2015:46 Sida Decentralised Evaluation

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Review of Kyiv School of Economics' Institutional and Sustainability Plans

Evaluation Report

Sida

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Table of Contents

Table of Contents **6**

Abbreviations and Acronyms **7**

Executive Summary **8**

1. Introduction **11**

1.1 Background 11

1.2 Review Objectives and Scope 11

1.3 Structure of Report 12

2. Methodology **13**

2.1 Overall approach 13

2.2 Evaluation questions 13

2.3 Methods of information collection and analysis 14

2.4 Limitations 14

3. Overview of KSE **16**

4. KSE-Sida Agreement on Core Support 2012-2015 .... **18**

5. Findings **20**

5.1 Education programme development 20

5.2 Economic research and policy advisory capacity 26

5.3 KSE's governance and its anchorage in Ukraine 30

5.4 Organisational development and effectiveness 32

5.5 Financial growth and sustainability 37

6. Conclusions **40**

7. Recommendations **43**

7.1 Recommendations to Sida 43

7.2 Recommendations to KSE 43

Annex 1: Terms of Reference **46**

Annex 2: List of Documents **50**

Annex 3: List of Interviewees **54**

Abbreviations and Acronyms

ACES	Association of Comparative Economic Studies
BEROC	Belarusian Economic Research and Outreach Center
BICEPS	Baltic International Center for Economic Policy Studies
CEFIR	Center for Economic and Financial Research
CENEA	Center for Economic Analysis
CEO	Chief Executive Officer
CNRS	Centre National de la Researche Scientifique
DAC	Development Assistance Committee
DFID	Department for International Development
EERC	Economics Education and Research Consortium
EQ	Evaluation Question
GDN	Global Development Network
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
GoU	Government of Ukraine
IAB	International Academic Board
IIB	International Institute for Business
ILO	International Labour Organisation
ISET	International School of Economics at Tbilisi State University
KEI	Kyiv Economics Institute
KSE	Kyiv School of Economics
LLC	Limited Liability Company
LLM	Master of Laws
MA	Master of Arts
MBA	Master of Business Affairs
NBU	National Bank of Ukraine
NGO	Non-Governmental Organisation
NUPI	Norwegian Institute of International Affairs
OECD	Organisation for Economic Cooperation and Development
OSI	Open Society Institute
PR	Public Relations
RePEC	Research Papers in Economics
Sida	Swedish International Development Cooperation Agency
SITE	Stockholm Institute of Transition Economics
SPS	Sanitary and Phytosanitary Measures
ToR	Terms of Reference
UNICEF	United Nations Children's Fund
USAID	United States Agency for International Development

Executive Summary

The main objective of the “Review of Kyiv School of Economics’ Institutional and Sustainability Plans” was to assess the progress made by KSE towards the goal and specific objectives of the Agreement on Core Support with the Embassy of Sweden in Kiev for the period January 2013 – December 2015. The Review was carried out in accordance with OECD/DAC quality standards and evaluation criteria, and involved an in-depth documentation review and interviews and focus group discussions with KSE stakeholders in Ukraine and elsewhere. In line with the ToR and the Agreement, the focus of the Review is on five key areas, i.e.

- education programme development,
- economic research and policy advisory capacity,
- organisational development and effectiveness,
- KSE’s governance and its anchorage in Ukraine, and
- financial growth and sustainability.

The Review confirms that KSE is a leader in economics education and research in Ukraine and has become more relevant as an institution during the past three years, as a result of the expansion of its education programmes and engagement in policy dialogue. This transformation has taken place during a turbulent time in Ukraine, from which both challenges and opportunities have emerged, and to a large extent been driven by KSE’s need to ensure financial sustainability.

KSE has introduced several new business- and management-oriented **education programmes** and courses of shorter and longer time duration. KSE has also managed to maintain more or less the same body of students in its long-term education programmes. In most areas, however, the numbers have fallen short of the targets set, resulting in a relatively high level of investment per student. KSE has intensified its enrolment campaigns and other marketing efforts, but the relatively high tuition fees work to the school’s disadvantage, especially during the current economic crisis in the country. In addition, KSE’s capacity for marketing is limited, which is affecting the outreach of current efforts. Currently, KSE is planning a range of new programmes and courses further expanding the thematic and target group focus of its education. This is in accordance with the tacit strategy to boost its recognition and income opportunities by building scale. Nevertheless, it is clear that the current circumstances in Ukraine and future scenarios are not particularly conducive. Moreover, KSE’s faculty is already overstretched.

Although KSE ranks first among Ukrainian institutions carrying out **economics research**, its productivity in terms of the number of publications and faculty members actively pursuing research is decreasing. KSE faculty members have been criticised for carrying out research of a highly academic nature with limited relevance for the policy process in Ukraine, and to some extent this is still the case. Yet, following the political upheaval in 2014, KSE's **policy engagement** has been significantly strengthened, as reflected in the number of policy papers being produced by faculty members, their visibility in media, and participation in donor-funded projects. In addition, KSE has become a platform and venue for policy discussions, which has brought visibility and opportunities for cooperation with government and civil society actors. All in all, recent years have seen a clear opening up of KSE towards the Ukrainian society and increasing involvement in the reform process. What is needed is now a better articulated KSE policy research agenda that provides a focus to the scattered work in this area and increases overall organisational effectiveness and influence.

Good progress has been achieved towards **organisational efficiency**, accountability and transparency. In line with the Business Plan, KSE's legal structure and system of governance have been rationalised and simplified, and the merger between KSE and KEI more or less completed. Relatedly, a comprehensive and common set of policies and procedures has been developed that together with the introduction of a unified accounting system and a requirement on regular external audits have improved internal financial controls. Even though the changes made to the legal structure can be said to contribute to strengthening KSE's institutional base in Ukraine, KSE is far from "well-anchored" in the country. Indications are that KSE has not tried hard enough to attract Ukrainian business leaders to its Board of Directors, which therefore continues to be dominated by foreigners. The prospects for KSE to gain certification as a Ukrainian educational institution remains dim given the lack of changes in the regulatory environment. In this context, KSE's strategy to build scale to gain more widespread recognition as an institution and thereby obtain special status appears reasonable. At the same time, the relatively high staff-turnover and the lack of a senior management team to which the President can delegate operational responsibilities raise questions about KSE's capacity to manage its current expansion plans.

The most pressing issue facing KSE is that of **financial sustainability**. KSE has made a conscious effort to diversify its funding base and thereby reduce its dependence on Sida. While the revenue from management education, policy research contracts and tuition fees is considerable, it is not necessarily increasing in a steady manner and is far from the targets set. The funding from other sources, including corporate scholarships, private donations, and business consultancies has either declined or remained insignificant. KSE has become increasingly active in looking for grant opportunities and has been able to expand its project portfolio considerably. Most projects are however fairly small and do not bring in the necessary contribution to KSE's overhead costs that would be required to replace the need for core funding. In an ideal situation, KSE would receive endowment funding to help make it self-sustainable. However, Ukraine has no history of such funding and charitable priorities of benefactors tend to be short and medium term. In addition, funding from one "oligarch" or wealthy benefactor often precludes others from donating. This

means that KSE's survival will be contingent on external grants, at least for the next few years.
In summary, KSE is faced by multiple and inter-linked challenges in its efforts to maintain and further expand the scope of its education programme and its financial base. The Review suggest that highest priority should be given to:

- **Increasing enrolment** and the overall size of KSE's student body without compromising education quality;
- **Building staff and faculty capacity** for managing the expanding portfolio of education programmes, policy work and grants and the demands for reinforcing marketing and outreach to prospective students outside Kiev, and;
- **Adopting a more strategic approach to fundraising** and other income generation that is based on a careful analysis of current donor priorities and market conditions and seeks to optimise the amount of revenue and contribution to overhead costs.

These priorities are translated into a number of concrete recommendations, which can be found in Chapter 7.

1. Introduction

1.1 BACKGROUND

The Kyiv School of Economics (KSE) was established in 2006. It has its origins in a joint donor initiative to strengthen economics education and research capabilities in former Soviet republics. Currently, the core activities of KSE include international standard education in economic analysis and business and financial economics, academic research and related policy work. In recent years, KSE's course offering has expanded to a variety of management education programmes.

Sweden has supported KSE since 2006. The support was first granted by the Swedish Ministry of Foreign Affairs and then, since 2012, by Sida. The current Agreement on Core Support is linked to KSE's Business Plan 2012-2017[1] and the implementation of KSE's core activities. In line with the Business Plan, the overall goal is to turn KSE into a self-sustainable institution fulfilling its mission. The Agreement amounts to SEK 15,6 million for the period January 2013 to December 2015.

The Agreement on Core Support has been implemented during a turbulent time in Ukraine. In the wake of the popular uprising, dramatic upheaval of the political landscape, and the annexation of Crimea and separatist conflict in the Eastern part of the country, the economy has slumped into the worst recession since independence. The Ukrainian currency has plummeted, raising public debt and threatening default. Real GDP fell by almost seven percent in 2014 and inflation is currently at 20 percent and increasing. As further elaborated in the report, this situation has significantly impacted on the demand for quality education and KSE's ability to achieve its objectives and targets.

1.2 REVIEW OBJECTIVES AND SCOPE

The Review of KSE is mandated by the Agreement between Sida and KSE. It was carried out under the Framework Agreement for Sida Reviews, Evaluations and Advisory Services on Results Frameworks by a team consisting of Jonas Lövkrona (Team Leader) and Brian Mefford (hereinafter referred to as the Review Team).

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[1] KSE, 2012. *A Business Plan for KSE - Growing to Become Self Sustainable*. Dated August 21, 2012. This document is hereinafter referred to simply as the KSE Business Plan.

As defined in the ToR, the three specific objectives of the Review are to:

- Assess the progress and results achieved by KSE towards becoming a sustainable institution,
- Assess the prospects for KSE's organisational and financial sustainability in the current context, and
- Provide recommendations to Sida in view of the above.

The focus of the Review is on the current Agreement period (January 2013-December 2015) and the objectives stated in KSE's Business Plan and the accompanying KSE-Sida Results Summary[2]. The specific scope of the Review is further defined by the evaluation criteria and questions defined in Section 2.2 of this report.

1.3 STRUCTURE OF REPORT

This Report is divided into seven main chapters. Following this introduction, Chapter 2 presents the methodology applied to the Review, including the overall approach, the evaluation criteria and questions, methods for information collection and analysis, and limitations. In Chapters 3 and 4, an organisational overview is provided of KSE and the focus and scope of the current KSE-Sida Agreement on Core Support. Chapter 5 constitutes the main part of the report. This chapter presents the Review Team's findings with regard to the progress and results achieved by KSE in the five key areas identified of the KSE-Sida Result Summary, i.e. education programme development, economic research and policy advisory capacity, KSE's governance and its anchorage in Ukraine, organisational development and effectiveness, and financial growth and sustainability. The main conclusions of the Review can be found in Chapter 6 and the recommendations to Sida and KSE in Chapter 7.

