



**Government of Ukraine
and
United Nations Development Programme**

Project Title	Support to the Regional Development Agency of the Autonomous Republic of Crimea
UNDAF Outcome(s):	<p>UNDAF Country Programme Outcome 4.1: Pro-poor frameworks and strategies for sustainable economic development adopted and extended to rural and economically and socially disadvantaged areas, communities and groups in a manner consistent with safeguarding their political, civil, economic, social and cultural rights</p> <p>UNDAF Country Programme Outcome 4.2: Strengthened system for provision of social services and assistance functioning on an equitable and inclusive basis</p>
Expected CP Outcome(s): <i>(Those linked to the project and extracted from the CPAP)</i>	<p>People-centred decentralisation of local public governance</p> <p>Sustainable economic development through pro-poor policy reform</p>
Expected Output(s): <i>(Those that will result from the project and extracted from the CPAP)</i>	<p>Decentralized institutional arrangements for local government developed and citizen-based partnership for participatory development promoted</p> <p>Social, economic and cultural development for the multiethnic Crimean society, Chernobyl affected communities and rural settlements enhanced through area-based approach</p>
Implementing Partner:	UNDP Ukraine
Responsible Parties:	Council of Ministers of ARC, Crimean Parliament

Brief Description

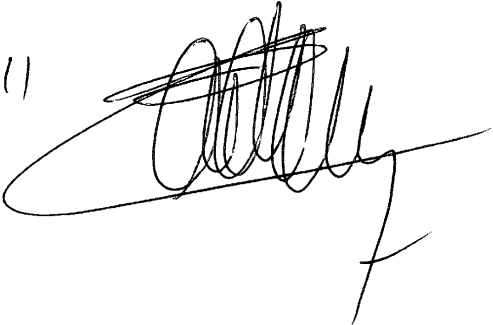
Despite its autonomous status the republic, de facto, functions as an Oblast with strong planning, budgeting and accountability lines to the national authorities. However, given its strategic situation in Ukraine and the significant attention and investment the region receives from the donor community and foreign investors, Crimea needs strong regional development institutions to enable a more coherent and participatory regional development mechanism in line with the broader regional development policy of the country. This project therefore would promote a more concerted thinking among the republic's stakeholders regarding more effective institutions required to co-ordinate regional development. In particular, it would encourage their focus on a Regional Development Agency for Crimea and its partnership and coordination mechanisms with a possible Regional Development Coordinating Council at republican level as well as with Local Development Groups at districts/municipalities' levels.

The main objective of this project is to develop the capacities of Crimean Regional Development Agency, endorsed by Crimean development actors, able to be financially viable and effectively coordinate and contribute to the sustainable regional development of the peninsula.

Specific objectives:

- 1) To build the governing, human and operational capacities of the Agency to ensure its viability and sustainability after project end;
- 2) To support the establishment of the Agency's coordinating role and mechanisms, for regional development, enabling it to interact effectively with other institutions at republican and local levels.

Key Result Area (Strategic Plan):	Strengthening responsive governing institutions	2010-2012 AWP budget: USD 1,896,993 (EUR 1,553.637.75)
Atlas Award ID:	<u>00060441</u>	Total resources required: USD 1,896,993
Start date:	August 2010	Total allocated resources: USD 1,896,993
End Date:	August 2012	<ul style="list-style-type: none"> • Regular USD 65,491 (EUR 53,637.75) • Other: USD 0 • EC USD 1,831,502(EUR1,500,000)
PAC Meeting Date	5 June 2010	Unfunded budget: TRAC USD 0
Management Arrangements	DIM	EC USD 0
		In-kind Contributions: USD 0

Agreed by:	Name/Title:	Date:	Signature:
UNDP Ukraine	Olivier Adam UN Resident Coordinator, UNDP Resident Representative	27 SEPT 2011	

I. SITUATION ANALYSIS

Background

(a) The Ukrainian context

A 'Concept' for State Regional Policy was approved by President Kuchma on May 25th 2001. While the 'Concept' highlighted the increasing importance of regional policy, according to EU experts¹, it did not successfully set out a coherent, overall framework for addressing the enabling factors, blockages and mechanisms for effective regional development.

In 2006, the Ukrainian Parliament approved a National Strategy for Regional Development until 2015 completing a five-year design process led by the Ministry of Economy. This strategy is fundamentally a National Development Strategy and lacks the necessary regional framework and structure. Moreover, it describes necessary institutional changes in terms of principles rather than providing concrete proposals.

Since March 2007, the lead role in Regional Development reforms "to ensure regional policy implementation" was assigned to a newly created Ministry of Regional Development and Construction (MoRDC). With the creation of the MoRDC, a significant degree of institutional duplication of responsibilities between the MoRDC and the regional development department of the Ministry of Economy were created. The new Government is addressing the issue and a clearer division of responsibilities is supposed to take place soon.

(b) Regional Development Agencies in Ukraine

According to the current Ukrainian legislation, RDAs can be set up as: state entities, maintained by state budget funds, communal enterprises (for-profit or non-profit organisations), private (non-state) enterprises, non-state non-profit organisations (NGOs or charitable organisations).

Data on the number of RDAs in Ukraine differ. According to various information sources, there may be between 39 and 100 regional development agencies operating in all regions of Ukraine. In 2005 the National Association of Regional Development Agencies (NARDA) indicated that 85% of RDAs had, at that time, a civil society organisation status.

Ukrainian RDAs can be divided into two groups:

1. Agencies acting within one territorial community (local development agencies)
2. Institutions which extend their activities over the territory of several communities or the whole region (RDAs)

RDAs provide a range of services to different target groups (clients), including:

- *for businesses*: elaboration of business plans and investment projects, market research, preparation of documentation for tenders, registration of enterprises, expert assessment of real estate, consulting and legal services, accounting services, etc.
- *for the business community of a certain territory*: writing project proposals and obtaining grants, online consultations, information databases, publication of informational materials, organisation of roundtables, seminars, etc.
- *for local authorities*: elaboration of plans for strategic development, elaboration of regional development programs, analysis of socio-economic situation of the region, investment attractions, etc.

According to the current Ukrainian legislation, sources of funds of RDAs may include: membership fees, budget subsidies, private donations, donations from legal persons, international technical assistance, humanitarian aid, revenues from services rendered and revenues from budgets as payments for services rendered.

