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ASSESSMENT OF LOCAL SELF GOVERNMENT TRAINING AND RECOMMENDATIONS FOR FUTURE POLICIES AND PROGRAMMING

PREPARED FOR USAID UKRAINE

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EXECUTIVE SUMMARY

Training of local government employees is predominantly the domain of State supported institutions. It touches many thousands of employees annually while donor financed training reaches only a fraction of the number. The system is fragmented with overlapping areas of control and authorization. Of prime importance is the fact that decisions about training and the associated budget support goes to the training institutions, rather than to the local governments to allow them to define their own training needs and select the appropriate provider.

All training institutions that deliver recognized local government training must be licensed by the Ministry of Education, which also approves their training "program" or curriculum. This is true for both degree and non-degree in-service training. Without this accreditation no state funding is possible for the training, and certificates have no standing within the civil service system. The Association of Ukrainian Cities (AUC) is currently in the process of applying for a license and deems this critical for its future.

The issues of who regulates local government employee training, who funds and from what source, and who is authorized as provider is currently heavily contested by different power bases, since many vested interests are affected by the decision.

Drivers of Demand for Training

The interviewed local governments' "top ten" priority training list makes clear the importance of certain *external factors* that are driving and will continue to drive training needs:

- Infrastructure funding-through International Finance Institutions (IFI) and private capital investors-has already and will increasingly lead to a demand for assistance as cities seek non-budget revenues, respond to loan and infrastructure grant opportunities from World Bank, EU, State funds, donor grant funds, etc., and need project development, finance and management know- how.
- Policy reforms such as the long-awaited communal service reform proposals, as well as other reforms including law on local self government laws, inter-government relations, assignments of new authorities, and fiscal decentralization.
- Local governments' ability to understand and operate within the market economy.
- Pressure from below and above for higher standards of services. This is a hot political and electoral issue locally, but will be forced by external pressures from the EU, the energy crisis and as a local voter issue.
- High turnover of local council members and municipal employees.

Specific Issues that Currently Affect Local Government Capacity Development

- The small number of local government employees targeted for training of any kind, compared to the needs. Requiring change is the system of "targeting" trainees, the current centralized funding mechanisms and training decision-making and the different status of local government employees.

- The funding mechanisms inadequately support supply-side training. The State neither provides funds to local government through a training line item in local budgets (to support demand-driven training), nor does it currently allocate sufficient funds or provide training on the supply side.

- There is no quality control or impact assessment to guide training allocation decisions.

- Low correspondence between course offerings, course curricula and local government priorities and performance requirements.

- Absence of general entry-level training for newly elected council members and mayors, as well as new local government employees.

- Regulations for licensing of non-governmental in-service training providers and approval of courses so that they can compete with the State system on a level playing field.

Conclusions

1. Policy reform, including legal and regulatory reform of communal services, budget reform, authority and responsibility of local government, and other key policy reforms will have more lasting impact on changing the status quo and improving local services than training. Policy change should be at the forefront of USAID's local government agenda. USAID's comparative advantage as a donor is to support policy reform for decentralization as it has done with success all over Eastern Europe, and to link reform legislation to implementation of the changes on the ground. If funds are limited, they should be used where USAID can have the most impact for its money and training is not the way.

2. There are fundamental policy issues that will be resolved through Ukrainian power struggles and political decisions at the top, which will ultimately determine how local government training is funded and who controls and who provides it. The issue at stake is not so much which institution is the provider, but the quality of the training. USAID can work with any institution to improve the quality.

3. Communal services investments and efficient operations are a growing source of demand for training. There is potential for a strong link between planned USAID programs in communal services and energy with current expressed demand for training, because this is an area where policy reform is likely. The demand will be extensive and, therefore, it should be provided within the framework of a State institution for sustainability and reach. Training to selected cities will not sufficiently impact the depth and breadth of needs for assistance to implement new policies, but pilot projects may force the issue of policy changes as demonstration instruments.

4. Because of the scale of needs and the associated costs, the major funder and supplier of training will be the State, at least in the near future. Donors cannot afford, nor organize the magnitude of training needed to meet demand. USAID's ability to be a player in meeting mass human capacity development will always be limited, and meeting current gaps in State training is not a sustainable solution.

5. Training supported by USAID in its projects needs to be institutionalized and future USAID projects with training elements should work directly with a training institution to ensure sustainability. To ensure that donor-supported efforts are sustainable, training needs to be located within an institutional setting; otherwise it gets lost and forgotten, it rarely carries over from the donor project and reaches too small an audience to have meaningful and widespread impact. If donors desire to make a significant impact, ensure sustainability and maximize the impact of their expenditures, they should work with and through a training institution that has financial support and a significant training delivery capacity, and use their leverage to improve training quality, curricula, trainers and methods. In the case of local government training, the institution (be it a State institution or a non-State institution) is not important, what is important is that the source of funds and the sustainability is assured.

6. Free donor training, just like free State-supported training, distorts the supply and demand, and diminishes the interest of cities to pay for training based on real interests and needs. It also distorts the incentive for quality because there is diminished competition. By providing free training, donors discourage cities from being selective, and force the very groups they have nurtured out of the market. Donor-funded training undercuts the market for training and technical assistance (TA) in another way: NGOs are exempt from taxes so they can lower costs. Plus, donors are willing to pay more than local institutions pay and, therefore, NGOs are less interested in developing a "market side" as long as there is a donor who will pay full freight. To avoid these negative consequences, donors should consider concentrating fully-funded training in either geographic areas where the private sector has no market, and/or on subjects and topics where the private sector has no competing interest or where there is no market and should encourage commercial companies, not NGOs, that can go after training that is offered on a fee paying basis. Generally, in transition countries, private sector training organizations have succeeded in entering the market for highly specialized training (for example, investment consulting, project preparation and financial analysis, banking training, accountancy, market studies) where there will never be competition from the State institutions, and where cities are willing to pay for services.

7. AUC's future as a training organization hinges on its ability to secure State licensing and accreditation, and a place in the approved State-supported training "system." AUC management's vision is to establish a full-blown local government training center. A continuation of the training part of the USAID grant would not be sufficient to establish the training center; the center could be viable if it operates "within the system" and can compete for State funds to design and implement training. As a State licensed and accredited training institution it can also compete to offer training on a fee for service basis, and consolidate the "niche" that they have carved out as the supplier of practical problem-solving training. However, the demand is still limited. In order to move into the arena as a major supplier of human resource development, AUC will be subject to the supply-driven dictates of the System.

Recommendations to USAID

- Use funds strategically, where USAID has a comparative advantage to influence policy reform and improve the quality of training, as well as where small inputs can have long-term and large pay-offs. USAID's comparative advantage as a donor in the local government sector is with legal and regulatory framework and policy reform.
- Do not attempt to replace the State as local government training provider (through grants or through massive project-based training) because massive funding is required and USAID cannot support this undertaking.
- Improve training quality by providing technical assistance where needed to selected local government training institutions that deliver training in sectors of direct relation to USAID projects. Focus assistance on training needs assessments that redirect training to meeting drivers of demand, modern curriculum development, Training of Trainers (TOT), impact assessment and development of quality training.
- Concentrate local government projects on those areas where policy change is likely, better integrating donor support to real "drivers of change." Link local government project training to the State training system for sustainability and impact.
- Support AUC to develop consensus for local self government policy reform, through top-down coalition building and bottom-up advocacy through its membership, peer contacts and information sharing.
- Do not encourage donor dependency and erosion of the market by encouraging NGOs as providers of free training.
- Support changes in the NGO regulations so that competent groups need not double register in order to break out of donor dependency as not for profit grantees. Institutions that USAID assists should be selected competitively based on their comparative advantage for implementation over the long term and their comparative expertise in the given sector.

1.0   SCOPE AND PURPOSE OF THE ASSESSMENT

To further its support of local government reforms, and in anticipation of continuing changes in the sector, USAID Ukraine seeks to increase its understanding of the current and future training landscape and local governments' capacity development needs. This will help the Mission to design effective and sustainable programs, enhance the impact of previous programs, and establish a coherent and unified mission policy of training. For this purpose, USAID Ukraine has commissioned an assessment that examines the problems and opportunity areas for local government sector training; identifies the institutional strengths, weaknesses and potential of existing and proposed training solutions and institutions (both State and non-State); and suggest policies to guide USAID support for sustainable training.

This assessment is the first of three tasks in Task Order   EPP I 02 04 00030-00. Two additional tasks will be implemented within the months following the assessment. The second task is to design and implement a study tour for representatives of training institutions to an Eastern European country to expose them to new models for meeting local government training. The final task is to assist the National Academy of Public Administration (NAPA) to operationalize its new strategy for meeting local government in-service training needs, and to develop an analytic approach that maximizes NAPA's ability to understand and react to training needs.

The purpose of the assessment is to support USAID Ukraine's interests to:

- Deepen reforms and consolidate democratic governance at the local level.

- Support a coherent, long term policy and institutional framework for training local government officials, which encompasses new entry and in-service training of all professional groups.

- Identify problems and opportunities for local government training.

- Enhance the sustainability and impact of previous USAID programs in local government reform and local government training.

- Integrate local government training needs into the framework of USAID programming in a coherent and sustainable manner.

The assessment includes the following information in fulfillment of USAID's interests:

- Current and future priority training demand.

- The main external factors influencing training need and demand including reform policies.

- The blockages and obstacles that prevent local governments from obtaining training, and institutions from providing the type, quantity and quality of needed training.

- The current distribution of authority and funds, and the capacity of institutions of to meet needs.

- An assessment of Government policy regarding support for local government training in the future, and the likely distribution of decision making and funding authority among key administrative agencies and implementing organizations.

- The future role and the likely comparative advantage of key institutions (as defined by them) and prospects for sustainability.

- Indications of where and how USAID can maximize its leverage over Ukrainian training provision and training institutions.

- Lessons learned in Ukraine and other transition countries over the past 15 years that have application to decisions facing USAID.

It is important to emphasize that this report is neither an evaluation of the impact of USAID supported training, nor is it a training needs assessment. The scope of the assignment does not provide for these types of analyses, and constraints of time and funding preclude undertaking the necessary data collection. These constraints have impacted as well the methodology employed and range of the assessment. USAID has financed two evaluations that provided a wealth of information on the functioning of the State public administration training, local government management capacity, and an evaluation of recent USAID local government projects. These are listed in the bibliography. The report will not attempt to cover the same ground or repeat the information. Rather, it will provide the reader with necessary background to answer the questions and objectives elaborated above, as well as the context, rationale and conclusions about where the current situation appears to be heading in support of its recommendations.

1.1   Organization of the report

Section 2 presents the methodology for the assessment with description of the character of the information available, the type of informants consulted and documents available. Section 3 articulates the general developmental problem of training for local government elected and appointed staff and a brief analysis of USAID past support for local government training. Section 4 presents an analysis of the current training landscape as well as reflection on likely future scenarios, and a review of institutional capacity to respond. Section 5 provides main conclusions based on the findings, while Section 6 is devoted to lessons learned and recommendations to USAID.

2.0   ASSESSMENT METHODOLOGY

The assessment uses a mixed-method evaluation approach which integrates qualitative and quantitative tools. As in all assessments, the methodology used and the information collected reflect the following considerations:

- An understanding of USAID's needs, which includes the most important questions that need to be answered, the purposes to which the evaluation will be put and by whom, the evaluation audiences, the scale of the evaluation and the degree of data precision required.

- A methodology that maximizes the usefulness of the evaluation, and which can be implemented within constraints of time, budget, evaluation staff, and data availability.
- A representative but manageable sample, consistent with needs for data precision and validity of conclusions.
- Consideration of external factors that could distort conclusions such as unique institutional features, and the biases and "agendas' of stakeholders and informants.
- Reliability of information and what conclusions can be adequately supported.

