



**European Committee  
of the Regions**

# **Regional Development in Ukraine: Priority Actions in Terms of Decentralization**

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# Table of Contents

List of Abbreviations

- Executive Summary ..... 1
- I. Introduction: Scope, Objectives and Methodology ..... 3
- II. Presentation and Analysis of State of Play: Overview ..... 5
- III. Analysis of emerging trends: Bottlenecks and priority actions ..... 11
- IV. Case studies to illustrate key success factors to be considered in future cooperation projects ..... 21
- V. Recommendations ..... 29
- References ..... 37
- Supplementary Appendix ..... 41



# List of Abbreviations

AA	Association Agreement
ACU	Association of Cities in Ukraine
ANGO	Association of NGOs
COE	Council of Europe
DCFTA	Deep and Comprehensive Free Trade Agreement
DESPRO	Swiss-Ukrainian Decentralization Support Project
EGTC	European Grouping of Territorial Cooperation
EP	Eastern Partnership
EU	European Union
ENP	European Neighborhood Policy
GIZ	German Corporation for International Cooperation GMBH
IOM	International Organization for Migration
IMC	Inter-municipal cooperation
IRI	International Republican Institute
LG	Local government
NANU	National Academy of Sciences of Ukraine
NGO	Non-governmental organization
PIT	Personal income tax
ProZorro	Public e-procurement system
SME	Small and medium enterprises
UAH	Ukrainian Hryvnya
UM	United municipalities
UNDP	United Nations Development Program
USAID	United States Agency for International Development
UTF	Ukraine Task Force
ZRCSEHR	Zakarpattia Regional Centre for Social, Economic and Humanitarian Research



# Executive Summary

This report explores the processes of decentralization and reform of local government currently underway in Ukraine. After a brief introduction in Part 1 laying out the objectives of the study and the scope of the work Part 2 presents an overview of the state of play of recent reforms highlighting key dimensions of the reform as well as the wider political-institutional context which is shaping the process of reform implementation. In Part 3 emerging trends with a more detailed exploration of the ongoing reforms and of current priorities and bottlenecks are explored. Key issues that are highlighted are issues that emerged in the process of amalgamating municipalities and continuing lack of clarity in terms of the distribution of power between different layers of government, the risk of recentralization at the rayon level impeding the process of decentralization concerning the newly amalgamated municipalities and continuing low levels of citizen trust and perception of efficacy. Part IV contains a series of short case studies illustrating key success factors which need to be considered in future cooperation projects. It is evident that given their shared transition legacies examples of good practice from Central European countries are seen to be most relevant to local and regional government actors in Ukraine. The final part of the report presents a series of recommendations for local and regional authorities, the national level and the Committee of the Regions to consider to further the decentralization and democratization of local government in Ukraine. These include recommendations to enhance transparency, to ensure greater clarity in intergovernmental relations as a means to safeguard local authorities against excessive centralization, and to foster cooperation with other Ukrainian municipalities and with external partners.



# I. Introduction: Scope, Objectives and Methodology

Decentralization and reforms of local government have featured prominently in Ukraine's agenda of political and economic transformation. They are also an important component of Ukraine's participation in EP and ENP. As part of the ongoing reform process, Ukraine has recently adopted and began to implement a series of radical changes to the institutional set-up of municipal bodies; their administrative boundaries; and relations with other state, regional and local bodies. Among the most important aspects of the reform is voluntary amalgamation of municipalities to form larger units (United Municipalities, UM) with a minimum recommended population threshold of 5,000 people. These reforms are aimed at enhancing the capacity of local authorities to perform complex policy making and service delivery functions, notably in healthcare and education; to devise long-term economic development plans; and to enhance revenue-generating capacities of local bodies (Roberts et al. 2014; Sasse 2016). Pursuant to the act of the Ukrainian Parliament passed on 14 July 2015 (№ 595-VIII, art. 86.2) a new law governing local elections was put into place, among other measures raising the electoral threshold for parties running for local councils to 5% of the total vote (For a list of key legal acts pertaining to the latest round of decentralization reforms, see SA5).

The aim of this study is to provide an overview of both the wider political-institutional context that has a bearing on the successes and challenges of reform implementation; and of how local practitioners themselves see the reform process and the main obstacles to effective reform implementation. The study is based on insights from published academic evidence-based studies about aspects of local governance in Ukraine; and on interviews with local practitioners that were conducted specifically for this study. While the academic studies aim to provide objective assessments of concrete reforms and policies and their impacts, the material derived from interviews represents subjective assessments of local practitioners. The academic studies and interviews are supplemented with examples of best practice cases published by donor agencies.

As part of the research for this project, Ukraine-based experts in local government and decentralization conducted focus groups and interviews with key stakeholders across Ukraine in November 2016. The survey was organized with the aim of ascertaining the views of two groups of respondents: (1) representatives of *oblast*, *rayon* and local authorities; and (2) external experts in organizations that deal with decentralization or local government and municipalities' international activities. The structure of the research sample is

shown in Tables 1.1 and 1.2 of the Supplementary Appendix (SA1). The sample consists of 25 respondents.

The first group of interviewees included 13 respondents covering the *oblast* (regional), *rayon* and local levels. Specifically, respondents included 3 high-level managers; 1 *rayon*-level official; 7 city-level officials, including 3 mayors; and 2 representatives of village councils. Thus, the sample covers staff at different administrative levels. Among these interviewees are 3 CORLEAP and TISZA EGTC members. Geographically the respondents represent 6 different *oblasts*: Kyiv (2 respondents); Khmelnytsky (1); Poltava (1); Rivne (2); Odessa (1); and Zakarpattia (6). The average term of respondents' employment is roughly 4.5 years; 4 persons have been in their positions for more than 10 years; 1 person has worked for 6 years; 1— for 2 years; and 7 persons have been in their positions for just 1 year. This distribution reflects current patterns of tenure, whereby municipalities have many newly elected officials following the 2015 local elections. In our sample there are 7 elected representatives.

The second group of respondents consists of 12 experts from various relevant organizations. Specifically, 1 interviewee is from the COE's Office in Ukraine; 2 respondents are from the newly created (2016) group, the TISZA Limited Liability European Grouping of Territorial Cooperation; 3 persons represent the associations of authorities of different levels (Association of Cities in Ukraine; Association of Rural and Village Councils of Ukraine); 3 are focused on reforms of self-governance (Association for Development and Reform of Cities, Towns and Villages; Association for Community Self-organization Assistance); 2 are from the educational resources centers (West-Ukrainian Regional Educational Centre; Resource Centre ANGO); and 1 is from the Institute for International Politics. Geographically they represent 6 different *oblasts*: Kyiv (3 respondents); Cherkasy (1); Lviv (2); Chernivtsi (1); Odessa (1); and Zakarpattia (4). The average term of these respondents' employment is approximately 5 years; 2 interviewees have been employed for between 11 and 20 years; 6 –between 2 to 10 years; 4 for up to 1 year. (Details are in the SA1 Table 1.2)

## II. Presentation and Analysis of State of Play: Overview

Decentralization and reforms of local government have featured prominently in Ukraine's agenda of political and economic transformation. The commitment to decentralization and the reform of local governance have been reflected in a series of legislative acts, specific reforms of local government bodies, and statements by Ukraine's national leaders (Roberts et al. 2014). The pace of reform accelerated following Ukraine's involvement with the EP process and express commitment to the goal of Ukraine's eventual accession to the EU. In the spirit of the objectives of CORLEAP and COR, legislation pertaining to the *representation* of local government bodies at the national level through the formation of local government associations has been put in place with the aim of jointly developing and implementing developmental projects at a local level. *Information-sharing* and *consultation* mechanisms involving national parliament and its relevant bodies and local governments and local government associations have been established. A permanent Advisory Council on Local government in Ukraine's parliament has been set up and with the aim of reflecting the preferences of LRAs. And *coordination mechanisms* are in place involving the national executive branch of power and regional associations. The commitment to the development of these mechanisms is reflected in the latest national acts pertaining to decentralization reforms (Details contained in SA5).

Yet, at the outset of Ukraine's transformation, decentralization reforms have been plagued by challenges and setbacks. These challenges could be explained with reference to the soviet legacy of political centralization; the context in which the privatization of soviet-era industrial and other economic assets occurred; the role of "oligarchs," economic mismanagement and corruption, which in turn cannot be explained without reference to the Soviet-era political-institutional and economic legacies and the dynamics of transition; and the wider geopolitical context in which the reforms unfolded, not least the dynamics involving Ukraine's relations with its neighbours Russia and the EU. The political upheaval surrounding the Euromaidan in 2013-2014, notably the ouster of President Viktor Yanukovich and his government, and the subsequent election of Petro Poroshenko, brought to power a leadership which is more committed to Ukraine's course of Europeanization and reform of regional and local governance. Local elections were held across the country in 2015—with the exception of Crimea that Russia annexed and the separatist Donbas territories. In addition, administrative reforms amalgamating municipalities to streamline local governance are being carried out; and genuine attempts have been made to increase the transparency and effectiveness of local government. As the Ukraine expert Gwendolyn Sasse writes, despite the setbacks in the

parliament's attempts to pass a comprehensive package of local government reforms, the reforms that are taking place, and the local elections of 2015 are beginning to bear fruit (Sasse 2016). The 2015 local elections brought new political forces to power. A number of practitioners interviewed for this report praised the enhanced fiscal capacities of the lower municipal tiers that came about in the context of reform. They also expressed optimism that party-political competition in the newly created councils would enhance the accountability of the local bodies to the local citizenry and reduce corruption.

Nevertheless, by many accounts, beneath the thin veneer of commitment to democracy and reform, politics and governance at the national, regional and municipal levels of authority remain more like business as usual. As is the case in other post-soviet countries, the *legacy of centralist planning* and top-down “democratic-centralist” modes of decision making have left an imprint on present-day governance structures and patterns. The most widely observed way in which these legacies are played out is the influence of state authorities in the disbursement of funds related to local government; in de facto decision making by state or higher-level municipal bodies otherwise reserved for elected local authorities or lower level municipal formations; in the fact that despite the passage of legislation related to IMC, awareness about what constitutes genuine cooperation among municipalities is low (Europe 2015); and, in the resulting low regard among citizens for elected bodies and low feelings of efficacy (Aasland et al. 2016). Disturbingly, our research reveals that there have been continuing attempts by state bodies or higher regional and *rayon* bodies to monopolise the prerogatives otherwise reserved for elected local bodies or municipalities at the lower level even since the latest round of recent reforms of decentralization. In some cases, the relevant state bodies act in ways that is at odds with new legislation; in others, they simply exploit the ambiguity in the existing legislation.

Poor local government performance, low citizen efficacy and low regard for local government are also attributable to the wider specificities of Ukraine's *political development*. From the outset of the transition process, Ukraine's political landscape has been characterised by the establishment and consolidation of, and rivalries among powerful political-economic groupings and individuals, commonly referred to as “oligarchs.” Research has shown that when regional economies are controlled by particular oligarchic groupings, this may stifle electoral competition as these powerful actors manipulate the electoral process, pressurising voters over whom they exercise economic control, to vote for particular candidates in sub-national and national electoral races (Hale 2015; Wilson 2005, 2014). The lack of economic diversification and the preservation of soviet-era industries and employment structures only serve to enhance citizen vulnerability to economic blackmail and pressures from industry

bosses. Not only do the oligarchs control local industries, but they also control or otherwise have the power to influence media outlets, which in turn facilitates voter manipulation. The routinization of electoral corruption and malpractice in turn contributes to citizens' overall disenchantment with, and cynicism towards, the country's political class and towards engaging in formalised political participation nationally and locally. By some accounts, the so-called Revolution of Dignity of 2014 simply altered the power and configuration of economic groupings and their alliances with power holders, doing little to upset the overall structure of oligarchic rule in Ukraine (Pleines 2016).

Ukraine's *geopolitical context* likewise affects the dynamics of local government reform. On the one hand, Ukraine's commitment to the agenda of Europeanization has led to the implementation of a number of important decentralization-related reforms; attempts to enhance the transparency and effectiveness of local decision making and service delivery; and to involve citizens in local governance—reforms that are bound to improve the overall socio-economic plight of Ukraine's localities and the well-being of its citizens. Local practitioners that were interviewed for this project cited the positive influence on local governance of cross-border cooperation projects with EU member states; the various opportunities for training offered by EU bodies; and learning about best practices in Europe. On the other hand, the regions of Ukraine have not only maintained strong economic ties to Russia, but have also been vulnerable to Russia's interference in Ukraine's political process nationally and locally—as is evidenced by the annexation of Crimea, the Donbas insurrection and attempts to stage referenda on Ukraine's "federalization" in the country's Eastern regions (Lankina et al. 2017). Ukraine's de facto loss of control over large chunks of its territory has not only resulted in the stalling of reforms there, but has also had significant socio-economic consequences for other municipalities in close proximity to the annexed territories. The EU's policies in Ukraine have not been beyond reproach either. For instance, some scholars have highlighted how the EU has failed to show sensitivity to the economic costs of reform implementation. One example that has been cited is that the EU may pledge to grant access to its single market, which would facilitate entry into Ukraine's market of industrial goods produced in the EU, but without contributing to the generation of growth in the quality and competitiveness of Ukraine's domestic industry (Langbein 2016).<sup>1</sup> Relatedly,

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<sup>1</sup> Because citizens in some regions/ towns overwhelmingly rely for jobs on one major industry or plant, industrial collapse could have serious repercussions for local coffers, enhancing regional dependence on national transfers. For instance, the Zaporozhe car plant faced challenges because its production could not compete with cars produced in EU states, which flooded Ukraine's market. The EU had been against preferential treatment that Ukraine adopted with regard to the Nissan car plant's investment in Ukraine. Unlike accession states like Romania, where serious structural aid had been offered to reform local industries and make them more competitive in EU markets, Ukraine, with its uncertain prospects for EU membership, is less likely to receive such support.

and as the LSE's earlier policy note states, successful implementation of the AA/DCFTA is likely to lead to longer-term economic benefits for the local communities. Nevertheless, there are likely to be short-term financial and administrative costs of ensuring legal and regulatory approximation, which constitutes an integral part of the AA/DCFTA (Gordon et al. 2015). Consequently, not only will this affect compliance, but there may be consequences for the economic situation in particular regions which may in turn discourage citizens from supporting the EU and its local reform agenda.

