

## Project Description

Date: **17 November 2015**

<b>Project title:</b>	Integrated Urban Development Ukraine GIZ		
<b>Country:</b>	Ukraine	<b>Project duration:</b>	01.01.2015 - 31.12.2018
<b>Implement. partner:</b>	Deutsche Gesellschaft für internationale Zusammenarbeit (GIZ)/ Swiss Federation State Secretariat for Economic Affairs		
<b>Total budget:</b>	EUR 6.1 million		
<b>SECO priority theme:</b>	Urban infrastructure and utilities		

### 1 Background / context

The Ukraine has a long tradition of central planning and strong regulation by the national government of local or municipal issues. With its present government being committed to new policies of decentralization and communal self-government this tradition is being reversed and reforms are being introduced, following the requirements set out in the European Charter for local self-government<sup>1</sup>.

The Leipzig Charter recognizes that sustainable urban development must warrant economic prosperity, social balance and a healthy environment. It recommends to put the cities at the center of development, to make greater use of integrated urban development policy approaches and to pay special attention to deprived neighborhoods.

Through its Association Agreement with the European Union, ratified in September 2014, the Ukraine is also committed to the Leipzig Charter and its application towards greater self-government and empowerment of cities.

The needed reforms will cast huge challenges on both, the national and the municipal administrations. Municipalities and other communal entities will receive own financing resources and will have to deliver public services which have so far been provided by national authorities. In addition to the administrative reform the Government intends to form territorial entities that are capable of mastering these challenges through amalgamation. Through the SDC's contribution<sup>2</sup> to the Council of Europe Action Plan 2015-17 for the Ukraine, Switzerland will support such amalgamation.

Against this background it becomes of paramount importance that cities understand methods and standards of modern city development as they are defined in the concept of integrated or sustainable urban development. A good understanding and application of planning standards and procedures will help define priorities for development and investments, provide a solid yet

<sup>1</sup> The Leipzig Charter on Sustainable European Cities.

<sup>2</sup> CHF 2'400'000 approved on the 27<sup>th</sup> August 2015.

adaptable frame for decision making and thus contribute to a needs oriented allocation of resources in line with the interests and needs of the citizens.

Although SECO has already financed the elaboration of an Integrated Urban Transport and Spatial Planning Strategy for the City of Vinnytsia, as a sub-component of its Energy Efficiency Project, a more comprehensive integrated urban development project for several cities, such as the one proposed here, requires an experienced and well introduced implementation partner. The German GIZ was identified by the Swiss Cooperation Office (SCO) as such a partner.

Based on its experience gathered in other countries (e.g. Germany, Romania) GIZ has been supporting the local authorities and other relevant stakeholders by implementing approaches of Integrated Urban Development in the Ukraine since 2009 in the framework of its project “Municipal Development and Rehabilitation of the Old City of Lviv”. The project, which involves several expatriates and six national team-members, is supporting different offices of Lviv’s local administration in the planning and implementation of strategies and actions in the context of Integrated Urban Development.

The GIZ project in Lviv notably resulted in the elaboration and approval by the Local Council of an integrated development concept of the old city of Lviv. It also created several communication platforms to open a dialogue and debate on urban issues involving the municipal authorities but also interested citizens and NGOs. Through its annual “Academy for Integrated Urban Development”, the accumulated experience and lessons learned are shared with other Ukrainian cities. A partnership with the City of Leipzig also assures an international exchange of experience and further capacity development.

As a consequence of its already strong involvement in Lviv, the GIZ has secured the financial support from the German Ministry for Economic Cooperation and Development (BMZ) for a project to expand the knowledge and practice of Integrated Urban Development to other Ukrainian cities. SECO has the intention to expand its infrastructure cooperation program beyond energy management in cities. A co-financing of the GIZ project appears as an ideal solution in that direction.

## **1 Description of the project / programme**

The project “Integrated Urban Development in the Ukraine”, implemented by GIZ, aims at preparing Ukrainian cities for decentralization and local self-government by supporting them in applying integrated urban development approaches in line with European guidelines and values as laid down in the European Charter for Sustainable City Development (the Leipzig Charter).

