

# DECENTRALIZATION IN UKRAINE

This monthly newsletter is a brief overview of Ukrainian authorities' work on implementation of Reform #1 in Ukraine

MARCH 2017



## Excise Tax on Fuel will be Paid to Local Budgets in Accordance with New Rules

On 6 March 2017, the Resolution of the Government providing for paying 13.44 % of the excise tax on produced and imported fuel to local budgets became effective.

Earlier, local budgets received 5 % of the excise tax paid on the fuel sold in their territory. Consequently, the communities which had no fuel stations in their territories did not receive any such tax.

The new mechanism of distribution of the excise tax on fuel should encourage reporting real salaries and improve the efficiency of paying that tax, as well as ensure steady revenues for local budgets.

SOURCE: [DECENTRALIZATION OF POWER WEB-SITE](#)

## The Share of Local Budgets Has Increased by Almost 50 % in the Country's Consolidated Budget

The share of local budgets in the country's consolidated budget has increased and now it is close to 50 % - this never happened in the history of Ukraine.

*"The revenues of local budgets were expanding at outperforming rates in comparison with the State budget revenues. Here, the increase of the minimum wage twice as much, up to UAH 3,200.00, played an important role. Local budgets began to get a huge benefit", President of Ukraine Petro Poroshenko*

SOURCE: [DECENTRALIZATION OF POWER WEB-SITE](#)

## The Law on the Status of a Village Headman has Become Effective

On 12 March 2017, the Law on the status of a village and town headman in amalgamated communities became effective.

The Law sets forth the status of a headman more precisely by determining dimensional boundaries of his/her activity, terms of reference, grounds and procedures for the early termination of powers, guarantees of activity, etc.

In particular, the applicable laws introduce the notion of "headman's circuit" - one or several villages (towns) within the territory of an amalgamated community where the interests of the inhabitants are represented by the headman. By this, the ubiquity of the institute of headmen within the boundaries of an amalgamated community is introduced, thus guaranteeing the protection of rights and interests of the inhabitants of all villages and towns.

SOURCE: [DECENTRALIZATION OF POWER WEB-SITE](#)

## The Law on Voluntary Accession of Communities has Become Effective

On 19 March 2017, the Law on a voluntary accession of communities became effective.

The Law simplifies the procedure for a voluntary amalgamation of territorial communities, vests the communities with the right of acceding, under a simplified procedure, to an already amalgamated community. It will facilitate the establishment of actually capable communities in accordance with the approved Long-Term Plans and in compliance with the Methodology of Establishment of Capable Territorial Communities.

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## The Law Regarding the Amalgamation of Communities Established at the Boundary of Rayons has been Adopted

On 14 March 2017, the Verkhovna Rada of Ukraine adopted as a whole the draft law regarding the peculiarities of voluntary amalgamation of territorial communities located in the territories of neighbouring Rayons, which law allows holding the first elections in a number of already amalgamated communities.

It is expected that, upon its adoption, the Central Election Commission will have indisputable grounds to call the first local elections in more than 30 amalgamated communities waiting for it for more than one year.

In addition, the draft law will allow completing the process of amalgamation of dozens of communities established at the boundary of Rayons which, because of the position of the Central Election Commission, were not in hurry to make their final decision.

*"The communities are voluntarily amalgamating and willing to jointly build the future on the basis of their traditions and culture rather than in accordance with any artificially erected boundaries of Rayons. Many communities found themselves beyond the possibilities of restoring their historic amalgamation that was lost under the Soviet system", Vice Prime Minister - Minister of Regional Development, Construction, and Housing and Communal Services of Ukraine Hennadii Zubko.*

SOURCE: [DECENTRALIZATION OF POWER WEB-SITE](#)

## The President Proposed to Improve the Law "On Service in the Bodies of Local Self-Government"

On 22 March 2017, President of Ukraine Petro Poroshenko returned, with alternations, the earlier adopted law Law "On Service in the Bodies of Local Self-Government" to the Parliament.

The President has only two observations on the Law.

Firstly, the President proposes to use the minimum subsistence level rather than the minimum wage when determining the level of official rates of pay to officials of local self-government.

Secondly, according to the President, the procedure for entry to the service in local self-government bodies subject to the results of the competitive examination should also be extended to village deputy heads and town and city deputy mayors.

SOURCE: [DECENTRALIZATION OF POWER WEB-SITE](#)

## The Decision on the Establishment of Regional Development Agencies Has Already Been Made in 21 Oblasts

The decision on the establishment of regional development agencies has already been made in 21 Oblasts, which agencies will assist the local authorities to implement regional strategies.