Furthermore, *donor involvement* has not taken the form of a systematic and coordinated response that would be warranted to seriously tackle the issues plaguing decentralization reforms in Ukraine (Roberts et al. 2014). Evidence-based involvement by donors is also complicated by the paucity of systematic and rigorous studies of the effects of various policy interventions on local government and governance in Ukraine. This is understandable considering the high costs of pursuing systematic research covering the entire territory of Ukraine and the challenges of designing valid measurement instruments (for instance, those related to local performance). For reasons of cost, these studies tend to investigate a small sample of localities and regions. In survey research, response rates could be low; survey research may be particularly complicated in localities close to the Donbas conflict zone, considering that issues of trust lead many potential respondents to decline participation in surveys (Aasland et al. 2016). Thus, while the donor community is actively engaged in supporting decentralization in Ukraine (Roberts et al. 2014; USAID 2016), its responses to the known bottlenecks in decentralization reform may be haphazard. Furthermore, our own research shows that while municipal practitioners speak particularly highly of initiatives pursued by the EU, they are also often unaware about key funding bodies and opportunities offered for cooperation with European counterparts. Low awareness of specific donor projects points to significant shortcomings in the communication strategy of donors, the EU included.

*The quick pace of change* in Ukraine's recent political landscape also means that academic studies about Ukraine's local government become quickly outdated. Research carried out before the 2015 local elections may not fully reflect the picture that has been emerging since those elections were held. Thus, one survey of local citizens across Ukraine was initiated by the ACU and carried out with the assistance of the Norwegian Association of Local and Regional Authorities and the Norwegian Institute for Urban and Regional Research as part of the project "Evidence-Based Local Government Policy Development in Ukraine" (Aasland et al. 2016). The surveys, carried out in July 2014, found: "Answers were particularly negative when respondents were asked whether they believed that members of the public can influence decisions of the LAs. . . Respondents

are particularly sceptical toward the LAs' ability to handle financial resources. . . .” (Aasland et al. 2016). Low levels of local citizen efficacy were also found in another, more recent, study, funded by USAID and carried out during November 2015-January 2016 (USAID 2016). It would be useful however to obtain evidence of citizen and practitioner opinions after some more time has elapsed following the implementation of the latest round of local government reforms to see what effects they are having on local governance and citizen perceptions thereof. Our interviews indicate that many elected representatives and other municipal practitioners are deeply frustrated about the practical challenges that local authorities experience in the process of amalgamating municipalities. It may well be the case that these challenges in the interim period of reform implementation affect both the local performance and citizen perceptions thereof.

Encouragingly, an IRI survey found that the implementation of local government reforms related to transparency in municipal tenders and E-budgeting have resulted in a modest growth in the proportion of citizens who believe that municipal authorities are striving to end corruption in the localities (LaRoque et al. 2016). Other studies have also highlighted that there is often far more engagement than meets the eye when it comes to citizen engagement with local authorities, in specific policy areas. For instance, one study found that water management is an area that has benefitted from decentralization reforms. In water management, citizens successfully organize to improve provision in service delivery. Schooling and schools is another area where local citizens are often actively engaged (Kvartiuk 2016). Parents successfully organize to pursue fundraising for the repair of school buildings and for the improvement of school standards; such forms of engagement are widespread. Our own research conducted for this report indicates that in general, citizens are often active in organizing and campaigning for change at a local level—and engaging municipalities—when it comes to issues that are of paramount importance to individuals, families and communities, such as schooling, public safety and the environment.

However, such forms of citizen engagement often remain unnoticed in donor accounts, which seek examples of western-style activism pursued by NGOs. In fact, *citizen involvement with, awareness of, and respect for, NGOs is often conspicuously low*, and western efforts to support NGOs with an agenda perceived to be foreign and not rooted in local issues, does little to mitigate the low regard such organizations have in the eyes of local citizens (Aasland et al. 2016). As Cleary notes, the large number of NGOs that are registered in Ukraine masks the fact that many are inoperative; although many groups are actively involved in seeking to shape policy and legislation in areas such as children and youth issues, civic education, human rights and social issues, many of those that

are operative often have a low impact on actual policy making and legislation (Cleary 2016). By contrast, activities rooted in soviet-era practices like the *subbotniki* (citizen activities to improve their neighbourhoods that took place on Saturdays during the Soviet period) or spontaneous forms of association like parental groups concerned with the quality of schools and schooling, may hold more citizen respect and may be more sustainable in the long term (Kvartiuk 2016). These practices are historically and culturally resonant and are therefore embraced more naturally by local citizens.

Finally, studies suggest that a West-East divide in the quality of democracy and governance may be exaggerated (Aasland et al. 2016; Kvartiuk 2016; Lankina et al. 2016)—and our own surveys with municipal practitioners, elected representatives and community groups (discussed below) likewise support this evidence. Broad *West-East variations* continue to feature in recent studies, most notably those concerned with local civic activism, feelings of efficacy and regard for local government. The results of the 2015 local elections certainly point to the persistence of broad regional variations in electoral participation and competitiveness (Lankina and Libman 2016). Yet, variations are also found within Ukrainian regions in geographic proximity to one another, and indeed among localities in the Western regions of Ukraine. Furthermore, a West-East effect in statistical studies of local performance, though present, appears to be weak when it comes to the quality of local services provision (Kvartiuk 2016). Although long-term historical legacies may exercise a bearing on citizen civic attitudes, contingent, temporally proximate factors also matter, such as those related to policy choices or decisions taken by particular municipalities. The interviews conducted as part of this report indicate that best practice cases are found across Ukraine; and one finds plenty of examples of poor governance in both the country's Western and Eastern localities.

In the following section, we begin by providing a more detailed research overview of the decentralization reforms pursued over the last two years focusing on the main features of the administrative-territorial reform; fiscal decentralization; the process of amalgamation of municipalities and the effects on the three-tier territorial-administrative structure; and the successes and challenges of the implementation process. We then provide a deeper analysis of the bottlenecks, and highlight priority actions, related to decentralization in Ukraine derived from interviews with local practitioners in Ukraine. Specifically, based on expert responses, we present perceptions of, and opinions concerning: *the fiscal aspects of the reforms; issues emerging in the distribution of powers among the various tiers of authority; inter-governmental fiscal arrangements; local elections and their perceived effect on local governance; citizen engagement with municipalities; priority areas for development and services delivery; and, finally, key obstacles to decentralization.*

### III. Analysis of emerging trends: Bottlenecks and priority actions

As part of its commitment to decentralization, administrative-territorial and local government reform, Ukraine has in the last two years adopted a series of legislative acts which are now being implemented; other relevant legislation is also in the making or is being considered in Parliament. The key framework documents are the Concept of Reforming Local Self-Government and Territorial Organization of Power in Ukraine; and the Action Plan for reform implementation, which the government approved in the Spring and Summer of 2014. Ukraine's current three-tier territorial-administrative structure consists of the enlarged *hromads*—groupings of villages, towns, and cities (also referred to in this report as United Municipalities, UM) and which in their aggregate form constitute *rayons*; the *rayons* in turn are part of *oblasts*. In the *oblasts*, there are some cities which are territorially located in specific *rayons*, but have the status of cities of *oblast*-level significance. The city of Kiev, as a capital city, enjoys special administrative status. A key milestone in the reform process was when in December 2014 the Verkhovna Rada passed amendments to the tax code. In line with the new changes, villages, settlements and city-level *hromads* are stipulated to receive 100% of the revenues from a number of taxes, including excise and “unified” taxes, that is, those from self-employed individuals and from companies having the right to use simplified tax rules; and fees from parking, tourism, administrative services, licensing, registration and administrative fines. The *hromads* also received the right to retain 25% of environmental taxes and 10% of local corporate profits taxes (Skorupska et al. 2015). The measures whereby the local authorities are to retain locally-generated taxes are meant to do away with the situation when the *hromada* authorities used to go routinely “cap in hand” to *rayon* and *oblast* level to request funding for basic local infrastructure like child nurseries, street lighting or roadworks (Novyy 2016). Furthermore, significant increases were made to transfers from the center to match the expanded scope of performance of service delivery functions. Concomitant with the increased authority of municipalities, the reform advocates envisaged diminished role for the hitherto more powerful representatives of state bodies at the local level, with the role of prefect-style national appointees limited to oversight functions (Vedernikova 2016).

Ukraine's ongoing decentralization reforms stem from the recognition of inadequacy of old territorial-administrative configurations, which were characterised by weak powers and fiscal capacity of lower-level administrative authorities; the resulting challenges of pursuing local service delivery and development; and popular apathy and disengagement from local affairs. Ukraine's territorial-administrative structure distinguished between villages and

towns (*hromads*), districts (*rayons*) and provinces (*oblasts*), with executive heads of administrations at most levels of municipal authority appointed from the centre (Skorupska et al. 2015). A key issue recognised by external donors and, increasingly, by Ukraine’s policy makers was the small territorial size of the basic level of authority—the *hromada*, of which there were as many as 15,000 at the outset of the reform process (Roberts et al. 2014). Roughly 47% of local territorial-administrative units (village councils or soviets) had a population of less than 1,000 people (Novosti 2015). Over 1,000 of *hromads* had populations of 500 people; and a few—less than one hundred. Such local authorities had few revenue-generating capacities. Furthermore, services were often inadequate and the small size of communities resulted in wasteful duplication of resources as when a small municipality would have to maintain a local school. The key debates—and ongoing issues—in the reform process therefore centred on how best to pursue the process of amalgamating the smaller municipalities into larger, more viable, units, which would result in a much smaller number of units (roughly 2,500). The Polish local government reform at the level of *gminy* was regarded as a positive model that Ukraine could draw on in carrying out the reforms, and subsidiarity was to be the overarching principle governing relations between municipalities and higher level authorities (Roberts et al. 2014). The key concerns among local practitioners that emerged in the process centred on the practicalities of the voluntary amalgamation process. Which *hromads* should be included into an amalgamated entity and based on what criteria? What if some villages refuse to join an amalgamated entity? Will citizens enjoy access to the same services that they used to have access to when they had been part of a smaller entity or will these services disappear or shrink? Will village schools close? To alleviate citizen concerns, the Ukrainian government and external donors invested significant information- and awareness-generating efforts among the local populations in the process of amalgamation. At present, several hundred united municipalities have been already created and elections to the new bodies are proceeding apace as the process of amalgamation is being completed. Local elections in 159 UM were held in October 2015; in March 2016 (in 10 UM); in August 2016 (in 7 UM); and on 11 December 2016 (41 UM). Most recently, on 18 December 2016, local council and executive elections were held in 143 newly united *hromads*, bringing the total of UM which have held their first founding elections to 368 (Novyy Format 2016).

As the process unfolded, what might be described as a positive “demonstration effect” occurred, as the amalgamation resulted in significant increase in local resources—notably, through increased local tax base—; in greater capacity and power to decide on local infrastructure and service priorities; and in opportunities and resources to apply for donor-funded projects. As one national government practitioner at Ukraine’s Ministry for Regional Development,

Construction and Housing and Communal Affairs noted: “This is the first time in 25 years I have seen a paved road in parts of the rural areas of the ‘little homeland’ from where I hail” (Novosti 2015). Local practitioners also positively evaluate the new national subvention transfers that the government introduced to cover expenditures on basic education, training, medical and medical emergency services; and for local infrastructure and social sector development. Practitioners also admit that in practice, and not just on paper, local discretionary powers have increased and the municipalities now have the power to decide on developmental priorities and land use in ways that may increase local revenue streams from income tax, land sale or land use. There is overwhelming sense among practitioners that the reforms that have taken place to date have already significantly increased local fiscal and revenue generating powers and authority with regard to issues of local significance. In the interviews conducted as part of this project, a large share of respondents (44%) agreed that increased responsibilities definitely corresponded to a roughly proportional increase in central government funding. A public opinion survey carried out in 2016 by the highly respected Kiev International Institute of Sociology (KIIS) found overwhelming support for the reforms and an expression of positive perception of the reforms to date: 67 percent of respondents admitted to feeling the “positive effect” of decentralization reforms or hearing about it from their acquaintances, relatives and friends—an increase by 2.5 times compared to 2015 (Ukrinform 2016).