The RDAs' role to coordinate regional development actors appear to be, mainly, limited to information exchange on issues of local and regional development. Ukrainian RDAs generally cooperate with state structures but consider themselves independent in their activities. As they have limited access to public

¹ EU project "Support to the Sustainable Regional Development"

funds allocated for development they rely on limited material and human resources and are therefore dependent on the funding from international donor organisations.

(c) The Crimean context

The legislative framework within which ARC's regional development takes place is that mentioned above.

The regional development function has belonged so far to the ARC Ministry of Economy. The latter has been responsible for:

- developing the medium to long-term Regional Development Strategy;
- coordinating the design of one year socio-economic development programmes, as well as cultural development programs of the rayon or region; and
- monitoring and reporting on the results achieved on these programmes.

In early 2009 the ARC Ministry of Economy completed the preparation of its Regional Development Strategy for the years 2009 to 2017. The drafting of this strategy had been contracted out to a Research Institute "Technology of sustainable development" in Simferopol. The design process of this strategy did not include, at its outset, any public consultations to define development vision and priority goals. Once completed, the strategy was presented by the Ministry of Economy of ARC at the end of 2009 to a limited number of stakeholders – mainly governmental structures. No NGOs were invited to this meeting. Despite several attempts to put it on the agenda of Parliamentary sessions for approval, the strategy was not approved. The new Government in place since April 2010 has now decided to re-design the republican strategy to ensure that it genuinely reflects the development needs of the ARC. At the same time, the ARC Government appears to be keen to ensure that the re-design process involves public participation.

A Republican Socio-Economic Development programme for the year 2008 to 2012 (№ 1081-5/08) which was approved in November 2008 by the Council of Ministers of ARC has been implemented, up to now, with some budget funding. More recently, a new Programme of economic and social development for 2010 (no 1726-5/10) was approved by the ARC Parliament in May 2010, followed by the approval of the ARC budget. It is worth noting that the 2010 budget for Crimea includes a budget for development of UAH 72,000,000 for the year (twice as much as that of 2009).

Up to now, also, a sectoral approach to ARC and district development policy has dominated. The state and ARC investments have been mainly directed towards dealing with emergencies and usually cannot be taken as capital investment that could affect the investment attractiveness of the territory and could boost economic development in the medium or long term. Each ministry in ARC implements its own policy in the districts according to its sectoral needs, which are mostly weakly related to the district development problems and are not sufficiently coordinated between sectors and actors.

At present, a new RDA-ARC has been set up and a Director appointed, who is placed directly under the authority of the Prime Minister of Crimea. The RDA-ARC's operations are currently taking place on the basis of statutes dating June 2003, which define it as a commercial enterprise set up by a state institution (concretely the Ministry of Economy of ARC). The Council of Ministers is determined to launch the operations of this RDA-ARC as soon as possible as it needs to quickly show results in investment attraction to the region. From recent consultations with EU and UNDP experts, it is understood that the ARC Council of Ministers is also considering changing the statutes of this organisation into that of a not-for profit organisation. In the course of these consultations, the Council of Ministers has clearly stated its commitment to financially support the RDA-ARC at least in the first 3 to 4 years of its operations. It has given it a budget of UAH 1 mln for the first 6 months of its operations.

(d) Key issues to be addressed by the proposed action

At present, the current RDA-ARC faces the following challenges that the Action will address:

- the RDA-ARC needs to start its operations, from scratch, very quickly and it has to deliver fast results in particular in the sphere of investment attraction
- The RDA-ARC has to build a strong team of competent and skilled staff and specialists in the context of a deficit, in Crimea, of knowledge and practical skills in strategic planning, development and investment projects' design, and monitoring (among others)

- The RDA-ARC has to play its role of coordinator of development actors at republican and local level in the most effective manner. The current status of the RDA-ARC does not allow it to fulfill its key role and responsibilities in relation to regional development, and in particular, in relation to partnerships building and coordination of development activities.

UNDP related activities

The project is meant to meet its objectives drawing in particular on the successful implementation of the Crimea Integration and Development Programme (CIDP) developed, as early as 1995, by the UNDP to foster sustainable human development in a manner that contributes to the maintenance of peace and stability in Crimea. A high degree of trust on the part of both the society and the government, earned by CIDP, allows the Programme to provide support in fostering the dialogue between the authorities and the citizens. Developing trust and cooperation between them holds the major potential for and is the most effective mechanism of regional development today.

CIDP has been operational since 1995 when CIDP was created at the request of the Ukrainian government to support the resettlement of 260,000 formerly deported people (majority Crimean Tatars), coming from various republics of the Former Soviet Union. The period of 1995-2000 was considered a period of emergency intervention. In the following phase (2001-2005), CIDP focused on social mobilization and broadened the target population beyond formerly deported people. CIDP's next phase was devoted to strengthen the structures and processes in Crimean society for developing and implementing long-term solutions to peace and stability in Crimea and for promoting integrated regional development. CIDP is implemented within the overall framework of UNDP Ukraine's Local Development Programme.

Donors included the Canadian International Development Agency (CIDA), Governments of Denmark, Greece, The Netherlands, Norway, the Swiss Agency for Development and Cooperation (SDC), the Swedish International Development Agency (SIDA) and the Turkish Cooperation and Development Agency (TIKA).

II. PROJECT STRATEGY

The overall objective of the project is to build the capacities of a Regional Development Agency, endorsed by Crimean development actors, able to effectively coordinate and contribute to the sustainable regional development of the peninsula.

The project's support to the capacity building of the Crimean RDA (further ARC RDA) will help identify and adapt to the Crimean context the best models and practices of EU regional development policy. By testing regional development mechanisms in the Republic, the proposed action will also inform the actions undertaken, at national level, under the EU-funded Support to Sustainable Regional Development Project, to upgrade the regional development policy of Ukraine by extending, to this country EU regional development policy principles. The project will also operate in close coordination with the EU FDI development project planned to start towards the end of 2011 in Sevastopol and with the Tourism Development project for Crimea, including Sevastopol, also planned in that period.

