



Canadian International  
Development Agency

Agence canadienne de  
développement international

# **Environmental Management Development in the Ukraine Project**

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## **Executive Summary**

### **Introduction**

The purpose of this report is to summarize the findings of an evaluation of the Environmental Management Development in Ukraine (EMDU-1) program. The evaluation was one of a series of studies commissioned by CIDA's Performance Review Branch as part of an agency-wide thematic review of programming in infrastructure services. The evaluation started in March 1999, the fieldwork was carried out in April, and the final report submitted in September 1999. The data was collected through document review, key-person interviews, group interviews, and field-site visits. Eight persons in Canada and 40 persons in Ukraine were contacted for this study.

### **Development Context**

Ukraine ranks 95th on the Human Development Index among 175 countries rated in the world. The key indicators in human development in Ukraine in 1998 include the following:

- Population is 50.5 million
- Literacy rate is 100% for males and 97% for females
- GDP is \$2,493 per capita
- Life expectancy is 65.8 years
- Natural growth rate is negative at -6.2%

CIDA's programming framework in Ukraine emphasizes supporting the reform process. This includes supporting the transition to a market based economy; promoting democratic development and good governance; and increasing Canadian trade and investment links with Ukraine. Canada has supported the EMDU program and capacity building among environmental sector institutions in Ukraine since 1993.

### **Project Description**

The first phase of the EMDU program started in 1994 and was completed in 1997. CIDA contributed \$4,829,200. The program focused on the environmental rehabilitation of Ukraine's primary water resource, the Dnipro River system, and pursued a multi-faceted approach to environmental management capacity building in relevant Ukrainian ministries, research institutions, municipal departments, educational organizations and NGOs. The Office for Central and Eastern Europe Initiatives (OCEEI) in International Development Research Centre (IDRC) implemented the program in partnership with the Ukrainian Ministry for Environmental Protection and Nuclear Safety (MEPNS), various State Committees, the National Academy of Sciences, and other research institutes and sector organizations.

The program goal was to contribute to the environmental rehabilitation of the Dnipro river system, through collaborative efforts of institutions and organizations from Ukraine, Canada, and other countries. There were four objectives:

To strengthen the capacity of Ukrainian institutions to manage the Dnipro River system, particularly its water quality;  
To identify means of reducing water pollution in the Dnipro River, specifically in Zaporizhzhia region;  
To foster long-term collaborative links between Canadian and Ukrainian public and private sector environmental organizations; and,  
To encourage the exchange of information and experience between Ukrainian scientists and policy-makers and between these two groups and their counterparts elsewhere.

The program had two components – environmental management capacity building and water pollution control – and seven activity areas within the two components.

The EMDU-1 program was intended to contribute to the environmental rehabilitation of Ukraine's primary water resources, the Dnipro River and its basin. It began in April 1994 and ended in 1998 with an overall investment of approximately \$5.8 million. EMDU-1 consisted of two components:

### ***Component I – Environmental Management Capacity Building***

The component addressed various institutional and structural weaknesses of the Ukraine environmental protection system. It comprised training for environmental managers and technicians from MEPNS, and technical assistance in designing and developing Environmental Management Information Systems for a collection of ministry institutions at the national and regional levels. It also addressed policy and public education needs, and built financial management capacity in the DRF.

### ***Component II – Water Pollution Control***

The component aimed at reducing pollution in the Dnipro River basin by implementing demonstration projects that introduced new management practices and selected technological reform in industrial and public sources of water pollution. It focused on utilizing a Ukrainian Water Quality Baseline Study, carrying out environmental audits, promoting green technologies, and building capacity in the Zaporizhzhia MEPNS and Vodokanal agency for municipal water management and pollution control.

The EMDU program was experimental in nature and operated as a responsive fund with local management features. In EMDU-1, the program funded about 30 subprojects and included short-term, low-cost, high payoff solutions, and projects that increased communication and information sharing among the key institutions in the sector.

The EMDU program focused on capacity building in national institutions, such as MEPNS, the state committees, the National Academy of Sciences and its research institutes, and the UMC and DRF. It also adopted a regional focus on the southern Dnipro sub-basin, more precisely on Zaporizhzhia City and oblast, and built capacity in the Zaporizhzhia MEPNS and Vodokanal agency.

## **Project Performance**

The program performed well overall. The results achieved through EMDU include the following:

### **Impact – Goal level results**

*The impact of the program in terms of the goal is limited.*

The program helped established the basis for collaboration among MEPNS and sector institutions.

The program helped established new institutions and build management capacity for rehabilitating the Dnipro river

The program helped raise the profile of environmental concerns among the Ukrainian public and selected communities.

