

Cooperation Between Sweden and Ukraine in the Field of Local Self-Government

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**Department for Central and
Eastern Europe**

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Sida Evaluation 99/13

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Eastern Europe**

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0 Executive summary

Since 1995 the Swedish Association of Local Authorities (SALA) has implemented a programme¹ in support of local self-government in the Ukraine. At the onset, the programme was financed by BITS, but since the amalgamation of several Swedish development agencies in July 1995, the programme is financed by the Swedish International Development Cooperation Agency (Sida).

The motivation for the present evaluation is to assess the co-operation between SALA and its Ukrainian counterparts in view of the possibility to continue support beyond its present stage.

To date the programme comprises four projects that are interrelated, but with the common overall purpose of “decentralisation, thereby bringing the decision-making closer to the citizens and ensuring better utilization of scarce resources”.

To this end the programme is split in two main components; a) a *general project* which seeks to gain support for, and inform about, local self-government on a national basis, and b) *the Irpin pilot project* which works out the modalities of local administration in view of a decentralisation of power at municipal level. The municipality of Irpin is the critical and focal point of the programme; the intention being that Irpin should be launched as a legal experiment where local authority can be practised and later spread to the entire country.

It is a fact that there are no provisions for local self-government (in the western modern democratic sense) in Ukrainian law. Presently, the central authority, through two successive presidential decrees partly instigated by the programme, sanctions the implementation of the joint Swedish/Ukrainian programme itself. Both decrees instruct Ukrainian authorities to present the Verkhovna Rada (parliament) with proposals for laws and administrative alterations that would make the implementation of local self-government in Irpin possible on an experimental basis. During the spring of 1999, the parliament was presented with a draft-law on the Irpin experiment, which is expected to be discussed during the autumn session of 1999 although this is not certain. The draft-law, if passed, would provide the legal space necessary for *real* local self government on an experimental basis. The political process now under way should be described as in a state of stalemate, awaiting a debate and a final decision on the law.

The programme operates on two levels. Firstly, it targets the main national and municipal stakeholders in an effort to spread awareness and gain support for the notion of local self-government. Secondly, it targets municipal officials and representatives of the local community in the town of Irpin to address the practical modalities of local authority. This is done mainly through seminars, study visits, and working group activities.

Overall, the attainment of the set, immediate objectives should be considered to be high. With only minor exceptions the objectives of the general project have been met. As previously mentioned, the Swedish input could be distinguished as of two main kinds; awareness creation and knowledge transfer. Regarding the first notion, the success of the programme is evident. Wide acceptance and understanding of the concept of local self-government have been spread among the beneficiaries.

When it comes to knowledge transfer and its related output, the results are also in reasonable line with the expectations. The main thrust has been to help prepare proposals for new laws and administrative solutions based on the Swedish example and the Ukrainian reality. At large, this work has delivered as expected.

¹ For the sake of easy reference “the programme” denotes the four projects under review together.

In terms of cost-effectiveness, the report concludes that the programme has given good value for the funds disbursed. Alternative ways of supplying the same input are difficult to think of. The actual costs for the various activities have been found reasonable in relation to the attained output. However, it is clear that this assessment hinges on one important notion. In terms of long term impact, i.e. achievement of the overall objective of decentralisation, the programme is heavily relying on the passing of the draft law in parliament. If the measures that attempt to secure a legal ground for the Irpin experiment fail, the assessment of “good value for the money” should be reconsidered.

It is thus concluded that the project has achieved its immediate objectives, but that this outcome has not yet led to the fulfilment of the overall objective. In addition to the political stalemate in parliament, some other aspects can explain this gap.

The Swedish model is not altogether relevant as best practise for a country as Ukraine. The Swedish system of local self-government was based on autonomous municipalities and has developed over centuries. The task in Ukraine, to persuade the central government to forgo power and sources of tax income to the local government, bears little resemblance with Swedish history.

In the case of decentralisation in Sweden, this move has been fully funded by the central government. As long as the fundamentals differ, i.e. that there is no legal space for local self government in Ukraine, Swedish systems for service delivery, financial management etc are less relevant.

The risk analysis regarding the sensitivity of the Parliament to enact the draft-law has been insufficient. The programme has really made great endeavours to invite political top management to study Swedish experiences, but it is still not clear whether this will be sufficient to influence the majority in Parliament.

Furthermore, in view of the great and difficult task to change attitudes from centralisation to decentralisation it is likely that a more focused input of consultants would have been needed. Instead of working largely with representatives of various Swedish municipalities – something which in itself is very positive – it might have been more beneficial for SALA to develop in-house expertise on local self-government development in countries in transition. Maybe also a more focused presence in the Ukraine would have been beneficial.

Finally, the report advises Sida that not pursuing the programme at its present stage would be a waste of large funds. At the same time, it is concluded that funding cannot be provided indefinitely, and that the prerequisite for viable support is that legal space is created for the implementation of the Irpin experiment (or other forms of real decentralisation). Specifically, Sida is recommended to do the following depending on the alternative future courses of the process;

1. If the stalemate in the political process continues, Sida is recommended to support a low intensity programme for the next 12-18 months, i.e. towards the end of the year 2000, in anticipation of a parliament stand on the draft-law.
2. If the draft-law is accepted, the scope for further assistance increases and Sida is recommended to continue supporting the programme according to assessments given in the report.
3. Should the draft-law on the Irpin experiment be rejected, the alternative actions depend on how it is rejected.
 - Should it be rejected pending amendments, Sida is recommended to continue according to 1. above.
 - Should the proposal be dismissed without further discussion, Sida is recommended to discontinue support, or, if the process is deemed important enough for Swedish-Ukrainian relations, bring the bilateral discussions on the matter to a higher political level whilst maintaining a low intensity programme.

