



## Country Programme Action Plan (2006 -2010)

Between  
The Government of Ukraine  
and  
The United Nations Development Programme

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## **The Framework**

The Government of Ukraine and the UNDP-Ukraine are in mutual agreement to the content of this document and their responsibilities in the implementation of the Country Programme.

Furthering their mutual agreement and cooperation for the realization of the Millennium Declaration, Millennium Development Goals and the United Nations Conventions to which the Government of Ukraine and UNDP are committed,

Building upon the experience gained and progress made during the implementation of the previous Country Programme (2001-2005),

Entering into a new period of cooperation (2006-2010),

Declare that these responsibilities will be fulfilled in a spirit of close cooperation and have agreed as follows:

### **Part I. Basis for Relationship**

1.1. WHEREAS the Government of Ukraine (hereinafter referred to as “the Government”) and the United Nations Development Programme (hereinafter referred to as UNDP) have entered into a basic agreement to govern UNDP’s assistance to the country (Standard Basic Assistance Agreement (SBAA), which was signed by both parties on June 18, 1993. Based on Article I, paragraph 2 of the SBAA, UNDP’s assistance to the Government shall be made available to the Government and shall be furnished and received in accordance with the relevant and applicable resolutions and decisions of the competent UNDP organs, and subject to the availability of the necessary funds to the UNDP. In particular, decision 2005/1 of 28 January 2005 of UNDP’s Executive Board approved the new Financial Regulations and Rules and along with them the new definitions of ‘execution’ and ‘implementation’ enabling UNDP to fully implement the new Common Country Programming Procedures resulting from the UNDG simplification and harmonization initiative. In light of this decision, this CPAP together with Annual Work Plans (which shall form part of this CPAP, and be incorporated herein by reference) concluded hereunder constitute together a project document as referred to in the SBAA .

### **Part II. Situation Analysis**

2.1. The political transformations that took place in late 2004 and early 2005 were a watershed for Ukraine. Citizens showed an unprecedented determination to exercise their rights and defend their freedoms, taking to the streets to demand free and fair elections as well as far-reaching governance reforms and better economic opportunities. The new Government has responded to these demands by promising a fundamental change in the relations between State and citizen and a new emphasis on individual dignity and freedom, civil society and democracy, a united and lawful State, inter-ethnic and interfaith harmony, and social equity and well-being.

2.2. The upheaval of 2004 was a response to flawed and incomplete political and economic reforms. Ukraine’s transition from communism has been difficult. Although the country has established many democratic institutions and practices, the system of government is overly centralized, cumbersome, and bureaucratic. Corruption is widespread. The division of powers and responsibilities between central and local authorities is ill defined. The justice system and the mass media have been subject to political pressures. Public oversight of state bodies is weak.

2.3. The economic transition of Ukraine is likewise incomplete. After a decade of decline, gross domestic product (GDP) growth resumed in 2000 and reached 9.3 per cent and 12 per cent in 2003 and 2004, respectively – some of the highest rates in the world. The economy has continued to expand in 2005, although at a slower pace than previously. Macroeconomic stabilization was

sustained except in the period leading up to elections in 2004, and regulatory reforms were implemented to promote growth. Yet despite five years of vigorous expansion, Ukraine remains one of the poorest countries in Europe. Roughly one fourth of the population lives below the nationally-defined poverty level. The poorest 30 per cent of the population receives 12.5 per cent of all income, according to the *Human Development Report 2004*.

2.4. Moreover, a large number of inherited structural problems threaten Ukraine's ability to generate sustained economic growth. State control over enterprises remains extensive, bureaucratic interference in commerce is common, and property rights remain insecure. Corporate legislation, particularly in the regulation of joint-stock companies, is flawed or absent. Excessive government regulation is harmful to the health of small and medium-sized businesses (SMEs). Markets are distorted by artificial monopolies. Structures such as these provide incentives to rent-seeking and corruption.

2.5. Economic growth has also failed to stem deterioration in the quality and availability of such public services as education, health care, and social welfare benefits. The 2004 human development index (HDI) for Ukraine was 0.766 (using data for 2003). This figure is still lower than that for 1991, primarily because life expectancy has continued to worsen, and GDP overall has failed to recover to its pre-independence level. The three most striking symptoms of social malaise are demographic: (a) Ukraine has a low fertility rate; (b) life expectancy is low, especially for men (56.5 years); and (c) there is a persistent exodus of workers seeking gainful employment abroad. The population of Ukraine is in decline, falling from 50.2 million to 47.5 million between 1997 and 2003. Rural communities are markedly poorer than urban settlements, which account for 67 per cent of the Ukrainian population.

2.6. Young people and women are particularly vulnerable to the consequences of widespread poverty and an inadequate social safety net. In particular, the share of the young people in the total number of the unemployed constitutes about 40% in urban and 25.2% in rural areas. HIV/AIDS is estimated to affect 1.4 per cent of the total adult population, and the rate of increase in new infection numbers is among the most rapid in Europe. The number of drug users registered with the Ministry of Interior has doubled in the past five years. Domestic violence is a problem, and more than half of first marriages end in separation. Participation of young people and women in decision-making is low. Human security is also of concern: Ukraine records around 18,000 criminal cases related to human trafficking each year.

2.7. Human security in Crimea and regions affected by the Chernobyl nuclear disaster of 1986 are of both national and international concern. Resettlement of the indigenous Tatar community, which was forcibly deported from Crimea to Central Asia, still requires intensive effort to promote inter-ethnic integration and strengthen regional security. Similarly, communities affected by the Chernobyl disaster continue to suffer from the uncertainties surrounding prolonged exposure to low-level radiation as well as limited opportunities for social and economic development. Pronounced regional differences in attitudes, outlook, and expectations between the western and eastern regions of Ukraine emerged with clarity during the 2004 presidential elections, and need now to be addressed.

2.8. With the ratification of the Kyoto Protocol in 2004, Ukraine has endorsed all major United Nations conventions related to the environment. Yet communities throughout the country remain vulnerable to the consequences of wasteful and harmful energy and environmental practices. Heavy industry in Ukraine is extremely energy-intensive and residential heating and urban transport are highly polluting. As a result, Ukraine produces around 2 per cent of global carbon dioxide emissions. The Carpathian forest and mountain ecosystem is under pressure from business and residential expansion. Deforestation in the Carpathian region has compromised the Tisza River basin. Industrial pollution, past agricultural practices and the Chernobyl legacy all endanger biodiversity in the Polesie wetlands and the quality of water throughout Ukraine.

2.9. The new Government of Ukraine sees greater integration with the European Union, as well as with the global economy through membership of the World Trade Organization, as the key to many

of the social, economic, and human development challenges that the country faces. The top priority task for the next few years will be to complete reforms that started in late 1990s – early 2000.

