

Support to Sustainable Regional Development (SSRD)



Project Budget:
€15 million
Services: €6 million
Supplies: €9 million

Duration:
July 2008 – December 2011

Funded by:
European Union

Country of Implementation:
Ukraine

Project is implemented by:
Consortium led by Grontmij | Carl Bro (Denmark)

Key Project Partner and Beneficiary:
Ministry of Regional Development and Construction of Ukraine

Project's Objectives and Tasks:

Overall objective:

To upgrade regional policy in Ukraine by extending the EU regional development policy.

Project's Purposes:

- To strengthen the Ukrainian authorities' capacity in policy formulation and decision-making process for sustainable regional development;
 - To establish a national financial instrument for regional development;
 - To assist the Ukrainian authorities in implementing the plan of activities for sustainable regional development (Action Plan).
- The SSRD project is a part of a sector-wide approach to sustainable regional development and will complement a series of ongoing EU-funded local development projects in Sumy, Chernigiv, Kharkiv and Lugansk oblasts.

Project's expected results:

- Ukrainian coordination and implementation bodies for regional development are in place and operational;
- The strategy and the plan of activities for regional development in Ukraine is formulated and formally adopted for all administrative levels (i.e., national, regional, and local);
- The financial instrument for regional development in Ukraine is designed, assessed and agreed at appropriate national and sub-national levels;
- A detailed plan for implementation of the financial instrument for regional development is elaborated;
- Infrastructure projects are carried out in the selected area;
- Sustainable development actions are benchmarked in accordance with the newly conceived strategy, and sustainable development policies are pertinently updated by the policy-making bodies.

Project's Activities:

Component A:

Assistance to the Government of Ukraine to strengthen the capacities for effective management of regional development by creating adequate policy, legal and institutional framework and coordination schemes and mechanisms.

Component B:

Support to Ukrainian authorities to design a key regional development instrument, Fund for Regional Development and modalities for mobilization of internal and external resources, investment planning and coordination.

Component C:

Capacity building for management of regional development on the national and regional level, management of resources for sustainable development and strengthening the absorption capacities for effective implementation of development plans, particularly the Action Plan of National Strategy for Regional Development; and Learning by doing approach targeted at selection procedures, design, application and contracting of case sustainable regional development project applying the rules and procedures of National Fund for Regional Development.

Project's Achievements to date:

Component A:

- Analysis of situation related to the conditions for successful implementation of Regional Development Policy is carried out.
- Concepts of institutional, planning and financing instruments for regional development are elaborated.
- Drafting of legal framework for regional development is at the stage of final consultations.
- Donor coordination in the support of regional development sector organised; donors mapped by field of activity and geographical coverage.

Component B:

- Feasibility Study for regional development financing system and Regional Development Fund concept building is prepared.

Component C:

- €9 million worth of funding is provided by the EU to Lugansk region within the project for implementation of the works contract for the rehabilitation of municipal buildings in Sverdlovsk city. Works contract includes rehabilitation of hospitals (13 buildings), schools (6 buildings), kindergartens (7 buildings) in Sverdlovsk city, including:
 - outside thermal insulation of buildings,
 - replacement of windows and doors,
 - repair of roofs,
 - repair of heating systems.
- Capacity building events (more than 20) and trainings delivered.

ENPI - European Neighbourhood and Partnership Instrument

The European Union is the largest donor to Ukraine. EU assistance to Ukraine over 2007-2013 will principally be provided under the new European Neighbourhood and Partnership Instrument (ENPI) which is being established to promote the development of an area of prosperity and good neighbourliness between the EU and the partner countries covered by the European Neighbourhood Policy.

ENPI envelope for Ukraine will focus on the following three priority areas:

Support for Democratic Development and Good Governance

- Public administration reform and public finance management
- Rule of law and judicial reform
- Human rights, civil society development and local government
- Education, science and people-to-people contacts/exchanges

Support for Regulatory Reform and Administrative Capacity Building

- Promoting mutual trade, improving the investment climate and strengthening social reform
- Sector-specific regulatory aspects

Support for Infrastructure Development

- Energy
- Transport
- Environment
- Border management and migration including re-admission related issues

Indicative budget for Ukraine for the period 2007-2010 is €494 million:

Support for Democratic Development and Good Governance: €148.2 million (30%)

Support for Regulatory Reform and Administrative Capacity Building: €148.2 million (30%)

Support for Infrastructure Development: €197.6 million (40%)



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Ukraine has a population of about 47.5 million people and a total land area of 604,000 square kilometres. The administrative and territorial structure at regional level includes the Autonomous Republic of Crimea, 24 regions or oblasts, and 2 cities of special status. The local administrative level includes 494 districts or rayons, comprising 446 cities, 907 towns and 10,196 villages.

The studies made by the World Bank and the United Nations Development Programme have demonstrated that the incidence of income poverty does not vary significantly between rural and urban areas, but when it comes to access to municipal services, such as health facilities, education, safe water, basic sanitation and provision of productive resources, rural deprivation significantly surpasses urban deprivation. Moreover, economic growth has not translated into increases in employment or income at the local level yet. According to the recently published "Ukraine Competitiveness Report", regional disparities in Ukraine are substantial and continue to increase compared to 2005. In 2007 the Gross Regional Product per capita varied between UAH 49,795 (Kyiv city) and UAH 7,396 (Chernivtsi oblast).

In Ukraine, the EU is committed to supporting poorer regions, especially as most poverty in Ukraine exists in rural areas. The EU-Ukraine Action Plan commits the EU and Ukraine to reducing regional imbalances and improving local development capacities. The Action Plan promises to support the introduction of strategic planning at the national and regional levels, elaborate a draft State strategy of regional development up to 2015, and establish a legislative basis for promotion of regional development, including depressed territories.

The EU has provided assistance under Tacis building a sustainable development policy in Ukraine. This approach has focused on small and medium-size towns and their infrastructure. Projects have included a Regional Development Project completed in December 2006 aimed at providing assistance in development and implementation of transparent and efficient national regional policies stimulating economic growth. A Municipal Services Support project, also completed in December 2006 mainly aimed at improving sustainability of services in 10 selected cities. Two projects on capacity building for waste management were carried out in Donetsk Oblast.

The ongoing projects include: the Sustainable Local Development Project aimed at upgrading municipal services infrastructure and paving the way for sustainable development in 4 selected cities; the Support to Sustainable Regional Development Project which adopts a comprehensive approach at strategy, instrumental and implementation levels; and the Community Based Approach Project aimed at mobilising local communities around development priorities.