1 Introduction

In March 1999 SPM Consultants were invited by Sida to carry out an evaluation of the co-operation between the Swedish Association of Local Authorities (SALA) and its Ukrainian counterparts in a programme of support to the development of local self-government in the Ukraine. The support to the programme has been continuous from mid 1995 to date. The full terms of reference for the mission have been attached as an appendix.

The mission has been carried out during April and May 1999. SPM visited Kiev and the adjacent municipality of Irpin between May 10-14, where interviews were carried out with principal stakeholders and SALA partners.

2 Background

Since 1995 the Swedish Association of Local Authorities (SALA) has implemented a programme² in support of local self-government in the Ukraine. At the onset, the programme was financed by BITS, but since the amalgamation of several Swedish development agencies in July 1995, the programme is financed by the Swedish International Development Cooperation Agency (Sida).

To date the programme comprises four projects that are interrelated. In total Sida has committed SEK 10,1 million out of which 6,6 have been disbursed. A summary is presented below.

TABLE 1 – Summary of projects within the programme

Project	decision date	estimated duration	budget	outcome to date	variance
Development of local self government, phase I	950619	16 months	3 981 000	3 370 149	610 851
Development of local self government, phase II	970416	18 months	2 810 000	2 447 952	362 048
Pilot project in Irpin; Development of local self government	971103	18 months	2 300 000	802 383	-
Development of local self government, phase III	990127	10 months	990 000	0	-
Sum			10 081 000	6 620 484	972 899

The first phase of the project had two main components; i) to support the Presidents Foundation of Local Self Government (PFLS) in creating awareness of the concept of local self-government and exchange the experiences of the Swedish model and ii) to select a pilot city for furthering the development of local self-government in the Ukraine. The PFLS is a government agency under the Presidency for the development of local self-government in the Ukraine, and the primary counterpart of SALA in the programme.

Following the initial phase of the programme it split into two parts, much at the instigation of Sida. The first was a continuation of what has been denoted as *the general project*, phase II, comprising seminars and study visits to support national endeavours to create a legal framework and a general acceptance of the notion of local self government. The second part being *the pilot project* in the municipality of Irpin, aiming at developing an efficient local administration capable of adapting to new forms of local self-government with increased authority.

² For the sake of easy reference “the programme” denotes the four projects under review together.

Hence the programme operates at two levels. Firstly, it targets the main national and municipal stakeholders in an effort to spread awareness and gain support for the notion of local self-government. Secondly, it targets municipal officials and representatives of the local community in the town of Irpin to address the practical modalities of local authority.

The second phase of the general project extended the scope of co-operation and included the Ukrainian Association of Cities (UAC)³ as a major counterpart to SALA and the PFLS. It was deemed vital to the purpose of the project to include the rapidly growing and increasingly powerful UAC among the counterparts.

Just as the first phase of the programme, the second phase of the general project consisted of a range of study visits and seminars (10 seminars). About 700 people from the municipal to the parliamentary level participated (add to this some 250 participants during the first phase). The primary purpose of these events was awareness creation and exchange on the concept of local self-government and its implications in terms of democratic development and economic growth. The idea was to strengthen the UAC and the PFLS' efforts to bring about a process of decentralisation.

The pilot project in the municipality of Irpin is more specific in its operations. It is explicitly directed towards strengthening the municipality in all aspects of its activity; such as management of municipal property, local taxation, and modern methods of local administration. The pilot project is also well established within Ukrainian structures. At the central level a *steering committee*, headed by a vice minister and involving representatives of several ministries and the PFLS, has been appointed in order to support the project and work for the adaptation of necessary rules and regulations. A *project management group*, comprising representatives of the PFLS, the Ministry of Finance, and SALA, is responsible for the implementation. A *local steering group*, comprising the four majors of Irpin and other representatives of the municipality and the local business community, is operating.

Below this structure, four *technical working groups* are active in drawing up actual proposals for laws, regulations, and working descriptions for the municipality. Local experts and officials work together with representatives for local interests in these groups on;

1. border delineation of the municipality of Irpin
2. municipal property issues
3. municipal administration, and
4. local taxation and budget management

The pilot project activities include six workshops and one study visit, and is directly concerned with the operations of the technical working groups mentioned above. It should hence be noted that while the general project is mainly directed towards awareness creation and gaining political support for decentralisation, the focus of the Irpin project is on knowledge transfer in connection to the work of the technical working groups.

The emphasis on laws and regulatory issues in the project is motivated by the fact that there are no provisions for local self-government (in the western modern democratic sense) in Ukrainian law. Presently the central authority sanctions the implementation of the programme itself through two successive presidential decrees. The first decree is from June 27, 1997, endorsing the implementation of the joint Swedish/Ukrainian project on developing local self-government in the town of Irpin.

³ The UAC is a non-governmental organisation uniting and representing the interests of the cities and villages of the Ukraine. To date (1999) UAC bring together about 250 (>56%) of the 444 cities of the Ukraine, including the capital.

The second one, from June 29, 1998, extends the term of the project “further on”. Both decrees instruct Ukrainian authorities to present the Verkhovna Rada (parliament) with proposals for laws and administrative alterations that would make possible the implementation of local self-government in Irpin on an experimental basis.