The project, as a pilot with a possible replication at a larger scale or at the national level, will cover four core cities: Chernivtsi, Poltava, Vinnytsia and Zhytomyr.

These cities were selected based on:

- Size (secondary cities with between 260'000 and 370'000 inhabitants)<sup>3</sup>

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<sup>3</sup> Chernivtsi: 260'000 inhabitants, Vinnytsia: 370'000 inhabitants, Poltava: 300'000 inhabitants, Zhytomyr: 270'000 inhabitants (state statistic, Jan 2015). These cities are located in Central, respectively Western Ukraine (Chernivtsi).

- Political commitment to follow new integrated urban development approaches (as expressed in letters of intent)
- Priorities (energy, urban mobility)
- Previous experiences with innovative approaches in a broader urban development context and with international cooperation
- Complementarity to ongoing GIZ and SECO initiatives

A GIZ appraisal mission visited the cities and identified themes of interest with high priority like mobility, creation of public spaces, disadvantaged districts, energy efficiency or urban renewal. Furthermore, common aspects like participation, interdepartmental thinking and acting, project management or the promotion of the economy and tourism were identified.

While concentrating on the four core cities, the project will also seek close cooperation with Lviv and Charkiv as associated partner cities. Thanks to its long-term collaboration with GIZ (since 2009), Lviv (730'000 inhabitants) is a pacemaker in applying standards and procedures in integrated urban development and will serve as a demonstration city for transferring knowhow and experience.

In Charkiv<sup>4</sup>, the German Ministry for Economic Cooperation and Development (BMZ) will deploy an integrated expert on the basis of a special agreement between the twin cities Nuremberg and Charkiv. This expert will support the Charkiv city administration get access to all relevant information, participate in joint trainings and study tours and apply similar standards as being introduced in the four core cities. Therefore, an intensive exchange between the core cities and the two associated partner cities will take place and ensure a technical link between different macro-regions of the country. This element will foster the East-West cohesion of the country in light of the ongoing conflict.

The difference between core cities and associated partner cities lies in the extent of services that will be provided by GIZ to these cities under the project. The four core cities will benefit from all instruments and activities (see below), whereas the associated partner cities will be essentially bound into the knowledge exchange platform. In order to keep them motivated and to fully use the potential of cooperation, the associated partner cities may also be invited to training sessions and could benefit from short term consultants and financing for small actions, where such measures seem particularly appropriate to the overall objective of the project, in a limited way.

## **1.1 Activities and expected results**

The project has the following three components

### **Component 1: Capacity building for designing, applying and implementing processes and standards of integrated and sustainable urban development**

With the capacity development component GIZ acts at the level of the human resources of the four core cities' administrations with the objective to raise their knowledge, understanding of and practice with integrated urban development concepts, such as planning hierarchies, multi-sectorial utility cooperation models (e.g. waste-to-energy for urban transport – biogas buses) or district development.

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<sup>4</sup> Charkiv is not considered in the core selection of the project due to its size of 1.43 million inhabitants, which makes it the second largest city in Ukraine.

The expected outcome is the four core cities' capability to design, apply and implement urban development processes in an integrated and sustainable way, notably for infrastructure investments with a special focus on urban mobility<sup>5</sup>.

The targeted end results at the output level are the masterplans (one for each city) for integrated urban development where the possible and intended measures for urban development are reflected along the agreed and adopted planning hierarchy in sectorial plans and strategies.

In order to reach these masterplans, the following intermediate outputs have to be achieved: the stock-taking and set-up of planning structures (coordination plan, planning hierarchy), resources (task-forces) and capacity building measures (training program, train-the-trainers program, and internship program) as well as the mechanisms for internal and external participation and communication.

