# EU/UNDP – CBA Project evaluation, 2013

# Recommendations

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Based on the evaluation findings, conclusions and CBA lessons learned, the evaluation mission makes the following recommendations:

### General Strategy

* CBA III should **e*stablish*** *a* ***more binding partnership with the key line Ministries*** that would ensure their closer follow-up on CBA achievements, outcomes and challenges, as well as providing the project with an opportunity to more directly inform national decision-making, and feed project experience into national level policy and regulatory work.
* ***Preserve the existing competition-based approach to rayons and VCs\TCs selection***. The Ministry of Economy that is responsible for regional development and monitoring of the socio-economic development status of administrative territories can be more actively involved with the partner selection process in the future.
* ***Allow participation of small towns*** in CBA III (with the population up to 50,000) that face similar small and social infrastructure problems as the rural settlements.
* The evaluation mission suggests ***revisiting the idea of including focus on condominiums into CBA III***, which is new for the project and is associated with a number of serious risks (discussed above).
* To achieve greater effect, sustainability and visibility of CBA, to ***foresee “profiling of oblasts“*** (allowing “specialization” in different components of CBA III – e.g., on energy efficiency, rural economic development (ASCs), municipal development and support to condominiums (if CBA decided to pursue this component). Profiling of oblasts can be based on the willingness of oblasts and rayons to advance in a particular area, of their actual needs in these areas, and of the assessment of those support systems in place. This approach will allow CBA III to:
* Go beyond the support of an individual community and more strongly link them to the meso-level by supporting local governments in developing demonstration ground\models of good governance and management in a given sector (from the grassroots level to the role of village\ town, rayon, oblast);
* Secure stronger linkages between socio-economic development strategies\plans elaborated at the regional and rayon level, and between grassroots activities;
* Provide more targeted technical assistance to partners;
* Minimize the burden on regional project staff;
* Gain more credibility and stronger leverage on governance and management in the main project focus areas at both regional and national levels.

This approach might require increasing the relevant capacity of the regional CBA staff to reflect regional specialization.

* ***Apply tighter conditionality on institutionalization of rayon and oblast level support structures*** (RRC, ORC, LDF) ***and the use of CBA approaches*** in oblast\ rayons’ own programs and grant competitions. To maximize project impact on other communities and general local development; to allow non-participating communities to benefit from project experience by expending LDF to all VCs\TCs, and to overall rayon development planning and management issues. Further capacity-building of RRC to support VC\TC, COs on local development issues and resource mobilization will also be required, in the context of their expanded role. Develop feasible RRC institutional options (municipal organization, a separate department with a clear ToR – all based on CBA current best practice) to be applied by local authorities.

## Policy level

* ***Instrumentalize the partnership with UADRC and the AASC as the main channels for advocacy and lobbying***; consider ***engagement of the UAVC and the Small Town Association*** (in the case of expanding CBA to urban areas).
* Together with partners, ***identify carefully and address key policy issues generated by the CBA implementation*** ***experience*** related to the advancement of sustainable local development. Some issues that were identified in the course of evaluation include (this might not be an exhaustive list):[[1]](#footnote-1)
* Regulatory security regarding the release of budgetary funding that is committed as co-sharing to international technical assistance projects (entailing Budget Code adjustments);
* Bridging a gap between mid-term planning and budgeting at the local level\ promoting local development planning from below;
* Spatial planning and linking spatial planning to regional and local development strategies;
* Monitoring levels of socio-economic development of local territories;
* Reinforcement of the Law on Bodies of Self-Organization of Population in the regions (also linked to such issues as transfer of local government competencies and resources to these bodies);
* Regulatory environment for social partnership and public-private partnership (community, local government and private sector) at national and regional levels;
* Favorable environment for the development of rural ASC at national and regional level;
* Regulatory barriers related to EE (e.g., interface with oblenergo networks, energy auditing, etc.);
* Condominium management and access to resources (ownership rights, the use of surrounding territory, access to grants and credits, etc.);
* Regulation of the work of local government associations (linked to their ability to increase financial sustainability, provide good service to their members and maintain the knowledge platform created with the support of CBA);
* Local regulatory packages on rural service management, including inter-municipal cooperation (joint service management, water, waste management, etc.);
* Stronger policy leverage of CBA (both directly vis-à-vis the Ministries or through local government associations) will unavoidably imply ***a need to support analytical work on main policy regulatory issues that are*** ***pursued***.
* ***UNDP and EC should play a more proactive role in facilitating coordination among main donors*** involved in advancing local governance and sustainable regional and local development in Ukraine.

