

IN FOCUS

Roundtable discussion “Financing regional development in Ukraine”

On the 11th July 2014 in Kyiv the Roundtable on “Financing Regional Development in Ukraine” took place. It was organized by the EU program “Support to Ukraine's Regional Development Policy” in the institutional partnership with Delegation of the European Union to Ukraine, Ministry of Regional Development, Construction and Communal Economy of Ukraine, Ministry of Economic Development and Trade of Ukraine, State Agency for Investment and National Projects of Ukraine, National Institute of Strategic Studies under President of Ukraine, National Academy of Public Administration under President of Ukraine, Ukrainian Association of Rayon and Oblast Councils, Association of Ukrainian Cities, Ukrainian Association of Village Councils, Ukrainian Chamber of Commerce and Industry.

The key note presentations of the Roundtable were the following:

- “EU Experience - Regional Development Funds and Funding” by Mr. Ronald HALL, Adviser DG Regional Policy;
- “Banking Sector in Regional Development: The role of Promotional / Development Banks” by Mr. Gunnar Walzholz –Director KfW Office Kyiv;
- “Public Private Partnerships: current status and prospects for development” by Chris SHUGART, Public Private Partnership Development Program (P3DP) funded by USAID;
- “Foreign and Domestic Investment Attraction Mechanisms in the regions of Ukraine” by Ms. Olga ANDRIENKO-BENTZ and by Mr. Andriy PRONCHENKO, PricewaterhouseCoopers;
- “Mechanisms to attract investments into the regions of Ukraine” by Mr. Vasyl FEDYUK, State Agency for Investment and National Projects of Ukraine.

In the course of discussion Roundtable participants paid attention to the establishment of the regional development funds and their funding based on EU countries' experience and best practice. As well, the discussion was devoted to the current state and perspectives of public-private partnership in Ukraine; attracting foreign and domestic investments into the regions.

This event had a significant influence on shaping the understanding of the practical issues with regard to attracting investments.



“If Ukraine relied on effective regional policy aimed at creating a common space in all areas, obviously, many of today's social and economic problems could have been avoided. Therefore, in the current situation the issue of state regional policy is more topical than ever”- this was stated by Vyacheslav Nehoda, First Deputy Minister for Regional Development, Construction and Housing and Communal Services of Ukraine.

According to him, the issue of regional policy is particularly crucial in the context of signing the Ukraine – European Union Association Agreement.

“For us, it's time to show loyalty to the choice we were fighting for in the name of the European future of Ukraine”, - said Vyacheslav Nehoda.

He also expressed a hope that, as a result of the reform, an end will be put to the current practices of re-distribution of budget funds from community budgets in favor of the central government, and this will allow territorial communities to eventually obtain resources for the development of their territories.

According to Mr. Vyacheslav Nehoda, he

looks forward to the new approaches to the funding of regional development in Ukraine that will be proposed as the result of European and Ukrainian experts' cooperation and those approaches will be stipulated in the new legislation.

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Roundtable materials and presentations, as well as photos and video are available on the Support to Ukraine's Regional Development Policy Project website <http://surdp.eu/>.





REGIONET network launches practical activities

REGIONET network has recently launched its practical activities. REGIONET is a nationwide professional community, the first one to bring together experts and practitioners in territorial and community development from all regions of Ukraine.

Web-portal of the network is already operational (<http://regionet.org.ua/>) through which the network' members could communicate, gain new knowledge and propose own products/services to potential consumers.

The **purpose** of REGIONET is to unite and provide for professional development of experts - authors or carriers of best practice - for their promotion, communication and professional growth as well as for their involvement into policy development and implementation.

The network will serve as an "exchange" of products and services in the area of regional and local development - it will ensure their effective promotion, satisfy consumers' demand, increase the quality of services and form the standards for products and services.

The stakeholders' attention (primarily attention of local and central authorities) to REGIONET will be drawn through cooperation with partners, promotion of the network and a set of other activities. REGIONET will provide potential consumers with possibility to obtain "first-hand" high quality products and services based on best practices.

Having a strong need for information and knowledge, REGIONET network is designed for active interaction with the community of experts, distance learning platforms, communities of practitioners and other networks.

Each member of the Network will be able to get tangible benefits from participation in REGIONET, including the ability to grow professionally, have access to advanced knowledge base and best practices, adopt experience from colleagues and join efforts to solve complex problems, influence policy and promote their products / services.



Candidates for participation in REGIONET will be selected through a professional screening, and the main criteria will be their products or services, which he/she has and is ready to share with the others. The candidate's occupation and background is not considered as some kind of limitations; he/she can be an expert, an academic, a private entrepreneur, a civic activist, a civil servant, etc. Thus, promoters of best practices in territorial and community development are selected to the Network, furthermore - people willing to offer their products / services to increase professional level, join with colleagues to face new challenges.

