

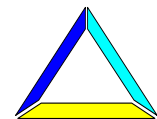
Chişinău, Moldova

National Development Plan – A New Approach to Moldova’s Development

Strategic planning in Ukraine: Experience and Lessons

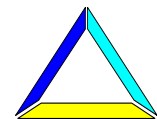
Dmytro Naumenko,

Research Associate



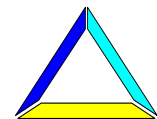
Initial conditions

- Necessity of successful market reforms elaboration and implementation aimed to sustainable economic and social development in the long-run.
- Ukraine had been an integral part of the so-called economic complex of the USSR system which was governed in an extremely centralized way from Moscow.
- The result is clear:
 - ✓ Ukraine had no experience of state policy making and implementation;
 - ✓ Ukraine has not got clear idea of liberal economic development.



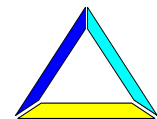
Strategic planning system (SPS) development

- National state and economic system formation (1991 – 1994)
- Implementation of reforms (1994 – 2004)
- Modern system of elaboration of state policy decisions (2004 – till present)
- SPS modernization project (the draft Law on the State forecasting and strategic planning)



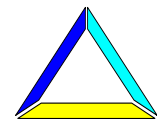
1991 - 1994: outline of priorities

- Strategic priorities:
 - 1) shock (hands off) approach;
 - 2) guided gradualist (controlled by the state) approach.
- “*Fundamentals of the national economic policy of Ukraine*” – the first plan of economic reforms (1992);
- Another fundamental documents was elaborated:
 - 1) The Law “*On property*”;
 - 2) “*Concept of denationalization and privatization of enterprises, land and dwelling*”;



1994 – 1996: Period of initial reforms

- The first *economic program* and *the agreement of a stabilization and systemic transformation program (STF)* announced by the newly elected President Leonid Kuchma (1994).
- They were based on a comprehensive program of reforms developed in mid-1994 in cooperation with IMF consultants and the support of the World Bank and a number of bilateral donors.
- *The Annual and extraordinary addresses of the President to the Verkhovna Rada of Ukraine* became the main strategic document in the country based on economic reforms program.
- On the branch and local administration level the question of strategic planning was covered at the *state development and targeted programs* which was improving in chaotic manner and was not properly linked to each other.

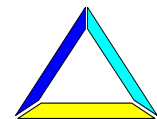


1996 – 2004: New vision on SPS

- The Law “*On the state forecasting and the elaboration of economic and social development programs in Ukraine*”;

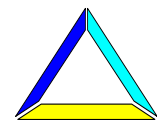
Aim – to ensure proper link between aims and means of state policy.

- Strategic economic programs were defined as the following:
 - 1) State program of economic and social development of Ukraine;
 - 2) Programs of development of a separate branch of economy;
 - 3) Regional development programs;
- System of forecasts on each level of programs utilization.
- The Law “*On the state targeted programs*” (2004).



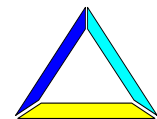
2004 – till present: Changes leads to new challenges

- In 2004 political system of Ukraine underwent significant changes.
- The legislative power received the priority to form the executive branch through the coalition government.
- *The Cabinet of Ministers of Ukraine Program* is the main strategic document in Ukraine.
- The *State program of economic and social development* – a plan of priorities of government policy.
- The main problem – the current SPS is inefficient.