[2] Embassy of Sweden, 2012. *Results Summary: EERC/KSE Kiyv School of Economics*. This document has regularly been updated with progress data and new indicators. From here on it is simply being referred to as the KSE-Sida Results Summary.

2. Methodology

2.1 OVERALL APPROACH

The Review has been planned and implemented in accordance with OECD/DAC quality standards and evaluation criteria. The methodology was first outlined and agreed upon in the Review Team's inception report and has been further adapted and refined throughout the review process. Opportunities for feedback on tentative findings have been provided through debriefings with KSE and the Embassy of Sweden. Both KSE and the Embassy of Sweden have also commented on the draft final report.

The methodology is based on the specific evaluation questions, which have been formulated in line with the Review objectives and scope outlined in the ToR, and the three OECD/DAC criteria of relevance, effectiveness and sustainability. The efficiency criterion has *inter alia* been addressed when discussing alternative options for promoting financial sustainability, but has not been subject to an in-depth analysis. The impact criterion is not applicable to this Review given the focus on organisational and financial sustainability rather than on development results.

2.2 EVALUATION QUESTIONS

The Review has been guided by the following five evaluation questions (EQs):

1. What progress has been made towards the objectives and expected results agreed with Sida?
2. How has KSE's education programmes evolved over time and what is the significance of the current plans to expand such programmes even further?
3. What role does KSE play in policy research and advice, and how has the progress made in this area affected KSE's relevance as an institution?
4. What progress has been made in terms of transforming KSE into a well-managed and Ukrainian-led institution?
5. To what extent has KSE enhanced its financial sustainability and what are the prospects for the future in this regard?

EQ1 is of a general nature and is related to several other EQs. It has been pursued trough an overall analysis of results, the major factors influencing the achievement and non-achievement of objectives, and KSE's capacity, plans and other preconditions for the future achievement of objectives and results. EQ2 and EQ3 focus on KSE's core activities of education, research and policy advice and address the relevance of these activities against the current context in Ukraine and KSE's capacity. EQ4 covers the overall development of KSE as an organisation. In line with the KSE-

Sida Results Summary, it is intended to capture changes in the composition of KSE's governance bodies, KSE's legal status, organisational structure and systems, and capacity. Finally, EQ5 focuses on the growth in income and the diversification of income sources, and the relevance of such effort give the current Ukrainian context.

2.3 METHODS OF INFORMATION COLLECTION AND ANALYSIS

The findings of the Review are based on quantitative and qualitative information collected through the following three methods:

- Desk review of documents provided by the Embassy, KSE and other stakeholders
- Interviews with KSE managers, staff and Board members, government representatives, business partners, civil society actors and donor agencies
- Focus group discussions with students and graduates

The Review Team carried out 37 interviews and three focus group discussions. In total, 58 people were consulted (see Annex B). The interviews and focus group discussions were semi-structured and carried out with the help of a set of interview guides.

Documentation was collected throughout the different stages of the Review. Core documents collected and reviewed include:

- KSE's grant application to Sida and subsequent progress reports
- KSE's Business Plan and KSE-Sida Results Summary
- Work plans and annual reports
- Statutory documents and minutes of Board meetings
- Budgets, financial statements and financial audit reports
- Contracts and agreements with partner organisations

- Lists of publications
- Reports of previous evaluations and audits

In addition, the Review Team studied a wide range of progress data that was obtained from KSE's management information system. To the extent possible the information obtained has been corroborated from several sources to allow for triangulation. A full list of the documentation collected and reviewed is attached as Annex C.

2.4 LIMITATIONS

The Review has not presented any major methodological problems. In line with the ToR, the Review Team has focused its attention on the overall issue of KSE's organisational and financial sustainability. The assessment of the quality of education services and research has mainly been limited to the scope provided by the specific indicators defined in the KSE-Sida Results Summary (which are to a large extent quantitative in nature).

The key informants for the Review were identified by the Review Team in consultation with KSE and the Embassy of Sweden. KSE attempted to organise several meetings for the Review Team with government and state representatives but eventually only one such meeting took place. The Review Team has tried to compensate for this shortcoming by collecting additional written information on the relationship between KSE and such stakeholders.

3. Overview of KSE

KSE has its origins in the Economics Education and Research Consortium (EERC), a US-based non-profit organisation founded in 1995 with the purpose of setting up a programme for economics education and research in Russia and Ukraine. Initially, EERC was directly managed by the Eurasia Foundation and through programme secretariats in Moscow, Kyiv and Washington D.C.

In Ukraine, the EERC programme was first hosted by the National University of Kyiv Mohyla Academy (until 2006), and, then, by the International Institute for Business (IIB). The affiliation with IIB was terminated in December 2012 when EERC, with funding from the Victor Pinchuk Foundation, founded KSE. The creation of KSE coincided with the merger with the Kyiv Economics Institute (KEI), a Ukrainian research organisation that at the time was funded by Sida through a separate agreement with the Stockholm Institute of Transition Economics (SITE). KSE is today a fully independent entity and acts as the EERC secretariat. It is registered as a non-profit corporation (EERC) in the U.S., and Charitable Foundation (KSE CF), NGO (KEI NGO), and Limited Liability Company (KSE LLC) in Ukraine.

KSE's mission is "to improve the economic, business, and policymaking environments of Ukraine by educating future generations of world-class economists and managers, who become transformational leaders, balancing teaching with research and publications, as well as engaging in policy and consulting". The mission is elaborated on in KSE's Business Plan, which defines the specific objectives and strategies to be pursued during the period 2012-2017, including with regard to organisational development and financial sustainability.

At the core of KSE's education programme is the two-year MA programme in Economics Analysis, which is primarily targeted to those who want to pursue an academic career internationally. Since 2012, KSE has gradually expanded into business-oriented and management education. Currently, it offers a one-year MA programme in Business and Financial Economics, an 18-month MBA programme for young professionals, and medium and short term corporate and open management education programmes. The policy work is mainly pursued in the context of policy research contracts and special donor-funded projects and through the publication of policy papers and organisation of various types of public events.

KSE is governed by a Board of Directors composed of high-level representatives of international organisations, education and research institutes, and business organisations and companies. It also has an International Academic Board the main role of which is to ensure the academic quality of the MA programmes. The day-to-day operations are led by the KSE President and carried out by a body of 38 mainly full-time staff members, including 10 faculty members.

EERC was originally set up with funding from the Soros Foundation, Ford Foundation, Per Charitable Trusts, World Bank and the Eurasia Foundation. Over the years a number of other donors have supported EERC, and later KSE, through project grants and core grants. KSE's operations are also funded through other sources of income, including tuition fees, policy research contracts, and private donations. Sweden has supported KSE since 2006, until 2012 through funding provided by the Swedish Ministry of Foreign Affairs, and since then by Sida. Sida is currently the only institutional donor providing core funding to KSE.

4. KSE-Sida Agreement on Core Support 2012-2015

The current Agreement between Sida and KSE on Core Support amounts to SEK 15,6 million and covers activities implemented from January 2013 to December 2015. The Agreement is based on KSE's Business Plan and the accompanying KSE-Sida Results Summary, Logical Frameworks, Budget, and Risk Matrix. Disbursements of funds have been made against the submission of annual financial statements and narrative reports. KSE has also been preparing annual work plans and budgets for the review and approval of Sida.

According to the Agreement, Sida's contribution should be used for KSE's core activities and aim at KSE becoming a self-sustainable institution. The specific objectives and expected results of the support have been formulated as follows in the KSE-Sida Results Summary:

- KSE operates on a self-sustainable basis
- KSE has a diversified stream of revenues and sufficient budget to implement its mission
- KSE is a recognised provided of top-level education services in Ukraine
- KSE is a well-managed institution
- KSE's governance is anchored in Ukraine
- KSE produces high quality research and policy advice
- KSE's policy advice is in demand in Ukraine

A somewhat troublesome circumstance from an evaluation perspective is that Agreement, KSE's Business Plan and the KSE-Sida Results Summary all define the objectives and expected results of KSE's core activities somewhat differently. However, in line with the ToR, the Review Team has been using the objectives and indicators (see below) specified in the KSE-Sida Results Summary as the main point of reference for the analysis.

Objectives	Indicators
KSE operates on a self-sustainable basis	• Financial stability of KSE (income) • Dependence on largest revenue source
KSE has a diversified stream of revenues and a sufficient budget to implement its mission	• Amount of tuition revenues • Amount of revenues from contract research • Amount of income from grants • Number of fundraising contracts • Number of income-generating programmes on offer • Amount of income from alumni donations
KSE is a recognised provider of top-level educational services in Ukraine	• Number of students • Universities at the highest level enrol KSE students for their PhD programmes • Number of PhD offers • Number of international double degrees • Ratio of applications to students • Joint programmes with Ukrainian universities • Graduate employment rate
KSE is a well-managed institution	• Regular and vigorous review of legal establishment options of certification • Regular and progressive outreach to Ukrainian educational establishment • KSE and KEI are fully integrated • Recommendation of the Systems-Based Audit implemented • Staff turnover rate
KSE governance is anchored to Ukraine	• Percentage of active Ukrainian Board members • Percentage of KSE alumni on Board • KSE Business Board (existence of) • Number of companies providing support to KSE
KSE produces high quality research and policy advice	• Retention of faculty with advanced research training/skills • Number and quality of research publications • Number of faculty affiliated with European institutions • Institutional money invested in research • External money attracted for academic research • Number of junior researchers
KSE policy advice in demand in Ukraine	• Number of interactions with GoU officials • Number of policy papers produced on demand • Number of citations of KSE in popular press • Amount of funding for policy work • Amount of funding for business analytics • Cooperation with partners (joint grant applications)

The Review report does not attempt to cover all these indicators in a systematic manner. However, the indicators are used as a basis for the analysis and a majority of them are also discussed in the following chapter.

5. Findings

5.1 EDUCATION PROGRAMME DEVELOPMENT

KSE's Business Plan presents KSE as the only institution in Ukraine providing international-quality education in the English language by Western-educated PhDs. It underlines the need for KSE to enhance impact and sustainability by increasing the scale of its operations, including the education programme. To this end its sets out a strategy for establishing different management education programmes of a shorter and longer time duration. In addition, it outlines a plan for restructuring KSE's core education programme, the two-year MA programme in Economic Analysis, and providing a more flexible and business-oriented option.

The two-year MA programme in Economic Analysis aims at preparing students for careers that require a high level of analytical capabilities and sophistication, and further studies in Western university PhD programmes. In overall conformity with the Business Plan, and following a drop in enrolment, KSE developed and launched a one-year MA programme in Business and Financial Economics in the 2013/2014 academic year. Both programmes target students aged 21-26 years and who have completed a Bachelor's (or Master's) degree. After successful completion of the programme requirements, students receive a KSE certificate of achievement and can also obtain an MA degree in Economics from the University of Houston, KSE's main partner in economics education.

