

DECENTRALIZATION IN UKRAINE

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

FEBRUARY 2017



The Government has Approved the New Procedure for Paying Fuel Excise Tax to Local Budgets

On 8 February 2017, the Cabinet of Ministers of Ukraine approved a resolution regarding the Procedure for Paying Fuel Excise Tax to Local Budgets.

In accordance with the new model, 13.44 % of the excise tax imposed on the produced and imported fuel will be paid to local budgets.

That model should encourage reporting real salaries, improving the efficiency of paying excise tax. Also, it will ensure steady revenues to local budgets.

"The Government will make every effort that the amount of excise tax channelled to local budgets, after having changed the method of paying such tax, is higher than in 2016", Volodymyr Groysman, Prime Minister of Ukraine.

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

Local Budgets Have Increased by UAH 48.4 Billion

On 10 February 2017, the Ministry of Regional Development published the financial analysis pertaining to the meeting of revenue targets by local budgets and by 159 amalgamated communities in Ukraine in 2016, which analysis was prepared with the assistance of the Ministry of Finance and the DESPRO Swiss-Ukrainian Decentralisation Support Project in Ukraine.

According to the analysis, the influx of earned revenues to local budgets increased by 1.5 times (+ 49.6 %) or by UAH 48.4 billion, in comparison with 2015, and totalled UAH 146.6 billion.

The earned revenues of budgets of the amalgamated communities have increased, in comparison with 2015, by more than three times - from UAH 1 billion up to UAH 3.3 billion.

In general, the resources of local budgets of 159 amalgamated communities (including transfers thereto) have increased by almost seven times and totalled UAH 7.1 billion.

The government financial support for the amalgamated communities and regional development totalled UAH 7.3 billion. The amalgamated communities received approximately UAH 1.2 billion of those funds and thus were able to implement almost 1.5 thousand of infrastructure projects.

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

The Financial Decentralisation Model for 2017-2020 has been Presented

On 15 February 2017, there was presented the financial decentralisation model for 2017-2020, the reform matrix, its operational objectives and tasks.

An increased level of financial capability of local budgets, a decreased disproportion between local budgets, the introduction of medium-term budgetary planning at the local level, increased influence of the public in the settlement of local matters, etc. should become the result of the implemented reform.

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

The Number of Subsidised Local Budgets Decreased by 24 %

On 20 February 2017, the Association of Ukrainian Cities distributed a presentation proving that, due to the financial decentralisation, the number of local budgets which require additional subsidies decreased by almost 24% over the last two years.

The number of donor budgets is 16.2% of the total number of local budgets, that is 12.5% more than at the beginning of 2015.

The decreased level of subsidised local budgets gives evidence of the increased financial independence of local self-government bodies.

"Due to budgetary decentralisation, the municipalities received considerable funds and they use them freely, without any instructions from the centre, without any blocking, for the purposes of the community", Oleksandr Slobozhan, First Deputy Executive Director of the Association of Ukrainian Cities.

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The Verkhovna Rada of Ukraine Adopted a Restated Law on Service in the Bodies of Local Self-Government

On 9 February 2017, the Verkhovna Rada of Ukraine adopted as a whole the draft Law of Ukraine "On Service in the Bodies of Local Self-Government".

The draft law contains a number of innovations, including the main ones: new division of official capacities in the bodies of local self-government by categories; requirements as to political impartiality of the officials; requirements as to the professional competence of the person applying for a position in the bodies of local self-government; procedures for holding a competition; innovations regarding the remuneration, bonuses and incentives.

It is expected that, after the law comes into effect, the service in the bodies of local self-government will become more accessible and available to experts, as well as become prestigious.

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

The Verkhovna Rada of Ukraine has Adopted a Law on the Status of a Village Headman in Amalgamated Communities

On 9 February 2017, the Verkhovna Rada of Ukraine adopted as a whole the draft Law of Ukraine "On Amendments to Certain Legislative Acts of Ukraine (Regarding the Status of a Village and Town Headman)".

The 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.

In particular, the notion of "headman's circuit" is introduced in the applicable laws - 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.

"This draft law enhances the operation of the institute of headmen in amalgamated communities. The headman is the first representative of local self-government bodies to be approached by people. Consequently, his or her functions should be clear and understandable for all, and the headman himself should be open and ready to bear responsibility to the community for his acts or omissions. The proposed amendments allow the inhabitants even of the smallest villages, with the assistance of the headman, not only receiving most of the needed services at the local level, but also participating in the development of their community, influencing resolutions of the local authorities, which resolutions affect their interests", Viacheslav Nehoda, First Deputy Minister of Regional Development, Construction, and Housing and Communal Services of Ukraine.

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

UAH 9 Billion from the State Budget will be Channelled to Projects of Strategic Importance to Communities

The 2017 State Budget provides for more than UAH 9 billion to support the sustainable development of regions in Ukraine:

- the State Fund for Regional Development - UAH 3.5 billion;
- the subvention for the formation of an infrastructure of the amalgamated territorial communities - UAH 1.5 billion;
- the subvention for the social and economic development of separate territories - UAH 4.0 billion;
- the subvention for the funding of social and economic functions pertaining to the risk remedy to the population residing in the territory of the observation area - UAH 137.5 million.

