



**Economic and Social Development Project (ESDP)**  
**New title: Vision for People: Working Towards Better Strategic Planning and Governance**  
Substantive Revision

Based on the consultations held between the Government of Ukraine as represented by the First Deputy State Secretary of the Ministry of Economy and UNDP, the substantive revision is proposed with regard to the text of the Project Document. Specifically, it is suggested to append the text of the Project Document, with regard to outlined sections, with the following:

**The title of the Project Document:** revised as stated above

**Section A: Context**

The Ukrainian government has continuously focused on the need to develop and implement sound and effective policies that will lead to sustainable and equitable growth in line with the Millennium Development Goals. The institutional capacity to do so has been on the increase in the last few years, but much still remains to be done to improve the quality and effectiveness of the policy making. A more systemic and long-term assistance programme focused on building capacity in policy development and public consensus is needed to help the government, and the Ministry of Economy and European Integration (ME) in particular increase the above needed capacity.

**Section B: Strategy for Use of UNDP Resources**

A substantive expansion of the current ESDP project is proposed to better reflect the needs and priorities of the ME. Firstly, it is critical to go beyond a one-document (ESDP) format to embrace the whole series of strategic planning documents the Ministry of Economy, and the Department of Strategic Planning is responsible for. This will include work on development of the newly announced Strategy for Economic and Social Development for the period up to 2011 (“European Choice”). Secondly, the support to the government will be provided on a multi-year basis, in this particular case for a period of three years as opposed to the previous support programme of one year. Thirdly, there is a need to complement the existing mechanism of public economic education (road shows) with a mechanism of public screening and feedback in the strategy formulation process using ICT platforms (e-forum, discussions of documents on the web).

**Section C. Immediate Objectives, Outputs and Activities**

The overall objective of the project remains unchanged. In the original project document, the programme was concentrating on the following immediate objectives:

**Immediate Objective 1: Enhanced Policy Analysis Capacity:** To establish an enhanced capacity in the Ministry of Economy to evaluate, design, and implement the

policies needed to accelerate the process of economic transition in Ukraine, thus restoring economic growth and reducing poverty

**Immediate objective 2: Consensus for Reforms:** Develop a nation-wide consensus for accelerated market-oriented economic reforms. Consensus needs to be built among government staff, in Cabinet, in the Presidency, in Parliament, and among civil society.

In accordance with the above objectives, the programme was concentrating on the following outputs:

**Output 1.1: ESDP Administrative Structure.** Activities for this output included provision of more targeted professional advice to the teams in the Policy Research Network composed of leading Ukrainian and international experts.

**Output 2.1: Road Shows for Reform.** Activities for this output envisaged preparation of documentary materials for distribution on the road show; identification of topics and generic audiences to be addressed during the Road Shows; design and implementation of the full schedule of Road Shows as well as review experience of the full cycle of road shows in Ukraine.

The current revision is aimed at further strengthening the above mentioned elements: policy analysis capacity and consensus for reforms. For these purposes, the following objective, outputs and activities are hereby proposed.

*Immediate Objective:* Promotion of sustainable and equitable growth through development of top-notch economic strategy and planning as part of the Ministry's work on economic and social development programmes in the medium and long term based on the Millennium Development Goals.

Output 1. The Ministry's institutional capacity to develop state economic strategies for the purposes of accelerating the process of market-based economic transformation in Ukraine improved and sustained.

Activities:

- 1.1 Develop and implement training packages on policy development and analysis with regard to standards and procedures preparation of strategic planning documents;
- 1.2 Create and manage the work of specialised Policy Research Teams around the selected areas of concentration that include:
  - Macroeconomic Development
  - Fiscal Policy of the Government
  - Agriculture and Agri-Industrial Growth
  - Banking Sector Development
  - Small and Medium Enterprises Development
  - Social Development
  - Industry and Infrastructure Development
  - Foreign Economic Activity Development

Output 2. Professional staff of the Ministry of Economy and other institutions engaged in the preparation of strategic planning documents exposed to relevant standards and procedures based on international experience and best practices

Activities:

- 2.1 Organise and conduct a series professional of workshops and training seminars for the staff engaged in the preparation of policy and strategic planning documents both at the Ministry of Economy level and other line ministries and government agencies as well, focusing on development of analytical techniques and tailor-made approaches to the specific content of the documents in question
- 2.2 Promote substantive knowledge sharing and interaction involving inter-ministerial exchange of information, analytical products and concepts based on PRT mechanism for the purposes of improved strategic planning development process.

