funding principle. Funding of various donors is earmarked for specific components (in terms of activities) of the programme. This arrangement permits project accountability vis-à-vis separate donors. The use of the same structure for implementing different projects also increases efficiency. On the other hand, the reporting requirements of various donors are an additional burden (and cost) for UNDP. For the review it was not always evident what the “Swiss” part of the programme is. To attribute programme impact (beyond activities) to contributions of separate donors is nearly impossible.

Recently SDC has become the only donor of the programme; this raises concerns about its future funding prospects.

The MGSDP is managed directly by UNDP through a well-established PMU located in Kyiv and consists of eight well-qualified professionals (five programme staff members, three administration and support). MGSDP does not have field-based personnel and at the municipal level works through the MSUs and their coordinators appointed within each partner municipality. The set-up is lean and effective and at times benefits from logistics shared with other UNDP projects.

The diverse focus of the MGSDP activities in partner municipalities puts high demands on team expertise, and the broad portfolio challenges the internal quality control of MGSDP.

The use of financial resources

It is worth noting that UNDP considers participating municipalities as contributing project partners and levies on them a service charge of 3% (earlier 7%) of their contribution. This is an innovative way to look at a collaborative project (municipalities paying administrative costs of a big UN-organisation), which is meant to test and eventually to reinforce the partners' commitment.

MGSDP (the Swiss component) in its third phase had a total budget of some 914'000 USD. The breakdown of the project budget is shown in Table 5.

Table 5 MGSDP budget break-down, phase III.

<i>N</i>	<i>Budget lines</i>	<i>CHF,</i>	<i>Percentage</i>
1	UNDP-Service Charge (7%)	59'780	7%
2	PMU staff and local experts	230'000	25%
3	Project funds/All activities	624'000	68%
	- out of which seed grants for community projects	287'000	31%
4	TOTAL	913'780	100%

The formal ratio between service costs (1 and 2) and project funds (3) is a sign of good management efficiency, particularly for a programme with a strong “software” focus. The use of almost one third of the budget for grants directly benefitting the end-users is also commendable. From SDC funds there have been 408'000 USD budgeted for 2012 against 305'000 USD in the original proposal. This is due to the carry-over of activities or finances from previous years and is an indication of cautious fund management following absorption capacities of partners.

At the end of eight years of MGSDP implementation (2004-2012) at a total cost of 9.9 M USD approximately 212'000 persons¹³ will directly benefit from the improvements supported

¹³ MGSDP, Annual Progress Report 2012

through 294 community projects, leading to a cost of 47 USD per end user.

Steering

According to the Project Document, the Project Board, consisting of UNDP, SDC and beneficiary representatives, is the main steering mechanisms. The understanding of the review team is that the Board has not been functional. Instead, the project was steered by the UNDP Country Office. The SDC role in steering the project has been minimal. SDC's main steering tool was probably the involvement of the backstopper who is at the same time project director of DESPRO (Mr. Jürg Christen). Through his dual role he has contributed to the good cooperation between the two projects

The National Forum of partner municipalities exercises a certain influence on project activities, although it mainly serves the purpose of an exchange platform and cannot be substituted for the function of the Board.

Communication and Monitoring

MGSDP is strong in its communication activities: it maintains an attractive website (msdp.undp.org.ua), has produced films on success stories, and issued leaflets and flashy brochures.

The reporting is extensive but, due to its structure and mix of important and marginal information, not very user-friendly. SDC receives a separate progress report on MGSDP reflecting the logic used in the Project Document submitted to SDC. The reports, as much as the logical framework of the project, focus exclusively on activities and outputs and lack any reflection on outcome level indicators.

2.5 Synergies between the projects and other SDC interventions

DESPRO and MGSDP

DESPRO is to some extent an offspring of MGSDP and has maintained certain links to its "mother-project". Although the projects have different targeted areas (rural in the case of DESPRO and urban in the case of MGSDP), they share similar approaches, particularly towards community mobilisation, developing community and LSG capacities and ownership, decentralised mode of service provision and management, and a flexible and neutral stand on promoting LSG agenda. The two projects overlap in two regions – Vinnitsa oblast and ARC. In these regions a good example of synergies evolves in the sphere of SWM through IMC (in Tulchyn and Bakhchisaray rayons as discussed above). Earlier, cooperation took place in the area of KM (joint contribution to development of training materials, guides for LSGs) and support to the national reform process. Due to its flexibility and a larger funding base DESPRO was better positioned to respond to the needs in support of the LSG reform process. Its leverage at the national level was hence greater.

MoUs between DESPRO and MGSDP guide the partners' collaboration on SWM and IMC. There has not been much room, however, for systematic sharing of experiences between DESPRO and MGSDP.

In the current phase, both projects have with MRDHCS the same line ministry as the main national partner. In training, DESPRO has strong links with NAPA while MGSDP's preferred partner was the Academy of Municipal Management. Among the LSG associations, the projects had different interlocutors: MGSDP collaborated mainly with the Association of Rayon and Oblast Councils and the Association of Cities of Ukraine (including that of energy efficient cities), while DESPRO's mandate was closer to the Association of Small Towns and the Association of Village Councils.

Mr.Jürg Christen as the Director of DESPRO and a regular backstopper of MGSDP was important for ensuring linkages between both projects content-wise, although this might not have been the best arrangement from the managerial perspective.

Cooperation with other Swiss projects

Within the LG&PS domain of its County Programme, SDC coordinates implementers through monthly meetings which include, besides DESPRO and MGSDP, another SDC-funded project on strengthening the capacities of local authorities, implemented by the CoE ¹⁴. The three projects coordinate their collaboration with NAPA and the selection of partner municipalities; the project managers of DESPRO and MGSDP are included in the selection committee of the best practice component of the CoE project. However, the synergies between the CoE project and the projects under review have not been clearly detailed.

MGSDP and the Seco-funded project of IFC “Ukraine Residential Energy Efficiency Fund” target the residents of multi-apartment buildings. The IFC leadership appreciates active exchange with MGSDP on best practices and on legal issues. The projects have, however, different approaches (the former provides grants for capital investments, the latter promotes loans); these approaches, emanating from Swiss projects, will need to be reconciled in the future.

Through Skat, DESPRO has good access to relevant experiences of other Swiss projects in the WES sector in the region (e.g. Moldova and Bosnia and Herzegovina).

There were some occasional contacts between the two projects under review and other SDC/Seco interventions in Vinnitska oblast that enjoyed a high concentration of support from Switzerland, as well as in ARC.

In 2010-11, NAPA implemented an “Education for Democratic Citizenship” project funded by SDC. The review could not establish traces of collaboration between this intervention and the two reviewed projects.

Coordination in the Decentralization and Local Governance sector in Ukraine

Many donors were active in the DLG sector before 2009. Some donors (USA, Danish Government, EU, CIDA) reduced or withdrew their support, since Ukraine was categorized a middle-income country. Due to the slow advancement of LG reforms at the central level, many had a tendency to focus on the improvements at municipal level rather than on systemic governance reform.

There used to be regular donor meetings for the DLG sector called by MRDHCS. This practice stopped in 2011. The Ministry made an attempt to resume donor coordination at the beginning of 2012 by creating special working groups, however, after the general meeting with the Minister no visible work was done. Now the coordination is limited to informal exchanges between donors and projects, and bilateral meetings with the ministry.

Two projects are of particular interest for the SDC interventions in the LG domain: the UNDP CBA programme funded by EU, and the CoE-project on Local Government Reform funded by SIDA. While DESPRO coordinates with this project, its support to the national reform agenda, the CBA-project has benefitted from MGSDP experiences and has, together with DESPRO and NAPA, worked on curriculum development and on KM related issues.

¹⁴ The project has the following components: 1) Strategy for innovation and good governance at local level; 2) Public ethics benchmarking; 3) Performance management; 4) Best practice programme; 5) Local finance benchmark; 6) Leadership academy, 7) LG Associations development

3 Conclusions and Recommendations to SDC

3.1 Conclusions

With the two reviewed projects SDC has made a significant and lasting contribution to the strengthening of local governance in Ukraine and to the implementation of the Swiss Cooperation Strategy.

