



USAID | **UKRAINE**
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Strategic Review

September 11, 2014



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Note to reader

This strategic review examines the changing context in Ukraine and determines how best to meet current situational needs, while planning for medium and long term goals. Events over the past six months continue to challenge the Mission’s fundamental assumptions and approaches, requiring that the Mission take another look at its activities to ensure that current and future priorities continue to be taken into account and that course corrections are taken as needed. The review represents a “snapshot in time” of the Mission’s evolving approach during the changing situation in Ukraine as it unfolds and is meant to provide a holistic picture of USAID programming in Ukraine. The following slides build upon two prior strategies (Post-Maidan and Post-Election), which also underwent similar review processes. The following slides demonstrate the thought processes that went into this strategic exercise, but do not constitute an official document or commit the USG to funding the concepts discussed. While other stakeholders (Ukrainian, USG, and international) have and continue to be consulted in this process, their activities are not reflected here. As the situation in Ukraine continues to evolve, USAID’s programming will also continue to evolve.



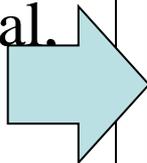
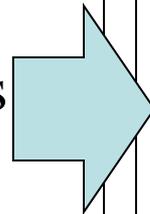
Strategy Development over the past 6 months:

Context/Assumptions

April 2014

4 Overarching Themes

- 1) Territorial Integrity
- 2) National Unity
Crisis/Divisiveness
- 3) Financial/Economic Crisis
- 4) Legitimacy Crisis (political,
electoral, civil society)



September 2014

Multifaceted Crises

- War in the East
- IDPs/Humanitarian Assistance
- Lingering Economic Crisis
- Energy/Energy Efficiency
- Heating for Winter
- Governance Effectiveness
- Consolidating Reforms



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Strategy Development over the past 6 months: USAID priorities aligned with GOU priorities

- ~~AA signing with EU~~ → **AA Ratification & Implementation**
- Stabilization of financial situation → **Restarting economic recovery**
- ~~Formation~~ **Consolidation** of new government → **Reform Agenda**
- Lustration
- Public oversight of budget
- Adopt (unpopular) price and tariff decisions and social safety net
- Reform political and election legislation
- Transparent/fair ~~Presidential~~ **parliamentary** elections
- Renew investor trust → **Attracting foreign investment**
- Protect owner/investor rights
- Anti-corruption
- Energy safety and efficiency
- State humanitarian ~~policy~~ intervention → **Humanitarian assistance in the East + IDP registration/housing/influx to other parts of Ukraine**
- Health care reform → **HIV/AIDS & TB funding decrease**
- IMF cooperation
- Financial sector markets
- Trade/competitiveness → **Reconfiguring trade opportunities towards EU and other markets**
- National unity → **Peace Process + Recovery efforts in the East post-conflict**
- Constitutional reform + Decentralization
- **Agriculture**



Strategy Development over the past 6 months: USAID strategic direction

April 2014	May 2014	September 2014
<u>Post-Maidan Strategy</u> <ul style="list-style-type: none">• Re-evaluating assumptions• Pivoting to meet needs arising from Maidan• Focus on presidential elections• Seeking minimal gap funding	<u>Post-Election Strategy</u> <ul style="list-style-type: none">• Renewing GOU relationships• Ensuring Maidan Momentum• Supporting constitutional reform and decentralization• Requesting funding to meet new needs	<u>Conflict and Crises Strategy</u> <ul style="list-style-type: none">• War/IDPs require rapid response to avert humanitarian disaster• Meeting winter/energy efficiency needs• Focus on parliamentary elections, stabilization and supporting reforms• Pre-positioning for recovery and reconstruction efforts

Prioritizing GOU reform initiatives, including anti-corruption



Strategy Development over the past 6 months: USAID's approach

- Leveraging resources with private sector
- Looking to new partnerships within the GOU at all levels
- Collaborating with donors
- Integrating programming
- Planning for the long term, while addressing immediate situation and needs
- Contributing to a new vision of Ukraine

Ukraine's context, combined with new USAID resources, provides a unique opportunity to jumpstart development efforts for the long term and ensure lasting, transformational impact.



USAID Complex Crisis Fund Activities

Anti-Corruption Reforms

Consolidate Civil Society

Support to GOU

UNITER

Support the Reanimation Reform Package's network of NGO partners to advocate for and monitor implementation of anti-corruption reforms, as well as conduct extensive outreach to ensure the public is aware of proposed reforms and has opportunities to provide feedback.

MERP

Increase transparency and reduce corruption in the energy sector. Support efforts to unite energy sector professionals, mass media and investigative journalists, professional associations and other civil society groups to collect, analyze and publicly disseminate information that has been, to date, hidden from the public.

FINREP-II

Revise key laws and regulations to make major national financial organizations (Min of Finance, National Bank, Deposit Guarantee Fund) more transparent and accountable and remove risks for corruption.