Yet, the reform process also generated significant challenges, which we explore below further in some detail. In the process of reform, Ukrainian local practitioners participated in numerous training workshops organised by the government and EU bodies and other external donors. Yet, national authorities, fearing devolving too much power and fiscal capacities to the local level, do not always share the commitment of donors to reforms (Skorupska et al. 2015). Meanwhile, while the reform process envisages that key day-to-day substantive decisions about local issues will be the responsibility of the (amalgamated) *hromads*, and that the *oblast* and *rayon* level authorities will pursue broader coordination and developmental agenda for larger territories, the duties and roles of the *rayon* and *oblast* are not always clear; this results in confusion and conflicts among the various bodies (Roberts et al. 2014). Furthermore, a key challenge remains lack of human resources and training to pursue the reforms and to take full advantage of the opportunities that have opened up for the enlarged municipalities. For instance, despite the introduction of new local taxation capacity, municipalities do not always take advantage of this resource—lack of experience with, and training in, financial planning has been cited as one reason for this shortcoming in the reform process. Despite detailed stipulations about the criteria for districting and mergers, local practitioners complain about lack of adequate guidelines and lack of a coherent

communication strategy by the national government in specific cases that local authorities confront when pursuing the mergers. Furthermore, the parliament's failure to pass the relevant constitutional amendments, notably the amendment recognising the *hromada* as the basic unit of the territorial-administrative system (Roberts et al. 2014) (despite the fact that the then head of parliament and former deputy prime minister in charge of local government reform, Volodymyr Hroysman, urged the constitutional amendments to be made by September 2015, prior to the local elections) (Skorupska et al. 2015) have done little to abate the concerns among local practitioners about the status of their powers.

To summarise, the ongoing decentralization reforms have already resulted in significant changes in the administrative, institutional and political configurations of municipalities, and in the relations between the various levels of authority. These changes are reflected in municipalities' increased prerogatives over key services and economic development; increased sense of efficacy; and increased capacity for local decision making. Yet, many obstacles to effective local governance remain. Below we elaborate on the key bottlenecks in decentralization reforms based on responses from local practitioners interviewed as part of this project.

**Fiscal aspects of reform:** Many respondents noted the positive consequences of amalgamation of smaller territorial units into larger, more viable, administrative entities (SA2, Tables 2.1 and 2.2). Specifically, respondents noted the consequences of the 2015 reform on the local tax base; and the capacity of local governments to raise revenue. Thus, a respondent in the municipality of Hlyboka in the Chernivtsi *oblast* reported a significant increase in income generation potential. Prior to unification, the municipality's income accounted for 4 million UAH. One year after the merger, income rose to 12 million UAH. In general, interviewees expressed favourable opinions with regard to the fiscal decentralization aspects of the 2015 reforms. As the distribution of responses in the SA2 Table 2.2 illustrates, roughly 30% of respondents stated that fiscal decentralization and the additional taxes and modified tax base have the effect of an increase in local revenues. Another group of respondents (22%) rated positively the introduction of new subvention transfers with regard to basic education, training, medical services and other public services considering their positive implications for local infrastructure development and social services provision. Respondents also noted that the reforms led to greater discretion in the use of natural resources such as land and forest resources, which promises additional revenues from land, including the sale of land, and revenue increases from the property tax. The potential for attracting investment was also noted (11% of respondents), which could in turn lead to job creation and the generation of personal income taxes.

**Distribution of powers:** The positive assessments of aspects of the reform notwithstanding, many respondents cited shortcomings in both the design of the new institutional arrangements and in the implementation of the reforms (See SA2 Table 2.3 for the distribution of survey responses). A number of respondents (12%) noted confusion about the distribution of responsibilities and authority among the various tiers of local government and state bodies. Local officials in particular criticized the national government for failing to have an effective communication strategy about the reform. Another criticism was that the *rayon* was the main beneficiary of the reform considering that it is at this level that much of the funding is now concentrated. A new form of centralization thus has allegedly reappeared, with some administrative tiers benefitting more than others from the reform process. Local council representatives also expressed frustration at the failure of the national government to back the reforms with sufficient resources, which in turn affects the pace and quality of implementation of the reform process; this is felt especially strongly at the UM level. The issue is that although at present, the allocated funding levels are comparatively high, UM officials fear that the expansion of functions would not be matched with sufficient financial resources. Respondents at the UM level in particular criticised the vague criteria for the delineation of UM boundaries (and the failure, to date, to effect the relevant Constitutional changes), which do not always adequately reflect their capacities; they also complained that the established distance to the centre of the municipal entity is not always adequate. In the survey, 44% of respondents criticised the lack of clarity in the distribution of authority between the different tiers following the reform. The *oblast* and *rayon* levels of authority were also cited as “culprits” in that they are reluctant to transfer power and responsibilities to the lower levels of municipal authority; conflicts have also occurred in the process of asset transfer between the *rayon* and UM levels. Even when local practitioners did not cite the issue of legal clarity in the distribution of authority in the legal frameworks, they mentioned violations in the actual implementation of the law. The SA2 Table 2.4 contains the distribution of responses to questions about clarity in the understanding of the division of powers between the various municipal tiers.

**Inter-governmental fiscal arrangements:** The issue of allocation of funding from the national government as part of the reform process was another area of concern among local practitioners (SA2 Table 2.5). Many respondents were enthusiastic about the positive change that the reforms brought in terms of the increase in local revenue streams, with 75% of respondents expressing satisfaction with the increase in funding, including at the UM level even though the funding increase has come with new expenditure responsibilities, notably those related to education (middle and primary), basic public healthcare, and culture. New subventions are also in place for the construction and maintenance

of industrial and social infrastructure. Local officials and NGOs however called for further improvements in existing fiscal arrangements and for the approval of pending legislation pertaining to long-term strategic developmental planning. Likewise, a number of local government officials indicated that a nominal increase in funding masks important implementation challenges considering that the increased responsibilities are not actually matched with the allocated funding, and that much depends on changes in state budget allocations.

**Local elections and their perceived effect on local governance:** Local elections, which took place on 25 October 2015, represent a cornerstone of the local government reform. The survey revealed enthusiasm for the changes brought about by elections among many respondents. Still, a disappointingly large share of respondents expressed disillusionment and dissatisfaction with local governance after the elections. As the SA2 Table 2.6 reveals, nearly a third of the interviewees (32%) expressed openly negative opinions about the elections, with respondents indicating that “nothing has changed” or that “conditions have deteriorated even further.” Among the reasons given for the negative opinions about the elections was that some municipalities are not represented by deputies in the *oblast* councils; that the district level of authority is gradually losing power and influence; that the electoral reform generated numerous conflicts among the various tiers of authority; that there is a low level of political culture among newly elected representatives; that the elections destabilized local government; and that party-political polarisation brought about by the elections is essentially incompatible with effective local government.

For others, however, the elections injected greater accountability, as there is now an element of party-political competition in the local councils—with 18% percent of respondents noting that the changes brought about a “more active local government.” Furthermore, the fact that municipal councils now have a smaller number of elected representatives means that councils can address local issues with greater efficiency. Thus, one local official stated: “The activities of the council became more open and transparent. In less than a year five public hearings were held. The procedure for the formation of a united local community is nearly complete... The city is a member of the ‘Open City’ society.” Another respondent stated: “The election resulted in changes in those communities where new innovative people came to power with a desire to develop their city.” According to another respondent, “People have become more active and more interested in financial management, seeking better services for children, and creating the NGO ‘Synergy and development.’”

**Citizen engagement with municipalities:** How active are citizens in engaging with municipalities? The SA2 Table 2.7 contains responses to questions about

the nature and scope of involvement by ordinary citizens, community-based organizations and informal groups like church-based groups, in local governance. In general, public discussions involving citizens and local authorities and church-based communication with local authorities appear to constitute the most widespread forms of citizen engagement. In what echoes other studies of citizen activism in post-soviet states (Lankina 2015; Robertson 2011), and as the SA2 Table 2.8 reveals, citizens can be instrumental in pressing local governments to effect change or introduce new policy—and this trend has been in evidence even before the latest round of decentralization reforms. Citizens are particularly active when it comes to local construction that citizens oppose, including with regard to industrial projects with potential harm to the local environment such as the mining of gold or the construction of hydroelectric dams; schooling issues; issues of environment; public order; street cleanliness; and safety issues.

**Priority areas for development and services delivery:** Which areas of local development and services delivery do municipalities see as their main priority? To what extent have the reforms influenced perceptions of priority areas? And how do the different municipal tiers vary in their perception of priorities? The SA3 Table 3.1 shows that, in some ways, the concerns of local practitioners mirror the concerns of citizens, as revealed in the kinds of issues that citizens are prepared to organize and campaign for. Thus, many respondents listed increase of educational support to communities, including when it comes to human resources and training support, as an important priority; they also mentioned road infrastructure development; school support; and environmental issues. Many practitioners also acknowledged that E-government and the development of modern communications constitute important priorities. The surveys also revealed frustrations with the challenges of performing service delivery functions while undergoing municipal reforms, with a whopping 76% of respondents expressing a strong desire for the speedy completion of amalgamation of municipalities as a key priority. Respondents also felt strongly about the need for the municipalities of different levels to pursue horizontal and vertical cooperation, for instance in the co-financing of the State Fund for Regional Development; in the co-financing of large infrastructural objects (26%); in the negotiation of cooperation agreements (26%); in the further reorganization of the *rayon* and *oblast* levels (22%); and, among municipal, *rayon* and *oblast* bodies in solving public health and education issues and in the building of schools (13%).

**Key obstacles to decentralization:** What do local practitioners see as the most important obstacles to decentralization? As the SA3 Table 3.2 reveals, aside from the usual concerns about insufficient funding and unfunded mandates, the largest obstacles were seen to be lack of clarity in the division of responsibilities

between different levels of administration (22%); conflicts between local self-government and local administration and activities and interests of local oligarchic groups (15%). Corruption was also mentioned by a sizeable group of respondents as a key obstacle to fulfilling the objectives of decentralization reforms (14%).

**Mapping cooperation between municipalities and external partners:** The survey also allows us to perform a mapping exercise to identify the main areas of inter-municipal cooperation within Ukraine on the one hand, and between Ukraine's local government bodies and municipalities, governmental and non-governmental bodies outside of Ukraine, notably in EU member states, on the other. As the SA4 Tables 4.1 and 4.2 reveal, significant levels of cooperation in particular have been recorded with Poland, Germany, Bulgaria, Czech Republic, Croatia and Latvia among EU states, and the areas of cooperation tend to be administrative reform, economic development, cultural issues, tourism, public health and education. Respondents however also note important obstacles to cooperation (SA4 Table 4.3). Notable among these are *visa and border crossing issues; perceived lack of communication channels; lack of information and limited funding; and language barriers to cooperation.*

As the SA4 Table 4.4 reveals, municipal practitioners and other officials show particularly strong awareness of EU projects and funding. In some areas, cooperation with particular EU states stood out. One respondent mentioned that regional cooperation with counterparts in the Czech Republic over the course of 9 years resulted in 80 investment projects in the social sector with co-financing from the Ukrainian community side. At the same time, the *skills and resources* required to prepare bids to engage in cooperative projects continue to hamper efforts at engagement with external partners. *Lack of staff* that would be sufficiently qualified to prepare project bids; *lack of experience; challenges of obtaining information about funding and cooperation opportunities; absence of a common information platform easily accessible to Ukrainian municipalities,* among other issues, have been cited as key obstacles to cooperation with partners outside of Ukraine.

*Awareness of concrete opportunities for cooperation with EU partners* in general appeared to be quite low. As the SA4 Table 4.5 illustrates, many respondents were not familiar with the work of CORLEAP and its Ukrainian task force. Those who showed familiarity with this body however expressed strong enthusiasm about its activities and in general expressed highly positive opinions about the work of the task force. The practitioners in Zakarpattia showed especially strong interest in cooperation with European partners, citing the positive effects of EU projects on reducing corruption and enhancing transparency. A sizeable share of respondents attended CORLEAP events,

though, as the SA4 Table 4.6 illustrates, a number of interviewees also cited lack of information (40%); lack of staff qualified to prepare project bids; lack of experience; and lack of staff training (20%), as significant obstacles for municipalities to take full advantage of the EP process and specifically opportunities offered by CORLEAP.



## **IV. Case studies to illustrate key success factors to be considered in future cooperation projects**

The challenges that Ukraine confronts as it pursues decentralization reforms are not unique to this country. In fact, across Europe, issues like involvement of state bodies in local decision making; over-reliance of municipal budgets on national fiscal transfers; challenges in making decisions about the optimal size of municipality in ways that would ensure accountability and responsiveness to the local citizenry and would reflect adequately the peculiarities of local needs; issues in transparency of local electoral process; and low levels of citizen engagement with local government—are widespread (Lankina et al. 2007). Ukraine however shares the predicament of other post-soviet states in that it continues to grapple with the consequences of transition from communism and in particular with overcoming the legacies of soviet-era centralization of authority. Furthermore, as in many other Central European states, issues of local mismanagement, poor governance and corruption continue to plague decentralization reforms (USAID 2016). Thus, in addition to familiarity with best practice cases in Western Europe, awareness of how some municipalities within Ukraine and within other Central European states that have undergone transition from communism, have successfully grappled with the challenges of pursuing decentralization reforms and effective local governance, can be of high value to local practitioners.