MGSDP and DESPRO have addressed the real needs of the population and Local Self Governments and produced substantial results. There are elements in both projects that have potential to produce a larger impact and to exhibit stronger sustainability, if consolidated. These elements appear to be stronger in DESPRO.

The above findings allow the review mission to draw the following conclusions:

DESPRO

DESPRO is a very relevant project from the point of view of the addressed community needs, the country's development priorities and the application of Swiss expertise.

The project is effective in terms of building capacities of communities and LSGs to implement decentralised water supply schemes in rural areas; this is due to the successful combination of software (knowledge, skills, practices and attitudes strengthened through training, exchange, advice and methodological support) and hardware support (co-funding of construction/repair of water supply networks). Its effectiveness is supported by the evidence of increased co-funding mobilised by communities and LSGs, improvements in coverage and quality of water supply, and emerging dynamics of replication of the "DESPRO-model" by partner rayons. There is anecdotal evidence of a positive impact of the model by improvements in the people's quality of life, community empowerment and ownership, and some local governance practices.

The recently launched SWM scheme through IMC is another model that has an important potential of replication, though its effectiveness and impact are yet to be proven.

Generous support to the LSG reform process in general, and to the build-up of a KM system in this domain, complemented these well-focused sector interventions and gave DESPRO a high degree of credibility and leverage at national level. It appears however that the linkages between the three components of the project (decentralised service provision, knowledge management and reform process) were not strong.

The willingness and capacity of DESPRO's partners to own and maintain the gains of the project appears high but the overall sustainability of the project still needs to be consolidated. This relates particularly to economic, institutional and environmental dimensions of the promoted decentralised water management and SWM models, and to mainstreaming even more transversal themes like gender and governance.

Overall, the project is reasonably resource-efficient and well managed but its steering mechanisms are under-utilised and its outcome based monitoring system underdeveloped.

MGSDP

MGSDP is a relevant intervention due to its demand-driven approach and ability to promote the whole spectrum of good governance principles in partner municipalities; they highly appreciate project support. MGSDP is implemented in the framework of the development priorities in the country and it has gained a special prominence in the housing sector.

The project has been successful, although its impact outside the housing sector has not been strongly visible due to its dispersed focus and lack of strategic links between the different project components. This shortcoming has reduced MGSDP's ability to have leverage at national policy-making level beyond punctual inputs to general LSG reform.

The project was effective in strengthening capacities of municipalities for introducing managerial and local governance innovations, including the cooperation with communities in

improving housing and social infrastructure, quality control of municipal services, e-governance, transparency in communication, and promoting energy efficiency. It contributed to improving the organisational capacity of citizens, but sustainability of CBOs attached to social infrastructure still requires consolidation, especially in small towns.

Most impressive are the achievements of MGSDP in mobilising citizens for establishing ACHM as a model for promoting citizens' participation, ownership and responsibility in housing management. ACMH are still at an early stage and have to prove that they can function effectively and efficiently in the long run. MGSDP managed to link its interventions in housing to energy saving and SWM concepts (through IMC and partnership with DESPRO); the impact in these areas is too early to judge as it is limited to anecdotal evidence from individual cases.

Sustainability of project achievements is to a large extent associated with the capacities built inside partner municipalities (in particular the MSUs) to maintain the introduced innovations and to co-fund CBO initiatives from the budget. Some larger municipalities have shown their capacity and willingness to do so.

Both transversal themes, gender and good governance, are well taken care of in MGSDP's operations.

The project is efficiently managed by UNDP, but lacks however a rigorous outcome/impact monitoring system and a steering mechanism involving national stakeholders and SDC.

Synergetic effects with other Swiss interventions

The two reviewed projects work well with the third SDC project supported in the LG&PS domain and implemented by the CoE. Synergies with other SDC/Seco interventions, beyond exchange of information, are not entirely visible but still hold some potential.

3.1 Recommendations

The review concludes that SDC should strongly build on the valuable experience of current interventions in its future investments in the domain. By doing so, it should pursue three principle objectives: consolidating, deepening and scaling up positive experiences of DESPRO and MGSDP.

In this context, the review team **recommends the following to SDC (programme level):**

Content (consolidation, deepening, scaling up)

- Focus future interventions on the WES, SWM and housing sectors with emphasis on IMC; IMC will increase effective and efficient service management and will be of great use under any scenario of the upcoming territorial-administrative reform;
- Target rural areas and small municipalities that are underprivileged in terms of capital investments and human resources development possibilities;
- Continue combining hard- and software support (financial contributions and technical assistance) as it has been done successfully by DESPRO and MGSDP;
- Housing management to focus on the consolidation of ACMH towards institutional and financial sustainability, reconciling the grant and credit approach, seeking coordination with other players in the sector (including IFC/Seco) and ensuring stronger links to the housing reform at the national level (including but not limited to the issues of tariff efficiency, promoting private investments in housing, energy saving, land issues, etc.);
- Greater emphasis needs to be put on strengthening capacities of domestic players, particularly regional and local. Conscious measures need to be taken to avoid dependencies on projects (successful and credible projects can also fall into this trap). Adequate attention needs to be paid to the development of agents at the regional level who have potential to be service providers to communities and LSGs in the areas

which are currently still covered by such projects as DESPRO and MGSDP (mainly in the area of providing technical assistance related to municipal and community management, including management of relevant public services, KM, training and capacity building, analysis and research);

- Players to receive support and gain a stronger involvement in project activities, include NGOs, private enterprises, public research and training institutions, oblast, rayon and town administrations;
- In order to increase outreach and impact DESPRO, in a next phase, should be given the means to increase its coverage in existing oblasts by working with more rayons and at the same time (if its resource base allows) expand from Vinnytsa, Sumi and ARC to neighbouring oblasts; efforts should be made to provide budget support to LSGs;
- Continue systemic support to KM in local governance and e-governance; at the same time strengthen and anchor in the regions knowledge loops related to provision of decentralized services and provide bottom-up support to connectivity and e-governance at local government level (mainly rural areas, small towns and rayons);
- Maintain and strengthen a well-focused support to the reform process at national level, to be strongly linked to project sectoral experiences and best practices from the field;
- Strengthen LSG associations in their roles of advocates of LSG reforms, knowledge/exchange platforms and possibly service providers to their members; project support should also in this case be linked to sectoral experiences and best practices from the field.

Implementation arrangements

- Future projects should have clear division of labour and strong reinforcing links, and function under a strong leadership and coordination role of SDC;
- DESPRO should remain the flagship of the interventions of SDC in the LG&PS domain. Perhaps DESPRO could become DESPRO+ and include, beside WES and SWM, elements of the housing management sector where SDC has, through MGSDP/UNDP, contributed to the build-up of substantial experience, know-how and credibility (in case MGSDP project comes to an end);
- In order to have in future an optimal number of clearly demarcated, reasonably sized and manageable projects in the LG&PS domain, the reviewers suggest rolling the national elements of the experiences in e-governance of MGSDP and the KM of DESPRO into a new project whose title could be: “E-governance in LSGs in Ukraine” (with strong KM component related to promotion of e-governance);
- In future, SDC would therefore have three projects in the domain: DESPRO+, the CoE project on strengthening local government authorities, and the suggested new project on KM and e-governance. The reviewers advise against setting up a separate project aimed at capacity development of LSGs through partnerships with LSG Associations as suggested in the feasibility study of Boss, Proshko, Arnold (2012). Such a project would have too much overlap with DESPRO and the CoE project and would – without a sectoral anchor – risk being politically highjacked;
- If this suggestion is followed, it might have implications for management arrangements of the project. Under this proposal, DESPRO+ would in future have a heavier workload and might need a greater presence in the regions, although partnerships with existing regional structures would still be important. Consideration should therefore be given as to whether DESPRO+ should – while keeping its structure lean – depute full time coordinators to the regions, possibly under a secondment arrangement to oblast administrations or councils;
- In the next phase, the DESPRO PIU should turn from an implementing project into a facilitator with the emphasis put on capacity development of local, regional and national

partners. In assuming this role the team should orient itself towards an exit strategy. This is to be discussed in the nearest future. In case there is an intention of the project PIU to become a full term agency (NGO, consultancy company, etc.) - as it was the case in some other SDC funded and Skat implemented WES projects, like those in BiH or Moldova - this decision should be communicated early in advance. It will imply a need to reconcile a potential conflict between the enabling function of the PIU and a need to secure its future niche as an organisation in the sector.