### **Part III. Past Cooperation and Lessons Learnt**

3.1. The country cooperation framework for 2001-2005 defined three major programme areas: (a) *strengthening democratic governance*; (b) *promoting human security and development*; and (c) *enhancing environmental protection and sustainable development*. All programmes were to include attention to gender, information and communications technology (ICT), and human rights. The Assessment of Development Results and the visit to Ukraine by the Executive Board in 2004 concluded that the UNDP programme was strongly linked to Ukrainian priorities.

3.2. *Democratic governance*. The most notable contribution in this area was the formation by UNDP, in mid-2004, of a blue-ribbon commission of national and international experts. With elections due later in the year, this body was charged with preparing policy recommendations for a new president. This endeavor produced a concise document, *Proposals to the President: a new wave of reform*, containing more than 100 specific recommendations for the new government team. The report was of acknowledged assistance to the new Government in preparing its inaugural programme, and also helped win international support for efforts on the part of Ukraine to launch a 'second wave' of economic, political, and social reforms.

3.3. UNDP was active in efforts to help educate young people to become citizens of a democratic society, and to assist municipal authorities in the provision of adequate public services and involving citizens in these efforts. Capacity has been created in the Accounting Chamber, the Office of the Ombudsman, and the Parliament, to improve public accountability, awareness of human rights and parliamentary oversight. UNDP worked to build the capacity of civil-society organizations, the private sector and academia to participate in policy-making processes. Work with communities in Crimea and areas affected by the Chernobyl disaster is helping create viable grass root institutions for citizen-oriented democratic governance, decentralization and area-based development.

3.4. *Human security and development*. UNDP played a lead role in shaping the response of the United Nations system and the Government to the threat of HIV/AIDS. As a result, awareness and understanding of HIV/AIDS in Ukraine has substantially improved. UNDP efforts also helped provide input into debates on the policies and legislation needed to promote economic recovery, civic participation, educational reform, labor market flexibility, and the healthy development of commercial agriculture.

3.5. Social mobilization and institutional arrangements for the political, social, economic, and cultural integration of the multi-ethnic population in Crimea have yielded positive results in maintaining peace, stability, and development. Similarly, citizens in communities affected by the Chernobyl disaster have been actively engaged in implementing projects aimed at social, economic, and ecological recovery.

3.6. Advocacy and training have inspired government leaders to incorporate gender in their public policies. Equal opportunities have been enshrined in the legal framework of Ukraine, the family code has been revised to reflect gender concerns and the legal basis to combat human trafficking and violence against women has been strengthened.

3.7. *Environment and sustainable development*. UNDP assistance was instrumental in fostering public dialogue on and integration of sustainable development concepts into national policies. The capacity for formulating and implementing environmental legislation has improved. Drawing on its experience in Crimea and Chernobyl, UNDP helped local authorities engage in community-based approaches to sustainable development by offering an effective methodology of social mobilization in municipalities.

3.8. The Assessment of Development Results conducted in 2004 attributes the success of UNDP in delivering development results to three factors: (a) using the Millennium Development Goals

(MDGs) as a guide to programming; (b) standing at the forefront of international efforts to address key challenges through the use of partnerships with multiple stakeholders, and directing attention to human rights and improvements in living standards; and (c) responding to government priorities and ensuring government ownership of programming. The assessment also stresses the need to focus on key programmes.

3.9. Looking ahead, UNDP will redouble its efforts to foster good governance; promote policies supportive of broad-based growth to overcome excessive inequality; develop twinning arrangements for government, civil society and private-sector organizations with similar institutions in neighboring countries; support the Government in scaling up successful practices for nationwide impact; and focus programming on MDGs, the European Union and the effectiveness and coordination of aid programmes.

#### **Part IV. Proposed Programme**

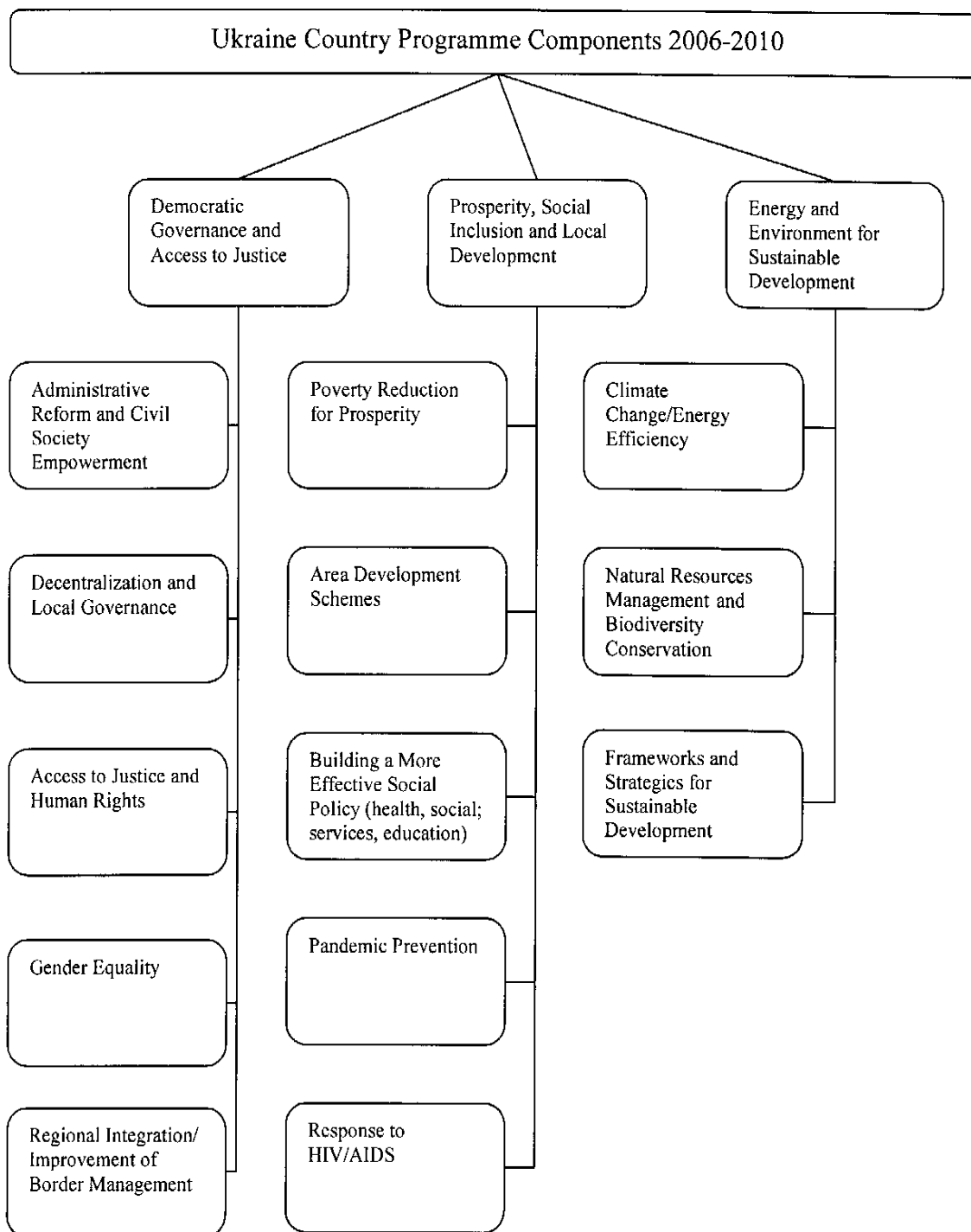
4.1. The Country Programme for 2006-2010 will support national priorities enshrined in the Government's Programmes and assist Ukraine in attaining higher level economic and social standards as well as in implementing its European Choice. UNDP's approach to programming will be guided by coordination with donors and other development partners, networking for knowledge exchange and strengthening partnerships with government, civil society, business community and international development actors. The neutrality of the UN will be utilized to create a platform for policy debates and consensus building on issues that are of critical importance for the development of Ukraine. Furthermore, the new country programme will build on UNDP's comparative advantage in human development and MDGs advocacy. It will also benefit from the organization's strengths and past experiences in rendering high level policy advice as well as from the capacity to launch innovative demonstration projects at the local level and promote the "know how" from these interventions in national programming.