To address the above-mentioned considerations, the methodology includes the following collection and assessment instruments.

Document Review. The author consulted secondary sources of information that provided a background of the problems and filled in gaps in data collection. USAID furnished documents prior to field work, including recent evaluations, descriptions of current local government USAID projects and selected quarterly reports. In addition, the author consulted the websites of USAID projects, main training institutions in Ukraine organizations and main donors with programs in local government. Further documents were provided in Ukraine from a variety of sources, but many crucial documents were available only in Ukrainian. A complete list is provided in the bibliography.

Hard Data on a number of local government trainees, course particulars, personnel and cost of training was sometimes available from websites and institutional reports, and occasionally from institutions themselves. However, the information is partial, the "reliability" is uncertain, the basis of collection differs from one to another and the time frames are generally vague. Thus, the data is not comparable from one institution to another.

Structured Interviews. The consultant held structured interviews with representatives of a variety of groups with an interest and stake in local government training. Some key persons were not available because of scheduling difficulties and other commitments.[1] The following representative groups were interviewed: State supported training institutions; institutions of higher education providing in-service training; donor-funded NGOs; AUC regional and main offices; USAID project contractors; local government elected officials; local government appointed officials; parliamentarians; donors and IFI organizations; and Ministry officials.

During the interviews the consultant was mindful of the "political" aspect and context in which the assessment took place. Decisions which affect local government and training institutions are under review; there are political and institutional power struggles associated with these decisions. Stakeholders' views, "visions" and information reflect their interests and aspirations. In addition, some interviewees may have hoped to influence USAID programming decisions.

The assessor was careful to keep in perspective the political, financial and other interests of interviewees who might distort or influence their perspective and the information provided. A complete list of persons interviewed and their institutions is provided in Annex 1.

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[1] The US-Ukraine Foundation had no current office phone number, and when finally reached, cancelled the meeting at the last moment. It was impossible to meet with the relevant persons at the Main Department of Civil Service.

The consultant visited three 3 cities in addition to Kiev: 1 small city (Ukrainka) and two medium cities (Brovary and Ivano Frankisvk). Interviews were conducted using a semi-standardized interview schedule to allow for triangulation of information from a variety of sources. There were also questions specific to the interests and nature of each type of institution or stakeholder.

Focus Groups. Seven focus groups were conducted in three locations, representing elected and appointed staff from 3 cities and one Oblast. Each focus group was composed of participants from similar background (city administration, communal services staff or council members.) Participation was requested through the mayor of each city, via the AUC regional offices. In Ivano Frankivsk, one focus group concentrated on the city staff, while two other focus groups were composed of participants from other Oblast cities and villages.

The focus groups contributed first hand information on training problems, a "hot topics" list of city issues, and pinpointed training priority demand from different client groups in cities of different size and nature.

The cities were proposed by USAID.[2] They had strong links to USAID past projects, and their respective mayors have strong connections with the AUC. While it is true that these cities, more than others, may have received donor attention, focus group questions did not concern USAID or AUC. The findings and information from the focus groups is incorporated into the text where relevant.

Data Collection Through Questionnaires: All 53 focus group participants filled out a questionnaire about their training experiences and personal training priorities. The questionnaire information provides another form of triangulation of information and a cross check of information on training supply and demand. The questions and data are provided in Annex 3.

3.0 AN OVERVIEW OF THE PROBLEM AND USAID'S PROGRAMMATIC RESPONSE

As in all transition countries, a major challenge for local self government in Ukraine is the limited capacity of most local authorities to effectively use their new competences, respond to changing regulations and laws, and provide quality services within the framework of a market economy.

Despite positive reforms in 2001-2002, the Ukraine has an unfinished reform agenda and a weak decentralization framework, which makes it difficult for local government to meet current challenges. This is exacerbated by central budgetary controls, limited revenue raising authority

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[2] One city and one Oblast in the East of the country were eliminated due to lack of time. It is questionable whether the additional data gained through participant focus groups in the East would have led to different conclusions and recommendations. This assessment is not an evaluation of current training or a needs assessment for the future. It centers on institutions and the system of training.

and inconsistent or nonexistent implementation regulations, and in some cases absence of enforcement of laws.[3]

Now that local elections are conducted through party lists, Ukraine will continue to experience high turnover of elected officials (both mayors and council members) and staff with each election. As a result, there will be a constant new supply of untrained and inexperienced personnel. This will impact the scope of training needs as well as priorities.

The system for local government training is a legacy of the former -- and only partially altered -- state training system. Because there were no real local governments in the Soviet system, there is a distinction between State (central government) Civil Servants and local government employees. The entire Public Administration system is under review by the Government, heavily supported by the EU, Denmark, Ireland and other IFIs and donors. Until recently local government servants had fallen into a black hole in terms of training. Although the number of local council members and local government staff is expanding and is currently well above 70,000 nationally, a very small percentage of this group receives training, far less then for the central government. Local governments are less inclined than central government to use the State training system, but on the other hand, more inclined to pay for training out of their own budget and to use external grants. Local governments in the East of the country rely more on the State system and in particular on Regional Training Centers, while in the West, there is more of a mix of providers. The Government is under pressure to significantly increase the amount of State mandated, approved and financed training to local government, to review who is eligible to provide training, redefine the curriculum and set quality standards. It must also coordinate and redefine the role of the main institutions involved. What is unclear, however, is how training will be financed and whether it will be demand or supply driven.

3.1   USAID Support to Date

USAID has supported local government reform and local government capacity development in Ukraine for more than ten years. It has used several approaches:

1. <u>Technical projects</u> that concentrate training and technical assistance to address specific local government problems in a relatively small number of cities (relative to the total). Such projects include the Local Economic Development Good Governance project to support economic development and Foreign Direct Investment; The Municipal Budget Reform project and its antecedent that trained municipalities to improve their municipal finance management capacity; communal service upgrading through the initial Tariff Reform Project and more recent Communal Services roll out project, the Access to Credit initiative. Prior to 2000, USAID supported management in target municipalities, privatization of land, and large water and wastewater services improvement projects.

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[3] A complete review of the problem is contained in the <u>Ukraine Local Government Assessment 2007</u> cited in the bibliography. This assessment will not attempt to repeat the findings.

2. Financing nation-wide <u>training institutions and training</u> for local government elected and appointed officials, in particular through the recent grant to AUC for course development, course training and short workshops, assistance to develop AUC Oblast regional offices (implemented by RTI), grants to the US-Ukraine Foundation for regional training centers and training.

3. <u>Creation of a cadre of local trainers through</u> support to NGOs as recipients and implementers of donor assistance**.**

3.2   Prior Local Government Assessments and Recommendations

The 2003 Europe Eurasia Bureau Assessment raised questions about the viability of assumptions behind these programs, questioning local governments' capacity to implement program TA and training in the absence of appropriate legal and regulatory and fiscal framework reforms; the real effects of the Budget Code revisions on local government resources; AUC membership's willingness to self support its activities and organizational needs; the potential for economic growth to support external investment; lack of policy reforms to underpin pilot project practices and the spread-effects of pilot projects. It concluded that the training support and project assistance were poorly coordinated and that there was no plan for non-donor-supported training.

The recent Local Government Evaluation observed that while increased attention has been paid to central policy reform since 2005, the Mission's dominant focus remained concentrated on support to a limited number of municipalities in the form of TA and training and where the impacts were determined to be insufficient. The reorientation of the Municipal Budget Reform project, so that it focuses as well on the legal and regulatory basis for the PBB (spell it out) training is an outgrowth of those evaluation recommendations.

4.0   FINDINGS: THE CURRENT LANDSCAPE FOR LOCAL GOVERNMENT TRAINING AND THE CAPACITY OF MAIN AGENTS TO MEET FUTURE NEEDS.

Training of local government employees is predominantly the domain of State supported institutions. It touches many thousands of employees annually while donor financed training reaches only a fraction of the number. The system is fragmented with overlapping areas of control and authorization. Of prime importance is the fact that decisions about training and the associated budget support goes to the training institution, rather than to the local governments to allow them to define their own training needs and select the appropriate provider. Although under current legislation local governments *may* spend up to 3% of their employee salary line for training, most choose not to do so, given the underfunding of local budgets. The State so far has not allocated training funds using a separate training line item but this is a possible option (although unlikely) as a way of bringing the decisions closer to the client needs and inciting a competitive offer. State supported training is free of charge (although a number of institutions now offer fee paying in-service courses in addition and diploma education on a fee paying basis as well).

Recent legislation requires the central government to provide retraining (in-service training) for all civil servants and once every 5 years for the higher ranks of management. Training requirements and diploma qualifications may be revised upwards in the future, with targets set for all groups of local government employees. There is a direct link between diplomas, in-service training certificates, and career advancement in local government. That the training provider is State approved and able to certify his training course is very important and it will be more so in the future as State-financed local government training expands and is systematized through standards and norms for public employees, as has been proposed by foreign advisors working on public service reform (including training).[4]

4.1 The regulatory functions of the state and implications for the provision of training

Centralized control of the training system currently comes in many forms:

The role of the Ministry of Education: All training institutions that deliver recognized local government training must be registered and licensed by the Ministry, which also approves their training "program" or curriculum. This is true for both degree and non degree/in-service training. Without this accreditation no state funding is possible for the training and certificates have no standing. The criteria used are unknown.[5] AUC is currently in the process of registering and applying for licenses and deems this critical for its future. This process is applicable for all Institutions of Higher Education including specialized institutions offering degrees. Funding comes from the budget of the agency which has oversight responsibility such as Main Department of Civil Service or NAPA and is based on annually defined targeted number of participants.

The role of sector Ministries: Some Ministries have their own specialized institutes or Academies. Their in-service training is subordinated to Ministry decisions and approvals. This is the case, for example, of the Ministry of Housing and Communal Services. In-service training funds could come from the Ministry budget, but there is an increase in the number of fee paying in-service courses (as well as degree courses).[6]

The role of Main Department of Civil Service: The Main Department for Civil Service (MDCS) under the Office of the Prime Minister plays a complex role. The MDCS approves the budget and curriculum of NAPA including the 2 week "retraining course" for higher level management of central and local government. The MDCS also approves and mandates Bachelor Degrees and Master in Public Administration degrees, courses at NAPA, targets the number and distribution of slots, and funds and targets short training courses that NAPA provides to both central and local government employees. The MDPA plays the same oversight and central

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[4] Advice and recommendations provided to different agencies by EU, OECD/ SIGMA program, Denmark, the UNDP, and CIDA. Further assistance is being provided to the Ministry of Regional Planning and Construction by Canadian CIDA.

[5] An attempt to meet with the relevant Commission at the Ministry of Education was unsuccessful.

[6] See the following section for elaboration.

decision making role for the Oblast Regional Training Centers. MDCS provides partial funding (the rest is Oblast budget) for an agreed annual training curriculum proposed by the Oblast staff, and targeted to Oblast, local government, and village staff. Each course is targeted to specific levels and an agreed number of employees, defined in advance and supported from the MDCS budget. The Oblast centers are the in-service training arm of the MDCS at the Oblast level. They are the main State training provider of Oblast as well as local government employees.

The MDCS is under pressure from international advisors to revise its current role from regulator to that of "coordinator" of training and it has proposed to coordinate all training offered at the local level. There is competition with the Ministry of Education's authority to license and accredit training for local government employees, with the Ministry of Regional Development regarding which State agency controls funds, and which institutions are eligible to provide training and for what, and how the funds are apportioned.[7]

NAPA: The National Academy for Public Administration (NAPA) was created in 1996 as the prime institution for preparing higher grade career administrators providing basic public administration education through degree programs and continuing education. It is embarking on an ambitious program to expand its in-service training for local government through several new product lines, which according to NAPA, have already been approved by MDCS and for which implementation is included in their budget. (A full discussion appears in the Institutional Capacity section which follows). NAPA is subordinated to the MDCS for public administration degree courses and State mandated training, but also is developing fee paying short courses, at least one of which is targeted to local government employees. Its strategy includes development of an In-Service Training center which will upgrade the qualifications of all state institutions providing in service training by assisting in TOT, new curricula development, training needs assessment methodology, etc.