- New SDC interventions should be tendered from the outset (without heavy time pressure) and be implemented under a new arrangement. The review team, however, strongly advises against tendering of the third phase of DESPRO (or DESPRO+). The success and credibility of the project is to a large extent associated with the PIU team and the regional experience of Skat. It took the team years to develop rapport with the partners and to accumulate important sector-specific experience. These valuable assets would be lost with phasing in a new implementer at the stage of consolidation and scaling up. Tendering the project with the idea that the current implementer, due to its comparative advantages, would win it anyway is unfair towards other applicants and an enormous waste of resources;
- Proactively foster complementarities and synergies with SECO-funded projects, namely in the housing, energy saving and in the SWM sectors;
- It is advised that individual projects support policy related issues that are directly linked to their fields of intervention. However, SDC should not completely withdraw from general assistance to LSG reform that has been provided to a different extent in the framework of DESPRO and MGSDP; this could damage its current reputation as the most visible LSG donor in the country. Thus, it is recommended that, following consultations with key national stakeholders, SDC devises a special Contingency Fund to provide neutral technical support to LSG reforms on a demand basis;
- Given SDC's leading role in the DLG sector in Ukraine, SDC should play a more active facilitating role in donor coordination in the sector;
- Establish strong steering mechanisms with national government participation for all SDC/Seco projects;
- In order to strengthen SCO capacities in terms of steering and supervising projects, and to ensure reinforced linkages between the interventions and handling a possible Contingency Fund for LSG reforms support, employ an international backstopper to support SDC in the LG&PS domain.

Proposed next steps

- | | |
|--|----------|
| ➤ Acceptance of review report and main recommendations | 15.7. |
| ➤ Communication of decisions and next steps to main stakeholders | 31.7. |
| ➤ Hiring of Programme Backstopper (inviting 3 to 5 offers) | 31.8. |
| ➤ Negotiation with UNDP concerning MGSDP and DESPRO+ | 30.9. |
| ➤ Planning Platform of DESPRO+ | Oct |
| ➤ ProDoc of DESPRO+ | Nov |
| ➤ Planning of e-Governance-Project by consultant | Nov |
| ➤ Tendering of e-Governance-Project | Jan/Feb |
| ➤ Start of DESPRO+, phase III | 1.2.2013 |
| ➤ Start of new e-Governance-Project | tbd |

END OF MAIN REPORT

**Terms of Reference for the
External Review of the two projects**

**1) “Support to Decentralization in Ukraine, Phase II” (7F-04661.02.01) and
2) “Promoting Conditions of Participatory Governance
in Urban Areas, Phase III” (7F-04437.03), which is part of the Municipal Governance and
Sustainable Development Program (MGSDP) implemented by UNDP**

1. Introduction

Since several years, SDC is a very active donor in the sector of local governance and decentralized public services provision. Following the request of the President of Ukraine to the Swiss Government in 2005, SDC initiated the **Decentralization Support Project (DESPRO)** aiming at improving the public service delivery in Ukraine in a decentralized way and supporting the Decentralization and Local Governance (DLG) reform process. The Swiss Resource Centre and Consultancies for Development (Skat) was mandated to implement the project. In order to implement the project, Skat opened a Project Implementation Office in Kiev.

Phase I of DESPRO with a total budget of CHF 3'125'000 was implemented during the period of 2007 – 2009 and focused on two pilot regions – the Autonomous Republic of Crimea (ARC) and Vinnytsia Oblast. DESPRO implemented the social mobilization approach as a basis to strengthen decentralized service delivery. Local water supply systems were chosen as an entry point, as this service falls under the responsibility of local administrations and for its provision both a strong citizen participation in planning and operation as well as substantial financial investments are needed. During Phase I, 42 community initiatives were supported by DESPRO to develop and implement effective and innovative mechanisms of rural water supply. The initiatives were co-funded by communities, local and regional budgets, as well as by DESPRO.

Simultaneously, DESPRO supported the national policy dialogue contributing with local and international expertise on specific issues such as drafting the Concept of Regional Policy (adopted by the Government together with action plan in 2009), the Concept of Local Self-Government Reform, the Concept of the Reform of Administrative & Territorial Setup, the Concept of Public Servants Training and Retraining, etc.

Phase II of DESPRO covers the period 01.02.2010 – 31.01.2013. A total budget of CHF 4'997'905 has been allocated to Phase II. In order to further disseminate the good practices of Phase I, the geography of the project was extended (ARC, Vinnytsia Oblast and, as a new institutional partner, Sumy Oblast). Inter-municipal cooperation in solid waste management became another direction in the portfolio of public service provision, and a new component on knowledge management was introduced to develop effective Knowledge Management processes in the sector of decentralised service provision and local self-government, and to integrate them into the local governance system.

The goal of Phase II reads as follows: “Improved quality of life of the rural population of Ukraine through sustainable access to public services that are delivered efficiently, effectively and at affordable costs within decentralized structures”. To reach the above-mentioned goal, the project applies a multi-level and cross-institutional approach and has three main objectives (outcomes):

- Quality of and access to public services in pilot regions are improved based on principles of participatory planning and decision-making.
- Effective knowledge management processes in the sector of decentralized service provision and local self-government are developed and integrated into the local governance system.
- The national reform process towards decentralization and local self-government is strengthened through the provision of advisory support to key national institutions based on the experience in the pilot regions regarding local service provision, cross-level cooperation and community participation.

As mentioned in the project goal, DESPRO focuses on the improvement of public services **in rural areas**.

DESPRO closely coordinates and cooperates with another SDC funded Project on “Promoting Conditions of Participatory Governance in Urban Areas, Phase III” which is part of the **Municipal Governance and Sustainable Development Program (MGSDP)** implemented by UNDP. For the sake of simplicity, the SDC funded project will be referred to as MGSDP in these Terms of Reference.

MGSDP was initiated in April 2004 by UNDP Ukraine with the aim to develop a participatory and transparent mechanism for sustainable development processes at the local level and to contribute to building effective governance and a democratic society in the country. Since the beginning of the programme 29 municipalities (out of a total of 450 municipalities in Ukraine) in 12 (out of 25) Oblasts of Ukraine, including ARC, were supported by MGSDP.

The programme is currently in its third phase and works at three levels: community, municipal, and national level. At community level MGSDP contributes to improving living conditions of local urban communities¹⁵ through community-based projects which aim at improving the decentralized service provision. For this purpose Municipal Support Units (MSU) were created in the 29 partner municipalities to mobilize local communities and support their local sustainable development projects with small grants and methodological expertise.

At municipal level MGSDP contributes to enhancing the quality of municipal governance in view of an improved service delivery and a wider engagement of the communities into decision-making processes. The participatory approaches introduced by the project in the two previous phases have been institutionalized in the partner municipalities, where mechanisms of participatory planning and budgeting in the process of the annual socio-economic development plan and the co-funding of community initiatives on a competitive basis have become part of the municipal activities.

At national level MGSDP collects best practices of decentralized local development and facilitates their further integration into the regional/national policy documents on decentralization and local self-government reform based on the experience gained.

The goal of the on-going Phase III (01.01.2010 – 31.12.2012), which has been conceived as a consolidation, i.e. as a last phase, reads as follows: “Effective approaches and mechanisms of decentralized municipal governance contribute to effective public services provision”. To reach the above-mentioned goal, the project document for the ongoing Phase III defines three main objectives (outcomes):

- Institutional mechanisms at the local/municipal level to enhance participatory local governance are consolidated and strengthened.
- Public-private-community partnerships, established in the partner municipalities to improve service provision, are consolidated, documented and disseminated all over Ukraine.
- Community-based approach is integrated into the process of developing legislation on Decentralisation and Local Governance reform and contributes to strengthening and successfully implementing the decentralisation and local self-government reform.