4.2. Regular policy consultation process, supported by UNDP in the framework of the Blue Ribbon Commission (BRC) initiative, will continue in the next programme cycle. Ongoing policy advice will be ensured through regular meetings with the leadership of the country as well as through ad hoc and regular notes and strategic papers, comments on draft legal acts, BRC, MDG and National Human Development Reports. These documents will provide a continuous analysis of the socio-economic situation in Ukraine, highlight emerging development trends and/or concerns and provide policy recommendations. In addition, policy development component will remain an integral part of all UNDP projects to ensure support in elaboration of sectoral development strategies. National stakeholders, particularly civil society leaders will be actively involved in the production of all policy documents to increase national ownership and enhance national policy formulation capacities.

4.3. Area-based and local development approaches successfully tested in Crimea, Chernobyl and several pilot municipalities will be replicated in other regions. Partnerships among community organizations, businesses and local authorities will be facilitated and capacities built to jointly plan and manage local development. Lessons from the ground will be promoted to inform policy discussions and to implement decentralization reforms.

4.4. UNDP will continue building the Government's capacity to effectively coordinate and manage technical assistance resources. Pursuing recommendations of the Paris Declaration on Aid Effectiveness, UNDP will support the dialogue between the Government of Ukraine and the donor community to ensure alignment of external aid with the national development priorities, policies and strategies, avoid duplication of donors' efforts and secure national ownership over the development strategies produced with donors' support. To maximize the impact of UNDP's assistance, gradual transition towards the programmatic and sector-wide approaches will be undertaken.

4.5. UNDP will directly contribute to meeting the outcomes set forth in the UNDAF 2006-2010, by focusing on three interlinked development areas: (1) democratic governance and access to justice; (2) prosperity, social inclusion and local development; and (3) energy and environment for sustainable development. The new programme will fully correlate with MYFF\* goals and further support the government in achieving the MDGs. Gender mainstreaming practices as well as civil society empowerment and specific initiatives targeted at the youth will be integrated in each of the programme's components.



\* MYFF (Multi-year Funding Framework) is a UNDP framework, which outlines UNDP's global priorities and strategies for the period of four years. At the country office level, MYFF is used for mid-term and annual planning and reporting.

## DEMOCRATIC GOVERNANCE AND ACCESS TO JUSTICE

4.6. UNDP's support will facilitate democratic governance reforms in two UNDAF assistance areas: (1) institutional reforms that enable all people enjoy their human rights and (2) civil society empowerment to enable citizens to access services and enjoy their rights.

4.7. UNDP will assist the government of Ukraine in developing a strategic vision on good governance that will be in line with the best international practices and facilitate Ukraine's integration with the EU structures. UNDP will chair the Institutional Reforms Thematic group to contribute to better coordination of the technical assistance in this field. Consistent with the priorities of the Government's Programmes and the EU-Ukraine Action Plan, the *Democratic Governance and Access to Justice Programme* will focus on the following areas: (i) administrative reform and civil society empowerment, (ii) decentralization and local governance, (iii) judicial reform and human rights, (iv) gender equality and regional integration/improvement of border management.

4.8. Administrative Reform and Civil Society Empowerment. The success of Ukraine's EU integration aspirations will depend on its progress in transforming the relations between the citizens and the State towards the ones that are built on mutual trust and respect to democratic values and the rule of law. UNDP will support this transformation by enhancing institutional capacities of the central and local Government bodies to efficiently deliver quality services to citizens and by creating a favorable environment for civil society to participate in the decision making process. Human rights based approaches in public administration will be promoted country-wide.

4.9. UNDP will provide policy advice on the civil service reform and anti-corruption measures, including the development of accountability-related legislation, like a new Code of Administrative Procedures and Civil Servants Ethics Code; build the educational capacity of the Public Administration Academy and other training institutions; and demonstrate new civil service approaches through pilot projects with selected government institutions.

4.10. Best international expertise will be utilized to enhance open government practices, increase citizens' participation, develop e-governance and promote public access to information. UNDP will build the capacity of the government, business and civil society actors to engage in policy dialogue and open decision making process. In partnership with the EC, a new initiative on consumer rights protection will be launched with the aim to develop capabilities of civil society organizations to safeguard economic rights of Ukrainian population. UNDP will continue developing the capacity of non-state actors to participate in the MDG-based long-term policy formulation and to monitor implementation of the legislative and normative acts at the national and local level. Public access to information will be strengthened through capacity building of the government bodies and the mass media. UNDP will facilitate promotion of e-governance concepts and integration of e-governance tools into public administration to enhance transparency and operational efficiency of government operations.

4.11. Decentralization and Local Governance. UNDP will support the decentralization processes initiated by the Government by providing policy advice on legislation improvement and by building the capacity of the regional, municipal and local authorities to function in the decentralized manner. Based on the best practices of Chernobyl, Crimea, Integrity in Action and Municipal Sustainable Development Programmes, UNDP will strengthen decentralized institutional practices by supporting governments in forging partnerships with civil society and business organizations, promoting transparent management of public resources, improving service delivery and facilitating inter-municipal and regional cooperation. Training programmes for civil servants will be introduced to build their capacities to take over the delegated responsibilities and good governance resource centers will be established in pilot regions. UNDP will also facilitate the interaction of all levels of government to ensure the development of locally sensitive national policies.