MFSI-II

Introduce performance program budgeting to all levels of the public finance management system, making public budgeting an effective and accountable tool of national policies and strategies. Strengthen GOU internal audit functions.

SIAPS

Public pharmaceutical procurement practices improved at the national and local level to minimize opportunities for corruption and increase public oversight.

CIPE

Build mechanisms for fruitful dialogue and constructive cooperation among business associations, SMEs, and broader civil society to Ukraine's reform processes.

Municipal Support to Fight Corruption

Support municipal entities on issues such as municipal waste, parking and procurement systems.

Constitutional Reform/ Decentralization

DIALOGUE

Support reform of decentralization policy and legislation; implement constitutional and legislative changes related to decentralization; strengthen outreach and increase dialogue with citizens and local government on constitutional reform.

UNITER

Strengthen citizen participation and outreach on constitutional reform issues through civic networks.

Monitoring and Evaluation

Evaluation

An independent evaluation will be carried out to determine the effectiveness of CCF activities in Ukraine

TOTAL COMPLEX CRISIS FUND ACTIVITIES: \$10,000,000



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Crisis Assistance announced by Vice President Biden

Economic Revitalization of the East and South

Ukraine Confidence Building Initiative (OTI)

Displacement Crisis Support for IDPs, lodging, and legal services; Rehabilitating Key Infrastructure, so that areas affected by the conflict are available for use by communities; and Rebuilding Community Cohesion, to reintegrate IDPs into their communities.

Economic Recovery in the East

Focused effort to consolidate assistance to revitalize the economies in the troubled areas in the South and East. Assistance will focus on SME lending and development, energy efficiency, PPPs, and coordinate closely with DG decentralization efforts and other donor interventions.

Trade Policy Reform

Improve trade policy, expand export opportunities for the private sector, help Ukraine prevent and address foreign trade pressures, and promote export diversification.

Transforming Agriculture

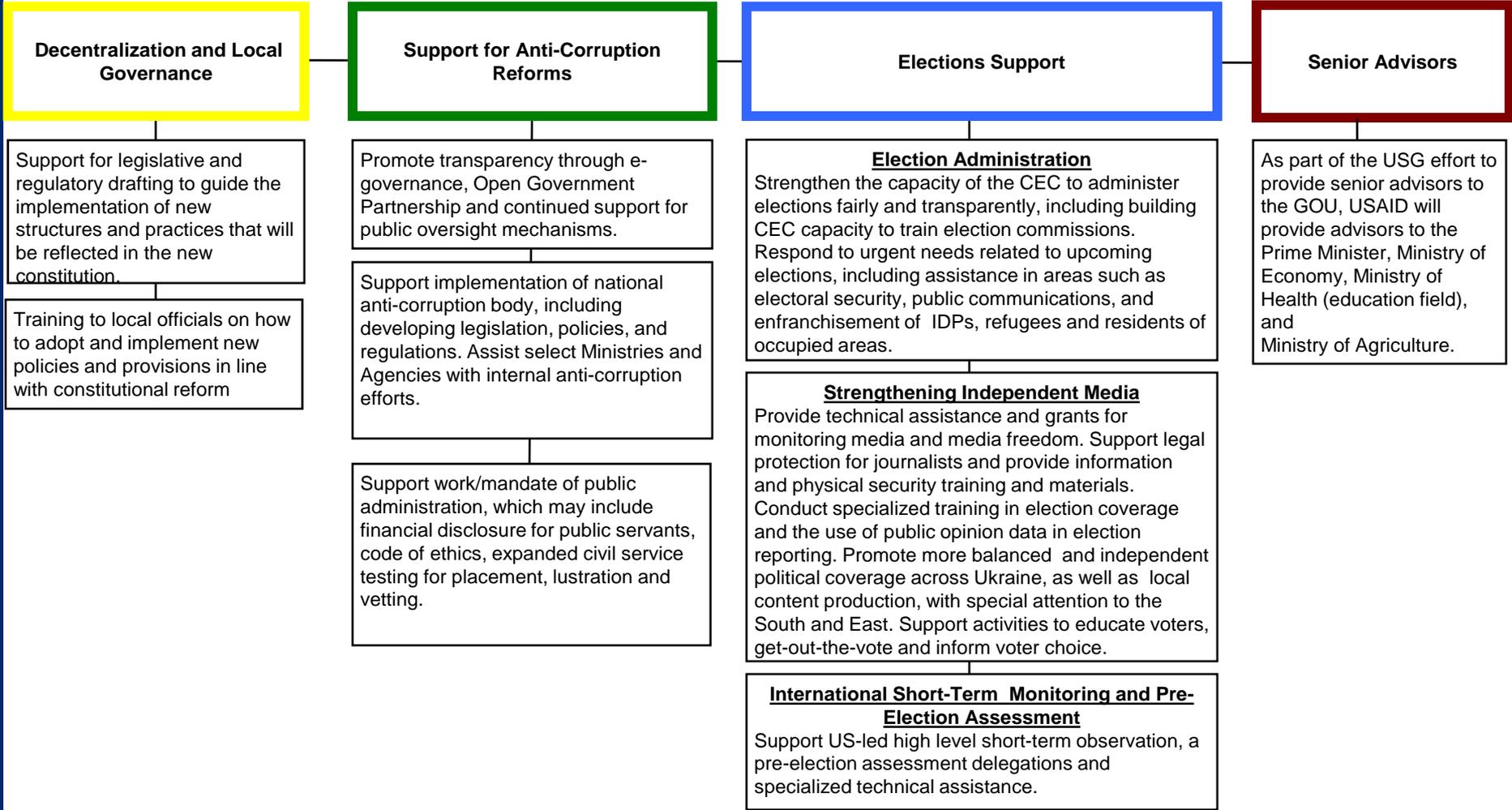
Increase investment in the agriculture sector, support the development and implementation of policy reforms, improve access to credit and investment capital, and improve agriculture-sector governance.