Additionally, given SECO's focus on urban mobility, the sectorial plans for urban transport and mobility shall be updated and verified, allowing the identification of priority infrastructure projects which can be prepared for future financing

A monitoring concept for integrated urban development plans is implemented to facilitate the oversight of the process by the mayors and city councils, as well as by the Ministry of Regional Development (MinRegion).

## **Component 2: Definition and preparation of priority infrastructure projects and implementation of small scale, low budget and high impact investments (quick wins)**

Based on the masterplans and sectorial plans/strategies elaborated under component 1, innovative priority projects will be identified, selected and prepared in order to be bankable or fit for financing through IFIs or development partners (outcome). As a consequence of the focus on urban mobility among the sectorial plans to be verified and updated, it is expected that urban transport projects will be selected and prepared.

The outputs are the completed feasibility studies.

As an immediate, visible and tangible outcome derived from the masterplans and updated sectorial plans, small scale, low-budget and high impact investments (called quick-wins) shall also be implemented under component 2. This will add to the strengthening of the relevant municipal departments and increase the visibility of the project. These measures may concern sectors other than urban mobility.

## **Component 3: Establishment of suitable communication, coordination and cooperation mechanisms**

Experience and lessons learnt will be replicated and disseminated through a horizontal (peer to peer) approach between core cities and associated cities, and share with other interested cities in the Ukraine. As a reference, knowledge exchange at the international level will also

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<sup>5</sup> SECO is already supporting two of the pilot cities in the fields of energy management and energy efficiency. Additional cities will be supported through the program of introducing the European Energy Award (EEA) at the national level, as a component of the bilateral Energy Efficiency Zhytomyr project. Consequently, the SECO intervention within this project of integrated urban development shall concentrate on urban mobility and spatial planning and thereby be complementary to SECO's other projects. A summary of the relationship between the concepts of European Charter for Sustainable City Development (the Leipzig Charter) and the European Energy Award (EEA) is included in Annex 4.

be pursued.

To achieve this, at the output level, regular platforms for inter-city exchanges will be established, including the Special Working Group SWG (see also Project Organization), a summer academy, study tours and the participation in of Ukrainian delegations including members of core cities in international conferences on sustainable urban development. A more general dissemination will be facilitated by a web based electronic platform. Knowledge elements will be institutionalized by best practice manuals adapted to the Ukrainian context and translated into Ukrainian and Russian languages, as well as tutorials at partner universities with whom cooperation agreements will be concluded.

Furthermore, this component will support the reform process by catering experience in the design of administrative and legal frameworks through a bottom up approach from the cities to the national government in the SWG, as well as through an annual White Book and recommendations to city councils.

Depending on the pace of the national government with regards to the reforms, it is also feasible to test new methods and approaches proposed by the national government, in the pilot cities.

The project will involve the deployment of the following GIZ instruments (inputs):

- Advisory services from seconded international expert and employed national experts
- Application for CIM integrated experts<sup>6</sup>
- Financial contributions (e.g. for pilot projects or small actions)
- Utilization of a pool of short term (external) consultants for specific tasks including feasibility studies.
- Training activities (training on the job on the basis of a needs assessment, study trips, academy, work shadowing)
- Activities under the umbrella of municipal partnerships
- Material assets for a more effective equipment of city administrations

The project will extend over 37 months starting in December 2015 after the signing of a grant/co-financing agreement with GIZ. The achievement of the planned objectives within this time frame is considered feasible although challenging by GIZ, the SCO and the SECO program manager.

## **1.2 Sustainability**

The project primarily consists of capacity building and knowledge exchange and is thus directly oriented towards sustainable city development.

The sustainability of the project is further enhanced by:

- The integration of local experts into the consultant team.

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<sup>6</sup> CIM: Centrum für internationale Migration und Entwicklung. The competence center for worldwide job mobility within the international cooperation of the German government. The CIM experts are employed by the beneficiary cities and receive topping-ups from a foundation controlled by GIZ. Their costs will not be financed from the project funds.