During the autumn of 1998, when the Irpin project was ongoing and the second phase of the general project was coming to an end, SALA submitted a proposal for a third phase of the general project to Sida. The proposed project was extensive with a turnover exceeding SEK 6 million. Sida renegotiated the proposal on the grounds that a thorough investigation of the results of the programme so far was needed if a continuation on a large scale was to be accepted. At the end of January 1999, Sida accepted a reduced proposal for phase III with the aim of assisting the legislative process. The limited project covers three activities (study visits) with this particular aim. Currently under way, i.e. late spring 1999, are hence the last stages of the Irpin project and the reduced “third phase” of the general project which is due to close by December 1999.

The motivation for the present evaluation is thus to assess the co-operation between SALA and its Ukrainian counterparts in view of the possibility to continue support beyond its present stage.

3 Findings

3.1 Relevance of stated objectives

The definition of the objectives stems from a fact-finding mission to Ukraine by two representatives from SALA. The mission was concluded by the signing of a “Protocol of Intentions” between the predecessor of PFLS and SALA, where the objectives of the first project were agreed.

However, the objectives were not based on a joint log-frame discussion between the parties with the purpose of analysing the core problem and identifying the programme objectives. In addition, it seems as if the overall programme objective is derived from the standard goal of SALA’s international activities: “decentralisation, thereby bringing the decision-making closer to the citizens and ensuring better utilization of scarce resources”. This formulation appears for the first time in the request for the support to the Irpin project in the fall of 1997, something which raises doubt as to whether it was firmly established with the Ukrainian counterparts at the onset.

The objectives and expected results of the three projects approved and implemented so far have been summarized in a shortened form in the table below:

TABLE 2 – Objectives and expected results

Project	Objectives	Expected results
General project, phase I	To exchange experience of local self-government; To implement parts of the Swedish model; To appoint a pilot city	1) The Swedish model of local self-government will be widely spread; 2) The importance of local self-government and local democracy will be accepted among a big group of politicians and officers in Ukraine 3) The programme strengthens democracy
General project, phase II	Contribute towards a change of legislation in the field of local self government Change attitudes among key politicians and officials Strengthen and prepare local authorities for change	1. UAC developed into a strong association 2. Proposals of necessary laws and regulations drafted and presented 3. Individual municipalities better prepared and assuming new responsibilities 4. Reader-friendly publications distributed to 10 000 decision-makers 5. Greater awareness about gender issues 6. Greater understanding of the concept of local self-government
Pilot city	Creation of a model for local self government	1. Determination of the borders of Irpin 2. Widely increased understanding and support for local self government 3. Creation of one single administrative body 4. Knowledge of the Swedish local election system in view of the coming Ukrainian election 5. Proposals regarding local government finance, communal property and distribution of decision-making between local and regional bodies. 6. Knowledge to spread to other interested municipalities

The arrangement shows that the goal structure is not entirely comprehensive. On the one hand it seems as if the term “expected results” assumes the role as specifications or some kind of OVIs⁴ in LFA terms of the objectives. This is clearly the case as regards the pilot project in Irpin, and partly also as regards the second phase of the general project. On the other hand, and this refers specifically to phase one of the general project, the expected results have more of a notion of objectives than the objectives themselves, whereas the objectives are formulated as activities.

Furthermore, most of the expected results are formulated in a qualitative sense only, something which makes them less useful as monitoring instruments (see further below).

3.2 Results

Overall, the attainment of objectives should be considered high. With only minor exceptions the objectives of the first and second phase of the general project have been met. The Swedish input could be distinguished as of two main kinds; awareness creation and knowledge transfer. Regarding the first, the success of the programme is evident. Wide-spread acceptance and understanding of the concept of local self-government have been spread among the beneficiaries, ranging from national politicians and officials to their municipal counterparts and to a large portion of the public. A solid base for furthering the programme has thus been achieved.

As regards the transfer of know-how and its related output, the results are in reasonable line with expectations. The main thrust of this transfer has been to help prepare proposals for new laws and administrative solutions based on the Swedish example and Ukrainian reality. At large, this work,

⁴ OVI = Objectively Verifiable Indicators. However, the chosen indicators are not always easily verifiable, but subject to personal judgement.

mainly takes place in the technical working groups of the Irpin project, but also in the steering committees and the PFLS. It has delivered as expected. The proposal for a law that purveys a legal basis for local self-government in Irpin on an experimental basis, in consequence with the Presidential decrees, has been presented to the parliament (hereafter referred to as the *draft-law*) to be debated and voted on in the fourth session of the Verkhovna Rada beginning in September 1999. There are, however, no guarantees for this.

Table 3 below summarizes the assessment of individual results for the three projects in table 2.

TABLE 3 – Attainment of objectives

Objectives	Expected results	Attainment
<i>Phase I</i>		
To exchange experience of local self-government; To implement parts of the Swedish model; To appoint a pilot city	1. The Swedish model of local self-government will be widely spread; 2. The importance of local self-government and local democracy will be accepted among a big group of politicians and officers in Ukraine 3. The programme strengthens democracy	1. High 2. High 3. Unclear, (difficult to assess at this stage)
<i>Phase II</i>		
Contribute towards a change of legislation in the field of local self government Change attitudes among key politicians and officials Strengthen and prepare local authorities for change	1. UAC developed into a strong association 2. Proposals of necessary laws and regulations drafted and presented 3. Individual municipalities better prepared and assuming new responsibilities 4. Reader-friendly publications distributed to 10 000 decision-makers 5. Greater awareness about gender issues 6. Greater understanding of the concept of local self-government	1. High (although its relation to project activities is not altogether clear) 2. High 3. High for Irpin, otherwise moderate 4. Reasonable (approximately 5 000 to date, materials produced keep a reasonable standard) 5. Low 6. Reasonable to high
<i>Pilot city</i>		
Creation of a model for local self government	1. Determination of the borders of Irpin 2. Widely increased understanding and support for local self-government 3. Creation of one single administrative body 4. Knowledge of the Swedish local election system in view of the coming Ukrainian election 5. Proposals regarding local government financing communal property and distribution of decision-making between local and regional bodies. 6. Knowledge spreading to other interested municipalities	1. Low 2. High 3. Moderate 4. Reasonable 5. High 6. Low to moderate