### **Outcomes – Objective level results**

*The outcomes of the program were notable.*

- The Ukrainian Management Committee (UMC) was created as the local governing and managing group in the program. It now provides strategic leadership in managing the Dnipro River system.
- The Dnipro Renaissance Fund (DRF) was created to administer financial grants to program beneficiaries. It now has a network of 12 regional offices, carries out a financial role in program, carries out environmental audits, and helped introduce environmental audit standards in legislation.
- The Ministry of Environmental Protection and Nuclear Safety (MEPNS), DRF and participating institutions have increased capacity in project management, financial management, and proposal writing.
- MEPNS, state committees and other institutions have established computer based information networks for managing the Dnipro River (BEMIS and REMIS).
- The Baseline Water Quality Study (BWQS) provided the basis for the preparation of water quality standards and methodologies in an internationally recognized format.
- In Zaporizhzhia, water loss and drinking water quality testing allowed problem areas to be identified, mediation plans implemented, tariffs revised to correspond to the actual water consumed, and the municipal water services generally improved.
- MEPNS and participating Ukrainian institutions have established relationships and in some cases partnerships with IDRC and Canadian organizations.
- The program helped develop the enabling environment by supporting the UMC and DRF, and informing the drafting of the National Plan for the Rehabilitation of the Dnipro River Basin and at least five pieces of environmental legislation.
- By installing water meters in Zaporizhzhia, the Vodokanal identified the level of improvement in water consumption that could be expected. They purchased additional meters

and ultimately saw a major impact on the water consumption rates (16% reduction) and wastewater produced.

- The BWQS allowed the MEPNS to identify the major sources of pollution and start work towards reduction in the pollution load discharged to the river.
- IDRC and MEPNS are working together with Russia and Belarus on developing a transboundary GEF project concept for the Dnipro River basin.
- UMA, a Canadian engineering firm, is a partner with the Zaporizhzhia Vodokanal in \$30 million IBRD loan project.
- The City of Edmonton established links and exchanges information with Zaporizhzhia Vodokanal.
- During the "River Cruises" initiated as part of the BWQS, Ukraine scientists and policy makers were placed in a non-threatening environment where they could collaborate and work together.
- IDRC brought in Canadian scientists to work with and advise Ukrainian scientists, counterparts and policy makers.
- The project allowed Ukrainian policy makers and scientists to attend European conferences in Holland and elsewhere.
- The initial GEF project meetings involving Ukraine, Russia, Belarus established Ukraine (MEPNS) as a leader in the initiative with the support of UNDP, IDRC and CIDA.

### **Outputs – Project deliverables and results**

The most impressive results are listed below. *The output-level results of the program were notable.*

- UMC was established as local program management group
- MEPNS and DRF personnel were trained in project and financial management
- BEMIS was established in HydroMet Archive in Kyiv, and REMIS was established in EcoCenter in Zaporizhzhia MEPNS
- DRF was established as a financial institution in Kyiv
- GEF project preparation took among Ukraine, Russia and Belarus,
- Public education materials, including videos and books, were produced and consumed
- BWQS established internationally recognized water quality standards and testing methodologies
- DRF personnel were trained in conducting environmental audits for industry, and three environment audits took place
- A river bank stabilization project not only controlled erosion, but helped establish a responsive approach to public works by involving local residents in decision making process
- Water purification equipment was produced and tested, and reproduced and installed in 30 hospitals, clinic, kindergartens, and primary schools in Kyiv
- Municipal water quality control by Zaporizhzhia Vodokanal helped prevent recontamination of drinking water in the distribution system.

### **Key Factors Explaining Project Results**

The key success factors explaining results include the relevance of the program to stakeholders, the appropriate use of resources, capacities and strategies, the quality of stakeholder partnerships and local participation, and innovation and creativity in approaches to capacity development.

The program remained relevant to the needs and priorities of all major stakeholders in its implementation from 1994 to 1998. It was particularly relevant to Ukrainian leaders who developed laws, standards, decrees, and regulations in environmental management and water quality control as a result of the program. In vetting project proposals and outputs, the UMC ensured the program was consistent with sector plans and use of resources, while the responsive fund allowed implementing organizations to work on priority projects. Canadian investment in the reform process served Canada's priorities in international cooperation with Ukraine, and benefited Canadians working with Ukrainians in the sector.

The program strategy for building environmental management capacity in Ukraine involved a strategic fund with local management features, and local design and delivery of resources and services with Canadian technical support. This generated stakeholder satisfaction with, and commitment to, the intended results and methods used. IDRC's approach was to induce institutional changes through demonstrations using prototypes, dissemination of results and replication of technology. Overall, the program resources, capacities and selected strategies were sensible and sufficient to achieve the intended results.

The program employed management and programming structures to encourage shared ownership and decision making and mutual trust and benefit. Overall, the key stakeholders shared responsibility and accountability for project results, which was a key success factor. They were active in all program stages, and shared a common understanding of objectives, which was reinforced periodically in discussions between IDRC and MEPNS. The program developed a relatively high profile among sector institutions, and various Ukrainians including MEPNS leadership expressed the view that the success of EMDU was due in large part to the IDRC approach, which emphasized partnership, local leadership, and respect for Ukrainian priorities.

