

November 2019

Assessment of the state of play, trends and challenges regarding Ukraine’s Regional Policy
**Regional Policy Barometer**

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| **KEY****Degree of functionality**

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| **Functional** |
| **Partly functional** |
| **Not functional**  |

**Trend**

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| **Improving**  |
| **Stable**  |
| **Deteriorating**  |

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| **Description and challenges** For each of the six Regional Policy pillars, there is in Annex a description of its present state of play and an indication of the general challenges it faces. |

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| In each case, Table 1 lists the components that are necessary for each pillar. The traffic lights reflect whether the component is fully achieved and whether its situation is improving. Table 2 lists actions, which could be undertaken to improve RP performance under each pillar.  |

**Pillar 1: Framework of the regional policy**

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|  | **Status** |
| **Level of achievement**  | **Trend**  |
| The policy has clearly established and coherent objectives. |  |  |
| Policy has all institutional fundamentals and components needed to design, develop and implement a public policy – system of planning, implementation, financing, institutions, monitoring and evaluation, which have been appropriately formalized and comprehensively engaged  |  |  |
| Policy is implemented via a system of multi-level governance (national, regional and local levels) |  |  |
| Key stakeholders - legislative and executive, regional and local authorities, civil society organizations and expert communities recognize regional policyas a legitimate public policy and participate in its formulation and implementation |  |  |
| There is a vertical and horizontal coordination in the process of forming and implementing the regional policy |  |  |
| Sectoral policy investment measures in the regions are not planned and implemented without coordination with the objectives of the regional policy and spatial planning goals. |  |  |
| Institutions are capable of making effective public investments at all levels of governance |  |  |
| Functional macro- and micro-regions are defined, identified and subject to regional policy |  |  |
| Continuous communication with the public at large is in place on the objectives, activities and results of regional policy aimed at the cohesion and security of the state, ensuring a high quality of life regardless of the place of residence of the citizens. |  |  |

**Table 1 Policy elements and operational modalities** **Table 2 Possible improvements**

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| Produce inventory of sectoral legislation and harmonize it with the Law "On the Fundamentals of Regional Policy" |
| Amendments to the most important legal acts pertaining to the regional policy streamline and simplify the implementation of the policy |
| Prepare a Comprehensive Review on regional policy compliance with OECD Principles for Effective Public Investment at All Levels of Governance |
| The Government conducts regular dialogue with the Verkhovna Rada in order to raise the awareness of MPs about the peculiarities of formation and implementation of state regional policy |
| Update the system of training and retraining of territorial development personnel for civil servants and local government officials based on the latest cutting-edge educational technologies |
| Implement the concept of functional macro- and micro-regions in State Strategy for Regional Development (SSRD) and regional development strategies (RDS) |
| Conduct a focused, consistent and inclusive information campaign and outreach among key partners on the importance of regional policy and its role in enhancing national competitiveness and well-being of the population (Regional PolicyCommunication Strategy) |
| Complete the reform of local self-government and territorial organization of power (in accordance with the Concept # 333 of 1 April 2014) |

**Pillar 2: Multi-level governance: capable institutions**

**Table 1 Policy elements and operational modalities Table 2 Possible improvements**

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|  | **Status** |
| **Level of achievement** | **Trend** |
| Central Executive Authority (Minregion) is responsible for the formation and implementation of regional policy |  |  |
| The Head of the Minregion has the status of Deputy Prime Minister and is responsible for horizontal and vertical coordination between levels of government through the Inter-Service Coordination Commission on Regional Development (ISC) and its working groups |  |  |
| Office of the President of Ukraine participates in the formation and implementation of regional policy in close coordination with Minregion |  |  |
| Regional state administrations (ODA) and regional Radas (elected councils) effectively cooperate on all issues of regional development |  |  |
| Regional Development Agencies (RDAs) are established in all Oblasts and are capable of performing their functions in accordance with the objectives identified by regional policy |  |  |
| Territorial Hromadas (communities) are capable to deliver on issues of local importance per the Constitution and laws of Ukraine |  |  |
| All-Ukrainian and regional associations of local self-government bodies, and civil society organizations get engaged in the formation and implementation of regional policy |  |  |

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| Further improve, at all levels of governance, the awareness and understanding of development priorities and investments, especially in areas where competences / interests intersect (eg transport infrastructure; urban development; land use). |
| Clarify the role of each level of government in different policy areas to ensure better coordination and regular communication, with particular emphasis on shared responsibilities |
| Amend the CMU (Cabinet of Ministers of Ukraine) Regulation to strengthen the coordinating role of the Minregion for sectoral policies that affect territorial development |
| Intensify the Inter Service Coordination Commission for Regional Development (ISC). |
| Analyze the reasons for the lack in some regions, and slow establishment in other regions – of Regional Development Agencies (RDAs), and update the model of RDA for Ukraine |
| Review the training system - quality training programs for regional government officials and regional development actors. |
| Promote inter-municipal cooperation as an important instrument of regional development |
| Conduct Days of Regions and Cities of Ukraine in Kyiv and key regional centers to share best practices and build partnerships |

**Pillar 3: Regional policy planning system**

**Table 1 Policy elements and operational modalities Table 2 Possible improvements**

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|  | **Status**  |
| **Level of achievement** | **Trend** |
| Ubiquity and imperative application of the principle "no plans without money, no money without plans" |  |  |
| State system of development planning, including a hierarchy of planning documents, taking into account the specificity of different territories |  |  |
| State Strategy for Regional Development Strategy (SSRD), action plan for its implementation and regional development investment programs |  |  |
| Sectoral development strategies are aligned with the Objectives of regional policy and spatial planning |  |  |
| Regional Development Strategies (RDSs), action plans for their implementation, and regional development investment programs are aligned with the Objectives of the SSRD  |  |  |
| Local development strategies and investment programs |  |  |
| Spatial Planning Document System (General Scheme, Regional Territorial Planning Schemes, Schemes for community planning) is the basis for public investment from all levels of government |  |  |