"When allocating those funds by the regions, the priority should be placed on those strategic projects which secure sustainable development of communities, enhance their competitiveness. In particular, those are the projects aimed at the establishment of pivotal schools, health care institutions, centres providing modern administrative service, etc., the implementation of which projects will ensure the creation of new jobs, economic and social development of territories", Viacheslav Nehoda, First Deputy Minister of Regional Development, Construction, and Housing and Communal Services of Ukraine.

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The Verkhovna Rada of Ukraine has Passed the Law of Ukraine on Voluntary Accession of Territorial Communities

On 9 February 2017, the Verkhovna Rada of Ukraine adopted as a whole the draft Law of Ukraine "On Amendments to Certain Legislative Acts of Ukraine (Regarding the Voluntary Accession of Communities)".

The draft law, among other things, vests the communities with the right of acceding, under a simplified procedure, to an already amalgamated community.

The draft law provides for the facilitation in establishing actually capable communities in accordance with the approved Long-Term Plans of Oblasts and in compliance with the Methodology of Establishment of Capable Territorial Communities.

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

The First Elections have been Called in Seven More Amalgamated Communities

On 14 February 2017, the Central Election Commission called the first election of heads and members of councils in seven more amalgamated territorial communities to be held on 30 April 2017.

As is known, earlier, the Central Election Commission called the first election in 40 amalgamated communities to be held on 30 April 2017.

In general, after those elections are over, 413 amalgamated territorial communities will be established in Ukraine.

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

The Council of Europe Acknowledged the Results of Decentralisation in Ukraine

On 2 February 2017, at the Headquarters of the Council of Europe in Strasbourg, the "Decentralisation in Ukraine: Achievements and Prospects" event took place. Representatives of the member states of the Council of Europe acknowledged a significant success achieved by Ukraine on the way of decentralisation and called to continue the reform. They also acknowledged their readiness to continue providing expert and organisational support for Ukraine in this area.

"Decentralisation is the basis of stability and peaceful future. Therefore, we will help Ukraine to complete this process", Thorbjørn Jagland, Secretary General of the Council of Europe.

"Dozens of member states of the Council of Europe have carried out or attempted to carry out reforms with complete decentralisation. It would be fair to say that Ukraine is doing many things faster than other countries did. Two years, ten months, and one day - that is the period over which your reforms are being carried out, and the results are very significant," Daniel Popescu, Special Adviser to the Government of Ukraine on Decentralisation.

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

The DOBRE Programme Selects Additional 25 Amalgamated Communities to Render Support Thereto

On 25 February 2017, the USAID Decentralization Offering Better Results and Efficiency programme (DOBRE) announced a competitive selection of 25 more amalgamated territorial communities, which selection would continue until 24 March 2017.

The DOBRE programme intends to provide a full range of assistance to the selected communities, as was the case with the 25 previous ones: from the strategic planning and the matters pertaining to local economic development to the provision of administrative services to the population and cooperation with individuals and non-governmental organisations.

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37 Heads of Amalgamated Communities Graduated from the Leadership Academy of the Council of Europe

On 23 February 2017, a graduation ceremony took place at the Ministry of Regional Development where certificates of the completed training programme of the Council of Europe "Leadership Academy" were delivered to heads of amalgamated territorial communities. 37 heads of communities from 16 Oblasts of Ukraine became the graduates.

"Your success is the success of the whole reform. And we are glad that we are able to support that success. Currently, the Council of Europe Office in Ukraine is developing the next action plan. As before, it is focused mainly on the support for the processes of decentralisation and regional development", - Mårten Ehnberg, Head of the Council of Europe Office in Ukraine.

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

Transition to a New Funding Model of the Primary Health Care will Start in Spring

On 8 February 2017, the Ministry of Health of Ukraine presented the plan for the implementation of primary health care reform for 2017.

The plan includes nine major aspects of work providing for the development and approval of regulatory documents and practical steps.

The transition to the "money follows a patient" principle will start in spring.

The aspects of work include the development of regulatory framework for launching the new model, the independence of publicly funded health care institutions, which independence provides for entering into service agreements with them.

Also, it is planned to establish a sole national consumer of health care services - the National Health Service who will order services, enter into agreements, and pay for each particular patient.

Also, it is planned to establish a uniform electronic health information exchange system.

In addition, it provides for the preparation for the transition to a new funding model of the secondary and tertiary health care: the establishment of hospital districts, calculation of service cost.

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

The Concept of Decentralisation in the Area of Road Infrastructure has been Presented

On 28 February 2017, there was presented the matrix of decentralisation in the system of the Ukrainian road facilities management, operational objectives and tasks until 2020.

The Concept determines optimal ways of reforming the system of public road system management on the basis of the combination of decentralisation principles and centralised management of road facilities, expansion and enhancement of responsibility of local bodies of executive power for the management of local motor ways.

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

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