Specific objectives:

- (1) To build the governing, human and operational capacities of the RDA-ARC to ensure its viability and sustainability after project end
- (2) To support the establishment of the RDA-ARC's coordinating role and mechanisms, for regional development, enabling it to interact effectively with other institutions at republican and local levels.

Activity 1 - Project Launch with ARC and Local Stakeholders

A regional conference will be organised which will formally present the RDA-ARC Support Project and its implementation approach to key governmental and parliamentary stakeholders (relevant parliamentary committees, Council of Ministers, districts' authorities, associations of local self-government bodies). This conference will also include participation from relevant national actors in the field of regional development policy, representatives of the donor community, including the EU SSRD project and members of the regional and national press.

The conference will be the right place for the ARC Government to state its commitment to continue maintaining three specialists' positions (to be initially funded by the EU/UNDP RDA-ARC project) for a period of up to three years after project end.

Activity 2 - Establishing the Project's Technical Assistance Team (TAT)

The Project will be implemented in the Autonomous Republic of Crimea.

The **project's office** will be located in Simferopol. Office space has been committed by the Government of Crimea to house RDA-ARC staff and TAT staff over the duration of the project. This is an optimal solution given the nature of the assistance to be provided by the Action which requires constant interactions between RDA-ARC and TAT staff and specialists.

Key to the success of the project will be the capacity of the TAT to establish quality relationships with representatives of the key ARC stakeholders and, importantly, the Director of the RDA-ARC. Relationship building will be actively supported by the UNDP office in Crimea whose quality and trust-based working relationships with representatives of republican and local authorities, self-governing bodies and civil society are founded on its experience in the region since 1995.

Activity 3 – Consultations, urgent advice and public information campaign

This activity will be focused on the re-registration of the RDA-ARC into a not-for-profit entity. Consultations will need to take place with different stakeholder groups on the need to form a group of co-founders of the RDA-ARC. Relevant short term expertise will be mobilized to provide legal consultations to the RDA-ARC's registration process.

In parallel to the re-registration of the RDA-ARC, a public information campaign will be organized and conducted on the RDA-ARC as well as:

- **Awareness-raising sessions** at republican and districts levels on:
 - the overall institutional architecture for regional development
 - the role and function of the RDA-ARC and its place in this institutional architecture
 - principles of good governance
- **A study tour** to a selected European destination to allow for an exposure to the overall regional development institutional framework in Europe, as well as with specific RDA examples. It is anticipated that a maximum of 20 participants will be included in this study tour with an average duration of 8 days). Russia, Moldova or Bosnia are potential destinations for this study tour as these countries are able to present interesting and relevant models of regional development agencies.

This activity is essential to ensure that the knowledge of key ARC stakeholders is uniformly obtained/updated across the different administrative levels of the ARC. This study tour to be organized for selected representatives of Crimea's stakeholder groups at the republican and district levels will be crucial in providing a practical understanding of the principles and implementation mechanisms of EU regional development policy and its institutional infrastructure.

Urgent advice will also be provided during that period in relation to:

- a) the re-design of a republican development strategy which is to be presented to the ARC Parliament for approval in September 2010
- b) foreign investment promotion mechanisms that need to be urgently put in place for Crimea.

Activity 3 will be given high visibility through the UNDP and EU sites in Ukraine, as well as through suitable media activities.

Activity 4 – Set up of the Governing Board and regional partnerships

The Governing Board will be elected on the basis of the principles and recommended membership included in the RDA-ARC's re-drafted founding documents and statutes. Members will include:

- representatives of ARC authorities,
- representatives of research and educational institutions in ARC,
- republican Chamber of Commerce and Industry,

- regional entrepreneurs associations
- regional associations of self-governance authorities

One of the first activities and tasks of the Board of Managers is to define (a) the medium term activity plan of the RDA-ARC (Action Plan), (b) the concept of financing the regular RDA-ARC operational costs.

Experts' set-up work will include the design of the Board's procedures (operational, decisional, approval), of its organizational structure and functional terms of reference (chairmanship, secretariat and members), as well as its planning document for the RDA-ARC activities.

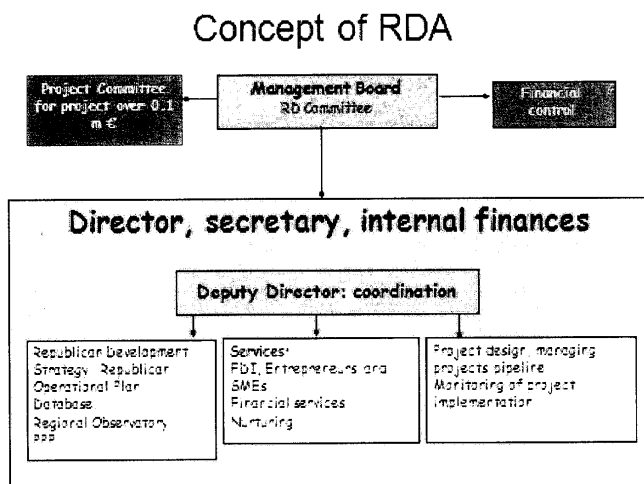
In parallel, the partnerships between the RDA-ARC and the various republican, district and municipal institutions will have to be formally agreed by the Governing Board and documented, and procedures put in place for their activation.

Activity 5 - RDA-ARC's operational preparation

This activity will be focused on preparing the whole set of **RDA-ARC's operational procedures and mechanisms**. It is important that procedures and mechanisms are designed and documented in a precise manner to ensure their **transparency and accessibility**. Work under this activity will entail:

- to prepare a **business plan** for the RDA-ARC for 3 years, yearly operational plans and yearly budgets
- to review or design the RDA-ARC's **organizational structure** and the Terms of References of the Director, specialists and administrative functions
- to design all management, administrative, monitoring, procurement, human resources management, communications' procedures as well as partnerships and interactions' mechanisms, which will be compiled in the **RDA-ARC Planning and Operational Manual**
- to design a **marketing plan** for the first two years of the RDA-ARC activities.

As mentioned earlier, it is essential that all planning and procedural documents, designed in the context of this activity, are approved by the RDA-ARC Governing Board. This will require quality and timely communications between the TAT experts and the members of the Governing Board to ensure that the formal approval by the Board of these documents is not unduly delayed.