Operations that have hence not been as successful are:

- 1) The creation of a single administrative body for the three settlements and the city of Irpin in Irpin municipality. An effort in this direction has met with some local resistance.
- 2) Efforts to create preparedness for change beyond Irpin have only been partially successful,
- 3) Efforts to spread gender awareness; the Ukrainian response to the issue has been one of interest when addressed, but no significant achievements can be detected so far according to most interlocutors.

3.3 Project management

3.3.1 SALA-PFLS;

As mentioned above, the task to promote and pave the way for decentralisation and local self-government is entrusted to a foundation directly under the President of the Republic. The PFLS initiates, prepares and evaluates legislation necessary for the introduction of local self-government.

It must therefore be considered very effective that the Steering Committee for the Swedish support to the *general project* includes two representatives from the foundation (one of its members was later replaced by one representative of the Research Institute of the Ministry of Finance). The inclusion of one member from the UAC is also important considering the ambition to share the experience from the project with other cities. Naturally, SALA's project manager is also a member of the steering committee. The Steering Committee meets informally whenever the Swedish project managers visit the Ukraine in order to monitor the support and take measures when needed.

The management of the *Irpin pilot project* is more developed and more complex. In view of its importance as a pilot city, a special steering committee has been formed to "support the project and to transfer experience into law amendments or changes". It is headed by a high official of the Cabinet of Ministers and includes the president of the PFLS and the first deputy director of the Research Institute of the Ministry of Finance. There is also a project co-ordinator for the Irpin pilot project who sits on the boards of PFLS and UAC, but who is not a member of the committee. Therefore, the exact roles and responsibilities of these two functions – the committee and the co-ordinator – are not entirely clear.

A steering group, involving the same two persons from PFLS, the mayor of Irpin (city) and two representatives of SALA manages the Swedish support to the pilot project. In fact, this steering group has in practice been fused with the one of the general project. At the operational level there is a management group led by the mayor. It also includes the other mayors of Irpin as well as representatives of the local business and administration. This group is overlooking the work of the four working groups with their respective mandates.

This plethora of project management units may appear to be a confusing and provoking room for duplication and overlap. It is said however, that the more important an issue seems to be, the greater is the number of committees involved in it. Anyhow, it appears as though the key people sit in most of these units, which may serve as a guarantee for good co-ordination between the various stakeholders and between the two projects.

3.3.2 *Sida-SALA*

After consultations between SALA, PFLS and UAC on the programme orientation and the co-operation, SALA has made requests for funding to Sida. After an internal appraisal of the request, Sida takes a decision on the support and informs both SALA and PFLS about the decision. This is basically a commitment to fund the services extended by SALA in the project.

During the implementation phase, SALA is instructed by Sida to send progress reports attached to the invoices. So far only a few progress reports have been drafted and sent to Sida. The financial follow-up is not particularly detailed (see further below in section 3.4).

After the completion of the services, a final report drafted by SALA is submitted to Sida. Final reports have been elaborated for the first two phases of the general project. In connection with these, SALA and Sida have met to review the progress of the programme. After the completion of phase I PFLS drafted a combined report and request for continuation. This report was not presented to Sida but served as a proposal to SALA on the orientation of the future co-operation. SALA's request for phase two was based on this report, with some modifications.

SALA's reports are comprehensive and summarize the outcome in relation to the expected results in an adequate way. They are a bit optimistic in their assessments about the possibilities to achieve the overall objective, i.e. that the attainment of the expected results will bring about actual decentralisation (see further about the risk analysis in section 4.2)

Besides this reporting, Sida undertakes follow-up visits of the project in connection with a general follow up of the entire co-operation between Sweden and Ukraine.

Considering the importance of the programme, both as regards Sida's objective for the co-operation with Ukraine and for the development towards democracy in the country per se, it would not have been improper for Sida to follow the progress of the programme more closely.

3.4 Cost-effectiveness

SALA is reporting to Sida on the issue of budget variance and reallocations have been sparse. The material available to the consultant consists of the individual budgets for the four projects, and the overall disbursements as they appear in table 1, page 3.

It can be concluded that of the two projects that have been closed financially, fees has been used to the maximum whereas only some 72% of the reimbursable part. Overall, 86% of allocated funds have been disbursed, which is slightly lower than average for projects in the Sida-Öst portfolio (90%). Costs have been reduced for two main reasons; 1) slightly fewer participants than expected could attend the various project activities (about 70-85%), and 2) costs for air travel and accommodation were lowered considerably by SALA through various agreements with suppliers.

Looking at the four separate budgets, some budget posts appear to be high on the reimbursable side. However, since SALA seems to overestimate reimbursable costs to achieve budget "space", and since this is reflected in efforts to reduce costs in practice, this is in order.

