

# POLISH-UKRAINIAN COOPERATION FOUNDATION



PAUCI

Annual Report - 2012

# PAUCI Club Meetings 2012

- ❖ “Should the Polish media provide with more information from the world or we focus on national issues?” (February 22<sup>nd</sup>, 2012). Keynote speakers were: Grzegorz Haszczyński (Rzeczpospolita, daily), Grzegorz Ślubowski (Polish Radio), Jacek Stawski (TVN 24) and Krzysztof Bobiński (PAUCI, former correspondent of the Financial Times)
- ❖ “Euro 2012 - Poland-Ukraine – the Friendship or Dissapointment?” (May 10<sup>th</sup>, 2012) – a public debate about the relation between Polish and Ukrainian societies at the threshold of the UEFA Soccer Championship. Keynote speakers were: Iryna Magdysh (director of the Museum of Ideas, Lviv, Ukraine), Roman Kabachyy (Institute of Mass Information, Kyiv, Ukraine), Dariusz Buza (the Polish Ministry of Sport and Tourism, head of the Euro 2012 Office), Renata Wloch (Sociological scientist, the University of Warsaw, Social Project 2012). Moderation – Maria Przelomiec (Studio East, TVP Info)
- ❖ “What a policy towards Lithuania?” (June 12<sup>th</sup>, 2012) Debate on problems in the Polish-Lithuanian relations. Keynote speaker: Prof. Zdzislaw Najder (former head of the Polish Section of the Radio Free Europe).
- ❖ “Where Russia goes” (September 11<sup>th</sup>, 2012). Keynote speaker: Kazimierz Wójcicki, author of the analytical paper “Scenarios for the Future of Russia 2020-2050”.

# Evaluation of Polish-Ukrainian Cooperation

PAUCI Foundation continued a debate about the prospects of Poland – Ukraine relations. PAUCI director presented and distributed the review of the recent developments + risk assessments.

## Euro-Atlantic Forum in Chicago

Part of an International advocacy forum tasked with assessing Ukraine's relationship to NATO's stated goal of strengthening security in the Euro-Atlantic area & a Europe that is whole and free. It was held in Chicago on May 19, 2012, at the Ukrainian Cultural & Conference Center, Chicago, IL on the eve of the Chicago NATO summit. PAUCI director was one of the speakers.

## UA Quest Roundtable: Ukraine's 'Report Card' on the Eve of Parliamentary Elections

A special edition UA Quest: Ukraine's 'Report Card' on the Eve of Parliamentary Elections took place on Sept 19-20, 2012 in Washington, D.C. The conference fused the envisioned work of the first US-UA Leadership Summit with CUSUR's flagship UA Quest forum series to take measure of Ukraine's recent progress/regress in six categories: “robust democratic politics, developed market economics, viable social cohesion, ever greater energy security, ever greater general security and an established national identity”. PAUCI director was one of the speakers.

# PAUCI Foundation's Key Programs:

## Advocacy for Closer Integration with the European and Euro-Atlantic Structures:

Project: The 5th Euro-Atlantic Forum: Ukraine and the EU

Project: Eighth Kyiv Dialogue "Migration, a European Challenge and the Case of Ukraine"

Project: The 8<sup>th</sup> Polish-German-Ukrainian Forum "Ukraine after the 2012 parliamentary elections"

## Implementation of Administrative and Local Government Reform Processes:

Project: Good Governance in Chisinau – Introduction of Performance Budgeting in the Capital of Moldova

Project: Decentralization and Local Autonomy Development: Successful European Models for the Republic of Moldova (2011-2012)

Project: Risk Management and Internal Audit in local authorities in Ukraine

Project: Performance budgets in Cherkasy and Vinnitsa - support for good governance and financial transparency of local governments in Ukraine (2012-2015)

## Youth Empowerment:

Project: Support for Rural Schools in Western Ukraine

## Energy Efficiency

Project: Public kindergarten complex thermo-modernisation in town of Yagotyn

## Local community and SME development

Project: Transparency in Armenian housing condominiums as a guarantee of their effective operation

Project: Housing condominiums as a form of local community organization and the school of democracy in Ukraine

Project: Support for SME development on Ukrainian real estate management market

## Project: The 5th Euro-Atlantic Forum: Ukraine and the EU on the Brink of the New Association Agreement

The 5th Euro-Atlantic Forum: Ukraine and the EU on the Brink of the New Association Agreement took place in Kyiv on January 25-26, 2012. The conference was organized to discuss the features of present day relations between Ukraine and the EU, including the Association Agreement and the capabilities of Ukraine to fulfil all of its provisions. Topics discussed dealt with free trade, energy security and democracy. Special attention was paid to the topic of energy dialogue between the EU and Ukraine, as well as the conditions necessary for the economic development and strengthening of international business relations between Ukraine and its western partners.