Energy Efficiency

Increase Ukraine's energy security by promoting energy efficiency. Assist the GOU to introduce incentives, reduce financial barriers to investment in energy efficiency, and reform tariff structures to empower more energy – conscious behavior and practices. Partner with local and international private sector energy companies and NGOs to promote energy efficiency and alternative energy solutions.



Crisis Assistance announced by Vice President Biden (continued)



Decentralization and Local Governance

Support for legislative and regulatory drafting to guide the implementation of new structures and practices that will be reflected in the new constitution.

Training to local officials on how to adopt and implement new policies and provisions in line with constitutional reform

Support for Anti-Corruption Reforms

Promote transparency through e-governance, Open Government Partnership and continued support for public oversight mechanisms.

Support implementation of national anti-corruption body, including developing legislation, policies, and regulations. Assist select Ministries and Agencies with internal anti-corruption efforts.

Support work/mandate of public administration, which may include financial disclosure for public servants, code of ethics, expanded civil service testing for placement, lustration and vetting.

Elections Support

Election Administration
Strengthen the capacity of the CEC to administer elections fairly and transparently, including building CEC capacity to train election commissions. Respond to urgent needs related to upcoming elections, including assistance in areas such as electoral security, public communications, and enfranchisement of IDPs, refugees and residents of occupied areas.

Strengthening Independent Media
Provide technical assistance and grants for monitoring media and media freedom. Support legal protection for journalists and provide information and physical security training and materials. Conduct specialized training in election coverage and the use of public opinion data in election reporting. Promote more balanced and independent political coverage across Ukraine, as well as local content production, with special attention to the South and East. Support activities to educate voters, get-out-the-vote and inform voter choice.

International Short-Term Monitoring and Pre-Election Assessment
Support US-led high level short-term observation, a pre-election assessment delegations and specialized technical assistance.

Senior Advisors

As part of the USG effort to provide senior advisors to the GOU, USAID will provide advisors to the Prime Minister, Ministry of Economy, Ministry of Health (education field), and Ministry of Agriculture.



USAID Anti-Corruption Activities

Clean Energy and Energy Regulatory Reform

Local Alternative Energy Solutions in Myrhorod

Reduces corruption by working with local government and private sector stakeholders in promoting more transparent bidding and procurement practices.

Public-Private Partnership (PPP) Development Program for Ukraine

Promotes transparent bidding and procurement practices.

Municipal Energy Reform Project

Creates a transparent and predictable regulatory environment less prone to abuses by utility managers and public authorities with a specific emphasis on citizen oversight, transparency, media capacity to report responsibly, and the policy environment.

Unite energy professionals, journalists, associations and CSOs to create a system of full disclosure of information to eliminate systemic corruption in the energy sector.

Support to IMF Stabilization Program, Fiscal Policy Strengthening, Anti-Corruption

FINREP II

Transparency and accountability of the financial sector by strengthening the legal system so that disclosure and reporting requirements are up to international standards. Includes an advocacy campaign for the rights of consumers of financial services promoting more responsive behavior in the financial sector, thus limiting opportunities for corruption.

Increase disclosure and transparency of government finance and private financial markets. Identify and remove corruption factors from regulations and laws.

Municipal Finance Strengthening Initiative

Fights corruption and public money abuse at the local level by promoting performance program budgeting, public awareness and participatory budgeting.

Expand performance based budgeting to select ministries.

Building Competitiveness and Investor Confidence

AgroInvest

Implements a nationwide land rights education campaign and works with NGOs to train Ukrainians about their rights. Provides direct legal advice to vulnerable rural landowners. Implemented a national training for state registrars and public notaries on new legislation regarding land registration
De-monopolize issuance of grain quality certificates and allow private companies to issue them.

