

Support to the Regional Development Agency of the Autonomous Republic of Crimea (Phase I)

Support to the Regional Development of Crimea (Phase II)

**Final Report**

**(July 23, 2010 – June 30, 2013)**



**Simferopol, 2013**

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# List of Abbreviations

|  |  |
| --- | --- |
| ARC | Autonomous Republic of Crimea |
| CoM | Council of Ministers |
| DTL | Deputy Team Leader |
| EBRD | European Bank for Reconstruction and Development |
| ENPI | European Neighbourhood Policy Instrument |
| EU | European Union |
| FDI | Foreign Direct Investments |
| LDA | Local Development Agency |
| LDI | Local Development institution |
| M&E | Monitoring & Evaluation |
| MED&T | Ministry of Economic Development & Trade |
| MP | Member of Parliament |
| NGOs | Non-Governmental Organizations |
| OP | Operational Plan |
| PPP | Public Private Partnership |
| RDA | Regional Development Agency |
| RDI | Regional Development Institution  |
| SRDA | Project “Support to the RDA in the ARC” |
| SRDC | Project “Support to the regional development of the ARC” |
| SWM | Solid waste management |
| TAT | Technical Assistance Team |
| TL | Team Leader |
| TNA | Training Needs Analysis |
| ToRs | Terms of Reference |
| TSA | Tourism Satellite Account |
| UNDP | United Nations Development Programme |
| UNWTO | United Nations World Tourism Organisation |
| USAID | United States Agency for International Development |

# I. Introduction

## I.1. Purpose and scope of the report

The purpose of this report, intended for the Delegation of the European Union in Ukraine and UNDP Ukraine, is to provide an analysis of the Project’s achieved activities and outputs against plans and to present key results and outcomes against those specified in the two Project’s log-frames. It also identifies the major constraints faced by the Project’s team throughout the implementation period and draws key lessons learnt.

Across all report’s chapters, the above-mentioned analysis is presented per Project phase, i.e.:

1. **Phase I** of the project “Support to the Regional Development Agency of the Autonomous Republic of Crimea” (further SRDA project) which took place over the period **1st August 2010 to end February 2012,**
2. **Phase II** of the refocused project “Support to the Regional Development of Crimea” (further SRDC project) which took place over the period **1st March 2012 to 30st June 2013.**

## I.2. Background information on the Project

The Project was implemented over a total period of 2 years and 11 months. Initially planned to provide support to the Regional Development Agency of Crimea, it was refocused at the beginning of 2012 to meet the regional development needs of Crimea, in particular at a local level. The following sub-sections provide a short summary of each phase.

**I.2.1. Phase I – the SRDA Project**

The Support to Regional Development Agency Project started in August 2010. It was designed with the goal of developing a strong regional development coordination capacity within the Autonomous Republic of Crimea. Such a coordination function was to be fulfilled by a Regional Development Agency with a not-for-profit legal status. The Project’s specific objectives were: a) to build the RDA governing, human and operational capacities in order to ensure its viability and sustainability after project end and b) to establish the RDA coordinating role and mechanism for regional development, enabling it to interact effectively with other institutions at republican and local levels.

The SRDA project was targeted at identifying best models and practices of EU regional development policy and regional development institutions (including RDAs) and adapting these to the Crimean context. Its direct target group comprised the staff of the RDA and its Management Board. Its beneficiaries were the Council of Ministers of ARC and the Parliament of ARC. Other target groups included representatives of republican level, NGOs involved in regional development work, heads of city councils and district administrations, Associations of community organizations, business promotion centers and business associations.

At the end of the Project’s design stage (in May 2010), the Council of Ministers of ARC announced that a structure existing since 2004 was to be “revitalized” to become the Regional Development Agency of Crimea. At project’s start, the CoM clearly stated its commitment to financially cover part of the Agency’s costs at least in the first years of its operations, with the understanding that the organization should become financially self-sufficient. The CoM also indicated its determination not to change the legal status of the Agency (a commercial entity). The issue of the organisation’s legal status became a stumbling block to the implementation of the project. The Project’s Technical Assistance could only be given to the Agency provided it was a not-for-profit organisation governed in a transparent manner. Despite analyses carried out by the Project indicating that the re-establishment of the ARC RDA as a non-profit entity was the most advantageous option as it would enable it to work not only with investors and businesses but also with donor organisations, the CoM confirmed by end of 2011 that it intended to keep the current RDA as a commercial structure dealing with investment attraction/investors’ relations, and that it did not envisage any changes in its management and staffing level.

At the end of February 2012, the EU and UNDP decided to stop providing direct support to the ARC RDA and to refocus, at the request of the CoM of ARC, the Project’s remaining resources and activities to strengthen republican and local level development capacities. A decision was also taken to extend (at no additional cost) the project until end June 2013.

**I.2.2. Phase II - The SRDC Project**

From March 2012, therefore, the Project entered its “second phase” and was renamed “Support to the Regional Development of Crimea”. It was intended that the refocused Project would not only continue building the capacities of republican institutions in regional development but would also provide concrete support to local institutions at district and municipality levels to attract and absorb funding for their development initiatives. It was also envisaged that the Project would continue promoting, in the Crimean peninsula, the key principles of coherent and equitable regional and local development and applicability of EU mechanisms and standards.

The Project’s was refocused in order to:

1. respond to the regional development capacity needs expressed by its key partner, the Council of Ministers of ARC,
2. ensure project’s impact and sustainability of regional development capacities not only at republican but also, importantly, at local level.

The Project’s refocusing envisaged a bottom-up approach to institutional building, which favored local capacity development and a demand-led set-up of one or more local development institution(s) (LDIs). Whilst the Project’s main objective remained the same as in the first phase (“to contribute to the regional and local development of the peninsula”), its specific objectives were:

1. to continue strengthening republican and local expert capacities to develop coherent and equitable regional development policies and strategies, and attract and absorb funding for their implementation in the peninsula
2. in parallel, to prepare the grounds for the possible set-up of institution(s) able to fulfill the effective coordination of regional and local development activities across the peninsula and support their/its organization and operations if and when set up
3. to disseminate the Crimean experience at national level.

# II. Activities carried out during the whole Project’s implementation period

This chapter provides a review of the key activities conducted by the Project in its two phases. For each activity, it describes the key outputs achieved. In the case of non-completed activities, an analysis of the key constraints encountered is provided as well as an explanation of the Project’s management response.

**II.1. Phase 1 – SRDA Project**

According to the Project Document, the following activities were planned for this phase of the Project:

|  |  |
| --- | --- |
| **Project activities** | **Implementation time frames** |
| Activity 1 – Project Launch | August to end October 2010 |
| Activity 2 – Establishment of TAT (Technical Assistance Team) | August to end October 2010 |
| Activity 3 – Round of consultations, urgent advice and public information | August to end 2010 |
| Activity 4 – Governing board and partnership set up | August to end November 2010 |
| Activity 5 – RDA operational preparation | August to end November 2010 |
| Activity 6 – Learning by doing/coaching programme | November 2010 to end of project |
| Activity 7 – RDA partnership building and visibility | November 2010 to end of project |
| Activity 8 – Effectiveness analysis of the RDA | First in June 2011, Second in June 2012 |

**Activity 1 – Project Launch**

With agreement from the EU Delegation, the Project launch, initially planned to take place within 3 months of project’s start, was postponed and took place during the Black Sea Economic Forum in Yalta in November 2010. During this high level annual event, organized by the Council of Ministers of ARC and attended by more than 200 participants (businessmen, investors, representatives from foreign governments, national government, NGOs, as well as donor organisations), the Project and the RDA had the opportunity to present their respective objectives and key activities. Large mass media coverage of the event and of these particular presentations ensured the Project’s visibility. The Project launch was complemented by two important events:

* in February 2011, the official opening of the RDA by Vasyl Dzharty, Chairman of the Council of Ministers of ARC, Jose Manual Pinto Teixeira, Ambassador of the European Union and Olivier Adam, UNDP Resident Representative
* in the same month, a conference on the regional development of Crimea “Planning, cooperation and partnerships” organized by the Project attended by more than 100 participants.

**Activity 2 – Establishment of the Project’s Technical Assistance Team (TAT)**

According to the Description of the Action, the total number of staff envisaged in the TAT was 8. The TAT was fully staffed in May 2011.