As also provided for in the Business Plan, from 2012 KSE started to offer corporate education programmes. First out was the programme "Agro Leadership MBA" for MRIYA Agro Holding, formerly one of Ukraine's largest agricultural companies (now bankrupt). Since then, KSE has organised another four corporate management education programmes, five mid-term "open" programmes, and nine short-term open programmes for executives and managers of local business companies.[3] KSE's work plans[4] show that it had even more ambitious plans but the events of 2014 and the following economic crisis led to what KSE calls a "masscancellation" of planned management education programmes.

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[3] Information collected and summarised by KSE at the request of the Review Team.

[4] KSE, 2013. *Work Plan for 2013. Submitted to Sida*; KSE, 2014. *Work Plan for 2014. Submitted to Sida*.

The newest addition to KSE's course offering is an MBA programme targeting business people who are looking at expanding their practical skills and marketability. Launched in April 2015, the MBA programme runs over 18 months and has a total course duration of six weeks (evenings and weekends). It includes a number of analytical core courses in year one and a choice of five concentration courses in year two. The programme is primarily taught in English and is structured as MBAs in North America and Europe. The curriculum for the concentration areas will be developed in consultation with business representatives in Ukraine. As with the other management education programmes, KSE's launched the MBA with the purpose of creating differentiation, expanding its market base, and generating tuition revenues and fundraising opportunities.

The total number of students attending KSE's long-term education programmes has been fairly stable but far from the targets set. KSE's education statistics[5] show that the number of students in the two MA programmes decreased from 80 in the 2012/2013 academic year to 64 in 2013/2014 but then increased again to 70 in 2014/2015. In other educational programmes, including corporate management education programmes and "open" mid-term and short-term programmes, the number of students decreased from 63 in 2012 to 61 in 2013, but then significantly increased to 196 in 2014. In 2015, the number of students taking part in such programmes currently stands at 137. The MBA programme, which was launched in April 2015, currently has 15 participants. When counting the two MA programmes and the MBA programme (i.e. the long-term and institutionalised educational programmes), KSE has in 2015 a total body of 85 students, which is far from the yearly target of 150 students.

The table below provides more detailed student data[6] for the two MA programmes for the period 2012/2013 to 2014/2015.

[5] Information provided by the KSE-Sida Results Summary, as updated yearly, supported by data specifically collected for the Review Team.

[6] Data compiled from KSE's management information system.

	2012/2013	2013/2014	2014/2015
Applicants[7]			
Economic Analysis	70	39	25
Business & Financial Economics	70	41	42
Total	70	63	61
Admitted			
Economic Analysis	51	30	19
Business & Financial Economics	51	34	31
Total	51	44	47
Enrolled			
Economic Analysis	39	21	8
Business & Financial Economics	39	25	19
Total	39	46	38
Graduated			
Economic Analysis	15	8	N/A[8]
Business & Financial Economics	16	19	21
Total	31	27	21
UH degrees			
Economic Analysis	26	5	N/A[9]
Business & Financial Economics	6	7	7
Total	32	12	7

The table shows that the number of applications, admitted and enrolled students and graduates has, similarly to the total number of students in these programmes, slightly decreased over the past three academic years but remained relatively constant. The results are all lower than the targets set out in the KSE-Sida Result Summary, but must at the same time be considered as good given the developments in Ukraine during the past two years and the current economic crisis (as further discussed below). KSE's management expresses cautious optimist that the enrolment figures will increase. By June 2015, KSE had 13 new enrollees in the two MA programmes, which could be compared to just three at the same time last year. Yet, reaching the target of a student body of 90 students in the two MA programmes is a tall order.

The data seems to confirm what several interviewees also argue that the introduction of the one-year programme has reduced the appeal for the two-year programme.

[7] Applicants can apply for both programmes simultaneously.

[8] Students are calculated in the statistics of the year when they enrolled, which means that the students who enrolled in 2013/2014 will graduate in 2015.

[9] Idem note 8.

KSE's management refers to this trend as the "cannibalisation" of the two-year programme by the one-year programme. As revealed in focus group discussions, several students and alumni believe that the one-year programme will affect KSE's reputation among potential employers and dilute the value of their diplomas. There is also a common view that applicants perceive the only difference between the two programmes being the lower tuition fees and shorter duration of the one-year programme.

KSE is faced by multiple and inter-linked challenges in its efforts to maintain and further expand the scope of its education programme and its financial base. The recent political upheaval, the on going armed conflict and the economic crisis has significant consequences for the demand for quality education in Ukraine, which for historical reasons has always been low. Although KSE possibly offers the best economics education in the country, the relatively high tuition fees give it a comparative disadvantage. MA programmes delivered by Ukrainian universities are either free of charge (for the best students) or offered at tuition fees that are significantly less than KSE. The tuition fees charged by European schools are typically much higher, however[10].

It is also noteworthy that KSE has drastically reduced the number of scholarships available to students in recent years, which means that the tuition fees increasingly have to be paid by the students themselves. The reduction in the number of scholarships is part of KSE's strategy to promote financial sustainability [11]. The tuition fees have not been changed, but since they are fixed in EUR (given that most KSE expenses, e.g. professors' salaries, rent, etc., are in hard currency equivalents) the cost in Ukrainian Hryvnia has increased more than 60 percent, and is set to further increase as domestic inflation is rising.[12] The deep recession is similarly affecting the business sector's demand for and ability to invest in management education and training for its staff.

Nevertheless, tuition fees are a necessary part of KSE's effort to become financial self-sustainable. In focus group interviews with students and alumni, the consensus was that the current tuition rates were reasonable given the quality of education, repu-

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[10] The tuition fees charged by Ukrainian universities typically range from UAH 30,000-45,000 per MA programme, which could be compared to KSE's fees of EUR 4,000 (for the one-year MA programme) and EUR 6,000 (for the two-year MA programme. Tuition fees in European schools differ significantly. Cracow University of economics offer MA programmes at EUR 8,000 and London School of Economics at EUR 15,000.

[11] In 2015, KSE offers six full and 30 partial scholarships for the two-year MA programme. There are no scholarships available for the one-year MA programme.

[12] The IMF mission in Ukraine has recently revised down growth projections for 2015 to -9 percent and projects end-year inflation at 46 percent. *IMF Statement on Discussions with Ukraine on First Review under the Extended Fund Facility Arrangement Press Release No. 15/243*. May 31, 2015. www.imf.org.

tation of the institution, and potential employment opportunities that a KSE diploma can give. Several students noted that while the KSE education was expensive by Ukrainian standards, it was still far less expensive than studying abroad. Since many MBA students have families and jobs already in Ukraine, studying abroad is not an option and thus, there is a realisation that the KSE program is reasonably priced. Still though, with the increasing cost of tuition, there is a risk that KSE may eventually become an educational institution accessible only for Ukraine's affluent and elite families. This is not something that would be in the interest of either KSE or Sida as the main donor.

While the political and economic situation in the country is beyond the control of KSE and reducing tuition fees may not be an option, KSE could do more to market its educational programmes, especially the two-year MA programmes, among potential students and Ukrainian donors. KSE has during the past year intensified its enrolment campaigns, developed a range of printed and audio-visual communication products, and strengthened its presence in English print media and social media. However, indications are that the outreach of these activities beyond Kiev is still limited, and that a lot of focus has been placed on marketing the MBA programme rather than the two-year MA programme. At the time of the Review, KSE had only one person working full-time on PR and marketing (down from three people a year ago) and, given this capacity constraint, there is no organisation-wide marketing or communications strategy in place[13].

The table below shows that the employment rate of KSE graduates is high. More than one third studied abroad after completing their KSE education, and approximately one-sixth have defended their PhDs[14]. However, in the past three years, a total of nine KSE graduates have received PhD offers, which is far from KSE's target of 10 PhD offers per year. The lower-than-expected results may in part be the result of the one-year MA programme on Business and Financial Economics, which is not geared towards PhD studies, becoming more popular at the cost of the two-year programme on Economic Analysis.

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[13] In its comments on the draft Review report, KSE informs that, as of July 2015, there are three people (Senior Marketing Manager, Event Manager and PR and Marketing Coordinator) working in the Marketing department at a full time basis, and two volunteer interns helping out with small tasks.

[14] Data compiled by the Review Team from KSE's internal reports.

Total graduates as of 12/2014	Currently working	Studied abroad	Defended PhD's	Pursuing PhD abroad
598	553	204	104	47
Percentages	92%	34%	17%	8%

Unfortunately data by employment sector (government, business, academia, etc.) is not available, as the information is not systematically collected at this time. According to a list of KSE graduate employers prepared specifically for the Review Team[15], the largest number of employers are found among academic institutions, investment funds and banks, industry and other private sector firms. Notably, in a (first-ever) ranking by Forbes Ukraine of Top Economic Ukrainian Thinkers[16], KSE graduates and former students occupy the first five places and ten of the 15 places overall. Another more recent success stories of KSE is the number of KSE graduates who have earned important government economic positions since February 2014 (see Section 5.4). These are people who are relatively well known in academic circles and among Kiev's elite, but not among the public at large and outside the capital.

There is a potential to strengthen efforts to mobilise KSE alumni as donors, providers of internships and employment, and guest lecturers. This is an issue that has been discussed by KSE stakeholders for more than a decade, as indicated by the 2003 EERC Impact Evaluation[17]. KSE has had some previous success[18] in this area but the momentum seems to have been lost. Alumni donations have decreased significantly, the alumni association established in 2012/2013 is not active any more, and there is no longer any alumni coordinator among KSE's staff. There was a plurality of agreement among KSE graduates interviewed by the Review Team that, if given the opportunity, they could do more to support the development of KSE.

Following the launch of the MBA programme, KSE is planning for a range of new programmes and courses, including a school of public administration, a school of business and economic journalism, and a masters of laws (LLM). While this expansion is generally in line with the KSE Business Plan, which calls for "increasing the number of programmes on offer", there has not been any concurrent effort to increase KSE's staff capacity. This means that KSE's resources are spread more thinly than before. It is also noteworthy that the economic circumstances in Ukraine are not par-

[15] *KSE Graduate Employers*

[16] Рейтинг *Forbes: Top Economic Thinkers*. Forbes.ua

[17] Bannock Consulting Ltd, 2009. *Economic Education and Research Consortium. Impact Evaluation – Ukraine.*

[18] In the 2012/2013 academic year, KSE carried out a fundraising campaign among alumni and raised some USD 50,000 in donations[18]. It also established an "Alumni Association", managed by a board of class representatives and supported by a KSE staff members acting as a coordinator. In addition, an alumni conference was held and an alumni representative was elected to the Board of Directors.

ticularly conducive for starting new business-oriented and expensive training programmes. At a time when most Ukrainian companies are trying to reduce costs, the training budgets for employees are typically the first to get slashed. Though the MBA programme is off to a successful start, it is important that KSE understand the market and its competition when designing other new programmes and course offerings. Going forward in a time of declining budgets, identifying profitable education niches will be increasingly critical.