Water for Kherson

Enables communities to manage renovated water supply systems and establish transparent and real cost tariffs.

Commercial Law Reform

Supports regulatory reforms for transparent corporate governance and shareholder access to information, to improve investors' protection from unfair competition, trains judges to ensure the consistent application of judicial procedures and the execution of court decisions in commercial law.

Develop and assist with the implementation of Alternative Dispute Resolution mechanisms for the commercial sector. Improve the enforcement of commercial court decisions, by developing mechanisms such as private bailiff system.

Financial Systems & Agrarian Policy Dialogue

Works to strengthen public-private dialogue over agricultural policies by supporting a public council that provides private sector feedback on GOU's policy initiatives.

Leadership in Economic Governance

Elaborate legal, regulatory and administrative measures to improve business environment

Education

USETI

Works to combat corruption in university admissions by institutionalizing merit-based standardized testing.

AC efforts within the Ministry of Education to reduce fraud and increase strategic planning.

Health

HEALTH CARE REFORM TECHNICAL ASSISTANCE – HIV Reform in Action

Provides assistance to the National HIV/AIDS Program that leads to more efficient and transparent budgeting, improves and optimizes health financing, and rationalizes human resources for health.

Health NGOs monitor public health care reform, particularly in pharmaceutical procurement and advocate to the GOU the need for health care reform.

PROCUREMENT REFORM AND SUPPLY CHAIN MANAGEMENT

Improves pharmaceutical management in non-procurement areas.

Improve public pharmaceutical procurement practices at the national and local level to minimize opportunities for corruption and increase public oversight.



USAID Anti Corruption Activities (continued)

Strengthening Media Independence and Anti- Corruption Monitoring

U-Media

Investigative journalism.

Supports in-depth investigative journalism, assists journalists in holding the government and elected officials accountable and fights corruption at the local and national levels. This also includes content production.

Media monitoring

Supports Ukrainian organizations to monitor media for signs of misinformation, payment for news, censorship, harassment, undue pressure and conflicts of interest. It also assists citizens to more critically consume media and become aware of information quality.

Media ownership & transparency

Media organizations investigate, monitor and report on media ownership and transparency issues, including takeovers and legal proceedings that affect ownership.

Regional Investigative Journalism Network (RIJN)

Supports a team of local investigative journalists to investigate and report on cases of corruption and misuse of government authority.

Journalism Corruption literacy

Develops journalists' expertise and niche professionalism training on implications of corruption and reporting.

Improve Judicial Accountability and Independence (anti-corruption)

FAIR

Reform judicial Selection

Promoted development of merit based tests/exams for judicial candidates, as well as defining judicial competencies, administering the anonymous exam to ensure all new judicial candidates are selected in a merit based manner.

Code of Ethics

Developed online ethics training for judges and public servants after the Code of Ethics was adopted in Feb. 2013.

Financial Disclosure of assets

Promoted financial disclosure for judges.

Judicial discipline

Assistance to develop criteria, standards, investigation procedures, and a database, for judicial misconduct. Applying regulations and enforcement are still greatly needed

Standards for promotion and transfer of judges

Assistance to develop qualifications and competencies for judges.

Lustration and Vetting of Judges

Primarily focuses lustration related to judges by providing technical assistance for lustration standards, criteria, commission composition and comparative analysis from other countries.

Governance and Public Administration

RADA

Anti Corruption legislation and framework

Work with Parliamentary committees on AC legislation. Promote Policy dialogue series. Develop video-based training manual on analyzing the state budget . Work with the Global Organization of Parliamentarians against corruption (GOPAC).

DIALOGUE

Local Governance transparency

Develop legislation development, training for local government officials on compliance with the anti-corruption legislation

IFES

Dissuading corrupt practices in elections and Political finance

Discourage participation in vote buying and raise awareness about the misuse of government resources and other corrupt practices associated with elections.

E governance

Promoting online government transactions to reduce opportunities for bribes.

Open Government Partnership (OGP)

Civil Society

UNITER

Anti corruption Advocacy

Promoting transparency and accountability. Developing national public information campaigns, support to anti-corruption civic activists and coalition-building, and monitoring of public procurement and spending. The Chesno campaign vetted parliamentary candidates and monitored MPs' post election, and improved organizational capacity of civil society organizations engaged in anti-corruption work.

Develop mechanisms for public oversight and engagement

More CSO advocacy of the government and corruption. Enhance civic engagement on anti corruption efforts.