- The inclusion of local stakeholders (interested citizens and NGOs) along with the representatives of the municipalities in the process through institutionalized exchange platforms.
- The peer-to-peer exchange of lessons learnt among interested cities.
- The anchoring of the project at the national level through the involvement of MinRegion and the feeding-in of pilot city experience into the national political process of decentralization.

### 1.3 Beneficiaries

The direct beneficiaries will be the municipalities of the four core cities (Chernivtsi, Poltava, Vinnytsia and Zhitomir) who will benefit from capacity building measures addressed to their staff as well as support measures to improve their planning and investment project preparation.

Indirect beneficiaries are the populations of the four core cities (1.2 million) who will benefit from a participatory integrated urban planning mechanism and eventually from improved living conditions in their cities

The municipalities of the associated partner cities (Lviv and Charkiv), their population (2.16 million) as well as the concerned ministries will have benefits through the experience exchange.

### 1.4 Procurement

The contribution at hand is to be categorised as **financial aid** for the following reasons:

- The main financial contribution to the project is from the German Ministry for Economic Cooperation and Development (BMZ).
- GIZ is the designated implementing agency for the BMZ financed project.
- The SECO contribution represents just 30% of the total project cost.
- The project would be implemented independently of the SECO contribution
- Although SECO will have some influence on the project objectives, GIZ is clearly in the lead for project conception and implementation.

The assignment of GIZ and CIM experts will be done according to GIZ internal recruitment processes. SECO will be consulted for the definition of the ToR of the expert pool.

Specific sub-assignments and supplies for quick-wins will be procured according to GIZ rules which provide for procurement through the local GIZ office for services up to a value of EUR 50'000 and goods/supplies up to a value of EUR 20'000 equivalents. Above these thresholds, procurement is handled by the Contracting, Procurement & Logistics Division of GIZ in Germany according to EU law. Given these provisions and the experience of GIZ with EU procurement rules, the use of SECO guidelines is not needed.

The evaluation will be either procured by SECO in a direct awarding or consultation process or by the GIZ head office according to GIZ rules, with the terms of reference to be agreed between SECO and GIZ.

## 2 Relevance of SECO/WE's intervention

The co-financing project "Integrated Urban Development in the Ukraine" is based on the common understanding of Sustainable Urban Development (Leipzig Charter). Sustainable Urban Development is an overarching concept in which infrastructure is one part, yet a part that needs alignment with other functions of cities. The project allows demonstrating best practice in how to design and manage such overarching concepts and implement projects. It

allows demonstrating how to match long-term urban knowledge, planning and management as well as urban infrastructure financing.

Alignment of the project with the strategic frameworks of:

- SECO / SCO (country strategy) / the Swiss Cooperation (messages 2013-16, 2017-20)

In relation to the Swiss Cooperation and Development Strategy, the project corresponds to the priority theme II, action area 3 “integrated urban infrastructure development” of the Message 2013-16 and to action line 1 “integrated urban development” under objective IV (low emission and climate resilient economy) of the future Message 2017-20.

Within the country strategy, the project is complementary to the present portfolio under domain 3 “Sustainable Energy Management and Urban Development” which so far focused on energy without addressing the overarching integrated planning at the city level. The project completes the country portfolio in the sense of the present and future messages.

The project is also complementary to SDC activities in the field of decentralization and local self-government in the Ukraine.

- The Ukraine

Since taking office in the fall of 2014 the present government of the Ukraine has made decentralization and local self-government a high priority and has recognized the European Charter for Sustainable City Development as a relevant guideline. The project responds to this orientation by the Ukrainian government and addresses the needs of the cities created by the challenges of decentralization.

- GIZ / BMZ / the European Union

Since it supports the application of the European Charter for Sustainable Urban development (the Leipzig Charter), the project is fully in line with EU policies.

The co-financing allows SECO and GIZ to join forces and achieve a better leverage with the available resources. From the standpoint of GIZ, the Swiss contribution allows the inclusion of a fourth city (Zhytomyr)<sup>7</sup>, thereby enlarging the network and exchange opportunities, as well as the possibility to include small-scale investments with high expected impacts (the quick-wins), which would not be eligible for BMZ financing.