There is also the issue of KSE's capacity to manage and deliver a rapidly growing education programme at international standards. The KSE faculty is currently three members short and efforts to recruit new faculty members have so far been fruitless. Interviews suggest that the salaries provided by KSE are competitive in Ukraine but not necessarily internationally, and that the current situation in the country is a heavy deterrent on any Ukrainian business seeking to attract expertise from abroad. At the same time, KSE's recruitment efforts so far seem to have focused on the American market with not enough attention being paid to potential candidates in universities in Europe and other parts of the world. Some interviewees also suggest that the precarious financial position of KSE is a factor, affecting the motivation of current as well as potential new staff members.

5.2 ECONOMIC RESEARCH AND POLICY ADVISORY CAPACITY

KSE's Business Plan states that, to fulfil its mission, KSE should carry out international-standard academic research in economics and businesses that influence the academic debate as well as policy process in Ukraine. It further underlines the need for KSE to provide independent policy advice and promote evidence-based policy making. This ambition is also reflected in the KSE-Sida Results Summary, which includes a dozen different indicators signalling the need for maintaining high quality research capacity and standards, more funding for research and policy work, and increasing KSE's outreach among stakeholders in the government, business sector and society at large.

Despite the difficulties faced by the organisation in recent years, KSE has been able to retain faculty members with advance research training and skills. According to the 2015 ranking made by RePEC based on the IDEAS database[19], KSE is the best performing of 34 institutions in Ukraine in terms of number of authors and published articles. Relatedly, KSE faculty members occupy five of the 10 top places (including

[19] Research Papers in Economics (RePEc) is a collaborative effort of hundreds of volunteers in many countries to enhance the dissemination of research in economics. The heart of the project is a decentralized database of working papers, preprints, journal articles, and software components (IDEAS).

the top spot) on the ranking of authors.[20] However, judging by the number of research articles published by KSE faculty members, the productivity of KSE appears to be decreasing. KSE faculty members published a total of 13 articles in 2012, six in 2013, two in 2014 and two in 2015. During the period 2013-2015, only three of KSE's faculty members have published their research.[21] This indicates that even with a limited number of faculty members carrying out economic research and falling productivity, KSE is still performing better than other institutions in Ukraine.

Evidence suggests that the academic research carried out by KSE is predominantly and increasingly funded by external grants and contracts. As shown in the table below, the amount of funds allocated to research from KSE's core budget increased from 2012 to 2013 but decreased from 2013 to 2014 and is expected to be insignificant in 2015.[22] This is partly a result of a new type of contract that has been introduced for KSE faculty members, which includes stronger incentives to carry out research and policy work funded through grant contracts and projects. Yet, projections show that grant and contract-funded research will also decrease in 2015 and, as a result, the overall funding available for research will fall.

Source of research funding/year	2012	2013	2014	2015 (as of May)
Core/institutional funds	54,147	147,101	133,479	693
Project/research grants	361,344	297,513	328,202	153,814
Total	**415,491**	**444,491**	**461,681**	**154,507**

KSE reports indicate that much of the research carried out by faculty members have been driven by narrow academic and individual interests with limited relevance to policy development and reforms in Ukraine. In general, the research has been known only in academic circles and has not contributed to building KSE's reputation among the public at large. A review of the list of research pursued by KSE faculty members in the past three years suggest that this situation is still partly valid.

At the same time, the engagement of KSE and its faculty members in policy work has increased significantly. Specifically, according KSE's records[23], the number of policy papers produced by KSE faculty members increased from three in 2012, five in 2013, 13 in 2014 and 10 so far in 2015. The most recent policy papers deals with issues such as corruption in education, non-export promotion, health care reform, tax re-

[20] *Top 25% Institutions and Economists in Ukraine, as of May 2015*. Ideas.repec.org

[21] KSE, 2015. *KSE Academic Publications 2012-2015.*

[22] Data collected and compiled by KSE from its accounting records at the request of the Review Team.

[23] KSE, 2015. *KSE Policy Papers 2012-2015.*

form, etc., which are all pertinent to the challenges facing Ukraine today. A large number of the policy papers have been produced for the FREE Policy Brief Series, a joint initiative of SITE, KSE and its sister organisations in the region[24] that has the specific aim of bridging the gap between on-going academic research and policy making, and stimulating debate and interaction between researchers, policy makers and business. In addition, KSE faculty members have done policy work on demand for both Ukrainian and international clients, including CASE Ukraine, ILO, World Bank, UNICEF, etc. Recently, KSE completed a three-year research cooperation project with the Norwegian Institute of International Affairs (NUPI), as part of which six policy research papers were produced.

In 2013, KSE launched a public workshop series, “Kyiv Point of View”, to bring stakeholders together in discussions about current economic reforms. The debates are being complemented by closed roundtable discussions with government representatives. In total, KSE organised no less than 53 public events in 2013 and 62 public events in 2014.[25] The number of interviews, comments, articles, and TV appearances by KSE staff and faculty members has been equally high, totalling 41 in 2013, 14 in 2014 and 15 so far in 2015.[26] However, interviews indicate that VoxUkraine is most known and perhaps most influential policy initiative that KSE is linked to. Established in 2014, VoxUkraine is a blog dedicated to the topic of reform in Ukraine that emerged in response to the vacuum created following the collapse of the previous regime. The purpose of the blog is to promote and make available a forum for research-based policy analysis and commentary by leading international and local scholars, policymakers and business representatives with an interest in the development in Ukraine. The blog is run as an independent project on a voluntary basis by an editorial board, which is mainly comprised of KSE graduates.

Along with the increasing attention given to policy, KSE has strengthened its networking with government officials and other state representatives. According to KSE’s reporting, good working relationships have been established with the Administration of the President, Ministry of Education, Ministry of Economic Development and Trade, Ministry of Finance, Ministry of Regional Development, Construction and Communal Living, National Bank of Ukraine (NBU), National Academy of Sciences, and several local governments (Lviv, Vinnytsia, Bakhchysaray and others). The Na-

[24] The Forum for Research on Eastern Europe and Emerging Economies (FREE) is a joint initiative by SITE (Stockholm), BEROC (Minsk), BICEPS (Riga), CEFIR (Moscow), CenEA (Szczecin), ISET (Tbilisi) and KSE/KEI (Kiev). Together, these research institutes form an extensive network of leading academic experts on economic issues in Central and Eastern Europe and the former Soviet Union.

[25] KSE, 2015. *KSE Events 2013*; KSE, 2015. *KSE Events 2014*.

[26] KSE, 2015. *KSE Media publications 2013-2015*.

tional Bank of Ukraine has recently also recruited several KSE graduates, including to the top-level positions of Deputy Governor, Board member and Division Director. The Deputy Minister of Finance is also a former KSE student.

Cooperation with other civil society actors has also intensified. This is reflected in the number of joint grant applications and projects implemented together with international and local organisations and business actors. In 2014, KSE tendered for six project grants together with a total of seven partners. In the two preceding years, only two such joint applications were submitted. KSE is currently one of the implementing partners of a major USAID-funded project on policy reforms for the promotion of small and medium-sized enterprises in Ukraine. Launched in April 2015, the project involves research, policy work and outreach activities. In addition, KSE has made available its conference room and other facilities for the use of other civil society actors[27].

It is likely that KSE's networking efforts and increasing cooperation with different stakeholders, together with the propensity of the Ukrainian government to employ KSE graduates, will create more favourable conditions for the up-take of KSE's policy research finding and advice. So far, however, there are no concrete examples of the influence of KSE's research and advice on the policies and practice of the government. KSE has recently provided written inputs to a strategy for economic development, which is being put together by the Ministry of Economic Development and Trade, but it is not clear how these inputs have been or will be used. Another opportunity being pursued with the Ministry of Economic Development and Trade is a management education programme for CEOs of state-owned enterprises. In general, indications are that KSE would need to take a more strategic approach to its policy work. This would imply prioritising activities that bring about the most potential impact or income, rather than simply looking towards expanding the number of activities, such as public events.

In the absence of a clear definition of "policy work", it is difficult to pin down how much funding KSE has allocated for such purpose. In addition, a fair amount of the policy work carried out by KSE faculty members is not paid (such as the contributions to VoxUkraine) or indirectly paid for through salaries. The table below presents the amounts allocated to what KSE's labels as policy (contract) research.[28]

[27] For instance, the Ukrainian media company "Economica" has organised several events at KSE in the past year.

[28] Data collected and compiled from KSE's annual financial statements and accounting records at the request of the Review Team.

Donor/source	2012	2013	2014	2015 (as of May)
FHI Development 360	89,243	20,709	26,120	1,540
Renaissance Foundation		18,766		
Brown University	9,563	8,938		
Eurasia Foundation		8,596		
UNICEF		6,233		22,136
USAID	17,027			
University of Michigan	8,077			
Institute for the Study of Labour	7,434	7,904		
NUPI		61,367	75,125	37,882
Global Development Network	60,000	165,000	152,500	58,333
SITE			74,443	
ACES				15,000
Western NIS Enterprise Fund				15,000
US Embassy				3,923
Total	**191,344**	**297,513**	**328,202**	**153,814**

The funding is geared towards policy work on many different topics, spanning from public private partnerships, trade and SPS measures and export dynamics, and government accountability to social exclusion of youth and the impact of socio-economic changes on children, etc. This suggests that much of the policy work is either carried out on demand by clients or driven by the individual interests of faculty members, rather than as part of a conscious agenda pushed by KSE.

As indicated by the table, the Global Development Network (GDN) has been the most important source of funding of policy contract research. This funding goes into a regional research competition for young scholars, which KSE is administering in its capacity as host of the EERC Research Network. In this connection, it should be noted that, the World Bank, from where a majority of the funds originate, has announced that it will discontinue its support at the end of the current agreement period. In addition, the support from NUPI expired in the beginning of 2015. KSE anticipates that it will raise additional funds for policy research during the second half of 2015 from donors such as the World Bank, EU Commission, National Endowment for Democracy (NED), Kent University and the Swedish Foreign Ministry.

5.3 KSE'S GOVERNANCE AND ITS ANCHORAGE IN UKRAINE

KSE's Business Plan emphasises the need for KSE to integrate deeper into the Ukrainian society and strengthen links with the business community, e.g. as a way of gaining recognition and attracting financial and non-financial support from within the country. These efforts should according to the Business Plan start from the governance of the school and include increasing the representation of Ukrainian business leaders and KSE alumni on the Board of Directors. The KSE-Sida Results Summary goes beyond the aspiration of the Business Plan by identifying a need for establishing a separate Business Board.

Since 2012, KSE has consolidated its governance structure and thereby established clearer accountability throughout the organisational chain. Prior to 2014, KSE, with all its legal entities, had several governing boards, each of which had its own set of members. This situation changed in connection with the merger of KSE and KEI and decision by the EERC Board of Directors, in 2013, that all boards should have the same members. In practice, there is today only one Board of Directors that oversees all KSE's legal entities. A decision matrix has been produced that formalises the powers and responsibilities of the Board of Directors and its sub-committees, including the Executive Committee, Finance and Audit Committee and Research and Network Committee.

