

# DECENTRALIZATION IN UKRAINE

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

NOVEMBER 2016



## Financial Decentralisation: Local Budgets Continue to Increase - Nine-months Report

On 4 November 2016, the Ministry of Regional Development, with the assistance of the Ministry of Finance and the Swiss-Ukrainian Decentralisation Support to Ukraine Project DESPRO, prepared the financial analysis of performance in terms of revenues by local budgets and by 159 amalgamated communities in Ukraine, for nine months of 2016.

The results of the analysis show positive trends in the budget decentralisation and reform of local self-government. The own resources of local budgets in Ukraine continue to increase. Thus, for nine months of 2016, the revenues increased 1.4 times, that is by UAH 34.2 billion, in comparison with the previous year.

The influx of own resources to the budgets of amalgamated territorial communities for nine months of 2016 increased by UAH 1.5 billion, or three times, in comparison with the same period in the previous year.

*"Those are tangible assets for the development of communities. With the funds, there appear renovated kindergartens and schools, administrative service centres, roads and infrastructure facilities in the communities. These qualitative changes are irreversible", - Vice-Prime Minister - Minister of Regional Development, Construction and Housing and Communal Services of Ukraine Hennadii Zubko.*

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

## 2017 is Likely to Become the Last Year for Voluntary Amalgamation of Communities in Ukraine

On 9 November 2016, First Deputy Minister of Regional Development, Construction and Housing and Communal Services of Ukraine Viacheslav Nehoda said that 2017 was likely to become the last year for a voluntary amalgamation of communities in Ukraine.

He noted that, following the adoption by the Verkhovna Rada of Ukraine of the laws governing the matters of joining of territorial communities and the matters of changing the boundaries of Rayons in the course of voluntary amalgamation, the work of amalgamation would be carried out on yet a larger scale.

*"The process of communities amalgamation needs to be completed not later than in the course of two years", Daniel Popescu, Special Adviser to the Government of Ukraine on decentralisation.*

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

## Seven Ukrainian Ministries Signed the Memorandum on Sectoral Decentralisation

On 11 November 2016, seven Ukrainian Ministries signed the Memorandum of Understanding regarding the assistance in implementing sectoral decentralisation. The document was signed by: the Ministry of Regional Development, the Ministry of Ecology, the Ministry of Infrastructure, the Ministry of Culture, the Ministry of Education, the Ministry of Health, and the Ministry of Finance.

The Expert Deployment for Governance and Economic Growth project is the other party to the document, which project is funded by the Department of Foreign Affairs, Trade, and Development of Canada and implemented by Agriteam Canada Consulting Ltd (EDGE).

*"Decentralisation is the main national project for the development of Ukraine. It has an effect on all spheres of human life - education, health care, social protection, provision of administrative services, planning of the development of territories, environment, culture, and sports. Those are the spheres currently comprising the identity of power. Decentralisation requires concerted actions on the part of communities, governmental authorities, and international donors. With this objective in view, we initiated the signing of the Memorandum. That is the event we have been expecting for two years, because the coordination of efforts by all ministries is very important and it gives synergy effects which will have to contribute to the quality of life of each Ukrainian family", Vice-Prime Minister - Minister of Regional Development, Construction and Housing and Communal Services of Ukraine Hennadii Zubko.*

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## The Draft Law on the Status of a Village Headman (Chief) have been Prepared for the Final Voting in the Parliament

On 15 November 2016, the specialised Committee of the Verkhovna Rada of Ukraine recommended to the Parliament to pass the draft law on the status of a village and town headman as a whole.

That draft 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.

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

## EUR 23 Million from the EU will be Channelled to the Regional Development Projects

Earlier, the European Commission passed the resolution on paying the first tranche of budgetary aid in the amount of EUR 23 million under Supplementary Agreement No. 1 on Financing the Sector Policy Support Programme - Support to Ukraine's Regional Policy that was signed on 19 July 2016.

