

Dissemination of Regional Offices for the Association of Ukrainian Cities

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Transition Towns: A Model of Strategic Development The Case of the Tourism and Crafts Sector

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1. Introduction

In the year 2000, the Association of Ukrainian Cities (AUC) decided to open regional offices to better serve the needs and interests of its wide-spread membership. USAID/Ukraine contracted with RTI to assist AUC to make the regional offices operational, thereby creating an information network of AUC member cities. By December 2003, all 25 AUC regional offices will have the necessary computer and communications equipment in place and trained staff to utilize and maintain an efficient information exchange system. In addition, RTI will have provided 130 small towns who are AUC members with computers, printers, modems, and six months of free dial-up Internet access. The result will be two layers of information networking, regional and municipal, that will give local self-governments better access to and contact with key development stakeholders, including citizens, businesses and potential investors.

At the same time, the RTI project staff in Ukraine is working to improve the capacity of local self-governments to advocate their interests at the national level and is disseminating information on best practices in financial and municipal services management, citizen participation, and strategic planning. The project is implementing a variety of technical assistance activities, including first-time public hearings, SWOT analyses, and the establishment of citizen advisory committees and strategic plan working committees.

This paper focuses on the strategic planning component of the project, particularly in regard to development of the tourism and crafts sector in western Ukraine. We seek to provide USAID project staff, Ukrainian local self-governments, and Ukrainian government ministries with a concise summary of RTI's successful project collaboration with 15 progressive small towns. These "transition" towns have used the strategic planning training and technical assistance provided by the project to create new mechanisms and institutions for advancing the tourism sector, including the Association for Development of Tourism and Crafts in Small Towns of Western Ukraine.¹ We believe this model of strategic planning and action in the tourism and crafts sector can be applied to other areas and sectors of Ukraine.

Table 1 below provides a list of transition towns in western Ukraine.

¹ The authors use the abbreviated "Tourism and Crafts Association" to refer to this organization throughout the remainder of the paper.

Table 1. Transition Towns in Western Ukraine

№	Town	Oblast	Mayor	Activities implemented with RTI support			
				Staff training	Setting up Advisory Committees	SWOT	Public hearings
1	Berezhany	Ternopil	Zoryk	+	+	+	+
2	Zbarazh	Ternopil	Parovyi	+	+	+	+
3	Koropets'	Ternopil	Skrynnik	+	+	+	+
4	Pochayiv	Ternopil	Maturovsky	+	+	+	+
5	Kremenets'	Ternopil	Huslavsky	+	+	+	+
6	Halych	Ivano-Frankivsk	Basarab	+	+	+	+
7	Rohatyn	Ivano-Frankivsk	Husak	+	+	+	+
8	Kosiv	Ivano-Frankivsk	Bovich	+	+	+	+
9	Yaremcha	Ivano-Frankivsk	Paliychuk	+	+	+	+
10	Hritsiv ♣	Khmelnyskyi	Hruhoruk	+	+	+	+
11	Izyaslav *	Khmelnyskyi	Dzhandzhara	+	+	+	+
12	Zolochiv	L'viv	Tymkiv	+	+	+	+
13	Zhovkva ♣	L'viv	Vykhopen'	+	+	+	+
14	Khotyn	Chernivtsi	Palamar	+	+	+	+
15	Berezan' *	Kyiv	Pikalo	+	+	+	+

* Towns that are currently not members of the Tourism and Crafts Association.

♣ Towns that have their own computer systems and, therefore, did not receive computer set as part of RTI assistance.

The development of strategic planning capacity in Ukrainian project cities is a response to weeping political and macro-economic changes over the last decade affecting local and regional economic development. For those cities that have embraced strategic planning, it is seen as a tool to *coordinate efforts and achieve consensus* among an increasing number of public agencies, as well as non-governmental and business organizations, that seek to influence economic policy and strategic decision-making.²

As part of the process, these actors are gaining a better understanding of how to organize themselves to develop strategies, and actions to accomplish those strategies, that are supported by accountable individuals or organizations, allocation of human and financial resources, a timetable for implementation, and evaluation/monitoring of results leading to periodic and systematic revision.

Section 2 contains a summary of RTI project achievements in strategic planning and strategies that have contributed to the development of transition towns in western Ukraine. In Section 3, we present a brief discussion of four key issues that have surfaced during implementation of the current project with the potential to impede the development process in transition towns. At the end of this section, we provide a set of general recommendations for addressing these issues within the current program of technical assistance and training, as well as in future projects.