Nevertheless, KSE has not been able to attract more Ukrainian business leaders and KSE alumni to the Board of Directors. As of 2012, the Board of Directors had 13 members, including five Ukrainian resident nationals. In 2013, following the merger of KSE and KEI, the number of Board members increased to 15, including six Ukrainian resident nationals. The number of Board members has subsequently decreased again and currently stands at 11, including three Ukrainian residents nationals.[29] This means that the share of Ukrainian members has dropped from 40 percent in 2012 and 2013 to less than 30 percent in 2014/2015. Notably, there is only one KSE Alumni (first elected in 2011 and then re-elected), one local business representative, and two women on the Board of Directors. In addition, KSE's plans to create a separate Business Board appear to have been shelved.

The Board of Directors meets once per year in Kiev and also has a mid-year conference call. Its Executive Committee, which currently consists of the Chair of the Board of Directors, the KSE President[30], the Chairman of the IAB and one more member of the Board of Directors, consults more often. Interviews indicate that some members, including the Chair, would like the Board of Directors to be convened more often but acknowledge that this is logistically challenging and costly given that eight of the eleven members are based in other countries.

Despite the limited involvement of Ukrainian business in the governance of KSE, the number of companies providing support to the organisation has increased significantly. According to KSE's records[31], support was received from three companies in 2012, 14 in 2013, 32 companies in 2014, and 22 companies so far in 2015. This cor-

[29] Information based on lists of members of the KSE Board of Directors in 2012, 2013 and 2014.

[30] The KSE President is since 2014 ex-officio and non-voting member of the Board of Directors

[31] KSE, 2015. *Partnership data: Companies providing support to KSE 2012-2015.*

responds to a total of 48 companies over the three-year period. It should be noted, however, that the support is almost exclusively of an in-kind nature, mainly in the form of internships for KSE MA students. In other words, the current support from Ukrainian businesses does not directly contribute to the financial sustainability of KSE.

The reasons why KSE has failed in its endeavour to attract more Ukrainian business leaders to the Board of Directors are not perfectly clear. Interviews indicate that some previous Ukrainian members have been appointed to government positions and therefore could not retain their seats on the Board of Directors. There is also a common understanding that it is difficult to find people who are willing to invest time and commitment, and thereby become active members of the Board of Directors. In general, however, it seems that KSE could have tried harder to identify prospective Board members among its expanding pool of business contacts.

5.4 ORGANISATIONAL DEVELOPMENT AND EFFECTIVENESS

One of the outcome objectives of the KSE-Sida Results Summary is for KSE to become “a well-managed institution”. According to the indicators defined for this objective, this would entail exploring possibilities for KSE’s certification as an official education institution in Ukraine, and relatedly, strengthening contacts with the Ukrainian education establishment. The KSE-Sida Results Summary also underline the need for completing the merger of KSE and KEI, ensuring that staff turnover rates remain low, and implementing the recommendations of the systems-based audit, which was commissioned by Sida and carried out in early 2013.[32]

KSE has simplified and rationalised its legal structure. For many years, the operations of KSE were mainly managed through EERC, EERC, a non-profit corporation registered in the US. However, since the merger with KEI, an increasing part of KSE’s work, i.e. in the area of policy research and advice, is being administered through the “organisations” registered in Ukraine. The latter include the Charitable Foundation “KSE”, NGO KEI and the Limited Liability Company Kyiv School of Economics and Management “KSEM” (which was established in 2010). In response to the recommendation of the systems-based audit and its external auditor, KSE has also started to liquidate two other legal entities (EERC Rep Office and KSE LLC, both registered in Ukraine), which have not been used for transactions for several years. This

[32] Konsortium Professional Management-Swedish Development Advisers, 2013. *System-based audit of the Kyiv School of Economics. Final Report.*

means that, in practice, KSE currently operates through four legal entities (one U.S.-based and three Ukrainian-based), as reflected in the table below.[33]

Legal entity	Place of registration	Type of organisation	Functions	Operational status
EERC Inc.	U.S.	Non-profit	KSE's main legal entity and responsible for implementing its overall mission	Active
Charitable Foundation "KSE"	Ukraine	Non-profit	Used for the receipt of funds from Ukrainian donors and MA students' tuition fees	Active.
LLC "KSE"	Ukraine	VAT and profit tax payer	Established with the purpose of carrying out commercial activities (e.g. educational activities, corporate training, workshops, conference, etc.)	Not active. Being liquidated
NGO "KEI"	Ukraine	Non-profit	Used for the receipt of grant funds for research and policy research projects	Active
LLC "KSEM"	Ukraine	VAT and profit tax payer	Used for the receipt of funds pertaining to commercial projects, Management Education and consultancy	Active
EERC Rep Office in Ukraine	Ukraine	Non-profit	EERC's project office at the time when the education programmes were hosted by the National University Kyiv-Mohyla Academy	Not active. Being liquidated

The changes in KSE's legal structure has not implied that any concrete steps have been taken towards the long-term goal of KSE to become a certified and accredited education provider in Ukraine. Interviews indicate that the regulatory environment for education institutions in Ukraine has not changed significantly and remains far from KSE's vision of offering education at par with international standards. Instead, following consultations with the Ministry of Education, KSE is pursuing an alternative strategy that aims at expanding the scope of its education services until such time that the regulatory environment changes or it has achieved more widespread recognition as an institution and thereby would be able to obtain special status. Whether this strategy proves successful or not, the establishment of the LLC "KSEM" in Ukraine and the on-going liquidation of two non-acting entities has contributed to strengthening KSE's institutional base in Ukraine.

[33] Information is compiled from KSE's *Policies and Procedures Manual* (approved by the Board of Directors on January, 15, 2015.)

A more significant achievement is the consolidation of KSE's governance structure and administrative systems. This is a process that was initiated in 2012 following the decision to merge KSE and KEI. At that time, KSE and KEI were operating in parallel with separate governance bodies, support functions and administrative systems.[34] In the new structure that was formally adopted in October 2014, KEI and KSE have the same Board of Directors, President, budgeting and reporting systems and administrative policies and procedures. However, as indicated above, KEI is still registered as a separate organisation and is also referred to such by many stakeholders. This suggests that the branding of KSE as one institution carrying out both education programmes, research and policy work has not been sufficient, and that, in practice, the merger process can therefore not be considered complete.

KSE's capacity to deliver high quality education has improved with the move, in 2013, to a newly renovated building in central Kiev. The new premises have modern purpose-built classrooms, conference facilities and offices for administration. Currently, KSE has 38 mainly full-time staff members. This in an increase by six full-time positions since 2012.

Staff category/year[35]	2012	2013	2014	2015
Full-time (total)	31	34	35	32
- Faculty members	*13*	*12*	*10*	*10*
Part-time	1	1	1	1
Project staff	0	0	0	5
Total	**32**	**35**	**36**	**38**
Left	0	3	8	7
- Left at the Director level and above	0	2	3	1
Newly hired	0	7	9	5

Nevertheless, as shown by the table above, the staff turnover has been increasing and been fairly high, especially during the past two academic years (with a turn-over rate of 22 percent and 21 percent respectively[36]). Although the turnover rate is not necessarily a good indicator of how well an organisation is managed, the changes at senior-level positions (including President, Academic Affairs Director, Head of Financial Department, Operations Director, etc.) and the departure of some faculty members is

[34] The faculties of the two organisation was made up by the same individuals, who worked part-time for each organisation.

[35] As of the end/beginning of the academic year. The data has been collected by KSE at the request of the Review Team.

[36] Project staff is not counted when calculating the turnover rate.

problematic from an operational effectiveness point of view and for the reputation of KSE as an employer. Interviews suggest that staff members have left KSE for different personal and professional reasons but that uncertainties caused by the frequent change of management and the precarious financial situation has been a factor in these decisions. KSE has so far not devised any explicit action to turn this trend around, although, in the long run, the diversification of funding sources would contribute to financial stability and staff security.

According to the assessment of an American accreditation committee in February 2014[37], the number of full-time faculty members is adequate to support the mission of University of Houston/KSE and to ensure the quality and integrity of each of the academic programmes. At the same time, interviews with students indicate that the drain of faculty has had a negative effect on the motivation of the remaining faculty members and, indirectly, on the quality of education. This situation as emerged in tandem with the launch of the MBA programme and several new corporate and open management education programmes as well as donor projects in which faculty members are expected to engage.

KSE has an organisational chart (dated October 2014) that divides the organisation into five main departments, each headed by a Vice-President. It presents a new international advisory board for management education, a separate Ukrainian advisory board (referred to as the Business Board in other parts of this report), and a unit staffed by special project advisors to the President. However, in practice, this structure has only been set up in parts. The existing organisational structure is similarly blurred with different documents assigning staff members different titles and departmental belongings. This makes it difficult to assess the overall dimensioning of KSE, and whether the allocation and coordination between different roles and functions are adequate. In interviews, KSE's management argues that decisions on the new structure will only be taken following this Review.

Given that the envisaged structure with Vice-Presidents is not in place, KSE does not have any senior management team to which the President can delegate functions and decision-making authority. Interviews suggest that although KSE is characterised by an informal and cooperative working culture, the President is involved in most operations and is also the one leading the organisation's networking and outreach activities. This is not a sustainable situation if KSE would like to continue to grow.

The systems-based audit put forward a series of recommendations for improving KSE's framework of policies and procedures and tools for operational management

[37] SACS/COC, 2014. *Documentation prepared by the Institution for the Review Committee examining off-campus sites as part of a fifth-year interim report. Name of institution: University of Houston, Department of Economics, MA in Economics and Ma in Applied Economics, Kyiv, Ukraine*.

and financial control. While it has been outside the scope of this Review to systematically assess and verify the status of each of these recommendations, indications are that a majority of them have indeed been implemented. According to KSE's own update (September 2014) of its action plan for follow-up to the systems-based audit, 32 of the 37 recommendations that KSE agreed to (in its management response) have been implemented.[38]

One of the most tangible outputs of KSE's response to the systems-based audit is the development of a new Policies and Procedures Manual[39], approved in January 2015 by the Board of Directors. In contrast to the former office manual used by KSE, the new Policies and Procedures Manual includes information on, and applies to, all KSE's s legal entities (not only EERC) and the corresponding reporting and other requirements of public authorities that the organisations have to fulfil. The new Policies and Procedures Manual also addresses some previous gaps in KSE's internal systems, such as the lack of a policy on external audit, clear recruitment standards, and rules on conflict of interest.

Another important change, which is also reflected in the Polices and Procedures Manual, is the introduction of a unified accounting system. Previously, KSE used different accounting systems and tools for its various legal entities. The accounting of EERC and "Charitable Foundation KSE" funds was performed in an out-dated American accounting software (Sun) and the financial reports to Ukrainian authorities were prepared in Excel. KSE's new accounting software (1C8), a widely used software in Ukraine and other countries in the region, contains the financial information of all legal entities and produces all the required financial reports. It also provides a system for electronic approval of payments and other transactions whereby staff members have different levels of authority. Financial control has also been strengthened through the commissioning, in 2014, of separate external audits of the consolidated financial statements of KSE's legal entities.