The Ministry of Regional Development and Construction has been tasked with providing "concepts" for local government training to the Government, one of several components of public administration reform. The proposed concept would give them the centralized authority to determine local government training curriculum, order its design and implementation, define which institutions provide the training, and set training targets ad standards. In practice this would place the Ministry in direct control of local government training. A draft concept paper was recently circulated for review and comment by different agencies (the latest of many); it proposes a short list of training providers including the Institute for Post-Graduate Education of LGOs (AUC's proposed independent new licensed and accredited training center), the Academy for Municipal Management, and NAPA, but leaves the door still open to others.[8] The issues of

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[7] This control battle involves "within the system" training, paid for by the State directly to institutions for a targeted number of participants and specific courses, and where the training counts towards civil service advancement. It does not involve "outside the system" training, which includes donor project training, training offered by commercially registered groups and other non-licensed institutions such as AUC, which is currently working to get into the "system".

[8] According to second hand information, MDCS is not in favor of a short list and prefers to see a wide array of eligible institutional training providers, but it is not clear how and who would allocated the training , or whether this would be open competition, and according to what rules.

who regulates, who funds and from what source, and who is authorized as provider is currently heavily contested by different power bases, since many vested interests are affected by the outcome. The proposal must still be agreed by the Government and Parliament and it may emerge as legislation in a very different form than is currently suggested.[9] AUC is interested in ensuring that it will be a preferred provider, or at the least, a competitor under the new State system. The MDCS and the AUC prefer to see training funds allocated to local governments so they can "select" training providers (note that no direct interviews were held with those responsible for in-service training at MDCS).

4.2   Assessment of the demand side of local government capacity development

When local government employees and elected officials are asked to define their priority training needs, these cluster around the current high priority problems and interests of the city, its mandated responsibilities and legislative regulations. It is well established in adult education that adults learn new skills and adapt new behaviors based on two "drivers of change": requirements from above and own self interest related to a number of factors (and in this case includes re-election and satisfaction of public demand). In the case of local governments, their "top ten" priorities for learning, presented below, are a product of both drivers:

1. Land issues, which include legislation and practices for land leasing and asset management as a means of attracting outside investment and revenues.

2. The legal framework of local self government, including intergovernmental relations with Rayons and Oblasts, as well as new legislation affecting local government.

3. Public relations, client relations and communication.

4. Budgeting, in particular capital investment budgeting.

5. Energy saving techniques in communal services.

6. Condominium formation and management, housing management and maintenance companies.

7. MIS for document management, record keeping, and civil registry functions.

8. Strategies for economic development and investment attraction. This term has many meanings, the concept is poorly understood, and appears to include infrastructure project planning and financing, attraction of private businesses for job creation, and capital investment from external investment funds.

9. Financial analysis particularly as applied to project planning and execution of capital investments).

10. Cost recovery for communal services, tariffs and concessions.

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[9] According to the AUC, Ministry of Finance has categorically refused to accept a local government training budget line item which would put more money-and possibly decision making- in the hands of local government.

For USAID, the priorities clearly point to the sectors where interventions will have the most resonance, and where capacity development can be most effective in meeting needs.

The list also makes clear the importance of certain *external factors* that are driving and will continue to drive training needs:

- Infrastructure funding-through IFIs and private capital investors- has already and will increasingly lead to a demand for assistance as cities seek non-budget revenues, respond to loan and infrastructure grant opportunities from World Bank, EU, State funds , donor grant funds, etc., and need project development, finance and management know- how.

- Policy reform as drivers of training demand, such as the long-awaited communal service reform proposals, and other reforms including law on local self government laws, inter-government relations, assignments of new authorities, and fiscal decentralization.

- Local governments' ability to understand and operate within the market economy.

- Pressure from below and above for higher standards of services. This is a hot political and electoral issue locally, but will be forced by external pressures from the EU, the energy crisis and as a local voter issue.

- High turnover of local council members and municipal employees.

The demand side of training extends beyond topics. It includes preferred modes and quality of training. Local government employees have clear views of what they want out of training. Their main concerns are a better linkage between theory and practice, good models and steps for application to Ukraine local government conditions and regulations. Their interest is not so much in what should be, but in how to do what they must do. Elected officials and employees are concerned that State training does not include the travel and per diem expenses, and while they find one day training sessions too short, they are aware of the financial implications of longer training on the local budget. They do not appear to rely on donor projects for training, but expect the State to meet their needs.

4.3   Assessment of the current supply of local government training

The most frequent complaint from the clients is that they cannot directly apply current training to problem solving to meet priority needs. Few institutions orient training to meet well-defined local government performance needs; their curriculum suffers from being overly theoretical with little application to everyday problem solving. Trainers are drawn from three sources: academia, core staff of the institutions (who may lack practical experience) and from ministries and administrations. The pool of trainers is roughly similar for all institutions: they all draw heavily on their own administrations, (this is also the case for the AUC which exclusively draws its trainers from local government employees). The problem is not the availability of the trainers, it is their competence and ability to supply what is needed.

Too much of the State supported curricula is oriented to meeting central government and Oblast administrative needs. Oblast Regional Centers are the most criticized in this respect, not surprisingly because they are partly funded by the Oblast budget and draw on Oblast staff as trainers, and therefore don't offer a curriculum that is attractive to local government interests.

NAPA comes off better in the estimation of local governments, with in-service management courses that concentrate on core management issues and administrative practices (not sector technical issues). NAPA recognizes its many shortcomings in meeting local government administration needs and plans to make significant readjustments internally.

AUC has a heavy program of peer exchange and activities which are valued by the membership for their timeliness and applicability. In focus groups, self study courses came in for criticism as being difficult to apply to real life situations without face to face discussions, but the training is recognized as practical.[10] NAPA trains a small number of higher grade employees but it is mainly the Oblast training centers and a variety of donor programs that are the training resource.

Donor projects meet only a fraction of client needs (such as SIDA, CIDA, USAID, UNDP, and World Bank). They have provided limited training (and TA) to a limited number of cities for the realization of specific and defined project goals and outcomes. Donor training was judged of better quality than State training (when there was a basis for comparison) but respondents indicated similar problems with applicability of methodologies to real situations, the superficiality of the training and attendant documentation and "toolkits".

A far more serious problem is that donor courses and donor funded materials are rarely, if ever, incorporated into the curriculum of State training institutions (the main providers) as they are "outside the system." There is no discernable cross fertilization from donor training to State institutions (except where both hire the same trainers and have defined similar curricula and it is doubtful that this happens often), no guaranteed sustainability or use of courses or materials when the grants or projects end, and no systematic way to extend the reach and coverage, as it is not incorporated into the "system". Donors do not take advantage of other donor training. They provide their own courses and materials for their own designated client groups, with little regard for what has already been made available.[11] Donors including USAID need to coordinate their assistance internally and with other donors to maximize what are on offer, and to make their assistance sustainable.

An unknown number of cities pay for training and consultancies, for example NAPA short training, and the Academy of Housing and Communal Services short courses. They also pay for short consultancy from local experts. This may be the way that donor-sponsored concepts and methodologies are currently transmitted to an audience beyond the confines of a "project", but applies primarily to "hard subjects" where there is effective demand. There is a growing "supply side" of fee-paying courses (of unknown quality and usefulness), but the demand side is currently constrained by local budgets and competition from free training, including that of donors.

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[10] The AUC grant provided funds for 20 distance learning courses. Each was restricted to one person from each of 15 cities or villages in each Oblast. Each course was given one time. Approximately 12,500 persons were trained in at least one subject area, which represents approximately 15% of local government employees.

[11] Two examples of this problem are the competing Chemonics and AUC Economic Development Strategic Planning training, and US-Ukraine Foundation regional training centers that compete with other USAID and other donor projects. It is uncertain whether a proposed "depository" of training materials would be utilized by other training institutions, or whether the proprietary attitude displayed so far would prevent them from being used.

Specific issues that must eventually be addressed include:

- The small number of local government employees targeted for training of any kind, compared to the needs. Change is required for the system of "targeting" trainees, the current centralized funding mechanisms and training decision-making and the different status of local government employees.

- The funding mechanisms inadequately support supply side training. The State neither provides funds to local government through a training line item in local budgets (to support demand driven training), nor does it currently allocate sufficient funds or training through institutions on the supply side. Some cities use communal service revenues, other non-mandated funds and revenues from "investments" to pay for training and consultancy but this is not an option for small cities, given Oblast control of local budgets.

- There is no performance needs assessment or impact assessment to guide training allocation decisions and quality control of trainers and courses is lacking. This is true of State financed training, donor financed projects and donor financed training centers.

- Training curricula emphasize theory, which is not applied to practices and trainers are inexperienced in modern practices and applications.

- Low correspondence between course offerings, course curricula and local government priorities and, performance requirements.

- Absence of general entry level training for newly elected council members, newly elected mayors and new local government employees.

- Regulations governing licensing and registration of in-service training providers inhibits competition with the State providers and prevents a level playing field.

- Exclusion of communal service enterprises employees from the calculation of the 3% allowed training budget allocation, since these individuals are not technically local government employees (they are employees of the Enterprise). Their training can be paid from communal enterprise revenues which may be a better and more flexible source of revenue.

4.4   Assessment of key institutions' abilities to respond to local government capacity development needs

4.4.1   NAPA.

NAPA's past strength and main capacity has been to provide Public Administration degree programs, preparing public administration specialists and staff through the state supported higher education system in Kiev and its 4 regional institutes. Currently, masters level education accounts of 64% of its current product, while in-service training of higher grade civil servants (with university education) accounts for 6%.

Its state budget funding mandates implementation of the two week "retraining" course for higher level civil servants offered to central administration, Oblast and local administration officials. This course is related to advancement in the civil service and the curriculum is designed by

NAPA staff and approved by MDCA. The course is divided into lectures on general administration and management issues, as well as issues of interest to sub groups of students (based questionnaires sent to the future participants, including the small number of local government officials.) Approximately 6,000 administrators per year go through this 2 week retraining cycle, of which only 450 (Senior Managers) are from local government, although the local government civil service staff includes more than 70,000 employees. The Kiev center limits retraining courses to Heads and Deputy Heads of Oblast councils, directors of Administrative staff and staff from categories 1-5 in public administration. The eligibility of trainees at the state mandated training is based on the order from the state budget, via MDCS.

In addition to this course, NAPA has offered some short in-service training courses, which have included local government. These appear to be through their 4 regional institutions, but the number and titles were not provided. The plan is to expand in this area.

NAPA has a full time "management" faculty (as well as a training faculty) which plans and coordinates training. It uses its own staff for some of the in-service training, and hires many outside lecturers (mainly academics and government staff) as lecturers/experts. It also provides lecturers to the Oblast Regional Training Centers supported by the MDCS.

Problems cited by NAPA itself as well as other informants include: lack of subject matter knowledge in new subjects of importance, limited ability to design new curriculum in new subject areas without outside assistance, and lack of methodology for needs assessments and evaluations of training. Criticisms include use of poorly qualified outside lecturers from academia and government (especially at the Oblast training centers) and lack of applicability of in-service training to specific needs of local government.

NAPA is embarking on an ambitious internal program geared at shifting its focus from academic degrees to in-service training, starting new in-service programs for elected officials and a number of new short training courses. However, a closer analysis reveals that most of these are not specifically oriented to local government, although they might be of interest and include: a 3-day training course on public policy; a 2-week course for newly elected council members (all levels); revamping of the current 2-week in-service training cycle (this will be piloted in 2008); a new 3-day public management course (target group undefined); and a new 3-day course Basic Skills for Local Self Government.