Supporting the **selection process of the RDA-ARC relevant staff and specialists** will also be an important experts' task in the period envisaged for the Activity implementation. The RDA-ARC should have the following staff/experts:

- **Director:** this function has already been filled. The Director of the RDA-ARC is directly reporting to the Prime Minister of ARC.
- **Deputy Director:** The responsibilities of this staff will be to ensure the development of the RDA-ARC's operational plans and budgets, the coordination of activities and resources for their implementation, quality control of inputs and outputs, and adequate and timely reporting. It is anticipated that this function will be recruited in the second year of the RDA-ARC's operations and will report directly to the RDA-ARC's Director;
- **Three specialists:** in the first stage of the RDA-ARC's operations, these specialists should include, as a minimum, an Analyst, an Investment Promotion Specialist and a Projects' design Specialist; the salaries of these staff will be covered initially by the Project at the equal remuneration level of the staff recruited by RDA-ARC. It is conditional that the EU/UNDP project receives formal confirmation that these staff will be offered full time employment at equivalent remuneration levels by the RDA-ARC after end of the project;

- **Communication & Marketing specialist.** This specialist will be responsible for developing the image of the RDA-ARC through a clear Marketing and Communication strategy for the RDA-ARC. It is understood that the RDA-ARC has already recruited a national consultant to fulfill this function;
- **One administrative/finance staff.** This staff will be handling the administrative and financial/accounting responsibilities associated with the RDA-ARC's operations. It is important that suitable staff, with experience of working in a non-profit organization, should be identified.

All above mentioned staff should ideally be originated from the ARC and should be ethnically and gender balanced. Their salaries should be competitive to ensure the quality of the staff members and their motivation to work in the RDA-ARC.

Staff selection work will be carried out on the basis of strict **selection procedures** by which a tender for each position will be widely advertised, the interview process will be participatory, clear and transparent and will lead to the selection of the most suitable candidates. Selected members of the RDA-ARC Governing Board, as well as the Director, will be included in the interview panels organized for RDA staff recruitment.

A precise induction programme will be developed by project's specialists on the basis of a Training Needs Analysis (TNA) of the recruited specialists and staff. In addition, a second **study tour** to a selected RDA in Europe for the Director and its staff/specialists, as well representatives of the Project's key partners will be considered. If organized, this study tour will be designed with a very strong focus on **RDA operations, mechanisms and procedures**, to ensure that participants obtain practical information and knowhow relevant to their work in the RDA-ARC.

Activity 6 - Organization and delivery of a "Learning by doing"/coaching programme

Under this activity, project's experts will help develop each of the RDA-ARC **Units' operational plans** and will:

- conduct a **TNA** of the RDA-ARC's specialists based on the model developed by EU SSRD project (and, if suitable, of selected Governing Boards members) in relation to the Unit's particular knowledge and skills requirements
- on the basis of the TNA results, draft the Terms of Reference of a **"learning by doing" and coaching programme;**
- carry out the learning by doing/coaching programme
- carry out an assessment of the programme's effectiveness after 3, 6 and 12 months.

The above mentioned programme will be focused mainly (but not exclusively) on the following concrete skills or know-how:

- Strategic planning, sectoral planning (in particular in Tourism and Rural Development), monitoring of the social, economic and human development situation (referred to as "situation monitoring"), databases creation and management, set up and activation of public private partnerships (PPP)
- Provision of services linked to foreign investment attraction and image building (investment projects, investors' database, investors' relations, marketing of the region, etc.)
- Preparation (or support to preparation) of development projects proposals
- Relations with international and corporate donors, and funds raising for these projects
- Communications and visibility (including the design and maintenance of the RDA-ARC web-site)
- Project implementation through sub-contracting
- Budget handling
- Monitoring of project implementation and reporting to Management Board and donors.

The above list is not exhaustive and will be reviewed and refined at the time of the coaching programme's design.

As its name indicates, the 'learning by doing'/coaching programme will be provided in such a way that it will "accompany" the RDA-ARC's staff in the fulfillment of their tasks, thereby ensuring that the RDA-ARC's operations can start immediately. It is envisaged that RDA-ARC staff will firstly be provided with short but highly concrete and practical training on the tasks to be fulfilled and will be then involved in the fulfillment of the tasks by "looking and doing". After a three months period the staff will fulfill those tasks independently, shadowed by project's experts.

In preparation of and support to the second and subsequent years of RDA-ARC operations, coaching will be provided on other additional tasks/operations handled by the RDA-ARC (in addition to those mentioned in the 1st year of its operation), in particular:

- end of 1st year reporting on RDA-ARC's activities and their effectiveness (to Management Board and donors)
- preparation of the operational plan for second year of RDA-ARC's operations
- on-going monitoring of the three years' strategy implementation programme and annual reporting to ARC authorities
- inputs to the design of new 3 years strategy implementation programme and its monitoring indicators

The above list is not exhaustive and will be reviewed and refined at the time of the coaching programme's design for the second year of the RDA-ARC's operations.

Activity 7 – RDA-ARC partnership building and visibility

Particular support and training/coaching will be provided by Project's experts to support the RDA-ARC staff and specialists in implementing its marketing plan and in designing and implementing its partnership development plans. The design and implementation of an effective Public Relation campaign will be an important focus of experts' coaching to RDA-ARC staff. It is envisaged that a PR campaign should be organized and implemented from the first quarter of 2011 on a semi-constant basis.

Activity 8 – Carry out an effectiveness analysis of the RDA-ARC

At the end of the RDA-ARC's first and second years of operations, an **effectiveness analysis** will be organized by the Project and sub-contracted to an external, independent, expert/service provider. The effectiveness analysis will particularly look at such indicators as:

- quality of RDA-ARC staff outputs (managerial, administrative, monitoring)
- quality of RDA-ARC's relations and partnerships with Management Board, RDCC and LDGs, as well as with other key ARC stakeholders
- effectiveness of RDA-ARC's staff in attracting financing.

This list of indicators is not exhaustive and will be refined at the time of the effectiveness analysis preparation. The results of the analysis will be presented to the RDA-ARC Management Board, Regional Development Coordinating Council and Local Development Groups, as well as to the donor community.

Activity 9 – Review Project's effectiveness and organize and conduct project's results dissemination

Throughout the project's implementation, effective analyses will be conducted. Resources have been earmarked for this in the Budget (Annex III-A).