4.12. Access to Justice and Human Rights. UNDP will support the government's aspirations to reform the judicial system and to ensure universal protection of human rights. In cooperation with national and international stakeholders, UNDP will work towards the enhancement of independence, transparency and efficiency of Ukrainian courts system. Strategic advice on the Concept of the Judicial System Development as well as high class expertise for elaboration and review of the new legislation will be provided. Specific attention will be given to supporting national efforts aimed at establishment of the Administrative Courts system. Introduction of ICT tools will be widely promoted to improve efficiency and transparency of courts' operations and to ensure public access to courts decisions.

4.13. UNDP will continue strengthening national capacities to comply with the international human rights obligations. Close cooperation with Parliament, Government and civil society institutions will be ensured to strengthen national response to human rights violations and to improve human rights monitoring and reporting capacities. UNDP will advocate the idea of establishing a network of the Ombudsperson's offices that will work on different types of human rights violations.

4.14. Building on the successful experiences of pilot Citizen Bureaus created in the framework of Integrity in Action Program, UNDP will provide policy support in improving the legislation on free legal aid and build the capacity of national stakeholders to establish an effective free legal aid system.

4.15. All UNDP projects will mainstream human rights based approaches in their work with the national partners. Civil society organizations and the media will be empowered to counteract different types of discrimination and human rights abuse.

4.16. Gender Equality. UNDP will develop recommendations on introduction of gender sensitive approaches in state policies; assist the government in implementation of the National Action Plan for Achieving Gender Equality 2006 – 2015; and build the capacity of central and local governments and CSOs to develop gender mainstreaming strategies and to conduct gender expertise of regional budgets. Comprehensive information campaign on gender violence prevention will be organized and the capacity of local NGOs, Men against Violence Centers, social services and police to prevent gender based family abuse will be built.

4.17. Regional Integration/Improvement of Border Management. In close collaboration with the EC, UNDP will contribute to enhancement of the overall border management capacities of Ukraine and their approximation with the EU standards and best practices thus assisting the country to fulfill its commitments under the EU-Ukraine Action Plan. It is expected that UNDP's activities in this area will reduce customs fraud (including smuggling of weapons or drugs), decrease human trafficking and illegal migration across the border, enhance customs revenue and facilitate flows of legitimate goods in Ukraine. A particular attention will be paid to development of regional and sub-regional cooperation to counteract drug trafficking and support drug demand reduction programmes. In addition to effective border control, these measures will include: improvement of legal and regulatory framework, development of drug intelligence system for law enforcement bodies, and promotion of the harm reduction campaign.

#### *PROSPERITY, SOCIAL INCLUSION AND LOCAL DEVELOPMENT*

4.17. UNDP will support the Government in achieving its major goal of overcoming poverty, reducing inequality and improving living standards across the country. UNDP will be active in two UNDAF assistance areas: (1) prosperity against poverty through balanced development and entrepreneurship and (2) health and basic social services, with a special focus on improving accessibility and quality. The activities of this programme area will directly contribute to attainment

of three MYFF goals: (i) achieving the MDGs and reducing human poverty; (ii) crisis prevention and recovery and (iii) responding to HIV/AIDS.

4.18. Poverty Reduction for Prosperity. UNDP will support a new wave of social and economic reforms linked to national MDG targets, the EU-Ukraine Action Plan and BRC recommendations. National socio-economic data collection as well as monitoring, forecasting and strategic planning capacity will be enhanced. Support in elaboration of annual, mid- and long-term national programs of socio-economic development and assistance in creation of national UMDG monitoring and reporting system will be provided. UNDP will facilitate introduction of European social inclusion indicators into the national discussions on MDGs as well as establishment of institutional arrangements, which will ensure that sectoral programs have linkages to national MDG framework. At the local level, government bodies and civil society organizations will be trained in elaboration of regional UMDG-based development strategies.

4.19. In cooperation with the national stakeholders and the donor community, UNDP will assist in creation of a legislative, regulatory and institutional environment conducive to investment, trade and private sector development. Strategic advice will be provided on economic restructuring, tax, financial and regulatory policy reforms. In particular, the government will be supported in simplifying and improving the transparency of Ukrainian tax system. UNDP will facilitate development of a new Tax Code, reduction of the tax burden (i.e. lowering corporate profit tax, VAT rate and payroll taxes) and improvement of tax administration and tax discipline. National stakeholders will also be supported in creation of an adequate and consistent legal basis for development of financial sector. UNDP will contribute to improvement of the Civil Code and advocate for the adoption of laws that will protect owners' rights and introduce internationally accepted mechanisms of financial markets regulation. Policy advice will be provided on the measures to enhance the inflow of capital into the financial sector. These will include: liberalizing the rules for foreign investment in banks and insurance companies; reducing currency regulations; and allowing the entrance of foreign banks into Ukraine. UNDP will continue working with the government counterparts to ensure that Ukraine makes full advantage of the WTO membership opportunities.

4.20. The new Country Programme will adopt an integrated approach to support private sector development and involvement. Partnerships with the private sector will be established and joint initiatives implemented to demonstrate the role of the private initiative in the development process and to promote corporate social responsibility in line with the *Unleashing Entrepreneurship Report* and the *Global Compact*. Positive image of the private sector as the driving force of development and innovation will be fostered. UNDP will also engage in advocacy, capacity building and policy development to facilitate effective cooperation between the private sector and the government and improve investment attractiveness of Ukrainian enterprises. Public-private dialogue will be encouraged to: 1) improve the legislative basis for granting permits, licensing and state control of economic activities; 2) make regulatory agencies accountable for the results of their regulatory activities; 3) and protect businesses from arbitrary inspections. National partners will also be supported in development of a comprehensive policy on competition, strengthening the independency of the Anti-monopoly Committee, and promotion of competition in network industries.

4.21. UNDP will continue developing capacities of local actors in economic governance, service delivery and resource management. Targeted area based programs will provide support in elaboration of economic and entrepreneurship development programs, improve business infrastructure, enhance access to micro-credit schemes, modern technologies and markets. Employment generation at the local level will be facilitated by opening of new training opportunities and creation of new jobs through public-private partnerships. Particular attention will be given to women empowerment and employment to overcome excessive rates of unemployment among women and feminization of poverty.

4.22. Current UNDP support to agricultural policy formulation will be expanded to include rural development initiatives. Policy advice in the elaboration of a comprehensive national program on rural development will be provided and pilot projects will be launched to support community governance and grass roots self-employment initiatives (particularly in non-agricultural sectors) in rural areas.