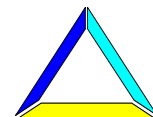
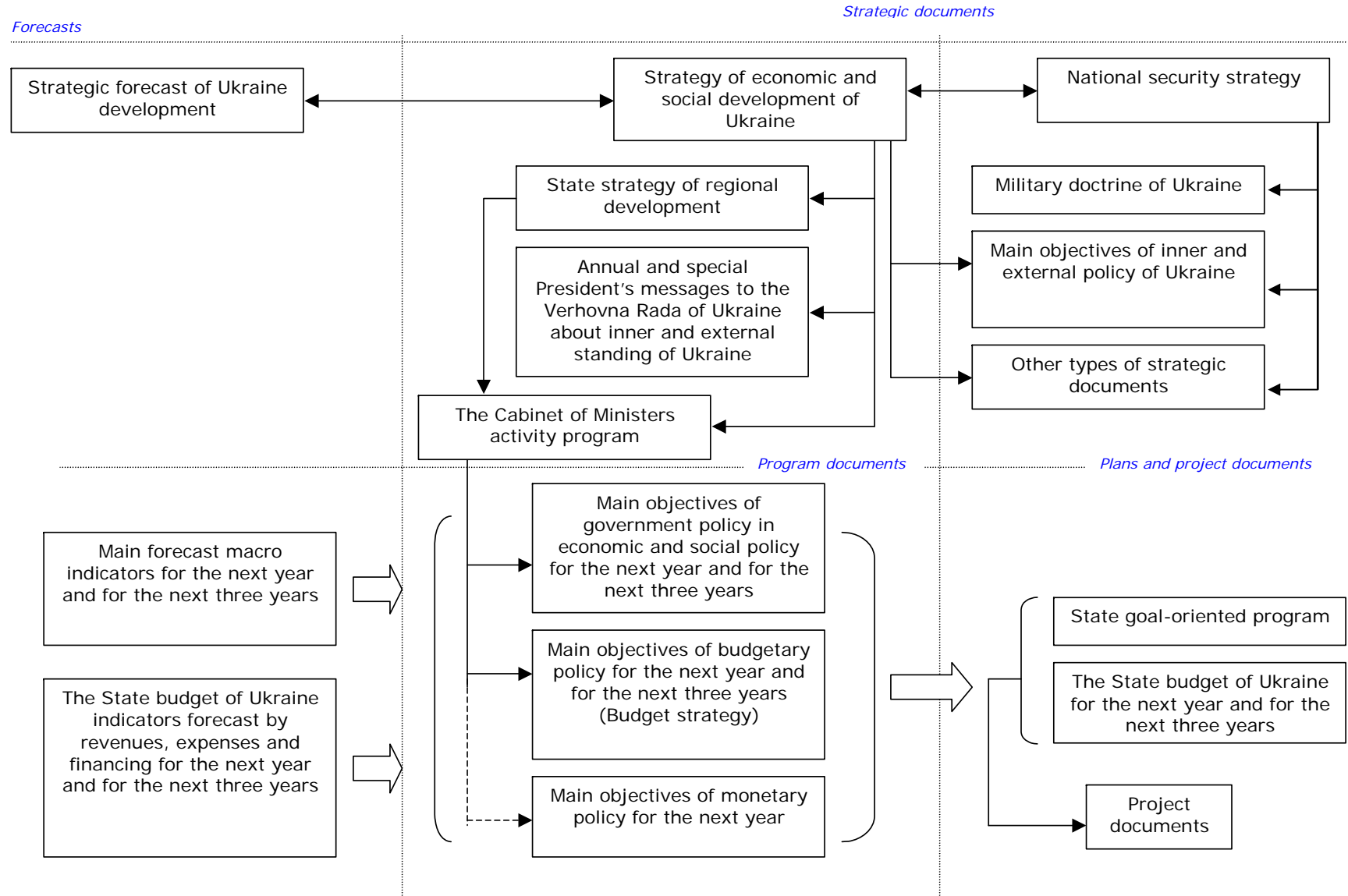


