



**USAID**  
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DEVELOPMENT INITIATIVE FOR ADVOCATING LOCAL  
GOVERNANCE IN UKRAINE (DIALOGUE PROJECT)

**ANNUAL REPORT**  
**for the Development Initiative for**  
**Advocating Local Governance**  
**in Ukraine (DIALOGUE) Project**  
**2012**

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## LIST OF ABBREVIATIONS

APU – Administration of the President of Ukraine  
AUC – Association of Ukrainian Cities  
AUC RO – Regional Office of the Association of Ukrainian Cities  
CLAS – City Legal Assistance Center  
CMU – Cabinet of Ministers of Ukraine  
DEC – Precinct Elections Commission  
LGRAB – Local Government Regional Advisory Board  
MA – Main Authority  
MFSI – Municipal Finance Strengthening initiative  
NA – News Agency  
OCNA – Oblast Communal News Agency  
OSA – Oblast State Administration  
PPB – Performance Program Budgeting  
PPP – Public Private Partnership  
RSA – Rayon State Administration  
STA – State Tax Administration  
STVRC – State TV and Radio Company  
TIB – Technical Inventory Bureau  
TVRC – TV and Radio Company  
UN – United Nations Organisation  
USAID – U.S. Agency for International Development  
UTVRC – Ukrainian TV and Radio Company  
VAT – Value Added Tax  
VRU – Verkhovna Rada of Ukraine  
ZhEK – housing neighbourhood maintenance unit

## RESUME

The purpose of the DIALOGUE Project is to promote the environment conducive for local government reforms and to ensure a broad-based support for decentralisation from public servants, civil society organisations and the public at large.

Project implementation in July – September of 2011 yielded the following outcomes:

- DIALOGUE experts prepared **1** draft law, monitored **35** draft laws and legal and regulatory documents, with **3** legislative documents coming into force;
- The Project conducted a working meeting with M.Azarov, Prime Minister of Ukraine;
- Memorandum of Cooperation with the Ministry of Economic Development and Trade of Ukraine signed;
- The Project conducted budget consultations with the Ministry of Finance of Ukraine;
- The Project conducted **2** session of AUC Professional Groups and updated **9** local government technical area profiles;
- DIALOGUE experts took part in **11** working sessions of **7** ad-hoc parliamentary committees to present and promote the AUC position on draft legislation initiated by national Deputies;
- The Project held the Dialogue Day;
- The Project conducted **6** working sessions of Local Government regional Advisory Boards in **6** oblasts and **5** meetings of regional press clubs and **1** meeting of the National Press Club;
- The TV «ЗМІСТОВНА Україна» [*CITY-minded Ukraine*] TV project is underway to promote the idea of local self-Governance and best municipal practices. The Project aired **4** TV programs;
- The Project conducted **13** expert workshops in AUC ROs;
- Project experts provided **100** consultations to local governments; and
- The Project published **3** issues of the “Herald” and the “Legislation News” professional legal publications, **1** issue of the “Legal Consultations” and the “Sectoral Monitoring”.

The reporting quarter coincided with the vacation season, thus leading to reduced work load in parliamentary committees, Ministries and other government agencies. In addition to this, the Project somehow reduced its work with the parliament because of the start of the elections campaign for the 2012 Parliamentary Elections.

Dialogue Day was the top event of the reporting period. This has become a traditional meeting of almost 400 local government representatives with the members of the Cabinet of Ministers of Ukraine. The appeal approved by the event participants outlined the joint vision of local governments of the ways to remove barriers for the development of local self-governance in Ukraine.

## **Chapter 1. KEY ACHIEVEMENTS IN THE REPORTING PERIOD**

**July 4**, the First National TV Channel УТ-1 featured the «ЗМІСТОВНА Україна» [*city-minded Ukraine*] program (about the city of Konotop)

**July 6**, the Project conducted a working meeting of the Kirovohrad Oblast Local Government Regional Advisory Board and the Regional Press Club

**July 11**, the First National TV Channel УТ-1 featured the «ЗМІСТОВНА Україна» [*city-minded Ukraine*] program (about the city of Berdyansk)

**July 16**, the Radio Era Broadcasting Company aired a program about local government issues

**July 18**, the First National TV Channel УТ-1 featured the «ЗМІСТОВНА Україна» [*city-minded Ukraine*] program (about the city of Chervonohrad)

**July 20**, the Project conducted a working meeting of the Khmelnytskyi Oblast Local Government Regional Advisory Board and the Regional Press Club