Whereas key team’s functions such as the Deputy Team Leader (DTL), two National Experts (in strategic planning and investment promotion respectively), the Finance and Administration staff, the communication and visibility staff were recruited within three months of Project’s start (the project actual start date was 19 August 2010), other positions, such as the international team leader, the third national expert (on project development), the Monitoring, Evaluation and Reporting staff and the Project Assistant were recruited between January 2011 and May 2011. Major delays were mainly experienced in relation to the recruitment of the international Team Leader (TL) and national expert on Project Development. This was due to the fact that UNDP encountered difficulties in finding suitable candidates for these positions. The recruitment of the M&E/reporting associate and the project assistant was delayed to fit with the demands of the project.

**Activity 3 – Round of consultations, urgent advice and public information**

Under this activity, key consultations were focused:

* on the Crimean **long term development strategy (up to 2020)**. The SRDA project participated in the Strategic Planning Supervisory committee set up by the Government of ARC to discuss results emerging from the different stages of the Strategy preparation. It provided comments on the Strategy’s draft pointing at strategic planning weakness especially in relation to social and human development. The identified weaknesses were not, however, sufficiently addressed by the designers of the Strategy which was approved by ARC Verkhovna Rada in December 2010. Under pressure from a group of international and national/local experts (including Project’s experts), the CoM of ARC showed openness to suggestions on adapting the national MDGs to Crimea and using its set of indicators to measure human development in the framework of the Strategy implementation. The MDGs localization was led by the Project
* on the **monitoring of the ARC long term development strategy**. Such consultations ensured the full participation of RDA staff in using a situation monitoring tool, designed by UNDP, including data from quarterly public opinion polls, official statistics, results of focus groups and results of events’ analysis. A total of 3 monitoring reports (quarterly and semi-annual) were produced during this Phase and distributed to the CoM, the ARC Parliament as well as the Ukraine President’s Representative in Crimea
* on the **RDAs role and legal status**. On the one hand, a knowledge transfer event was organized for key Crimean stakeholders to get acquainted with effective RDA models in Croatia and the Croatian state policy to stimulate regional development. On the other hand, this was complemented, between November 2010 and May 2011, by an analysis of the Agency’s legal status and its implications on its ability to fulfill its regional development role as well as to receive donors funding. The analysis suggested that the establishment of the Crimean RDA as a not-for-profit entity was the most advantageous. This analysis was further refined in the period December 2011 and January 2012, when the Project mapped out concrete legal options available for an RDA and highlighted the optimal one, i.e. that of a not-for-profit organization founded by a government institution. Such a proposed legal form was however rejected by the CoM and the RDA remained a commercial entity (this triggered the Project’s funders/implementer, from March 2012, to stop providing direct technical assistance to the RDA)
* on **foreign investment promotion mechanisms**. An international expert produced an in-depth analysis of the existing situation and presented it in July 2011. In the context of this presentation, he provided concrete recommendations in relation to investment barriers and FDI climate in the Peninsula. The presentation also provided the results of an opinion poll of foreign investors already present in Crimea as well as international consulting companies involved in the process of FDI promotion. The advice provided on this issue raised a lot of interest from various Crimean stakeholders and was largely covered by Crimean mass media. In addition, and in order to raise the awareness of Crimean stakeholders of successful national FDI promotion models, a visit to Rivne was organized for 14 participants which allowed to discuss concrete approaches to investment promotion and investors’ relations
* on **regional competitiveness and innovations**. Several events were organized to transfer knowledge and provide advice on these themes, important for regional development. Two conferences of 100 participants each, one workshop gathering 20 key stakeholders and three Open Doors days took place which allowed to present and discuss the key principles of regional competitiveness, review successful EU experiences, and consider their applicability to Crimea, as well as to lay the grounds for the design of a Regional Innovation Strategy
* on the establishment of a **regional Tourism Satellite Account** for Crimea. Given the importance of tourism as a key strategic priority of the republic, and in response to a request for urgent technical assistance by the Ministry of Tourism & Resorts, the SRDA project provided international expertise from UNWTO to undertake an evaluation of the situation and an analysis of the TSA perspectives in the region.

**Activity 4 – RDA Governing Board set up**

The task of setting up the RDA Governing Board could not be implemented. Some optimism had arisen in the period August to September 2011 when intensive discussions took place between Project’s experts and the Council of Ministers (Deputy Prime Minister in charge of economic affairs) on the need to set up such a Board, which would strategically guide the activities of the RDA whilst ensuring control over its results. Despite a preliminary agreement from the CoM to set up this Board, no further actions were carried out by the CoM to actually start its set-up. Yet, during the period from September 2011 to end February 2012, a package of documents relating to the set up and operations of the potential Governing Board was designed by Project experts (cf. also Activity 5). This included considerations on the legal status of the RDA, its objectives and purpose, its tasks, terms of reference for its Governing board and for a Regional Development Coordination Council for Crimea. These documents were forwarded to the CoM and to the Director of the RDA. On 16 November 2011, the Deputy Prime Minister left her position in the CoM of ARC. The Director of the RDA did not undertake any further actions to set up the Governing Board. Work on this activity was thus stopped.

**Activity 5 – RDA operational preparation**

The Project carried out a substantial amount of work at several stages of the Project’s first phase, to operationally prepare the RDA. This included (a) the preparation of planning documents and operational procedures for the Agency and (b) the organization and delivery of induction training.

*Planning documents and operational procedures* included: the RDA organizational structure and Terms of Reference of the Director, specialists and administrative functions; a business plan of the Agency and an operational plan and its budget for each of its departments; detailed procedures for the set-up of transparent recruitment procedures (that were further used to recruit the Director and the Agency staff); draft concept of the Agency’s portfolio of services. The implementation of these plans as well as the use of the procedures only took place partially, as the Director of the RDA did not refer to them and followed, on an ad hoc basis, priorities that he set for himself and the Agency or which were dictated by the CoM. Other tasks, relating to the design of the RDA Operational Manual, which had been planned to take place towards the end of 2011, were partially undertaken. In the RDA’s uncertain situation, the Project felt that this activity was not to be pursued further until the Agency’s structural issues were resolved.

*Induction training*: Delays were encountered in the fulfillment of these tasks, as the RDA Director and staff were recruited in November 2010 and March 2011 respectively. The induction training was meant to kick start RDA staff in fulfilling their activities. Whereas a preliminary TNA had been carried out in November 2010 and on its basis induction training modules were designed not only for the RDA staff but to a wider audience of key stakeholders, it was necessary to review the operational and staffing situation after 4 months of Agency’s activities (i.e. in May 2011) and carry out a new TNA, on the basis of which the induction training was revised. Given the strong focus of RDA’s activities on FDI and other funding attraction, organized training events included: a half day inception workshop on FDI locations selection (15 participants including staff from CoM), a workshop on mechanisms and techniques for applying for projects’ funding (20 participants including staff from CoM); a training programme on FDI promotion, comprising 3 two-day modules (20 participants including representatives from local authorities). This training programme was concluded by a set of exams whose results led to the award of 14 graduation certificates.

**Activity 6 – Learning by doing/coaching programme**

The learning by doing/coaching programme was aimed at providing direct support to the RDA staff in fulfilling their operational plans and tasks. The RDA staff was supported in the following manner:

*Investment promotion*: the Project team provided on-going coaching and support to the design and production of Crimea’s Investment Profile, districts and cities’ investment profiles, to design and maintain an investment property database, to carry out sectoral analyses related to priority sectors (transportation hotels and resorts) for dissemination to potential investors. Out of the above mentioned products, two were further (in the second part of the Project) institutionalized: the investment profiles, after a second update in February 2013, were transferred to the regional office of the State Agency for Investments and Development for further regular update and dissemination. At the time of these products transfer, the RDA was not operational any longer.

*Strategic planning*: the project team supported the RDA staff in conducting an analysis of existing strategies of municipalities and districts of ARC. This was carried out in the context of anticipated further training on strategic planning, one of the key role of the Agency’s staff in the future. In order to develop sectoral expertise of the RDA staff, the Project facilitated consultations with a European specialist on solid waste management issues. It also provided important on-going support and coaching on the design and drafting of the long-term strategy for Chernomorskiy District of Crimea. The design process (organized in a participatory manner) was an important effort, which continued into the second phase of the Project and led to the approval of the Strategy by the District Council and its popularization across Crimea and among potential donors and organisations with capacities to support its implementation.