Contrarily to DESPRO, MGSDP focuses on **urban areas** (small, medium and large towns).

The main stakeholders of both projects are the Ministry of Regional Development, Construction, Housing and Communal Services of Ukraine (Minregionbud), the Committee of Verkhovna Rada of Ukraine on State Building and Local Self-Government, the Secretariat of the Cabinet of Ministers of Ukraine, think tanks such as the Centre for Political and Legal Reforms and the Institute for Civil Society, the National Academy of Public Administration at the President of Ukraine, Community-Based Organizations (CBOs), representatives of the local self-government and civil servants in target regions, and target municipalities.

For further information on DESPRO, MGSDP and other relevant projects the review team will be provided with all necessary documentation as listed in the Annexes.

As the consolidation phase of MGSDP ends in 2012 and the current DESPRO Phase ends in January 2013 (a third phase has been foreseen in the overall concept of the project), SDC intends to externally assess the results and accomplishments of these two projects in order to get, based on the experiences made so far, suggestions on the future orientation of its projects portfolio and recommendations for the planning of its future interventions in the Local Governance and Public Services (LG&PS) domain.

2. Overall Objectives of the External Review

The review team shall achieve the following objectives:

- I) To thoroughly assess the outcomes, effectiveness and sustainability of DESPRO Phase II.

¹⁵ Typically, inhabitants of large multi-family buildings are identified as an urban community to be mobilized by the project, e.g. in order to co-fund and implement investments in the refurbishment of their building.

The list of issues to be addressed includes, but is not limited to, the following key questions:

Outcomes

- What has happened as a result of the project (outcome level, impact level if possible), positive or negative, intended or not intended? How many direct and indirect beneficiaries have been affected?
- What were the key results of the project at all three levels of intervention (communities / villages; local authorities; national authorities/national policy dialogue)? How can these results be generally assessed, taking into account the experience from comparable projects in Ukraine and in other countries?
- What were successful and unsuccessful experiences of the project in different target rayons? What are the major factors which influenced the achievement or non-achievement of the project objectives in different rayons?
- How properly were the project results documented and disseminated?

Effectiveness

- What synergies with other projects funded by SDC were established? How effective was the coordination with other donors?
- Were the structure, design (logical framework) and strategy of the current DesPro phase optimal to achieve the set objectives and outcomes?
- Are the costs justified in relation to the project achievements, taking into account the experience from comparable projects in Ukraine and other countries?
- How efficiently was the project managed at all levels? Is the project management results-oriented and innovative?
- Are the main stakeholders satisfied with the project results?
- To what extent has the project implemented the two transversal themes Gender Equality and Good Governance? How well has the project reported on these themes?

Sustainability

- To what extent are the results of the project institutionalized? How well are the project activities and procedures aligned to Ukrainian regulations?
- What is the likelihood that project results will be sustainable in the longer term in terms of scaling-up and replication?

II) To thoroughly assess the outcomes, effectiveness and sustainability of MGSDP Phase III.

The list of issues to be addressed includes, but is not limited to, the following key questions:

Outcomes

- What has happened as a result of the project (outcome level, impact level if possible), positive or negative, intended or not intended? How many direct and indirect beneficiaries have been affected?
- What were the key results of the project at all three levels of intervention (communities; municipalities; national authorities/national policy dialogue)? How can these results be generally assessed, taking into account the experience from comparable projects in Ukraine and in other countries?
- What were successful and unsuccessful experiences of the project in different municipalities? What are the major factors which influenced the achievement or non-achievement of the project objectives in different municipalities?
- How properly were the project results documented and disseminated?

Effectiveness

- What synergies with other projects funded by SDC were established? How effective was the coordination with other donors?

- Are the costs justified in relation to the project achievements, taking into account the experience from comparable projects in Ukraine and other countries?
- To what extent has the project implemented the two transversal themes Gender Equality and Good Governance? How well has the project reported on these themes?

Sustainability

- To what extent are the results of the project institutionalized? How well are the project activities and procedures aligned to Ukrainian regulations?
- What is the likelihood that project results will be sustainable in the longer term in terms of scaling-up and replication?
- How can the activities supported by the project continue after the donor funding ceases?

III) Based on the experience of the project, to draw recommendations for future interventions of SDC in the area of LG&PS in Ukraine.

Key questions to be answered:

- Which topics and public services shall be prioritised in future interventions in order to capitalize the achievements of the projects?
- What are the best approaches and modalities for future SDC interventions (social mobilization of communities, fostering of inter-institutional cooperation, co-funding of public expenses, small grants to communities, awareness raising, trainings, establishment of knowledge management platforms, etc.)?
- Who shall be the primary beneficiaries of future interventions (local authorities, local government associations, NGOs, citizens, etc.)? How far shall the focus be kept on already established partnerships?
- How to make sure that the results and activities of future interventions will be institutionalized and aligned to Ukrainian rules and procedures?
- What is the most conducive implementation set-up for future SDC interventions in the area of LG&PS?

In order to answer in a comprehensive way the key questions of part III), the review team shall take into account – besides the on-going projects DESPRO and MGSDP – other on-going and planned interventions of SDC in the LG&PS domain. Relevant documentation will be made available to the review team (see Annexes).

3. Methodology and Scope of Work

Based on the analysis of relevant project documents, interviews and Focus Group Discussions (FGDs) with key national experts, stakeholders, and resource persons, as well as field visits, the review team shall provide a clear and concise assessment of the results (outcomes, impact if possible), effectiveness and sustainability of DESPRO and MGSDP projects, as well as their contribution to the improvement of the local governance in Ukraine. Additionally, the review team should provide suggestions on future SDC interventions within the LG&PS domain.

The external review exercise will involve a team of two people – one international and one local consultant.

The International Consultant (IC) leads the mandate and selects the Local Consultant (LC). The Swiss Cooperation Office in Ukraine (SCO) can provide to the IC (upon request) CVs of Ukrainian experts that could be subcontracted as LC.

Tentatively, the division of responsibilities within the review team should be as follows:

for the international consultant (IC):

- define schedules and objectives of missions;
- prepare methodological tools and instruments for projects' review (interviewees' lists, questionnaires, checklists, etc. for interviews, FGDs and field visits);

- carry out interviews and FGDs with projects' stakeholders, projects' staff, working groups' members and coordinators;
- provide briefings and de-briefings at SCO, DESPRO Project Implementation Office in Kiev and UNDP/MGSDP (modalities to be defined jointly with SCO at the beginning of the mandate); SDC headquarter and Skat head office in Switzerland can be involved in the de-briefings through video-conferencing;
- prepare the external review report;
- maintain communication with SCO and SDC headquarter;

for the local consultant (LC):

- prepare mission schedules and organise logistics;
- suggest adaptation to the methodological tools for interviews, FGDs and site visits;
- carry out interviews and FGDs with projects' stakeholders, projects' staff, working groups' members and coordinators;
- contribute to the preparation of the external review report;
- participate in briefing and debriefing sessions.

Qualifications

The following experiences and competences are expected to be provided by the team:

- Minimum 10 years of experience in the area of local governance, including in different developing/ transition countries, and specifically in Ukraine;
- Knowledge of the Ukrainian context (policy and strategies, reform process, etc);
- Significant experience in evaluation of local governance projects;
- Good knowledge of bilateral/multi-lateral donor funded programs;
- Methodological competences, technical writing expertise;
- Competence in Gender Equality and Good Governance;
- Fluency in English and Ukrainian.

The following table gives an indicative overview of the scope of work. The exact time allocation is subject to negotiations between the SCO and the review team prior to concluding the contract.