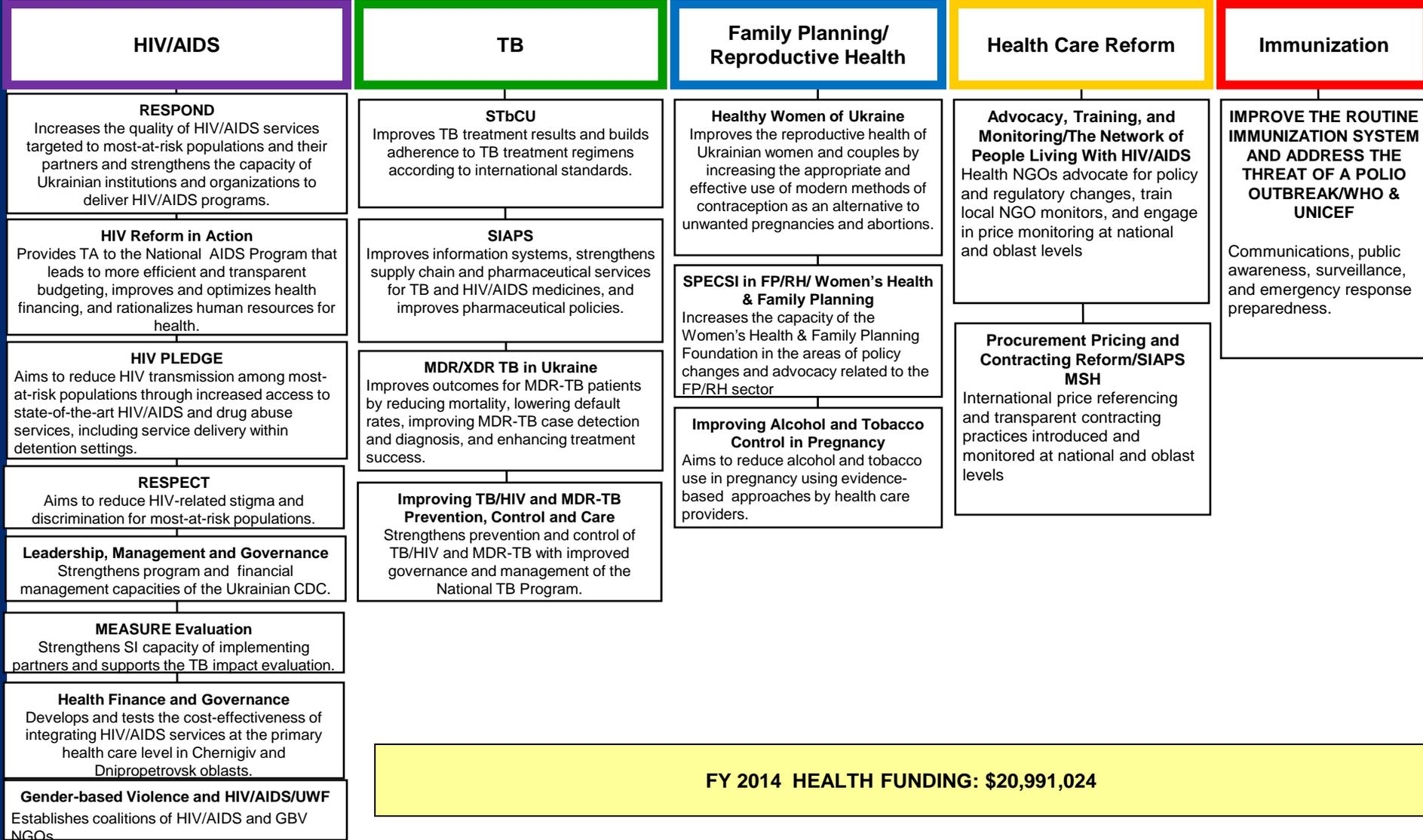
FY 2014 ANTI CORRUPTION FUNDING: \$13,875,000