Of significant interest is NAPA's plan to establish an In-Service Training Center to improve the quality of all public service training-providing institutions. However, it is probable that NAPA needs assistance to perform this function, because training needs assessments, performance measurement, quality control, TOT, curriculum design are the very areas where NAPA critically needs support itself.

According to NAPA, financing for implementation of all of the above activities is assured through their approved budget and curriculum from MDCS. However it is not clear to what degree all new "curriculum" have been already received prior approval since most are only in development stage. While financing of the 2-week courses is likely to continue for NAPA, it is not clear who finances implementation of the 3-day courses or if they are fee-paying. While external donor support has already been obtained to design most, but not all, of the new

curricula, they do not have qualified staff to deliver training. NAPA has also stated that the payment system must changed for short courses, presumably meaning that this will be fee-based training, at the charge of local government, unless they have a State "order" (from MDCS) to provide it out of the MDCS budget. The situation is not clear for the moment given the uncertainty over who dominates the supply side of local government training and what that "supply" will be.

NAPA has the political support, management drive and donor support to be a useful player in the future but their strength and interest is management, EU, democratic governance. It is not interested in problems of local government service improvement or similar problem solving, and their mandate only extends to the upper echelons of employees. Therefore, it seems unlikely that it can or will take on a massive role in training local government in the future, and will restrict itself to improving where it has a comparative advantage: management, elected council officials, governance, quality improvement of training.

4.4.2   Main Department of Civil Service and Oblast Training Centers

The organizational strength of MDCS and Oblast Training Centers lies in their strategic distribution nation-wide as a means of implementing civil service training close to the need, something which NAPA cannot do. However, the MDCS Oblast Training Centers' staff is not a training staff; it is a management staff, just as AUC's Regional staff is a management and not a training staff, and it lacks the tools to adequately design training that meets local needs and to monitor the quality of the trainers. The MDCS is supposed to provide for the needs of central Ministries and Oblast staff but do also provide topics of interest to local government employees. The MDCS website and interviews with two persons at MDCS indicate that they are primarily focused on the EU, on strengthening capacity of central government Ministries, improving ability for policy analysis at the central level, and not overly concerned with the day to day training of local government. They have received much donor attention surrounding civil service reforms from a number of sources including EU through the SIGMA project, UNDP, Canada, etc.

Regional training center courses /curricula and annual budgets are approved and allocated by MDCS; the basis for curriculum decisions is not known besides its apparent government orientation. The MDCS has a Department of In-Service Training which has announced a reform of its orientation to include more of a focus on needs of local government, and a stronger coordinating role. As mentioned, there is a struggle for control of the training for local government officials. The Oblast training centers could be a handy way to deliver the training assuming that the right persons (not the Oblast staff itself or their mainly Oblast administration trainers) were providing the training and that the staff were adequately trained to perform their management, design and quality control functions. This might be accomplished through NAPA's in-service training center, or through assistance from a donor such as USAID, which can use its leverage and funds to ensure that the proper courses are developed and that trainers are qualified. The Oblast training centers are the most likely way to provide training for newly elected Councils and provide information on new legislation.

4.4.3   Higher Institutes of Education

One institution was interviewed, the Academy of Housing and Construction under the Ministry

of Housing and Construction. Like other similar institutions, they offer degree courses and in-service training on a fee basis. The Ministry defines the curriculum offered for in-service training and they currently offer courses ranging from one week to one month (total of 72 course hours) with fees set as a function of course hours. They set a course schedule and send it out to communal services departments. The courses are not State supported. Training is conducted in Kiev and in a second institute in Donetsk, as well as in Oblast training centers. Some negative comments were heard about the quality of the training (as was the case everywhere, faculty is drawn from practitioner employees and academics) and the lack of its application to current real problems. The Academy Rector insisted that it was necessary to make training mandatory and the funding system stable so that they could plan accordingly.

The Academy of Municipal Management was created by the former Mayor of Kiev and had significant Kiev Government support, but now is mainly a fee-paying Institute for degree courses. It does not have a clear mandate for local government training, as opposed to general management. The NAPA indicated that they wanted to absorb this institution.

4.4.4 AUC

The strength of the AUC lies in its links to local government leadership as well as its ability to provide information on issues, develop consensus on reforms and represent local government interests. It can mobilize support from cities from bottom up and provide peer events and limited training locally through the regional offices.[12]   The most appreciated of its services is the "Peer Workshops" that it organizes in each Oblast on priority problems and issues.

It also provides legal advisory services to members, and hires legal assistance for legislative drafting initiatives to supplement its committees which are composed of mayors. The lack of depth of management and lack of research capacity and knowledge of specific sectors is a handicap and problem. Although it appears to be stable, and can continue its core representational and advocacy functions, it does not have the staff expertise for research and analysis to support recommendations, relying instead on hiring outside experts attached to other institutions or administrations. While this may be partially a tactic on the part of AUC to seek "independent" views, it means that the organization lacks the strength and seriousness of a think tank, and there is no one inside the organization with the proper credentials to vet different points of view. Presumably the lack of adequate internally-derived resources is an inhibiting factor as well. AUC supports a law that would require that the AUC be consulted on all legislation concerning local government, including local budgets.

AUC is not by its nature an institution especially suited to playing a major training role. It has little organizational and management staff in its main office, no permanent teaching or training staff (other than USAID grant funded) and the regional offices' role is to organize events and information. It hires outside "trainers" who are mainly local government employees and course designers using donor funds and has not convinced its membership to expand into the training

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[12] Fifteen regional offices have received substantial USAID assistance over the years. The training management staff is paid through USAID grants.

arena as a main activity.[13]   In order to become a more substantial training organization the newly established training organization will need to increase its management capacity, have permanent core training staff, and become something other than a "vehicle". As noted elsewhere AUC has set up an affiliated Local Government Training Center to play a continuing training role and has asked for the Ministry of Education license and accreditation. However, despite having designed (using outside consultants) 20 distance learning courses, it needs to hire training management staff. It is difficult to see how this institute will function without government support in the form of "orders" for State supported assistance, since the concept is not based on distance learning. The preference of the AUC is for a separate line budget item for training targeted directly to local governments so they can compete with State and other private groups in the training offer. Failing that, AUC wants to be short-listed as a preferred training institution, eligible for State-generated training "orders". As a default, it may simply offer courses for fees in the future, starting with the few cities that can pay.

4.4.5   Donors

CIDA, SIDA, UNDP, Dutch, Swiss and Americans have had an interest in local government over the years. Some, like CIDA and the Dutch have supported AUC, and some, such as UNDP, have provided assistance to the MDCS. There have been projects that target groups of cities, including recently terminated CIDA and UNDP projects that focused on community development but these are not large by nature. CIDA is currently developing a new 5-year strategy but if it continues to work with local government it will only be in 4 target Oblasts. UNDP will expand its community development program to cover the entire country but its focus is on "lost regions", using small grants to address issues identified in local strategies. Their main counterpart institution is the Academy of Municipal Management. The EU has projects for local sustainable development, working in four cities on infrastructure and a community-based approach to development. In the future there will be a sustainable regional development project. However, they primarily support a new EU Twinning Project at the central Ministry level, with support for the training capacity of NAPA in human resource management, policy analysis, EU integration and other central level courses.

The World Bank is preparing a public finance loan which requires $1 million for research and training, and $3-4 million for TA, which they do not yet have. The World Bank will participate in training and will provide expertise; they expect to hire local training companies as subcontractors. The Dutch Trust Fund is interested in supporting public finance training but one is not sure how and whether this is only at Ministry level.

The $140 million Infrastructure loan has lined up 3 eligible cities and it is open to 90 others in the future (the Government has not yet ratified the loan). There will be extensive training and TA needs for which $7 million has been promised by SIDA trust fund.

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[13] According to the Director, the membership initially refused to vote an increase in membership fees to cover the cost of training, and then recently agreed to move towards the creation of a separate training institution which could be fee-paying or State supported. According to USAID, the membership recently agreed to raise the membership fee and part of the funds would be allocated to training.

5.0 CONCLUSIONS

The appraisal of the current institutional landscape, local governments' priority training needs and interests, the pending issues of training control, and the likely effects of external factors lead to the following conclusions:

5.1 Drivers of Demand for Current and Future Training

1. The need access funds for infrastructure and to attract outside investors will create a new demand from what is currently on offer and will necessitate a better local understanding of how to respond to capital markets. IFI funds and EU grant funds may play a larger role in meeting infrastructure priorities of cities, especially the large cities, but neither lenders nor the EU provides training and TA unless paid out of donor grants associated with loans. The Ukraine Government, like others, will not use loans for TA or training, leaving a large unmet need in how to access the funds and meet lender requirements.

2. Communal services investments and efficient operations are a growing source of demand for training, given that local government has potential flexibility in revenue raising and where pending reform legislation may change standards and possibly provide government funding in the near future. The training should focus on implementation of new legal and regulatory reforms, whatever they are (for example tariffs, concessions, public procurement, the housing sector reforms related to condominiums and energy). There is a potential for a strong link between future USAID programs to current expressed demand for training. Who trains and who pays for communal service employees is unknown, but the demand will be extensive and therefore it should be provided within the framework of State institution for sustainability and reach. Training to selected individual cities will not provide the necessary impact on the depth and breadth of needs.

3. Policy reform, including legal and regulatory reform of communal services, budget reform, authority and responsibility of local government, and other key policy reforms will have more lasting impact on changing the local government status quo and improving local services than training. It has been demonstrated in Eastern Europe transition countries that training, in the absence of policy reforms, has no impact. The ideal model is policy reform followed by training, but if resource scarcity necessitates a choice, then the focus should be on the driver which is the policy reform. Policy change requires a focused approach of advocacy and legislation development to build political coalitions; it does not result from training or TA to cities.

5.2 State Support to Local Government Training

1. There are fundamental policy issues that will be resolved through Ukrainian power struggles and political decisions at the top and which will ultimately determine how local government training is funded and who controls and who provides it. The pending issues include:

- The method to provide local government training; whether this will be directly to the local governments as a budget line item which it requires to be used for training, or whether the monies will be allocated directly to training institutions as is currently the case;

- If the State determines the nature of training and the potential suppliers, if will there be competition between authorized providers or will they be predetermined by the State; if the State gives local governments the funds directly for training, what kinds of strings will be attached, how free will they be to select demand based training, and how will the State regulate quality if at all; which State agency will have which authorities and what kind of coordination role over local government training; the type and dimensions of training that can be supported using State funds.

Given that local revenue raising potential is limited and decentralization of fiscal authority is not imminent, what is the best system to meet training needs of small cities with no potential for pay for training, and at the same time promote a competitive and flexible supply side for training that leaves options open where demand exists? This issue is more important for USAID than which institution is the provider, and it is likely that there will be some mix of institutions, since none are uniquely qualified.

2. Because of the scale of local government capacity development needs and the associated costs, the major funder and supplier of training will probably rest with the State, at least in the near future. Donors cannot afford, or organize the magnitude of training needed to meet demand, and local government does not have the resources under the current centralized fiscal system. The EU is pushing to vastly increase the supply of training for all public administration including local government employees to support EU norms. It will work through central government apparatus. USAID's ability to be a player in providing training will always be limited by high turnover of appointed and elected officials, changing training needs over time, differing capacities between large and small cities all of which raise issues about the potential impact of restricted donor support to provide training directly to cities.

For this, and other reasons, working to reform the policies around training and improving the supplier training institutions has greater pay-off than providing the training directly. Technical assistance to selected training institutions can improve capacity for training needs assessments, training course design, case study preparation, work manual preparation, training of trainers, quality control and impact evaluations. It is immaterial whether the institution assisted is "state" or private, as long as the institution has the wherewithal to provide training on a large scale, and the source of funding is assured for the long term for sustainability. Assistance to an institution that is going to provide training related to a USAID project activity is one method. A second method is assistance to NAPA's In-Service Training Center.