Task/Activity related to DESPRO	Number of days
Analysis of relevant project documentation and preparatory activities	1.5 (IC), 2 (LC)
Interviews in Switzerland with Skat representatives and Swiss consultants involved into the project	1 (IC)
Travel from/to Switzerland	0.5 (IC)
Field work in Ukraine, including: - interviews and FGDs with different stakeholders, direct and indirect beneficiaries, SDC projects, other donors/ international agencies, DESPRO project team and SCO; - briefings and debriefings at SCO and DESPRO ; - field visit to at least two DESPRO target regions (to be defined jointly with SCO and DESPRO).	6 (IC), 6 (LC)
Report writing	3 (IC), 2 (LC)
Total (maximum)	12 (IC), 10 (LC)
Task/Activity related to MGSDP	Number of days
Analysis of relevant project documentation and preparatory activities	1.5 (IC), 2 (LC)
Travel from/to Switzerland	0.5 (IC)
Field work in Ukraine, including: - interviews and FGDs with different stakeholders, direct and indirect beneficiaries, SDC projects, other donors/ international agencies, MGSDP project team and SCO; - briefings and debriefings at SCO and at UNDP/MGSDP; - field visit to at least four MGSDP partner municipalities (to be	6 (IC), 6 (LC)

defined jointly with SCO and UNDP/MGSDP).	
Report writing	3 (IC), 2 (LC)
Total (maximum)	11 (IC), 10 (LC)
GRAND TOTAL (maximum)	23 (IC), 20 (LC)

4. Deliverables / Reporting

The review team is expected to produce the following deliverables:

1. Presentations (PowerPoint presentation) and preliminary discussion of the key findings at the final debriefings with SCO, DESPRO and UNDP/MGSDP.
2. Final Report (max. 30 pages plus annexes). The Final Report is to be submitted to SCO within 15 working days after the debriefings with the SCO, DESPRO and UNDP. The report shall contain three separate parts:
 - i) Review DESPRO;
 - ii) Review MGSDP;
 - iii) Suggestions for future SDC interventions in the LG&PS Domain.
 The annexes should include a list of documents consulted and persons interviewed, as well as the PowerPoint presentations used for the debriefings. Project Material should not be attached.
3. Final financial report (incl. timesheets justifying hours / days of work) is to be submitted to SCO within 15 working days after the debriefings with the SCO, DESPRO and UNDP/MGSDP.

The language of the reports shall be English.

The electronic and two hard copies of both the final report and financial report must be submitted to the SCO.

5. Duration and Implementation Arrangement

The external review should take place in May / June 2012. Taking into consideration that the availability of flights, hotels and even project stakeholders during the European football championship (starting on June 8, 2012) might be limited, it would be preferable if the mission in Ukraine could start on May 28.

It is anticipated that the preparation process will start in May and will end up with the final version of the external review report by June 2012. The following is the overview of the planning:

May 2012	June 2012
Sign contract Select the Review Team Prepare mission Mission to Ukraine	Briefings and debriefings with SCO, DESPRO and UNDP/MGSDP Final review report available Financial report available

The review team is responsible for the logistical and administrative organization of the mandate. However, the DESPRO and MGSDP's implementation units will provide logistical support for the mission in Ukraine (hotel booking, transport, scheduling meetings in and outside Kiev).

The review team will receive an electronic version of all required documentation before the start of the mandate.

6. Selection Process

A few international experts are invited to submit a proposal in response to these Terms of Reference.

Documents to be submitted:

- Technical proposal (max. 3 pages, no predefined format), including following parts:
 - Understanding of the context and challenges;

- Suggested complements or deviation from these Terms of References (if any), in particular with regard to the proposed methodology;
- Process description and schedule for the external review.
- Curricula Vitae of the proposed experts, including relevant experience.
- Financial proposal (using the predefined format included in the Annexes). The Financial proposal shall include all costs related to the mandate.

Selection criteria:

- Quality of technical proposal (weight: 20%);
- Experience of expert team (weight: 30%);
- Time availability (weight: 30%);
- Costs according to financial proposal (weight: 20%).

All correspondence related to the proposal shall be submitted to Ms. Ilona Postemska (email: <mailto:ilona.postemska@sdc.net>

ilona.postemska@sdc.net).

7. Annexes

i) Form for Financial Proposal

ii) Documents for preparation of the technical proposal:

- Swiss Cooperation Strategy Ukraine 2011 – 2014,
- DESPRO Project Document, including annexes,
- MGSDP Project Document, including annexes,

iii) Additional documents for the review:

- DESPRO progress reports,
- MGSDP progress reports,
- Other relevant project documents,
- Selected information on relevant SDC Projects in Ukraine (on-going or planned).

Annex 2 **List of Documents Reviewed**

SDC

Draft Project Factsheet: "Support for Decentralisation in Ukraine: Helping Rural Villagers to Improve their Own Lives", SDC Berne, April 2012

Fact Sheet and Credit Proposal 7F-06510.01 "Strengthening the Capacity of Local Authority in Ukraine", SDC Berne, March 2012

Feasibility Study of Potential Swiss Contribution to the Local Governance Reform Process in Ukraine by M.Boss, V.Proshko and P. Arnold, HELVETAS Swiss Intercooperation, April 2012

Legal Regulation of administrative-territorial organisation, LSG and regional development in /Ukraine: Situation with reforms in these spheres. Compendium from legislative acts prepared by SDC team, 2012

Project Document "Strengthening the Capacities of Local Authority in Ukraine", CoE, 2011

Swiss Cooperation Strategy Ukraine 2011-14, SDC/Seco, Berne, 2011

DESPRO

Best Practices in the Provision of Decentralised Services: Acquiring, Enhancing and Disseminating Successful Experience, DESPRO, Kyiv 2010

Bridging Knowledge Sharing among Countries through Study Tours, Skat Annual Report 2011

Credit Proposal 7F-04661.02, Ukraine Support to Decentralization Project, SDC Berne, January 2010

DESPRO Project Document Phase I, 2006

DESPRO Project Document Phase II, 2010

DESPRO Newsletter N1, 2012

DESPRO Project Budgets for 2010 and 2011

Decentralisation Support Project, Hintergrund, Konzept und Ergebnisse, Power Point, Jürg Christen, Skat St. Gallen, August 2011

Decentralisation and LSG as a Potential of Gender Equality, Survey Results, 2011

Examples of project proposals for DESPRO partner

Gender assessment of DESPRO, Skat/DESPRO, 2010

Guide on Accounting Services in Cooperatives. DESPRO, 2010

Knowledge Management in action: Unlocking the potential of decentralisation in the Ukraine, Skat Annual Report 2011

Knowledge management, an elephant and the blind men; blog of study tour participant Olena Ursu, 2011

Life in new coordinates; Educational Video. Skat/DESPRO, 2010

Mandate for Project Implementation SDC/Skat, concerning DESPRO Phase 2, with revised Budget, Berne/St. Gallen, November/December 2011

Overview information on visited sites included in the Review mission programme

Results of the Beneficiaries Perception Survey, April-March 2011

Samples of Partnership Agreement between DESPRO and Local self-governments

Service Cooperatives – Solutions for Rural water Supply in Ukraine by V.Sorokovskyi and A. Olschewski , Analytical Paper N1, 2012

Swiss-Ukrainian Decentralisation Support in Ukraine, Phase I Project Report, 2010

Swiss-Ukrainian Decentralisation Support Project DESPRO, Power Point, Pristina, March 2012

The Reverse Side of Waste. Educational Video. Skat/DESPRO, 2010

Yearly reports DESPRO 2010 and 2011 (with Annexes)

MGSDP

Annual Progress Reports MGSDP 2010 and 2011

Annual Work plans and budgets 2011, 2012, MGSDP

Applying HRBA and Gender Mainstreaming. Presentation by O.Ursu. UNDP/MGSDP, 2010

Backstopping and Programme Support 2010 by J. Christen, Skat/MGSDP, October 2010

Backstopping and Programme Support 2011 by J. Christen, Skat/MGSDP, September 2010

Brief information on MGSDP during 2004-2010. UNDP/MGSDP, 2010

Community Based Approach to Local Development: Consolidated Assessment Report, UNDP/MGSDP, August 2011

Draft operational Manual for School Networks, MGSDP, 2005

Electronic Governance in Ukraine: Effective Governance for Residents. UNDP/MGSDP, 2011

Guidelines on Operation and Maintenance of Community Property. Recommendations Compendium. UNDP/ MGSDP, 2008