## **Policy Themes and Issues**

Canada has positively influenced environmental policy in Ukraine from the start of the EMDU program to the present. Ukrainian partners in EMDU include MEPNS and other high profile government and research institutions in the sector. The program contributed to policy development at national and municipal levels. With support from IDRC and the Canadian Embassy, MEPNS and other Ukrainian partners lobbied against a presidential decree subjecting foreign donor money to heavy taxation. The government (1) granted an exemption allowing IDRC to move funds through the Dnipro Renaissance Fund on a tax-free basis. The program (2) influenced the direction and wording of the National Plan for the Rehabilitation of the Dnipro River Basin, (3) led to municipal regulations for installing water meters in new housing in Zaporizhzhia, (4) led to standards for environmental audit standards being introduced into law, and (5) led to a presidential decree on the restructuring of information flow among state committees using EMIS.

The impact on policy dialogue is notable. The key success factors that explain the achievement of results include the relevance of the program to local stakeholders, the quality of the partnerships and participation, and innovation and creativity in the use of demonstration projects, the dissemination of results, and replication of technologies. The MEPNS-IDRC partnership has worked out well, and provided some leverage for Canadians investing in the sector.

## **Lessons and Recommendations**

### ***Lesson 1 – Enabling Environment***

The quality of partnerships and participation and how these relationships are managed are key to strengthening enabling environments. The EMDU demonstrated that the quality of these relationships are based on the commitment of local stakeholders.

#### ***Recommendation 1***

CIDA should continue to support partnership building, local ownership, and the demonstration project approach in developing the enabling environment in Ukraine.

### ***Lesson 2 – Gender Equality***

Gender results are achieved in specific country and cultural contexts when the best practices in development thinking occur. This includes local participation and ownership of the process started very early in the project.

#### ***Recommendation 2***

CIDA should develop context specific strategies to promote local participation and ownership of the process for achieving results in gender equality.

### ***Lesson 3 – EMDU Program Management Costs***

The program should identify the expected return on CIDA's investment in EMDU, and estimate the impact on results of reducing CIDA's investment in program management. As this data was not available, CIDA and IDRC lacked investment data upon which to make decisions about changes to the program management structure.

#### ***Recommendation 3***

CIDA should develop a methodology for estimating return on investment in management so that investment benchmarks may be developed to replace benchmarks in management costs.

### ***Lesson 4 – Ukrainian Reform***

CIDA projects in CEE countries, such as the Ukraine, must remain responsive to changing demands. The management, administrative and governing structures in post-Soviet Ukraine are undergoing a steady and fundamental change.

#### ***Recommendation 4***

CIDA should continue to support EMDU-type responsive funds with local management features for use in programming that supports Ukrainian reform.

#### ***Lesson 5 – Ukrainian Management Capacity Building***

The program successfully increased management capacity in targeted Ukrainian institutions, and improved information management and communications in the sector. The program was successful in this regard because capacity building was relevant to local stakeholders, took place in a context of mutual respect and trust, and employed appropriate resources and strategies in the context.

#### ***Recommendation 5***

CIDA should continue to support management capacity building in Ukraine through project environments such as EMDU that create the right conditions for the process.

#### ***Lesson 6 – EMDU Demonstration Project Approach***

The program results in the enabling environment, partnership building, and impact on policy dialogue, as well as project activities for water pollution control, were achieved with the support of demonstration projects, dissemination of results, and replication of technologies.

#### ***Recommendation 6***

CIDA should continue to support the demonstration project approach as a means of achieving objectives for enhancing the enabling environment and influencing the policy dialogue in Ukraine.

#### ***Lesson 7 - Sustainability***

Long-term investments and partnerships are necessary to achieve results in capacity building, creating an enabling environment or achieving results at the impact level.

#### ***Recommendation 7***

CIDA should continue support EMDU-2 and reasonable extensions of other successful projects to allow personal trust and respect to develop between the Ukrainian and Canadian stakeholders.



## ***Lesson 8 - Risk Management***

Risks should be identified early in the project and then monitored on a regular (monthly) basis.

### ***Recommendation 8***

Identified potential risks should be monitored as the project progresses. Early recognition and a prepared course of action could help reduce the productive project time lost to correct the situation.

## **Conclusion**

The EMDU-1 program straddled the line between an infrastructure services (IS) project and an environmental sector project. EMDU-1 made substantial contributions to developing the enabling environment and building environmental management capacity. The program also resulted in good quality relationships among Canadian and Ukrainian institutions, and had a strong influence on the policy dialogue process in the country. All stakeholders had a positive opinion of the results and achievements of the project.

IDRC's approach was responsive to the needs of the country. The Ukrainian partners valued the confidence, trust and respect shown by IDRC, CIDA and Canadian. They recognize that EMDU brought together the Ukrainian institutions in the sector, and allowed Ukrainians to participate as leaders in international fora on water quality standards and methodologies. Ukrainian Implementing Organizations could demonstrate achievements and ongoing activities accomplished as a result of EMDU-1 funding.