The nature of support merits a high level of management capacity⁵. Awareness creation activities in particular warrant the need for a large management component. This is less true for knowledge transfer operations, when experts should carry out the principal work, but the challenge of introducing a new concept does motivate the high level so far. It should furthermore be recognized that project management provides a substantial degree of qualitative input at the expert level.

Overall, the programme has given good value for the funds disbursed. Alternative ways of supplying the same input are difficult to think of. The very nature of the project, basing a transformation of the Ukrainian system on Swedish experiences, merits the high level of exchange of study visits and seminars in both Sweden and Ukraine. The actual costs for the various activities have been found reasonable in relation to attained output.

It is nevertheless clear that this assessment hinges on one important notion. In terms of long term impact, i.e. achievement of the overall objective of decentralisation, the programme is heavily relying on the passing of the draft law in parliament. If the measures that attempt to secure a legal ground for the Irpin experiment fail, the assessment of “good value for the money” should be reconsidered.

3.5 Gender aspects

The first project document talks about gender in the following way: “There is no specific seminar planned for gender issues, but by showing the Swedish example with women as leading politicians and local officials as well as competent lecturers the question of equality between the sexes will be actualized and discussed”. This formulation is repeated in the application for the second phase with the addition that SALA’s experience from work in the former Soviet Union has proved that “this is the most efficient way of raising the issue and create an awareness of its importance”.

However, it seems clear that most Ukrainians are unfamiliar with the concept of “gender”. It could also be said that the subjects of gender sensitivity and equal rights between the sexes largely or entirely are not dealt with in Ukrainian society. To raise the issue according to SALA’s proposal may therefore be insufficient if the intention is to make a real difference. The approach should be very long-term indeed.

Nevertheless, in the original proposal for phase 3, gender issues received a quite different emphasis. On the initiative by the Ukrainian counterpart, two seminars were proposed in order to focus on gender issues in municipal services and in general. As a consequence of Sida’s decision to reduce the extent of the projects, these seminars have not been implemented.

3.6 Impact

It is important to note that SALA is the main adviser to Ukraine in the area of local self-government. Smaller inputs are also provided by USAID as regards alternative sources of local income and Germany when it comes to municipal regulations. However, the “Swedish model” seems to be the chosen concept of what constitutes a good example of local self-government. This is of course flattering but it also implies a great responsibility. In this respect, one could ask whether the Sida-

⁵ In the first two projects the management component represents just above 25% of the budget. The same applies to the Irpin pilot project. Taking into account that the programme has only utilized 72% of its resources for reimbursable costs, the level of project management as a percentage of actual costs increases well above 30%. This figure in itself must be considered high, and should reasonably be expected to drop in the future if the programme shifts focus to applied knowledge transfer to the pilot (provided the draft law is passed).

supported programme, despite the large number of individuals being affected, provides a sufficient critical mass for change in such a complex area as decentralisation of power (see further below).

It is not explicitly stressed in the project documents, but the programme has assumed a two-sided approach:

- to increase the *awareness* of the intrinsic value of local self-government and its relevance for democracy and economic development among influential decision-makers at local and central level;
- to increase the *knowledge* about management systems in relation to local self-government.

In very rough figures the distribution between these two categories up to the end of 1998 is as follows⁶:

TABLE 4 – Awareness creation and competence development in the project

Project	Number of person-days	SEK
Awareness-creation		
1) Phase 1	265	1 165
2) Irpin	50	243
3) Phase 2	110	
Knowledge transfer		
4) Phase 1	343	
5) Irpin	325	2 815
6) Phase 2	532	1 740

The table shows that the amount of resources for competence development has increased from phase 1 to phase 2, both in relative and absolute figures. Also for the Irpin project the emphasis is on competence development. Even though the figures are based on approximations they support something which should be an expected development in a programme with this orientation.

As regards the impact in *awareness creation*, the programme should be commended for its high level of inclusion of the target group. There is little doubt that the awareness creation efforts have had a positive impact on a very large portion of the critical stakeholders in Ukraine. In this respect, the foundation has been laid for a clear positive and long-term impact of the programme. Again, however, it depends entirely on the future of the Ukrainian process set in motion if that impact can be sustained.

It is quite obvious that the contribution from SALA has had an impact on the *knowledge transfer* towards local self-government in the Ukraine. In concrete terms a number of influences in the proposed new legislation aiming at forming the legal foundation for local self-government can be traced back to Swedish origins. Examples of this can be found both in the various proposed laws on local self-government and the draft-law itself. The input comes mainly from two sources: the presentations and discussions held by Swedish experts at workshops and study visits and the translation of the Swedish laws concerning local self-government.

Furthermore, the four working groups in the Irpin pilot project have benefited from a continuous support from various experts. On average, each working group have had access to seven different short term experts who have been assigned for work both in Irpin and in Sweden.

⁶ The figures are based on the Final reports for the two phases of the general project and the progress report dated 1998-12-18 concerning Irpin

The scope for replicability of methods and concepts introduced should be deemed very high. There is little question that the target group embraces concepts and models introduced. The efforts of the working-groups and parliamentary committees in delivering the draft laws and regulations discussed above testify to this. Replicability is at the heart of the notion of sustainability. An absolute requirement should be that the Ukrainians are able to push the process forward themselves in the future.

On the other hand, it is probable that the Swedish experience put forth is on the brink of being unintelligible to the beneficiaries on a practical level. There is, for example, no previous Ukrainian experience in political memory that can be referred to. In short, there are no domestic reference points. Thus, the concept is new and it is only when the model of local self-government comes into practice that the real results of a replicability effect can be observed.