Infographics on the Results of Communities Projects Implementation in the MGSDP partnering cities, 2012

Local Development and Community Participation: Sociological Survey Results, UNDP, 2011

Local Sustainable Development Planning Manual. UNDP/MGSDP, 2005

Measuring Rule of Law in Public Administration: Tool and Guide for Assisted Self-Assessment, UNDP/MGSDP, 2010

MGSDP, Financial Reports to SDC 2010 and 2011

MGSDP Proposal Submitted to SDC, UNDP Kyiv, 2009

MGSDP, Narrative Reports submitted to SDC for 2010 and 2011

MGSDP Knowledge Management CD

Minutes and Conclusions of UNDP/MGSDP Project Coordination Meeting 2010

Municipal Governance and Sustainable Development Program Overview Brochure, UNDP/MGSDP, 2011

Municipal Sustainable Development Program of the city of Saki for 2011, approved on 02.02.2011

Municipal Sustainable Development Program of the city of Rivno for 2009-12, approved on 02.02.2011

Operational Manual for Neighbourhood Organisations: Association of Co-owners of Multi-apartment Buildings, Body of Self-organisation of Population, Housing committee. MGSDP, 2008

Overview information on visited sites included in the Review mission program

Partnership Agreement between UNDP and Lviv Municipality, 2010

Regulation on the Advisory Committee on the implementation of the Municipal Sustainable Development Program 2009-12, adopted by the Rivne City Council on 11.07.2009

Resolutions of Annual MGSDP Partnership Forum meetings in 2010 and 2011

Sample Statute of an ACHM

Sample Statute of a Service Cooperative

Sample statute of public organisation of a school

Sample Statute of schools network

Solid Waste Management in Ukraine: Recommendations to LGS. UNDP/MGSDP, 2011

Solid Waste Management in Ukrainian Cities, Analytical Study, UNSDP/MGSDP, 2011

Statute of NGO "Centre for Municipal and Regional Development – Resource Centre", registered in Ivano-Frankivsk on 08.10.2004

Success Stories: Making Life Better. Ukrainian Cities' Experience. UNDP/MGSDP April 2010

Sustainable Development of a Society. Training Manual by A.Sadovniko et. Kiev, 2011

System of Quality Management of Municipal Services: Experience of Voznesensk. UNDP/MGSDP, 2008

Joint DESPRO/MGSDP materials

Annotation to training materials “Decentralisation and Governance”, MGSDP/DESPRO, 2012

External Review: ‘Support to Decentralisation in UA’ and ‘Promoting Conditions of Participatory Governance and Development’ (DESPRO and MGSDP); N. Toepperwien, Berne, June 2009

MoU between DESPRO and MGSDP, 2012, on joint activities in SWM in Tulchin Rayon

MoU between DESPRO and MGSDP, 2012, on joint activities in SWM in Bakhchisaray Rayon

Other documents

Development of Municipal Cooperation: Domestic and Foreign Experience by V. Tolokvanov et., Kyiv, 2012

Draft Concept on Inter-municipal Cooperation in Ukraine, Cabinet of Ministries, 2011

Endangered Mayors, „Cleansing“ on the way to elections; Civic Network OPORA, Iryna Solomko, May 2012

Law of Ukraine on Organs of citizen Self-Organisation, Vidomosti VR, 2001, N48, art 254

Law of Ukraine on the National Program of Housing and Communal Services Reform for 2009-14, Vidomosti VR, 2004, N47-48, art 720

Law of Ukraine on Associations of Owners, Vidomosti VR, 1992, N48, art 662

Law of Ukraine on energy Saving, Vidomosti VR, 1994, N30, art 284

Presentation of MRDHCS on Solid Waste Management in Ukraine, MRDHCS, 2012

Reforms in the Administrative and Territorial Structure of Ukraine: Glimpses of History 1907-2009, A. Tkachuk, R. Tkachuk, YU. Hanushchak, 150 pages, Kyiv 2012 (ISBN 978-966-8312-61-8)

Resolution of ARC N65 on Solid Waste Management in ARC, Government of ARC, February 24, 2010

Ukraine, Local Governance and decentralization, Project Assessment, The DGTTF Lessons Learned Series, UNDP 2011

Why are reforms skidding? Analytical paper by A. Tkachuk, Civil Society Institute, Kiev, June 01, 2011

Annex 3 Programme of review team (Felix von Sury/Olena Krylova) and people interviewed (in bold)

Date	Place	Institution	People	Activity
Wednesday, 23 rd May	Berne	SDC	Pierre Maurer , Desk Officer	briefing (only F. von Sury)
Thursday, 24 th May.	Zürich	Skat	Jürg Christen , Project Director	briefing (only F. von Sury)
Monday, 28 th May. Kyiv	Hotel Ukraina	Review team		constitution of team
	Swiss Cooperation Office	SDC	Guido Beltrani , Country Director Ilona Postemska , NPO	briefing
	Restaurant	UNDP	Oksana Remiga , Sr. Progr. Officer Iryna Skaliy , Progr. Manager MGSDP	briefing
	Office MGSDP/UNDP	MGSDP	Project-Team (1 men, 6 women)	meeting
	Office MGSDP/UNDP	Association of Rayon and Oblast Councils	Yuriy Andriychuk , Head of Secretariate	interview
	Kyiv - Rivne		Review-Team, Olena Ursu (MGSDP) Natalya Kulik, interpreter	travel
Tuesday, 29 th May Rivne	MSU Office	MGSDP Municipal Support Unit	Petro Vakhnyuk , Coordinator	meeting/interview
	Mayor's Office	Rivne City Council	Sergiy Vasylychuk , Dep. Mayor Andriy Reschuk , Secretary Ivan Hema , Head of Housing Dep.	meeting
	Office	Federation of House Owners' Association	3 office bearers (1 men, 2 women)	discussion
	School	Rivne Classical Gymnasium „Prestige“	Director, NGO representative	visit/meeting
	City Hall	Municipal Sustainable Development Council	CBO reps, city councilors, staff	observation
	Multi-apartment building	ACMH „Danyla Galytskogo 4“ ACMH „Gazda“	Galyna Pokhyl'chuk , head of the board Oksana Shostak , head of the board	visit and discussion
	Rivne - Vinnytsia		Review-Team, Olena Ursu (MGSDP) Nataliya Voloshyna, interpreter	travel
Wednesday, 30 th May Vinnytsia	Vinnytsia oblast state administration	Oblast Council	Serhiy Tatusiak , head of council, team; (+ Viacheslav Sorokovskyi, DESPRO)	meeting
	Municipality building	„transparent office“	Evgeniy Ishchuk , deputy head of Department of administrative services of Vinnytsya city council	visit/discussion
		Institute of Municipal Development Municipal Support Unit	Olena Orlenko , deputy head of Municipal Development Institute, Roman Furman, head of department for supporting	discussion

			homeowners' associations of Vinnytsya city council, and Volodymyr Khoroshev, head of information and analytical department of Vinnytsya city council	
	Restaurant	Oblast State Administration	Andriy Hyzhko , head dept. of Economics	discussion
	Kalynivka town	Mayor's office	Oleksandr Shchyov, Deputy Mayor	discussion
	Kalynivka rayon HQ	DESPRO partners	Ivan Netrybchuk , head rayon dept. of architecture and communal services, rayon working group coordinator, rep. of CBOs, village heads, water supply operators (6 men, 3 women)	focus group discussion
	Komunarivka	Village (drinking water scheme under development)	village head, secretary, contractor, rep. of service coop. (4 women, 2 men)	discussion/site visit
	Travel to Tulchin		Review-Team, Olena Ursu, Viachaslav Sorokovskyi, Nataliya Voloshyna	
Thursday 31th May	Tulchin town/library	Rayon working group of DESPRO SWM-Steering Committee	Vasyl Yavorovsky , Dep. Head of rayon state administration and working group coordinator, mayor of Tulchin; representatives of rayon council and state administration, villages, communal enterprise, journalist, priest (5 women, 11 men + Leonid Tulovsky , MGSDP)	focus group discussion
Tulchin rayon	Mayor's office	Mayor, MSU and Kindergarten of Tulchin (MGSDP partners)	Valeriy Vesnianyi , mayor of Tulchin; MSU head; heads of Kindergarten and representatives of CBOs (4 women)	meeting; interview
Illinty rayon	Tulchin, multi-apartment building	municipality	Mayor, MSU head etc.	site visit of garbage separation and collection
	Illinty rayon	Illinetske village, service cooperative, DESPRO partner	Oleksandr Bondar , head of rayon Dept. of Architecture and Construction/rayon working group coordinator; village head, head of service cooperative, financial manager (3 men 1 woman)	Site visit drinking water scheme (bore-whole and pump-station) and discussion
	Tulchin-Kyiv			travel
Friday, 1 st June	DESPRO-Office	Ministry of RDHCS; Dep. of Land Improvement and Communal Services	Liudmyla Poltorachenko , Dy. Head of Department	interview
		NAPA	Maryna Belinska , Vice President; Andrii Zhuravlev , Director Innovations Centre	meeting; interview