4.23. Area Development Schemes. UNDP will continue promoting innovative area development approaches through targeted initiatives for vulnerable regions and disadvantaged communities. The Sub-Component on Area Development will be closely linked with the Decentralization and Local Governance initiatives discussed in paragraph 4.11. of this document. In particular, recovery and development processes will be facilitated through a strengthened dialogue between national and regional stakeholders, improvement of community governance, support to entrepreneurship development, enhancement of infrastructure and better access to quality public utilities and social services. UNDP will promote and empower networks of community organizations, educational and medical institutions, business associations, volunteer and youth groups to undertake grass roots initiatives aimed at improvement of social, economic and environmental conditions in selected areas. Economic development and employment generation will be stimulated by capacity building for local economic development planning, establishment and support to business promotion centers, development of community based saving and credit schemes and access to business training.

4.24. The overall strategy for promotion of area development mechanisms will be based on two steps. At first, expansion of existing community and area development initiatives currently running in rayons and villages of four Chernobyl-affected oblasts, the Autonomous Republic of Crimea as well as in Ivano-Frankivsk, Mykolaiv, Halych and Novohrad-Volynskiy municipalities will be undertaken. Then, based on the experience of these localities, community development and social mobilization initiatives will be introduced in other regions with a particular focus on the East of Ukraine.

4.25. UNDP will continue supporting specific policy initiatives in Chernobyl-affected areas and Crimea. In particular, assistance in development of new legislation and programmes related to mitigation of Chernobyl consequences will be provided and sub-regional cooperation among Ukraine, Russia and Belarus will be promoted. In Crimea, policy recommendations on improvement of social integration and promotion of tolerance among multi-ethnic communities will be developed and continuous human security monitoring and analysis will be ensured.

4.26. Building a More Effective Social Policy. UNDP will assist the Government of Ukraine in translating the benefits of economic growth into a more efficient and humane social policy. Systemic dialogue with Government and civil society counterparts on reforms of current system of social assistance as well as on modernization of Ukrainian pension system will be launched. The capacity of government institutions to monitor poverty and design and evaluate targeted social assistance programs aimed at supporting the most vulnerable will be built. Support will also be provided in design and implementation of the key components of pension reform aimed at enhancement of sustainability and trustworthiness of Ukrainian pension system.

4.27. UNDP will work with the national partners to improve the quality and accessibility of educational and medical services (particularly in rural areas) advocating for a greater devolvement of management authorities to local governments. Support will be provided in attaining Ukrainian MDG Goal 2 – “Quality life-long education”. In particular, government stakeholders will be assisted in: (i) decentralizing educational management; (ii) increasing the transparency of budget spending on educational needs (including through the introduction of public control mechanisms at the local level); (iii) development of modern curriculum that responds to the demands of the labor market; and (iv) introduction of education quality monitoring. Continuous policy advice will be provided to facilitate harmonization of Ukrainian legislation on education with the EU standards.

4.28. Joint programming opportunities will be explored to respond to the increasing deterioration of health standards and the quality of medical services in Ukraine. National debate on the major reforms of the structure of health care in Ukraine as well as on the optimal mechanisms of medical services provision will be supported. UNDP will promote policy and institutional reforms, which will facilitate establishment of a well-managed and adequately financed health care system that provides quality, accessible, patient-focused and efficient services. Particular attention will be paid to improvement of the preventive and primary health care as well as to the healthy life-styles promotion. UNDP will also work with the national and international stakeholders to develop uniform quality standards for public and private health care providers.

4.29. Pandemic Prevention. UNDP will facilitate a comprehensive multi-sectoral and multidisciplinary approach to addressing complex animal and human health emergencies such as Avian and Human Influenza. A joint UN programme will be designed to provide the Government with the network of international experts and best global practices in the field of pandemic preparedness and prevention. The programme will build on UNDP's in-country donor and stakeholder coordination capacity and support the Government in development and implementation of the comprehensive response action plan that will draw on the contributions of the government, donor community, civil society and the private sector.

4.30. Response to HIV/AIDS. Building on the United Nations joint strategy and the UN division of labor, UNDP will support national efforts to prevent the spread of HIV/AIDS and to ensure human rights of vulnerable groups as well as of the people living with AIDS. Assistance will be provided to major ministries in elaboration of sectoral HIV/AIDS strategies and leadership development programs. Regional authorities will be supported through sensitizing and awareness building about the HIV issue and strengthening of the regional coordination mechanisms. The capacity of local governments and civil society institutions to develop and implement HIV/AIDS action plans based on the national strategy will be built and local breakthrough initiatives will be promoted.

4.31. Countrywide targeted and gender sensitive advocacy campaign to address the challenges posed by the epidemic will be scaled up. Building on the successful experience of private sector mobilization in support of the Race for Life, UNDP will further expand its cooperation with the businesses.

#### *ENERGY AND ENVIRONMENT FOR SUSTAINABLE DEVELOPMENT*

4.33. UNDP will support the government of Ukraine in improvement of environmental governance and meeting its international environmental commitments. National capacity self-assessment (NCSA) will be undertaken and a National Action Plan on Ukraine's implementation of its environmental obligations (on biodiversity, degradation/desertification and climate change mitigation) will be developed. It is expected that NCSA process as well as other policy initiatives supported by UNDP will facilitate dialogue, information exchange and cooperation among Ministries, scientific institutions, National Academy of Sciences, NGOs and the private sector and ensure integration of global sustainable development principles in the national and local policies on human and economic development.

4.34. Climate Change/Energy Efficiency. UNDP will support the Government of Ukraine in achieving the global environmental objective of climate change mitigation through reduction of overall fossil fuel consumption and associated green house gas emissions. Enhancement of Ukraine's energy efficiency will also contribute to achievement of a national objective – reduction of the present high level dependency on external fuel suppliers. UNDP will facilitate implementation of Kyoto Protocol's "flexible mechanisms", introduce large scale energy efficiency improvements in Ukraine's communal heat supply sector; and promote renewable energy sources.

4.35. UNDP will support Ukraine in harnessing benefits and economic advantages available through the implementation of Kyoto Protocol, ratified by Ukraine in 2004. Assistance will be provided in (i) development of legislative documents and procedures for complying with the UN Framework Convention on Climate Change; (ii) creation of the relevant infrastructure; and (iii) preparation and management of the Joint Implementation Projects.

4.36. Local capacity for systematic energy efficiency activities will be built and integrated approach of supply and demand improvements promoted in a pilot city of Rivne. Support will be provided to an energy service company – ESCO, which is seen as an innovative mechanism to design, finance and implement energy efficiency projects at municipal, regional and, eventually, national level. Furthermore, energy efficiency will also be promoted through community mobilization schemes discussed in paragraph 4.23. Partnerships between the private sector and “state-owned” institutions (e.g. schools, hospitals public utilities companies) will be fostered to facilitate investment in energy saving projects. In addition, an educational energy efficiency program will be elaborated and introduced in high schools around Ukraine.

