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Country programme document for Ukraine (2006-2010)*

Contents

	<i>Paragraphs</i>	<i>Page</i>
Introduction	1	2
I. Situation analysis	2-10	2
II. Past cooperation and lessons learned	11-19	3
III. Proposed programme	20-30	4
IV. Programme management, monitoring and evaluation	31-33	5
Annex		
Results and resources framework for Ukraine (2006-2010)		7

* The compilation of data required to provide the Executive Board with the most current information has delayed the submission of the present report.

Introduction

1. The country programme (2006–2010) for Ukraine is based on extensive consultations with the Government, United Nations agencies, academic and research groups, civil society organizations, businesses and the international donor and development community. It builds on the common country assessment (2005), the United Nations development assistance framework (UNDAF) of 2005 and the findings of the assessment of development results (2004). It incorporates knowledge gained through a wide range of national and international development programmes.

I. Situation analysis

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

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

4. The economic transition of Ukraine is likewise incomplete. After a decade of decline, gross domestic product (GDP) growth resumed in 2000 and reached 9.3 per cent and 12 per cent in 2003 and 2004, respectively – some of the highest rates in the world. The economy has continued to expand in 2005, although at a slower pace than previously. Macroeconomic stabilization was sustained except in the period leading up to elections in 2004, and regulatory reforms were implemented to promote growth. Yet despite five years of vigorous expansion, Ukraine remains one of the poorest countries in Europe. Roughly one fourth of the population lives in

poverty, measured at \$4.3 per day. The poorest 30 per cent of the population receives 12.5 per cent of all income, according to the *Human Development Report 2004*.

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

6. Economic growth has also failed to stem deterioration in the quality and availability of such public services as education, health care, and social welfare benefits. The 2004 human development index (HDI) for Ukraine was 0.77 (using data for 2002). This figure is still lower than that for 1991, primarily because life expectancy has continued to worsen, and GDP overall has failed to recover to its pre-independence level. The three most striking symptoms of social malaise are demographic: (a) Ukraine has a low fertility rate; (b) life expectancy is low, especially for men (56.5 years); and (c) there is a persistent exodus of workers seeking gainful employment abroad. The population of Ukraine is in decline, falling from 50.2 million to 47.5 million between 1997 and 2003. Rural communities are markedly poorer than urban settlements, which account for 67 per cent of the Ukrainian population.

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

8. Human security in Crimea and regions affected by the Chernobyl nuclear disaster of 1986 are of both national and international concern. Resettlement of the indigenous Tatar community, which was forcibly deported from Crimea to Central Asia, still requires intensive effort to promote inter-ethnic integration and strengthen regional security.

Similarly, communities affected by the Chernobyl disaster continue to suffer from the uncertainties surrounding prolonged exposure to low-level radiation as well as limited opportunities for social and economic development. Pronounced regional differences in attitudes, outlook, and expectations between the western and eastern regions of Ukraine emerged with clarity during the 2004 presidential elections, and need now to be addressed.

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

10. The new Government of Ukraine sees greater integration with the European Union, as well as with the global economy through membership of the World Trade Organization, as the key to many of the social, economic, and human development challenges that the country faces. The top priority task for the next few years will be to adapt Ukraine's policies and regulations to European Union standards.

II. Past cooperation and lessons learned

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

12. *Democratic governance.* The most notable contribution in this area was the formation by UNDP, in

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

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

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

15. Community-based institutional arrangements for the political, social, economic, and cultural integration of the multi-ethnic community in Crimea have yielded positive results in maintaining peace, stability, and development. Similarly, citizens in communities affected by the Chernobyl disaster have been active in carrying out measures to stimulate social, economic, and ecological recovery.

16. Advocacy and training have inspired government leaders to incorporate gender in their public policies. Equal opportunity has been enshrined in the legal framework of Ukraine, the family code has been revised to reflect gender

concerns, and the legal basis to combat human trafficking and violence against women has been strengthened.

17. *Environment and sustainable development.* UNDP assistance was instrumental in fostering public dialogue on and integration of sustainable development concepts into national policies. The capacity for formulating and implementing environmental legislation has improved. Drawing on its experience in Crimea and Chernobyl, UNDP helped municipal authorities engage in community-based approaches to sustainable development.