*Project development:* the Project team provided support to the RDA staff to design the Crimea Municipal Infrastructure Project for the Yalta Water and Wastewater Management Utility (for EBRD funding – 15 mln and SIDA’s funding - 5 mln). The project proposal was approved by the EBRD, which committed funding. Support was also provided by the Project team to the RDA staff in the preparation of two business plans (one on cost effectiveness of building an elevator with single storage capacity of 40,000 tons of cereals in Gvardeiskoye – Simferopolskiy district and a second to provide a justification for the modernization of a soil-reclamation system in Crimea). Both business plans were handed out to the Ministry of Economic Development & Trade of ARC for further actions.

*Information sessions/learning sessions/training:* in order to complement coaching and direct (on the job) support to RDA staff, the Project Team organized structured learning sessions in the form of a training programme on “the principles and tools of local and regional development”. The programme included three modules: a first module on the general methodology and tools of regional and local development, a second module dedicated to economic development tools and SMEs development and a third module focused on Project Cycle Management and log frames. The training programme culminated with a series of examination sessions (written and verbal). A total of 32 participants (out of 44 registered) obtained certificates of training completion.

Other smaller coaching/training sessions with the RDA staff related to:

* the organization and delivery of a visit of investors from Turkey to Crimea. At the request of the MED&T, a business plan was then prepared by the potential investors, later submitted to the Ministry for further action;
* information workshop for RDA staff and other Crimean stakeholders interested in presenting project proposals in the context of the Black Sea Cross Border Cooperation programme call for proposals organized in 2011, attended by 62 participants. This led to the preparation of a total of 4 project documents. All project proposals went through the second selection round.

**Activity 7 – RDA partnership building and visibility**

On the basis of a partnership building plan developed by the Project in close cooperation with RDA staff, the Project Team provided support to the RDA in its efforts to raise its visibility and build its partners’ base. Key partnership building activities of the RDA, supported by the Project Team included:

* thematic open doors in the RDA premises to allow for republican and local partners to get better acquainted with the Agency’s activities and staff (in fall 2011)
* partnership building triggered by close cooperation with a) the Chernomorskiy district in the context of the Strategy design work, b) Evpatoria and Saskiy district in relation to the design of the Western Crimea development strategy, c) Yalta municipality in the context of the EBRD project proposal preparation
* participation in a number of conferences and seminars (within and outside Crimea) where the Director, and in some instances, the RDA staff, were given the opportunity to network and establish contacts
* participation by the Director of the Agency in a 10 days trip by the Government of ARC to China. Presentations and visibility materials of the RDA were developed by the RDA staff with support from the Project’s team
* the website of the RDA, maintained with Project support, received. As of end February 2012, a total of 617 (317 unique visitors) from 27 countries. From March 2012, it was left to the Agency to maintain it and bear its associated costs (hosting).

**Activity 8 – Effectiveness analysis of the RDA**

A short effectiveness analysis of the RDA was carried out by the Project’s international expert (Ane Sindik) at the end of August 2011. The analysis highlighted/confirmed structural and management issues including:

* the narrowly defined role of the Agency
* management issues (in particular in relation to accountability and reporting, staff management, internal communications, planning and definition of activities, etc.)
* issues of non-transparency of budgeting and accounting
* low staffing level which does not allow the RDA to fulfill its tasks in an effective manner.

It made recommendations for their solutions (including the set-up of a Governing Board which would oversee the RDA’s plans and activities and would make the Director accountable for his actions). The analysis was discussed with the Director of the Agency and presented and discussed with Deputy Prime Minister of the CoM of ARC, Ms. Yurchenko. The latter acknowledged the need to set up a Governing Board but did not agree with the international expert’s findings on management issues.

In early October 2011, a senior level meeting took place at the CoM of ARC between Olivier Adam, UNDP Resident Representative and the CoM Deputy Prime Minister, Ms. Yurchenko. The meeting discussions did not lead to any positive outcomes as the CoM senior official confirmed that the legal status was not to be changed and it was expected that the Agency, a commercial entity, would cover its costs within a short period of time. The intention to set up a Governing Board was not reiterated.

The above mentioned effectiveness analysis of the RDA led to a review of the Project’s support to the Agency and Donors’ engagement to continue financing such support.

**II.2. Phase 2 – SRDC Project**

According to the revised description of the Action (phase II of the Project), the following activities were planned in the reporting period:

|  |  |
| --- | --- |
| **Project activities** | **Implementation time frames** |
| Activity 0.1 - Project’s second phase launch  | To be fulfilled within 3 months of the 2nd phase of the project  |
| Activity 0.2 – Re-staffing the Project’s Technical Assistance Team (TAT) | To be fulfilled within 4 months of the 2nd phase of the project  |
| Activity 1.1 - Consultations and advice at republican and local levels | To take place throughout the second phase of the project |
| Activity 2.1. - Support to the possible set-up of a development Organization and its Governing Board | To take place from July 2012 onwards |
| Activity 2.2.- Support to organization’s operational preparation | To take place from September 2012 onwards  |
| Activity 2.3. - “Learning by doing”/coaching programme | To take place throughout the second phase of the Project |
| Activity 2.4. Support to partnership building at local level (and for the LDA if set up) | To take place throughout the second phase of the Project |
| Activity 3.1. Effectiveness analysis of the Organisation | To take place from March till May 2013 |
| Activity 3.2. Project evaluation and results dissemination | To take place from January till June 2013 |

All activities were carried out according to schedule. The following sections provide details of these activities and key outputs generated.

**Activity 0.1 - Project’s second phase launch**

*a) Launch and public information*

Throughout March 2012 the Project ensured the dissemination, to key stakeholders, of clear information on its second phase of activities and its “distancing” from the RDA. A new project brief was disseminated to all relevant stakeholders at a number of events and a presentation of the second phase of the project was made at a donors’ coordination meeting. A press lunch was organized which enabled Project staff to discuss with journalists the new focus of the project and expected results for improved regional and local development. At the Donors’ Forum, organized in May 2012 by the Ministry of Economic Development and Trade of ARC, the Project’s staff had the opportunity to present its revised set of activities.

Information on the launch of the Second Phase of the Project was reflected in news’ articles of 11 Crimean media, as well as at the web-site of the Ministry of Economic Development and Trade, and that of UNDP sub-office in Crimea. The reasons why the Project was refocused were explained by UNDP (Adeline Gonay) during a press interview with BBC correspondent in Crimea. The article was published on the BBC internet site on 23 March 2012.

*b) Selection of pilot sub-regions*

By April 2012, 5 pilot districts/cities were identified by a Selection Committee comprising members of the Government, representatives of international projects and Project staff. The following districts and municipalities were selected: Bakhchisarayskiy, Nizhnegorskiy and Kirovskiy districts and the cities of Yevpatoria and Feodosia. Partnership agreements between UNDP and the 5 administrative units’ representatives were signed in May 2012, with participation of the Council of Ministers and with republican mass media presence. A 6th pilot district (Chernomorskiy), taking into account the strategic planning work that had successfully taken place in 2011 and 2012 with Project’s support and the keen interest from district’s senior official to continue being involved in Project’s activities, was formally attached to the Project in early 2013.

**Activity 0.2 – Re-staffing the Project’s Technical Assistance Team (TAT)**

According to the revised Description of the Action, a revised Team structure had to be put in place in Phase II of the Project. Key changes were as follows:

*a) The International Team Leader* post was discontinued at end February 2012. This corresponded with the contract’s ending of the then Team Leader. UNDP, in consultation with the EU Delegation, and given the fact that no remaining budget was available for this position, decided to assign the project management function to the Head of the Sub-Office.

*b) Mid-term international expert*

According to the revised Description of the Action, a mid-term International Technical Advisor on Regional and Local Development was recruited. This expert undertook regular missions to Crimea throughout the second phase.

*c) Project Development officers*

Three Project Development Officers were recruited. Their contracts started from 2 April 2012. In July, the three positions had to be re-advertised as:

* one officer was selected to fulfill the function of Deputy Team Leader
* one officer was recruited by the CoM to be the Director of a newly founded RDA
* one officer was recruited by the RDA Director, with approval from the RDA Governing Board, to be the Deputy Director of the RDA.

The three positions were filled in in August 2012. In addition to the above positions, and as per the Description of the Action, 2 Junior Project Development Officers were selected in July with their contracts starting early August 2012. Those positions had been anticipated to build the capacities of young and promising expert in the field of project design.