4.37. UNDP will play a catalytic role in assisting Ukraine to develop sustainable renewable energy industries. Technical support will be provided to improve legislative and regulatory framework, build institutional capacities of key national players involved in clean energy development and attract private sector investment. For example, UNDP will assist Ukraine in utilizing its wind power potential, through the creation of pilot wind farms along the coastline of southern Ukrainian regions.

4.38. Natural Resources Management and Biodiversity Conservation. UNDP will assist the Government of Ukraine in protecting and recovering natural and disturbed ecosystems, habitats and landscapes and in transforming the Soviet era policies and practices on management of natural resources (particularly forestry, land and water) towards the ones that are based on the principles of sustainable development.

4.39. Biodiversity conservation will be promoted through improvement of legislative and regulatory framework; enhancement of institutional capacities; facilitation of transboundary cooperation; and implementation of demonstration projects in selected regions/areas of Ukraine. For example, with support from GEF, UNDP will assist national stakeholders in averting land degradation and promoting environmentally-friendly forestry practices in the Carpathians and Crimea as well as in sustainable use of wetlands and forests in Polissya. A two-fold approach will be applied to preserve globally significant biodiversity: (1) strengthening of “traditional conservation” in selected protected areas will be continued and (2) innovative conservation mechanisms for productive landscapes will be designed. In the course of the projects’ implementation, new or adapted economic activities and production systems that enhance biodiversity will be developed and the capacity of forestry and agricultural institutions to effectively integrate sustainable management objectives in their sector’s programs will be developed. The UNDP-supported projects will envisage elaboration of specific replication mechanisms that can be utilized for biodiversity conservation in other parts of the country or through a broader internationally/transboundary protected areas system.

4.40. UNDP will continue supporting transboundary cooperation between Ukraine, Russia and Belarus to remedy the serious environmental effects of pollution and habitat degradation in the Dnipro River Basin. Support will be provided to implement the Dnipro Basin Strategic Action Programme, which will involve development of monitoring mechanisms, harmonization of environmental legislation with that of the EU and introduction of clean production methods.

4.41 Frameworks and Strategies for Sustainable Development. UNDP will promote policy frameworks and institutional mechanisms that will facilitate introduction of sustainable

development practices throughout Ukraine. UNDP will build on the area development and community mobilization approaches (described in paragraphs 4.23-4.24) to improve environmental governance at the local/municipal level. The capacities of local authorities, environmental NGOs, community organizations and businesses to jointly prioritize environmental needs and prepare and implement local/municipal sustainable development plans will be improved. . Based on the experience in pilot localities, policy recommendations on sustainable development in Ukraine will be produced.

#### Summary budget table\*

<i>ProgrammeArea</i>	<i>Regular Resources(USD)</i>	<i>Other Resources(USD)</i>	<i>Total (USD)</i>
Democratic Governance and Access to Justice	3 631 880	32 686 920	36 318 800
Prosperity, Social Inclusion and Local Development	2 583 560	23 252 040	25 835 600
Energy and Environment for Sustainable Development	2 663 760	23 973 840	26 637 600
<b>Total</b>	<b>8 879 200</b>	<b>79 912 800</b>	<b>88 792 000</b>

\* These are estimated amounts, which will depend on the actual availability of UNDP global resources and partners' contributions.

### Part V. Partnership Strategy

5.1. UNDP will maintain and expand existing partnerships with the government institutions, Parliament, UN agencies, donor community and civil society organizations to realize the ambitious goals set in the new Country Programme. Multi-stakeholder cooperation around the EU integration agenda and national MDGs will be promoted through support of various consultation mechanisms like Blue Ribbon Commission, sector specific task forces and donor coordination meetings.

5.2. UNDP will strive to create a neutral platform for policy debates and consensus building on issues critical to development of Ukraine. Utilizing its operational capacity, core resource base and ability to respond to new opportunities, UNDP will offer a platform for creation of system-wide programme of assistance to Ukraine. Partnerships with the Government will be reinforced to better respond to national priorities and to ensure national ownership. UNDP will continue providing policy support to Presidential Secretariat, Verkhovna Rada of Ukraine, Ministries, State Committees, and the National Bank in design and implementation of democracy and market oriented reforms. Increasingly, partnerships will be made with the regional administrations and elected local authorities to support them in taking over new competences throughout the decentralization process. Regional administrations and municipalities will take a lead in determination of priority areas of support and specific capacity building needs as well as in management of the joint projects. Government bodies at all levels will play a greater role in monitoring and evaluation of joint projects.

5.3. UNDP will remain a trusted partner of civil society, including: think tanks, academia and research institutions, mass media, local communities and various NGOs. Participation of civil society actors in policy formulation and decision making process will be widely promoted at both national and local level. UNDP will strengthen the capacity of Ukrainian think tanks and experts and engage them in organization of surveys and carrying out different kinds of research and policy initiatives. Besides, partnerships with civil society will be crucial for country-wide advocacy campaigns, localizing MDGs, community mobilization and promotion of social inclusion.

5.4. UNDP will deepen its cooperation with the private sector to promote corporate social responsibility and to facilitate public-private partnerships at the national and local level. UNDP will bring together the government and private sector actors for a productive policy dialogue to support elaboration of legislation and regulatory framework favorable to private sector (particularly SMEs) development.

5.5. Within the UN system, interagency cooperation will be strengthened to support national priorities and UNDAF implementation. Joint programming initiatives will be scaled to address the issues covered by the UN Country Team Thematic Groups. Joint monitoring activities and annual and mid-term UNDAF reviews will be organized and strategies and implementation modalities updated to ensure coherence and synergies of UN agencies' programmes in Ukraine.

5.6. Creation and maintenance of strategic alliances and partnerships with the international development actors and donor organizations will continue. UNDP will provide a platform for regular donor consultation and support donor organizations in alignment of their country strategies with the national priorities as per the Paris Declaration on Aid Effectiveness. International partners and donor organizations will be increasingly involved in UNDP programmes formulation, monitoring and implementation.

5.7. For all programmes, core UNDP funds will be used as seed resources, to which cost sharing of Government, municipalities, donor organizations, private sector and other partners will be mobilized.

## **Part VI. Programme Management.**

6.1 The programme will be nationally executed under the overall coordination of Ministry of Economy of Ukraine. Government ministries, NGOs, UN agencies including UNDP will implement the programme activities. The Annual Work Plans (AWPs) describe the specific results to be achieved and will form the basic agreement between UNDP and each implementing partner on the use of resources. The reference to "Implementing Partner(s)" shall mean "Executing Agency(ies)" as used in the SBAA.