18. The assessment of development results conducted in 2004 attributes the success of UNDP in delivering development results to three factors: (a) using the Millennium Development Goals (MDGs) as a guide to programming; (b) standing at the forefront of international efforts to address key challenges through the use of partnerships with multiple stakeholders, and directing attention to human rights and improvements in living standards; and (c) responding to government priorities and ensuring government ownership of programming. The assessment also stresses the need to focus on key programmes.

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

III. Proposed programme

20. The country programme for 2006-2010 aims to support the Government in its efforts to achieve European Union standards through a new wave of policy reforms; build institutional capacity and implement successful practices to help develop a healthy relationship between the State and its citizens; enact efficient decentralization; promote the growth of a vibrant private sector; and empower citizens. In these efforts, UNDP will work together with other United Nations agencies and the international donor community, guided by the MDGs, the government programme 'Towards the People', and the blue-ribbon commission report.

Democratic governance and access to justice

21. UNDP support will contribute to development in UNDAF assistance areas on (a) institutional reforms that enable all people to fulfil their human rights; and (b) civil society empowerment to enable citizens to access services and enjoy their rights. These activities relate directly to the multi-year funding framework (MYFF) goal of fostering democratic governance and MDGs 3 and 6.

22. *Accountable citizen-based government.* Transforming the relations between citizens and the State is a priority. The Government will be supported in introducing policy reforms and institutional changes that strengthen democracy and governance. Public administration reform, political reforms for democracy, parliamentary oversight, and public access to government will be given support through institutional and anti-corruption reforms and measures that ensure respect for human rights. Reforms are expected to enhance institutional accountability, responsiveness, and transparency. Public access to information, participation in decision-making, e-governance, and the adoption of open government practices are to be strengthened. Arrangements for territorial governance will be reformed to improve relations between central and local institutions. The media and civil society organizations will be supported in developing monitoring, reporting, and advocacy capacity.

23. *Access to justice and human rights.* UNDP will respond to a clear public will to reform the judicial system and secure respect for human rights. This support will build on the achievements of the integrity in action for participatory governance programme to enhance the structure and capacities of the Parliament, the Office of the Ombudsman, and civil society. Access to justice and rights will receive support through institutional reforms and capacity-building of the judicial system, court administration, and the media. Respect for the rule of law, independence of the judiciary, and the human rights standards enshrined in international United Nations conventions will be the benchmarks.

24. *Decentralization and local governance.* The opportunity to strengthen civil society and create democratic local governance through decentralization has never been greater in Ukraine. UNDP support will build on the achievements of the municipal sustainable development, Crimea integration and Chernobyl programmes to promote area-based development and decentralized institutional arrangements for local governance at the regional, municipal, and local levels.

Provision of public services will be supported through partnerships of the central and local administrations with citizen-based civil society, non-governmental and business organizations.

Human security and sustainable development

25. *Human security and sustainable development for prosperity.* UNDP support will be active in the UNDAF assistance areas covering (a) health and basic social services, with a special focus on improving quality; and (b) prosperity, by reducing poverty through balanced development and entrepreneurship. Accordingly, it addresses the MYFF goals of achieving the MDGs and reducing human poverty, responding to HIV/AIDS, energy and environment for sustainable development, and, in some respects, crisis prevention and recovery.

26. *Response to HIV/AIDS through capacity development.* Preventing the spread of HIV/AIDS is a key public health priority. UNDP support will build on the United Nations joint programme. The leadership development and applied human rights and prevention of HIV/AIDS programmes will be scaled up through further policy development, social mobilization, and capacity-building of leaders from government, non-governmental organizations (NGOs), businesses, local authorities, and civil society. Support will be provided to increase access to essential services for vulnerable groups, such as youth, injecting drug users, commercial sex workers, and people living with HIV/AIDS.

27. *Human security for peace and development.* UNDP will build on the Crimea, Chernobyl and peer education programmes to overcome threats to human security in vulnerable regions such as Crimea and Chernobyl. Young people will gain better access to social, economic, and governance knowledge and opportunities through work with schools, universities, NGOs, and socially vulnerable families. Crimea's multi-ethnic community, Chernobyl territories, and other vulnerable regions will be assisted through consolidation and scaling up of integration, recovery, and development initiatives. Area-based regional approaches will be given support through networks of community organizations, educational establishments, and business promotion centres.