The recommendations of the systems-based audit that are still outstanding mainly relate to the issue of KSE's legal set-up and the need for clarifying the future steps towards anchoring this set-up more firmly in Ukraine. Some of these recommendations are still being considered while others have been shelved given the developments in Ukraine and the lack of reform of the regulatory framework for educational institutions. However, the prospects for such reform are currently dim since education is not among the first priorities of the Ukrainian government at the moment. As such, the tacit strategy employed by KSE to achieve exceptional status under the present regulations appears well-reasoned. The Review Team suggests that the outstanding

[38] KSE, 2013. *Management Response to Audit Observation. 2013 KSE System-based audit.*

[39] KSE, 2015. *Policies and Procedures Manual.*

recommendations are further discussed at the next annual review meeting with Sida, to clarify any issues and conclude the process relating to the follow-up of the systems-based audit.

5.5 FINANCIAL GROWTH AND SUSTAINABILITY

KSE's Business Plan sets out the vision of KSE becoming a financially sustainable institution with a budget that is based on tuition revenues, funded research, consultancy contracts and contributions from alumni, Ukrainian business and foreign donors. The Business Plan foresees that this can be achieved by strengthening KSE's fundraising and business development capacity. The budget attached to the Business Plan sets out how KSE will decrease the need for core funding by reducing costs and increasing revenues, especially from new profit-making programmes and research activities. The expectation was that, by 2017, the need for core donor support will be "eliminated".

It is clear that the calculations made in the Business Plan and the accompanying budget were far too optimistic and have become irrelevant following the severe economic crisis that would follow. The "break-even" scenario presented in the Business Plan relies on raising USD 1,696,00 in yearly tuition fees and management education revenue by 2017, which can be compared to the actual result in 2014 of USD 355,000. In addition, the strategy for reducing costs by reducing staff numbers, cutting salaries and research budgets, reducing investments in IT and equipment, etc., also comes across as poorly-reasoned given the ambition to expand education programmes, research activities as well as policy work.

Information obtained from KSE's financial statements and complementary data produced by its accounting system shows that the anticipated financial growth of KSE has not materialised. KSE's total income has fluctuated between USD 1,4 million and USD 1,9 million during the past three years. As shown by the below table, there was a rather significant increase from 2012 to 2013. The total income then decreased in 2014, to USD 1,5 million.

Income source	2012	2103	2014	By May 2015
Donor grants	784,344	1,078,031	793,515	192,813
Tuition fees	149,801	179,972	185,005	49,804
Alumni	26,800	24,401	7,014	6,679
Corporate scholarships			2,500	
Corporate donations	3,451		1,910	8,506
Management education revenue		249,105	170,428	10,683
Policy research contracts	361,344	297,513	328,202	153,814
Business analytics		25,441	3,174	
Educational grants	39,600	30,800	46,425	99,246
Grand total	**1,365,341**	**1,885,173**	**1,538,173**	**521,545**

In 2013, both the Open Society Institute and Victor Pinchuk Foundation discontinued their core support to KSE. This has increased KSE's dependence on Sida and thereby its budget vulnerability. The income from Sida funds increased significantly from 2012 to 2013 on account of the signing of the new Agreement on Core Support. In 2012, the funding received from Sida (USD 128,000) corresponded to nine percent of KSE's total income. This share then increased to 53 percent (USD 1,008,000) in 2013 and 52 percent (USD 793,000) in 2014. KSE's target was that Sida funding should make up no more than 30 percent of its funding by 2015. KSE currently estimates that the actual share for 2015 will be around 40 percent.

Nevertheless, KSE has made a conscious effort to diversifying its funding base, including by introducing new income-generating corporate training programmes and open courses, mobilising alumni donations, and expanding policy contract research. The table above shows that these initiatives have been implemented with varying levels of success. On the positive side, policy contracts research and management education courses have emerged as new important sources of income. The revenue from tuition fees has also increased in real terms over the three-year period, but remains far from the targets set (USD 389,000 for the 2013 school year and USD 807,000 for the 2014 school year). The funding obtained from corporate scholarships and donations, alumni donations and business analytics remain insignificant.

The increase in the number of "fundraising" contracts (i.e. contract research and policy work) shows that KSE has become increasingly active in looking for grant and contract opportunities from other sources than Sida. KSE had eight such contracts in 2012, nine in 2013, six in 2014, and eight so far in 2015. KSE expects that another eight contracts will be signed during the next few months before the end of the year, making a total of 16 contracts in 2015. This includes contracts with the World Bank, EU, Wilfried Martens Centre for European Studies, Kent University, Kyivstar, GIZ, and the Swedish Foreign Ministry. At the same time, it is noteworthy that the grants provided by the World Bank and Global Development Network (totalling USD 294,431 or 54 percent of the total projection for 2015) will come to an end this year.

The total income of all fundraising contracts in 2015 is estimated at USD 545,000. As shown in the table below, this is higher than the income raised from such contracts in preceding years but still relatively low considering that the doubling of the number of contracts. In other words, the average "value" of contracts seems to be decreasing. Interviews indicate that contracts of relatively low value are easier and faster to obtain, especially given KSE's limited capacity for project work (see below).

Year	# Contracts	Amount USD
2012	8	415,491
2013	9	444,614
2014	6	461,681
2015 Jan-May	8	154,507
2015 Jun-Dec est.	8	390,564
2015 estimated total	15	$545,071

It is noteworthy that KSE does not have a clear fundraising strategy that gives a direction to its efforts and ensures that the most profitable and realist options are chosen. Minutes from the meetings of the Board of Directors[40] show that the Board has requested more details on different programmes and revenues generated by these programmes as well as recommended KSE to conduct an analysis of its relations with donors. In addition, the Board of Directors has expressed concerns about possible unforeseen additional expenses that may come with KSE's push for increased revenues from management education programmes.

Having a large number of fundraising contracts most of which are of low value in monetary terms create high transaction costs. In general, it would be logical for KSE to focus its fundraising efforts on grant opportunities of a sizeable financial volume, and donors that would allow KSE to charge reasonable overhead costs (which is not the case with some of KSE's current donors). However, this assumes that KSE has the capacity to absorb and implements such grants. In 2014, KSE together with PWC won a DFID-grant for a programme on policy reform and improved governance, from which KSE could obtain some USD 1 million over a two-year period. However, the funds are contingent upon KSE being able to develop project proposals together with state agencies as beneficiaries, something that it so far has not been able to do. The reasons cited in interviews include KSE's overall lack of capacity for project work and the limited motivation of faculty members to take on additional tasks that are not immediate related to their own research and sphere of interest.

[40] KSE, 2012. *Minutes of the Meeting of the Economics Education and Research Consortium, Inc. (EERC) Board of Directors, October 6, 2012*; KSE, 2013. *Minutes of the Meeting of the Economics Education and Research Consortium, Inc. (EERC) Board of Directors, October 5, 2013.*

6. Conclusions

KSE can deservedly pride itself on being a leader in economics education and research in Ukraine. The school is recognised for having created a new generation of Ukrainian economists, many of who have gone on to doctoral programmes abroad, positions in leading corporations, and, as of recently, government employment. Evidence suggests that KSE has become even more relevant as an institution during the past three years, as a result of the expansion of its education programmes and engagement in policy dialogue. This transformation has taken place during a turbulent time in Ukraine, from which both challenges and opportunities have emerged, and to a large extent been driven by KSE's need to ensure financial sustainability.

Since 2012, KSE has introduced several new business- and management-oriented education programmes and courses of shorter and longer time duration. There is common recognition that the economics education should continue to be the thrust of KSE's education programme and therefore should be safeguarded, but that this type of education cannot be the main engine of growth.

Despite the difficult circumstances, KSE has managed to maintain more or less the same body of students in its long-term MA programmes over the past three years. Counting also the students in the medium- and short-term management education programmes, the number of students has significantly increased. In most areas, however, the numbers have fallen short of the targets set in 2012, resulting in a relatively high level of investment per student. KSE has intensified its enrolment campaigns and other marketing efforts, but the relatively high tuition fees work to the school's disadvantage, especially during a time of economic crisis in the country. In addition, KSE's capacity for marketing is limited, which is affecting the outreach of current efforts.

KSE is currently planning a range of new programmes and courses further expanding the thematic and target group focus of its education. This is all in accordance with KSE's tacit strategy to boost its recognition and income opportunities by building scale. At the same time, it is clear that the current circumstances in Ukraine and future scenarios are not particularly conducive. Moreover, KSE's faculty is already overstretched and efforts to recruit new members have so far been unsuccessful. This points towards a need for more careful analysis of the market, the competition, and KSE's capacity constraints before major new initiatives are embarked on.

KSE ranks first among Ukrainian institutions carrying out academic research in economics. At the same time, its productivity in terms of the number of publications and faculty members actively pursuing research is decreasing. KSE faculty members have been criticised for pursuing research of a highly academic nature with limited relevance for the policy process in Ukraine, and to some extent this is still the case. However, since 2012 and in particularly following the political upheaval in 2014, the public engagement of the faculty has increased significantly. This can be seen in the number of policy papers being produced by KSE faculty members, their visibility in media, and participation in donor-funded projects. In addition, KSE has become a platform and venue for policy discussions, which together with its links to VoxUkraine has brought additional visibility and opportunities for networking and cooperation with government and civil society actors. All in all, recent years have seen a clear opening up of KSE towards the Ukrainian society and increasing engagement in the reform process. What is needed is now a better articulated KSE policy research agenda that provides a focus to the somewhat scattered work in this area.

Good progress has also been achieved towards organisational efficiency, accountability and transparency. In line with Business Plan and Agreement with Sida, KSE's legal structure and system of governance have been rationalised and simplified, and the merger between KSE and KEI more or less completed. Relatedly, a comprehensive and common set of policies and procedures has been developed that together with the introduction of a unified accounting system and a requirement on regular external audits have improved internal financial controls. Although the changes made to the legal structure can be said to contribute to strengthening KSE's institutional base in Ukraine, KSE is far from "well-anchored" in the country. Indications are that KSE has not tried hard enough to attract Ukrainian business leaders to its Board of Directors, which therefore continue to be dominated by foreigners. The prospects for KSE to gain certification as a Ukrainian educational institution remain dim given the lack of changes in the regulatory environment. In this context, KSE's strategy to build scale to gain more widespread recognition as an institution and thereby obtain special status appears reasonable. At the same time, the relatively high staff-turnover and the lack of a senior management team to which the President can delegate operational responsibilities raise questions about KSE's capacity to manage its current expansion plans.

