



USAID | UKRAINE

FROM THE AMERICAN PEOPLE

LOCAL GOVERNANCE



Performance Program Budgeting provides for the reallocation of funding into better performing activities such as for the purchase of new hospital diagnostic equipment, school computers and lab supplies, and street light improvements to make life brighter for Ukrainian citizens (Photo: courtesy of USAID MFSI-II project)

THE CHALLENGE

The growth of local government remains stifled by the limited resources that municipalities have at their disposal to build and operate basic services and infrastructure. Local governments need to attract domestic and foreign capital investment and to learn to manage their budgets effectively, while becoming more transparent and accountable to their residents.

OVERVIEW

USAID municipal and local economic development programs enhance local government expertise to provide better services to residents, develop independent and transparent financial planning and management strategies, attract investment and create a better business environment.

OUR PROGRAMS

Municipal Finance Strengthening Initiative (MFSI-II)

This project promotes efficient and transparent implementation of local budgets to foster local social and economic development. MFSI-II provides legislative, methodological and organizational support to central and local government bodies to expand Performance Program Budgeting (PPB) to all local budgets in Ukraine, and ensures sustainability of PPB training. It works with 15 cities to develop and implement multi-year development strategies, including the introduction of financial practices that foster energy efficiency. It also promotes understanding of the public budgeting process, revenues and expenditures.

Development Initiative for Advocating Local Governance in Ukraine (DIALOGUE)

USAID's DIALOGUE project provides training to Ukrainian public servants, civil society organizations, and the public to help build a fertile environment for local government reform and ensure broad-based support for decentralization. The project seeks to create an equitable dialogue between local governments and the central government and expand the legal and institutional framework for the development of local government in Ukraine.

Public-Private Partnerships Development Program

The Public-Private Partnership (PPP) Development Program promotes PPPs as a model for collaboration, with a focus on private sector funding and operational expertise, to improve infrastructure and public services in both urban and rural areas. Program activities are centered on: 1) legal and institutional reforms; 2) establishing a national public-private partnership unit that connects government and private sector interests; 3) training government and private sector representatives on Public-Private Partnership project design and implementation, and informing the public on the PPPs potential impact for social and economic development; and 4) developing and implementing 10 PPP pilot projects.

PROGRAM OBJECTIVES

- To help Ukrainian cities attract investment, promote business development and create jobs.
- To strengthen the expertise of municipal government to perform core functions, including the formation and implementation of strategic plans.
- To improve the delivery of essential communal services, such as energy, water and wastewater treatment, to consumers.
- To improve the legislative and regulatory frameworks to make cities more creditworthy and able to attract budget, debt and equity financing.
- To promote a public-private partnership model of collaboration between local governments and the private sector.

Implementing Partners

Public-Private Partnerships Development Program in Ukraine: FHI 360

DIALOGUE: Association of Ukrainian Cities

Municipal Finance

Strengthening Initiative: The Institute for Budgetary and Socio-Economic Research

For more information, please contact **USAID/Ukraine Development Outreach & Communications**, tel. (+380-44) 521-5741, visit <http://ukraine.usaid.gov> or <http://www.facebook.com/USAID/Ukraine>

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PROGRAM HIGHLIGHTS

Municipal Finance Strengthening Initiative (MFSI-II)

Since the project's inception, MFSI-II has:

- Assisted with simplifying PPB procedures for local budget formulation, which were reflected in seven new Ministry of Finance orders. As a result, finance reporting was streamlined and 35% of previously reported indicators have been eliminated from the reports;
- Helped improve access to credit resources and greater autonomy for local governments by working with the Cabinet of Ministers on a resolution that simplified local borrowing procedures;
- Extended the implementation of PPB to 346 municipal budgets across all of Ukraine's oblasts;
- Trained 2,590 local budget officers who developed 16,000 budget programs.

DIALOGUE

Since the project's inception, DIALOGUE has:

- Set up Local Government Advisory Boards in 19 oblasts of Ukraine to promote an agenda of decentralization;
- Provided technical support in the preparation of 198 draft proposals and amendments to draft laws and regulations, including 14 documents passed by the parliament and/or approved by the Cabinet of Ministers;
- Provided legal support to 200 municipalities by rendering 673 consultations to local government officials to help them provide better services to citizens and increase their capacity to handle legal matters on their own. The project organized 100 professional workshops for local government officials to help them better perform their functions; and
- Produced 39 TV programs *zMISTOvna Ukraina* that showcased municipal best practices and successes in prime time on a major television channel.

Public-Private Partnerships Development Program

Since the project's inception, P3DP has:

- Established a PPP unit within the Ministry of Economy, Development and Trade;
- Prepared drafts of the PPP Strategy and Strategy Implementation Plan;
- Developed six PPP pilots;
- Identified an additional four pilot PPP projects in the municipalities of Kyiv, Zhytomyr, Sevastopol and Dnepropetrovsk.