In addition, a twinning programme was initiated during the first phase, comprising reciprocal visits by 12 mayors in Sweden and the Ukraine. Since the inception, SALA receives separate funding from Sida to promote twinning undertakings, in Ukraine as well as in other countries. The results in Ukraine are not particularly impressive; only four twinning arrangements are operational, including at least one that was not included in the first batch of 12 municipalities. However, SALA finds this outcome to be reasonable and according to expectations. The content of the co-operation varies from the exchange of experience from municipal service delivery to cultural and youth exchange programmes.

4 Conclusions

The main conclusion from this evaluation is that the programme has achieved most of its immediate objectives and produced the expected results, but that this has not led to the fulfilment of the overall objective. The discussion below aims at pointing at some of the explanations for this gap.

4.1 Redistribution of power

One circumstance which most probably explains the difficulty in achieving the overall objective of the programme is the fact that the programme aims at taking power and decision-making from the central level and giving it to the local level. The central level is expected to give it away without any form of compensation or immediate benefit. Such changes can only be executed by a strong political leadership and a long-term commitment, as was for instance the process of municipal merger that took place in Sweden after the Second World War. It is quite obvious that the present Ukrainian parliament does not possess this vision and hence is reluctant to endorse the necessary legislation. A contributing factor is that the municipalities in Ukraine have very different possibilities in actually managing communal welfare and other services, because of the tremendous differences in the tax base.

The unfolding of the Swedish local government process has spanned over a long period and started from the bottom, with the establishment of autonomous municipalities before the central government had effective territorial control. As it is stated in a recent publication⁷: “Already in the Middle Ages there was a rather well-developed system of local self-government both in rural areas and cities.” The Local Government Ordinances from 1862, i.e. well before the economic development of Sweden gained momentum, stated that secular affairs were to be the responsibility of the muni-

⁷ Public sector reform in Sweden, Liber Ekonomi 1999

cipalities. For this reason, the Swedish history does not offer many references to the issue of power devolution that is now planned to take place in Ukraine. During the last couple of years there are, however, examples of transfer of responsibility from the central to the local government in various areas, such as basic education and emergency services. This decentralisation of service delivery is, however, fully financed by grants from the central government.

There are of course other explanations for the lack of support in parliament than unwillingness to forgo power. The level of information and awareness about the benefits of local self-government is probably not yet sufficient at this level. The issue is also at risk of becoming increasingly politicized and therefore may become a bone of contention between various political fractions in the coming elections. Such a development would be unfortunate to the process and the co-operating partners of the programme are working not to let this happen. For this reason, it is rather unlikely that Parliament will take any decision – positive or negative – before the presidential elections during the fall of 1999.

4.2 Risk analysis

It is the view of the consultant that SALA in its official proposals and reports from the programme has been elaborating an insufficient risk analysis. Sida on the other hand has, in its decisions, been observant to the fact that the programme is subject to a frail political process.

This is not so much a critique as an observation. Of course Sida has been informed of this fact primarily by SALA. Admittedly, SALA has all the better reasons for being enthusiastic about the programme and its achievements. However, bearing in mind the critical need of political support to achieve the overall objective of the programme, i.e. decentralisation, the partial omission of a proper risk analysis deserves some comment.

During the initial stages, the project's aim to introduce new concepts to a wide range of stakeholders was completely justified. Particularly so because it made possible a proper analysis of what was needed in the long run to fulfil the overall objective. At this stage the legal requirements for the experiment with the pilot city became apparent. At a later stage in the programme, it is evident that SALA and its counterparts worked very hard to meet these requirements, and not without success.⁸

The frailty of the political process was hence known to the project management team, but it was not sufficiently taken into account when SALA formulated its proposal for phase III (nor for that matter in the strategic discussions of the reports from phase I and II). Proposing further dissemination of information and general awareness creation on a grand scale was not in line with this insight since **1)** the proposals for new legislation were already under way and **2)** the programme had already achieved a substantial degree of awareness amid the critical stakeholders. Sida's decision to negotiate a reduction of the proposal for phase III, and the subsequent project focus on members of the Ukrainian parliament is considered justified on this account.⁹

What the SALA proposal should have recognized was that bettering the already achieved results would have been a poor use of resources pending a political decision that would alter the pre-requisites of the programme completely.

⁸ The two presidential decrees should to a large extent be attributed to this work.

⁹ It could however be argued that the reduced phase III project should have emphasized even more the members of the Ukrainian parliament as the prime target group to an ever larger extent. As it stands, only one out of three main project activities attends to the latter, whereas the other two continue the work on management systems and involve beneficiaries closer to the local level.

In conclusion, it is a general feature that SALA's risk analyses are insufficiently elaborated and acted upon, particularly at the global programme level. The suspicion that programme activities sometimes continue parallel to, and without specific reference to, a global risk analysis may be raised. Even if this is not entirely true, SALA is encouraged to increase its efforts in this work.

4.3 Project design

There is a long distance between the Swedish model of local self-government and the reality in Ukraine. One must therefore ask the question to what extent Swedish experience can be used in the development of the Ukrainian system of local self-government. There is no doubt that the Swedish model represents a well conceived and functioning system that has developed over many decades, not to say centuries. Despite being in part financially dependent on the central government, the system is firmly based on the principles of local elections and local parliaments, local autonomy in decision-making and local income generation. As long as these fundamental principles are not established in Ukraine, it is not obvious what benefits the Ukrainian local administration may find in utilizing Swedish systems for financial administration, property management or service delivery. The rather bleak progress in the twinning project may serve to illustrate this lack of compatibility between the systems.