This activity will also ensure that the project's final outputs, lessons learnt as well as the results of the Project's and RDA-ARC's separate effectiveness analyses, will be widely disseminated at the level of the Crimean peninsula and at the national level. The Local Governance and Development Knowledge Network, envisaged under the current EU-funded CBA project, at local and republican level and respective sub group of the donors coordination at national level (currently sub-group A4 "Regional Cooperation"), will constitute the ideal platforms for experience dissemination. The dissemination of the project's results will help inform the work carried out through the EU SSRD project at national level to improve regional development policy and implementation mechanisms in Ukraine.

III. ANNUAL WORK PLAN

EXPECTED PROJECT OUTPUTS (strategic directions) and indicators including annual targets	PLANNED ACTIVITIES		RESPONSIBLE PARTY	TIMEFRAME				Planned budget					
	Activity results and associated actions	Activity		2010	2011	2012	2013	Fund ID	Donor ID	Budget description	Amount EUR	Amount USD	Amount EUR for 2010
<p>Output 1. Governing, managerial and operational capacities of RDA fully developed and able to function autonomously</p> <p><u>Targets 2010</u></p> <p>1.1. By end of month 3 of project implementation, clear concept of RDA and its role in regional development endorsed by key stakeholders</p> <p>1.2. By end of month 3 of PI, legal status of RDA changed to that of not-for-profit organization</p> <p>1.3. By end of month 4 of PI, Governing board set up, comprising balanced representation of Crimean key stakeholders (not exceeding 10)</p> <p>1.4. By end of month 6 of PI, governing board operational procedures put in place</p> <p>1.5. By end of month 6 of PI, Governing Board approves RDA strategy for 3 years and its business plan</p> <p>1.5. By end of month 6 of PI, RDA's procedures fully developed</p> <p>1.6. By end of month 3 of PI, 5 staff recruited and, by end of month 6, able to fully use the developed RDA's procedures</p> <p>1.7. By the end of month 6 of PI,</p>	<p>Activity 1. Project launch</p> <p>1.1. Recruitment and contracting of DTL</p> <p>1.2. Meetings with ARC government to ensure understanding of project</p> <p>1.3. Regional launch conference & signature of Joint Declaration</p>	<p>UNDP</p> <p>UNDP</p> <p>UNDP</p> <p>UNDP</p> <p>UNDP</p>					30079	10159	71400 - Contract Serv. Indv.	78,676.25	96,063.80	19,669.06	
							30079	10159	71600 - Travel	2,000.00	2,442.00	2,000.00	
							30079	10159	72100 - Contr. Serv- Cos.	5,000.00	6,105.01	5,000.00	
							30079	10159	74500 - Miscs	3,427.05	4,184.43	1,066.76	
							30079	10159	75100 - F&A	6,237.23	7,615.67	1,941.51	
										95,340.53	116,410.91	29,677.33	
		<p>Activity 2. Establishment of Project's TAT</p>	UNDP					TRAC	00012	71200 - Intern. Consultants Cost	41,769.00	51,000.00	10,442.25
		<p>2.1. Project's office set up</p>	UNDP					TRAC	00012	71300 - Local Consultants Cost	9,805.76	11,972.84	4,139.12
		<p>2.2. Core staff recruitment</p>	UNDP					TRAC	00012	74500 - Miscs	2,062.99	2,518.91	583.25
		<p>2.3. Preparation of ToRs of special expertise</p>	UNDP					30079	10159	71200 - Intern. Consultants Cost	184,275.00	225,000.00	184,275.00
		<p>2.4. Recruitment and contracting</p>	UNDP					30079	10159	71300 - Local Consultants Cost	43,756.84	53,427.16	43,756.84
			UNDP					30079	10159	71400 - Contract Serv. Indv.	131,880.29	161,026.00	34,403.55
			UNDP					30079	10159	71600 - Travel	76,230.40	93,077.41	20,000.00

Crimean stakeholders	Activity 9. Project's results dissemination	UNDP	30079	10159	71600 - Travel	4,000.00	4,884.00	
	9.1. On-going results dissemination (newsletter, bulletins, videos, press lunches, etc.)	UNDP	30079	10159	72100 - Contr. Serv- Cos.	12,833.00	15,669.11	384.00
	9.2. End of project conference	UNDP	30079	10159	74200 - Audio Visual Product and Media Costs	8,400.00	10,256.41	
	9.3. Methodological guides preparation and publication	UNDP	30079	10159	74500 - Miscs	1,009.32	1,232.38	15.36
	9.4. Press tours (x 3)	UNDP	30079	10159	75100 - F&A	1,836.96	2,242.93	27.96
	Activity 10 – Personnel, equipment, audit, supplies, transport & sundries					28,079.28	34,284.84	427.32
		UNDP	30079	10159	61300 - Salary of IP Staff	135,111.84	164,971.72	19,301.69
		UNDP	30079	10159	73500 - Cost recovery Charg.	8,190.00	10,000.00	8,190.00
		UNDP	30079	10159	71400 - Contract Serv. Indv.	41,096.00	50,178.27	12,638.22
		UNDP	30079	10159	71600 - Travel	11,618.60	14,186.32	10,000.00
		UNDP	30079	10159	72100 - Contr. Serv- Cos.	30,000.00	36,630.04	10,000.00
		UNDP	30079	10159	72200 - Equipment & Furniture	43,727.00	53,390.72	43,727.00
		UNDP	30079	10159	72500 - Office Supply	12,000.00	14,652.01	3,000.00
		UNDP	30079	10159	72400 - Communication & Audio Visual Eq.	10,000.00	12,210.01	2,500.00
		UNDP	30079	10159	73100 - Rental and Maint. Premises	11,840.00	14,456.65	2,960.00
		UNDP	30079	10159	73400 - Rental & Maint. Other Eq/	18,000.00	21,978.02	4,500.00

Crimean stakeholders

Output 3. RDA is able to successfully attract investors' and donors' funds to fulfill Crimea's regional strategic development goals.