6.2 In programme design and implementation, UNDP will work closely with key partners. The country programme will build on the United Nations reform principles, especially simplification and harmonization, by operating in line with the harmonized common country programming instruments such as the UNDAF results matrix, monitoring and evaluation, programme resources frameworks the CPAP and the AWP. To the extent possible UNDP and partners will use the minimum documents necessary, namely the signed CPAP and signed AWP to implement programmatic initiatives. However, when necessary and appropriate, project documents will be prepared using, inter alia, the relevant text from the CPAP, and AWP. UNDP will sign the project documents with partners in accordance with corporate practices and local requirements. In line with the UNDG Joint Programme Guidance Note, the scope of inter-agency cooperation will be strengthened to cultivate new programme and geographical convergence.

6.3 Atlas\* will contribute to timely, efficient delivery of activities and more effective financial monitoring will be used in the management of projects and the UNDP programme.

6.4 All cash transfers to an Implementing Partner will be based on the Annual Work Plans agreed between the Implementing Partner and UNDP.

6.5 Cash transfers for activities detailed in AWP will be made by UNDP using one of the following modalities:

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\* Atlas is a software used by UNDP globally for project planning, financial management and reporting

1. Cash transferred directly to the Implementing Partner:
    - a. Prior to the start of activities (direct cash transfer), or
    - b. After activities have been completed (reimbursement);
  2. Direct payment to vendors or third parties for obligations incurred by the Implementing Partners on the basis of requests signed by the designated official of the Implementing Partner;
  3. Direct payments to vendors or third parties for obligations incurred by UN agencies in support of activities agreed with Implementing Partners.
- 6.6 Direct cash transfers shall be requested and released for programme implementation periods not exceeding three months. Reimbursements of previously authorized expenditures shall be requested and released quarterly or after the completion of activities. The UNDP shall not be obligated to reimburse expenditure made by the Implementing Partner over and above the authorized amounts.
- 6.7 Following the completion of any activity, any balance of funds shall be reprogrammed by mutual agreement between the Implementing Partner and UNDP, or refunded.
- 6.8 Cash transfer modalities, the size of disbursements, and the scope and frequency of assurance activities may depend on the findings of a review of the public financial management capacity in the case of a Government Implementing Partner, and of an assessment of the financial management capacity of the non-UN Implementing Partner. A qualified consultant, such as a public accounting firm, selected by UNDP may conduct such an assessment, in which the Implementing Partner shall participate. The Implementing Partner may participate in the selection of the consultant.
- 6.9 Cash transfer modalities, the size of disbursements, and the scope and frequency of assurance activities may be revised in the course of programme implementation based on the findings of programme monitoring, expenditure monitoring and reporting, and audits.
- 6.10 Resource mobilization efforts will be intensified to support the RRF and ensure sustainability of the programme. Mobilization of other resources in the form of cost sharing, trust funds, or government cash counterpart contributions will be undertaken to secure funding for the programme.

## **Part VII. Monitoring and Evaluation.**

- 7.1 Monitoring and evaluation of the CPAP will be undertaken in line with the UNDAF results matrix and monitoring and evaluation plan. The Government and UNDP will be responsible for setting up the necessary M&E mechanisms, tools and conducting reviews, in order to ensure continuous monitoring and evaluation of the CPAP, with the view to ensuring efficient utilization of programme resources as well as accountability, transparency and integrity. The implementing partners will provide periodic reports on the progress, achievements and results of their projects, outlining the challenges faced in project implementation as well as resource utilization as articulated in the AWP. The reporting will be organized in accordance with the procedures harmonized with UN agencies to the extent possible.
- 7.2 The Millennium Development Goals Report for Ukraine will be produced regularly and will serve as the primary means for reporting on UNDAF activities, complemented by the Annual Report and Workplan of the Resident Coordinator. A linkage will be established between the indicators to measure UNDAF outputs and the contribution of these outputs to the achievement

of the MDGs. UNDP will also continue producing Results oriented Annual Reports to analyze major development results achieved during a given year.

- 7.3 All programs will be guided by advisory boards or steering committees, which will meet at least once a year to review programs' achievements, adjust programs' strategies and provide specific recommendations on future activities. The practice of project and outcome evaluations will continue in the next program cycle and will enable UNDP management to assess the status of outcomes achievement, to document lessons learnt and obtain recommendations for future strategy and collect background information for next country programme formulation.
- 7.4 Implementing partners agree to cooperate with UNDP for monitoring all activities supported by cash transfers and will facilitate access to relevant financial records and personnel responsible for the administration of cash provided by the UNDP. To that effect, Implementing partners agree to the following:
1. Periodic on-site reviews and spot checks of their financial records by UNDP or its representatives,
  2. Programmatic monitoring of activities following UNDP's standards and guidance for site visits and field monitoring,
  3. Special or scheduled audits. UNDP, in collaboration with other UN agencies (where so desired: and in consultation with the Ministry of Economy of Ukraine will establish an annual audit plan, giving priority to audits of Implementing Partners with large amounts of cash assistance provided by UNDP, and those whose financial management capacity needs strengthening.
- 7.5 To facilitate assurance activities, Implementing partners and UNDP may agree to use a programme monitoring and financial control tool allowing data sharing and analysis.
- 7.6 The audits will be commissioned by UNDP and undertaken by private audit services.
- 7.7 Assessments and audits of non-government Implementing Partners will be conducted in accordance with the policies and procedures of UNDP.

#### **Part VIII. Commitments of UNDP**

- 8.1 UNDP will ensure coherence between the CPAP/AWP, UNDAF results matrix and MDGs, including M&E reporting. Through annual reviews and regular progress reporting, responsibilities between UNDP, the Government and implementing partners will be emphasized.
- 8.2 In case of direct cash transfer or reimbursement, UNDP shall notify the Implementing Partner of the amount approved by UNDP and shall disburse funds to the Implementing Partner in the period of no longer than 14 banking days.
- 8.3 In case of direct payment to vendors or third parties for obligations incurred by the Implementing Partners on the basis of requests signed by the designated official of the Implementing Partner; or to vendors or third parties for obligations incurred by UNDP in support of activities agreed with Implementing Partners, UNDP shall proceed with the payment within the period of no longer than 14 banking days.
- 8.4 UNDP shall not have any direct liability under the contractual arrangements concluded between the Implementing Partner and a third party vendor.

- 8.5 Where more than one UN agency provides cash to the same Implementing Partner, programme monitoring, financial monitoring and auditing will be undertaken jointly or coordinated with those UN agencies.