5.3   The Long Term Implications of Donor Funded Training

1. Free donor training, just like free State-supported training, distorts the supply and demand, and diminishes the interest of cities to pay for training based on real interests and needs. It also distorts the incentive for quality because there is diminished competition. By providing

free training, donors discourage cities from being selective, and force out of the market the very organizations they have sponsored, fostered and subsidized (MDI, IBSR and others) who are handicapped in offering services for fee. Donor training is supply driven in the same way that State training is supply driven.

2. Donor-funded training undercuts the market for training and TA in another way: NGOs are exempt from paying taxes so they can offer the same service at a lower cost, but in fact, donors are willing to pay more than local training institutions pay, and therefore, NGOs are not interested in developing a "market side" as long as there is a donor who will pay full freight, as opposed to a city which probably pay far less. Donors would do well to ensure that they are subcontracting competitively and at market rates through commercial companies and not through grants at exaggerated rates.[14] This might help get the donor-nurtured NGOs acclimated to market competition and market rates.

There is a pool of trainers which all training institutions can call upon. However, most training institutions prefer to use their "own" people, be they Ministry administrators, academics associated with the training institution or local government staff. They do not often go out to the private market because they have their own friends, and secondly, because NGOs and commercial operations charge higher fees than individuals with other full time jobs. The problem does not lie only in unavailability of good trainers; it is also a problem of the system.

5.4   Sustainability of Training

1. To ensure that donor supported efforts are sustainable, training needs to be located within an institutional setting; otherwise it gets lost and forgotten, it rarely carries over from the donor project and reaches too mall an audience to have meaningful and widespread impact. If donors desire to make a significant impact, ensure sustainability and maximize the impact of their expenditures, they should work with and through an institution that has a comparative advantage in its field, financial support, and a significant delivery capacity and use the donor assistance and leverage to improve quality, curricula, trainers and methods. This is the current practice of several German foundations assisting NAPA, whereby they assist in developing courses and training trainers.

2. More effort should be made to build upon existing good training courses and materials. While it is impossible to force training institutions to do so, USAID and other donors can make this a condition of their contracts.

3. When donors set up a parallel "outside the system" universe, they give up their leverage to improve and influence the regular "system", and consign themselves to a marginal role with limited impact and unknown short term effects (the EU for example, has never

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[14] For example, the USAID grant to AUC allows for paying its trainers, who are local government employees, $100 per day. The Academy of Housing and Communal Services pays half of that, $30-$50 per day to its trainers who are either academic or have government jobs. IBSR considers the rates offered by State training institutions not worth consideration.

provided training funds for local government in accession countries, concentrating instead on major policy changes as the preferred vehicle). USAID can have a greater effect and more impact by changing the very nature of the training by working directly with training institutions, rather than offering training of short duration, to a relatively small number of client municipalities participating in a project. In addition to giving up long term benefits for presumed short term impacts, the cost-benefit analysis does not work out favorably for project-based training. It is expensive, and even when there are clearly defined and measurable changes attributable to the project inputs, it is very difficult to attribute the causality to training per se. Therefore, it becomes difficult to justify project-based training monetarily, compared to improving the capacity of local institutions to provide training on their own terms. This means, in practice, that USAID contracts for local government projects (or others) should not incorporate contractor-provided training, and instead, should require identification and partnering with a local institution, while a separate arrangement provides TA to the institution to identify the "drivers of demand", the performance and training needs, the course curriculum and the training materials and trainers.

4. AUC's future as a training organization hinges on its ability to secure State licensing and accreditation, and a place in the "system". This probably has little to do with the quality or nature of the training it offered using USAID grants. AUC management's vision is to establish a full-blown local government training center but the membership is not heavily supporting this vision and has allocated only a small budget to pursue the concept. A continuation of the training portion of the USAID grant would not be sufficient to establish the training center, and it could only be viable if it operates "within the system" and gets State funds to design and run State-supported training (its membership has signaled several times that it will not pay higher dues to cover free training, the only legal means within the NGO status of the organization) and to support sharing the premises owned in Ukrainka by the Ministry of Education.15 The AUC stated that were the USAID grant terminated, they are in a stable political and financial position to continue what they describe as their "core functions": advocacy, summer schools for local government, running regional offices, providing regional workshops, working on policy reform and legislative initiatives (they might continue to make their distance courses available but would not be able to pay trainers).

As a State licensed and accredited training institution, AUC will be able to compete to offer training on a fee paying basis, and potentially, get State "orders" to provide State mandated training. Being part of the "system" means that they will be subject to the supply-driven dictates of the system, assuming that control continues to be centralized. It means that the State will only pay for the training it demands and other training will be fee-paying. In this case, AUC can build on its existing niche as a provider of timely and practical training, and convince the State that its training is the type that the State desires to support. On the other hand, if cities can freely use State funds to select training providers and determine their own training priorities, AUC's success and sustainability will depend on their performance in the competitive environment, a situation which AUC fully understands and supports.

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15 The AUC Director believes that there are a handful of cities currently prepared to pay for training.

The future of the AUC training arm rests with the upcoming political decisions about how to fund training and which organizations are deemed qualified players.

5. The sustainability of NGOs as currently constituted under Ukrainian legislation, depends on donor funds. Since NGOs do not pay taxes they are excluded from "profit making". This helps them in terms of keeping costs down, but it also precludes working on real contracts or subcontracts (for example World Bank and EBRD and cities give contracts). As a result, trainers may leave NGOs and work free lance –for profit— as consultants or constitute commercial companies. The commercial viability depends on what they can offer and at what cost. Experience in Eastern Europe shows that NGOs (in Eastern Europe these groups can make commercial contracts and also receive grants but not show a profit) with "soft skills" disappear, or exist primarily on donor grants. Those that do best have "hard skills" like project financial analysis, project management, infrastructure design, capital investment planning, IT, market studies or experience with capital markets.

6. Oblast training centers, for all their current faults, have advantages for providing training that other existing institutions lack, such as their presence throughout the country (matched only by AUC regional offices), access to MDCS and Oblast government funds. But a major transformation is needed if they are to serve the needs of local government. Part of their strength is that they are close to the client, but they need to improve the products they offer, make them more responsive to the real "drivers of demand" and the performance needs of municipal managers, and also better serve the needs of villages and small cities that are highly dependent on the Oblast. They need to better meet their obligation (under current division of responsibilities and authorities) to assist these entities and provide them with adequate training. USAID might consider working with NAPA or with MDCS to improve the quality of their State-blessed training, as a sure means of influencing training quality. Currently, NAPA receives this type of assistance through the Hans Seidel Foundation, the Friedrich Naumann Foundation. GTZ, and the Konrad Adenauer Foundation, through partnerships for TA from the Swiss Graduate School of Public Administration, the Polish National School of Public Administration, the Bavarian school of Administration, the International Academy for Leadership, and the FHVR Berlin. NAPA seeks TA from an international "partner" to develop the "in-service training center for training institutions" and a course and trainers to train newly elected deputies and council members. Either of these offers an opportunity to USAID to influence the quality and direction of local government training.

5.5   The comparative advantage of USAID

USAID's comparative advantage as a donor is to support policy reform for decentralization as it has done with success all over Eastern Europe, and to link reform legislation to implementation of the changes on the ground. Few other donors have the same involvement in decentralization and support for services provided at the local level; they support the effectiveness of central administration entities, or work through NGOs locally, or concentrate on only one part of the country for political reasons, or with one administration. While the World Bank, the EBRD and EU can provide loan or grant funds for local infrastructure and services, these are not- at least in Ukraine,-tied to policy change and it may be some time before that happens. USAID has every reason to continue to support local government policy reform as the most effective way to

support local governments. USAID provides the policy change side that these institutions do not touch (at least not for local government). Policy reform will have a significant impact on local government, as one of the main "drivers of change" along with EU standards, capital markets and FDI.

6.0   RECOMMENDATIONS

6.1   Key Lessons learned from Eastern Europe

Although Ukraine today is not in the same situation as East European countries during the transition, there are useful lessons that can be applied when thinking about a workable and coherent approach.

- USAID determined that it was not an effective strategy to provide financial assistance to institutions to train local governments on a large scale or to establish or fund such institutions. USAID supported the reasoning that in a decentralized system, local governments should make decisions about training and pay for it with their own funds. In certain countries (but by no means universally) the State provides support to training institutions directly for in-service training and new entry training, but for the most part, local government is expected to pay for training.

- Cities will pay for the training and technical assistance that they deem critical for their own purposes when there is no competing free training available. As loans and EU funds became available, there was a demand for project financial analysis, credit analysis, market studies and other related training, as well as for better understanding of client relations. This has led to development of a market for local providers.

- In most Eastern European countries the Associations of Local Governments (or Counties, as the case may be) quickly decided that they did not want to play a major role in training, and that this was not their core mission. This is the case in Slovakia, Romania, Bulgaria, Serbia and Poland.[16] In a few cases, professional associations have provided training to respond to member demands (Municipal Finance Officers Associations, for example), similar to fee-based training offered by professional associations in the USA(Government Finance Officers Association, ICMA, American Association of Planners, etc).

- In countries that have decentralized, the fiscal decentralization process gave sufficient leeway and revenue sources to municipalities to determine and pay for their own training needs. With few exceptions, the national government does not support local government training (except through higher education, such as schools of public administration,

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[16] In Western Europe this is not necessarily the case, and in several countries the Associations have set up training arms. However, these organizations and municipalities are far richer. In some countries such as France, there is a State institution devoted uniquely to training local government officials.

university education and technical schools). Poland has a mixed but highly decentralized system, with a Foundation offering much of the local government training.

- While in many cases USAID provided training to target municipalities in its local government projects, this was not a nation-wide effort. The purpose of the training was closely linked to a project objective but the impact of the training was very difficult to determine.

- Grant-financed foundations and NGOs can survive, but they have to compete in the market place for contracts against donor-supported activities which has shifted dramatically in nature over the years. The groups that have succeeded tap a number of markets and meet cities' demands for hard skills such as financial analysis and project design to access donor or bank loans.

6.2   Policy Recommendations to USAID

If USAID aims to maximize its impact on local self government and leverage the development of local government capacity, then it should consider the following policies some of which apply universally and not just to local government:

- Use funds strategically, where it has a comparative advantage to influence policies and quality of outputs, and where small inputs can have long-term and large pay-offs. In practice this means that USAID should not put small amounts of money where large amounts are needed, such as implementation of "mass" local government training, and should recognize which donors are most influential and which inputs can provide the most impact.

- Do not attempt to replace the State as local government training provider (through grants or through massive project-based training) because massive funding is required and USAID cannot support this undertaking.

- Work within the "rules of the game"; modernize and improve the training institutions that are the recipients of State training funds to improve their quality in the long term. USAID should consider working directly with NAPA or with MDCS or another training institution to improve its quality so that it can better support USAID projects. USAID can assist training organizations to set and meet standards for quality control, training needs assessments, training design, TOT, qualifications of trainers and training methodology.

- USAID's comparative advantage as a donor in the local government sector is with legal and regulatory framework and policy reform. This has been shown to have a far larger impact long term than any short term training programs.

- USAID would do well to concentrate local government projects on those areas where policy change is likely, better integrating donor support to real "drivers of change" and drivers of demand for training. Project training needs to be linked to the system for sustainability and impact; local government projects can best provide training through

affiliations with recognized Ukrainian State training institutions to maximize capacity for implementation and ensure that there is an institution capable of providing training and assistance to implement the changes on a mass scale.