End of project targets

1.12. By end of project, RDA has directly contributed to an increase in FDI of no less than 20% above the 2012 target

1.13. By end of project, RDA has directly contributed to the set up of no less than 2 large PPP projects with project proposals sent to IFCs

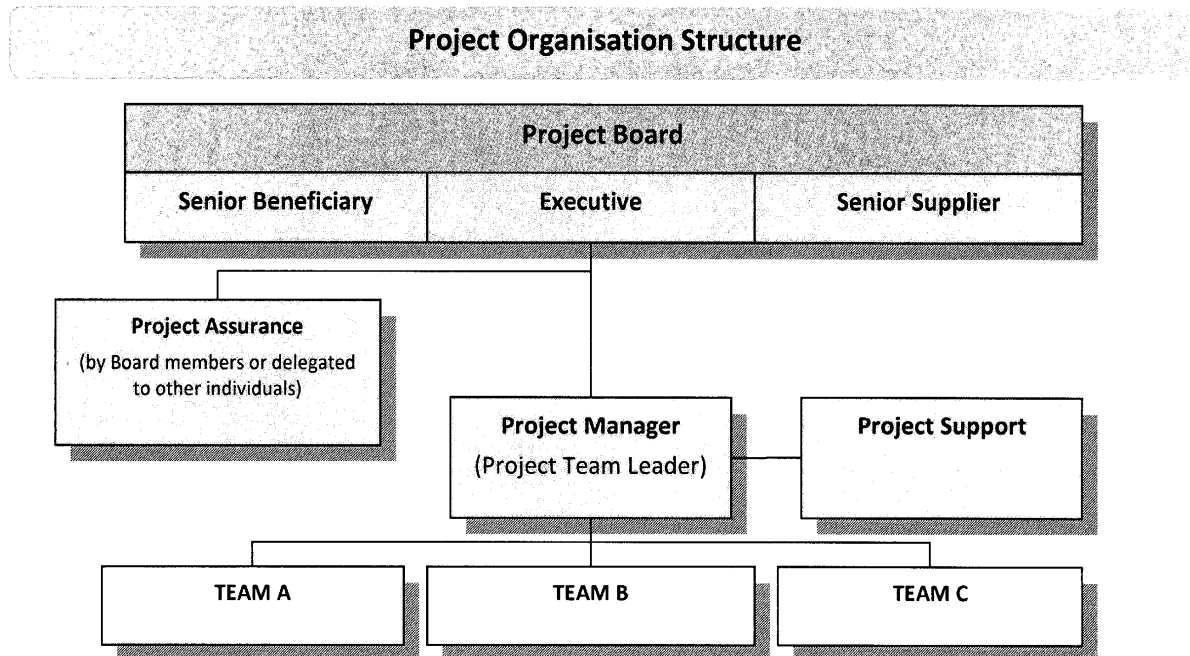
1.14. By end of project, RDA has initiated and contributed to the preparation of no less than 3 international aid projects focused on the achievement of Crimea's strategic socio-economic development targets

IV. MANAGEMENT ARRANGEMENTS

This project will be implemented under the Country Programme Action Plan 2006-2011 (Annex 2) using UNDP Direct Implementation Modality (DIM). Taking into account that the project will work in an uncertain policy environment, where the roles of central level ministries and ARC level are in the process of revision, there is a strong rationale to implement Project under DIM.

UNDP possesses significant experience and expertise in achieving local development results through capacity development of local governments, supporting enabling environment for business development, broad involvement of all stakeholders in policy consultations process. UNDP Ukraine has proven ability to monitor the technical aspects of the capacity development programmes, ensure that periodic progress and technical reports are received and interpreted, and ensure regular consultations with beneficiaries and contractors.

UNDP Ukraine will be responsible for the overall management of the project, in particular for achieving expected outputs. Similarly, UNDP will be accountable for the use of project resources. Management arrangements for the ARC RDA project are designed using the PRINCE2 project management methodology. PRINCE2 has been adopted globally by UNDP as the standard methodology to be used in managing all UNDP projects. Below is a diagram of the ARC RDA project management structures:



A. Project Board

The Project Board is the group responsible for making, on a consensus basis, management decisions for the project when guidance is required by the Project Team Leader, including recommendation for UNDP approval of project revisions. Project reviews by this group are made at designated decision points during the running of the project, or as necessary when raised by the Project Team Leader. This group is consulted by the Project Manager for decisions when project tolerances (i.e. constraints normally in terms of time and budget) have been exceeded.

This group contains three roles:

- Executive (role represented by UNDP) that holds the project ownership and chairs the group,
- Senior Supplier (role represented by EU and UNDP) that provides guidance regarding the technical feasibility of the project,
- Senior Beneficiary (role represented by two representatives of AR Crimea: the Council of Ministers of AR Crimea and ARC Parliament) that ensures the realization of project benefits from the perspective of project beneficiaries.

Potential members of the Project Board are reviewed and recommended for approval during the Local Programme Advisory Committee (LPAC) meeting.

Thus, the Board represents at managerial level the interests of the implementing partner (UNDP), responsible parties, as well as EC. Board members will be senior managers and will have authority and responsibility for the commitment of resources to the project, such as personnel, cash and equipment. The Project Board will 'manage by exception', meaning Board members will be regularly informed of the project's progress but will only be asked for joint decision making at key points during implementation.

While joint decision making is required at key points during Project implementation, it is important to note the Board is not a democracy controlled by votes. The Board's Executive – a UNDP Senior Manager – is the key decision maker because he/she is ultimately responsible for the project's effective and efficient implementation.

The Project Board is appointed by UNDP programme management to provide overall direction and management of the project. It is responsible for ensuring that the project remains on course to deliver products of the required quality to meet expected results. Furthermore, the Board is accountable for the success of the project and has responsibility and authority for Project within the instructions set by UNDP programme management.

The Board approves all major plans and authorizes any major deviation from agreed Project work plans. It ensures that required resources are committed and arbitrates on any conflicts within the project or negotiates a solution to any problems between the project and any parties beyond the scope of the project.

Project Assurance is the responsibility of each Project Board member, but the role can be delegated. The Project Assurance role supports the Project Board by carrying out objective and independent project oversight and monitoring functions. This role ensures appropriate project management milestones are managed and completed. A UNDP Programme Manager holds the Project Assurance role for the UNDP Board member.