The Agreement provides for total financing in the amount of EUR 55 million (EUR 50 million for the purposes of budgetary aid (the first tranche in 2016 in the amount of EUR 23 million, the second tranche in 2017 in the amount of EUR 12.5 million, the third tranche in 2018 in the amount of EUR 12.5 million, and EUR 2 million at the end of the Agreement), EUR 5 million for the purposes of extra support). On 16 November 2016, the Government of Ukraine passed the resolution whereby EUR 23 million from the European Union would be distributed among the regional development projects.

*"The European Commission passed the resolution on paying the first tranche. It is the result of our two-year cooperation with European partners. By passing the today's resolution, we approved the procedures for holding a competitive selection of projects and using the monetary funds. Through that mechanism, the regional development programs and infrastructure projects in the amalgamated territorial communities will be implemented, the regional policy monitoring system will be improved, the geographic information system of regional development will be created, and so forth", Vice-Prime Minister - Minister of Regional Development, Construction and Housing and Communal Services of Ukraine Hennadii Zubko.*

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

## As from 2018, Local Government shall be Responsible for Secondary Roads

On 17 November 2016, the Verkhovna Rada of Ukraine adopted a law on decentralisation of the road facilities management system, which law provides for the handing over of the management of secondary roads from the competence of the State Agency for Motor Roads of Ukraine under the management of local authorities.

The law will become effective as of 1 January 2018, together with the law on establishment of the road fund adopted by the Parliament.

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

## Additional UAH 800 Million are Allocated for the Decentralisation of Secondary Education

On 17 November 2016, the Government reallocated more than UAH 1.6 billion of the educational subsidy intended for the enhancement of facilities and resources of schools, purchase of buses, and support of education in the amalgamated communities.

In particular, UAH 300 million are appropriated to assist the amalgamated communities in purchasing school buses, equipment of schools with teaching aids and computerised complexes comprising multimedia training tools, and implementation of energy saving technologies.

Separately, the funds in the amount of UAH 300 million are also appropriated to equip schools specialising in natural science subjects and mathematics, as well as pivotal schools, with teaching aids.

UAH 200 million from the reallocation are appropriated for the purchase of buses taking schoolchildren to pivotal schools. The purchase of buses will be carried out on the principles of co-financing, where 70% of the funds come from the state budget, and 30%, from local budgets.

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## 600 Administrative Service Centres will be Operating by the End of 2020 - the U-LEAD with Europe Programme has Joined in Supporting the Amalgamated Communities

On 18 November 2016, a presentation of the U-LEAD's project "Support of Administrative Service Centres Establishment in Ukraine" was carried out at the Ministry of Regional Development, which project has joined the process of establishing administrative service centres in the amalgamated communities.

The project plans 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.

*"Administrative service centres in the amalgamated communities will have to combine administrative services and the services provided by local self-government bodies. People should get maximum services in one place rather than scurry from the administrative service centre to the village or city council and to the headman",* **First Deputy Minister of Regional Development, Construction and Housing and Communal Services of Ukraine Viacheslav Nehoda**

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

## Since the Beginning of 2017, the Electronic Tax Return will be Also Filed by Representatives of Local Self-Government

On 18 November 2016, the National Agency for Prevention of Corruption informed that, as of 1 January 2017, the scope of persons subject to electronic tax filing would increase.

The second wave of electronic tax filing will cover without exception all persons authorised to perform functions of the state or local self-government, as well as the officials and public law legal entities with the status equal to official.

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

## Three Draft Laws which are Important for the Decentralisation have been Prepared for the Second Reading

On 2 November 2016, the specialised Committee of the Verkhovna Rada of Ukraine recommended to the Parliament to pass three draft laws which are important for the reform of local self-government and the decentralisation of power, in the second reading and as a whole:

- the restated draft law "On Service in the Bodies of Local Self-Government" which, among other things, sets out a new model of remuneration of officers of the local self-government bodies, bonuses and incentives for employees.

After this draft law is passed, the prestige of service in local self-government bodies, the motivation of local officers to develop communities and improve their professional skills should significantly increase.

- draft laws pertaining to the conditions for changing boundaries of Rayons in the course of voluntary amalgamation of communities and on voluntary joining of communities, which laws improve the procedure for establishment of capable communities.

In particular, they deal with the issues of holding elections in the amalgamated and joined communities.

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

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

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