### 3 Project management

#### 3.1 Project organization / governance

The project shall be governed by an Implementation Agreement between GIZ and MinRegion. The cities will at a later stage sign similar documents. Co-signing by SECO is not impossible but in the GIZ practice unusual and subject to juristic concerns. SECO renounces to co-signing the Implementation Agreement or making a separate project agreement.

A **Steering Committee (SC)** shall be constituted with the donors (SECO and BMZ) and MinRegion and the GIZ team leader as well as the cities, represented by their mayors, as reporting members. The Steering Committee will receive reports from the project management on the implementation process and discuss updates of operational plans or strategy where needed. BMZ is thereby likely to be represented by the local GIZ office, SECO will participate directly or delegate its participation to the SCO. The SC should be invited to meet once a year

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<sup>7</sup> Zhytomyr was added on SECO request to improve the complementarity of this project with the overall SECO/WEIN program in the Ukraine.

by the GIZ team leader (project director) who will also draft minutes and get them approved by the participants.

A **Project Management Office (PMO)**, headed by an international (GIZ) project director, based in Chernivtsi and including a local (GIZ) project coordinator in each core city will be organized. The international project director will be responsible for the overall planning, supervision, coordination, monitoring, evaluation and reporting necessary for the realization of the project. The local project coordinators will act as administrative experts for the project and at the same time assist the four municipal task forces (see below). Their typical tasks will include the organization of expert visits or seminars, the coordination of local actors' communicative interfaces between city and PMO, the dissemination of information, the provision of feedback and reporting on progress or intervention needs.

In each city, a **Task Force** headed by a delegate reporting directly to the Mayor shall be constituted and include representatives of the relevant sectors of the city administration. The head of the Task Force will be assisted by a CIM expert, an expatriate working as a resource person for the city and not part of the project management team. The CIM experts will provide special expertise and input for the design and management of local processes (participation, selection of objects, prioritization, dialogue and communication).

The core instrument for project direction and monitoring will be the **Special Working Group (SWG)**. It functions like a coordination committee and is invited to make suggestions on strategic issues and recommendations on activities. It will also act as a coordination unit for the exchange of knowhow and results among the cities and upwards to the national level through the Ministry of Regional Development (MinRegion). It will meet on a quarterly basis and include representatives from the core cities and from MinRegion. It will be coordinated by the project director seconded to the National Association of Cities who may also invite representatives of associated partner cities, adjacent projects (e.g. GIZ regionalization) and other stakeholders to its meetings. The SCO will be a permanent member and a representative of SECO may assist occasionally.

GIZ also intends to deploy a CIM expert within the Association of Ukrainian Cities. The long-term goal is to transform the Special Working Group into a permanent committee of the association, thus building capacity for a powerful representation of interested cities in the area of integrated urban development.

A chart of the organizational setup is included in Annex A

## 4 Impact and Outcomes

### 4.1 Impact

Ukrainian cities are prepared to decentralization and the introduction of local self-government through the understanding and application of European guidelines for sustainable urban planning and development.