The mode of co-operation hinges very much on the utilization of SALA's network and municipal officials as experts and consultants. Although this has many positive consequences, not least in promoting an international interest in Swedish municipalities, it may also constitute a weakness. It might be the case that the task of understanding the differences between Sweden and Ukraine as regards systems and conditions for change is so difficult that SALA would need to develop its own expertise of consultants specializing in working with economies in transition. At some stage it would most probably be of value for Ukrainian officials and policy-makers to share lessons learnt with other countries in transition, particularly as regards ways and means to increase awareness in parliament on the benefits of local self-government. This ought also to be of interest both for SALA, as a consultant, and for Sida, as a funder of similar projects in Eastern and Central Europe.

It could also be the case that the rather tall order that is implicit in the change of basic attitudes towards democratization and centralization would warrant a stronger presence by SALA in Ukraine. Maybe the function as a project manager would have been resident in the Ukraine with the purpose of having capacity to serve both as adviser to the PFLS and as a co-ordinator of the programme, with support from SALA in calling on additional consultancy services from Sweden.

5 Recommendations

It would certainly be a waste not to pursue this programme. The commitment made by the Swedish party in the co-operation has been absolutely crucial to the process so far. If continued support is not effectuated in one form or the other, it would be an unfavourable signal to the Ukrainian counterpart and a clear risk that achievements dwindle. In short, it would be a waste of large funds not to pursue what has been started at this point in time.

The potential impact and leverage of effective support if the Irpin experiment comes into practice should not be underestimated. The scope for justifiable support would increase enormously. The possibilities to assist in the change of administrative modalities for a new local authority, and at the same time work jointly with the Ukrainian partners in facilitating a political and legal process,

would be a logical continuation of the programme in this case. It would then probably be necessary to assess the capacity of the Swedish resource base in order to assume the responsibility for facilitating that process.

However, if the political stalemate continues, there must certainly be a limit beyond which it is no longer advisable for the Swedish counterpart to carry on. The programme in itself, no matter how successful it is in spreading and rooting the concept of local self-government within the beneficiary group, fails to be appropriate if legal space for the Irpin experiment (or other substantial means to bring *real* decentralisation about) does not eventually materialize. Since the overall aim is decentralisation, decentralisation should happen, and it has not yet done so. This is also clear among the main beneficiaries; for example, when at a seminar most majors from across the country agreed that “even small scale changes would not be possible without the legal changes at the national level”. Admittedly, although it is inevitable, the programme is at a loss for being dependent to such a high degree on a political process.

When and under what conditions should the Swedish commitment come to a halt? Gains already made could be sustained through a low intensity programme; aiming at mustering support for the process at municipal and national level. This may be done through the same means as already applied in the Irpin pilot project and the third phase of the general project, although at a lower level of intensity and more generally applied within the Ukraine. The PFLS, the Town of Irpin, and the UAC would still apply as SALA partners. Pending the outcome of a parliamentary decision, this should be feasible for the next 12–18 months.

However, should the law be *rejected* in parliament, it is highly questionable whether to continue a project with political objectives.¹⁰ If so, it is recommended that the Swedish-Ukrainian dialogue on this issue is brought to a higher political level. It is not for a development agency to entertain a project with political intentions that might be unacceptable to the Ukrainian parliament.

In summary, Sida is recommended the following depending on the alternative future courses of the process;

1. If the stalemate of the political process continues, Sida is recommended to support a low intensity programme for the next 12-18 months, i.e. towards the end of the year 2000, in anticipation of a parliament stand on the draft-law.
2. If the draft-law is accepted, the scope for further assistance increases and Sida is recommended to continue supporting the programme according to the assessments given above.
3. Should the draft-law on the Irpin experiment be rejected, the alternative actions depend on how it is rejected.
 - Should it be rejected pending amendments, Sida is recommended to continue according to 1. above.
 - Should the proposal be dismissed without further discussion, Sida is recommended to discontinue support, or, if the process is deemed important enough for Swedish-Ukrainian relations, bring the bilateral discussions on the matter to a higher political level whilst maintaining a low intensity programme.

¹⁰ Depending of course on *how* it is rejected; pending amendments (or other forms of obtrusion) or irrevocably.

As a general recommendation to Sida, we would suggest that Sida initiate a closer sharing of experience between countries that are subject to programmes for development of local self-government. Such a sharing would most probably facilitate the process for countries that face resistance from the political system.

Appendix

TERMS OF REFERENCE FOR THE EVALUATION OF THE SWEDISH ASSOCIATION OF LOCAL AUTHORITIES (SALA).

1 Background

The Swedish Association of Local Authorities (SALA) has since 1995 implemented a Sida (and earlier BITS) financed project in support of the development of local self-government in Ukraine. To date the total Sida/BITS-financing amounts to about 10 million SEK.

The first phase of the project was part of a BITS-financed local government support project of 1995 (commitment 3,981,000 sek). The project had two components: 1) support to the Presidents Foundation for Local Self-government (PFLS) for development of legal framework and information dissemination, 2) the implementation of a pilot project in Irpin with respect to the concrete problems facing a local government's administration. The project seems to have been successful, but the results were not sufficiently tangible, and some organisational changes proposed were impossible to implement. Through a new presidential decree concerning local self-government (the drafting of which was a result of phase 1 activities), concrete reforms were made possible and implemented.