## **Part IX. Commitments of the Government**

- 9.1 The Government will honor its commitments in accordance with the provisions of the Standard Basic Assistance Agreement (SBAA) of June 18, 1993. The Government shall apply the provisions of the Convention on the Privileges and Immunities of the United Nations agencies to UNDP's property, funds, and assets and to its officials and consultants. In addition, the Government will accord to UNDP and its officials and to other persons performing services on behalf of UNDP, the privileges, immunities and facilities as set out in the SBAA.
- 9.2 When the Government provides cost-sharing through the CPAP, the following clauses shall apply and will be included in the cost-sharing agreement between UNDP and the Government institution:
- i. The schedule of payments and UNDP bank account details.
  - ii. The value of the payment, if made in a currency other than United States dollars, shall be determined by applying the United Nations operational rate of exchange in effect on the date of payment. Should there be a change in the United Nations operational rate of exchange prior to the full utilization by the UNDP of the payment, the value of the balance of funds still held at that time will be adjusted accordingly. If, in such a case, a loss in the value of the balance of funds is recorded, UNDP shall inform the Government with a view to determining whether any further financing could be provided by the Government. Should such further financing not be available, the assistance to be provided to the CPAP may be reduced, suspended or terminated by UNDP.
  - iii. The above schedule of payments takes into account the requirement that the payments shall be made in advance of the implementation of planned activities. It may be amended to be consistent with the progress of CPAP delivery.
  - iv. UNDP shall receive and administer the payment in accordance with the regulations, rules and directives of UNDP.
  - v. All financial accounts and statements shall be expressed in United States dollars.
  - vi. If unforeseen increases in expenditures or commitments are expected or realized (whether owing to inflationary factors, fluctuation in exchange rates or unforeseen contingencies), UNDP shall submit to the government on a timely basis a supplementary estimate showing the further financing that will be necessary. The Government shall use its best endeavors to obtain the additional funds required.
  - vii. If the payments referred above are not received in accordance with the payment schedule, or if the additional financing required in accordance with the paragraph above is not forthcoming from the Government or other sources, the assistance to be provided to the CPAP under this Agreement may be reduced, suspended or terminated by UNDP.
  - viii. Any interest income attributable to the contribution shall be credited to UNDP Account and shall be utilized in accordance with established UNDP procedures
  - ix. In accordance with the decisions and directives of UNDP's Executive Board reflected in its Policy on Cost Recovery from Other Resources, the Contribution shall be subject to

cost recovery by UNDP for two distinct cost categories related to the provision of support services, namely:

(a) Indirect costs incurred by UNDP headquarters and country office structures in providing General Management Support (GMS) services. To cover these GMS costs, the contribution shall be charged a fee equal to 7% or no less than 5%.

(b) Direct costs incurred for implementation support services (ISS) provided by UNDP and/or an executing entity or implementing partner. As long as they are unequivocally linked to the specific programme/project, these costs are built into the project budget against a relevant budget line and, in the case of clearly identifiable transactional services, charged to the project/programme according to standard service rates.

The aggregate of the amounts budgeted for the CPAP, together with the estimated costs of reimbursement of related support services, shall not exceed the total resources available to the CPAP under this agreement.

- x. Ownership of equipment, supplies and other properties financed from the contribution shall vest in UNDP. Matters relating to the transfer of ownership by UNDP shall be determined in accordance with the relevant policies and procedures of UNDP.
  - xi. The contribution shall be subject exclusively to the internal and external auditing procedures provided for in the financial regulations, rules and directives of UNDP
- 9.3 Mechanisms for participatory planning, monitoring and evaluation on the progress of the country programme involving civil society and other development partners will be implemented. The Government is also committed to organize periodic programme review, planning and joint strategy meetings and where appropriate, coordination of sectoral and thematic development partners groups to facilitate the participation of donors, civil society, private sector and UN agencies. In addition, the Government will facilitate periodic monitoring visits by UNDP staff and designated officials for the purpose of monitoring, meeting beneficiaries, assessing the progress and evaluating the impact of the use of programme resources. The Government will make available to UNDP in a timely manner any information about policy and legislative changes occurring during the implementation of the CPAP that might have an impact in co-operation.
- 9.4 A standard Fund Authorization and Certificate of Expenditures (FACE) report, reflecting the activity lines of the Annual Work Plan (AWP), will be used by Implementing Partners to request the release of funds, or to secure the agreement that UNDP will reimburse or directly pay for planned expenditure. The Implementing Partners will use the FACE to report on the utilization of cash received. The Implementing Partner shall identify the designated official(s) authorized to provide the account details, request and certify the use of cash. The FACE will be certified by the designated official(s) of the Implementing Partner.
- 9.5 Cash transferred to Implementing Partners should be spent for the purpose of activities as agreed in the AWP's only.
- 9.6 Cash received by the Government and national NGO Implementing Partners shall be used in accordance with established national regulations, policies and procedures consistent with international standards, in particular ensuring that cash is expended for activities as agreed in the AWP's, and ensuring that reports on the full utilization of all received cash are submitted to UNDP within six months after receipt of the funds. Where any of the national regulations, policies and procedures is not consistent with international standards, the UNDP regulations, policies and procedures will apply.

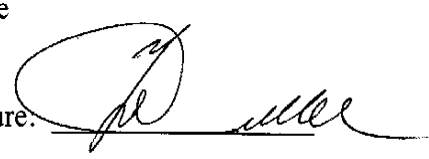
- 9.7 In the case of international NGO and IGO Implementing Partners cash received shall be used in accordance with international standards in particular ensuring that cash is expended for activities as agreed in the AWP, and ensuring that reports on the full utilization of all received cash are submitted to UNDP within six months after receipt of the funds.
- 9.8 To facilitate scheduled and special audits, each Implementing Partner receiving cash from UNDP will provide UNDP or its representative with timely access to:
- all financial records which establish the transactional record of the cash transfers provided by UNDP;
  - All relevant documentation and personnel associated with the functioning of the Implementing Partner's internal control structure through which the cash transfers have passed.
- 9.9 The findings of each audit will be reported to the Implementing Partner and UNDP. Each Implementing Partner will furthermore
- Receive and review the audit report issued by the auditors.
  - Provide a timely statement of the acceptance or rejection of any audit recommendation to the UNDP that provided cash
  - Undertake timely actions to address the accepted audit recommendations.
  - Report on the actions taken to implement accepted recommendations to the UN agencies on a quarterly basis.

**Part X. Other Provisions**

10.1 This CPAP supersedes the Country Cooperation Framework 2001 – 2005 and may be modified by mutual consent of both parties on the recommendations of the joint strategy meeting.

*IN WITNESS THEREOF the undersigned, being duly authorized, have signed this Country Programme Action Plan on this day \_\_\_\_\_*

For the Government of Ukraine  
  
 \_\_\_\_\_  
*Musina*

For the United Nations Development Programme in Ukraine  
 Signature:   
 Name: FRANCIS M. O'DONNELL

Title: Deputy minister Title: RESIDENT REPRESENTATIVE  
 17.03.06.