Kyiv		Association “Ukrainian System of Distance Learning”	Ihor Katernyak , Director	
		Association of Small Cities	Pavel Kozyrev , Head of association, Mayor of Ukrainka town; Valentyna Poltavets , Dy. Head of association	meeting; interview
		CoE Programme: “Strengthening Local Democracy and Support for Local Government Reform in Ukraine”	Olena Lytvynenko , Programme Manager	interview
		DESPRO staff	Project-Team (2 men, 6 women)	meeting
		European Management Centre (NGO)	Anatolii Chemerys , Director, consultant of DESPRO	interview (only F. von Sury)
		Economic Reforms Coordination Centre under the Presidency of Ukraine	Sergii Marchenko , Coordinator	interview
Kyiv	Cafe	Co-Author of Feasibility Study “Potential Swiss Contribution to the LG Reform Process”	Vadym Proshko , Consultant	discussion
Saturday 2 nd June Simferopol	Kyiv-Simferopol		Review-team	travel reading, writing
Sunday 3 rd June Simferopol			Review-team	off-day
Monday 4 th June Bakhchisaray rayon	Simferopol to Bakhchisaray		Review-team, Oksana Garnets and Viachaslav Sorokovskyi (DESPRO), Olena Ursu (MGSDP), Olga Petrichenko (interpreter)	travel
	Rayon administration building	Representatives of rayon state administration and municipality	Elmira Ablialimova , Dep. Head of rayon state administration; Konstantin Rubanenko , Mayor, and office bearers (3 women and 2 men)	meeting; discussion
	Viline village	DESPRO partner village	Village Head, CBO Head, entrepreneur	meeting; discussion
	Sevastyanovka Samokhvalova	DESPRO partner settlements (water pumping station)	Responsible private entrepreneur	site visit, interview
Tuesday 5 th June Simferopol	Hotel Moskwa	Sevastopol Centre for Retraining and In-Service Training	Svitlana Muravska , Director Iryna Konontseva , Dy. Director	interview
	Government building	Council of Ministers of the Autonomous Republic of Crimea	Aziz Abullaev , Dy. Chairman, Anatoliy Pavlov, First Dy. Minister of RDHCS, Anna Kovalenko, Chief of the Head Office	meeting

			of Investment Policy, Ministry of Economic Development and Trade	
	Simferopol to Saky		Review-team, Olena Ursu, Viachaslav Sorokovskyi, Olga Petrichenko	travel
Saky	Saky public centre premises	MGSDP partners: Saky municipality, CBOs, media	Oksana Dmitriyeva, Dy. Mayor, Sergiy Gnatyuk , MSU coordinator, 22 persons (10 men, 12 women)	focus group discussion
Yevpatoria	Yevpatoria, multi-apartment building	MGSDP partners: ACMH "Budivelnyk" and "Merkuriy"	ACMH members: 12 women, 5 men	site visit; discussion
	Yevpatoria municipality	Municipality representatives and MSU	Sergei Strel'bitsky , Dy. Mayor Zoya Povshenko , Head MSU	meeting; discussion
Simferopol	Hotel Moskwa	Ukraine Residential Efficiency Energy Fund, IFC/Seco	Grzegorz Gajda , Programme Manager	phone conversation (only F. von Sury)
	Restaurant	Crimean Rural Devpmt. Agency, NGO	Ayder Seyitosmanov , Chairman	discussion
Wednesday 6 th June	Simferopol to Nyzhniohirsky Rayon		Review-team, Viachaslav Sorokovskyi, Olga Petrichenko	travel
Nyzhniohirsky rayon	Rayon state administration premises	DESPRO partner villages: representatives of CBOs, village heads, water supply services operators	Lenur Mamedliayev , Dy. Head of rayon state administration, working group coordinator; Mykola Samoilov , Dy. Head of rayon council and 15 representatives (9 women, 6 men)	focus group discussion
	Burevisnyk village	DESPRO partner village with completed community project (water tower)	Private woman entrepreneur, village head	site visit, discussion
	Pshenychne village	DESPRO partner village with completed community project (water meters)	Head of village, head of service cooperative	site visit, discussion
	Simferopol - Kyiv		Review team, Viachaslav Sorokovskyi	flight
	DESPRO-Office	DESPRO-partners from Sumi Oblast	Oleksiy Matyushenko , Chief Officer, Sumi region state administration, rayon working group coordinators, village heads, service cooperative representatives (8 men; 2 women)	focus group discussion
Kyiv	DESPRO-Office	Institute of Civil Society	Anatoliy Tkachuk , DESPRO consultant	interview
	MGSDP-Office	MGSDP partner municipalities	Sergeiy Kolotov , Dy. Mayor, Iryna Gudz Head MSU Novograd-Volynsky; Volodymyr Garazd , Mayor Dolyna; Bogdan Bilyk , Head of Dep. Ivano-Frankivsk; Vitali Lukov , Dy. Mayor	meeting; discussion

Kyiv			Voznesensk	
	MGSDP-Office	International Renaissance Foundation	Oleksiy Orlovsky , Program Director	interview
		CBA/UNDP	Jaysingh Sah , Int. Project Manager	interview
	MGSDP-Office	CoE-“Strengthening the capacities of local authorities in Ukraine” (SDC-funded)	Natalia Starostenko , Programme Manager	discussion (only Lena Krylova)
	Verkhovna Rada	Committee on State Development and LSG	Vasyl Demchyshen , Peoples’ Deputy Anzhela Malyuga , Head of secretariate	meeting; discussion
	Ministry	Min. of RDHCS (Minregionbud)	Anatoliy Blysnuk , Minister Maryna Cherenkova , Counselor Olga Mashtakova , Press Secretary	meeting; discussion
	Cafe	USAID Ukraine	Victor Rachkevych, Project Mgt Specialist Municipal Development	discussion (only F.von Sury)
Friday 8 th June Kyiv	Swiss Cooperation Office	DESPRO	Oksana Garnets; Viacheslav Sorokovskyi; Maryana Kulya; Marina Brill	debriefing I
		UNDP/MGSDP	Elena Panova, Dy. Country Director, Oksana Remiga; Iryna Skaliy; Olena Ursu	debriefing II
		SDC	Pierre Maurer; Guido Beltrani; Ilona Postemska	Debriefing III

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Annex 4 Project-level recommendations for DESPRO and MGSDP

DESPRO

Based on findings and conclusions the following specific **recommendations can be made to DESPRO (project level)**:

Relevance and approach

- In the next project phase continue focusing on decentralised water supply and SWM in rural areas with the aim to consolidate and to replicate the piloted models;
- To the extent possible, integrate sanitation aspects into supported water provision schemes expanding the intervention to the WES sector, in order to meet good governance standards in the sector;
- Geographically, prioritise consolidation of experiences in the targeted oblasts to expansion to the new ones. If expansion to new oblasts is feasible from the point of view of funding available in the next phase, consider entering the oblasts bordering with those currently targeted by DESPRO, in order to utilise current partners as a valuable resource for experience sharing;
- To further increase project leverage in the sectors of intervention, secure strong reinforcing linkages between the three project components that still remain relevant (decentralised service provision, KM and policy influence).