² Boiko-Boichuk & Brovinska, *Workshop on Strategic Planning for Development of Territorial Communities*, RTI, June 2000.

2. Project Achievements in Strategic Planning (September 2001- June 2002)

Highlights of Project Activities

- To date, RTI staff and consultants have conducted workshops on strategic planning for local officials from over 100 towns located in 15 oblasts, and developed a strategic planning handbook. The handbook developed by RTI is based largely on workshop results from AUC member towns and places an emphasis on assisting small towns to conduct their own SWOT analyses. Local self-governments have demonstrated a high level of interest in the strategic planning workshops sending an average of 25 participants from 12-13 towns to each training event.
- Each city assisted by RTI prepared a SWOT analysis with an emphasis on strategic planning and public/private partnerships, held public hearings, and created citizen advisory committees and strategic plan working committees.
- Three members of the Tourism and Crafts Association (Berezhany, Zolochiv, and Hritsiv) have opened Tourism Centers, and similar centers are planned for Halych, Rohatyn, and Khotyn. All association members have engaged a broad range of community stakeholders in the process of developing plans to improve their craftsmanship and tourism services.
- For the first time, a mayor and business owner from a smaller town (Berezhany) were selected to attend a U.S. study tour in July 2001 on strategic planning for economic development and public/private partnerships. This represented a means to support the creation of public/private partnerships in RTI-established transitional towns of western Ukraine. Since their return, the participants have taken a lead in sharing their experiences with other transition towns in western Ukraine.
- The Tourism Center in Berezhany won a \$7,000 grant from the Renaissance Foundation for information and analytical support for the joint development of tourism and crafts in the small towns of the Ternopil Oblast that are members of the Tourism and Crafts Association.

Strategy for Development of Transition Towns

Creation of the Tourism and Crafts Association.

In February 2001, the mayors of seven cities in western Ukraine signed a memorandum of understanding at the RTI office in Kyiv to create a formal association to carry out the following activities:

- Draft plan to guide the operations of the association
- Creation of a joint funding mechanism
- Development of a common model for tourism development
- Preparation of project funding estimates and formal search for local/regional, national, and international funding
- Investment in economic development in small towns of the association

The Tourism and Crafts Association had expanded from seven to ten members by October 2001 and currently has 13 members. In addition, there are two towns that are not part of the association that have also participated in strategic planning workshops, and developed SWOT analyses with citizen input (see Table 1). RTI has provided all 13 members with computers and free dial-up Internet access for six months. In addition, RTI staff members have assisted in the development and cataloguing of new tourist itineraries in a database, development of web pages for association members, and lobbying the State Tourism Administration to establish a national program for development of tourism and handicrafts in western Ukraine.

Tourism Promotion Program and Funding

The 13 members of the Tourism and Crafts Association developed a program of joint actions to promote tourism and handicrafts. Each member town also passed a local resolution to provide start-up funding for the association. Seven cities pledged 8 Kopeiks per citizen, totaling 8,000 Hrivnas, for commercial and public activities.

Citizen Support for Tourism.

With RTI assistance, seven members³ of the Tourism and Crafts Association held public hearings, conducted focus groups, and developed a survey to gather citizen opinion about issues related to tourism. The cities incorporated the results from these outreach activities as well as input from the advisory committees into decision-making on strategic planning. Assisted by the Tourism Centers, Berezhany, Zolochiv, and Hritsiv designed and implemented a process that resulted in a community vision for economic development.

Tourism and Crafts Association Conference

RTI assisted member cities of the Tourism and Crafts Association to prepare for its first annual conference held in Berezhany in October 2001. The conference was a very high profile event with representatives from USAID and RTI, and Ukrainian city councilors, tourism development experts, and mayors. Proposals and one resolution regarding further collaboration between USAID/RTI and the association were adopted at the conference.

³ Berezhany, Zbarazh, Koropets, Pochayv, Halych, Hritsiv, and Zolochiv

3. Key Development Issues for Transition Towns

In the framework of current project, RTI purchased a computer set (including printer and Internet dial-up connection for 6 months) for 130 smaller, active towns from all 25 Ukrainian regions.⁴ This low-cost investment will provide an opportunity for Association of Ukrainian Cities to start building a useful and far reaching information network of Ukrainian cities and a model for municipal associations in the region and beyond.⁵ AUC is taking a bold step by providing a service that allows transition towns to go to the web and directly share unedited news, opinions, municipal budget information, and economic development experience. Through its two-way communication system, the AUC Dialog web site is enabling local self-governments in Ukraine to be more open, friendly, and accountable.