**Activity 1.1 - Consultations and advice at republican and local levels**

Under this activity, the Project team undertook two types of consultations:

1. At the *republican level*, consultations that had started in Phase I of the project continued. These related mainly to:
	1. The localization of MDGs for Crimea. Consultation events were attended by 23 representatives from NGSOs, scientific institutions, mass media as well as authors of the MDG recommendations, which culminated with the official presentation of the MDGs report for Crimea in October 2012 at the Council of Ministers. The report was well received by the Government of Crimea who expressed appreciation to the Project for the consultation process organized and carried out and its results;
	2. Innovations for regional development. In this context, a workshop, attended by 30 participants was organized on key principles of innovation projects’ design (types and sources of financing for these kind of projects, application requirements, partnerships, etc.).
	3. FDI promotion and related issues. A number of consultations and events took place to a) advise on best practices in development of investment proposals by the public sector, b) present key instruments and mechanisms to handle effectively investment attraction and c) discuss land issues.

In addition, new consultations took place in the following fields:

1. Questions relating to the set-up of a new Regional Development Agency, as a not for profit organisation. Consultations took place with the new Deputy Prime Minister of the CoM in charge of investments and included an overview of the key principles of investments, a review of a new Decree of the Council of Ministers on investment attraction, a review of the proposed new status of the RDA as well as of the Regulations on the Coordinating Board for investment promotion, a proposed business plan for the RDA. The Project attended the first and only Governing Board meeting of this institution, during which the Agency’s business plan and staffing structure was presented to the board and approved.
2. Institutional considerations for effective regional and local development. In this context, a presentation was carried out for republican stakeholders (including representatives of the Ministry of Regional Development and Communal Services) showing European best practices, followed by a discussion on the need for / challenges to the set up of regional and local development institutions, which would play a key role in strategic planning and development funds attraction
3. Medical tourism. In cooperation with the EU funded Tourism Diversification project, a round table was organized at end May 2013 dedicated to issues relating to the reshaping of the sanatorium sector and the development of a competitive medical tourism in Crimea
4. Business advisory services for SMEs. Information sessions were organized by the Project, with EBRD’s expert involvement to advise SMEs on the range of services that were available for them

Other consultation/advice opportunities included: the Project’s presentations at two Donors Forum in May 2012 and 2013 (attended by 200 participants each), the presentations made by Project’s international experts (on barriers to FDI attraction and on agriculture development) at the III Black Sea Economic Forum in October 2012 (attended by 250 participants), and discussed the CoM’s investment attraction concept at the first and only meeting of the Coordination Council on investments and international technical cooperation

b) At the local level, a set of consultations/information sessions took place in close cooperation with the Ministry of Economic Development & Trade of ARC, aimed at advising representatives of local administrations and local CSOs on their facilitating and coordinating role for local development, in particular in relation to donors’ fund raising and investments attraction. A total of 150 local representatives took part in these sessions.

**Activity 2.1. - Support to the possible set-up of local development institutions and governing boards**

The key goal of the Project in the context of this activity was to trigger a demand-led process of setting up a sustainable network of small but effective local development institutions, capable to play a key coordinating role in the development of their cities or districts, in particular after project end. The approach adopted by the Project in this respect was a) to inform Project’s partners on best practices in European countries (in particular Croatia), b) to trigger concerted thinking about the possible set up of such institutions in the pilot cities/districts, taking into account existing structures and c) to provide concrete advice on the set up of the institutions.

Between July and end 2012, workshops and meetings took place with representatives of the Project’s pilot projects, during which legal forms of local institutions were discussed as well as the role that these local institutions should play and the support that they should receive from local administrations. The most optimal institutional model for each pilot city/district was identified as follows: the city of Evpatoria and the Bakhchisaraisky district opted for enhancing capacities of the already existing NGOs, while the districts of Chernomorsiky, Kirovskiy and Nizhnegorskiy, and the city of Feodosia opted, each, for the set-up of new nongovernmental organisations. In addition, one nongovernmental organisation was set up at republican level, whose function was planned to be that of coordination of and support to all local institutions.

From November 2012 to February 2013, legal support was provided by the Project including preparation of draft Statutes of organisations, draft Memorandums on cooperation and Rules of engagement.

**Activity 2.2. – Support to organization’s operational preparation**

Support to newly set up organisations took the form of targeted training to organisations’ staff and governing boards, as well as support to the design of organisations’ strategic development plans. Training for organisations’ staff, attended by a total of 24 participants included 4 modules on a) effective collaboration with local administrations and other development actors, b) strategic and operational planning, c) partnerships building, d) fundraising. Training for governing board members, attended by 8 participants, was focused on the role and functions of management and supervisory boards, the key principles of effective organizational management, strategic decision-making mechanisms, organisation’s visibility and consensus reaching. Support to strategic planning was accompanied by Project’s consultations and advice on the formulation of organistions’ visions, missions and goals.

All above mentioned capacity building events were useful to help the new organisations in their start-up activities. All training was well received by participants. The latter indicated however their interest in receiving further training in the future. All recognized that such type of continuous training is crucial to allow them to become quickly acquainted with the tasks and functions of their organisations and apply new skills. The commitment of all new organisations is high and future programmatic actions from UNDP and EU, or other donors in this region, should be targeting these organisations and the strengthening of their capacities.

**Activity 2.3. - “Learning by Doing”/coaching programme**

The programme focused throughout Phase II of the Project on three key tasks essential to sustain effective regional and local development: the ability to strategically plan for development and monitor strategies’ results/impacts, the ability to attract funding to implement strategies and the ability to attract investors (domestic and foreign) to the region.

*a) Strategic planning and monitoring*

During Phase II, SRDC Project’s experts continued to provide support to its pilot districts in strategic planning focusing on strengthening institutional capacities and attracting funding for strategies implementation as well as building effective partnerships for their effective realization. In this context, local specialists were provided consultation and advisory support on a continuous basis. Also, a number of experience-sharing events on successful regional development initiatives were organized by the Project. As an example, in March 2013, a practical seminar on the organizational process of strategy implementation and monitoring was conducted jointly with the Evpatoria City Council aimed to share, with other Crimean cities/districts, best practices of implementing and monitoring “Evpatoria development strategy of socio-economic development till 2015”.

SRDC Project continued monitoring of the socio-economic situation in the context of the implementation of the Strategy of economic and social development of ARC for 2011-2020. In the framework of this work, two semi-annual monitoring reports on socio-economic situation of Crimea (1) for the period January to end June, and (2) for the period July to end December 2012 were prepared and published on the Project’s website.

In partnership with local stakeholders, SRDC project finalized the preparation of a Sustainable Development Strategy till 2020 for Chernomorskiy district of Crimea. In September 2012 the Strategy was approved at the session of Chernomorskiy District Council.

From August 2012 till June 2013 SRDC Project provided support to the development of the mid-term targeted programme for improvement of the communication and image policy of Bakhchisarayskiy district. In June 2013 the mid-term program was finalized and presented to the local stakeholders. The program outlines main tasks and activities to improve attractiveness of the district for tourists and create comfortable conditions for living and visiting it. Also in the context of this work, the territory brand was developed and described in a Brand book.

From August 2012 till May 2013 SRDC Project also provided support to the development of a mid-term targeted programme, for Kirovskiy district, aimed at improving the quality of youth education, an important local development constraint. It outlines main tasks and activities to create modern conditions for the educational process, and presents a number of events of “informal education” to be introduced into activities programs of institutions of education, culture and leisure of Kirovskiy district.

*b) Project design work*

Throughout the whole period of Phase II, SRDC Project Development Officers (PDOs) were involved in project design work and preparation of project applications in partnership with local partners. By the end of the Project, **a total of 77 projects** were developed with a total budget of **60 million UAH**. Out of them, 60 projects were submitted for financing to state and international funds and programs. **12 projects** (with a total budget **4.1 million UAH**) received funding (as of July 2013). 27 submitted projects were waiting for announcement of results (as of July 2013).

The Calls for project proposals to which the projects were submitted during the Project include: the All-Crimean call for development projects and programmes of local self-governance bodies, the All-Ukrainian call for development projects and programs of local self-government bodies, the EU Call for project proposals “Support to Ukraine's regional development policy”, the EU Call for project proposals “Neighborhood civil society facility 2012 and Non-state actors and local authorities in development (NSA&LA) 2013”, the “Renaissance” International Foundation and other relevant sources of funding.