The event was attended by over 300 people and more than 400 people watched the live video feed of the forum. Among the main participants of the 5th Euro-Atlantic Forum were prominent diplomats and experts on European integrations such as Head of the EU Delegation to Ukraine Jose Manuel Pinto Teixeira, Head of the Konrad Adenauer Foundation in Ukraine Nico Lange, former Minister of Foreign Affairs of Ukraine Petro Poroshenko, the Chairman of the Verkhovna Rada of Ukraine on European Integration, Head of the Department of European Integration of the Presidential Administration of Ukraine Yevhen Perelygin, representative of the Institute for Euro-Atlantic Cooperation Oleksandr Sushko and others.

Partners: Institute for Euro-Atlantic Cooperation, Konrad Adenauer Foundation in Ukraine, Center for US-Ukraine Relations (CUSUR), Pact in Ukraine, UNITER, Youkraine.eu Platform, Public Experts Council under the Ukrainian part of the Committee on Cooperation between Ukraine and the EU.

## Project: Eighth Kyiv Dialogue “Migration, a European Challenge and the Case of Ukraine”



On February 28-29, 2012, Berlin hosted the Eighth German-Ukrainian Forum on Civil Society “Kiev Dialog.” How should the immigration policy of the EU and Ukraine be shaped? Should Ukraine be visa-free or require visas, and which is more profitable? What are the threats of migration and who would these threats affect most? These and other issues were discussed in detail between political and NGO representatives, researchers and community leaders from Ukraine and Germany.

Leaders of NGOs, civil servants, experts, media, academicians from Germany and Ukraine were participants of the forum. Among the attendees were Rebecca Harms, Professor Yaroslav Hrytsak, Dr. Norbert Cyrus, Inna Pidluska, Andrew Vaskovych, Dr. Alexander Sushko, Hayko Gabbe, Iryna Sushko, Dr. Helena Malinowska, Dr. Barbel Kofler, and other experts. Their main conclusion was that the very concepts of borders are losing their role to control migration flows. It is necessary to separate the possibility of the free movement of Europe and the possibility of residence/work visa liberalization, as this would be beneficial to both parties.

Partners: Federal Center for Political Education, German Society of Eastern Europe, Deutsche Welle, European Academy in Berlin, European Exchanges, Friedrich Ebert Foundation, Heinrich Boell Foundation, International Fund “Revival,” Commission on Migrant Affairs of the Ukrainian Greek Catholic Church, Ukrainian Centre for Economic and Political Studies, (Razumkov), Action of Solidarity With People of German Catholics in Central and Eastern Europe “Revoabis”, Robert Bosch Foundation, International Renaissance Foundation (Kyiv).

## Project: The 8<sup>th</sup> Polish-German-Ukrainian Forum "Ukraine after the 2012 parliamentary elections"

The 8<sup>th</sup> Polish-German-Ukrainian Forum "Ukraine after the 2012 parliamentary elections" took place in Warsaw on December 6-7, 2012. The topics concerned the place of Ukraine in the European Union and the modern world, the Ukrainian foreign policy and the situation of the internal reforms. Among others, the guests included Ms Yevheniya Tymoshenko, the daughter of the imprisoned former PM of Ukraine Mrs. Yulia Tymoshenko, Mrs. Katarzyna Pełczyńska Nałęcz, the current Deputy Minister of Foreign Affairs of the Republic of Poland, Mr. Markiyan Malskyy, the Ambassador of Ukraine to Poland, Prof. Adam Daniel Rofeld, the former Minister of Foreign Affairs of the Republic of Poland and Mr. Hryhoriy Nemyria, the former deputy PM of Ukraine.