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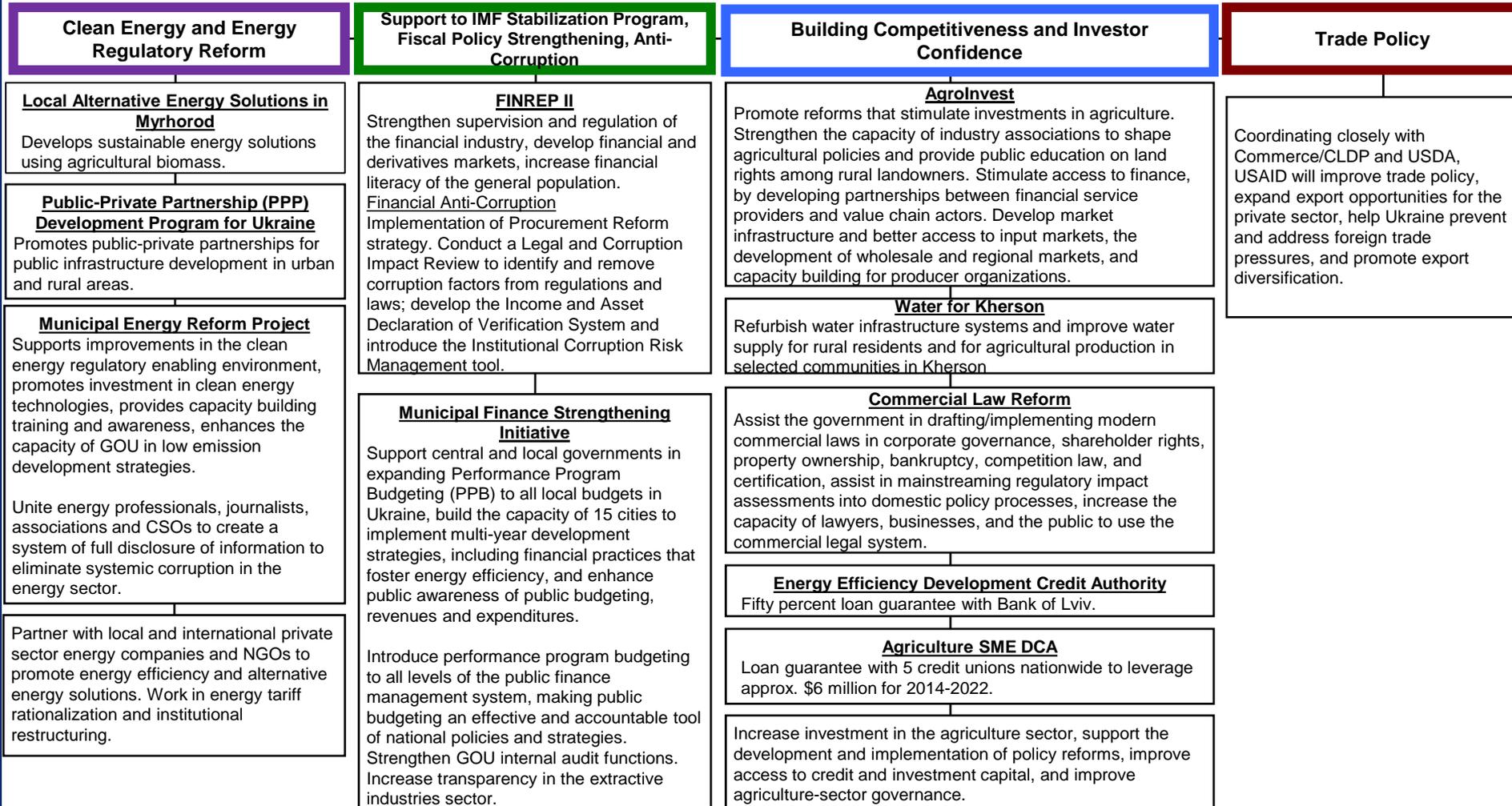
USAID Health Activities (2014-2018)



FY 2014 HEALTH FUNDING: \$20,991,024



USAID Economic Growth Activities (2014 – 2018)