The Project Team Leader has the authority to run the project on a day-to-day basis on behalf of the Project Board within the constraints laid down by the Project Board. The Project Team Leader is responsible for day-to-day management and decision-making for the project. The Project Team Leader's prime responsibility is to ensure that the project produces the results specified in the project document, to the required standard of quality and within the specified constraints of time and cost. **The Project Team Leader will be appointed by UNDP.**

Project implementation will be governed by the provisions of the present Project Document and UNDP Operations Manual.

B. The Team

The following setup is proposed for the project's Technical Assistance Team in Crimea. The **core team** will comprise:

- **a Team Leader (international).** The TL will be a strong and experienced expert in Regional Development Policy from a EU perspective. He/she will plan, coordinate and monitor project implementation's activities and quality of outputs, report to UNDP and EU, will be responsible for effective communications and interactions with projects' partners, UNDP Ukraine and Crimea, the EU Crimea Coordinator, the EU project Support to Sustainable Regional Development (SSRD) as well as for establishing good coordination mechanisms for project implementation with the donors' community present in Crimea. The TL will need to be able to operate fluently in Russian;
- **a Deputy Team Leader.** The specialist will be a **national** expert, with excellent knowledge, understanding and experience of European regional development principles and policies and international standards of strategic planning for regional development. He/she will need to have strong communications and interpersonal skills and be able to establish excellent (trust based) working relationship with the Director and Deputy Director of the Agency, as well as with the members of the Governing Board. The DTL should operate fluently in Russian, Ukrainian and English;
- **Three Units' full-time experts.** These experts will be national ones and will need to demonstrate practical experience in Regional Strategic Planning, FDI work and Development Projects' work. Together

with the Deputy Team Leader, they will be responsible for the procedural development of the Agency, the design of operational plans for each Unit and the production of an Operational and Business Processes manual as well as other relevant materials for future reference by the Agency's staff. In collaboration with the DTL, they will develop their respective Unit's capacity building programme and will manage and supervise its implementation. They will need to be able to provide concrete and practical advice linked to the Unit's activities. It would be desirable if these experts would operate fluently in Russian and Ukrainian and have a good working knowledge of English.

- The **M&E, Reporting & Visibility**, as well as the **Administration/Finance functions** will be fulfilled by national staff of the UNDP Crimea Project Services Center (PSC). The function of M&E, reporting and visibility will include reporting on project's progress on a regular basis (according to EU and UNDP requirements), ensuring that the project's main events and outputs are given due attention in the local, regional and national press, as well as in the EU and UNDP sites. The PSC specialist fulfilling this function will ensure the design and dissemination of relevant information and communication materials to target groups according to the EU and UNDP visibility guidelines. The function of Administration/Finance will entail the financial and administrative management of the project. The PSC specialist will ensure that EU and UNDP financial management rules and procedures are fully in place and implemented throughout the duration of the project.

Additional international and national/local expertise will be used on a short time basis to:

- support the core team in the setting up of the Management Board
- support the core team in the consultation process
- support the core team in the preparation of the RDA Operational Manual
- support the preparation of the Agency's business plan
- organise and accompany the study tours
- organise and implement specific modules of the capacity building and coaching programme (trainers, coaches)
- provide concrete advice on any aspects of the RDA's operations.

V. MONITORING FRAMEWORK AND EVALUATION

In accordance with the programming policies and procedures outlined in the UNDP User Guide, the project will be monitored through the following:

Within the annual cycle

- On a quarterly basis, a quality assessment shall record progress towards the completion of key results, based on quality criteria and methods captured in the Quality Management table below.
- An Issue Log shall be activated in Atlas and updated by the Project Manager to facilitate tracking and resolution of potential problems or requests for change.
- Based on the initial risk analysis submitted (see annex 1), a risk log shall be activated in Atlas and regularly updated by reviewing the external environment that may affect the project implementation.
- Based on the above information recorded in Atlas, a Project Progress Reports (PPR) shall be submitted by the Project Manager to the Project Board through Project Assurance, using the standard report format available in the Executive Snapshot.
- a project Lesson-learned log shall be activated and regularly updated to ensure on-going learning and adaptation within the organization, and to facilitate the preparation of the Lessons-learned Report at the end of the project
- a Monitoring Schedule Plan shall be activated in Atlas and updated to track key management actions/events

Annually

- **Annual Review Report.** An Annual Review Report shall be prepared by the Project Manager and shared with the Project Board and the Outcome Board. As minimum requirement, the Annual

Review Report shall consist of the Atlas standard format for the QPR covering the whole year with updated information for each above element of the QPR as well as a summary of results achieved against pre-defined annual targets at the output level.

- **Annual Project Review.** Based on the above report, an annual project review shall be conducted during the fourth quarter of the year or soon after, to assess the performance of the project and appraise the Annual Work Plan (AWP) for the following year. In the last year, this review will be a final assessment. This review is driven by the Project Board and may involve other stakeholders as required. It shall focus on the extent to which progress is being made towards outputs, and that these remain aligned to appropriate outcomes.

The project will be subject to the internal and external auditing procedures laid down in the Financial Regulations, Rules and directives of UNDP. Should the biennial Audit Report of the Board of Auditors of UNDP to its governing body contain observations relevant to the project, such information shall be made available to the relevant Donors.

VI. QUALITY MANAGEMENT FOR PROJECT ACTIVITY RESULTS

OUTPUT 1: To build the capacities of a Regional Development Agency, endorsed by Crimean development actors, able to effectively coordinate and contribute to the sustainable regional development of the peninsula		
Activity Result 1. (Atlas Activity ID)	Project launch	Start Date: mid-August 2010 End Date: early September 2010
Purpose	To kick start the project's implementation	
Description	Project launch will include: a) recruitment and contracting of Team Leader and Deputy Team Leader, b) meetings with ARC Government to ensure understanding of the project, c) organising project launch conference and signature of Joint Declaration for project implementation	
Activity Result 2. (Atlas Activity ID)	Establishment of Project's Technical Assistance Team	Start Date: mid-August 2010 End Date: end Sept 2010
Purpose	To set up the Technical Assistance Team of the project	
Description	This activity will include: a) the project's office set up, b) core staff recruitment, c) preparation of ToRs for special expertise, d) recruitment and contracting	
Activity Result 3. (Atlas Activity ID)	Round of consultations, urgent advice and public information campaign	Start Date: mid Sept 2010 End Date: mid Oct 2010
Purpose	To ensure endorsement of the Regional Development Agency for Crimea by the key Crimean stakeholders and inform the public about its existence	
Description	This activity will include: a) a round of consultations on the status and role of the RDA and the regional development policy as a whole, b) the preparation and endorsement of a RDA concept for Crimea, c) the organisation of a public information/awareness campaign, d) the organisation of study tours.	
Activity Result 4. (Atlas Activity ID)	Governing board set up	Start Date: mid Sept 2010 End Date: end Nov 2010
Purpose	To support the formation of an effective governing board to oversee the RDA's activities and results	
Description	This activity will include: a) organisation of the Board, b) design of the Board's procedures, c) preparation of and support to meetings of the Governing Board	
Activity Result 5. (Atlas Activity ID)	RDA operational preparation	Start Date: mid Sept 2010 End Date: end 2010