The event was attended by almost 200 participants, including a considerable amount of prominent politicians, diplomats and experts such as Karl-Georg Wellmann, member of the Bundestag, member of the Committee on Foreign Affairs, Prof. Iryna Bekeshkina, the Director of the Ilko Kucheriv Democratic Initiatives Foundation in Kyiv, Oleh Rybachuk, former deputy PM of Ukraine, leader of the "Chesno" movement, Prof. Igor Burakovsky, Prof. Volodymyr Zaryckyj, Center for US-Ukrainian Relations; Rainer Steenblock, former member of the Bundestag, currently the European Integration Strategy Association.



Partners: Konrad-Adenauer-Stiftung, Fundacja Współpracy Polsko-Niemieckiej, Europäischer Austausch gGmbH (European Exchange), Heinrich Boell Stiftung, International Renaissance Foundation (Kiev), TVP INFO, Polskie Radio dla Zagranicy, Nowa Europa Wschodnia, Polsko-Amerykańska Fundacja Wolności, Polska Fundacja Międzynarodowej Współpracy na Rzecz Rozwoju „Wiedzieć Jak”



## Project: Good Governance in Chisinau – Introduction of Performance Budgeting in the Capital of Moldova

The project “**Support for performance budgeting system in Moldovan local self-governments**” financed by the Polish Aid 2012 (program of the Ministry of Foreign Affairs of the Republic of Poland) supported the reform of local finances in Moldova by introducing performance budgeting in local governments. Project was a follow-up of a PAUCI and Business Consulting Institute activities focused on introduction of performance budgeting by Moldovan local governments and answers the needs of the Moldovan Ministry of Finance to introduce performance budgets as a obligatory form of budgeting related with the current decentralization reform. Projects in Moldova follow the example and experiences of Krakow, the first Polish city which introduced the performance budget (1994).



In years 2009-2011 PAUCI and Business Consulting Institute elaborated the methodology of performance budgeting in Moldova, prepared decision makers and financial specialists of 5 Moldovan cities (Floresti, Stefan Voda, Balti, Cahul and Ungheni) in performance budget related issues and in case of the capital city of Chisinau – the trained local specialists and decision makers already prepared selected parts of the city budget in a performance mode. In 2012, the project introduced performance budgeting issues and basic trainings for the next four Moldovan cities (Orhei, Calarasi, Soroca, Dubasary), helped in creation of test software linking classification structured budgets with performance budgets and facilitated a public discussion about the reform of the budgeting system of the Moldovan local self-governments. Local specialists of the Municipality of Chisinau, under a guidance of Polish and Moldovan experts, prepared the 5 new areas of pilot performance budgets of the City for 2013 and updated performance budgets prepared in 2011.

## Project: Decentralization and Local Autonomy Development: Successful European Models for the Republic of Moldova (2011-2012)

There are currently several models of decentralization that are largely discussed within Moldovan expert community and decision makers to prepare a reform that follow the “Rethink Moldova” governmental strategy. It was important to familiarize the Moldovan expert community and policy-makers with models implemented in Poland, Latvia and other post-communist countries (Czech Republic, Slovakia, Romania). Relying on the fact-based experience gained during two study visits to Poland (Warszawa, Poznań, Gniezno, Witkowo) and Latvia (Riga, Kuldiga), the Moldovan experts came in 2012 with valuable recommendations, developing an appropriate model for implementing the decentralization reform in the Republic of Moldova. For that purpose, a larger discussion with participation of national and international experts from Poland, Latvia and other post-communist EU member countries (Hungary, Czech Republic and Slovakia) was assured during the round-table conference and several workshops on specific issues that refer to the decentralization reform implementation (decentralization of education, social protection and health systems, fiscal decentralization, decentralization of public property etc.). The project also created new links and networks of bilateral and multilateral cooperation between Polish, Latvian and Moldovan central institutions and local governments (e.g. Witkowo community (PL) and Riscani reyon (MD) have started first common plans for cooperation).

The project was organized by PAUCI in cooperation with partners from Moldova (Business Consulting Institute) and Latvia (Corporate and Public Management Consulting Group) has been co-financed by East-East Partnership Beyond Borders Program of the Stefan Batory Foundation, Soros Foundations and by the UNDP-Moldova.