Effective SPS: principles

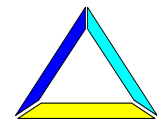
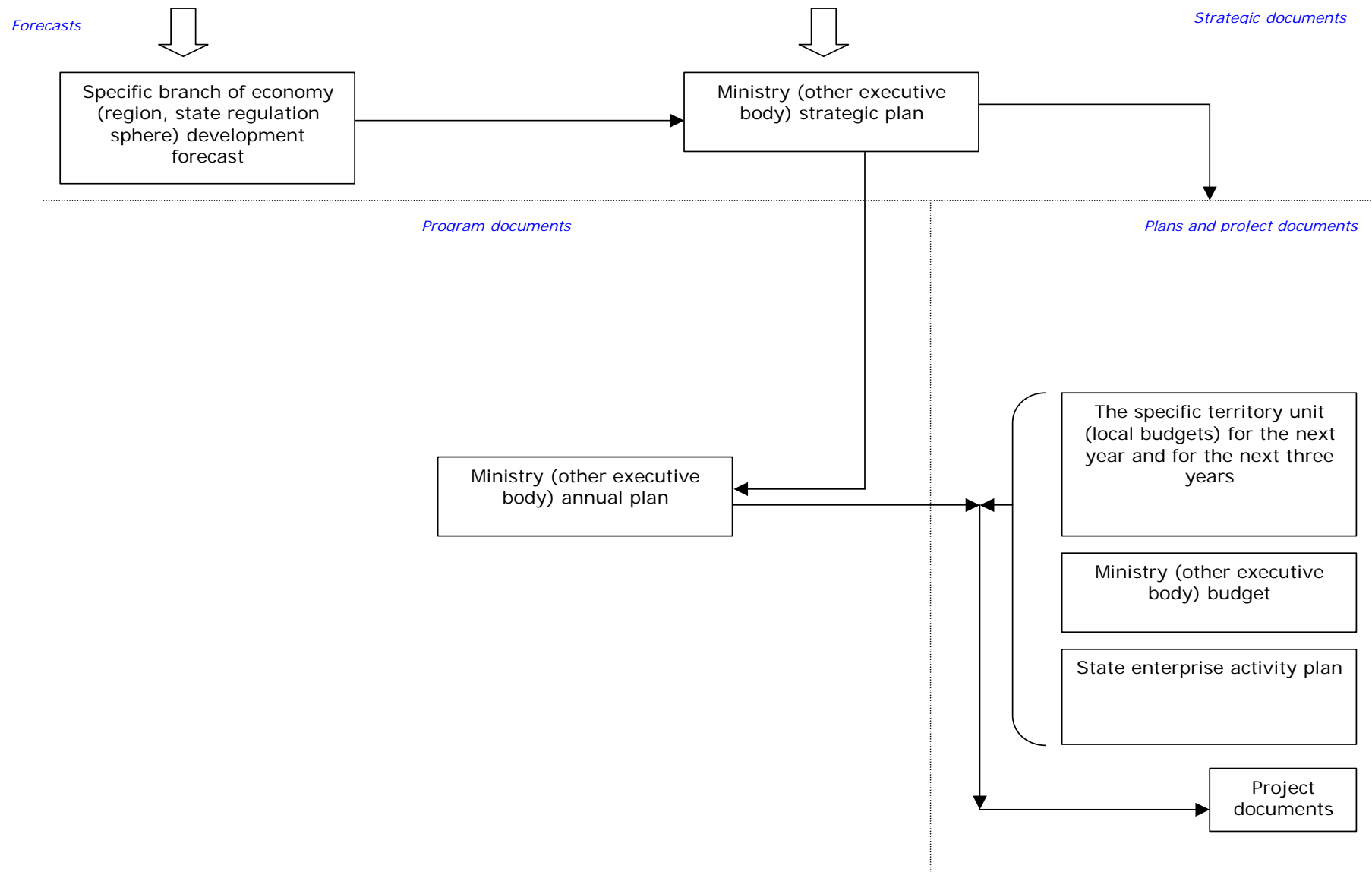
- **System**
- **Completeness**
- **Adequacy**
- **PPBE (Planning, Programming, Budgeting, and Execution)**



Scheme #1: Suggested SPS in Ukraine - National policy level

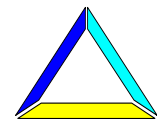


Scheme #2: Suggested SPS in Ukraine – Regional policy level



Conclusions and recommendation for policy-makers

- The government policy goals declared in the National Development Plan (NDP) will be effectively implemented if:
 - 1) The state machinery must operate as an *efficient* institutional mechanism (institutions matter);
 - 2) Government activities are to be based on simple, clear and comprehensive system of strategic planning;
 - 3) Strategic planning system should have two working levels - national and regional levels, but the principles and mechanism of decision making and implementation must be the same;
 - 4) Decisions are to be taken in strict accordance with procedure: goal – program – budget – execution, monitoring and control.
- The NDP has to be based on comprehensive strategic forecast with different scenarios of social and economic development.



Thank you for attention!