The information network system for local and regional areas that RTI has helped to establish is vital for disseminating information to the 15 transition towns, and others who will follow their lead. This enhanced information capability is allowing these communities to access innovative models of development and best practices from across Ukraine, the CEE/NIS region, and the U.S.; develop web sites for marketing and research; and contract directly with consulting support groups in their geographic areas.

RTI is encouraging oblast and raion administrations to develop a legislative framework that supports economic development at the local level, particularly in the tourism and handicrafts sector. And RTI is exploring funding options, including the feasibility of a revolving loan fund for expansion or start-up of tourism businesses.

We are aware, however, that the forward momentum evidenced in the transition towns can be undermined by issues that transcend a particular program or project, however successful. In this section, we present a brief discussion of four major issues that should be considered in programming for local development, and a set of integrated general recommendations for addressing the challenges stemming from these issues.

Training of Newly Elected Local Self-government Cadres

Experts in local self-government expected to observe destabilization in Ukrainian towns and regions from the complicated political situation leading up to the election of March 2002. In addition to possible shifts of power at all levels of government, AUC regional office directors and staff changes were expected in a number of oblast cities due to the fact that mayors of the 24 regional capitals (plus the Autonomous Republic of Crimea/Simferopol) and presidents of the AUC regional offices have the authority to appoint new AUC regional directors and staff or simply ignore the old administration.

Results did turn out to be significant at the local level:

- approximately 40% of mayors in 366 AUC member cities and nearly 50% of mayors of regional capitals are newcomers;

⁴ Robert Bodo, *Dissemination of Regional Offices for Association of Ukrainian Cities: Work Plan for Add-on Smaller Towns*, RTI, March 15, 2002.

⁵ Rebecca Gadell & Daniel Goetz, *The Association Network: Sharing Information to Improve Local Self-government in Ukraine*, RTI, November 15 2001.

- 8 out of 13 towns joining the Tourism and Crafts Association elected new mayors; and
- 59 of the 130 most active smaller towns elected new mayors.

Significant turnover occurred in a number of regions where strategic planning for economic development has been successfully implemented by RTI. For instance, in the L'viv oblast, 16 out of 32 member towns voted in new mayors. In the Ivano-Frankivsk oblast, six new mayors came into office in the towns where RTI is working. And new mayors and presidents of regional offices were elected in key oblast capitals of L'viv, Kharkiv, and Chernihiv.

Even so, in the vast majority of existing AUC regional offices, the administration is working efficiently, largely as a result of RTI technical and financial support (training, information network build up, consultations, and institutionalization of training cadres). Up to now, 20 AUC regional offices have been established, staffed, and equipped with the most recent computer technology.

In response to the post-election changes, RTI experts held meetings with the newly elected mayors in towns that are members of the Tourism and Crafts Association. In those meetings, the new mayors made it clear that they are committed to continuing their active participation with the association and RTI, and to coordinating their activities. In addition, the new mayor of Berezhany expressed eagerness to maintain his city's leadership position in the economic development activities of the association.

Despite a complicated post-election political situation, the AUC regional offices have continued to actively work on the project, with the RTI methodologies being effectively used to help citizens become more active and more responsive to political and economic activities in the regions. However, local reform-minded politicians would say that the pro-democratic political bloc has suffered a defeat in a general countrywide electoral constituency.

Conclusions: The high turnover of mayors in project cities has certain implications for the continuity and sustainability of project activities that build upon each other. However, RTI's preliminary analysis and consultations with directors of regional offices demonstrate that changes in the majority of regions will have no significant effect on project implementation. But one thing is certain -- additional training and consulting needs to be delivered to newly elected mayors and councilmen who are not familiar with local self-government administration and management practices.

Needs of Municipalities for Institutionalizing Strategic Planning

It is vital that local self-government experts implementing strategic planning programs in Ukraine have a good understanding of the specific needs of municipal officials (as well as the existing challenges) in incorporating new ideas and techniques into local development programs. As part of the workshops on strategic planning, RTI consultants conducted a survey of participating city mayors in order to identify the municipal development problems in present-day Ukraine and the problems mayors are facing as leaders of local self-government.