Currently, acceptance of application forms for REGIONET network is still going on. Application form and information on the rules and procedures of selection are available at REGIONET web-portal.

In the meantime, the candidates which were selected before in the first round (251 persons) are now taking remote **basic training**.

For the moment, **more than 100 experts already became REGIONET network members.** The network members have already posted above 70 own products / services in various aspects of territorial and community development at the web-portal.

The process of pro-active formation of REGIONET network is underway. Potential participants as well as potential consumers and partners of the network are welcomed to join this interesting process. We are ready to cooperate with anyone who is interested in regional and local development and is willing to work in the interests of Ukrainian regions and communities. In the nearest future REGIONET network will be able to become a crucial and effective element

of institutional capacity in the area of regional and local development. By bringing people together through cooperation and communication REGIONET network unites experts from different fields of activity and from different regions of Ukraine, and hence - promotes social cohesion in the country.

REGIONET is being created as an informal non-leader professional and politically non-partisan network within the Terms of Reference of the EU Project "Support to Ukraine's Regional Development Policy", approved by an agreement between the Government of Ukraine and the European Commission.

*REGIONET is being formed within the framework of institutional **partnership** with the Ukrainian Association of District and Regional Councils, Association of Ukrainian Cities, the Ukrainian Association of Village and Town Councils, Association of Regional Development Agencies of Ukraine, the Ministry of Economic Development and Trade, the Ministry of Regional Development and Construction, National Academy of Public Administration under the President of Ukraine, international donors and technical assistance projects, civil society institutions, private sector companies. The list of REGIONET partners is constantly expanding. The network is and will continue to be open for partnership.*

For further information, please, visit the following web-sites:

<http://surdp.eu/en/Regionet>
<http://regionet.org.ua/>

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Signing of Memorandum on Cooperation with the Association of District and Regional Councils



On the photo: Colin Maddock and Sergiy Chernov

During the meeting of the Association Board, the Memorandum on Cooperation was signed by the Team Leader of the EU program "Support to Ukraine's Regional Development Policy" Colin Maddock and the President of the Association, head of Kharkiv Regional Council Sergiy Chernov.

Under this Memorandum, Parties intend to develop a mutually beneficial cooperation in the following priority areas:

- Facilitate the development, lobbying authorities and implementation of the state regional development policy; improving the legal framework as well as mechanisms of institutional and resource-based support of regional development;
- Facilitate the strategic planning of the regional development at the national and regional level: elaboration of the state regional development strategy, regional development strategies and their implementation plans, regional development programs and projects;
- Facilitate the capacity building in the area of regional development, especially through the support of the Resource Center on sustainable local development (<http://rozvytok.in.ua/>), which was established by the Association (here and after referred to as "Resource Center"), and through the establishment of the All-Ukrainian network of experts and practitioners for regional and local development REGIONET (<http://regionet.org.ua/>).

Implementation of measures aimed at implementing the Memorandum was entrusted to the Secretariat of the Association by the relevant decision of the Board.



Website of the Association of District and Regional Councils - <http://uaror.org.ua/>.

Video of the event can be found on the SURDP Project website in videogallery - <http://surdp.eu/en/videogallery>.

Meeting of Governmental Committee on Regional Policy with EU Regional Development Officials and Advisers

The working meeting of the Governmental Committee of Ukraine on regional development with representatives and EU experts on regional development took place on the 11th July 2014.

The participants of the meeting:

- Mr. Volodymyr GROYSMAN, Deputy Prime Minister of Ukraine, Minister of Regional Development, Construction, Housing and Communal Services of Ukraine;
- Mr. Andrew RASHBASH, Head of Cooperation, Delegation of the European Union to Ukraine;
- Mr. Ronnie HALL, DG Regional Policy, the European Commission;
- Mr. Graham MEADOWS, former Director General for DG Regional Policy, the European Commission;
- Mr. Anatoliy TKACHUK, expert - EU Project "Support to Ukraine's Regional Development Policy";
- Mr. Yuri TRETAK, expert - EU Project "Support to Ukraine's Regional Development Policy" and others.



On the photo: Volodymyr Groysman and Yuri Tretak

The EU experts made presentations on the evolution and modern aspects of the regional policy in the EU and proposals on reforming Ukraine's system for regional development.

In the course of the meeting the EU Support to Ukraine's Regional Development Project experts contributed to the discussion with relevant remarks on the need for the State Regional Development Strategy till 2020 as well as alignment of it with EU best practice.

Visit of the newly-elected president of the European Committee of the Regions Michel Lebrun to Ukraine

On the 4th July 2014 the president of the European Committee of the Regions (CoR), Michel Lebrun,

visited Kyiv following an invitation from Volodymyr Groysman, Deputy Prime Minister in charge of regional development of Ukraine, in order to discuss aspects of decentralisation and territorial cooperation in Ukraine.