28. *Reducing human poverty for prosperity.* UNDP will support a new wave of social and economic reforms, closely linked to achieving the MDGs. Opportunities to expand SMEs through area-based poverty alleviation initiatives will be promoted. These will be linked closely to the implementation of the recommendations of the blue-

ribbon commission report. UNDP will assist the Government and farmer-based NGOs and businesses in reforming policies related to agriculture and rural development and in increasing the access of Ukrainian farmers to property rights, credit schemes, technology, and markets.

29. *Energy and sustainable development.* Reducing carbon dioxide emissions as well as ensuring sustainable management of natural resources are goals of regional and global significance and directly affect the quality of life in Ukraine. UNDP will build on the achievements of the municipal sustainable development pilot programme to support policy development and institutional capacities to introduce sustainable energy services. Support will be provided to introduce institutional changes for transparent and sustainable management of natural and biodiversity resources, for example in the Carpathian mountains, Crimean forests, Polesie wetlands, and other areas. Alternative energy sources, such as wind and methane, will be promoted. Mitigation of climate change, conservation of globally significant biodiversity, and management of land degradation and water resources will also receive support.

30. *Partnerships.* Government ownership and leadership will be promoted through partnerships, which will include joint initiatives for mobilization of donors and allocation of government resources. Increasingly, implementation will take place in the form of joint programmes with the regional administrations and elected local governments. Programmes will create, as appropriate, platforms for the coordination and use of world-class expertise and resources from the international donor community. United Nations organizations will be tapped for expertise and sought as partners for joint initiatives. Prominent national experts from business, NGOs, and think tanks will serve on advisory boards.

IV. Programme management, monitoring and evaluation

31. In view of the new set of implementation modalities developed under the simplification and harmonization processes of the United Nations, UNDP will prepare a country programme action plan for 2006-2010 as well as annual work plans to be approved by the Government. National execution will be the primary principle. Direct execution modality will be used for programmes that cover multiple institutions or sectors, with strong government ownership and leadership.

32. The strategic results framework and the Atlas system will govern results-oriented programme development, management, and monitoring. Programme management will be organized through annual work and result plans, which will be the instruments of authorization for the executing and implementing agents to use resources and deliver results. All programmes will be subject to quarterly and annual reviews with the participation of all partners and stakeholders. Reporting on results and performance will take place monthly, quarterly, and annually. Additionally, programmes will be subject to peer reviews, independent assessments and feedback and outcome evaluations.

33. All programmes will be guided by advisory boards, steering committees or expert councils, consisting of prominent international and national experts, government representatives, the international development community, and other partners. Similarly, key results related to policy reform will increasingly be carried out through the formation of government commissions, committees, or councils to promote the internalization of assistance. Implementation of projects will be largely based on partnerships and cost-sharing arrangements.

Annex. Results and resources framework for Ukraine (2006-2010)