## Project: Risk Management and Internal Audit in local authorities in Ukraine

Internal audit belongs to the modern instruments strengthening the administrative capacity to provide quality services. Internal audit not only allows reviewing the organization's compliance with internal and external regulations, but also reducing losses caused by inefficient risk management. Poland successfully introduced the instrument to the public administration (since 2002 IA has been mandatory and covers almost 2300 public administration units, including 630 local governments). Ukraine is still on initial phase of the reform – organization of internal audit units in the public sector has not yet begun, but according to the official strategy was to be carried out by the end of 2012. This project strengthened good governance in the three regional capitals - Cherkasy, Vinnitsa and Lviv, created teams of auditors subordinated directly to the mayors and helping them in risk management. Polish-Ukrainian expert team has trained “clients” - local managers (incl. heads of municipal units and communal enterprises) to help them to use the internal audit tools as well as local professionals who have potential to work in internal audit teams (4 people in each city).

Trainings have had theoretical and practical components, incl. study visit to Poland and pilot audit missions in Vinnitsa, Cherkasy and Lviv. Ukrainian auditors, under the Polish experts' guidance, conducted pilot audit missions in three target cities on topic determined in consultations with city managers. Audit conclusions will improve managerial processes.

The project was managed by the Foundation PAUCI within the Polish Aid grants program 2012 of the Ministry of Foreign Affairs.



## Project: Performance budgets in Cherkasy and Vinnitsa - support for good governance and financial transparency of local governments in Ukraine (2012-2015)

The complicated administrative structure of Ukrainian cities is imposed by the non-transparent budgets, which reflects the inconsistency of Ukrainian laws and system of financial planning as well as the practice of revenue enforcement and weak expenditure control. The alternative for traditional system is the system of task-oriented budget (performance budget), which is implemented in many Polish cities. Kraków was a pioneer in this sphere, implementing performance budgets since 1994. The Kraków example has been widespread among other Polish bigger cities, incl. Warszawa – the capital and serves as a base of one of reforms of public sector finances in Poland. The new form of budgets engages wider societal circles into the process of planning and monitoring of implementation of tasks (social participation). Although performance budget is still not a legal obligation, the whole reform of Polish public finances is heading that way.

Three year project, financed by the European Commission, will use variety of instruments, both theoretical (trainings, seminars) and practical (case studies, internships and study visits) to strengthen the good governance capacity of local administration and NGOs of Vinnitsa and Cherkasy regional capitals as well as financial transparency of those cities based on experiences of performance budgeting introduced in Polish cities, especially in Krakow.



The project started in 2012 with a study visit to Poland for Vinnytsa and Cherkasy city managers. Participants visited Municipality of Krakow, its Communal Infrastructure and Transport Department, Ministry of Finance of Poland, and Budget Planning Department of Municipality of Warsaw. The project will be continued in 2013-2015.

## Project: Support for Rural Schools in Western Ukraine

Since 2006, PAUCI Foundation implements this CSR/PPP projects initiated and financed by UPS (United Parcel Service). Project aims to upgrade the educational potential of rural schools located in the neighboring distance across the border in Poland and in Ukraine. Through the PPP mechanism and donor-local community cooperation project enhances the participating schools material base and supports them also in their programmatic activities. As the first priority, the construction and furnishing of the school gyms was being provided, also the computer classrooms were completed. The second priority was to offer additional computer lessons, English and arts classes and purchase the educational equipment. So far, PAUCI Foundation has been developing the project in 4 rural schools in Ukraine and 2 schools in Poland.

Within this program the best students are entitled to get stipends to continue education in the junior high school in the county town. Since the 2011 fall the university stipend ships for the best students are funded. Currently one student of the Jagiellonian University in Krakow is receiving such a stipend. More then 400 pupils of rural schools could participate in sport, art, IT, dances, and music classes. These classes help children to become active and more creative. Through purchasing a bus we secured the access of children from remote villages to the option of secondary education. Through involving international business and local community in implementing the different stages of the project we raised the spirit of local pride and self-esteem, promoted locally CSR and PPP and stimulate the other villages and regions to follow the same pattern.

Project is coming to its final point, at least in its current format. The concepts for the future involvement includes quality criteria in the capacity building.