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| Develop and adopt the Law on State Strategic Planning |
| Encourage and support the further development of national strategic planning legislation and practices, so that investments in different sectors are part of integrated strategies and programs tailored to different territories. |
| Support the development of the State Regional Development Strategy for 2021-2027 in such a way as to facilitate links between levels of governance and stakeholder engagement. |
| Link sectoral and national development objectives and tasks of regional policy to streamline top-down planning. |
| Improve linkages between regional planning, budget management and project formulation. |
| Commission Minregion to evaluate RDSs and Action Plans for their compliance with the state strategy for regional development |
| Establish a procedure for the preliminary assessment of the long-term impact and risks of public investment. |
| Develop a modern General Scheme of Planning for the Territory of Ukraine and ensure its enforced imperative application by all relevant institutions |
| Engage in strategic planning processes, at national and regional levels, research units of higher education institutions and research centers |
| To amend the CMU Regulation granting the Minregion the right to endorse draft acts of the Government, regardless of the initiator, which have to do with the regions and may affect regional development |

**Pillar 4: System of regional policy funding**

**Table 1 Policy elements and operational modalities Table 2 Possible improvements**

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|  | **Status**  |
| **Level of achievement** | **Trend** |
| State Fund for Regional Development (SFRD) corresponds to the purpose of regional policy |  |  |
| The State Fund for Regional Development (SFRD) is provided with a projected and adequate level of financing from the State Budget and funds from international partners |  |  |
| Sectoral programs with territorial impact are consistent with the Objectives of regional policy and spatial planning |  |  |
| Sectoral programs with territorial impact are verified by the Minregion for the proper allocation of public funds in accordance with the objectives of the SSRD  |  |  |
| Regional and local development projects are funded in accordance with planning documents |  |  |
| Central, regional and local authorities fund development projects on a competitive basis |  |  |

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| Ensure predictability and proper funding of the State Fund for Regional Development (SFRD) |
| Improvement of the distribution mechanisms of the SFRD - to give greater emphasis to nation-wide socio-economic challenges and to promote inter-municipal cooperation. |
| To translate the work of the SFRD from paper to digital |
| To carry out periodic analysis of revenues and expenditures of Oblast (not consolidated) budgets |
| Develop new mechanisms for review and project selection at regional level (for regional development strategies) and central level (for state strategy for regional development) |
| Ensure that regions and communities make full use of the development budgets at their disposal |
| Ensure that sectoral ministries make their expenditures in the regions in accordance with the strategic objectives set by national (state strategy for regional development) and regional strategies |

**Pillar 5: Regional Policy Implementation System (Regional Development Programs and Projects)**

**Table 1 Policy elements and operational modalities Table 2 Possible improvements**

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|  | **Status**  |
| **Level of achievement** | **Trend** |
| Central, regional and local authorities develop and implement integrated investment (both "hard" and "soft") projects in accordance with planning documents |  |  |
| Authorities at all levels have access to technical assistance and use it to develop, prepare and implement projects |  |  |
| The subjects (agents) of the multi-level governance system within regional policy effectively use tools for territorial development (public-private partnerships, investment attraction, internationalization of enterprises, SME development, innovation development, etc.) |  |  |

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| Encourage regions and communities to share and learn from good practice |
| Explore the possibility of balancing responsibility for basic infrastructure between levels of government |
| Finding a better balance in approved projects between "hard" and "soft" infrastructure, in particular by increasing the number and quality of "soft" projects |
| Identification and elimination of recognized deficiencies in design, development and implementation of development projects |
| Continue initiatives to strengthen the capacity and skills of civil servants to develop and implement projects. |
| Develop the capacity of authorities at all levels to apply territorial development tools (public-private partnerships, investment attraction, internationalization of enterprises, SME development, innovation development, etc.) |
| Increase the number of integrated development projects |
| Introduce an annual competition for the best regional development project that enhances the economic potential of a region or a group of Hromadas (communities) |

**Pillar 6: Regional Policy monitoring and evaluation system**

**Table 1 Policy elements and operational modalities Table 2 Possible improvements**

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|  | **Status**  |
| **Level of achievement** | **Trend** |
| Regional policy is an evidence-based public policy  |  |  |
| Ukraine utilizes the European Nomenclature of Territorial Units for Statistics (NUTS) |  |  |
| Government utilizes electronic system for integrated monitoring of socio-economic and spatial development of territories for decision-making and monitoring of regional policy results |  |  |

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| Introduce an appropriate system of regional and local statistics compatible with EU data standards and processing methods |
| Ensure that sufficient resources (financial and human) are available to collect and analyze relevant data |
| To create an information base for analytical processing of data of socio-economic development of regions; cartographic representation of data; construction of consolidated integrated assessments of regional development, ranking, construction of passports of regions; forecasting, etc. |
| Establish an interagency group on monitoring regional development and evaluation of regional policy under inregion (as a body of Inter-service Commission for coordination of regional development) |
| Legislatively oblige the Minregion, central executive authorities, local executive authorities, local self-governments to disclose information in the form of open data (taking into account the good practice of open government) for the purposes of monitoring the development of territories at all levels |