The most pressing issue facing KSE is that of financial sustainability. KSE has made a conscious effort to diversify its funding base and thereby reduce its dependence on Sida, which currently funds more than half of KSE's core budget. However, these efforts have met with varying level of success. While the revenue from management education, policy research contracts and tuition fees is considerable, it is not necessarily increasing in a steady manner and is far from the targets set. The funding from other sources, including corporate scholarships, private donations, and business consultancies has either declined or remained insignificant. KSE has become increasingly active in looking for grant opportunities and has been able to expand its project portfolio considerably. Most projects are however fairly small and do not bring in the necessary contribution to KSE's overhead costs that would be required to replace the need for core funding. In an ideal situation, KSE would receive endowment funding to help make it self-sustainable. However, Ukraine has no history of such funding and charitable priorities of benefactors, who are wealthy enough to provide such endowments, tend to be short and medium term. In addition, funding from one "oligarch" or wealthy benefactor often precludes others from donating – given the competitive, current nature of Ukrainian business. These factors combined with KSE's lack of Ukrainian state educational certification mean that KSE's survival will be contingent on external grants, at least for the next few years.

In summary, KSE is faced by multiple and inter-linked challenges in its efforts to maintain and further expand the scope of its education programme and its financial base. Highest priority should be given to:

- Increasing enrolment and the overall size of KSE's student body without compromising education quality. This is key for ensuring that the education programmes remain relevant, building KSE's reputation, its future ability to become a certified education provider, and increasing income from tuition fees;

- Building staff and faculty capacity for managing the expanding portfolio of education programmes, policy work and grants and the demands for reinforcing marketing and outreach to prospective students outside Kiev, and;

- Adopting a more strategic approach to fundraising and other income generation that is based on a careful analysis of current donor priorities and market conditions and seeks to optimise the amount of revenue and contribution to overhead costs. This would also include exploring alternative income sources for the long-term, such as government funding.

7. Recommendations

7.1 RECOMMENDATIONS TO SIDA

1. Sida should consider extending its core support to KSE for another three years. The support should be linked to a new Business Plan and rigorous results matrix that take the current situation of Ukraine and KSE as a baseline and are systematically used for planning and monitoring purposes (see recommendations #1-2 below).
2. Sida's support should be determined based on a multi-year budget to be presented by KSE, which allow for a gradual decrease in funding from Sida.
3. Sida should request KSE to prepare a formal management response and action plan for implementing the agreed recommendations. The action plan should be reviewed at the end of the current Agreement period.
4. Sida may allow KSE to re-allocate funds under the current Agreement to cover costs related to the implementation of the recommendations. Additional funding for this purpose may, as required, be included in the new Agreement.

7.2 RECOMMENDATIONS TO KSE

Governance and Organisational Development

1. KSE should develop a new Business Plan that takes the current situation of Ukraine and KSE as a starting point and includes
   - an analysis of external and internal factors (e.g. strengths, weaknesses, opportunities and threats) and possible future scenarios
   - a risk analysis and description of corresponding risk mitigation actions
   - a description of the strategies and plans for economics education and research, management education and policy advice
   - an organisational development plan
   - a new results matrix that in addition to expected results, indicators and targets include information on means of verification
2. KSE should use the new Business Plan and results matrix as a basis for operational planning and monitoring, ensuring that the annual work plans and reports follow the same structure and cover the same indicators.
3. KSE should reinforce efforts to identify prospective Ukrainian Board members who are willing to actively engage in the strategic management of the school. A possible first group to look into are the business representatives who are being consulted for the development of the concentration areas of the new MBA programme.

4. KSE should intensify efforts to recruit new faculty members, initiating a more active search for candidates in Europe and Ukraine.
5. KSE's President should appoint a Deputy as Head of Operations and/or a senior management team of four-five people representing the core areas of activity, PR & Marketing and Finance and Admin.

Financial Sustainability

6. KSE should consider recruiting a professional fundraiser to its PR & Marketing Team.
7. KSE should develop a (written) fundraising strategy, identifying fundraising requirements, opportunities, specific fundraising activities and their timing, responsibilities for fundraising, monitoring mechanism, etc. This plan should form an integral part of or be explicitly linked to the above-mentioned organisational development plan.
8. KSE should focus fundraising efforts on longer-term grant opportunities and donors ready to contribute to covering overhead costs.
9. KSE should mobilise alumni in a more systematic manner to attract additional corporate donations and scholarships.
10. KSE should assign specific fundraising goals for each member of the Board of Directors.

Economic Research and Policy Advisory Capacity

11. KSE should set its own policy research agenda for which grant funding could be mobilised (instead of merely conducting policy research on demand and according to individual interests of faculty members).
12. KSE should seek to establish cooperation with the research institutes and advisory bodies of key government agencies (such as the NBU and Ministry of Economic Development and Trade) to maximise the relevance and potential impact of its research and policy work.
13. When recruiting new faculty members KSE should look for people with an active interest in carrying out policy research and consulting work.

Education Programme Development

14. KSE should develop an organisation-wide marketing strategy that includes an analysis of the market and competition with regard to existing and planned education programmes, and defines target groups, marketing tools and channels accordingly.
15. KSE should intensify the marketing of the two-year MA programme by better showcasing its most successful graduates to demonstrate the quality of education and the career possibilities it bring (e.g. through print material and involving alumni in enrolment campaigns).
16. KSE should target enrolment campaigns to oblast capitals outside of Kyiv. This could, for instance, be done through partnering with the British Council

and/or other organisations that already have a regional reach and attract English speakers.

17. KSE should set up a system to monitor job placement data and whereabouts of graduates. Such a system could be as simple as an online form located on the KSE website, which would allow alumni to both stay informed about upcoming events as well as provide input on their current employment.

Annex 1: Terms of Reference

Introduction

Started in 1994, the EERC Masters' Programme (where EERC is the Economics Education and Research Consortium, Inc., a nonprofit organization registered in Washington, DC. involved in setting up similar schools in other post-Soviet states), has offered at all stages of its development an internationally recognized education validated by the University of Houston for graduate school economists to match the needs of the Ukrainian market development. In 2006 jointly by EERC and the Victor Pinchuk Foundation, the Programme was revamped into the Kyiv School of Economics.

It is a small state-of-the art educational establishment with a student body not exceeding 90 students year in and year out. In addition to the needs of Ukraine, it caters for the demands of Belarus and Moldova. Its programs are taught in English by professors, who earned PhDs in the universities in the US and European Union and are considered to be the best in Ukraine. For those who aspire to the academic world, preparation at KSE enabled 104 KSE graduates to earn PhDs from top Western universities.

In 2005, separately from the EERC Programme, the Stockholm Institute of Transition Economics (SITE), an affiliate of the Stockholm School of Economics, established the Kyiv Institute of Economics (KEI), a research and advanced economics analysis centre, using Sida's financial support. The two establishments had a separate existence but shared the staff. In 2012 upon the KSE Board of Directors' decision, the merger of the two institutions was undertaken by the management and KEI became a research wing of KSE.

Essentially, KSE is a well-governed academic institution guided by both the Board of Directors and the reputable International Academic Board, which presently includes a Nobel Prize winner. The Secretary of the Board of Directors ensures the constant and continuous link with EERC and assumes a proactive caring position about the School. This link is fundamental to the KSE legal structure, financial management and HR management and selection of the President.

Background

Initially, the Swedish support for the Programme was coming from the Swedish Ministry of Foreign Affairs, and then, since 2006, from Sida. At that time, Sida provided just one of several funding streams. In 2012, the OSI HESP (Open Society Institute Higher Education Support Programme) changed its set of strategic priorities, while the Victor Pinchuk Foundation exhausted its enthusiasm for educational projects. The situation posed serious risks of a huge funding gap for KSE. In consultations with the Ministry of Foreign Affairs, Sida chose to maintain its commitments to KSE, but the decision was to engage in a more interventionist manner, demanding more of a responsibility from the School management, the faculty and the Boards of Directors for financial viability of the KSE, its institutional development, and conditions of KSE transformation into a dynamic policy player and opinion-shaper on the economic scene of Ukraine, where the DCFTA (EU-Ukraine Deep and Comprehensive Free Trade Agreement) became an important goalpost.

The Board of Directors took Sida's approach seriously and recruited in the summer 2012 a new President with an extensive management experience, which its predecessor was lacking.

Before committing itself to the project with a rather significant budget of SEK 15 600 000 in December 2012, the Embassy of Sweden agreed with KSE a matrix of results for several years (attached). While the Matrix captures the most important development and sustainability indicators and should be used as a reference point in Sida's analysis of KSE achievements, it is important to bear in mind that since the time of developing the matrix, the situation in Ukraine has dramatically changed. It would therefore be detrimental to the analysis during the review exercise to treat the matrix as a strait jacket: financial data and progress reports have to be scrutinized to arrive at a balanced view.

Objectives of the Review

The Sida Agreement with KSE quotes the need for a review of the KSE's progress on several fronts. The findings and conclusions of the review, once presented to Sida, will be factored into the process of the decision on further support beyond 2015.

The Review objectives look as follows:

(i) Review the progress and results of KSE activities on its way to become a sustainable institution to date;

(ii) Assess the prospects of organizational and financial sustainability in the current country context.

(iii) Present the recommendations to Sida to inform its further decisions about financing beyond 2015.

While the project result matrix is presented as a focus for analysis, the review process should by no means be restrictive. At stake is a much broader range of issues:

- **Relevance.** whether the KSE has succeeded in its "getting out" from "the ivory tower" of alienated academic excellence existing for many years at donor's expense without a reference to Ukraine's policy process and its dire need for professional and influential economic and financial experts;

- **Cultural transformation**. whether the School demonstrates the progress towards its "indigenization" by becoming rooted in the Ukrainian ground as opposed to the image of a donor-created structure teaching the students for careers outside Ukraine, as it was perceived a few years ago? Changes?
- **Educational programmes development**. Progress?
- **Streamlining legal and administrative issues,** which in the past have been anchored to the awkward, multi-entity legal structure; Gains in its organizational health over time? More effective and efficient? Changes?
- **Financial sustainability.** Progress made? Any missed opportunities? KSE expansion - **a** viable path to pursue? Are there any existing financing models to go for?

Methodology and Team

The proposed methodology should be a combination of a desk review, field visits, in-depth structured interviews, focus groups, report writing and a presentation to the Swedish Embassy and the Kyiv School of Economics representatives. Flexibility re the proposed methods is welcome.

Informants during the assignment should include the KSE President, the Board members, the faculty, the students, the graduates, and the management; primary and secondary beneficiaries of the Kyiv School of Economics, government connections and civil society interlocutors, other development contributors, the media, business partners.

KSE administration contacts will provide assistance in logistics, translation and orientation on the ground. At the reviewers' request KSE shall provide all documentation, information, materials for analysis.

Sida will support the review financially and will also provide the necessary documentation. An initial contact with the Swedish Embassy should be arranged before starting the review in Kyiv to fine-tune the approach and clarify any outstanding questions.

Time Schedule

The timeframe for the assignment is ideally from **15 April 2015 to 15 June 2015.** The call off contract expiry date is moved to 15 July 2015 to include the publication and submission of the final invoice. The review will take up to 35 consultancy days, including preparation, implementation, report writing and a presentation.

Reporting

An Inception Report should be presented to Sida by **30 April** on the basis of the information gathered, desk analysis, online and skype consultations with informants. Submitted to clarify any outstanding methodological issues, to agree the assignment plan and the schedule, its approval does not require any travel to Kyiv. The first invoice can be submitted followed by the inception report approval.