"From the beginning, we have supported the democratic process for reforming Ukraine. The future of this country is found within Europe and European regional and local authorities are ready to contribute to this challenging process", stated Michel Lebrun, president of the CoR.



On this photo: president of CoR Michel Lebrun

The CoR has set out a number of proposals that can contribute to the reform process. To meet the goals, it suggests that the separation of powers between State and local/regional governments should be strengthened by assuring further democratic accountability to regional and provincial leaders who should be able to directly work for the territorial interests and respecting the rights of minorities. Other proposals include the reallocation of financial and human resources to the local and regional level; a further definition of functions and competencies of the new executive bodies of regional and district councils, a wider consultation involving all stakeholders and civil society and the possibility for regional and local authorities to use EU's tools for territorial cooperation such as the European Grouping for Territorial Cooperation (EGTC).

The CoR also offered to the regional and local authorities of Ukraine a platform to exchange best practices in the context of the Eastern partnership through the CORLEAP, the joint assembly where Ukrainian regional and local authorities count on 3 members.

During his meeting with Deputy Prime Minister Groysman, President Lebrun stated that, "Your reform is ambitious because it is grounded on the subsidiarity principle and inspired by the Multi-Level Governance approach, which are key to assuring both territorial economic and social development and democracy. We are ready to share our experience of administrative and fiscal



Elaboration of Regional Development Strategy in 5 pilot regions of Ukraine

Analysis of the regional development strategies and their implementation mechanisms conducted earlier showed that out of 25 regions and two cities – Kyiv and Sevastopol – **17 regions had not elaborated or approved Regional Development Strategies and relevant Operational Programs**. 5 out of 17 regions were selected for direct support of the project and 12 for the indirect support. Among these 5 pilot regions are the following: Sumska, Poltavaska, Kyivska, Rivnenska, Ivano-Frankivska Oblasts.

The Deputy Team Leader and Key Expert Yuri Tretyak

Yuri Tretyak,
EU SURDP Project
Key expert



said that the EU technical assistance program "Support to Regional Development Policy in Ukraine" aims to help the pilot regions to move away from the Soviet management system, which is outdated in the market economy environment. To his mind, an important aspect of the strategy development is mobilization of regional development stakeholders - the leading enterprises in basic industries, small and medium-sized businesses, public authorities and local government, NGOs, research institutions, universities, etc.



Two groups of experts to work with the 5 pilot regions and 12 indirect

Vasyl Kashevskiy,
EU SURDP
Project expert

support regions were organized and included Yuri Tretyak, experts Anatoliy Tkachuk, Vasyl Kashevskiy, Petro Mavko and Oleksandr Sergiyenko.

EU SURDP Project expert Vasyl Kashevskiy presented "Review of the elaboration process of the Regional Development Strategy of region till 2020" for every pilot region.

Anatoliy Tkachuk, senior expert of the EU SURDP Project, spoke about the current state of the management system of regional development in Ukraine

Anatoliy Tkachuk,
EU SURDP
Project Expert



and prospects for reform. Additionally, he spoke about the preparation aspects of the social-economic analysis for every region needed for the development of an effective Development Strategy. Also Anatoliy Tkachuk stressed that a decentralization issue, moving from "manual" budget allocation, new approaches to regional policy with the change of paradigm are the main tasks in the Strategy implementation.

Mr. Tkachuk presented the following:

- "Current state and prospects for reforming the management system of regional development in Ukraine";
- "Preparation aspects of social-economic analysis of the region".

Presentations were informative, based on examples of projects and other regions in Ukraine (Khmelnitskiy, Rivnenska, Dnipropetrovsk Oblasts, etc).



Oleksandr Sergiyenko,
EU SURDP
Project expert

Based on the functional step-by-step methodology of Regional Development Strategy elaboration that was completed in the previously, the experts have developed an action plan for each pilot region. Regions of indirect support received intensive training on the Regional Development Strategy methodology. Two representatives of these regions were invited to attend all of the meetings held in the pilot regions to be able to receive a hands-on experience and replicate these activities in their respective regions.

As of today, the following activities were completed in the five pilot regions:

- Working Group (100-150 members) and

- Steering Committee (up to 20 members) were established and approved by the Oblast State Administrations;
- Detailed and full-fledged Social-Economic Audit of region completed, presented and discussed in the Working Group and with the SC;
- SWOT analysis, SWOT matrix, description of competitive advantages, challenges and risks for development

of region completed, presented and discussed with the WG and SC;

- general strategic objective, vision and mission of the Strategy, strategic & operational objectives, tasks drafted, presented and discussed with the WG and SC;

- draft Regional Development Strategies elaborated (they will presented to the Working Groups and Steering Committees in September 2014).



Petro Mavko,
EU SURDP
Project expert

Materials and presentations, as well as photos and video are available on the Support to Ukraine's Regional Development Policy Project website <http://surdp.eu/>.

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