Purpose	To put in place the RDA managerial and operational procedures and train RDA staff on them, as well as staff the Agency	
Description	This activity will include: a) designing of RDA organisational structure, b) design of detailed operational manual, c) recruitment of Agency's staff	
Activity Result 6. (Atlas Activity ID)	RDA operations and capacity building	Start Date: Oct 2010 End Date: end of project
Purpose	To develop the capacities of the RDA to fulfil its role and key functions	
Description	This activity will include: a) the preparation and delivery of induction training of RDA's staff; b) support to the implementation of RDA units' operational plans through coaching and on the job training	
Activity Result 7.	RDA partnership building and visibility	Start Date: Oct 2010 End Date: end of project
Purpose	To support the development of a wide and balanced network of partners (at all administrative levels) with which the RDA will have to work	
Description	This activity will include: a) the identification of development actors at all administrative levels with which the RDA will need to work, b) the design of a coherent partnership approach, c) coaching and on the job training of RDA units' staff	
Activity Result 8. (Atlas Activity ID)	Effectiveness analysis of the RDA	Start Date: end July 2011, end July 2012 End Date: and August 2011, end August 2012
Purpose	To measure the effectiveness of the RDA in terms of results, resources' utilisation and capacities	
Description	This activity will be focused on conducting a survey on the RDA's effectiveness which will include interviews with RDA's partners and users. Such a survey will be carried out at end of Year 1 of the Project and at Project's completion	
Activity Result 9. (Atlas Activity ID)	Project's results dissemination	Start Date: Oct. 2010 End Date: end of project
Purpose	To ensure the full and wide dissemination of the project's key results through quality communication channels	
Description	This activity will include: a) on-going results' dissemination (through newsletter, bulletins, videos, press lunches, etc.), b) the organisation of an end of project conference, c) the preparation of methodological guides and publications	
Activity Result 10. (Atlas Activity ID)	Personnel, equipment, supplies, transport and sundries	Start Date: mid-August End Date: end of project
Purpose	To provide quality and timely project's resources for its implementation	
Description	This activity will provide necessary resources (human and technical) for the timely implementation of the project	
Quality Criteria <i>how/with what indicators the quality of the activity result will be measured?</i>	Quality Method <i>Means of verification. What method will be used to determine if quality criteria has been met?</i>	Date of Assessment <i>When will the assessment of quality be performed?</i>
1. Clear concept of RDA endorsed	Evidence of a signed concept	End of month 3 of PI
2. RDA legal status changed to that of not-for-profit and non-state organisation	Evidence of the RDA's new legal statutes	End of month 5 of PI
3. Governing board set up, comprising	Governing board membership,	End of month 5 of PI

balanced representation of Crimean key stakeholders, and operating (no less than 4 meetings per year). Governing Board's operational procedures put in place.	operational procedures and meeting's plan	
4. RDA strategy for 3 years approved by Governing Board	Evidence of signed/approved RDA strategy	End of month 6 of PI
5. RDA's management and operational procedures fully developed and used by RDA staff, including mechanisms to ensure gender and ethnic balance	Evidence of procedures and of their use by staff	End of month 7 of PI
6. RDA's image in terms of regional development planning and coordination is strong and visible in Crimea as well as outside Crimea	Results of effectiveness analyses	End of year 1 of Project Implementation (PI), and end of project End of year 1 of Project Implementation (PI), and end of project
7. Trained/coached staff able to perform duties autonomously and to show concrete personal results in all aspects of RDA's operations		
8. RDA directly contributes to an increase in FDI of no less than 20% above the 2012 target (defined at \$ 815 m).		
9. RDA directly contributes to the set-up of no less than 2 large PPP projects with project proposals sent to IFCs		
10. RDA initiates and contributes to the preparation of no less than 3 international aid projects focused on the achievement of Crimea's strategic development goals		

VII. LEGAL CONTEXT

This document together with the CPAP signed by the Government and UNDP which is incorporated by reference constitute together a Project Document as referred to in the Standard Basic Assistance Agreement (SBAA) of 3 June 1993 and all CPAP provisions apply to this document.

Consistent with the Article III of the Standard Basic Assistance Agreement, the responsibility for the safety and security of the implementing partner and its personnel and property, and of UNDP's property in the implementing partner's custody, rests with the implementing partner.

The implementing partner shall:

- a) put in place an appropriate security plan and maintain the security plan, taking into account the security situation in the country where the project is being carried;
- b) assume all risks and liabilities related to the implementing partner's security, and the full implementation of the security plan.

UNDP reserves the right to verify whether such a plan is in place, and to suggest modifications to the plan when necessary. Failure to maintain and implement an appropriate security plan as required hereunder shall be deemed a breach of this agreement.

The implementing partner agrees to undertake all reasonable efforts to ensure that none of the UNDP funds received pursuant to the Project Document are used to provide support to individuals or entities associated with terrorism and that the recipients of any amounts provided by UNDP hereunder do not appear on the list maintained by the Security Council Committee established pursuant to resolution 1267 (1999). The list can be accessed via <http://www.un.org/Docs/sc/committees/1267/1267ListEng.htm>. This provision must be included in all sub-contracts or sub-agreements entered into under this Project Document".

ANNEXES

Risk Log: cf. Annex 1

Agreements: cf. Annex 2

Terms of Reference: cf. Annex 3

Capacity Assessment: n.a.