In the context of the preparation of project applications for the All-Crimean and All-Ukrainian calls for proposals, SRDC Project’s experts conducted a ‘Project Cycle Management’ training program in its pilot districts. The purpose of the training program was to create a pool of experts in each pilot territory, qualified to prepare development projects and submit them to various funds and programs for funding. More than 150 representatives from SRDC pilot districts participated in the training program. By June 2013, the PCM training program was completed in all SRDC pilot territories. Its participants included representatives of local authorities, local self-governance, NGOs and other local stakeholders. The participants, who have taken part in the preparation of development projects, were awarded certificates.

The Project also conducted, for the above mentioned target group as well as republican level development actors (MED&T, RDA, Agency for Investment & Development, Rural Development Agency, Center for local and regional development) a series of trainings on project development and preparation of applications for international funds with elements of PCM and focus on requirements of EU calls project proposals.

The newly created Local development institutions (LDIs) were also provided with support in conceptualization of their project ideas and drafting the projects, to be submitted for funding by the LDIs in future.

*d) FDI promotion at local level*

During Phase II, the Project conducted a training programme aimed at improving local investment attraction capacities. The Programme provided information on foreign direct investments, global and regional tendencies, methods of analysis and planning of investment promotion activities as well as basic concepts of industrial property and development of an investment product - industrial parks, industrial areas, and their models creation.

Starting from August 2012, the program was conducted in all SRDC pilot districts for relevant specialists from districts’ and cities’ administrations. Moreover, Crimean-level seminars were organized for relevant departments of the Council of Ministers of Crimea, Ministry of Economic Development and Trade of Crimea and Crimean regional center for investment and development.

Throughout this Phase of the Project, work on the development of investment promotion tools was continued. The following outputs were produced, presented, approved and disseminated to relevant stakeholders at both local and republican levels:

* The program of investment activity for Bakchisarayskiy district for 2013-2014 (approved by the district council on December 2012)
* Investors’ Roadmaps, in both Ukrainian and English, for Kirovskiy, Nizhnegorskiy, Bakhchisaraysiy, and Chernomorskiy districts, cities of Evpatoria and Feodosia developed.
* 22 investment passports for towns and districts of Crimea have been prepared by the Project. An official presentation of the investment passports was conducted jointly with the new (non-profit) Regional Development Agency on July 25, 2012.
* Evpatoria city investment portal was developed. The web-portal is hosted at http://invest.evpatoria-rada.gov.ua
* Extended Investment Profiles, in both English and Russian, for Bakhchisarayskiy district and Evpatoria were developed.
* A catalogue, in both Russian and English, of local suppliers and service providers for Bakhchisarayskiy district developed.

The SRDC project also supported its pilots (namely, Bakhchisarayskiy district and city of Feodosia) in developing concepts of industrial parks for further attraction of state funds and private investments. The results of the study were presented to republican and local stakeholders in mid June 2013.

During the reporting period a number of working meetings with local specialists and site-visits were conducted by SRDC Project’s National Expert in investment promotion aimed at identifying and examining the most attractive investment objects for investors (land plots, industrial real estate, etc.). The examined investment property objects were described in line with requirements of the State Agency for Investment and National Projects of Ukraine, and for selected objects 9 investment property leaflets were designed, which can be used for investment attraction purposes at local, regional, and national levels.

At the request of Bakhchisarai city administration, Evpatoria and Feodosia, the SRDC Project also provided inputs into the development of a programme for revitalization of old cities in Crimea. Two international conferences were held (in November 2012 and May 2013) on the topic of city revitalization and their potential impacts on regional and local development. The purpose of the first conference was to raise awareness of republican and local stakeholders on best practices of revitalization of old city centers in Europe. During the second conference, the results of a detailed research conducted by an International expert in Crimea were presented. The expert analyzed current initiatives of Crimean cities (Belogorsk, Bakhchisaray, Evpatoria, Feodosia, Stariy Krim, Sudak, Kerch and others) in urban planning and revitalization, capacities of local governments, resources, and gaps to be challenged, and worked out a set of recommendations, a “road map” for cities’ improved urban planning, and revitalization. The conference also provided opportunities for the regional stakeholders to learn about EU experience in urban development/city revitalization, practical experiences of three countries (Bulgaria, Romania and Armenia), which went through the revitalization processes.

**Activity 2.4. Support to partnership building at local level**

*a) Local partnership networks building*

The SRDC project actively promoted and supported the creation of networks of institutions focusing their activities on local development. As mentioned above, the Project supported the creation/strengthening of local development institutions in Chernomorsiky, Kirovskiy and Nizhnegorskiy districts and the city of Feodosia (which decided to support the set up of new institutions) and the city of Evpatoria and Bakchisarayskiy district (which decided to enhance and formalize their existing partnership with NGOs). In addition, one RDI (the Center for local and regional development) was set up at a republican level, whose function is that of coordination and support to all local institutions.

As a result of consultations and joint efforts of regional and local stakeholders on improvement of institutional base for regional and local development, Memoranda of Understanding on cooperation in the field of regional development were signed between LDIs and local authorities in Bakhchisarayskiy and Chernomorskiy districts and Evpatoria city.

*b) Supporting LDIs and RDI with partnership building and visibility*

The newly set up LDIs and RDI were provided with targeted trainings and consultations on partnership building and effective communications. A large section of the training programme organized and carried out for capacity building of the organizations was dedicated to establishing partnerships with stakeholders and building communications and PR policy for more effective operation. In addition, SRDC Project’s short-term expert in institutional capacity building developed recommendations for LDIs on their capacities building with special attention paid to the organizations’ communication and PR policies.

In order to provide practical assistance in increasing the visibility of all 5 organizations (4 LDIs and 1 RDI) official logos and promotional materials were developed, printed, and passed on to the organizations. Individual kits included one banner, one poster, one info-leaflet, and business cards for 3 management or senior staff members.

In order to support communication and PR activities and increase visibility of the regional development institution (RDI) - *the Center for local and republican development of Crimea*, a simple web-site of the organization was developed and hosted on Internet (<http://www.cmrr.org>). The website also includes separate pages, on which information about the 4 local development institutions (LDIs), with their contacts, is presented.

**Activity 3.1. Effectiveness analysis of the Organization**

*a) Evaluation of capacities of LDIs and RDI*

In May-June 2013 an independent national expert carried out a comprehensive assessment of LDIs and RDI capacities. The assessment analyzed current capacities of LDIs and RDI, concluding that their creation was a relevant action that meets the needs of territorial communities, local authorities and initiative groups. It also examined their future potential and provided recommendations for the LDIs, Crimean and local authorities and donors as to further actions for strengthening these institutions. The report, in Russian and English versions, was presented to key stakeholders.

*b) Evaluation of capacities of institutions promoting FDI in the region*

In April-June 2013 an analytical research was carried out to analyze the current situation with FDI promotion in Crimea and assess the capacities of institutions dealing with investment promotion in the region. The report provided recommendations for raising the effectiveness of FDI attraction system in Crimea and identified priority spheres for rendering international technical assistance in the FDI field.

**Activity 3.2. - Project evaluation**

*a) Project evaluation*

In May-June 2013 an independent expert carried out an evaluation of the SRDC project’s effectiveness. The findings of the evaluation demonstrated that the SRDC project laid down a **solid foundation for a coherent institutional base** **for regional development** in Crimea and concluded that the project’s **best practices are worth to be replicated** not only in Crimea, but throughout Ukraine as well. The evaluation summarized the lessons learned and identified key problem areas to be addressed by future regional development endeavors.

**Other activities**

*Visibility of the action (Phase II)*

Since the start of Phase II, the Project has consistently attracted significant attention from national, republican and local press. This was achieved through:

• Weekly preparation of the project’s news briefs for the EU;

• Bi-monthly Project Newsletters;

• Maintaining SRDC site (in English and Russian languages)

• Promotion of SRDC work with relevant posts in social networks (Facebook, VKontakte);

• Articles for publishing at national and republican levels; participation in TV programs;

• Information support to SRDC events (preparation of press releases, press announces, press monitoring).

By end of Phase II, press monitoring showed a **total of 239 publications** relating to SRDC; including print, TV, online media sources, official sites of respective Ministries and Committees.