##  Micro-projects implementation

* ***Preserve existing modes of micro-project support***, including replication, but consider the possibility of oblasts and rayons collaborating on a number of projects and the use of the CBA pool of funds. This flexibility will be required also if the CBA adopts the idea of profiling the oblasts.
* ***Do not limit sectors and type of infrastructure in the “non-profiled” oblasts or rayons*** (if the recommendation on profiling is not accepted or in case of oblasts and rayons that will not be profiled). However, but the targeted sectors have to be within the competencies of the local government partners.
* Conduct quick assessments of the current status of all ***water projects*** previously supported by CBA, and ensure that those facing operational and maintenance challenges ***are provided with proper technical assistance and can secure sustainability of their systems***. Coordinate such technical inputs for the existing and upcoming water projects with the DESPRO project, which has strong expertise in the area of rural water supply in Ukraine. Encourage CBA partners interested in sustainable rural water supply and sanitation solutions to join the DESPRO knowledge platform.
* ***Clearly define the goals and expected outcomes of the replication scheme*** (e.g., to increase coverage? to allow completion of a started project? etc.). Adjust the criteria for partner selection for the replication scheme accordingly.
* ***Under the EE component***
* ***Closer scrutiny should be given to the value for money criterion when deciding on EE projects.*** Alternative energy sources (solar collectors and modules) should be chosen only when conventional energy is clearly more expensive or not reliable (since in many cases, alternative energy is used only as a back-up or reserve energy source). The choice of more economically viable solutions can be stimulated by investing more time into community awareness-building on costs and benefits and a requirement to increase local contribution.
* ***Focus adequately on awareness-raising activities.*** The project and its partners should collect data from the implemented projects (also, using EE passports) to develop a time-based plan to be used for awareness-raising, both at the local and national levels. CBA could use its strong partnerships with academic institutions to implement this activity. Influencing the overall situation with EE will imply a need to work on awareness-building of the wider population (main energy consumers).
* ***Ensure greater quality control over strategies prepared with the support of the project****. The regional EE Strategies or proposals developed with the assistance of the CBA in the future should more closely follow national and EU standards (both in terms of the structure and substance).*
* ***Under the rural economic development component:***
* Initiate ***regular (quarterly) monitoring for ASC financial operations***. This would 1) enable CBA or its partners to intervene in a timely way once there is a risk of violating ASC statute or legislation, 2) enable assessment of the effectiveness of CBA rural economic component, 3) improve the accountability of the ASCs and mitigate the principal agent problem (members not being able to hold the leadership accountable).
* Develop ***follow-up strategies to lead newly created ASCs through their operations***. This assistance will not likely be direct financial assistance (which was provided at the initial stage of the project) but rather more ad hoc consulting and developing the support networks (government programs, business associations). CBA could partner with an organization to provide such support and disseminate CBA ASC best practices, and advocate legislative changes (e.g., with the ASC Union or with AgroOsvita).
* ***Focus on those regions which have a system of ASC support already in place*** and/or clear willingness to provide policy support. CBA should then strive to choose in each region a specific area (both in terms of the ASC activity and location) in which to create a model ASC network. The ASC network might unite ASCs involved in the same business activity with potential for vertical or horizontal integration. This would ensure achieving greater effect, sustainability and visibility of the CBA intervention.
* ***Relax requirements on the target group.*** While it is important to ensure homogeneity of the ASC members, there are also benefits to limiting requirements. It is important to increase the scale of ASC operations to effectively compete with large and medium businesses, and to increase access to human and financial capital. ASCs will also decrease risks of business failure if they manage to enable vertical integration of their activities (from field to the table).
* Consider ***making the economic rationale of ASC activities a primary criterion***. ASC activities should provide greater economic incentives for households to join, given the potential risk of taxation. Current tax legislation makes it possible to tax incomes of ASC individual members and apply VAT. The requirement to increase the economic appeal of ASC might also imply shifting the CBA focus onto ASC activities that have short-term payback periods.
* Ensure ***continuous awareness-raising of ASC concepts and practices*** through a wide number of communication channels, such as videos, seminars, and peer-to-peer exchange visits.
* In the future phase, strike a ***balance between time needed for community maturation and partners’ capacity-building,*** on one hand, ***and the speed of delivery of micro-projects,*** on the other.
* ***Review the current tranches reimbursement scheme*** with the idea of either reducing the number of tranches to two, or an increase of the first tranche, in order to allow communities to complete a meaningful amount of work under their micro-projects.
* Following the participatory spirit of the project, organize a Round Table, with oblast coordinators and selected oblast and rayon partners, to discuss planned modifications to CBA prior to finalization of the phase III approach.