Mayors cited the following six issues as the most challenging to urban economic development in Ukrainian cities:

- Low quality of managerial personnel and management skills
- Lack of structures, procedures, standards, and skills for assuring sustainable economic development of cities in the new market environment.
- Limited city budgets with lack of real capital for development
- Low level of social responsibility of local businesses
- Lack of culture and traditions for creating partnerships between government, business, and the public
- Lack of efficient central government policies to support local development
- Utility, transport, and energy problems inherited from the Soviet urban development policies.

Local self-government officials cited the following challenges to local economic development:

- Lack of up-to-date knowledge
- Lack of an efficient system for disseminating best practices of addressing communal, transport, energy, and other problems of post-Soviet cities
- Lack of skills in building effective management teams
- Traditional lack of trust in local self-government by citizens and business
- Attitude of passive dependence among the population

Tables 2 & 3 below provide a ranking by mayors of communication mechanisms used and an estimate of the amount of time devoted to various development activities, respectively.

Table 2. Rating of Various Types of Communication Events Used in Strategic Planning in Ukrainian Cities (on a scale of 1-5, with 5 as “most used”)

Communication events	Utilization rating
Public hearings	5
Council deputy committees	5
Joint working groups	5
Workshops	4
Advisory Councils under city mayor	4
Interviews to mass media	3
Meetings with the public	3
Public addresses	2
Publication of discussion materials	1
TV programs	1
Informal communication	1
Reviews	1

Note: The following events included in the survey questionnaire received no ranking by mayors: brainstorming, dialogues, briefings, electronic conferences, discussion, Internet, open house actions, TV debates, “circles,” open seminars, free hotlines, and written presentations .

Table 3. Percentage of Mayors' Time Devoted to Development Activities

Issue	Percentage of time
Local economy	25-30
City budget revenue mobilization	20-25
Social assistance	10-15
Work with citizens and mass media	10-15
Relations with State officials at different levels	8-10
Strategic planning for development of territorial communities	3-5

Conclusions: The most pressing problems of city development and internal problems of local self-government leaders lie within the area of systemic strategic problems of city development and managing this process. Unfortunately, activities of mayors are in fact concentrated on current issues of day-to-day local self-government operation, resulting in a self-perpetuating culture of poor management in the short-term and total lack of attention to addressing systematic longer-term problems.

Financial Framework for Strategic Planning Implementation

Since the adoption of the Ukrainian Budget Code, opportunities for large cities to plan long-term investment projects have increased considerably. Allocation of their own funds, the use of clear formulas for transfers for implementation of delegated functions, establishing sources and rules for the formation of capital budgets – all serve as a substantial base for the city to plan for prospective development.

However, small towns and nearly all raion administrative towns do not yet hold such a privileged position. Raion administrations are still planning town budgets, if indirectly. Clear methodologies and formulas for distribution of transfers into the budgets of these administrative-territorial units are still lacking.

There are some advantages, however, in this situation.

- (1) According to the Budget Code, a raion town has quite a limited set of functions that are delegated by the central government⁶, leaving up to half of the budget for communal services and municipal improvements. Hence, from the psychological point of view, it is much easier for town officials to see traditional local self-government responsibilities as their main role.

⁶ Delegated functions are preschool education, basic medical care, and financing of basic cultural institutions

- (2) A small town mayor has more time for self-directed activities, as the main burden of social and political obligations rests with the raion council.
- (3) Raion administrations are closer to the problems of city residents than oblast administrations but their resources are extremely limited. Therefore, raion policies tend to be more transparent than the policies of some large cities and oblasts.
- (4) All the problems arising in a town due to lack of transparency in budgeting policy bounce back to the raion authority like a boomerang, as it is they who are in effect shaping this policy.

Thus, there exist the preconditions for that, even while official methodologies for dividing transfers between the raion and raion town are lacking, methodologies would be used, which in principle make it possible to find a balance of interests. So, transfers from a raion budget to a town budget have been determined according to the methodology developed by RTI specialists and approved by the raion administration.

Raions need to develop their own methodologies to help determine the amount of funding they should allocate to small towns, since official methodologies do not exist. RTI has helped several towns⁷ to develop methodologies and to negotiate with the raion administration for approval, thereby acquiring process as well as technical skills in financial management.