- USAID should support AUC in its "core activity," which is to develop consensus for local self government policy reform, through top down coalition building and bottom-up advocacy through its membership, peer contacts and information sharing. Grants should also be available on a competitive basis for thorough research to consider the short and long term implications of different legislative proposals. The AUC membership should be forced to carefully consider the use to which they put their own funds, for their real priorities.

- Develop commercial training institutions (not NGOs) by using them where they have a clear advantage over State institutions, offer something different, only when they are not competing in the same arena with free training.

- USAID should not encourage donor dependency and erosion of the market by encouraging NGOs as providers of free training. This undermines the cities' willingness to pay for priority training and competes with the commercial providers whom USAID has encouraged and supported. It suppresses competition based on quality, as well as the incentive for cities to pay for what they want, concepts that are fundamental to the free market.

- USAID should support changes in the NGO regulations so that competent groups need not double register in order to break out of donor dependency as not for profit grantees.

- USAID can improve training quality by supporting the competitive procurement of State training implementers and State-mandated quality norms for providers of State–mandated training.

- Institutions that USAID assists should be selected competitively based on their comparative advantage for implementation over the long term and their comparative expertise in the given sector.

ANNEXES

Annex 1: Interviews

1. *Kiev*

1. Viacheslav Suprin Deputy Superior, Department Development of Professional Technical Education, Ministry of Education and Science

2. Mr. Sumetky, Head of International Department, Ministry of Education and Science

3. Dr. Korotkniy, Rector, Academy of Housing and Communal Services

4. Oaxana Remiga, Project Manager, Community Development Program, UNDP

5. Dr. Victor Kravchenko, First Deputy Managing Director, Association of Ukrainian Cities and Communities

6. Valeriy Mykhaylenko, Grant Manager, AUC

7. Volodymyr Vakulenko, Head of Regional Administration, Local Self Government and Urban Manager Department, National Academy of Public Administration, office of the President

8. Volodymur Moroz, Department of International Projects, National Academy of Public Administration

9. Valentyna Hoshovska, Director of In-Service Training National Academy of Public Administration

10. Olha Bosak, Director, International Projects Department, National Academy of Public Administration

11. Vira Nanivska, President, National Academy of Public Administration

12. Iryna Paschenko, Regional Institutes, National Academy of Public Administration

13. Andriy Nestorenko, Office of Economic Growth, USAID Ukraine

14. Ira Birnbaum, Europe Eurasia Bureau, USAID

15. Anatoliy Chemerys Vice President, National Academy of Public Administration

16. Valerii Baranov, MP, Verhkovna Rada

17. Volodymyr Kondrachuk, Project Manager, Civil Society and Public Administration, EU Delegation

18. Howard Ockman, COP Chemonics COP LED project

19. Robert Bodo, COP RTI MBR project

20. Yuri Kanozchak, Ministry of Regional Development

21. Alexander Kucherenko, People's Voice Project

22. Iryna Shcherbyna, General Director, Institute for Budgetary and Socio-Economic Research

23. Igor Slobodenyuk, Executive Director, Municipal Development Institute

24. Gary Martin, Association of Ukrainian Cities and Communities, Kiev Region Executive Director

25. Lydia Zhuravel, Association of Ukrainian Cities and Communities, Kiev Region Deputy Director

26. Dr. Myroslav Pittsyk, Vice President, Association of Ukrainian Cities

27. Olena Tomniuk, Head of International Policy Department, Association of Ukrainian Cities

28. Tom Monastyrskyi, Poverty Reduction and Economic Management, World Bank

29. Oleksiy Balabushko, Poverty Reduction and Economic Management, World Bank

30. Tetyana Kovtun, Acting Director, Twinning Programme, Main Department of Civil Service(standing in for Andriy Vshnevskyi, Deputy Head)

31. Zinovy Shkutyak, MP Verhkovna Rada

2. **Brovary**

1. Viktor Antonenko, Vice President AUC, Section of Medium Municipalities and Mayor

2. Igor Sapozhkotz, City Secretary, City of Brovary

3. **Ukrainka**

1. Pavlo Kozyrev, Mayor Vice President of Ukrainian Association of Cities

4. **Ivano Frankisvk**

2. Zinoviy Fitel, First Deputy Mayor Ivano Frankivsk

3. Andriy Lys, Chief of Staff, Office of the Mayor, Ivano Frankivsk

4. Oleg Voitechuk, Regional Office Director, Association of Ukrainian Cities

5. Mr. Janobshun, Education Services Director, Association of Ukrainian Cities

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AUC Kyiv Regional Office, Priority Issues, 2008(received from RO).

AUC, 2008 Work Plan ETAS Project 2008, Kyiv.

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Center for Local and Regional Development in Ukraine, Company Description, AUC and VNG (undated).

USAID, Invitation and Description for Grant Applications, (undated).

Annex 3: Focus Group Questionnaire

As part of USAID's assessment of local government training, we are interested in learning about your recent training experiences over the past few years.

This is an _anonymous_ questionnaire. We do not want to know your name. The information will be used for global statistical purposes only, not for individual answers.

If you have attended several trainings, please identify what training you refer to in answering the questions, or if your answer is applicable to all trainings attended.

Focus groups will allow you to elaborate on your answers to these questions:

Your Training Experience

1. What type(s) of training have you attended?

Academic degree or long term training program_____

Short peer-with –peer course delivered by trainer_____

Short course self study materials _____

E-study distance learning course_____

How relevant was the training to your job description and the performance of work?

Not directly relevant___   some relevance_____   very relevant____

Did you attend the training:

- Before you began working for local government?_____

- At the beginning of your work for local government_____
- After working some time for local government_____

Please check which applies to you when you attended training:

- I was an elected official_____
- I was a council member_____
- I was in a senior staff position_____
- I was in a junior staff position_____
- I worked with local government staff_____
- I worked with Communal Services_____

2. Check which best corresponds to the length of training you attended.

- 1 day_____
- 2 days to one week_____
- More than one week_____
- Long term training_____
- Self study with no timing_____

3. Your perception of the training: Please check all items which best describe the training you have had (if you have attended more than one training, please rate them separately).

- Sufficient in depth or detail to allow me to master the material and apply it in the workplace____
- Not sufficient in depth or detail to master the material and apply it in the workplace _____
- The format of training delivery (balance of lectures, practical applications, case work, exercises) was: inadequate___ adequate___ good___ excellent____
- The length of the course was appropriate to master the material : adequate___ too short ____ too long____
- The Trainer knowledge of subject was: inadequate____ adequate____ good____ excellent____
- The Trainer presentations and training methods were: inadequate____ adequate____ good___ excellent_____
- Were supplementary course materials provided? Yes____ no____ If yes, rate the materials: Provided useful information that helped to understand the subject and apply the learnings to work situations ____Were difficult to understand and apply____Were not useful _____

4. What organization's training(s) have you attended in the past (check all that apply)?

National Academy for Public Administration ____

AUC____

Donor organization or project (such as USAID project, MATRA project, UNDP project, US Ukraine Foundation)_____

Higher institute of education_____

Ministry Training_____

Regional Training Center_____

Other training organization_____

5. Have other co workers from the same organization as yours attended the same course?
Yes_____   No_____

6. Check all the categories that represent the skills, knowledge or attitudes you acquired through your training/degree program:

Organization and Management_____; Research skills and techniques_____; Computers or MIS_____; Finance or accounting_____;Teamwork_____; Strategic planning_____; Specific technical subjects_____; Other_____

7. Please indicate how difficult or easy it has been to apply your new knowledge, skills and attitudes at places of work:

Very easy_____; Fairly easy_____; Possible, but difficult_____; Very difficult_____; Impossible_____

8. If you have you been able to apply your new knowledge and skills in your workplace, has there been any difference in output, performance (quality, quantity or other) or productivity as a result? In other words, did something change in the way you do your work or the performance of your organization?

Yes___   No____

9. If yes, Please check all of the below that describe the changes:

- I have improved productivity and/or efficiency through applications in professional work_____
- I have applied new methodologies in carrying out my professional work_____
- I have improved the management of my organization _____
- I have contributed to institutional reorganization _____
- I have contributed to improvements in the way services are performed_____
- I have contributed to policy changes_____
- Other_____

10. What improvements would you suggest for training local government appointed or elected officials? Check all that apply.

Course offerings more relevant to application of job requirements____

General management skills courses available_____

Courses are longer or span several sessions_____

More depth to course material _____

Training methodology provides for practical applications to real work situations_____

Training methodology includes team work_____

Self study materials improved or added_____

More training provided as distance learning_____

More training provided as Trainer-taught courses_____

Training available for new-entry staff_____

Other_____

11. Which, if any, of these subjects corresponds best to your, or your staff learning needs?

- Strategic planning
- Policy planning and decision making
- Personnel management
- Client relations
- Citizen participation in decision making
- Communication skills
- Organizational and management skills
- Organizational change management
- Budgeting
- Accounting
- Computer programs
- MIS for decision making
- Legal framework of local self government
- Local Economic Development
- Technical training in specific areas related to your job
- Other (please specify)

THANK YOU FOR YOUR COOPERATION!

Annex 4: Summary Table Questionnaire Responses

Responds of focus group participants

(Cities of Brovary, Ukrainka, Ivano-Frankivsk and Ivano-Frankivska oblast, *(total 58 participants)*

What type(s) of training have you attended?*

Question No's-1	Yes
Academic degree or long term training program	18
Short peer-with –peer course delivered by trainer	19
Short course self study materials	22
E-study distance learning course	9
No answer	5

* Multiple answers are allowed

How relevant was the training to your job description and the performance of work?*

Question No's-2	Yes
Not directly relevant	4
Some relevance	30
Very relevant	24
No answer	2

Did you attend the training?*

Question No's-3	Yes
Before you began working for local government?	17
At the beginning of your work for local government	34

After working some time for local government	13
No answer	

Please check which applies to you when you attended training?*

Question No's-4	**Yes**
I was an elected official	7
I was a council member	16
I was in a senior staff position	3
I was in a junior staff position	4
I worked with local government staff	24
I worked with Communal Services	6
No answer	4

Check which best corresponds to the length of training you attended*

Question No's	**Yes**
1 day	4
2 days to one week	19
More than one week	9
Long term training	14
Self study with no timing	22
No answer	

Your perception of the training

Question No.3-1	**Sufficient**	**Non-sufficient**	**No answer**

Training was sufficient/insufficient in depth or detail to master the material and apply it in the workplace	33	10	15

Question No.3-2	Inadequate	Adequate	Good	Excellent	No answer
The format of training delivery (balance of lectures, practical applications, case work, exercises) was:	2	19	18	4	15
The Trainer knowledge of subject was		14	19	8	17
The Trainer presentations and training methods were		22	17	4	15

Question No.3-3	Adequate	Too short	Too long	No answer
The length of the course was appropriate to master the material	30	11	1	16

Question No. 3-4	Yes	No	No answer
Were supplementary course materials provided?	44	4	10

Question No. 3-4	Provided useful information that helped to understand the subject and apply the learnings to work situations	Were difficult to understand and apply	Were not useful
If yes, rate the materials	34	7	1

What organization's training(s) have you attended in the past (check all that apply)?*

Question No. 4	Yes
National Academy for Public Administration	5
AUC	13
Donor organization or project (such as USAID project, MATRA project, UNDP project, US Ukraine Foundation)	20
Higher institute of education	26
Ministry Training	3
Regional Training Center	13
Other training organization	13
No answer	4

Have other co workers from the same organization as yours attended the same course?