Such agencies have even been registered in 10 Oblasts, whereas no efforts in this regard have been made in three Oblasts so far.

*"The main objective of establishment of a regional development agency is to enhance the institutional capacity of Oblasts for their development, increase the investment potential of regions. The agency is the centre of cooperation between the government, private and public sectors. It operates as an office providing consultations and practical assistance in the course of preparation and implementation of programmes and projects for regional development. At the local level, they are becoming more aware of the important role assigned to such agencies and what powerful assistance they may offer to the regions", First Deputy Minister of Regional Development, Construction, and Housing and Communal Services of Ukraine Viacheslav Nehoda.*

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## SKL International will Assist 12 More Amalgamated Communities to Establish Administrative Service Centres

On 14 March 2017, the Memorandums of Cooperation were signed between representatives of 12 amalgamated territorial communities and SKL International with respect to the establishment of administrative service centres in those communities.

In those 12 communities, it is scheduled to renovate and equip the administrative service centres, as well as conduct training for relevant specialists and carry out awareness campaigns on the activities of such centres by the end of the year.

The first 14 amalgamated communities signed memorandums of cooperation with SKL International with respect to the establishment of administrative service centres on 24 January 2017.

SKL International implements the Initial Phase of the U-LEAD Component 2 project "Establishment of Administrative Service Centres and Raising Public Awareness on the Local Self-Government" in terms of the development of administrative service centres, which project is funded by the European Union and the Swedish International Development Cooperation Agency (Sida). The total amount of funding is EUR 800 million.

According to the U-LEAD Component 2, it is planned to open not less than 24 administrative service centres in the established amalgamated communities by the end of 2017 and more than 600 centres, by the end of 2020.

SOURCE: [DECENTRALIZATION OF POWER WEB-SITE](#)

## The Tariff Decentralisation is Starting

The National Energy and Public Utilities Regulatory Commission passed the resolution on the expansion of powers of communities in the areas of setting tariffs for heating supply, water supply and sanitation.

Local authorities will generally set tariffs in the area of heat energy production, transportation, and supply.

74 % of the currently operating licensees in this area will become subject to licensing by local authorities.

Also, local authorities will generally set tariffs in the area of water supply and sanitation as well.

67 % of the currently operating licensees in this area will be supervised by local authorities.

SOURCE: [DECENTRALIZATION OF POWER WEB-SITE](#)

## The Regulation on a Hospital District has been Approved

On 2 March 2017, the Ministry of Health approved the Model Regulation for a Hospital District determining the organisational principles of hospital districts operation, as well as rights and obligations of the authorities cooperating within the boundaries of a hospital district.

The hospital district is not a separate level of executive power organisation, a separate legal or business entity.

City (in the cities of Oblast subordination), Rayon Councils and Councils of amalgamated territorial communities cooperating in the area of health care are participants in a hospital district.

The Hospital Council shall be established in a hospital district with the aim of determining problematic issues, coordinating actions, developing proposals with respect to the implementation of the state health care policy at the hospital district level, as well as the organisation and operation of health care in the hospital district. It operates like an advisory body established by participants in the hospital district.

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## The Government has Approved the Boundaries of Hospital Districts in 11 Oblasts and in Kyiv

On 23 March 2017, the Government approved the boundaries of hospital districts in 11 Oblasts and in Kyiv.

That decision makes it possible for the regions to establish hospital councils, prepare 5-year strategic plans, and encourage investments in the health care industry.

Such opportunities were gained by Dnipropetrovsk, Zhytomyr, Zaporizhia, Kyiv, Luhansk, Poltava, Rivne, Ternopil, Kherson, Khmelnytskyi, Chernihiv Oblasts and the city of Kyiv.

*"The regions which were the first to start reforms and which are looking at the development of the network of their health care institutions from the strategic point of view are quite aware that they will win and will be prepared in terms of quality for the introduction of the insurance medicine. I am sure they will be the first to get support from the Government in terms of funding and encouragement of investments both for the health care infrastructure and the repair of roads for patients to be able to get to hospitals", Deputy Minister of Health Pavlo Kovtonyuk.*

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Press center of Government Initiative "[Decentralization of Power](#)"

To subscribe: [decentralization@minregion.gov.ua](mailto:decentralization@minregion.gov.ua) | [a.golotenko@despro.org.ua](mailto:a.golotenko@despro.org.ua)