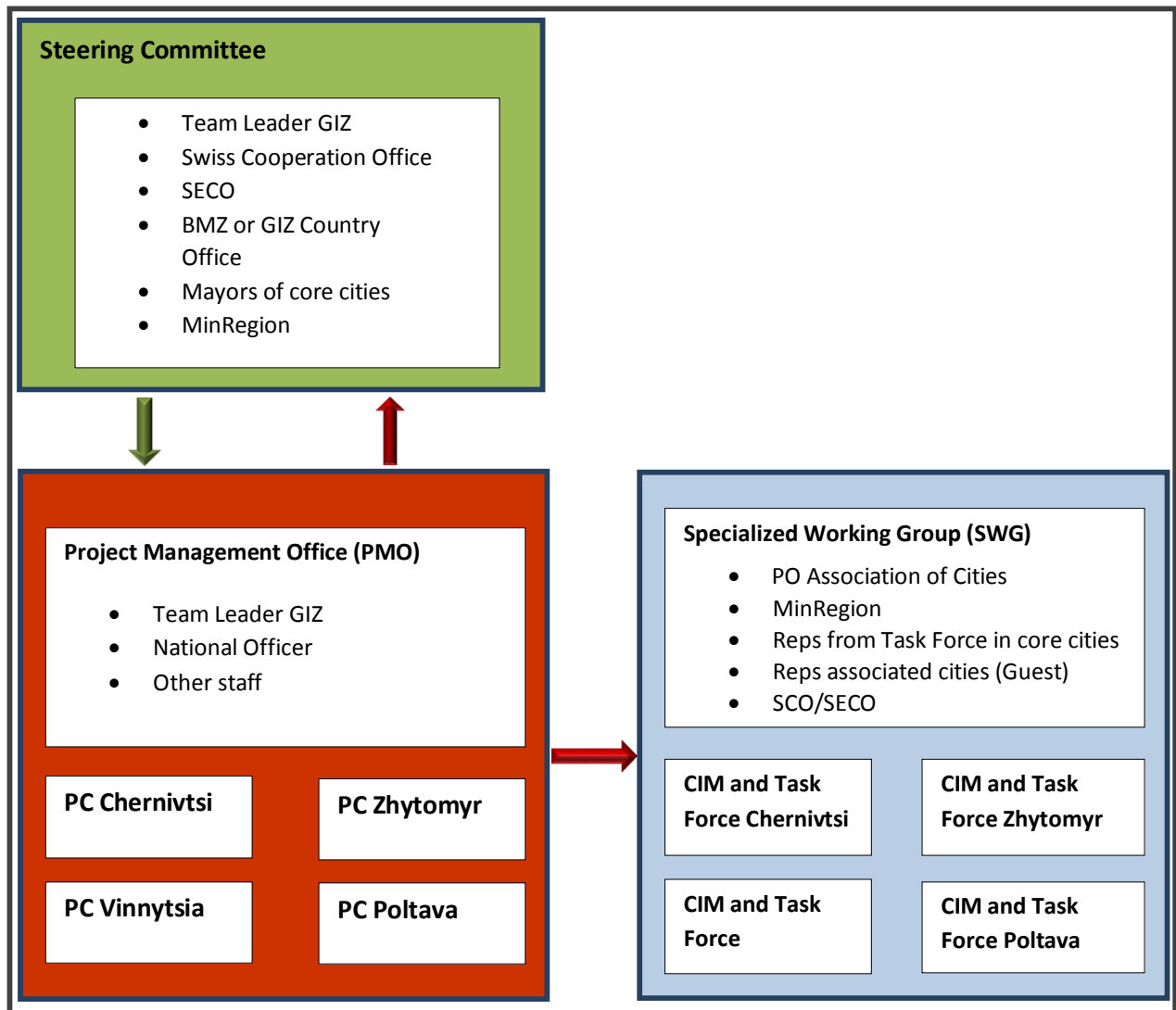
### 4.2 Outcomes

1 The four cities Chernivtsi, Poltava, Vinnitsa and Zhytomyr are capable of designing, applying and implementing processes and standards of sustainable urban development and infrastructure as an integral part of it.



- 2 Urban infrastructure projects, selected and prepared in line with priorities, standards and procedures set in integrated urban development plans, are successfully proposed for financing.
- 3 Small scale, low-budget and high impact investments (quick wins) from integrated development plans are implemented and produce their expected result (i.e. they are “successful”)
- 4 Partner cities use mechanisms for a continuous communication, coordination and cooperation in the fields of sustainable urban development on national and international level (peer to peer, horizontally and vertically – i.e. city to national level) and results are fed into the adaptation of processes within municipalities.
- 5 Results are replicated and fed into the process of national reform

**Annex: Organizational setup**



## Integrated Urban Development in Ukraine



Monitoring and steering



Reporting



Support, organisation