Since the launch of the [www.srdc.crimea.ua](http://www.srdc.crimea.ua) site (September 2012), the number of visitors to the site grew to 4,328. The number of page views is 20,584. More than 90% of the visitors come from Ukraine, followed by Russia, Poland, Belarus and other countries (European, American). Returning visitors constitute 41,4%.

During Phase II, a total of **98 events** were organized by the Project. The events included trainings, seminars, presentations, conferences, study tours, press tours and others. They were attended by a total of about **2,000 participants**, including representatives of respective ministries and committees of the Autonomous Republic of Crimea, city councils, district administrations, district councils, local self-governance, NGOs, business sector, media, international and local experts and others. According to events’ attendance records, the biggest share among participants belongs to local authorities- representatives of district administrations, district councils and city councils.

*Transfer of products and assets*

To ensure the sustainability of the action the most important Project’s outputs (**intellectual assets**) were transferred at the end of project implementation period to the relevant stakeholders at national, regional and local levels:

* the Electronic Library of Regional and Local Development for Ukrainian users was transferred to the Ministry of Regional Development and Trade of Ukraine, the EU “Support to Ukraine’s Regional Development Policy”, and the NGO “Center of local and regional development of Crimea” (RDI), which is keen to continue maintaining it on the organization’s website (<http://www.cmrr.org/library/library_regional_development>). The library contains useful materials (legislative acts, manuals, handbooks, etc.) in electronic format covering different aspects of regional and local development complemented by materials produced by SRDC Project.
* the database of funding sources and opportunities for regional and local development projects developed and maintained by SRDC was transferred to the RDI. By the end of project in June 2013 it contained 92 entries. A special training was conducted in June 2013 for the RDI staff on maintaining and updating the databases.
* the full packages of outputs produced by SRDC project for its pilot cities and districts (including all developed projects) were put in electronic form on DVD-ROMs and delivered to the local partners. Some important outputs were also delivered on DVD-ROMs to republican partners for further use.

At the end of project **all physical assets were distributed into 6 lots and transferred** to the SRDC Project’s partner republican and local organizations (NGOs) for regional and local development in Crimea.

# III. Analysis of outcomes and results for the whole Project’s implementation period

This chapter provides an analysis of the key project results and outcomes achieved in each Project’s Phase, against respective log-frames.

**III.1. Phase I – SRDA Project**

**III.1.1. Expected results**

During Phase I, the Project’s ability to reach all planned results **was constrained** due to circumstances explained in detail in Sections II and IV of this report and summarized below:

* A **clear concept of effective and viable RDA** was developed by the Project team but **was not endorsed** by the Council of Ministers of ARC. This was due to the fact that the CoM defined, for the Agency, a narrow role of seeking investors and handling investors’ relations. The CoM was made aware of the wider role that such an institution should play, and the partnerships it should build, but did not make any decision to alter the Agency’s focus.
* The extent to which the Project could ensure that **RDA Director and staff were fully trained/coached** so as to be able to implement RDA activities independently was mixed. The Agency’s staff (Directors of Departments) benefited from a programme of training organized by the Project team. Although this programme was open to both Director and agency’s staff, the Director never attended it. Coaching of staff took place on a regular basis; that of the Director could never be organized. The only interactions that took place between the Director and the Team Leader and experts of the Project were intermittent meetings, during which no real consensus on the Agency’s focus and immediate and medium term activities could ever be reached. This particular project result was therefore only achieved satisfactorily in relation to the Agency’s staff but not achieved in relation to the Director. The latter, however, showed strong ability to work independently and in direct contact with senior officials of the ARC. The extent to which he managed in a coherent and coordinated manner the Agency’s activities, thereby interacting with staff on a regular basis, was however very low.
* Despite significant expert advice on governing board and its set-up provided to the Director of the Agency and to the Deputy Prime Minister overseeing the Agency’s activities, the **governing board for the Agency** was never set up; thus training activities for Board members never took place. This was compensated by the preparation of a detailed documentation concerning the set-up and operations of a governing board. This documentation was made available to the Director of the Agency and staff.
* The **Agency’s Operational Manual** was partially prepared, comprising the following key elements: business planning/strategic planning procedures, operational planning and budgeting, and HR management procedures. These elements were discussed with/transferred to the Agency’s Director and staff, but were not signed by the Director, despite his verbal approval of them. Evidence shows that the Director did not use/refer to these results to ensure the smooth operation of the Agency.
* The Agency failed to fulfill **its coordination and partnership building role**. Unofficial feedback, obtained by the Project in mid-2011, from local administrations indicated low levels of trust toward the Agency and low partnership building potential. This was mainly due to a lack of information about the Agency and lack of pro-activity from the Agency to explain its role and tasks. Despite Project’s advice and coaching, the directors of the Agency’s departments were not engaged in a systematic partnership building process with local administrations, business, NGOs as well as with development actors outside Crimea. This was linked to the fact that no clear concept and vision of building such partnerships were defined for the Agency by the Director, despite Project’s attempted support to do so. However, partnerships were formed with local stakeholders in areas where the Project provided direct support: a) design and drafting of development strategy for Chernomorskiy district of Crimea b) design of projects for the Black Sea Cross Border Cooperation call for proposals c) MDGs localization for Crimea d) design of the Municipal water development project proposal for EBRD funding with Yalta municipality, and in some other initiatives.

The Agency’s Director established some partnership links with Evpatoria and Saki towns in the context of a major project’s design (Western Crimea) which received attention of senior officials at the national level. These links were however limited to individual interactions between the Agency’s director and cities’ management and did not promote the principles of coordination.

* The **RDA model** which remained, despite Project’s efforts to change it, could never be promoted/disseminated at national level. The detailed case study envisaged in the Project’s plan to promote this model could therefore not be carried out. Instead, a decision was taken, in February 2012, by the EU and UNDP to cease all forms of direct Project’s support to the Agency. This led to its liquidation by the CoM. The contract of the Agency’s director was discontinued in February 2012 and the MED&T undertook an audit of the Agency’s financial records which highlighted important financial management issues. The contracts of the EU/UNDP project supported agency’s staff were discontinued by end February 2012. The latter were given the opportunity to apply for the newly opened Project Design Officers positions in Phase II of the project. The recruitment process proved that these three staff had acquired (due to Project’s training programme and coaching in that Phase) the necessary skills and competences to take on project design tasks.

**III.1.2. Outcomes and impacts (specific and overall objectives)**

The extent to which the Agency was able **to attract fees for its services and funds from donors** was very limited. Unconfirmed anecdotal evidence suggests that the Director of the Agency attracted fees from unidentified business structures. Fees may have also been received by the Agency in the context of its work for the Yalta Water Company aimed at preparing a detailed project proposal for the EBRD. All fees that the Agency may have received were however not taken into consideration in the financial plan/records of the Agency and, generally, not disclosed. Despite Project’s work to design the Agency’s portfolio of services and define its pricing policy, the latter was never used by the Director. Due to its commercial status, the Agency was, during the whole Phase I period, unable to attract any donors’ funding despite the interests of a number of donors operating in Crimea to providing such funding. This inability to receive donors funding was clearly emphasized in the context of the call for proposals organized by the Black Sea Cross Border Cooperation Programme.

As a result of the above, the Agency was never considered as a key **regional development institution** and its image and visibility remained very low.

**III.2. Phase 2 – SRDC Project**

**III.2.1. Expected results**

In the second phase of the Project, all planned results, as per the revised logical framework of the Action and as confirmed by the external Project’s evaluator, were achieved as explained below.

**Result 1 – Crimean institutions (both republican and local levels) and partnerships strengthened for effective policy development, strategy and projects design and implementation**

Due to Project’s efforts in this Phase and as a result of its activities, the Crimean CoM, despite the fact that it never operationalized its newly created Crimean Coordination Council for regional development, has demonstrated an improved understanding of effective planning and coordination of regional development efforts. This was clearly evidenced by CoM’s full support and participation in SRDC’s activities, namely through the preparation of the sustainable development strategy for Chernomorskiy district of Crimea and the synchronization of local development strategies with the Crimean strategy.

The CoM became more active in engaging regional and local stakeholders in initiatives in the framework of the actualization of Crimean and regional strategies. The MED&T, on a regular basis, held info sessions with Crimean administrations and municipalities on international technical assistance opportunities and disseminated relevant information on funding opportunities. Jointly with SRDC project, the MED&T provided coaching sessions for the regions on project design and implementation.