## Project: Public kindergarten complex thermo-modernisation in town of Yagotyn

Project aims to create a model example of energy efficient public building by implementing thermo-modernisation measures at typical 2-floor municipal kindergarten for 200 children in Yagotyn town (Kyiv Oblast).



Project will have a direct impact on the owner of the building – local administration, which pays for the heating of the kindergarten. The estimated reduction of the energy consumption is 55-60%. Along with the construction works, project contributes to the change of behaviour of the local residents by organising the on-site press conferences and demonstration of the progress along with the explanations to the local press, authorities, and residents.

Project aims to upgrade all engineering systems of the public kindergarten – replacement of the windows with the energy-efficient ones, thermal isolation of the walls, installation of the efficient heating system, and upgrade of the ventilation system in order to improve the conditions inside the building, reduce the energy bills and create a practical demonstration project for local administrations of the region.

The project was launched in 2012 with a press tour and development of necessary documentation for reconstruction activities. The reconstruction itself will take place in 2013. The project is implemented in cooperation with Yagotyn City Council with financial support from the European Union.

## Project: Transparency in Armenian housing condominiums as a guarantee of their effective operation



21 years after regaining independence nobody in Armenia has doubts that the old system of housing management was effective, on contrary observers find it detrimental to the existing housing stock.

Housing condominiums, as a new form of joint ownership of the buildings, are potentially more effective but they meet numerous barriers in their development, including a low level of trust and ability to cooperate among the co-owners as well as lack of knowledge of the legal rules and disbelief in the validity of applying the rules of internal democracy to a decision making process, including the personal decisions.

The project started with a training on practical aspects of the internal communication, leadership and transparent management run by a mixed Polish-Armenian team, it will be followed by a visit to Poland to study the first hand experience in the Polish condominiums and articles sharing the relevant experience in Armenian electronic media. During the project implementation, 20 people (representing existing condominiums, individuals interested in creating condominiums) will receive training in the area of legal and organizational aspects of the creation and functioning of housing condominiums in Armenia, with particular emphasis on the transparency of their internal procedures; 15 people (condominiums heads and activists, journalists, a representative of the department of public utilities) will get familiar with the examples of operations of residential condominiums in Poland, their legal position, procedures and fundamentals of transparent financial management of the common property;

The project is at the early implementation stage. It is financed by the International Solidarity Fund - operator of the Polish MFA's Democracy Program.

## Project: Housing condominiums as a form of local community organization and the school of democracy in Ukraine

The project aim was to support, by sharing Polish experience, the residents of Sumy in their efforts to achieve a more effective and democratic forms of ownership and management of the common property which are the residential buildings they possess and live in. By inspiring participants to create housing condominiums project contributed to the emergence of new leaders and elites who were able to act toward changing the surrounding reality. In addition, through its pilot nature the project created a model of supporting housing condominiums, which will be replicated in other cities and regions of Ukraine.



The project started with a training on practical aspects of the condominium participatory management and the art of running the project cycle in a condominiums setting run by a mixed Polish-Ukrainian team, followed by a visit to Poland to study the first hand experience in the Polish condominiums and providing the practical manual for condominium activists. 20 people (representing existing condominiums, individuals interested in creating condominiums) received training in the area of legal and organizational aspects of the creation and functioning of housing condominiums in Ukraine; 8 people (condominiums heads and activists, journalists, a representative of the department of public utilities) got familiar with the examples of operations of residential condominiums in Poland, their legal position, procedures, the cooperation of professional managers and financial management basics; at least 300 people read the information brochure and learned the rules of creation and operation of the condominiums in Ukraine.

The project was supported by Education for Democracy Foundation - operator of the Polish American Freedom Foundation's program RITA (Regions in Transition).



## Project: Support for SME development on Ukrainian real estate management market

The project aims to increase the availability of property management services by increasing the number of SMEs providing such services in Kharkiv, Poltava and Zhytomir and increase the quality and coverage of services. In the last of these areas it will enrich the pool of knowledge of energy-saving technologies useful during a process of investing in infrastructure of the managed properties. The project stimulated creation and strengthened capacity of the SMEs suppliers, built confidence for this specific form of service among consumers and, finally, enriched the SMEs offer by making them familiar with contemporary energy saving technologies relevant to housing sector needs.