The practices of planning investment projects in European Union provides opportunities for partnerships between the city, region, and central government, where the roles for each level are clearly defined. Thus, the central government determines the principal directions of investment policies, the city proposes specific projects to implement the policies, and the region is responsible for general evaluation and support of the given project. These projects are discussed at an open tender and one is selected that can be financially supported by the central government. Project financing is redistributed in accordance with the program terms and conditions. Typically, the city provides up to half of expenditures and the region provides consultative and organizational support.

Conclusions: According to the Budget Code, the oblast level has been stripped of the right to independently accumulate the resources for implementation of investment projects. If the Budget Code is not revised, oblast governments will have to negotiate with cities on financing joint projects, which would be funded from diverse sources. Therefore, demand for methodologies to conduct negotiations between different levels of government will grow, as well as demand for services of unbiased and competent intermediaries. At the same time, implementation of investment projects should have increased administrative support from all tiers of government due, in part, to their participation in RTI training.

⁷ The best case example of RTI's methodology for implementation of budget transfers is the town of Mizhhirya in the Zakarpattya Oblast

Forging Partnerships between Levels of Government

In the current project, RTI has become an important source of advice to government and parliamentary agencies in understanding how best to interact with sub-national government entities. RTI's training and technical assistance activities, as well as activities to assess local self-government needs and problems described in Section 3.2, have helped RTI staff and consultants to acquire an in-depth understanding of the current local self-government environment in Ukraine.

Verkhovna Rada

RTI's close relationship with the Verkhovna Rada Budget Committee is largely due to the active role of RTI specialists in development of the Budget Code. RTI staff not only assisted in writing the text, but also served as intermediaries between the Committee, AUC, and finance departments of cities and oblasts. Changes in the composition of the Verkhovna Rada notwithstanding, RTI has maintained good communication with the Committee Secretariat. In addition, a number of Verkhovna Rada deputies of the previous convocation have been elected again and are likely to serve on the Budget Committee. Thus, it is likely that RTI's well-established relationship with the Committee leadership and members will continue post-election.

Ministry of Finance

Before 2000, collaboration with the Ministry of Finance was sporadic and at the level of expert consultations, provided as part of collaboration with the Budget Committee. Starting in 2000, after the Yushchenko government came to power, the conditions emerged for direct collaboration with Finance Ministry staff. Professional relationships have been established with nearly all influential officials and a partnership between RTI and the Ministry of Finance was the vehicle for developing reform-minded budget policies. An important achievement has been the establishment of access for RTI to source documents and data from various ministry departments and the Directorate of Revenues. Effective assistance at the decision-making phase allowed RTI to create an atmosphere of trust. Also, RTI has turned out to be a very effective mediator in between local financial agencies and the ministry.

Ministry of Economy

The closest and most fruitful relations have been established with the Directorate for State Procurements, which uses RTI methodologies, takes an active part in RTI events, and informs RTI about documents on procurements being prepared at the Ministry of Economy.

RTI staff also established good contacts with the Directorate for Regional Policies, as part of preparation of the Budget Code, and expects to continue to work closely with directorate staff in developing a concept for an administrative system. The Directorate for Regional Policies is extremely interested in competent intermediaries between the Ministry and local self-governments in developing the documents related to regional development projects. This especially applies to the projects of the "State-Region-City contract" type, which establish contractual relations between the central government and different levels of local government in financing, administration, and technical

support of investment projects. Thus, the contacts established with the Ministry of Economy will be useful in implementing the projects related to economic development of the regions.

State Administration for Tourism

Although a new Director for the State Administration for Tourism was appointed only two months ago, RTI staff members have already established a good working relationship and gained a thorough understanding of the administration's program for tourism development. The administration is looking at how it can combine strategic regional development with tourism and intends to initially focus on building a market for domestic tourism, particularly in green tourism in small towns and rural areas. The administration has recently prepared a national program for the tourism sector extending to year 2010. The geographic areas of interest include the western region (where good relationships with the governors are established), Odessa, Crimea, and small towns in the Carpathian Mountains.