A particular project result, at both republican and local level, includes a better understanding of the regional development concept and of the need for realistic and efficient strategic plans that are developed, updated and monitored with a wide participation of the community and local governments. This project result is significant as prior to the project’s start and activities, such an understanding did not exist. Development actions took place on an ad hoc and isolated basis without a clear understanding of their individual contributions to development changes in a given territory.

Another important outcome is the improved cooperation that emerged between local governments, communities and NGOs. Having learned to prepare projects and having done this together, they started to understand the merit of operational planning based on community interests.

**Result 2 – Local development funds attraction and absorption capacities increased and institutional architecture and mechanism developed**

Successful **fundraising experience** has inspired both the community and local authorities; it has also laid the ground for further workiwith different resources and donors. As indicated in Chapter II of this report, a pool of 29 local experts throughout a total of 6 pilot districts/cities, were able to take part in projects design and **funds attraction**. Thanks to the Project’s direct coaching, a **total of 77 projects** were developed with a total budget of 60 million UAH. Out of them, 60 projects were submitted for financing to state and international funds and programs. **12 projects (with a total budget 4.1 million UAH) received funding** (as of July 2013). 27 submitted projects were waiting for announcement of results (as of July 2013). Thus, compared to previous years, local funds attraction capacities increased significantly between February 2012 and June 2013. Local funds **absorption capacities** cannot be precisely evaluated as no new project for which grants had been obtained started its activities during the timeframe of the project’s implementation. Yet, thanks to the Project, local administrations and local NGOs were given, in the last period of the project, training opportunities to raise their project implementation skills.

Local authorities, in the Project’s pilots, recognizing the need to build partnerships and networks for effective local development, fully supported the **setup of Local Development Institutions (LDIs).** They became active partners in the preparation of local development projects, which resulted, as mentioned above, in up to 60 submitted projects by end of SRDC Project.

The **quality of partnerships** between local administrations and local NGOs (local development networks) improved. 3 long-term cooperation agreements for regional development (Memorandums on cooperation) were signed in Evpatoria, Bakhchisaray, and Chernomorskiy district. These Memoranda are based on clearly defined rules of interaction and mutual support of different actors of regional and local development process, including authorities, self-governance bodies, NGOs and other stakeholders.

As a result of SRDC project’s capacity building events, five new local and regional development institutions were set up by initiative groups in early 2013: four at local level (in Kirovskiy, Nizhnegorskiy, Chernomorskiy districts and city of Feodosia), and one at republican level (in Simferopol).

By the end of the Project these organizations had a) better understanding of the concept of regional development and how their institutions can contribute to it b) strategies for their own further development as institutions c) concepts of projects and/or fully developed projects to be submitted for funding to donor organizations d) the organizations’ logos and promotional materials (banners, posters, leaflets) designed and printed.

It is expected, that, with possible additional support from donors’ organisations, as well as thanks to the effective coordination of their activities by the Center for local and regional development of Crimea, all institutions will further develop and become fully functional local/regional development agencies.

**Result 3 – Crimea recommended as one of the best practice regional development mechanisms for other regions of Ukraine**

The SRDC project approach was **innovative** for Crimea. It enabled an outside perspective and helped the beneficiaries believe in their opportunities. By being the initiator of an integrated approach to regional development and involving all development actors in the process, it shifted the minds of local beneficiaries from being the receivers of technical assistance to active participants of development processes in the region.

The Crimean experience was widely promoted across Ukraine. It was recognized by the MED&T of Ukraine as a best practice, especially in terms of raised capacities for funds mobilization, projects design methodology and partnership building.

**Other key results**

**Visibility of EU and UNDP:** In the course of the Project implementation, the visibility of its funders (the European Union and UNDP) were ensured through a variety of communication tools, including the SRDC web site, the Project’s bi-monthly newsletter, study tours and press tours to SRDC pilot territories, meetings with officials, the Project’s Final Conference, and more than 230 press articles and TV interviews published in national, regional and local press

The **Project’s Electronic Library of Regional and Local Development**, designed for Ukrainian users, summarizing not only the SRDC Project’s own experience but also the experience of other TA projects and organizations in the field of regional development, was disseminated on CD to senior officials of all Oblast of Ukraine. It was also made available on-line on the SRDC project’s website as well as on the website of the RDI (Center for local and regional development of Crimea). This library contains among other documents 3 manuals (in both Russian and Ukrainian) for Ukrainian cities and districts:

* 1. How to establish a viable Local Development Agency

2. How to promote Foreign Direct Investment

3. How to organize the strategic planning process.

**III.2.2. Outcomes (purpose and overall objectives)**

The key outcomes of the project include:

* The **demand-driven design of an institutional architecture** at both regional and local levels which takes into account existing institutional capacities and aims at filling institutional gaps. The local development networks promoted by the city of Evpatoria and the district of Bakhchisarai ensure the formalization of existing partnership linkages between local administrations and NGOs involved in development actions and are focused on proactive strategic planning and resource mobilisation. The 4 LDIs set up in 3 districts (Chernomorskiy, Kirovskiy and Nizhnegorsky) and 1 city (Feodosia) work independently from (but in coordination with) local administrations to pursue development initiative and search for financing. The Center for local and regional development repositioned itself (through re-registration at republican level) to serve as a coordinator and facilitator of local development, meeting the particular needs of the local networks and institutions.
* The above-described institutional architecture could not have been formed without **a good/improved understanding** by local stakeholders/decision makers of the **key triggers and mechanisms for coherent local development** and the role that dedicated institutional capacities can play in this context. The Project facilitated this understanding by presenting and discussing **a concept of effective and viable local development institutions**. This concept easily met the approval of all stakeholders as it offered a flexible approach to institutional development, adapted to the real needs of the territories.
* **More than 50 representatives of all Oblasts of Ukraine** and **four (against 10** in the Project’s log-frame) **national government representatives** were informed about Crimea’s experience in regional and local development and its funds attraction capacities. Among the latter, the Head of the Regional Development Policy Department of the MED&T of Ukraine and the Head of the Dnepropetrovsk Oblast Council showed particular interest in the Project’s results. Meetings in Kiev and Dnepropetrovsk as well as the Final Project Conference facilitated this information and dissemination process.

Thus all planned key outcomes, as per the Revised logical framework of the Action were achieved by the Project.

# IV. Project implementation lessons learnt for the whole Project’s implementation period

This chapter analyses the key constraints and risks that the Project has been facing, describes how these constraints and risks were (or could not be) addressed by the Project and identifies a number of key lessons learned that should be taken into account in future endeavors.

**IV.1 Key constraints and risks**

1. *Phase I – SRDA Project*

In this phase, as mentioned in previous sections, the project’s effective implementation was seriously constrained by:

* organisational and legal issues relating to the Agency which made it incapable of playing an effective coordination role for regional development. In particular its legal status (a commercial entity) prevented it to attract donors’ funding; the fact that it did not have a Governing Board which could have played an important role in defining the strategic tasks of this organisation made it a non transparent and non focused organisation; its very small staffing structure (limited to 3 positions that were funded by the Project, against 8 positions declared by the CoM at the start of the Project) was insufficient to handle the tasks that the Agency should have fulfilled
* managerial issues. These were significant and impacted not only on the manner in which the Agency operated but also on the Agency’s interactions with the Project. The Agency’s Director showed weak staff management skills, did not promote the concepts of activities planning and coordination of actions between himself and staff members. Importantly, apart from his public statements acknowledging EU and UNDP financial support, he made no attempts to be actively engaged in the Project’s activities and share his own plans of activities (for coaching purposes) with the Project manager, nor did he take part in any training/coaching events
* operational budget and cash flow issues. The Agency, through its Director, did not make its operational budget to the Project team, despite Project team’s efforts to develop for each Agency’s department detailed operational plans.

Overall, a major constraint, that could not be resolved, was the narrowly defined role of the organization by its founder, the CoM (that of attracting investors and handling investors’ relations) and the obligation imposed onto it to be financially sustainable.

These constraints have restricted the Project in fulfilling its activities in accordance to its Terms of Reference (Description of the Action) and have put the whole implementation of the Project under serious risks. These risks were reversed at the end of February 2012, when the funders of the Project (EU and UNDP) decided to cease their support to its main beneficiary (the RDA).