In this section, we highlight the key perceived success factors and challenges in past and ongoing projects involving municipalities. As part of the interviews conducted for this report, respondents were asked to name examples of good or best practice cases within Ukraine. Local practitioners were also asked to provide concrete examples of policies or practices in EU member states that they regard as a model of good governance or successful policy at a local level. In addition to awareness about how local governments operate in European settings, local practitioners need to learn in greater depth about precisely how new policy is developed or carried out. A sound communication strategy involving external partners on the ground and donors that can play a facilitating role is therefore of paramount importance. This is why practitioners were also asked about potential challenges that they faced in finding out about best practice cases. Finally, in addition to a summary of local practitioner opinions about best practice cases, we provide examples of best practice cases that have been highlighted by donors and international agencies that tackle issues of particular relevance to the context we are investigating, namely corruption. The sections below therefore focus on identifying *Best practice cases in Ukraine and in EU states; how to learn about best practice cases; suggestions for improving*

*EU support and communication strategy; and donor assessments of best practice cases: how to increase transparency.*

**Best practice cases in Ukraine and in EU states:** When asked about best practice cases within Ukraine, as well as in EU and non-EU member states, as the SA4 Table 4.7 indicates, respondents cited a number of cases. For illustrative purposes, two projects in particular are highlighted below as examples of successful projects aimed at enhancing local participatory governance and at modernizing local administration in the context of the ongoing decentralization reforms. These two cases are followed by other examples of good practice that the surveyed local practitioners mentioned.

#### The EU/UNDP Project in Khmelnytsky region

The EU/UNDP Community Based Development Project in Khmelnytsky region in the western part of Ukraine forms part of a long-term country-wide EU/UNDP capacity-building initiative aimed at promoting sustainable local development through community engagement. The first phase of the Khmelnytsky region project was launched in May 2009 and it is now in its third and final phase. Funding has been targeted at participatory governance and community-led initiatives designed to improve the living conditions of people in both urban and rural areas. In the first two phases of the programme support in the Khmelnytsky region was directed towards micro-projects focused on improving the learning environment, ensuring access to clean water and enhancing public safety. A new energy efficiency phase was initiated in September 2014 since which time a range of projects have been approved supporting energy saving and energy efficiency improvements as well as in health and water management. Underpinning the promotion of community-based approaches to local governance and sustainable development has been an emphasis on local ownership to ensure that networks and the exchange of good practice are sustained once the project comes to an end in 2017. (See [www.cba.org.ua](http://www.cba.org.ua))

#### The Odessa Smart City project

The city of Odessa recently launched a “Smart City” project which has been lauded as highly successful by practitioners in Ukraine’s municipalities. The idea behind this initiative is to enhance oversight over local decision making and performance by residents of Odessa, a major city located in Southern Ukraine. Specifically, the initiative allows citizens to file electronic requests and complaints regarding a specific issue in the city. This includes the possibility of electronically sending photos of the problem area. For instance, citizens can use this mechanism to complain about delays in the collection of waste or the

councils' inadequate waste disposal and city cleaning services. Reporting a parking violation by a city employee is another example of citizen oversight using this mechanism. This initiative is part of a broader trend of "smart" e-governance at the municipal level, which has been also cited by both donors and local practitioners in other Central European states as an effective way for citizens to get involved in local affairs. The new system presupposes that each citizen request is assigned a unique number. This will allow citizens to track the status of their communication to the specific municipal departments; to be recorded in the system so as to obtain a response to their query or complaint; and for the council to report on whether the issue registered in the query has been resolved or not. This system will also allow for the monitoring of work of individual municipal departments and the council as a whole. The system of lodging citizen complaints electronically is part of a wider initiative to modernize governance by for instance introducing electronic tracking systems to monitor street cleaning and even keep track of truancy of officials at council meetings (see <http://www.uadn.net/category/smart-cities/>).

Other examples of good practice cited by local practitioners are as follows. Ivano-Frankivsk oblast is regarded particularly highly for policies related to forestry, specifically the prevention of deforestation and for the development of timber exports. When it comes to sharing experience in effective services delivery, Vinnitsa has been singled out as an example of a successful case. The Model Communities project in the Khmelnytsky region—in Volochysk and Satanivska—has been mentioned as an example of effective strategic planning. In regards to this project, respondents in particular praised the acquisition of skills for writing grant applications, specifically for obtaining funding for UM-level infrastructure development, as well as from the State Fund for Regional Development. Several cases of good practice that are worth emulating were also noted for Odessa. Specifically, establishment of the Balta united community and its effective operation; the development of housing and communal services in Izmail; and the Smart City project in Yuzhny were cited as examples of good practice in the Odessa *oblast*.

The associations of towns, villages, and cities have been singled out for being effective vehicles for communication about best practices, as were the communications platforms of different associations, their conferences, forums (such as the Leadership Academy), and publications. Ternopil and Vinnytsia oblasts were mentioned as good practice cases in the area of development of cooperatives in rural areas. Ternopil, Khmelnytsky and Poltava oblasts were also mentioned as cases worth emulating when it comes to the setting up of UMs and rural development projects, such as those related to the improvement of social infrastructure, roads, and projects related to creating facilitating conditions for

attracting domestic and foreign investors and for developing inter-municipal collaboration. The Kalytyanska UM in the Kyiv *oblast* was cited as one of the best practice cases when it comes to setting up the UM level of authority in the context of the amalgamation of municipalities. Respondents also noted excellent examples of cross-border cooperation in the Chernivtsi, Lviv, Zakarpattia, Ivano-Frankivsk and Volyn' regions.

Among EU member states, as the SA4 Table 4.8 illustrates, Lithuania, Latvia, Estonia, and Poland were mentioned as countries providing positive examples in the area of territorial-administrative and local government reforms. Poland has been specifically singled out for best practices in the development of inter-municipal collaborative networks, and for nurturing practices and culture of direct communication with, and reporting to, citizens. Bulgaria and the Czech Republic were cited as examples of good practices worth emulating in tourism development. Slovakia, Poland, Hungary were also mentioned as countries with which respondents would like to exchange experience and from which they would like to obtain new ideas to help promote culture, tourism, modern communications and energy efficiency in their communities. As the above examples illustrate, interviewees appeared to show particularly strong awareness of practices in other former communist states located in geographic proximity to Ukraine. These states share broadly similar market transition legacies and therefore their experiences may resonate particularly strongly with municipal practitioners in Ukraine. When it comes to other EU members states, respondents showed awareness of Greece's School of Public Administration and Local Government as an important vehicle for training municipal practitioners. Germany has been noted for best practices in health, energy efficiency, budgeting, fire safety and schools management.

**How to learn about best practice cases:** What would local practitioners like to learn from external partners and what do they see as the most effective modes of learning about best practices in EU countries? The SA4 Table 4.9 illustrates that local practitioners in Ukraine find it particularly useful to learn about the powers and responsibilities of municipalities and about the nuances of power sharing between different tiers of authority. An important policy area in which local practitioners are keen to enhance their skills is regional social and economic development. Such highly complex policy areas as healthcare and mechanisms for healthcare financing were also mentioned as areas in which practitioners could benefit from training. As the SA4 Table 4.10 shows, practitioners hold particularly high regard for training workshops and extended study programmes as a good way to learn about the successful practices of other municipalities. Twinning relationships among towns and other inter-municipal information and exchange opportunities, as well as short visits from experts and joint research projects were also mentioned. Twinning experiences were considered to be

particularly valuable due to the possibilities that they provided for continuous exchange of experience of similar communities around the world; the development of long-term ties; possibilities for close and ongoing communication among communities, which facilitates learning about best practices and also learning from other municipalities' past mistakes and experiences. Even practitioners, who are often reluctant to express high opinions about such projects, expressed support for these practices (20%). Local practitioners also indicated that internships would allow direct access to professional environments of external municipalities. Internships therefore represent a good way for practitioners to familiarize themselves with best practices within a short period of time, not to mention the benefits of such short-term assignments for establishing contacts that could be valuable in future cooperation projects. Online portals were also noted as a useful way for practitioners to be up to date with regard to the most topical issues.

**Suggestions for improving EU support and communication strategy:** It is important to note that respondents were very enthusiastic about making concrete suggestions about how to enhance cooperation with EU counterparts. They value the access to information provided in the context of cooperation with EU partners, particularly knowledge about possibilities for investment and economic cooperation, and specifically note an interest in having more information on CORLEAP and UTF activities. One respondent in Zakarpattya suggested that it would make sense to create an EU-run foundation for managing projects in Ukraine, a body that would be independent from state authorities of Ukraine and would therefore ensure a fairer and more transparent evaluation of collaborative bids. Respondents also called for the setting up of regional pilot projects that would operate under the authority of this proposed foundation and suggested that such projects might be highly effective in implementing the administrative reform, and could be then used as models across Ukraine. The respondents also asked to support the UMs already created, and those that are in the process of being formed. Respondents noted that priorities should be given to small cities in their efforts to create centers for the delivery of administrative services. Furthermore, the development of strategies for existing UMs and for those which are in the process of being formed is of crucial importance. For the latter in particular, such strategic planning could generate a sense of vision and serve as an engine to expedite the process of amalgamation; it would also provide roadmaps for best ways to pursue amalgamation in ways that would best correspond to strategic priorities.

### **Donor assessments of best practice cases: How to increase transparency.**

Considering that corruption is widespread in Ukraine with significant detrimental effects on citizen efficacy, citizen engagement, local accountability, local development, service provision and local financial management, the relevant best practice examples from formerly communist states are particularly pertinent here. In this sub-section, we therefore cite cases that have been highlighted by donor and advocacy agencies as particularly useful practical examples of good local governance in other Central European settings. We can distinguish between best practice cases that represent institutional/organizational reforms at a local level aimed at reducing opportunities—and incentives—for corruption; and templates that community activists could follow to press local governments and national authorities to ensure transparency in decision making.

In terms reforms aimed at ameliorating the local organizational set-up and militating against corruption, institutions and practices that together constitute a “local integrity system,” such as institutionalised provisions for the handling of citizen complaints, for investigations into corruption by the courts, audit bodies, the local bureaucracies and other bodies, as well as public awareness raising and education, can play an important role (Transparency International ND).

#### Case study of organizational reform: One-stop shop services provision in the County of Namysłów in Poland

The County of Namysłów established a “one-stop shop” services area close to the entrance of the building of the County Office to facilitate face-to-face access to local services for its citizens. The “one-stop shop” includes a cashier area, an information point, an insurance agency, a “job corner” offering market information and assistance in how to compose a job application and prepare a CV as well as a computer with internet access. (see <http://www.dobrepraktyki.pl/>) While this reorganization was designed to facilitate citizen access to local services (Council of Europe 2015), it is evident from other contexts that such “one stop”-type services can also serve to cut red tape and opportunities for local corruption.

Through exerting pressure on local governments and sub-national authorities, citizen engagement initiatives can also foster greater transparency and accountability in local decision-making. Such initiatives may also help to tackle weak local efficacy and citizen apathy considering that the successful cases illustrate that fruitful outcomes can be achieved even though change does not happen overnight and that battling local cronyism and corruption often necessitates sustained civic and legal campaigns.

Case study of citizen engagement: “The Landfill Does Not Belong to the City”  
campaign in Slovakia

“The Landfill Does not Belong to the City” campaign was set up to oppose the construction of a site for solid waste disposal in the small wine-producing town of Pezinok in Slovakia. What originally began as informal activism by a small group of concerned local citizens, grew over time into a wider movement to stop the plans of the developer Ekologická skládka to build the site. The developer reportedly relied on political connections, notably those in the Regional Construction Department, to press for the approval of the construction of the site in violation of local land-use policy. Over a six-year period, the activists, pursued a variety of means to block the construction—from lodging a complaint with the Environmental Inspectorate, to, eventually, appealing to the Ministry of Environment, the Parliamentary Committee on Agriculture, the Parliamentary Committee on Environment and Conservation, and, ultimately, the Slovak Supreme and Constitutional Courts and the European Court of Justice. Although the Court is yet to pass its judgement, TI has hailed this case “as a valuable example of how persistent civic engagement . . . and fruitful cooperation among activists, citizens, and a municipality can have a positive impact” (Transparency International ND). The strength of the campaign reportedly rested on its non-partisan nature; cooperation between the municipality and local citizens; the resort to a variety of creative means to raise public awareness about the issue, including marches, concerts, news feeds to the national media; the pursuit of the case through the courts; and the shared sense of fighting for the community’s good through involvement of both local government actors and the local citizenry. In this and other campaigns, local activists also successfully used online petitions to galvanize citizens, and to press for change.

Case study of citizen engagement: The More Responsive Municipalities  
Initiative in Slovakia

In another successful case in Slovakia, a web portal (Odkazprestarostu.sk) called More Responsive Municipalities was set up in municipalities that volunteered to be part of the initiative. Through the portal local citizens have been able to lodge complaints to the municipality online, where appropriate, attaching a photo and identifying the location of a problem area. The complaint, which is processed by the local authority in question and its relevant departments, is then publicly visible, as is the information about any follow-up or lack thereof. Unfortunately, there have thus far been few active users of the portal, with the majority of the citizenry failing to take advantage of this tool, a typical characteristic of civic activism in many settings. Nevertheless, even with a few active users, over seven hundred complaints have been lodged, over a third of which (286) were

settled, while unresolved cases—labelled as “unsettled” on the website—can generate adverse publicity for the municipality, incentivising better performance, as all the complaints and follow-up are lodged publicly and are visible on the portal (Transparency International ND).

Another potential approach to combatting local corruption is to develop and publicise municipal transparency indices, as advocated by Transparency International, and which would be modelled on national-level corruption indices that are already widely used by donors and policy makers to evaluate government transparency. According to TI, such indices could force competition among municipalities in a form of “race to the top.” Furthermore, the EU and other donors could make aid provision to specific municipalities conditional upon evidence of improvements in combatting corruption. As the recent resignation of Mikhail Saakashvili, the Governor of Ukraine’s Odessa *oblast* illustrates (he resigned citing entrenched corruption and cronyism), securing the will of the national and sub-national political elite to fight corruption is not a straightforward matter, particularly when, as Saakashvili alleges, national and local politicians are complicit in perpetuating old-style patronage. Nevertheless, even adverse publicity that would be generated when comparable statistics on corruption in municipalities are available could provide useful tools for both donors and local citizens in their fight against corruption.