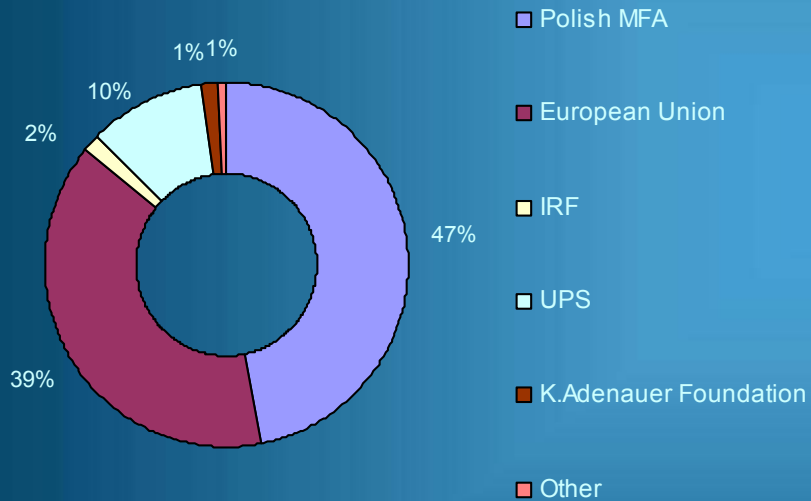


The project supported the development of SMEs, including the ones acting on a self-employment base, offering property management services. This was done through a sequence of training, study visits to Poland and providing of the short articles to the existing specialized portals in Ukraine. 6 property managers went through the short term internships in Polish companies involved in the management of the property of housing condominiums (Kraków, Tarnów, Katowice ) and got familiar with the specifics of this job; 20 managers and employees of the condominiums counseling centers were trained in aspects of energy modernization of buildings and learn how to use the results of an energy audit of buildings.

The project was supported by the Polish MFA

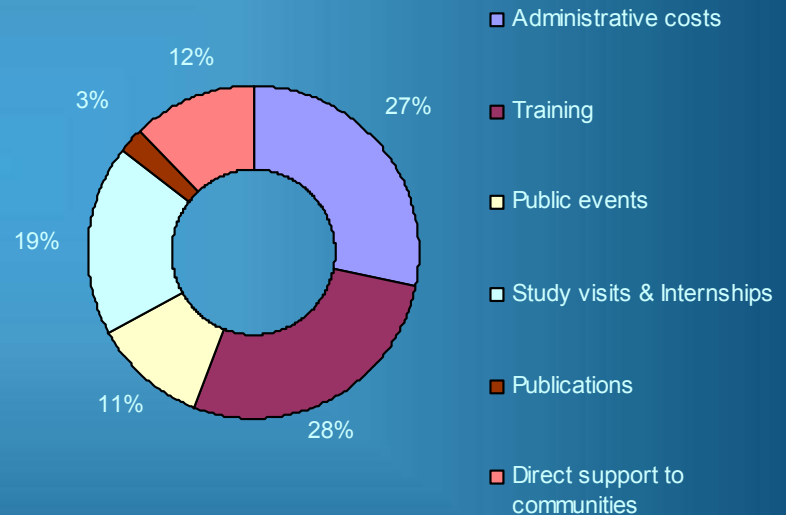
# Financial report

## Revenues



Total Revenues in 2012 - \$651 146

## Expenditures



Total Expenditures in 2012 - \$542 852

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# PAUCI and the social media

## PAUCI on Facebook

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**PAUCI Foundation**  
499 likes · 41 talking about this · 4 were here

Non-Governmental Organization (NGO)  
The mission of the PAUCI Foundation is to build the capacity of Ukraine to integrate more closely with the European Union and NATO.

About Photos Likes

## PAUCI on Twitter

Home @ Connect # Discover Me Search

**pauci**

**Fundacja PAUCI**  
@PAUCIFoundation

The mission of the PAUCI Foundation is to build the capacity of Ukraine to integrate with the EU and NATO through the application of Polish and EU experience.  
Poland, Ukraine - pauci.org

55 TWEETS 256 FOLLOWING 52 FOLLOWERS

Tweets

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