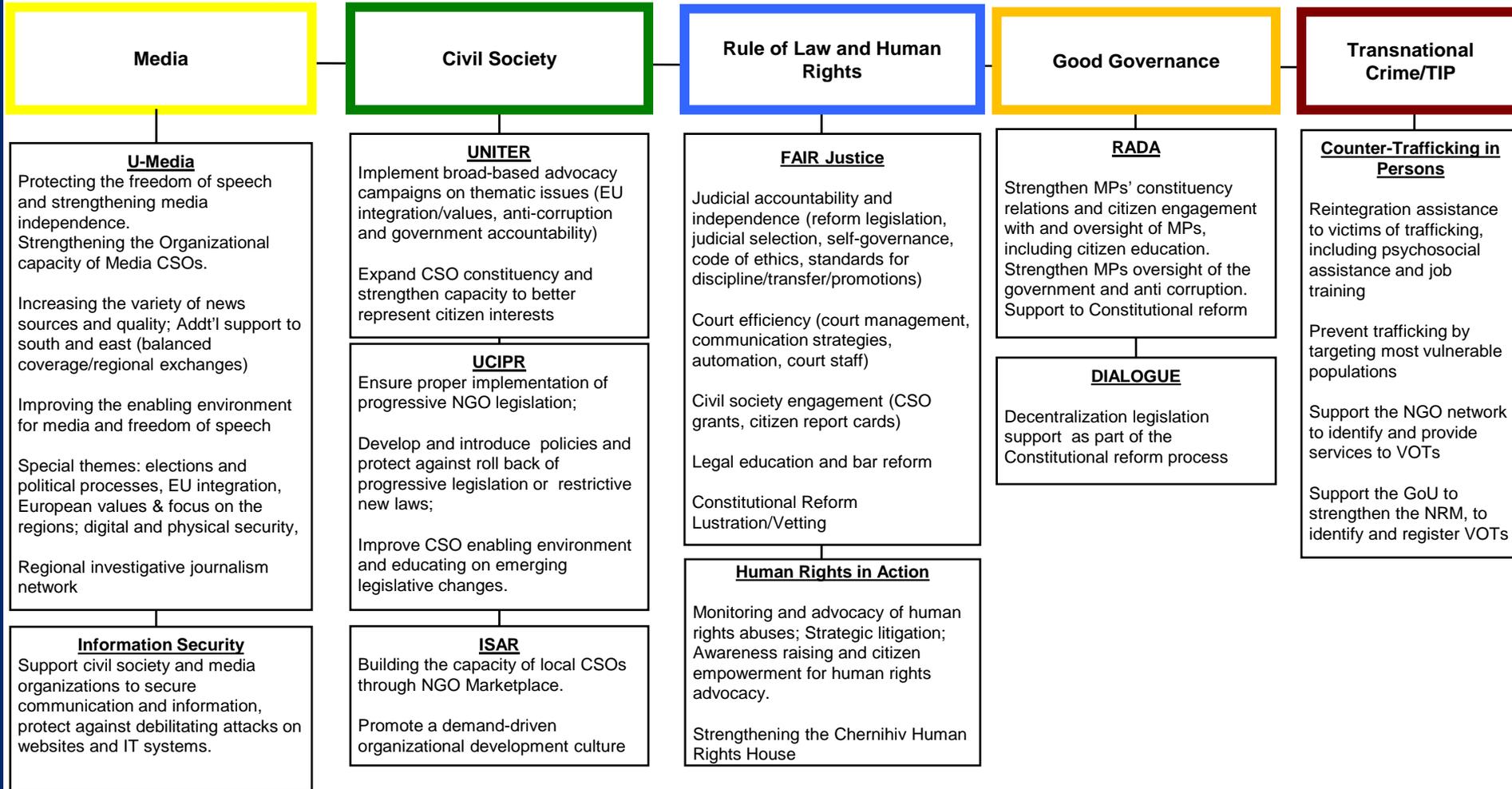




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USAID Democracy and Governance Activities (2014-18)



FY 2014 DEMOCRACY AND GOVERNANCE FUNDING: \$21,628,000



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USAID ACTIVITIES FOR 2014 PARLIAMENTARY ELECTION AND RELATED POLITICAL PROCESSES

Improving the Legal Framework for Political Processes and Election Administration

Electoral Law Reform

Legislative Framework. Support the development and implementation of election-related legislation consistent with European standards and international best practice. Build the capacity of a coalition of CSOs working on election legislation and assist them in monitoring implementation. Train stakeholders (CSOs, journalists, judges, political parties) on election laws and their application.

Election Administration.

Strengthen the capacity of the CEC to administer elections fairly and transparently. Particular attention is directed toward building CEC capacity to train election commissions. Respond to urgent needs related to upcoming elections, including assistance in areas such as electoral security, public communications, and enfranchisement of IDPs, refugees and residents of occupied areas.

Domestic Oversight of Political Processes in Ukraine

Improve political process legislation and implementation to better conform to European standards. Engage voters, political parties, media, civil society and independent experts in an inclusive process for reform while also monitoring implementation of election legislation.

Strengthening Independent Media

U-Media

Provide technical assistance and grants for monitoring media and media freedom. Support legal protection for journalists and provide information and physical security training and materials. Conduct specialized training in election coverage and the use of public opinion data in election reporting. Promote more balanced and independent political coverage across Ukraine, as well as local content production, with special attention to the South and East. Support activities to educate voters, get-out-the-vote and inform voter choice.

ISC Project

Help media organizations secure their communication and information and protect themselves from debilitating attacks on websites and IT systems. Assistance will include a combination of IT audits, training, mentoring, software and secure web-hosting, based on organizational needs.

Support for Investigative Journalism

Support a team of local investigative journalists to investigate and report on cases of corruption and misuse of government authority. Assistance will include salary and expenses, research and editing, consultations and network support.

Monitoring the Electoral Process

Domestic Oversight of Political Processes in Ukraine

Support non-partisan comprehensive domestic monitoring of Ukraine's upcoming elections. In order to monitor the pre-election environment, OPORA will deploy long-term observers across the country and at the CEC. Short-term observers will monitor the voting and counting on Election Day, and will conduct parallel vote tabulations. The program includes a media and public outreach strategy for as well as a public awareness campaign.

International Short-Term Monitoring and Pre-Election Assessment

Support US-led high level short-term observation, a pre-election assessment delegations and specialized technical assistance for OPORA.

Election-Related Civic Activism and Voter Education

Pact: Ukraine National Initiatives to Enhance Reforms (UNITER)

Support will focus on horizontal advocacy platforms to mobilize the demand side of political reforms and increase citizen engagement on issues important for Ukraine in upcoming elections. The program will help NGOs and civic activists develop strategies and coordinate activities during election periods. Support for campaigns and activities to inform voters about candidates/parties and to promote fair elections, including exit polling, will be a priority.