## V. Recommendations

In light of the preceding analysis this part of the report presents a series of recommendations for local and regional authorities. It also considers ways in which LRAs can be empowered by the national level, and finally it outlines possible areas of support to be provided by CORLEAP to further processes of decentralization in Ukraine and thus enhance the functioning of local democracy and public administration.

### Recommendations on measures to be taken by local and regional authorities

In the absence of adequate funding local and regional authorities are often hamstrung in their delivery of local services and in their work to develop and support the implementation of long-term economic plans but there are steps which can be taken at the local and regional level to develop cooperation with local citizens, to improve transparency and accountability and as a result to increase the trust and engagement of local populations.

1. LRAs should improve channels of communication through online and face-to-face meetings between local and regional authorities in Ukraine.
2. Likewise, LRAs need to develop more effective two-way communication channels between themselves and local citizens. More work needs to be done by LRAs to raise awareness and educate local populations about the local government reforms in particular the amalgamation of municipalities to counter the negative perceptions about the consequences of the reform for local democracy.
3. Local populations should be involved in different stages of the policy-making process (from inception to implementation) at the local level through more regular consultation and information-sharing to increase levels of trust of local populations in elected bodies and to improve the quality and efficacy of policy-making.
4. Local populations should be engaged in joint cooperative projects with local municipalities in areas of mutual concern. Citizen activism should be encouraged by creating more opportunities for the engagement of local citizens and capitalizing on their activism in specific policy areas learning from and building on identified successes such as in the areas of water management and education and other areas. Forms of engagement that are particularly resonant with the local populations should be encouraged, which citizens often embrace more readily than they do engagement through NGOs

located in the national capital or otherwise perceived to be remote from the real concerns of ordinary people.

5. LRAs should, where possible, take advantage of the online sphere to ensure and promote transparency in municipal tenders (recognizing the value of communicating clear and measurable criteria, of publishing details about submissions (where appropriate without contravening principles of confidentiality and about the results of tendering processes) as well as in ensuring transparency in other financial reporting procedures (budget spending, efficacy of fund disbursement as well as shortcomings)
6. Local and regional authorities need to take better advantage of already existing information channels and possibilities for connecting with other local authorities in EU member states through regional networks and European level organizations such as CORLEAP. In particular, local authorities should capitalize on their recently assumed co-chairmanship of CORLEAP as an opportunity to influence where possible its thematic priorities in line with Ukraine's regional development challenges.
7. By emulating good practice elsewhere and as a means of building mechanisms of accountability and trust among the local citizenry, local authorities should establish so-called "local integrity systems," that is institutionalized channels for the handling of citizens' complaints, investigations into corruption by the courts, audit bodies, local bureaucracies and other bodies. As a first step, all LRAs should have easily accessible and functioning and responsive complaint mechanisms on their websites and/or depending on their online capacity and those of local citizens at local government offices. Regular reporting back to the local population on complaints that have been raised and the responses taken by the local government (as in "You said, we do" campaigns have proved to be successful in communicating to relevant stakeholders the responsiveness of organizations). This would further enhance trust and validate practices of local democracy.

#### Recommendations on how LRAs would have to be empowered by the EU and national level

It is evident from the primary and secondary research conducted in preparation of this file note that critical to the empowerment of LRAs by national level authorities and their effective functioning is clarity in the distribution of powers between different layers of government as well as in the actual disbursement of funds related to local government. Moreover, while it is recognized that in the medium to longer term the amalgamation of municipalities should lead to

greater efficiencies including larger local tax bases and other economies of scale, national authorities need to recognize the complexities of the transitional phase which is politically fraught and necessitates additional short-term expenditures.

1. Attention needs to be paid at the national level to the distribution of responsibilities, authority and funding allocations among the various tier of local government and state bodies— as clearly ambiguities remain— these could be investigated as part of an ongoing evaluation of the implementation of local government reforms and of course should involve LRAs as well as local citizens.
2. National authorities need to consider the establishment of improved systems of check and balances to limit the possibilities of higher regional or rayon bodies monopolizing the prerogatives of elected local bodies of municipalities at the lower level. It may well be that an improved system of adjudication needs to be developed to resolve conflicts over asset transfer and other violations in the implementation of the law between former local authorities and the rayon and UM level.
3. The national authorities should regularly review relevant pieces of legislation to reduce ambiguities in the law and the possibilities for other state bodies be they at the national or regional level to exploit potential loopholes.
4. Committee hearings such as the Budget Committee, the Committee on State Construction, Regional Policy and Local Self-Government, the Committee of Agrarian Policy and Land Relations and the Committee on Preventing and Combating Corruption in the Verkhovna Rada could play an enhanced role in reviewing the division of labor in practice between national, regional and local authorities in different areas of policy and the review of policy delivery—one key area of ongoing work should be the review of the alignment of increased responsibilities devolved to the local level further with allocated funding.
5. National authorities need to provide greater support for the process of amalgamation of municipalities which involve complex processes of institutional change at the local level (restructuring of institutions, rethinking of roles and responsibilities, transitional funding may be necessary to support these processes, communication to local populations about the implications of amalgamations, etc.) and thus are likely to impede in the short term at least effective delivery of policy and

undermine the trust of local populations. The COE has invaluable expertise in this area.

6. National authorities need to improve mechanisms of communication about changes to local government structures and functioning ensuring regular, consistent and transparent channels of communication which allow the transfer of information from the top-down as well as the bottom up through different layers of government as well as to citizens.
7. In line with the recommendations of an earlier LSE expert brief (Gordon et al. 2015). CORLEAP should continue to work with national governments to promote reforms that would enhance the institutional autonomy of regional and local authorities from state bodies; ensure their fiscal and independent revenue-generating powers; endow them with the authority to pursue delivery and developmental objectives tailored to the specific needs of local communities.

#### Recommendations on the possible support to be provided by COR

The final set of recommendations acknowledge both that COR should be mindful of the delicate balance which needs to be struck between fostering good and transparent governance norms and democratic practices without imposing its own priorities and at the same time recognizing that recent local government reforms in Ukraine have enabled the establishment of institutional mechanisms to support the work of local government in line with its EU perspective. Thus it is important for COR to support the implementation and effective operation of the comprehensive package of local government reforms—particularly in the area of information-sharing, consultation and coordination—so that the tenets of the legislative acts are translated into effective practice and new cultures of practices become increasingly embedded which counter and move beyond the Soviet-era legacies.

1. COR should support the development of information sharing and consultation mechanisms involving national parliaments and relevant LRAs and local government associations.
2. COR should support the development of online capacities to facilitate their own direct communication with LRAs but also to enable LRAs to improve their communication and consultation with local populations as well as across EU member states. In line with the recommendations of an earlier LSE expert brief COR in cooperation with CORLEAP should strive to improve local internet penetration and pursue training programs in e-learning for community groups and local governments in ways that

educate and empower local stakeholders and the wider citizenry (Gordon et al. 2016).

3. COR should work to improve systems (online and face-to-face practice exchange fora) for information sharing across local and regional authorities and associations in EU member states as well as EP partner countries to foster the increased sharing of good practice. This should encompass both policies/initiatives that have worked successfully as well as challenges that have been encountered—such as navigating ambiguous relationships between different layers of government, and countering corruption and other forms of malpractice.
4. An integral part of this work is future-proofing such systems by both supporting their development in the short-term and ensuring their sustainability in the longer term.
5. CORLEAP could further develop its Portal of Decentralised Cooperation (<http://lra4dev.cor.europa.eu/portal>) moving beyond the current platform which is rich in documentation and information to create a more interactive, analytical, communication hub through the creation of:
  - A more dynamic repository of knowledge, shared experience and good practice available in EU, candidate countries and EP cities and regions in identified priority areas (as regards decentralization, devolution, territorial development and cooperation, capacity building of local public administration, education, health care) with contact details of local governments to facilitate easy contact.
  - A set of case studies of good practice with a particular focus on cases from Central Europe (based on an agreed template including account of costs, enabling and constraining factors, roles and responsibilities of different layers of government and citizens etc.)—it is evident that practitioners want to learn not only about good practice in terms of guides to formal divisions of power and responsibilities between different layers of government or policy designs in different areas but also about effective ways to navigate these relationships in practice, i.e. the lived experience of practitioners as well as policy challenges in different areas.
  - A compendium of funding opportunities at the European level—as the research in this study suggests there is a lack of awareness at the local level of possible opportunities for cooperation and funding channels—as well as guidelines to assist with funding applications and the

possibility of linking potential applicants to designated CORLEAP “mentors” to support the preparation of funding applications.

- Online communication channels (announcements, discussion boards, etc.) facilitating the establishment of connections, networking and cooperation opportunities among local and regional authorities which face similar challenges—while face-to-face encounters are invaluable these can be hampered by funding and logistical challenges, the online sphere can mitigate some of these.
6. COR should enhance possibilities for administrative and technical capacity-building in LRAs as well as in local democracy for engaged citizens through sustainable and blended approaches to education and training (appropriate combinations of on-line and face to face learning opportunities). Themes for training and capacity building could be identified through consultation with relevant LRAs and local citizens. (These might include transparency and information-sharing, lobbying, preparation of project bids and writing grant applications, citizens activism to support policy change.)
  7. CORLEAP or the Task Force on Ukraine should establish a particularized grant stream (depending on resource availability) to:
    - Enable local and regional representatives and officials from Ukraine to attend information sessions and training programs on processes of democratic governance (such as accountable and transparent public administration, understanding and utilizing rights) as well as on different policy areas of relevance to local government (education, healthcare, water management, road building, etc.).
    - enable local and regional representatives and officials to spend short periods of time through twinning mechanisms in relevant bodies enabling them to learn about good practice elsewhere and develop skills and thus to capitalize on the possibilities of peer-to-peer learning and support. Twinning set-ups which may in the short-term involve greater expense are likely to achieve more sustainable results.
    - support research projects including (longitudinal work) into Ukraine’s local government given the rapid pace of change in Ukraine’s political landscape—supporting and enabling evidence based policy-making and decision making.

8. Once funding has been awarded at the EU level, CORLEAP or the Task Force on Ukraine could play a valuable role in supporting the management of, and evaluation of processes of project management to ensure that projects are implemented successfully but also to contribute to the instilling of good practices at the local government level
9. COR though CORLEAP or UTF should also work with local citizens enabling them to promote and support aspects of local democracy (such as promoting and ensuring free and fair elections) through education programs and other initiatives. The COE and EURONEST could work cooperatively with CORLEAP and UTF in this area.
10. The Task Force on Ukraine should work to increase the knowledge of the donor community about local conditions and the nature and specificity of citizen engagement in Ukraine—so that there is an improved alignment between the interests of local citizens, local and regional authorities and the interests of the donor community
11. COR should facilitate further opportunities again through both CORLEAP and EURONEST for practitioners from the former Communist states to exchange experience as given shared institutional and political histories and legacies evidently much is to be gained from study and development or a combination of both.



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# Supplementary Appendix

*Note to interpreting responses in tables:*

Percentages of answers given to each question were calculated based on all answers, both positive and negative, and including cases where respondents provided no answer to a question.

If one respondent made several statements of relevance to different questions, each statement was calculated as a separate answer. This is why the number of answers sometimes exceeds the number of respondents.

Tables 2.1; 2.2; 2.4-2.8; 3.1; and 4.1-4.9 are based on responses to open-ended questions.

Table 2.3 is based on open-ended questions that were limited to 2-3 answers.

Table 3.2 contains summaries of three key obstacles to decentralization as listed by interviewees.

Table 4.10 contains summaries of three key ways to learn about best practice cases as listed by interviewees.