UNDAF outcome # 1: Government institutions at national and local levels function on transparent, accountable and participatory basis that ensures the human rights of all people in Ukraine					
Programme component (MYFF)	Country programme outcomes	Country programme outputs	Output indicators, baselines, and targets	Partners	Indicative resources by goal (\$)
Fostering democratic governance	Accountable citizen-based government promoted Indicator: <i>Public trust in and access to government services and support at higher levels</i> Baseline: <i>Low level of trust/perception</i> Target: <i>high level of trust (50% and above)</i>	Public administration reform and public access to government strengthened through institutional reforms and anti-corruption measures	Indicator: Cabinet of Ministers and ministries complete institutional reforms Baseline: <i>Start of government "Towards the People" programme 2005</i> Target: <i>50% of government ministries complete reforms 2010</i>	President's Office, Cabinet of Ministers, Parliament; Canadian International Development Agency (CIDA), Swedish International Cooperation Development Agency (Sida), World Bank, European Commission	Regular resources: 500,000 Other resources: 5,000,000
	Access to justice and human rights improved Indicator: <i>Human rights and justice become cornerstone of government policy and practice</i> Baseline: <i>Status as per UNHCHR* Report in 2005</i> Target: <i>Gaps identified in UNHCHR Report acted upon for full compliance</i>	Institutional arrangements and capacities of the Parliament, the Office of the Ombudsman, and civil society organizations (CSOs) developed for citizen access to human rights	Indicator: Action plans implemented comply with international human rights conventions Baseline: <i>No action plan exists</i> Target: <i>Action plan prepared in 2006 and results achieved 2010</i>	Parliament, Office of the Ombudsman; Organization for Security and Cooperation in Europe (OSCE), Council of Europe, International Renaissance Foundation (IRF)	Regular resources: 250,000 Other resources: 3,000,000
		Access to justice and rights enhanced through reforms and strengthening of the judicial system, court administration, and the media	Indicator: Reform strategies implemented to increase access to citizens Baseline: <i>Strategies not prepared</i> Target: <i>Number of organizations in reform; % of access increased</i>	President's Office, Cabinet of Ministers, Ministry of Justice, Courts Administration; European Commission, CIDA, IRF	Regular resources: 500,000 Other resources: 5,000,000
	People-centred decentralization and local public governance Indicator: <i>Progress in MDG targets</i> Baseline: <i>MDG levels at 2005 as given by Ministry of Economy</i> Target: <i>Progress on most targets achieved</i>	Decentralized institutional arrangements for local governance developed and citizen-based partnerships for participatory development promoted	Indicator: National policies on citizen-based governance developed and implemented Baseline: <i>Not prepared in 2005</i> Target: <i>Number of local governments trained to implement</i>	Parliament, Cabinet of Ministers; Oblast and Raiyon authorities, selected municipalities and village councils; Netherlands, IRF, Swiss Agency for Development and Cooperation (SDC), Sida, CIDA, World Bank, European Commission	Regular resources: 750,000 Other resources: 8,000,000
UNDAF outcome # 2: All individuals in Ukraine are empowered to claim and enjoy their rights consistent with international standards through the strengthening of civil society, with a focus on protection of women and other disadvantaged groups					
Fostering democratic governance	Civil society organizations protect and advocate for human rights and justice. Indicator: <i>equal access to services increased. Baseline: Level of family violence in 2005. Target: Decline in family violence by 50% in 2010.</i>	Access to equal opportunities and justice, with focus on women and disadvantaged groups, increased through capacity building of NGOs/CSOs in partnerships with local authorities/government	Indicator: Number of NGOs/CSOs with services to safeguard rights of women and disadvantaged Baseline: <i>Low-level service in 2005</i> Target: <i>Increased number of NGOs and CSOs and increased number of services available</i>	Ministry of Youth and Family, Ministry of Economy, Ministry of Justice, Parliament, NGOs, local governments; Sida, European Commission, UNFPA, United Nations Development Fund for Women	Regular resources: 292,000 Other resources: 3,000,000
UNDAF outcome #3: Increased equitable access to quality health and basic social services with priority on HIV/AIDS, tuberculosis and mother and child health, consistent with international standards					
Responding to HIV/AIDS	Leaders actively engage, and spread of HIV/AIDS begins to decline Indicator: <i>Stability in spread and decline tendencies in HIV/AIDS</i>	Prevention of HIV/AIDS scaled up through capacity-building of leaders and multisectoral and multi-institutional-oriented responses	Indicator: Prevention initiatives covered by all sectors Baseline: <i>Number of government agencies with HIV/AIDS projects</i> Target: <i>At least 5 sectoral ministries take lead in prevention</i>	Ministry of Health, Ministry of Youth and Family, Ministry of Labour, Department of Tourism, Defence Ministry, Interior Ministry, and others; European Commission, Sida, USAID*,	Regular resources: 750,000 Other resources: 10,000,000