The assignment implementation including the field visit, verification and triangulation through interviews and focus groups will results in **the Draft Final Report to be submitted on 1 June 2015.** The draft report will be sent out by Sida to KSE management to eliminate any factual errors or inaccuracies over one week. The Final Report and a Presentation of the review findings to the KSE and the Embassy are to be delivered between **1 June** and **15 June 2015.** The final version should be submitted in Word format and not to exceed 40 pages (without annexes).

Annex 2: List of Documents

A Business Plan for KSE – Growing to Become Self-Sustainable. 2012. Kiev: KSE.

Academic Annual Report AY 2012-2013; 2013-14. 2014. Kyiv: KSE.

Agreement on Core Support to Kyiv School of Economics. 2012. Kyiv: KSE.

An Effectiveness Review of the Kyiv Economics Institute (KEI). Final Report. 2011. Göteborg: Swedish Development Advisers.

Budget 2015, Brief Description. 2015. Kyiv: KSE.

Bylaws of Economics Education and Research Consortium, Inc. (EERC). Revised October 2014.

Charitable Foundation Kyiv School of Economics. Financial Statements for the years ended December 31, 2013 and December 31, 2012. 2014. Kiev: KSE.

Documentation prepared by the Institution for the Review Committee examining off-campus sites as part of a fifth-year interim report. Name of institution: University of

Houston, Department of Economics, MA in Economics and Ma in Applied Economics, Kyiv, Ukraine. 2014. SACS/COC.

Economics Education and Research Consortium, Inc. and Subsidiary. Consolidated

Financial Statements. December 31, 2014.

Economics Education and Research Consortium, Inc. and Subsidiary. Consolidated

Financial Statements. December 31, 2013.

Economics Education and Research Consortium, Inc. Financial Statements for Years Ended September 30, 2011 and 2012.

Economic Education and Research Consortium: Impact Evaluation – Ukraine. 2003. Kyiv: Bannock Consulting Ltd.

Economics Research Network Russia and CIS. Annual Report, Fiscal Year 2012. 2012. Kyiv: EERC.

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FY 12 Fundraising Report and FY 13 Fundraising Plan. 2012. Kyiv: KSE.

IMF Statement on Discussions with Ukraine on First Review under the Extended Fund Facility Arrangement Press Release No. 15/243. May 31, 2015. www.imf.org

KSE 2014 Budget Explanatory Notes. 2014. Kyiv: KSE.

KSE Academic Publications 2012-2015. 2015. Kyiv: KSE.

KSE Events 2014. 2015. Kyiv: KSE.

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KSE Graduate Employers. Undated. Kyiv: KSE.

KSE/KEI Discussion Paper Series. The Visibility of Ukrainian Economists 1969-2005. 2008. T Coupe.

KSE Media publications 2013-2015. 2015. Kyiv: KSE.

KSE Organizational Chart as of October 2014. 2014. Kyiv: KSE.

KSE Policy Papers 2012-2015. 2015. Kyiv: KSE.

KSE Risk Matrix. Undated. Göteborg: Swedish Development Advisers.

KSE Student Recruitment Report. Academic Year 2011-12. 2012. Kyiv: KSE.

KSE Work Plan for 2014. Submitted to Sida. 2014. Kyiv: KSE.

KSE Work Plan for 2013. Submitted to Sida. 2013. Kyiv: KSE.

Kyiv School of Economics (KSE). Economics Education and Research Consortium (EERC). Report for the 2013-2014 Academic Year. 2014. Kyiv: KSE.

Kyiv School of Economics/Kyiv Economics Institute. Academic Report 2012. 2013. Kyiv: KSE.

Kyiv School of Economics. Non-diploma Programs Launch. Undated. Promova.

Kyiv School of Economics. Project concept. Master's program. International Agricultural Management. Undated. Kyiv: KSE.

Management Response to Audit Observations. 2013 Kyiv School of Economics System-based Audit. 2013. Kyiv: KSE.

Memorandum. KSE activities – legal issues.

Minutes of the Meeting of the Economics Education and Research Consortium, Inc (EERC) Board of Directors, October 5, 2013. 2013. Kyiv: KSE.

Minutes of the Meeting of the Economics Education and Research Consortium, Inc (EERC) Board of Directors, October 6, 2012. 2012. Kyiv: KSE.

Minutes of the Meeting of the Kyiv School of Economics/Economics Education and Research Consortium, Inc. (EERC) and Kyiv Economics Institute NGO Board of Directors, October 4, 2014.

NGO Kyiv Economics Institute. Financial Statements for the year ended December 31, 2014. 2015. Kiev: KSE.

NGO Kyiv Economics Institute. Financial Statements for the year ended December 31, 2013. 2014. Kiev: KSE.

Partnership data: Companies providing support to KSE 2012-2015. 2015. Kyiv: KSE.

Policies and Procedures Manual. 2015. Kyiv: KSE.

Presentation Strategic Review. 2012. Kyiv: J Kelly and J Wennström.

Report to the KSE Board of Directors. Reporting period: January 1, 2013 – September 25, 2013. 2013. Kyiv: KSE.

Research Report. KSE: Looking Forward to Achieving Best Regional Sustainable School Status. 2012. J M Toulouse.

Report on the results achieved by KSE in 2012-2013 academic year. 2014. Kyiv: KSE.

Results Summary. EERC/KSE Kyiv School of Economics. 2012. Kyiv: Embassy of Sweden.

System-Based Audit of the Kyiv School of Economics (KSE). Final Report. 2013. Göteborg: Swedish Development Advisers.

The KSE MA in Financial Analysis – Draft Curriculum. Undated. Kyiv: KSE.

The NGO Kyiv Economics Institute (NGO KEI), the Kyiv School of Economics and Management LLC (KSEM LLC), and the Kyiv School of Economics Charitable Foundation (KSE CF). Comprehensive Management Letter. Year ended 31 December 2014. 2015. Kiev: Baker Tilly Ukraine LLP.

Top 25% Institutions and Economists in Ukraine, as of May 2015. Ideas.repec.org

Annex 3: List of Interviewees

#	Name	Position	Organisation	Date of interview
1	Atroshchenko, Andrii	YE Programme Coordinator	Norweg.-Ukr. Chamber of C	10 June
2	Becker, Torbjörn	Member, Board of Directors	SITE	11 June
3	Besedina, Elena	Faculty Member	KSE	8 June
4	Boyarchuk, Dmytro	Executive Director	CASE Ukraine	9 June
5	Bystrytska, Natalya	Research Network Manag.	KSE	5 June
6	Cherviachenko, Eugene	MBA Graduate		10 June
7	Coupe, Tom	Faculty Member	KSE	9 June
8	Danielsson, Christina		Sida	4 June
9	Datsenko, Michael	Director	U.S.-Ukraine Business Council	9 June
10	Dmytriyeva, Kateryna	Training & Educ. Coordinator	SimCorp	9 June
11	Dumanska, Vita	Human Resource Manager	KSE, Finance and Admin Dept.	9 June
12	Fedak, Grygoriy	Financial Director	NIRAS, AgroLviv Project	8 June
13	Fozekosh, Sermiy	KSE Graduate		8 June
14	Grygorenko, Yegor	Member, Board of Directors	Bain & Company	5 June
15	Gvozdiov, Serhiy	Academic Director	KSE, Management Educ. Team	5 June
16	Ilin, Dmytro	KSE Graduate		8 June
17	Izmaylova, Tatyana	MBA Student		10 June
18	Karpov, Dmytro	MA Student		10 June
19	Khodenko, Oleksii	KSE Graduate		8 June
20	Kocherhan, Yulia	Director, Management Educ.	KSE	5 June
21	Kukhta, Pavlo	Expert	Reanimation Package of R	8 June
22	Kupets, Olga		Kyiv Mohyla Academy	5 June
23	Kurtyk, Ivanna	Legal and Admin Director	KSE, Finance and Admin Dept.	4 June
24	Kwynikov, Igor	MA Student		10 June
25	Lazutina, Inna	MA Student		10 June
26	Liakh, Victor	President	Eurasia Foundation	11 June
27	Logush, George	President	KSE	8 June
28	Melchior, Arne		NUPI	8 June
29	Nikolayyenko, Alex	Member, Board of Directors		4 June
30	Novgorodska, Olga	MA Student		10 June
31	Onyshchenko, Hanna	MA Student		10 June
32	Panchenko, Artem	Academic Affairs Director	KSE, Academic Affairs Dept.	4 June
33	Panga, Mariia	MA Student		10 June
34	Papell, David	Member of KSE IAB	University of Houston	4 June

35	Petruk, Yumii	MBA Student		10 June
36	Rubis, Iryna	Editor in Chief	Delo.ua	9 June
37	Russietskyi, Igor	MBA Student		10 June
38	Shapoval, Natalia	Co-Founder, VoxUkraine	KSE	9 June
39	Sheherlatenko, Oleksii	MBA Student		10 June
40	Shkurenko, Pavlo	Controller	KSE, Finance and Admin Dept.	9 June
41	Skurykhena, Yulia	Chief Accountant	KSE, Finance and Admin Dept.	9 June
42	Sofiosueji, Volodymyr	KSE Graduate		8 June
43	Sologub, Dmytro	Deputy Governor	National Bank of Ukraine	11 June
44	Sukhhostavskyy, Vadym	MBA Student		10 June
45	Suleimanov, Seit-Bekir	MA Student		10 June
46	Symonenko, Olena	Commercial Director	Kiev Post	9 June
47	Tekeyanova, Mariya	MA Student		10 June
48	Thornton, Rebecca	Director, MA Applied Econ.	University of Houston	4 June
49	Vargola, Volodymyr	Business Develop. Manager	KSE	5 June
50	Verchenko, Olesia	Academic Director	KSE	4 June
51	Vernygor, Andrey	MA Student		10 June
52	Vernyhora, Iyna	MA Student		10 June
53	Vorobets, Ilona	Specialist	KSE, PR & Marketing Dept.	5 June
54	Williams, Morgan	Member, Board of Directors	U.S.-Ukraine Business Council	9 June
55	Yan, Regina	Chair, Board of Directors		9 June
56	Yareniko, Vitaliia	MA Student		10 June
57	Zaika, Natalya	Academic Affairs Specialist	KSE, Academic Affairs Dept.	4 June
58	Zaika, Roman	KSE Graduate		8 June

Review of Kyiv School of Economics' Institutional and Sustainability Plans

This report shares the findings and recommendations from a review of Sida's support of the Kyiv School of Economics (KSE) between 2012-2015. The purpose of the review was to find out the progress and results achieved by KSE towards becoming a sustainable institution and the prospects for KSE's organisational and financial sustainability.

An in-depth documentation review, interviews with stakeholders and focus group discussions were used to assess the Kyiv School of Economics' education programme development, economic research and policy advisory capacity, organisational development and effectiveness, KSE's governance and it's anchorage in Ukraine, and financial growth and sustainability.

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