## SA1 Sample of respondents

**Table 1.1 State and local government bodies**

<i>City/ Region</i>		<i>Name</i>	<i>Position</i>	<i>Employment term, years</i>	<i>Size of organization</i>
<b>Representatives of municipality or region</b>					
1	Khmelnyska Oblast	V. Oluyko	Khmelnyska Oblast Council CORLEAP member	10	85
2	Zakarpatska Oblast	P. Gritsyk	Zakarpatska Oblast Council TISZA* EGTC member	11	50
3	Rivne Oblast Administration	S. Bogatyrchuk - Kryvko	Deputy Governor, CORLEAP member	1	41
4	Kyiv Oblast	P. Kozyrev	Mayor, City of Ukrainka	14	50
5	City of Uzhhorod	S. Sember	Member of City Government; Director of ZRCSEHR, NAN of Ukraine	1/13	300
6	City of Uzhhorod	M Kostromin	Leading Specialist, Department for Organizational Issues and Internal Policy	1	300
7	Zakarpatska Oblast	V. Samardak	Mayor, City of Chop	1	60
8	Zakarpatska Oblast	I. Pohorilyak	Mayor, City of Perechyn	6	18
9	Zakarpatska Oblast	I. Kovach + N. Kraynykivska	Mayor; Head of Economic Development, Trade and Investment Department, City of Tyachiv	1	52

10	Rivne Oblast	R. Syvy	Head of Budget Committee, Koretsk District Council	2	12
11	Kyiv Oblast	Y. Peleshok	Head of Kolonshchyna Village Council	10	14
12	Poltava Oblast	Y.Malko	Deputy-Head of Machukhiv Village Council	1	12
13	Odessa Oblast	S. Kobenko	Secretary of City Council	1	20

**Table 1.2 Experts**

<i>City/ Region</i>	<i>Name</i>	<i>Position</i>	<i>Employment term, years</i>	
<b>List of experts surveyed</b>				
1	Kyiv	D. Popescu	Special Adviser to the Government of Ukraine on Decentralization, Council of Europe Office in Ukraine	1
2	Zakarpatska Oblast	V. Chubirko	Supervisory Board President TISZA* EGTC	1
3	Zakarpatska Oblast	Y. Yevchak	Zakarpatska Oblast Council Deputy Director (Secretariat of the EGTC) TISZA* EGTC member	1
4	Odessa	A.Krupnyk	Director, Association for Community Self-organization Assistance	11
5	Kyiv	M. Poedynok	Deputy Head, Executive Direction, Association of Rural and Village Councils of Ukraine	3
6	Lviv	P. Mavko	Executive Director, NGO «West-Ukrainian Regional Educational Centre»	9
7	Zakarpatska Oblast, Uzhhorod	I. Revtyy	Executive Director, Zakarpattya Regional Division of ACU	5
8	Zakarpatska Oblast, Uzhhorod	O. Luksha	Association for Development and Reform of Cities, Towns and Villages	5
9	Cherkasy	A. Rekun	Executive Director, NGO «Resource Centre of ANGO (Association of NGOs)»	17
10	Lviv Oblast, Dobrotvir	V. Abaimov	Executive Director, Lviv Regional Division of ACU	5
11	City of Kyiv	R. Tomenchuk	Expert, The UA Institute for International Politics	2
12	City of Chernivtsi	I. Babiak	Expert, Centre for development of Local Self-Government	1

## SA2 Survey Responses

**Table 2.1 Impact of the 2015 local government reforms on the local tax base\***

	<i>Local councils and administrative bodies</i>	<i>Other organizations</i>	<i>Total</i>	<i>%</i>
Elimination of subsidies	1		1	4
The tax base increased because of merger of communities, and increase in tax rates. Some taxes are being transferred to the local level.	10	7	17	<b>68</b>
Transfer of some revenue items from higher levels.	1		1	4
The redistribution of tax revenues.	1		1	4
Increased rate is not taken by LG. The issue is preparedness to effectively use new tax tools.		2	2	8
People through the elected authority have a power to impact on the tax base.		1	1	4
Frequently, amendments to the Budget Code may change the level of local government that is responsible for the maintenance of medical and educational institutions; transfers of state subsidies for the maintenance of these institutions are made accordingly.		1	1	4
More transparent; increase in budget.		1	1	4
<b>Total</b>	13	12	25	100

\* In this and other tables, some text is highlighted in bold to draw attention to particular results/ responses.

**Table 2.2 Potential and capacity to increase income**

	<i>Local councils and administrative bodies</i>	<i>Other organizations</i>	<i>Total</i>	<i>%</i>
United municipalities (UM) have the opportunity to increase their income through financial decentralization; the additional taxes increase budget incomes; increased revenue increases capacity of local government.	4	4	9	<b>30</b>
Growth in the “legal” economy; more income tax. Potential exit of local businesses from the “shadows”; fighting corruption and enhancing the professionalization of local authorities.	1	1	2	7
More opportunities for business development; greater efficiency and effective use of resources.	2		2	7
Introducing new subvention transfers: basic, education, training labour, medical, special medical measures; obtained more subventions for local infrastructure and social sector development.	4	2	6	<b>22</b>
Use of own resources according to local discretion. Better use of own resources, such as human, land, forest, etc. The UM is interested in job creation, as it will increase the flow of personal income tax. Allowed to sell land. Increase of municipal services. The community is interested in leasing most of the land, as this will also increase revenues to the local budget.	1	2	3	<b>11</b>

The local leaders and community are more interested in attracting investments, as this will create the jobs (an increase in PIT), land and property tax.	2	1	3	11
The budget increased by 50%, but capacity for decision making did not increase.		1	1	4
Ability to make savings at the end of the reporting period on the accounts of local governments and use them next year; the opportunity to place temporarily available funds of the special fund of local budgets in commercial banks; this solves the problem of delayed payments from the Treasury, but makes it impossible for local authorities to obtain interest-free loans to cover temporary cash gaps in local budgets.		1	1	4
Not yet, because systemic conditions for businesses have not changed.		1	1	4
<b>Total</b>	14*	13*	27	100

\* Several answers were given by one respondent.

**Table 2.3 Shortcomings in the implementation of the 2015 local government reform**

	<i>Local councils and administrative bodies</i>	<i>Other organizations</i>	<i>Total</i>	<i>%</i>
Lack of high quality cadre. Lack of qualified people for preparation of investment projects. Lack of qualified people for preparation of project bids to international organizations. Lack of cadre preparedness for reform.	1	2	3	5
Lack of ability to implement large projects; this leads to unused funds in the budget.	1		1	2
Limits to reform because of budget issues. Fragmented nature of the creation of UM. Modest results: UM form 15% of all communities.	1	1	2	3
Lack of communication strategy and organizational preparedness at the highest level in reform implementation. Not enough clarity (staff, money). Higher level is not interested sometimes. Instead of decentralization centralization has occurred. Too many delegated responsibilities and funding stop at the <i>rayon</i> level. Failure of local executive authorities to delegate to UM the necessary financial and organizational support for implementation of the basic delegated responsibilities.	5	2	7	<b>12</b>
Lack of legislation on merging of communities when it comes to transfer of outside land to UM property; lack of legislation on changing the boundaries of districts in the merged communities from different regions. Land is not everywhere shared yet among local residents. Other land issues.	2	1	3	5

The suggested tax guidelines are effective for UM with high level of economic development, but do not for remote communities.	1		1	2
The administrative services are concentrated in the centre of UM. This, in turn increases distances and travel time for residents.	1		1	2
Continued lack of financial independence.	1		1	2
Budget planning is based on a minimum level; this places constraints on communities that seek to pursue development.	1		1	2
Lack of funding for big projects.	1		1	2
Procedures for districting: Lack of good criteria for evaluating the capacity of communities, leading to the formation of very different UMs. Too many communities planned for UM; communities too small; no rationality in establishing distance to the center; problems of including in UM the communities from different districts. Complicated procedure of including the UM in prospective plan of capable municipalities, and then placing the community in direct intergovernmental relations. The binding long-term plan with budget process is a mistake.	1	6	7	<b>12</b>
Lack of information for communities on the process of UM creation.	1	1	2	3
Public health	3	2	5	8
Education	2	2	4	7
Social services, physical culture and sport	1	1	2	3
Lack of citizen trust; fears and stereotypes of local people.	1	1	2	3
Obstruction of reform by agri-businesses.	1	1	2	3

Reform implementation has a top-down character; weakly specified implementation tools; no changes to Constitution yet; no power at the <i>oblast</i> level to provide for elections to UM-level bodies; decisions on UM elections taken by the Central Election Committee.	1	5	6	<b>10</b>
Obstruction of reform by district administrations and by current council heads; “too many political ambitions are at play.”	1	3	4	7
Weak local economies; lack of financial capacity of UMs. Low economic potential of communities. Wealthy communities do not want to merge with less-developed communities; pressure on communities to merge.		3	3	5
Execution of own and delegated responsibilities.		1	1	2
<b>Total</b>	27*	32*	59	100

\* One respondent gave several answers.

**Table 2.4 Clarity in the division of powers; distribution of responsibilities between different levels of authority**

	<i>Local councils and administrative bodies</i>	<i>Other organizations</i>	<i>Total</i>	<i>%</i>
No clarity.	7	4	11	<b>44</b>
No changes to Constitution, other legislation on local self-government and administrative reform serve as obstacles to the implementation of reforms. Greater clarity is expected should Constitutional changes be made. A more coherent decentralization strategy is needed.		2	2	8
Issues in transfers to UMs from State budget. State bodies control the implementation of state contracts, finance, accounting and reporting. State bodies, among other areas, have authority over the implementation of state policy in economic development, education, health, social security and culture. Regional authorities are unwilling to transfer powers and financial independence to the lower levels of authority. The Ministries of Health, Education, Justice, and the Interior have delayed the transfer of responsibilities to the local level. There is a pressing need to improve the relevant legislation.	1	1	2	8
Lack of clarity in the process of creating municipalities. No clarity especially regarding the <i>rayon</i> level. Conflicts occur in the process of transfer of assets and responsibilities to UM by the	2	2	4	16

<i>rayons</i> . After the reform we ought to have administrative districts based on population size or existence of hospital.				
No clarity. An example is land use. A UM can only dispose of land within its boundaries.	1		1	4
No clarity during the transition period, but greater clarity is expected after the completion of the administrative reform.	1	2	3	12
The level of clarity is acceptable. Regulatory frameworks are sound, but many violations occur in practice, such as obstruction of reform by various bodies.	1	1	2	8
<b>Total</b>	13	12	25	100

**Table 2.5 Correspondence of funding received from the central government with increased responsibilities**

	<i>Local councils and administrative bodies</i>	<i>Other organizations</i>	<i>Total</i>	<i>%</i>
Definitely increased roughly proportionally in line with increased responsibilities, both “in theory and in practice.” At the level of small towns there are no issues. In the cities of regional importance problems can arise with regard to the sphere of education. Compared to the current regional level the number of managers at the local level will increase.	6	5	11	<b>44</b>
Increase, based on subvention. Plus the projects from SFRD. Two out of three UMs are subsidized. Due to subventions from the state budget for building up infrastructure in the amount of 25.3 million UAH. The UM implement 42 investment projects. Funding is mostly used to repair kindergartens and schools, for the construction of roads and street lighting, and for implementation of energy saving measures.	1	1	2	8
Currently there is an increase, but in the future we need to recalculate. Increase, but only for the UM level. The UM obtained more resources through expansion of the tax base and through grants, in law and in practice. The next step has to be further fiscal reform. Increase	1	4	5	<b>20</b>

<p>from 288 UAH to 887 UAH. But further increase requires approval of the Perspective Plan of the Oblasts by the Central Government. (Vinnytsia, Zakarpattia, Kirovohrad, Luhansk, Lviv, Mykolaiv, Odessa, Ternopil, Kherson, Cherkasy, Chernivtsi). The first phase has resulted in increased funding due to new regulations on the formation of local budgets (excise, tax on personal income etc.), but it is effective where advanced trade infrastructure is in place and where excise goods are sold. But along with the growing expenditures that arise when a transfer of powers to the UM occur, we cannot expect the same positive difference between income and expenditures for investment development. Increased, but comes with the acquisition of new responsibilities in education (middle and primary), basic public health and culture.</p>				
<p>In principal – yes, there is an increase, in practice – no or “it depends.” Responsibilities transferred and finances are not transferred. No financing, in the State Budget. No decentralization occurred. The responsibilities are not matched with resources.</p>	3	1	4	<b>16</b>
<p>It is expected that an increase will occur after UM are formed. No increase at the moment.</p>	2		2	8
<p>No answer</p>		1	1	4
<p><b>Total</b></p>	13	12	25	100

**Table 2.6 Changes brought by the 2015 local elections**

	<i>Local councils and administrative bodies</i>	<i>Other organizations</i>	<i>Total</i>	<i>%</i>
Created more active local government.	5		5	<b>18</b>
Centres for Administrative Services are being / have been created.	6	2	8	<b>29</b>
Negative changes or no changes.	5	4	9	<b>32</b>
Changes happened only at the UM level.		4	2	7
No answers.		2	2	7
<b>Total</b>	16*	12	28	100

\* One respondent gave several answers.

**Table 2.7 Nature and scope of involvement in local governance**

	<i>Local councils and administrative bodies</i>	<i>Other organizations</i>	<i>Total</i>	<i>%</i>
Public control over decisions of deputies, officials.	1		1	3
NGO activities.	3		3	8
Public involvement in strategy development by the local community.	1		1	3
Direct assembly; trust the mayor and deputies.	1		1	3
Local referendum.	1		1	3
The scale has increased, but quality is inadequate.	1	1	2	5
Public Council	2		2	5
Public discussion; establishment of regional discussion platforms; open exchange of ideas; more regular participation by ordinary citizens; young parents; city council and committee sessions are open to the public.	5		5	<b>13</b>
"The libraries of local government reform," lectures, workshops, strategy sessions, meetings press clubs.	1		1	3
Public budget.	2	1	3	8
Minimum levels of participation. Scale of participation has even decreased, as have capacity to influence decisions and levels of participation	1	2	3	8
Public hearings.	1		1	3
Sport activities.	1		1	3
Church.	3	1	4	<b>10</b>
E-government, Web conference,	1	1	2	5

online school in local government activities, skype conferences.				
Growing activism of public organizations, but the scope leaves much to be desired.		1	1	3
Coalition of NGOs and associations of local self-government bodies.		1	1	3
“Puppet” NGOs and community councils (that is, lacking in independence)		1	1	3
Spontaneous civic campaigns only occur to challenge highly contentious illegal acts.	1	1	2	5
Defence of interests of only certain groups of citizens.	1		1	3
No answers.		2	2	5
<b>Total</b>	27*	12	39	100

\* One respondent gave several answers.