The program calls for an assessment of tourism assets across the country (castles, forests, lakes, springs, etc.) and development of less complicated, small-scale projects to demonstrate early successes. A key project is the privatization of some 3,000 spa resorts which will begin in July 2002. The director is very interested in looking at models from other countries both for promotion of tourism (Austria) and legislation to streamline bureaucratic procedures (Poland, Hungary). Administration staff will be researching financial mechanisms for issuing micro-loans and financial incentives for tourist areas to keep more local revenues as well as tax exemptions for private funds that are re-invested in tourism. The administration will need good technical support and analysis to transfer these models to the Ukrainian context. The administration has plans to organize seminars in different regions to demonstrate support for tourism development and successful techniques from other countries, and to discuss the expansion of the services they offer to help tourism become more profitable in Ukraine.

Conclusions: RTI has developed fruitful relationships and become well-informed about the policies and programs of ministries whose actions most impact local and regional economic development, including the Verkhovna Rada, Ministry of Finance, Ministry of Economy, and the State Administration for Tourism. These strong partnerships with key counterparts and high level of access to information have allowed the RTI program to have a substantive impact on decision-making at all levels of government and facilitate a more rapid integration of technical assistance and training models into practice.

RTI expects to continue to draw upon this network of contacts in completion of the current project. For example, given close contacts with the Ministry of Finance, we can hope for successful lobbying of local budgets, both from the point of view of their ideological support and technical implementation. In addition, RTI plans to support the State Administration for Tourism in holding information seminars transition towns of western Ukraine, and in developing financial mechanisms to support tourism operators.

4. General Recommendations

From analysis of the systemic problems of development of Ukrainian small towns, taking into account the resource potential accumulated during RTI's recent years of operation in Ukraine, we believe that there is high demand for the following activities among Ukrainian counterparts.

- RTI should help AUC staff, particularly in the regional offices, develop and use the networking capability of the AUC Dialog system to improve the efficiency of their operations and effectiveness of support to member cities. For example, AUC Dialog can be used to monitor and analyze the local self-government environment as cities work to implement their strategic plans and provide information support for cities in lobbying the central government for needed changes in relevant laws and regulations.
- The positive results of strategic planning workshops in transition towns will spread as RTI training is introduced in other areas of the country. To make the most of this new capability, local self-government leaders and staff of local administrations in transition towns need to acquire other modern management skills, including budgeting, public relations, public procurement, and citizen participation.
- Pilot tourist clusters need to be created in selected transitional towns of western and southern Ukraine with appropriate institutional, information, and administrative and financial support for their activities. RTI has already initiated this process in western Ukraine with good results; this model should be strengthened in western Ukraine and introduced in southern Ukraine.
- An important resource for the development of Ukrainian communities is the willingness of local self-governments to be more proactive in mobilizing internal resources and local businesses for development of cities. A system needs to be established for training local staff and community leaders in the communication skills they needed to foster good relationships and to create inter-sectorial partnerships among government, business, and citizens.
- Careful selection of participants for the communication skills training, following RTI criteria used in the current project, will result in the development of "champions of change" in transitional towns. As follow-up to communication skills training, performance assessment of new partnerships among all tiers of government, the business sector, and the public should be conducted, and promising models documented and disseminated to other potential transitional towns.
- Needed information and analytical capability for resolving local problems impeding economic development has to be built up at the lowest level of government. In addition, local self-governments need to strengthen lobbying activities aimed at amending and improving the existing legislation (namely regulations) that hampers the development of tourism, small and medium businesses, local government. This should be done jointly with the AUC, Verkhovna Rada committees, Ministry of Economy, and the State Administration for Tourism.

- Mobilizing external resources needed for development of methodologies (for capital budgeting, investment policies, borrowing methods) for selected transitional towns of western and southern Ukraine is key to implementation of specific projects in future.
- The model of developing city/region/central government partnerships for planning investment projects in the European Union should be implemented in Ukraine, particularly at the raion administrative level.⁸ If a well- negotiated partnership is established between a raion and town, the raion administration can act as an intermediary in negotiations with the oblast, as it functions within the same government hierarchy. Projects planned by small towns are typically not too expensive. In such cases, any mistakes in the process of implementation would not be too painful whereas the sociopolitical impact would be relatively high if the project is a success. Therefore, participation of small towns in planning of investment projects is more advisable than that of large cities.
- Ensuring transparency in financial operations in selected transitional towns would be required. Testing RTI-developed public procurement methodology implementation in transitional towns, with a special emphasis on transparency, is critical for attracting investment.

⁸ Ireland is the best-known model of administrative reform where inter- sectorial relations work in a decentralized manner with the participation of stakeholders and all tiers of government. Reform is targeted to economic development, particularly raising employment levels.