ISC Project

Assist civil society organizations, including key election watchdogs, secure their communication and information and protect themselves from debilitating attacks on websites and IT systems. Assistance will include a combination of IT audits, training, mentoring, software and secure web-hosting, based on organizational needs.

Increasing the Representativeness and Inclusiveness of Political Parties

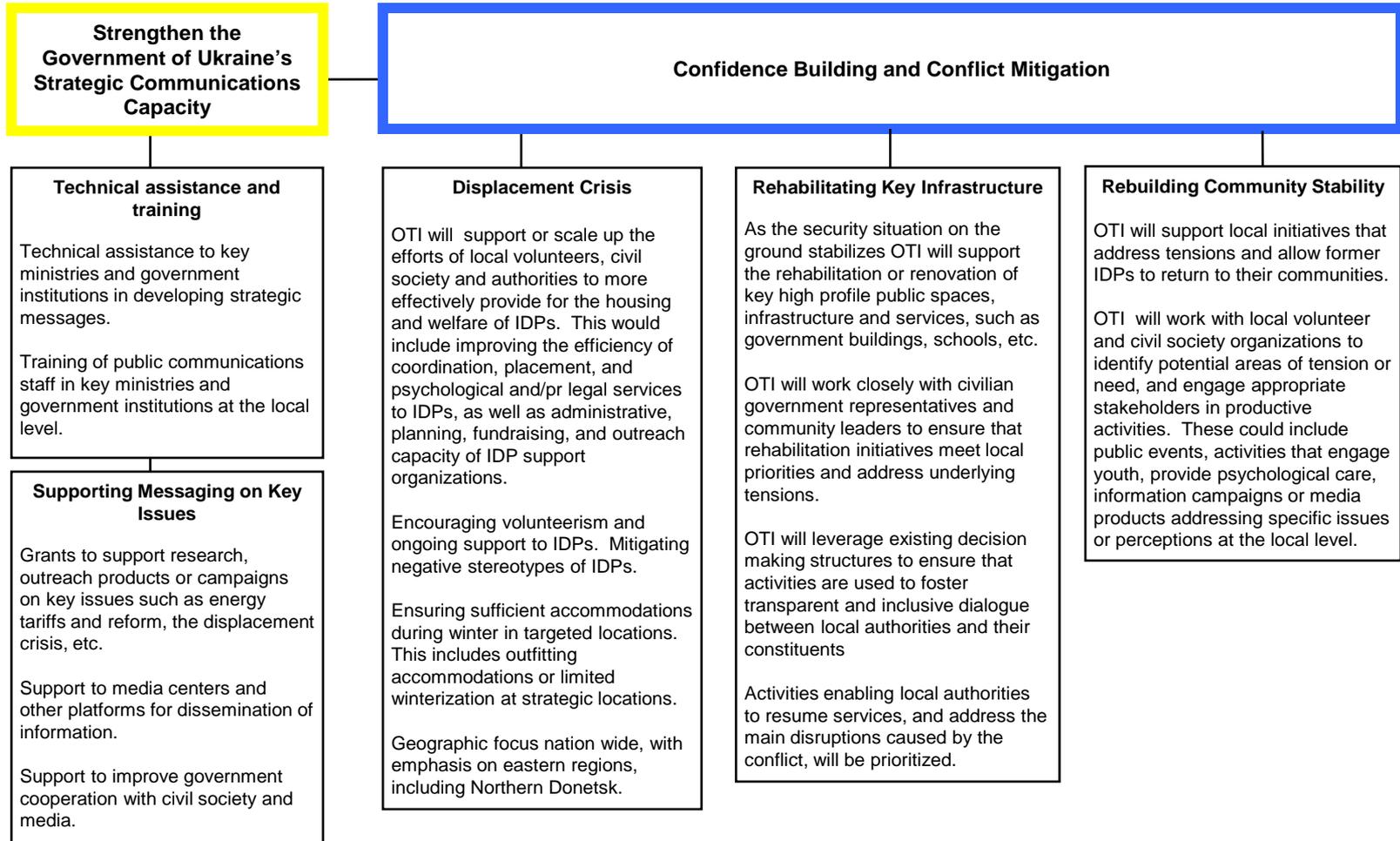
Strengthening Political Processes in Ukraine

Strengthen constituent relations and public outreach of political parties, with a focus on increasing political participation of women, youth and marginalized groups. Support the engagement of civil society in elections and on political process issues, while fostering linkages with political parties at the local and national level. Strengthen cooperation between parties and CSOs in aftermath of EuroMaidan and assist emerging new parties or alliances. Commission and present public opinion surveys and focus group research.

OVERALL ELECTION FUNDING: \$7,100,000



USAID Office of Transition Initiatives Activities



TOTAL OTI BUDGET: \$6,500,000