*b) Phase II – SRDC Project*

In this phase of the Project’s implementation, constraints were fewer and manageable.

In some cases, political will for coherent and equitable regional development was declared in words by republican level authorities but was not evidenced by concrete actions. Yet, it should be noted that the CoM demonstrated, over the period, a clearer development vision, focused on projects with real opportunities for integrated and sustainable development of Crimea, mostly large-scale projects.

Yet, at the same time, the Crimean Government showed a good understanding of the role of smaller projects for regional and local development. In this regard, the SRDC Project has not faced any specific constraints. The Government of ARC provided full support to all Project’s endeavors.

At local level, a number of small constraints, which existed in the past continued to be present. These included:

* Initially, a weak understanding of what really triggers local development (excessive focus on infrastructure development projects). This understanding, however, evolved once “softer” development actions (projects) were developed with Project support and their planned impact on the development of the territory was demonstrated
* Lack of time of Administrations’ staff to be devoted to strategic planning and monitoring, operational planning and project design (except perhaps in the case of Evpatoria, which has a dedicated strategic planning and projects design facility in its administration). This is a constraint that has to be taken into account at project’s design stage
* Weak command of English, which limits the ability of projects designer to systematically seek funding through Internet, contact international donors and understand the requirements of calls for proposals posted in English only. Such a constraint cannot be handled by one Project alone. It is an issue that should be addressed throughout Ukraine by the country’s education and training systems
* Institutionally, poor understanding of what makes an organization work in a transparent manner. This was addressed by the Project through its training programme (especially training modules targeting organisations’ governing boards)
* The multitude of weak NGOs, which could not be considered as valuable local development actors.

**IV.2. Lessons learnt**

The key lessons learnt in the course of the Project implementation are thus the following:

* At the initial stages of project’s implementation, it is crucial to quickly react to a changed environment or altered circumstances that had not been foreseen during project design. This should take the form of a careful mapping of the current situation associated with an analysis of the risks that the Project could face. Such an analysis should be presented as quickly as possible at a Steering Committee (Project Board) meeting for consideration and decision on the way forward
* The scope of a project should be quickly changed once it is clear that the original one does not work
* International experience is valuable when it is carefully adjusted to local realities. Moreover, pursuing only one approach, even if successfully tested in a different context, is limiting. It is worth while enriching the project’s implementation methodology by identifying and trying other approaches/methodologies, including indigenous ones
* It is particularly important to take into account the experiences a region or a community already has, to understand its history, culture and traditions, in order to ensure the compatibility of a proposed approach
* Regional development, to be an effective process, does not depend on one institution (such as, for instance, a Regional Development Agency) but depends on an institutional configuration, which promotes cooperation between different various development actors and coordination of activities
* In any project whose main focus is to develop capacities, time considerations are crucial. Capacity building, in particular at the local level, takes time and requires a flexible approach
* The process of resource mobilization is an arduous one. It may have a demotivating effect if requested grants are not won. Such a process is more effective when accompanied by regular learning activities. This helps keeping the momentum going so that participants of the process keep on strengthening their skills and maintain their aspirations at a high level
* Study visits to other regions of the country where the project takes place can bring more added value than any study visit abroad. This is because participants see that other approaches can be successfully adopted in the same context as theirs. Such visits play also an important role in establishing important inter-regional linkages and partnerships
* Representatives of non-governmental organisations need to be taught the basics of advocacy in order to empower them to protect their interests or the interests of their territory when interacting with regional and local governmental institutions
* It is crucial that each town or city has an endorsed master plan. Without such a document, investment and FDI cannot be attracted to its territory. It is an important lost opportunity.
* When working with pilot regions or sub-regions, a project should not assume that, once pilot districts/municipalities are selected, the administrations of these regions fully understand the true nature of the Project’s support and are ready to become almost immediately very proactive and collaborative partners. The key lesson learned here is that a Project’s messages to its target groups must be as simple, clear and concrete (pragmatic) as possible to reach the “hearts” of the target groups and must be reiterated several times to engage the partners. Regular visits from Project management to the pilots and meetings with senior officials of their administrations are important to clarify the purpose of the project’s piloting activities.

# V. Resources used for the whole project

The **Financial Report** of the SRDA (Phase I) and of the refocused SRDC Project (Phase II), presented in Annex of this report, provides details of project’s resources used in the reporting period.

The following sections **summarize and analyze key features of resources usage** in the overall Project implementation period.

* **Analysis of overall funds’ usage by Phases and in relation to total project’s budget:**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | **Phase I of the Project (July 2010 up to 28 February 2012)****20 months** | **Phase II of the Project (1st March 2012 to 30 June 2013)****15 months** | **Phases I & II of the Project (July 2010 up to 30 June 2013****35 months** |
|  |  |
| **#** | **Item** | **% of use of total budget**  | **% of use of total budget** | **% of use of total budget** |
| 1 | Human Resources | 53.86% | 46.82% | 100,68% |
| 2 | Travel | 72.33% | 22.78% | 95,11% |
| 3 | Equipment and Supplies | 65.78% | 31.62% | 97,40% |
| 4 | Local Office Costs | 43.83% | 44.97% | 88,80% |
| 5 | Other costs, services | 43.51% | 53.34% | 96,85% |
| 6 | Other (recruitment) | 95.17% | 14.43% | 109,60% |
| **7** | **Subtotal: direct project costs (1-6)** | **53.22%** | **45.88%** | **99,10%** |
| 8 | Provision for contingency reserve (4%) | 0.00% | 81,68% | 81.68% |
| 9 | Administrative costs (7%) | 48.63% | 49.96% | 98,59% |
|  | **TOTAL COSTS (7-9):** | **51.49%** | **47.16%** | **98,65%** |

As at end June 2013, total project budget’s usage reached 98.65%. During the period March 2012 to end June 2013, the Project used 47.16% of the total budget. This indicates that this period was more intensive from the point of view of activities and resources utilization than Phase I.

Whereas the categories of expenditures that were mostly called upon during Phase I related to **human resources, travel, equipment & supplies and recruitment,** Phase II costs were the highest in the cost categories of **human resources,** **local office costs** and **other costs, services.** This reflects the intensive consultation, training and coaching work that went on throughout Phase II, as well as an important assessment effort towards the end of the project. In this period, Project’s contingency reserve was also used at 81.68% of its agreed amount.

* **Analysis of funds usage (actual and committed) in relation to funds received (EU tranches)**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  |  | Received from EU on: | Amount received/to be received | **% of tranche use** |
| First tranche received from EU | 20 September 2010 | € 800,000.00 | 100% |
| Second tranche received from EU | 20 January 2012 | € 586,867.00 | 100% |
| Third tranche (to be received from EU) | tba | € 87 144,62 | n.a. |

EU funding (1st tranche) was received on UNDP account on 20/9/2010 and spent in its entirety by mid-January 2012. EU funding (2nd tranche) was received on 20 January 2012. The second tranche was fully spent by end May 2013. The third tranche will be received by UNDP as final outstanding payment once the final progress report is submitted to the EU delegation.

* **Analysis of usage of funding sources (actual spending) as at end June 2013**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  |  |  | **Funding share planned in CSA** |
| Total actual spending as at end June 2013 | **€ 1,527 647,81** |  |
| - % funded by EC | 96,49% | 96.55% |
| - % funded by UNDP | 3,51% | 3.45% |

In the reporting period, the Project’s overall actual spending was in line with plans for that period.

# Annexes

The below Annexes (except Annex IV) are presented, for ease of consultation and retrieval, on the following site: **doc.srdc.crimea.ua**

**Annex I: Progress report for the period August 1, 2012 - June 30, 2013**

AI.1. Project key activities and outputs in the period August 1, 2012 - June 30, 2013

AI.2. Project key results and outcomes in the period August 1, 2012 - June 30, 2013

AI.3. Resources used in the reporting period (August 1, 2012 - June 30, 2013)

AI.4. List of Appendices and Annexes

**Annex II: Previous Progress reports with their Annexes and Appendices**

AII.1. Annual Progress report for the period July 23, 2010 - July 31, 2011

AII.2.Annual Progress report for the period August 1, 2011 - July 31, 2012

**Annex III: Project’s external evaluation (Phase II)**

**Annex IV: Regional Development Electronic Library (in Russian only)**

This library can be viewed on the SRDC Project site: <http://www.srdc.crimea.ua/library/library_regional_development/>