**Table 2.8 Specific issues that motivated public campaigns**

	<i>Local councils and administrative bodies</i>	<i>Other organizations</i>	<i>Total</i>	<i>%</i>
Utility tariffs.	1	1	2	5
Vocational schools.	1		1	3
Roads.	2	3	5	<b>14</b>
Congestion on border crossings generated by cars with foreign car registration plates.	1	1	2	5
Land.	1		1	3
Creation of condominiums.	1	1	2	5
Public transportation.	1		1	3
Pre-school and school education.	5		5	<b>14</b>
Ecology. Cleaning and improvements of pools and forests. Construction on river banks.	2	1	3	8
Street lights. Territorial improvements and safety. Sidewalks, landscaping of yards.	2	1	3	8
Church.	1		1	3
Water supply and sanitation.	1	1	2	5
Industrial projects (gold mining construction, hydroelectric station).		2	2	5
Decentralization problems.		2	2	5
Waste		1	1	3
Resistance when government was trying to appoint unpopular old-timers to senior positions.		1	1	3
Anti-corruption campaigns.		1	1	3
Campaign for public budgets.		1	1	3
E-governance.		1	1	3
<b>Total</b>	<b>19*</b>	<b>18*</b>	<b>37</b>	<b>100</b>

\* One respondent gave several answers.

## SA3 Key priorities and obstacles

**Table 3.1 Key priorities and challenges in the area and community development**

	<i>Local councils and administrative bodies</i>	<i>Other organizations</i>	<i>Total</i>	<i>%</i>
<b>Capacity building of local bodies</b>				
Development of social and economic strategies; community planning.	2	2	2	13
Creating street and housing committees.	1		1	6
Increase in financing for municipal policy.	1		1	6
Public Health	1		1	6
Greater transparency and trustworthiness of local administration.	2		2	13
Strengthening the legal and resource bases of local government.	1		1	6
Improving quality in services delivery.	1		1	6
Increasing educational support to communities, including training in project preparation and management; general cadre training.		7	7	<b>44</b>
<b>Administrative and political decentralization</b>				
Creating prefectures instead of <i>rayons</i> and <i>oblasts</i> .	2	1	3	14
Completing the process of uniting municipalities.	11	5	16	<b>76</b>
Increasing the number of administrative services.	1		1	5
Extending city boundaries.	1		1	5
<b>Managing revenue and expenditure systems</b>				
Developing a new assets register with the objective of introducing new taxes.	3		3	10
Fundraising, co-financing.	4	1	5	17

Moving salaries from “out of the shadows.”	1	1	2	7
Optimization of budget items; introduction of new revenue items; tax revenue. Redistribution of rent from the extraction of mineral resources for the purpose of transfer of income to rural budgets in the amount of at least 5%. Keeping the educational and medical subventions for UMs (excluding utility bills).	8	3	11	<b>38</b>
Implementation of the <i>I-S</i> (computer program) in accounting.	1		1	3
Public hearings for budget approval and further public reporting, including through E-governance.	3		3	10
Keeping normative standards for budget expenditures.	1	2	3	10
Financial management, relations with Treasury.		1	1	3
<b>Local economic development (road-building, local infrastructure, waste management, etc.)</b>				
Improving land management.	1	1	2	4
Support for SMEs.	1		1	2
Creating condominiums.	2		2	4
Green tourism, hospitality industry.	3		3	7
Energy management, alternative energy.	3		3	7
Sorting and processing of solid waste, waste management in general.	4	2	6	13
Road infrastructure.	8	3	11	<b>24</b>
Cross border points.	2		2	4
Condominiums.	2		2	4
Repair/ building of water treatment facilities.	3		3	<b>7</b>
Sports complex facilities	1		1	2
More complex territorial improvements (green zones, school support, water supply and sewage, solid waste processing).	4	3	7	<b>16</b>

Joint municipal enterprise in waste processing.	1		1	2
Green parks.	1		1	2
<b>Communications with, and active involvement of, local citizens</b>				
E-government, e-petitions, E-requests for administrative services.	3	4	7	<b>26</b>
Street committees, joint school committees with the involvement of children, joint business committee.	4	1	5	<b>19</b>
Public hearings.	2		2	7
Surveys.	1		1	4
Improving communication with citizens and other stakeholders.	1	6	7	<b>26</b>
Partnership of local enterprises and citizens in water supply and sewage building.	1	1	2	7
Public budget, neighborhood public budget.	1	1	2	7
Local TV station.		1	1	4
<b>Territorial cooperation (i.e. cooperation between local, regional and national actors)</b>				
Horizontal and vertical coordination; creation of associations; agreements on cooperation.	3	3	6	<b>26</b>
Delegation of responsibilities, further reorganization of <i>rayon</i> and <i>oblast</i> levels	3	2	5	<b>22</b>
Cross-border cooperation.	2		2	9
Collaboration of local level authorities with <i>rayon</i> and <i>oblast</i> authorities in public health and education spheres; building schools.	3		3	13
Bypass road to Kyiv.	1		1	4
Project co-financing for SFRD; co-financing in general with regard to large infrastructural projects; anti-flooding infrastructure.	4	2	6	<b>26</b>

**Table 3.2 Key obstacles to decentralization**

	<i>Local councils and administrative bodies</i>	<i>Other organizations</i>	<i>Total</i>	<i>%</i>
a. Insufficient financial resources.	6		6	8
b. Lack of clarity in division of responsibilities between different levels of government/authority.	10	6	16	<b>22</b>
c. Conflicts between local self-government and local administrations.	4	7	11	15
d. Interference or lack of cooperation with national authorities.	2	1	3	4
e. Activities and interests of local oligarchic groups.	4	7	11	15
f. Insufficient technical expertise, lack of knowledge and experience.	1	2	3	4
g. Inadequate staffing levels (numbers).		1	1	1
h. Corruption.	4	6	10	14
i. Policy agenda is “too crowded.”	1		1	1
j. Shifting central government policy priorities.	5	2	7	10
k. Lack of national government will in pursuing decentralization.	1	1	2	3
l. Lack of will among <i>rayon</i> and village administrations in pursuing decentralization.	1		1	1
<b>Total</b>	<b>39</b>	<b>33</b>	<b>72</b>	<b>100</b>

## SA4 Cooperation among municipalities and with external partners

**Table 4.1 Cooperation among Ukrainian communities and with other countries**

	<i>Local councils and administrative bodies</i>	<i>Other organizations</i>	<i>Total</i>	<i>%</i>
<b>a. Ukraine</b>				
Vinnitsa	2		2	6
Ternopol	1	1	2	6
Donetsk	1	1	2	6
Luhansk	2	1	3	9
I-Frankivsk	1	1	2	6
Kharkiv		1	1	3
Lviv	1	2	2	6
Chernihiv	1		1	3
Poltava	2		2	6
Volyn	1		1	3
Odessa	1	1	2	6
Mykolaiv		1	1	3
Kirovograd, Novoukrainka	1	2	3	9
Dnipro		1	1	3
Sumy		1	1	3
Zaporizhzhia		1	1	3
Kherson		1	1	3
Kyiv region, Obukhiv, Kozin	1		1	3
Kyiv, Association of village councils + cities, districts and oblasts	1	3	4	12
				100
<b>Other neighboring countries</b>				
Poland	6	4	10	<b>32</b>
Slovakia	5		5	<b>16</b>
Hungary	4		4	<b>13</b>
Romania	2	1	3	10
Georgia	1		1	3
Moldova	2	2	4	<b>13</b>
Belarus	2	1	3	10

Eastern Partnership		1	1	3
				100
<b>Other European Union countries, sub-national level</b>				
France	1		1	3
Germany	4		4	<b>13</b>
Italy	1	1	2	7
Greece	1		1	3
Czech Republic	3		3	10
Austria	1		1	3
Croatia	3		3	10
Serbia	2		2	7
Latvia	1	2	3	10
Estonia		1	1	3
Bulgaria	3	1	4	13
Lithuania	1		1	3
Netherlands	1		1	3
Romania	1		1	3
Belgium		2	2	7
				100

**Table 4.2 Policy areas of cooperation**

	<i>Local councils and administrative bodies</i>	<i>Other organizations</i>	<i>Total</i>	<i>%</i>
<b>Ukraine</b>				
Energy efficiency	1	1	2	6
Administrative reform	4	2	6	<b>17</b>
Economic development	4	2	6	<b>17</b>
Scientific and technical cooperation	2		2	6
Culture	4		4	11
City activities	1		1	3
E-governance	1		1	3
Sport	1		1	3
Legislation	1		1	3
Local governance, municipal enterprises, administrative services	3	1	4	11
Public participation, local democracy		1	1	3
Cross-sectoral collaboration		1	1	3
Tourism		1	1	3
Infrastructure		1	1	3
Budget		1	1	3
Territorial planning		1	1	3
Waste management		1	1	3
				100
<b>Other neighboring countries</b>				
Local governance		1	1	2
Decentralization	1	1	2	5
Energy efficiency	2		2	5
Agriculture	2		2	5
Health	3	1	4	10
Education	3	1	4	10
Culture	9		9	<b>21</b>
Civil defence	3		3	7
Emergencies; fire-fighting, flood prevention	1		1	2
Economic development, investment, business promotion	2		2	5

Tourism	2		2	5
Sport	3		3	7
Infrastructure development	1		1	2
Ecology	1	1	2	5
Fundraising	1		1	2
Public participation, local democracy		1	1	2
Cross-sectoral collaboration		1	1	2
Safety		1	1	2
				100
<b>Other European Union countries, sub-national level</b>				
Economic development, Investment, Business Promotion	2		2	7
Fundraising	1		1	4
Culture	7		7	<b>25</b>
Social defence	2		2	7
Social investments	1		1	4
Tourism	3		3	11
Public health	1	1	2	7
Education	1	1	2	7
Infrastructure	1		1	4
Ecology	1	1	2	7
Local governance	1	1	2	7
Public participation, local democracy		1	1	4
Cross-sectoral collaboration		1	1	4
Safety		1	1	4
				100

**Table 4.3 Obstacles to cooperation**

	<i>Local councils and administrative bodies</i>	<i>Other organizations</i>	<i>Total</i>	<i>%</i>
Language.	1	1	2	9
Corruption.	1		1	5
Cabinet of Ministers delays in signing international agreements.	1		1	5
Passivity of diplomats/ civil servants abroad.	1		1	5
Limited funding.	3		3	<b>14</b>
Low interest among prospective external partners.	1		1	5
Roads (for Ukraine).	1		1	5
Differences in legislation	1		1	5
Administrative tiers not comparable.	1		1	5
Investment attractiveness.	1		1	5
Visa regime, border issues.	2	2	4	<b>18</b>
Lack of communication channels, lack of information.		3	3	<b>14</b>
No access to structural funds.		1	1	5
Lack of understanding of program benefits.		1	1	5
				100

**Table 4.4 Details of cooperation, international projects**

	<i>Local councils and administrative bodies</i>	<i>Other organizations</i>	<i>Total</i>	<i>%</i>
Yes, benefitted from such projects.	9	10	19	<b>76</b>
No or no answer.	4	2	6	24
<b>Name/ type of donor and issues covered by project grant</b>				
UNDP/ EU	6	2	8	22
USAID		2	2	6
GIZ	1	1	2	6
DESPRO	1	1	2	6
EU	7	6	13	<b>36</b>
Government of Japan	1		1	3
IOM		1	1	3
Domestic funding		1	1	3
No donor indicated	2	4	6	17
				100
<b>Issues covered by project grant</b>				
Energy efficiency	2	1	3	6
Financial assistance	1	1	2	4
Soft loans	1		1	2
Cooperation under the Kyoto Protocol	1		1	2
Cross-border infrastructure and cooperation	1	2	3	6
Flood protection	1	1	2	4
Social and cultural projects; conservation and restoration of historical and cultural heritage sites	5	1	6	13
Public health	1	2	3	6
Public safety	1		1	2
SMEs	1	1	2	4
Municipal development; community engagement	3	4	7	15
Water supply	1		1	2
Pre-school education	2	1	3	6
Tourism	3	1	4	8
Agriculture	1	2	3	6

Adult education, cadre development	3	2	5	10
Management technologies		1	1	2
				100
<b>Obstacles in applying for grants/ projects</b>				
No obstacles	7	3	10	<b>36</b>
Lack of staff qualified to prepare project applications; lack of experience	5	3	8	<b>29</b>
Lack of motivation	1		1	4
Lack of information, absence of common information platform	1	3	4	14
Looking for partner, but lacking necessary contacts		2	2	7
Lack of experience of applying for or managing grants		1	1	4
Absence of relevant department		1	1	4
Bureaucracy		1	1	4
				100

**Table 4.5 Activities of CORLEAP and Ukrainian Task Force**

	<i>Local councils and administrative bodies</i>	<i>Other organizations</i>	<i>Total</i>	<i>%</i>
Yes, I know about their work	5	6	11	<b>44</b>
No, I don't know; no answer	8	6	14	<b>56</b>
				100
The CORLEAP and UNF are:				
- EU project/ forum/ conference	5	6	11	
- Established cooperation	1	2	3	
				100
No, I didn't attended the CORLEAP conference	8	9	17	<b>68</b>
Yes, I attended the CORLEAP conference:	4	4	8	<b>32</b>
				100
Brussels 2015, 2016	3	3	6	
Yerevan	1		1	
Bratislava, August 2016, EOTS Tisza	1	1	2	
Poznan, Poland – 2011	1		1	
Chisinau, Moldova - 2012	1		1	
Vilnius, Lithuania -2013	1		1	
Tbilisi, Georgia – 2015	1		1	
Strasbourg – 2016	1		1	
Odessa 2016		1	1	
			15	