## Capacity building and knowledge management

* ***Continue the support to UARDA knowledge hub*** (including experts pool) but do so with a clear sustainability vision in mind. Encourage connection of all CBA partners to the knowledge platform.
* ***Focus future cooperation with academic\education institutions*** in the two following areas:
* Use of research for M&E of CBA and encouraging more applied research topics related to regional sustainable development;
* Bringing CBA experience into the training of civil servants.
* ***Partner with ASC Association and/or AgroOsvita*** ***under the rural economic development component.*** Support the Association of ASC in becoming a center of expertise on cooperatives, by establishing a knowledge center (depository) / electronic knowledge platform on cooperatives (similar to that with UARDC), and networking between the cooperatives and advocating their interests at the national level. Encourage the CBA-supported cooperatives to join the Association.
* ***Continue the production and wide dissemination of visual materials*** (videos, awareness-raising and education materials) in relation to main CBA components. Make better use of new information and communication technologies – e.g. consider investing into the production of Applications on sustainable rural development and CBA approach.
* ***Strengthen and systematize networking and peer exchange between CBA partners***, especially at oblast and rayon level, to maximize peer learning. Promote selective identified strong RRCs and COs to become “coachers” to other rayons and COs, based on clearly identified “coaching” tasks. Introduce small incentives for coaches.
* ***In line with the chosen profile of partners, provide more targeted capacity-building*** of relevant local government specialists and other technical assistance to local government partners for implementation and monitoring of their relevant strategies, and for establishing adequate support systems.
* ***Further promote competition among CBA partners, and CBA visibility, at the regional and national level by establishing annual nominations*** (“CBA Oscars” for the best RRC, COs, ASC, most innovative project, largest community contribution, best applied research, etc.).

### Management

* ***Ensure synchronization of CBA annual implementation plans with the budget cycle*** in order to ensure that budget contributions are planned well in advance by relevant local government units.
* ***Review distribution of workload for regional coordinators*** to avoid the danger of burn-out among staff. In line with the regional visions of sustainability of Oblast RCs, plan a phasing out and smooth transfer of know-how from CBA coordinators.
* ***Secure the ability of regional coordinators to access narrow expertise***, specifically in the area of EE and ASC development. This will be critical if CBA undertake to profile the regions.
* CBA should apply a ***more rigorous M&E system****,*allowing it to illustrate outcomes and impact on pre-established indicators.

### Visibility

* Consider implementing a ***concentrated information campaign related to propagating a community-based approach and participatory sustainable development*** (with the involvement of media, printed visual materials, electronic social networks, social advertisement, etc.). It would be important that such a campaign targeted the right audience, i.e., regions and local governments.
* Encourage ***more substantive and critical media coverage of CBA***. This can be done through commissioning targeted articles in national and regional newspapers. Consider “CBA Oscar” for the best awareness-raising and analytical publications, consider publication of a series of articles).

## Potential Risk Management

In planning the next phase of the project attention should be given to the following potential risks:

* Fiscal austerity measures being applied to the public budget in Ukraine may cause difficulties in mobilizing budgetary co-funding for the project in the coming year.
* Some windfall disbursements of funds in support of ASCs are likely, following the expected adoption of the National Program for ASC Development, but there is a danger that funding of the Program will not be sustained due to general budget constraints.
* The introduction of bonds into inter-budgetary relations in Ukraine may jeopardize the ability of some regions and rayons to mobilize financial contributions to CBA.
* There may be stress on local government budgets in regions where other donor programs (such as DESPRO or EC Regional Development Program) are working on the co-financing principle.
* CBA taking too many thematic directions linked to local development (EE, economic development, condominiums, etc.) entails a risk of diluting the project`s focus, losing its image of well targeting rural development projects, and weakening its credibility and leverage in each of the focus areas, especially in policies. Such action also implies a need for multiple partnership arrangements at national, regional and local levels, as well as extra stress on CBA project team capacities.
* Delivery-oriented culture of UNDP may diminish the sustainability of CBA.

These risks are to be carefully considered in the planning of CBA III and adequate mitigation measures, where possible, are to be planned.

1. This is not meant to recommend CBA to address all the issues listed, rather this list is indicative of type of policy issues the evaluation identified as relevant for CBA activities in the field. [↑](#footnote-ref-1)