Question No .5	Yes	No	No answer
Have other co workers from the same organization as yours attended the same course?	36	15	7

Check all the categories that represent the skills, knowledge or attitudes you acquired through your training/degree program*

Question No. 6	Yes
Organization and Management	32
Research skills and techniques	8
Computers or MIS	6
Finance or accounting	8
Teamwork	12

Strategic planning	24
Specific technical subjects	8
Other	8
No answer	2

Please indicate how difficult or easy it has been to apply your new knowledge, skills and attitudes at places of work

Question No. 7	Very easy	Fairly easy	Possible, but difficult	Very difficult	Impossible
Please indicate how difficult or easy it has been to apply your new knowledge, skills and attitudes at places of work	3	34	19	2	

If you have you been able to apply your new knowledge and skills in your workplace, has there been any difference in output, performance (quality, quantity or other) or productivity as a result?

Question No. 8	Yes	No	No answer
Did something change in the way you do your work or the performance of your organization?	51	6	1

If yes, please check all of the below that describe the changes*

Question No. 9	Yes
I have improved productivity and/or efficiency through applications in professional work	23
I have applied new methodologies in carrying out my professional work	18
I have improved the management of my organization	18
I have contributed to institutional reorganization	2

I have contributed to improvements in the way services are performed	12
I have contributed to policy changes	7
Other	6
No answer	4

What improvements would you suggest for training local government appointed or elected officials? Check all that apply*

Question No. 10	Yes
Course offerings more relevant to application of job requirements	36
General management skills courses available	11
Courses are longer or span several sessions	10
More depth to course material	6
Training methodology provides for practical applications to real work situations	23
Training methodology includes team work	20
Self study materials improved or added	9
More training provided as distance learning	3
More training provided as Trainer-taught courses	23
Training available for new-entry staff	18
Other	2

Which, if any, of these subjects corresponds best to your, or your staff learning needs?*

Question No. 11	Yes
Strategic planning	18
Policy planning and decision making	9
Personnel management	14

Client relations	5
Citizen participation in decision making	16
Communication skills	9
Organizational and management skills	17
Organizational change management	7
Budgeting	11
Accounting	2
Computer programs	8
MIS for decision making	17
Legal framework of local self government	23
Local Economic Development	14
Technical training in specific areas related to your job	22
Other (please specify)	

Annex 5. List of focus group participants in Brovary, Ukrainka and Ivano-Frankivsk

City of Brovary

June 14, 2008

1. Rybakova, Lilia, – Chief Architect, Head of City Planning and Architecture Department
2. Balashova, Natalia – Member of Brovary City Council, Secretary of Budget Committee
3. Bagnyuk, Valentin – Member of Brovary City Council, Head of Social Protection, Healthcare and Recreation Committee
4. Golubovsky, Grigory – Deputy Mayor
5. Ilieva, Iryna – Chief Specialist, Secretariat of the City Council
6. Rudenko, Volodymyr – Deputy Mayor
7. Zotova, Inna – Head of Organizational Department
8. Morozova, Valentina – Head of Housing and Communal Services Department
9. Polischuk, Tetyana – Deputy Head of Economy Department
10. Chernyak, Mykhailo – Chief Specialist, Secretariat of the City Council
11. Sapozhkov, Igor – Secretary of the City Council
12. Litvinets, Nina – Deputy Head of Accounting Department
13. Krivonos, Anatoly – Member of the City Council, Head of Committee on Humanitarian Issues
14. Petrenko, Alla – Head of Labor and Social Protection Department
15. Zelenska, Antonina – Head of Financial Department
16. …………………. – Mayor of Brovary

City of Ukrainka

June 21, 2008

1. Protsenko, Kateryna – Chief of Staff of the Executive Committee
2. Naumeiko, Yulia – Specialist of the Executive Committee
3. Shapoval, Olena – Chief Specialist on Sustainable Development
4. Tutchenko, Olena – Chief Specialist of the Organizational Department
5. Saulina, Inna – Chief Specialist of the Municipal Department
6. Bochenko, Iryna – Head of Legal Department
7. Kirichenko, Iryna – Chief Specialist, Engineer on Land Registration
8. Kaban, Oleksandr – Chief Specialist on Architecture and Construction
9. Tkachenko, Grygory – First Deputy Mayor
10. Bychkov, Oleksiy – Deputy Mayor

11. Kasyanovich, Natalia – Secretary of the City Council
12. Didyk, Tamara – Member of the City Council
13. Samoilenko, Vyacheslav – Member of the City Council
14. Gryschenko, Natalia – Member of the City Council
15. Kiselyov, Volodymyr – Member of the City Council

City of Ivano-Frankivsk
June 25, 2008

1. Kryvets, Volodymyr – Head of Department of Processing Information in Housing and Communal Services
2. Tchaikivskyi, Andriy – Chief Specialist, Software and Computer Technologies Department
3. Oliynyk, Natalia – Chief Specialist, Department of State Register of Voters
4. Trishch, Natalia – Deputy Head of Staff Department
5. Lisovyi, Oleksandr – Chief Specialist, Department of Transportation and Communications
6. Petrushko, Yuri – Chief Specialist, Department of Organizational and Information Work and Control
7. Romaniv, Tetyana – Chief Specialist, Department of International Relations
8. Drogomyretska, Daniyila – Chief Specialist, Department of Reforming and Development of Housing and Communal Services
9. Filvarok, Nadiya – Specialist, Department of Child Protection
10. Shaibak, Hanna – Chief Specialist on Protocol, General Department of the Executive Committee

Ivano-Frankivsk Oblast
 (Elected officials), June 25, 2008

1. Ropar, Vasyl – Village Head, Village of Rozhniv, Kosivsky raion
2. Sakhro, Ivan – Member of Rozhniv Village Council
3. Krasoyak, Myroslav – Village Head, Village of Viknyany, Tlumatsky raion
4. Kushnir, Mykhailo – Village Head, Village of Petriv, Tlumatsky raion
5. Dyriv, Ivan – Member of Dolyna Town Council
6. Sendetsky, Petro – Secretary of Pysmenne Town Council
7. Nadolska, Halyna – Member of Executive Committee Board, Town of Halych
8. Kovalchuk, Vasyl – Member of Halych Town Council

Ivano-Frankivsk Oblast (executive staff), June 25, 2008

1. Hrytsyuk, Vasyl – Head of Staff Department, City of Kolomyia
2. Panchenko, Oleksandr – Chief Specialist, Department of Economy, City of Kolomyia
3. Mykhalushko, Myron – Deputy Head, Department of Communal Property Management, City of Kolomyia
4. Tupys', Lyubov – Lawyer, Tysmenytsya Town Executive Committee
5. Stefun'ko, Oksana – Specialist on Legal Issues, Tysmenytsya Town Executive Committee
6. Yabchanyuk, Svitlana – Chief of Staff, Dolyna Town Executive Committee
7. Koziy, Maria – Deputy Head of Finance and Economy Department, Town of Dolyna

Annex 6: Statement of Work

I. SUMMARY

The United States Agency for International Development's Regional Mission for Ukraine, Belarus and Moldova (Mission) seeks to undertake a review and assessment of the current institutional framework and needs for local government training in Ukraine. The assessment is expected to provide insight about the vision leading Ukrainian authorities are forming for the institutional landscape that will be in place to support the broad professionalization of local government officials for generations to come.

II. BACKGROUND

A. The Development Challenge

The institution of local self governance in Ukraine has emerged, developed and matured during the past ten years. During the municipal and Parliamentary (Verkhovna Rada) elections of 2002, 2006 and 2007, a critical mass of reform-minded mayors publicly supported national reform candidates and established a symbiotic relationship with these national officials. This relationship first created a significant opposition group in the Verkhovna Rada, and established city governments as an effective molder of local political opinion. Local governments became an effective countervailing power against national level excesses.

Despite a promising political landscape, progress in decentralization and further local self-government reforms has stalled since the 2004 Orange Revolution and 2006 local elections. This slowdown stems mainly from the absence of structural changes in the administrative organization of the new national government and insufficient financial and legal framework for effective local governance.

Local budgets have become excessively burdened with social expenditures mandated by the national government. The 2008 State Budget continues to carry on the negative tendency of trimming the financial capacity of local governments. According to the Association of Ukrainian Cities' (AUC) estimates, local governments are short approximately 9 billion UAH (USD 1.8 billion) to perform functions delegated by the central government such as education, health care and social assistance. The share of city development budgets channeled to renovate and develop the utility infrastructure has also been considerably reduced.

Local government legislation still does not meet the requirements of the Council of Europe Charter on Local Self-Governance. The examples include but are not limited to legislation regulating the financial support to local governments to perform functions delegated by the central government, the overly centralized system of central government instructions on the structure and staffing support for local government bodies, etc. There are also internal contradictions as different pieces of legislation were passed at different times and were based on

different underlying ideologies. In addition to internal inconsistencies, several key pieces of local government legislation are missing.

The "Constitutional Reform" in January 2006 eliminated the single district election of members to the Verkhovna Rada and all oblast, raion and city councils. The legislative function at all levels is now accomplished by members elected only from political party lists. The practical impact of this legislative change on local governments was the tremendous tourover (55-60%) of key local officials and local council members after the March 2006 local elctions in Ukraine. In addition, about 55% of mayors were changed as a result of the direct vote during the same elections. Each local election will require serious local government training interventions to follow.

A major challenge for fully-fledged local self-government in Ukraine is the capability of local authorities to effectively undertake and implement their growing number of competencies, especially to provide high quality local public services to citizens. Within Ukraine's current weak legal and financial framework the success of further developing local self-governance will depend on the level of expertise, motivation, and aspirations of local officials who see a career in local government. These personnel must be properly trained and must receive proper recognition for their training.

Since the restoration of its independence, Ukraine has established a system to provide local governments with professional specialists. However, it does not meet all local government capacity building needs and is flawed. The current system does not cover key categories of local government public servants and is not supported by properly developed curricula. An important key to achieving the operational capability of local governments is an adequate training system for local self-government staff, comprising both the initial training of future local self-government servants before entering into the local self-government service and the continuous in-service training that should be closely related and respond to the changing needs of professional and career development of local self-government officials.

There are no public or private educational institutions in Ukraine that offer a modern city management curriculum and advocacy training. Training for public officials provided by the existing educational establishments in Ukraine does not meet the needs of local governments. The training mandate of these institutions is unclear, their training programs overlap, thus resulting in inefficient use of public resources.

- The National Academy for Public Administration offers an array of educational programs and modules to train central government employees that have totally different managerial and corporate interests from those of local government officials. Only recently the Academy started to provide training services to city mayors and deputy mayors who in the Ukrainian public servant ranking system represent Categories I through IV. However, the training demand of these categories goes beyond the Academy's capacity.
- Local officials representing Categories I through VII are trained by the Main Department for Civil Service in Ukraine. Yet, this organization does not cover all local officials and its training curricula are focused more on central executive civil servants rather than local officials.
- The Association of Ukrainian Cities working under a USAID grant developed a set of training programs, tools and activities to train local government officials at all levels, but

this mechanism has not been institutionalized to create a critical mass of properly trained local government professionals.

Not surprisingly, most local officials have only basic managerial knowledge and skills and are not well versed in the rights and obligations of municipalities and their staff. The central government often exploits this lack of information using various scenarios aimed at misleading local governments, violating their rights and even harassing democratically elected and independent local government leaders.

The challenge in local government human resource management is to form a new generation of local politicians and officials who are able to modernize and manage local governments through the future. Administrative and Territorial reform in Ukraine is of high priority today; the resulting new powers and resources of local governments will require a different skills set, leadership ability, and experience. Reforms in the public service administration are expected to result in the creation of additional layers of government, such as rayon and oblast-level executive bodies, increasing the cadre of local government servants.

B. The Current USAID Local Government Program

The Mission has supported local government reform in Ukraine for the past 10 years. USAID has been an important contributor to Ukrainian efforts to develop city management as well as technical skills for selected municipal service sectors.

Currently, USAID provides a balanced program of technical assistance to municipalities in two core areas: 1) legislative advocacy and municipal association building and 2) basic city management skills that focus on citizen participation, strategic planning, budgeting and financial management.