**Table 4.6 Project grants obtained as part of the Eastern Partnership process**

	<i>Local councils and administrative bodies</i>	<i>Other organizations</i>	<i>Total</i>	<i>%</i>
No, didn't apply or no answer	8	8	16	<b>64</b>
Yes, applied for projects	5	4	9	<b>36</b>
<b>Obstacles in applying for grant</b>				
No obstacles; no answer	4	2	6	24
Absence of information	5	5	10	<b>40</b>
Challenges in finding a partner; no contacts	1	1	2	8
Lack of staff qualified in project preparation; lack of experience; lack of staff training	3	2	5	20
Priorities do not coincide		1	1	4
Corruption at the national ministry level		1	1	4
				100

**Table 4.7 Best practice cases**

	<i>Local councils and administrative bodies</i>	<i>Other organizations</i>	<i>Total</i>
<b>Other localities/districts in Ukraine</b>			
Ivano-Frankivsk oblast, Dolyna	4		4
Vinnytsia	2	2	4
Slavutych	1		1
Work of the Association of Small Cities across Ukraine	1		1
Work of the Association of Towns and Villages across Ukraine	1	1	2
Association for Assistance for Community Self-organisation	1		1
Work of the Association of Cities across Ukraine		1	1
Kalytyanska UM	1		1
Khmelnitsky oblast	1	2	3
Poltava oblast	1		1
Chernivtsi	1		1
Odessa oblast, Chornomorsk, Izmail, Yuzhny, Balta UM	4		4
Sarny rayon, Rivne Oblast	1		1
<b>Other EU countries</b>			
Poland	7	5	12
Lithuania	4		4
Latvia	2	1	3
Estonia	1		1
Czech Republic	4		4
Germany	3	1	4
France	2	1	3
Scandinavian countries (Sweden)	1	1	2
Slovakia	2	1	3
Hungary	2	1	3
Romania	1		1
Bulgaria	1		1
Greece	1		1
Netherlands		1	1
Spain		1	1
<b>Other non-EU countries</b>			

Switzerland	1		1
USA	3	3	6
Canada	2	2	4
Serbia	1		1
Moldova	1	1	2
Georgia		1	1
Armenia		1	1
Azerbaijan		1	1

**Table 4.8 Specific examples/ areas of good practice**

<i>Best practices/ areas of best practices in other countries worth emulating</i>	<i>EU and non-EU countries</i>
Administrative-territorial and local government reforms; public administration and local government operation/ reforms	Lithuania, Latvia, Estonia, Poland, Greece
Tourism development, culture	Bulgaria, Czech Republic, Slovakia, Poland, Hungary, Romania
Social networks; direct communication with community residents; reporting to the community; cooperation with NGOs	Poland, Slovakia, Hungary, Romania, USA, Canada
Energy efficiency	Scandinavian countries, Germany, Slovakia, Poland, Hungary
Finance, budget issues	Germany, Slovakia, Poland, Hungary
Public health	Germany, Czech Republic, Poland, USA
Fire safety	Germany
Education, schools, universities	Germany, Czech Republic, Poland, USA
Forestry	Czech Republic, Switzerland
Social sector, children with special needs	Czech Republic, USA
Investments	Lithuania
Ecology	Scandinavian countries, Poland
Economic development; business development	Poland
Powers and functions of regional clearing houses	Poland
NGOs fundraising	Poland
Leadership	Poland
Cross-border cooperation	Slovakia, Poland, Hungary, Romania, Moldova
Urban development	USA
Electoral systems; magnitude and scope of work of elected representatives	USA

**Table 4.9 Key policy areas concerning which Ukrainian communities could learn from EU member states to support administrative, political and fiscal decentralisation**

	<i>Local councils and administrative bodies</i>	<i>Other organizations</i>	<i>Total</i>
Ecology; collection, processing and disposal of solid waste	3		3
Public transportation in cities	1		1
Social services management and delivery	1		1
Support for business development; strengthening the economies of communities; trade; investments; economic development toolkits. Establishment and development of industrial parks	5	1	6
Powers and duties of executive authorities and local self-government mechanisms to support regional development. The distribution of powers between state authorities and local councils. Social dialogues. The establishment of UMs (Including in countries like Slovakia, Hungary, Czech Republic, Austria)	3	5	<b>8</b>
Public health reform; healthcare funding	5	3	<b>8</b>
Education reform (schools and vocational); procedures for funding education	3	2	5
Budgeting; budget decentralization; local taxes and tax collection	4	1	5
Consulting, which is carried out by associations; advisory services in EU countries (France, Spain, Germany)	1	2	3
Tourism	1		1
Processing industrial waste from power plants	1		1

Energy saving	1		1
Infrastructure; roads	2		2
Rational use of water resources; water supply; water pipelines	2		2
Landscaping	1		1
Housing	1		1
Territorial improvement; parking	1		1

**Table 4.10 Best ways to learn about good practice and to develop capacity**

	<i>Local councils and administrative bodies</i>	<i>Other organizations</i>	<i>Total</i>
a. Twinning relationships	11	6	<b>17</b>
b. Short visits of experts	6	3	9
c. Research/ policy projects	2	3	5
d. Training workshops and/or extended study programs	10	8	<b>18</b>
e. Information and practice exchange opportunities	9	2	<b>11</b>
f. Online interactive portals	1		1
g. Other – please specify:			
- Short-term internships	1	1	2
- Learning by doing; practical impact of best practices		1	1
- Economic and social incentives		1	1
- Leaders and key persons internships in partnering countries		2	2
- Creation of long-term action plans		1	1

## **SA5 Legislation and criteria for territorial re-organization**

### **SA5.1 Recent legislation pertaining to decentralization reforms**

On 1 April 2014, the government approved The Concept of Reforming Local Self-Government and Territorial Organization of Power in Ukraine (Cabinet of Ministers of Ukraine, №333-r on the Concept), as well as the Action Plan for its implementation (Cabinet of Ministers of Ukraine, №591-r of 18.06.2014).  
<http://www.kmu.gov.ua/control/uk/cardnpd?docid=249350402>

On 6 August 2014, a Cabinet of Ministers of Ukraine Order No. 285 On the Approval of State Strategy of Regional Development, 2020, was adopted.  
<http://zakon2.rada.gov.ua/laws/show/385-2014-%D0%BF>

On 5 February 2015, the Verkhovna Rada of Ukraine adopted the Law of Ukraine On Voluntary Unions of Local Communities (№157-VIII of 02.05.2015). The following amendments to the above law were also subsequently adopted:

№ 676-VIII, 04.09.2015, Messenger of Verkhovna Rada, 2015, № 37-38, art.371;

№ 835-VIII, 26.11.2015, Messenger of Verkhovna Rada, 2016, № 2, art.17;

№ 925-VIII, 25.12.2015, Messenger of Verkhovna Rada, 2016, № 6, art.60.

<http://zakon1.rada.gov.ua/laws/show/157-19>

On 8 April 2015, the Cabinet of Ministers of Ukraine adopted the Resolution №214 On the Approval of Methodology for the Formation of Capable Local Communities (Cabinet of Ministers of Ukraine, Resolution №214 of 04.08.2015), and adopted successive amendments to it (№ 695, 02.09.2015; № 601, 08.09.2016).

<http://zakon2.rada.gov.ua/laws/show/214-2015-%D0%BF>

According to the Law On Voluntary Unions of Local Communities (№157-VIII of 02.05.2015) and The Methodology for the Formation of Capable Local Communities (Cabinet of Ministers of Ukraine, Resolution, 8 April 2015, No 214 ), the regional state administrations and regional councils have approved long-term plans for forming united municipalities. In some oblasts, those plans were not adopted at that time however.

On 7 June 2014, The Law On Collaboration of Local Communities (№ 1508-VII, Messenger of Verkhovna Rada, 2014, № 34, art.1167) was adopted.

<http://zakon2.rada.gov.ua/laws/show/1508-18>

On 28 December 2014 the Law on Amendments to the Budget Code of Ukraine on the Reform of Intergovernmental Relations was adopted (Messenger of

Verkhovna Rada, 28.12.2014, № 79-VIII; and amendments № 288-VIII, 07.04.2015; and № 914-VIII, 24.12.2015).  
<http://zakon2.rada.gov.ua/laws/show/79-19>

On 24 June 2016, the Cabinet of Ministers of Ukraine adopted the Order (June 24, 2016, №474-p) on the Strategy for Public Administration Reform in Ukraine until 2020. <http://zakon5.rada.gov.ua/laws/show/474-2016-%D1%80>

On 22 September 2016, The Cabinet of Ministers adopted the Action Plan for implementing the Concept of Reform of Local Government and Territorial Organization of Power in Ukraine (No 688-p).

<http://www.kmu.gov.ua/control/uk/cardnpd?docid=249350402>

By 4 September 2015, regional councils adopted laws to merge communities in accordance with the national legislation. Before the above date, 85 united communities (UM) were formed. Of these, 4 are located within different regions or cities of regional importance due to changes in boundaries of districts.

After that, the laws On Amending Some Laws of Ukraine Concerning the Organization of the First Elections of Deputies of Local Councils and Village, Town and City Mayors (No. 676-VIII, 5 September 2015); and On Amendments to the Law of Ukraine On State Registration of Legal Entities and Individual Entrepreneurs (No. 835-VIII, November 26, 2015); and additional legislation was adopted. The laws changed the rules governing the establishment of united communities.

Altogether, 367 UMs were established, including 50 which have cities within their boundaries; 113 containing towns; and 204 including villages.

**Table 5.2 Number and location of UMs by category**

Oblast	<i>Number of UMs established, including</i>			<i>Total</i>
	<i>cities</i>	<i>towns</i>	<i>villages</i>	
Vinnytsya	5	7	9	21
Volyn'	1	4	10	15
Dnipro	2	14	18	34
Donetsk	3	1	2	6
Zhytomyr	3	13	16	32
Zakarpattia	1	0	2	3
Zaporizhia	1	3	12	16
I-Frankivsk	1	2	8	11
Kyiv	0	2	0	2
Kirovograd	3	0	2	5
Luhansk	0	2	1	3
Lviv	4	4	14	22
Mykolaiv	1	5	13	19
Odessa	2	3	6	11
Poltava	2	4	12	18
Rivne	1	3	14	18
Sumy	1	6	8	15
Ternopil	5	12	19	36
Kharkiv	1	3	0	4
Kherson	0	4	8	12
Khmelnysky	3	11	12	26
Cherkasy	1	2	3	6
Chernivtsi	4	2	10	16
Chernigiv	5	6	5	16
<b>Total</b>	<b>50</b>	<b>113</b>	<b>204</b>	<b>367</b>

## 5.3 Criteria for forming UMs

Ukraine's current territorial-administrative structure distinguishes between villages, towns, and cities, which form *rayons*; the *rayons* in turn are part of *oblasts*. In the *oblasts*, there are some cities which are territorially located in specific *rayons*, but have the status of cities of *oblast*-level significance. The city of Kiev, as a capital city, enjoys special administrative status.

The criteria for the formation of UMs (based on The Methodology for the Formation of Capable Local Communities (Cabinet of Ministers of Ukraine, Resolution, 8 April 2015, No 214) are as follows (<http://zakon2.rada.gov.ua/laws/show/214-2015-%D0%BF>):

### 1. Accessibility to town centers

1.1. The potential administrative center for the community is the city of regional significance and other regional centers, which can unite settlements (village, town, city) based on the following criteria of accessibility: located at a distance of no more than 20 km, and that there are paved roads; the distance can be increased to 25 km if the population of the community in the area that is remote from the potential administrative center is no more than 10% of the total population of the community. This distance can be reduced if there are no paved roads or there are features of the terrain which make mergers difficult (rivers without bridges, mountains).

1.2. Potential administrative centers for uniting communities are settlements (village, town, city), which previously had the status of regional centers and are located at a distance of over 20 km (paved roads) from cities of regional significance and from district centers.

1.3. Potential administrative centers for uniting communities are settlements (village, town, city) with adequate human resources, financial resources and developed infrastructure (including population of 250 school children and 100 pre-school children).

1.4. Potential administrative centers are other settlements (village, town, city) located at a distance of at least 20 km (paved roads) from potential administrative centers and possessing at least part of the specified infrastructure. For such centers, minimum requirements have been established for the presence of the necessary infrastructure for sustaining the communities, namely (<http://www.auc.org.ua/sites/default/files/library/posibnyk.tergrweb.pdf>)

- Premises for UM local government appropriate for additional functions of financial management and municipal property administration; municipal work; services in education, health, culture, social security, and so on. The required minimum area is 800 m<sup>2</sup> (square meters).
- Availability of premises for polyclinics (outpatient) and GPs (general practitioners). Required minimum area of 1200 m<sup>2</sup>.
- Availability of premises for the territorial center of social services. Required minimum area of 200 m<sup>2</sup>.
- Availability of center for the provision of administrative services. Required minimum area 100 m<sup>2</sup>.
- Availability of a separate building for the local police and municipal guards offices. Required minimum area of 100 m<sup>2</sup>.
- Availability of premises for government offices (pension fund; employment center; Treasury civil registration and property rights services). Required minimum area of 100 m<sup>2</sup>.
- Availability of fire-fighting infrastructure and equipment premises. Required minimum area of 200 m<sup>2</sup>.

## **2. Emergency services**

2.1 The criteria also stipulate that the distance between the merged communities should be such that ambulances (or fire-fighters or other emergency services) are able to arrive anywhere in the municipality (on paved roads) within 30 minutes.