Effectiveness, Impact and Sustainability

- In project implementation continue combining “hard” and “software” type of assistance (capital investments and capacity development);
- In the “hardware” (or co-funding of tangible WES projects) withdraw from limiting project contribution to a fixed amount of funds and instead apply a more flexible percentage based cost-sharing approach that would also allow reaching communities where water supply requires more expensive solutions;
- The software focus at the local level should be on further organisational development of the service cooperatives (including the issues of tariffs, managerial efficiency, the use of IT, networking, internal governance, etc.). The KM component should be more strongly linked to DESPRO areas of intervention (decentralised WES and SWM for rural areas, IMC) and better anchored at the regional level (oblasts) – e.g. through regional training institutions. Capacity development of oblast and rayon partner authorities should aim at favourable policies and regulations as well as at internalisation of the know-how promoted by the project; partners should assume greater responsibility for self-replication. This would allow DESPRO to free up its resources for expanding geographic coverage beyond the three regions;
- Efforts should be made for strengthening the partnership with the Government of ARC to enhance their ownership and responsibility. The Prime Minister has specifically requested the project’s support for setting in practice its SWM concept, with which DESPRO’s local solution to SWM in Bakhchisaray needs to be well coordinated.
- In general, DESPRO capacity development investments should be more strategically attuned to expected and appreciated functions of different stakeholders in the system (see the *Table* below that can be used for verification and mapping of these functions).

Table 3. Suggestion for mapping of DESPRO stakeholder functions

<i>Level</i>	<i>Stakeholders</i>	<i>Functions</i>	DESPRO as a neutral facilitator and co-funder
<i>National</i>	Relevant Ministries	National policy-making and regulatory work, methodological support	
	LG associations	Informed advocacy from below, dissemination of experience, pro-active policy dialogue	
	Think-tanks, analytical centres and other national service providers	Analytical work, advice and consultancy that informs advocacy and policy-making/ regulations, identification of issues for policy and regulatory work	
	NAPA	Support to regional training centres (KM with focus on training and dissemination of experience)	
<i>Regional</i>	Oblast administration/ARC	Oblast policy-making and regulatory work, replication of decentralised service provision models (including funding) within oblast, oblast resource center, methodological support to rayons, identification of issues for national policy and regulatory work	
	Regional training centers	KM with focus on training and dissemination of experience	
	Rayon administration	Rayon regulations, replication of decentralised service provision models (including funding) within rayon, rayon resource center, methodological support to villages, identification of issues for upper level policy and regulatory work	
	NGOs, consultants, regional service providers	Services to oblast and rayon administrations, service cooperatives and entrepreneurs	
	Universities	Studies on impact, economic, social and ecological issues	
<i>Local</i>	Village councils	Oversight of the service management, local regulations (tariffs, etc.), co-funding, identification of issues for upper policy and regulatory work	
	Service cooperatives/ entrepreneurs	Effective and efficient management of service	
	Communities/ CBOs	Supervision and control of service cooperatives, internal governance and participation, co-funding	

- DESPRO should also consider supporting those rural communities where water supply networks are in place (often installed by other international projects or communities themselves) but not properly legalised and/or managed;
- In the remaining time of the current phase DESPRO should identify and analyse those water supply projects where sustainability of the water management model is endangered (like Samokhvalovo-Sevastyanovka villages in Bakhchisaray rayon, ARK), and assist communities and authorities in finding sustainable solutions;
- Conduct an assessment related to the current and potential environmental and health impact on water supply schemes supported by DESPRO that are not accompanied by sewage solutions. Based on the findings, include sanitation aspects in the new

project phase. If/where addressing proper waste water treatment solutions prove to be too expensive and beyond the project ability to address, the project should incorporate measures for minimising harm on the environment and health (e.g. by increasing public awareness of potential risks and of minimal standards of waste water septic tanks; promoting/piloting low cost and environmentally friendly solutions, like constructed wetlands, etc.);

- Attention should be paid to the issue of rational water use that is closely interrelated with other sustainability concerns, like sinking of ground water table, water fees favouring water saving and minimisation of waste water;
- For state and policy issues continue work with MRDHCS and extend partnership to other national institutions relevant to the targeted sectors (such as the Ministry of Agriculture, National Agency for Water Resources, etc.), but be better focused and concentrate more on favorable policies and regulations for the targeted sectors (rural WES, SWM, IMC), rather than on general LSG issues;
- Strengthen partnership with relevant LG Associations with regard to informed advocacy from below (related to decentralized services management) and proactive policy dialogue. This assistance should be well-targeted and closely linked to sectoral issues related to DESPRO, but coordinated with general support provided to the associations by the CoE project;
- Given the crucial role of the private sector in the success of SWM, the project should have a better vision of its future involvement and potential for investments. It might seek SDC support in building synergies with Seco investments in Ukraine in this domain.

Transversal themes

- The project needs to further strengthen its gender-sensitive monitoring that captures transformation of gender roles (i.e. satisfying strategic rather than practical gender needs). The idea of promoting gender equality could also be more actively pursued through DESPRO activities (social mobilization, capacity building of local leaders, KM and access of women to information and knowledge);
- In order to offset the risk of discrimination in terms of resident access (ability to connect) to water supply systems, DESPRO should more systematically collect qualitative and quantitative information on non-joiners in DESPRO-supported drinking water schemes, mitigation measures of the communities and the dynamics of membership in service cooperatives before, during and after building of the drinking water schemes. In the next phase, DESPRO should sensitise systematically its partners to the “right to water” theme and the issues of inclusion through awareness and capacity-building work;
- Important government accountability concerns such as the issues of tariff policies and transparent management of public budgetary resources should not disappear from the project radar.

Management

- The logic of objective and outcomes system in the next project phase should be more coherent in terms of synergies between different components and elements, stringent and more carefully worded;
- The project M&E system should be more comprehensive and concentrate adequately on all elements of the project M&E - efficiency, effectiveness, impact and sustainability (including technical, ecological, organizational, economic and social aspects). It should incorporate a good set of indicators of both quantitative and

qualitative nature. Different sections of this report provide ideas for qualitative and quantitative indicators of effectiveness, impact and sustainability. Commissioning external studies can be used as one of the impact monitoring tools but it cannot and should not replace a good internal impact monitoring system;

- Ensure effective functioning of the project steering mechanisms at the national level.

MGSDP

Based on the findings, the review can suggest the following **recommendations to MGSDP (project level)** that would apply to the remaining 6 months of the project (supported with SDC funding) and to its future stages (if UNDP continues the programme beyond the committed SDC funding):

In the remaining 6 months

- In the housing management component concentrate on the consolidation of ACMH towards their institutional and financial sustainability (special attention should be given to aspects of effective functioning),
- Carefully define which elements of KM should be maintained in the future, which project partners would be the most appropriate for taking them over and strengthen their abilities to sustain them (e.g. specifically the emerging regional resource centres for ACHM);
- Communicate early enough to municipal partners the perspective of reduced future support, which is very likely after the SDC withdrawal from funding the programme.

For future programme phase

- Ensure a sound programmatic approach of the intervention supported by coherently and well-formulated components and a logical framework;
- Make an effort to reconcile the grant and credit approach to housing improvement as promoted by MGSDP/SDC and IFC/Seco, respectively;
- Aim at promoting wider LSG planning and budgeting practices that are badly needed in the context of current introduction of programme-based budgeting in municipal management;
- Target small rather than large towns where capacities, funding opportunities and access to innovations are considerably weaker;
- Better utilise field experiences and UNDP mandate for supporting regional and national level policy dialogue, including and primarily by strengthening capacities of local and national stakeholders to define and pursue the policy agenda (specifically pay attention to the need of strengthening capacities of LG associations);
- Explore opportunities for more comprehensive interventions into energy saving issues (including assistance in setting into practice the national strategies and programmes in this domain);
- If housing remains in focus, strengthen the links between local level interventions and national policy dialogue in this sector. Adopt a more flexible approach and consider involvement of private entrepreneurs in housing management (this might have potential, especially in cases where efficiency of ACHM is not feasible).

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