Currently, the Mission manages three local government activities:

1. Expanding Training and Advocacy Services of the Association of Ukrainian Cities (Association of Ukrainian Cities), Good Governance, 9/8-05 – 9/7-08

The main objective of the project is to strengthen the institution of local self-government by enhansing the professional expertise and skills of local officials through training them in major topics of every-day city management matters, providing them with necessary legal assistance and establishing efficient mechanisms for protecting rights and interets of territorial communities.

The objective of this project is to support the Association of Ukrainian Cities' (AUC) ability to develop its training capacity and to create a number of institutional mechanisms and training tools to work with AUC member municipalities and to including but not limited to strategic planning, budgets, citizen participation in decision making, and communal services. The project also assists the AUC in formulating and advocating citizen needs through adopting supportive policies and legislation, as well as improving its capacity to provide legal advice to member cities.

2. Local Economic Development (Chemonics), Good Governance, 8/20-04 – 12/31-08

The objective of this project is to create an enabling environment within Ukrainian cities that will attract investment, promote business growth, and create jobs. The project works in 40 competitively-selected cities throughout Ukraine on capacity building for strategic planning, establishing citizen steering committees and offices of economic development, developing a municipal LED toolkit, formulating a supportive legislative agenda, and assisting in the implementation of each strategic plan and in information dissemination. The project has recently undertaken the task of establishing a national office and regional network of consultants to encourage Foreign Direct Investment in Ukraine.

3. Municipal Budget Reform (RTI), Good Governance, 2/15-05 – 7/15-08

The objective of this project is to make municipal budgets more effective, transparent and accountable by assisting 85 municipalities install a sophisticated system of Performance Program Budgeting. At the national level the project strengthens municipal budget autonomy through focused legislative assistance to Parliament. The project also assists the Ministry of Finance to install Performance Program Budgeting as the national budget preparation and execution system, improve the macro-economic analysis of budget planning and institutionalize public awareness and participation in the budget process.

Each of these programs contain training activities emphasizing slightly different technical areas and depths. Every training/technical assistance component in any these projects has been attracting a far larger number of participants than originally planned for and the need and demand for new training keeps growing.

In October 2006, USAID condicted the assessment of its local government activities. The findigns of the assessment put emphasis on local government advocacy and policy issues, lobbying for local government funding levels and coordination of training activities.

III. SCOPE OF WORK

Purpose

As administrative and local government reforms move forward in Ukraine, local governments will become serious players in Ukrainian politics and in the economy with more powers and resources transferred to the local level. Local governments, both institutions and officials, need to be better prepared to use this anticipated new authority and resources efficiently for the benefit of their communities. The demand for a variety of local government training is an indication of how awareness is growing that new skill sets and professionalization opportunities will be required to earn and sustain a high degree of autonomy and responsible self-governance. As demand grows, organizations try to address these by designing programs tailored to the particular needs or niche that the request represents.

The current approach to training would benefit substantially from a broader and longer term policy and institutional framework for training local government officials. USAID has, therefore, decided to undertake an assessment to examine this need so it can deepen reforms and further consolidate democratic governance at the local level and enhance sustainability of its

previous efforts and programs in local government training through the AUC and the U.S.-Ukraine Foundation. The assessment will identify problems and opportunities for local government training in Ukraine, design a study tour for selected officials to expose them to international best practices, and suggest a vision and institutional outline for local government training in Ukraine.

Expected results

- An assessment of, and a White Paper Report on, the present status of local government training in Ukraine, with a focus on training needs, institutional roles and capacity, and resources available;
- A study tour design for selected local government officials and representatives of local government associations and major training institutions to the United States and/or a Central/Eastern European country to look at institutional models of local government training; and,
- Recommendations for Ukrainian organizations to proceed with design of their training strategies and curricula for targeted audiences.

PROPOSED IMPLEMENTATION APPROACH

The evaluation team will first conduct a desk-top review of key documents (see Appendix A). In Ukraine, the team will conduct interviews with implementing partners and targeted beneficiaries, and travel to at least two sites to interview city mayors and local officials.

During the first week of the evaluation, the team shall prepare and submit a Work Plan for this assessment for USAID/Ukraine approval.

USAID/Ukraine will provide the team with input and guidance in setting up a schedule of interviews and site visits, but the responsibility for executing work tasks is with the team. The team will spend three weeks in Ukraine on the first trip to the country to collect necessary data and information to prepare the Draft White Paper Assessment Report that includes Local Government Training Analysis and Recommendations on Future Programming. The first draft of the Report will be prepared and submitted for USAID/Ukraine review and approval after the third week at completion of the first field visit to Ukraine.

USAID/Ukraine will assist the team in identifying contacts in Ukraine. The recommended institutions and organizations for the team to meet include the following:

- Central Government Officials (Ministry of Regional Development and Construction, Ministry of Education, Main Department for Civil Service and Members of Parliament (representatives of the 'local government caucus");
- Municipalities (cities of Brovary and Ukrainka (both from the Kyiv oblast) representing different types of cities in Ukraine);
- Training institutions and organizations such as the National Academy for Public Administration, Main Department for Civil Service in Ukraine, and the Association of Ukrainian Cities ;

- Association of Ukrainian Cities and its Lviv and Luhansk Regional Offices;
- USAID Local Government projects, as listed above;
- Other Donors providing assistance to the local government sector, such as Canadian International Development Agency (CIDA), European Union (EU), Dutch Social Transformation Program (MATRA) and others; and
- Think tanks, academicians and other research institutions.

The team is encouraged to identify and visit additional organizations and groups based on his/her review of materials and determination of where useful information sources might be found.

The first day in country the team will meet with USAID to establish clear expectations about the outcomes of the evaluation and go over the goals, schedule and methodology of the evaluation. The team will be required to meet with USAID/Ukraine at the halfway point of his/her field work to brief USAID on progress and findings.

TASK 1: Assessment of the Institutional Landscape in Ukraine for Local Government Training

The team will prepare an analysis that reviews the current needs and capacities in the local government training sector in Ukraine. The assessment shall include:

1) An overview and analysis of the current training situation for local government officials
2) Recommendations to USAID on the design of activities to address the local government training needs in Ukraine.

The analysis should address but not be limited to the following issues, questions and tasks:

- Assess the training, on-the-job-training and retraining needs of Ukrainian local government institutions by conducting a sectoral analysis of the target audience for training (city management staff, local council members, utility company employees, etc.);
- Conduct an overview on existing key institutions which currently provide training to public servants and identify their vision and strategies regarding local government training;
- Assess the training curricula of these institutions and to what extent their courses correspond to the training needs of local governments;
- Assess the personnel qualifications, resource base, institutional and outreach capacity of training institutions;
- Explore the level of support the existing institutions have from Central Government Agencies (Verkhovna Rada, Cabinet of Ministers, relevant line ministries, etc.); and
- Identify to what extend these institutions have financial support for their activities and the main sources for such support.

TASK 2: Design up to two Study Tours for Selected Local Officials, Representatives of Local Government Associations

Design up to two study tours for selected local government officials, representatives of local government associations and major training institutions to central/Eastern European countries (3 days) and/or to the United States (one week). The primary objective of visiting these countries will be to:

- Gain exposure of best practices of local government training in Europe and/or the USA;
- Based on the hands-on experience, evaluate the institutional, human resources, training curricula, certification and financial support framework for local government training in Ukraine; and
- Generate suggestions regarding approaches to and a model for providing local government training in the current Ukrainian setting.

As the study tour (s) proceeds, it should be designed to give the participants time to think through what they have learned and to think about what questions they would like to ask in meetings. In addition, time should be set aside to let the participants work on and put together a preliminary Trip Report on their visit with an emphasis on what they have learned and what issues the study tour raises that they would like to pursue further when they return to Ukraine.

TASK 3: Provide assistance to the National Academy for Public Administration under the President of Ukraine's Office (NAPA) to assist with the design of their strategy.

This task is considered to be a separate assignment from the two tasks above. Findings and recommendations made during its implementation should be put in a separate document and presented to the NAPA.

The work with the NAPA should address but not be limited to the following tasks:

- Conduct an overview of NAPA's capacity and its four regional affiliations in terms of training program relevancy to meet the needs of various categories of governmental officials in Ukraine;
- Assess the NAPA think tank capacity in terms of producing public white paper reports;
- Provide recommendations for NAPA to proceed with developing its academic policy and strategy to address the targeted audiences; and
- Assist NAPA with developing its approach for successful participation in international donor programs and fundraising strategy.

DELIVERABLES

The team will prepare the following documents:

1) Suggested work plan and approach for conducting the assessment: due after the completion of the Desk-Top review in the U.S.

2) A draft White Paper Assessment Report, per an outline agreed by USAID, due after first field trip while the team is in Ukraine.

3) A Final White Paper Assessment Report with Recommendations for Future Programming due two weeks after receiving USAID comments.

4) A Final NAPA Report with recommendations for the future academic and think tank strategy.

5) Participants' Trip Report collected from the participants of the study tour and presented to USAID at the beginning of the second trip of the team to Ukraine.

USAID/Ukraine will provide the team with comments within two weeks of the draft report submission. The team shall address USAID comments and submit a Final White Paper Assessment Report to USAID/Ukraine within two weeks of receipt of comments. The USAID/UKRAINE OEG Office Director will be responsible for reviewing and approving the Final Report.

The team shall be responsible for report production and will provide the final deliverables to USAID/Ukraine on a compact disk (in Microsoft XP). The Final White Paper Assessment Report shall be presented in 10 bound copies and an electronic version in PDF format.

The Final NAPA Report will be submitted to the NAPA and USAID (in 2 hard copies and an electronic version each) upon completion of the second trip to Ukraine.

TIME FRAME

The evaluation is scheduled to commence as soon as the new award is issued and be completed within approximately 4 months. It will include 3 days of Desk-Top review, 3 weeks in the field, two weeks for reading and incorporating USAID comments and preparing study tours, two weeks for study tours, and another two weeks approximately in Ukraine to disseminate the report, present it to USAID and counterparts, and work with the NAPA. Total Level of Effort: 53 days (30 days in Ukraine and 23 days in the US). A six-day workweek is authorized for the team.

The notional time frame is presented below:

Week	Days	Location	Activity	
I	3	US	Desktop review	
II	6	UA	Assessment	
III	6	UA	Assessment	
IV	6	UA	Assessment. Write draft	

			assessment report.	
V-VI				USAID: Review and Comment on the draft assessment report
VII-VIII	12	US	1) Put study tour for US and/or Europe and send for approval to USAID by end of week VII; 2) Review and incorporate USAID comments and finalize the report	USAID: review and approval of the study tour by end of week VIII.
IX-XIV				Technical preparation for the study tour for the team
XV-XVI	3+5	TBD	Study Tours (6 persons)	
XVII-XVIII	12	UA	1. Finalize and present the report and develop implementation plan to a) USAID, b) counterparts, c) ministries 2. Work with NAPA – separate assignment	

TOTAL work days: 53

TOTAL work weeks: 10

TOTAL project length: 18 weeks

QUALIFICATIONS OF THE ASSESSMENT TEAM MEMBERS

(Senior Consultant on Local Government)

USAID/Ukraine seeks Senior Local Government expert(s) with demonstrated experience conducting local government training assessments for donors and other clients in the Eastern Europe or former Soviet Union region. An advanced degree in Public Administration and a

minimum of 10 years experience in development is required, of which at least 5 years has been spent in the former Soviet Union or Eastern Europe on issues of local government training and capacity building. The expert(s) must have extensive knowledge on local government training needs, an understanding of Eastern European local government institutional challenges, and past experience development institutional assessments and evaluations of local government institutional frameworks. Knowledge of Ukraine is highly desirable. Excellent writing skills; exceptional client interaction skills, and management skills are required. Knowledge of USAID and particularly of Local Government training is a must.