	Baseline: % of population affected in 2005. Target: % decline in population affected in 2010.	Access to prevention and care for vulnerable groups, such as youth, injecting drug users, commercial sex workers, and people living with HIV/AIDS enhanced	Indicator: Universal access to prevention/care achieved Baseline: Low-level access 2005 Target: Access to services cover above 80% targeted population	British Council, UN agencies	Regular resources: 250,000 Other resources: 3,000,000
UNDAF outcome #4: By 2010, poverty reduced by 50% through equitable, area-based economic growth and targeted provision of inclusive social services					
Achieving MDGs and reducing human poverty	Sustainable economic development through pro-poor policy reform Indicator: Decline in rural and urban poverty through equitable income and new environment of cooperation of State, enterprises, and civil society Baseline: Level of rural and urban poverty in 2005	Agriculture and rural development policy reform further strengthened, and access of Ukrainian farmers to property, credit schemes, technology, and market services enhanced	Indicator: Increase in rural production and income levels Baseline: % rural population with low income level in 2005 Target: % rural population with low income decreased	Cabinet of Ministers, Ministry of Economy, Ministry of Agriculture; USAID*, CIDA, World Bank, International Finance Corporation (IFC), European Bank for Reconstruction and Development (EBRD), European Commission, Germany, Netherlands; FAO	Regular resources: 1,000,000 Other resources: 5,000,000
Achieving MDGs and reducing human poverty	Target: Ukrainian MDG target on poverty achieved by 2010	New wave of social and economic policy reform at the national and regional levels implemented; and SMEs expanded through area-based poverty alleviation initiatives	Indicator: Private investments increase and share of SMEs in GDP reach OECD levels. Baseline: % of SMEs in GDP and level of private investments 2005 Target: % of SMEs in GDP increased by 20% by 2010	President's Office, Cabinet of Ministers, Ministry of Economy, other selected ministries; World Bank, IFC, European Commission, USAID*; CIDA	Regular resources: 1,250,000 Other resources: 10,000,000
Crisis prevention and recovery	Human security enhanced through recovery and development Indicator: Government incorporates human security as fundamental policy Baseline: Practice demonstrated 2005 Target: Policy prepared and budget allocated for nationwide impact	Human security responses, with attention to youth, Crimea, Chernobyl, and other vulnerable regions consolidated, upscaled, or promoted	Indicator: % targeted population engaged and number of organizations promoting human security Baseline: % and number in 2005 Target: 80% population reached by 2010	Crimea ARC* Government; Ministry of Emergency, Cabinet of Ministers; CIDA, Sida, SDC, Netherlands, Norway, Turkey, OSCE, IRF, Greece, Department for International Development (UK); UN agencies	Regular resources: 1,000,000 Other resources: 14,000,000
Energy and environment for sustainable development	Sustainable development policies and practices make the difference Indicator: Decline in green gas/carbon dioxide emission and stability in rate of deforestation Baseline: % green gas emission per capita and minimization of natural disasters	Institutional capacities and capabilities of municipalities strengthened through improved policies and practices related to energy services and environment	Number of municipalities engaged in energy-saving and sustainable practices Baseline: 3 cities as of 2005 Target: 50% of regional centres	Ministry of Environment, Association of regional authorities and cities; Global Environment Facility (GEF), USAID*, European Commission, EBRD, World Bank, UNEP*	Regular resources: 750,000 Other resources: 10,000,000
Energy and environment for sustainable development	Target: 50% decline in green gas emissions per capita and non-occurrence of floods and natural disasters due to sound forest practices	Sustainable governance and management of natural and biodiversity resources promoted through capacity-building and regional cooperation	Indicator: Stability in loss of forest and biodiversity resources Baseline: % loss in forest and other resources at 2005 Target: Number of forest management supported and reporting on stability in coverage of forest/biodiversity areas	State Committee for Forest; Regional forest authorities; SDC, Austria, GEF, UNEP, NGOs and others	Regular resources: 500,000 Other resources: 5,000,000

Total resources: \$88,792,000 (\$7,979,000 from TRAC 1.1.1. minus \$187 – negative carryover from 2005, \$ 11,725 GEF, \$ 60,395.800 third party; \$8,879,200 Government)

*ARC – Autonomous Republic of Crimea

*FAO – Food and Agriculture Organization of the United Nations

*OECD – Organisation for Economic Co-operation and Development

*UNEP – United Nations Environmental Programme

*UNHCHR – Office of the United Nations High Commissioner for Human Rights

*USAID United States Agency for International Development