Output 3. A stronger link between policy development and public opinion built in Ukraine by insuring consistent and substantive public participation in and public review of the policy making process

Activities:

- 3.1 Design, formulate and implement the programme of public debates across Ukraine focusing on the discussion of key issues in the consideration of the above analytical work of the Ministry of Economy and other relevant agencies as well as other UNDP supported projects as applicable
- 3.2 Design and organise specialised training to the public debates speakers on communication techniques, UN/UNDP development goals and priorities, programme linkages that could be efficiently used in the process of conducting road shows and debates as part of the project activities

Output 4. Participatory approaches and practices employed by the Ministry in production of strategic documents on economic and social development, including documents in support of the budgetary process institutionalised and sustained

Activities:

- 4.1 Create and maintain a specialised database on multi-ministerial/inter-sectoral preparation and implementation status of strategic documents, medium and long-term action plans of the government affecting the key indicators of the country's economic and social development
- 4.2 Develop and implement, through the provision of expert and IT support, a specialised e-based facility to launch a process of public screening and feedback with regard to the development of strategic policy documents and budget-related documents at the stage of their pre-final release and submission for approval; activities on the budgetary process will be closely co-ordinated with the work done by other donors specialising in this area.
- 4.3 Organise and conduct dissemination, using ICT and related technologies, of relevant materials and publications based on the results of discussion during public reviews on key issues of economic and social development

Outcome:

- Improved quality of the process and results of strategy development and planning
- New procedures and standards of strategy papers preparation instituted in line with international best practices
- Enhanced capacity for prioritisation, agenda-setting and problem solving with regard to key economic and social issues
- An effective system of public review of state policy formulation and implementation in place

Time frame: April 2002-March 2005

Indicators of achievement: Policy Research Teams (PRT) organised to provide for a concentrated professional strategic policy planning and analysis. PRTs for each sector will be located within the ME, but as part of a new multi-ministerial engagement each of these PRT would include one or more members on secondment from relevant sectoral ministries. Strategic planning and policy formulation documents prepared by the Ministry of Economy incorporate feedback and input received from public and specialised professional groups, including NGOs and academia, both at the stage of development of priorities and identification of issues for the analysis, and assessment of relevant document drafts

**Section D: Inputs**

UNDP gross contribution to the project budget will be USD 300,000 within a three-year time-frame, with an annual contribution being USD 100,000. This will be a seed contribution designed to initiate a process of contributions from other donors who might be interested to join in the support of the programme.

Substantive contribution for the development of policy advice and short-term expert assistance will be provided by the RBEC Regional Support Centre in Bratislava. On a macro-policy level of conceptualisation, the issues on which the above policy advice and expert assistance will be provided will include:

- Macroeconomic stability
- Equitable economic growth and its support through the development of efficient financial system and creation of favourable investment climate
- Enhancement of economic premises for a successful functioning of agri-business industry reflective of the needs of rural communities
- Increase of national economy competitiveness through the reform of the property base and introduction of sound governance mechanisms and practices
- Improved level of social protection and human development based on the systemic and comprehensive measurement of poverty, analysis of the inclusion of the poor in the decision-making, full consideration of gender factors.

On the level of technical analysis and support development, the issues for the expert assistance to address by both international and national consultants will include but will not be limited to:

- Fundamentals of development of strategic planning and key policy documents based on international best practices, standards and expertise, including

development of internal procedures and standards for the above process in the Ministry of Economy and other relevant institutions;

- Enhancing research and analytical capacity to provide for a better institutional capacity to undertake the strategic planning and policy development work as required for the above
- Development of necessary methodological basis for the introduction and implementation of the analytical capacity building measures, including formulation of principles and required documentation to support the strategic planning process
- Creation and maintenance of specialised data bases for the systemic and comprehensive monitoring of key macroeconomic indicators and forecast for the medium and long-term prospect analysis
- Development and enhancement of specialised analytical tools for the analysis of key macroeconomic indicators, including methodology of GDP per capita calculation based on purchasing power parity for the purposes of objective assessment of Ukraine's international ratings.

### **Section F: Management arrangement**

The strategic guidance and supervision of the project will be carried jointly by the UNDP and the Ukrainian government. The National Project Director will represent the Ministry of Economy at the level of State Secretary or Deputy State Secretary overseeing the work of the appropriate departments within the Ministry of Economy.

The management of the project day-to-day activities will be assigned to the ESDP National Project Manager, who will be employed by UNDP following an open and competitive selection process. He/she will lead the project team composed of national experts and interns involved in the work of Policy Research Teams (PRTs), Data Analysis and Monitoring Groups, Public Debates Team and an administrative unit. The National Project Manager will be responsible for planning and conducting the project work and delivering the project results.

A provision is made for the work of Short-Term International Consultants to be hired by UNDP for purposes of expertise sharing and specialised training to the project local experts and ME staff involved in the strategy planning and policy analysis. The consultants will have vast experience in strategic advisory. Efforts of the above consultants will be complemented by the work of a National Economic Adviser who would also be hired by UNDP to provide substantive input into planning and implementation of the project activities.