After the initial phase the project were divided into two parts: *a pilot project in the municipality of Irpin* and *a general project* on development of local government on central level.

The objective of second phase of the *Irpin-project* was to develop a foundation for legislative reform, and in addition focus on concrete issues within the following areas: local administrative borders, municipal property, and administrative and financial aspects of the local government. Three groups have been formed: a steering committee on the central level of Ukraine (including a vice minister and persons from the Ministry of Finance); a steering committee on the local level (including the mayor of Irpin, representatives of the Presidents Foundation of Local Self-government (PFLS) and the SALA), and a local task force. The project included six workshops (four in Sweden and two in Ukraine) and a study-tour.

The general project aimed at supporting the reform process towards increased democracy and local self-government.

The purpose of phase II was to contribute to changes in the legislation in the field of local self-government, and to changed attitudes among key politicians. Moreover, the objective was to develop the Ukrainian Association of Cities (UAC), and strengthen and prepare local authorities for change. A number of seminars and study tours have been undertaken with participation from administrations at all levels. The project also included publication and distribution of analytical bulletins and booklets on local self-government. The project was connected with the pilot city project of Irpin, and included participation from this project.

Phase III, which runs from February to December 1999, aims at assisting the ongoing legislative process for local self-government by inviting representatives of the Ukrainian Parliament to a study-visit to Sweden on the topic of the local self-government system in Sweden. A second study-visit will involve persons involved in the project (representatives from UAC, PFLS, local governments) and focus on the internal organisation of legislative and executive bodies in Sweden. This tour will be followed by a seminar in Kiev.

In response to the initially rather extensive application for phase III, Sida wrote to the parties: “Sida has already contributed considerable amounts of money to the self-government projects in Ukraine and the projects have grown constantly. We believe that a continued financing in a larger scale has to be based on a thorough analysis. Therefore Sida intends to let an independent consultant during the spring of 1999 evaluate the co-operation projects between SALA and the Ukrainian counterparts.” Another argument for carrying out an evaluation – which partly is the nature of projects like this – is that the results of the co-operation so far have been rather intangible and somewhat vague.

2 Purpose and Scope of the Evaluation

The purpose of the evaluation is to find out how the Sida-financed projects have been formulated, carried out, reported and received by the counterparts. The evaluation shall focus on the performance and competence of SALA; PFLS and UAC as well as on the results of the projects.

The evaluation shall analyse finalised and ongoing projects but also give recommendations for future co-operation in this field.

3 The Assignment (issues to be covered in the evaluation)

The evaluation shall discuss/cover:

- An overview over the co-operation. What results have been achieved?
- the relevance of the co-operation projects, taking Sida’s goals and the different needs in Ukraine into consideration
- whether and to what extent the objectives and expected results of the projects have been achieved. What are the reasons for high or low achievement? Have the objectives been well formulated and reasonable? Which are the main problems in the co-operation?
- the effect of the co-operation on the participants. To what extent have they been able to transform the new knowledge into practice?
Has the selection of participants been made in an appropriate way?
- the competence of SALA to carry out the project. Has the amount of consultancy in different areas been reasonable? Has the administrative costs been kept at an acceptable level? Has the experts/personnel involved carried out the project in a professional way?
- whether the organisational structure of the counterparts has been functional/optimal for the co-operation. Has the received knowledge been “administered”/managed in a proper way?
- if the follow-up of the results (seminars, study-visits etc) within the project has been carried out in an appropriate way. How has the quality of the reports sent to Sida been?
- if the publications produced within the project has been relevant. Has the distribution of the documentation been relevant? To what extent and how has the material been used by the end users?
- to what extent has the project created a change in attitudes? Has the change in attitudes materialised in a change in practices? Is it possible to speak about a critical mass in this context and to what extent it has been reached?

- to what extent the success of the project is dependent on external factors, like the adoption of certain laws by the parliament. Has the risk analysis been realistic? How should a future project take such potential hindrances into consideration?
- if the projects have been executed in a cost-effective way. Could the same results have been achieved with less resources? Has it been a good value for the money? Is the relation between the amount of the Sida financing and achieved results reasonable?
- if and in what way the co-operation has been related to gender equality
- Sida's handling of the project and its relations with SALA, UAC and PFLS.

The consultants shall, based on the findings of the evaluation, give recommendations on how the Swedish support ought to be continued.

4 Methodology, Evaluation Team and Time Schedule

The consultant shall gather information from SALA, SALAs counterparts and Sida through written documentation (project proposals, Sida decisions, contracts, reports, SALAs own evaluations etc.), interviews with SALA staff, SALA project leaders, counterpart organisations (UAC, PFLS, the Working Group in Irpin) randomly chosen participants in the seminars and study-visits etc.

It is estimated that the assignment will take five man weeks, out of which two man weeks for field studies.

5 Reporting

The evaluation report shall be written in English and should not exceed 10 pages, excluding annexes. Two copies of the draft report shall be submitted to Sida no later than 31 May 1999. Within 4 weeks after receiving Sida's comments on the draft report, a final version in two copies and on diskette shall be submitted to Sida. Subject to decision by Sida, the report will be published and distributed as a publication within the Sida Evaluations series. The evaluation report shall be written in Word 6.0 for Windows (or in a compatible format) and should be presented in a way that enables publication without further editing.

The consultant shall, in connection with the report, submit to Sida a manuscript to Sida Evaluations Newsletter (in accordance to Annex 1) and fill in the Sida Evaluations Data Work Sheet (Annex 2).



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