**July 20**, the Project conducted a working meeting of the Rivne Oblast Local Government Regional Advisory Board and the Regional Press Club

**July 20**, the Project conducted an expert workshop in the Kyiv AUC RO

**July 25**, the Project conducted a working meeting of the Kharkiv Oblast Local Government Regional Advisory Board and the Regional Press Club

**July 25**, the First National TV Channel УТ-1 featured the «ЗМІСТОВНА Україна» [*city-minded Ukraine*] program (about the city of Kaniv)

**July 28**, the Radio Era Broadcasting Company aired a program about local government issues

**Late July**, the Project prepared and published the “AUC Herald” (Issue #88)

**Late July**, the Project published and disseminated the twenty-third issue of the “DIALOGUE Newsletter” electronic publication

**August 3**, the Project conducted a working meeting of the Lviv Oblast Local Government Regional Advisory Board and the Regional Press Club

**August 7**, the Project conducted an expert workshop in the Zaporizhzhya AUC RO

**August 8**, the Project conducted an expert workshop in the Kirovohrad AUC RO

**August 9**, the Project conducted an expert workshop in the Ternopil AUC RO

**August 15**, the Project conducted an expert workshop in the Ivano-Frankivsk AUC RO

**August 17**, the Project conducted an expert workshop in the Zakarpattya AUC RO

**August 17**, the Project conducted an expert workshop in the Dnipropetrovsk AUC RO

**August 19**, the Project conducted an expert workshop in the Kharkiv AUC RO

**August 21**, the Project conducted an expert workshop in the Lviv AUC RO

**August 28**, the Radio Era Broadcasting Company aired a program about local government issues

**Late August**, the Project published and disseminated the twenty-second issue of the “Legislation News”

**Late August**, the Project published and disseminated the twenty-fourth issue of the “DIALOGUE Newsletter” electronic publication

**September 5**, the Project conducted a working session of the Crimean AUC RO to identify problem issues to discuss at the Regional Local Government Advisory Board

**September 5**, the Project conducted an expert workshop in the Rivne AUC RO

**September 7**, the Project conducted a working session of the Kirovohrad AUC RO to identify problem issues to discuss at the Regional Local Government Advisory Board

**September 7**, the Project conducted a working session of the Lviv AUC RO to identify problem issues to discuss at the Regional Local Government Advisory Board

**September 7**, the Project conducted a working session of the Khmelnytskyi AUC RO to identify problem issues to discuss at the Regional Local Government Advisory Board

**September 7**, the Project conducted a working session of the Chernivtsi AUC RO to identify problem issues to discuss at the Regional Local Government Advisory Board

**September 7**, the Project conducted a working session of the Chernihiv AUC RO to identify problem issues to discuss at the Regional Local Government Advisory Board

**September 10**, the Radio Era Broadcasting Company aired a program about local government issues

**September 11**, the Project conducted a working session of the Mykolaiv AUC RO to identify problem issues to discuss at the Regional Local Government Advisory Board

**September 12**, the Project conducted a working session of the Kyiv AUC RO to identify problem issues to discuss at the Regional Local Government Advisory Board

**September 13**, the Project conducted a working session of the Ternopil AUC RO to identify problem issues to discuss at the Regional Local Government Advisory Board

**September 13**, the Project conducted a working session of the Zakarpattya AUC RO to identify problem issues to discuss at the Regional Local Government Advisory Board

**September 13**, the Project conducted an expert workshop in the Crimean AUC RO

**September 13**, the Project conducted an expert workshop in the Khmelnytskyi AUC RO

- September 13-14**, the Project conducted a working session of the AUC Land Relations Professional Group in the city of Ternopil
- September 18**, the Project conducted a working session of the Vinnytsya AUC RO to identify problem issues to discuss at the Regional Local Government Advisory Board
- September 19**, the Project conducted a working session of the Ivano-Frankivsk AUC RO to identify problem issues to discuss at the Regional Local Government Advisory Board
- September 19**, the Project conducted a working session of the Poltava AUC RO to identify problem issues to discuss at the Regional Local Government Advisory Board
- September 19**, the Project conducted a working session of the Cherkasy AUC RO to identify problem issues to discuss at the Regional Local Government Advisory Board
- September 19-20**, the Project conducted a working session of the AUC Social Protection Professional Group in the city of Khmelnytskyi
- September 20**, the Project conducted a working session of the Volyn AUC RO to identify problem issues to discuss at the Regional Local Government Advisory Board
- September 20**, the Project conducted a working session of the Dnipropetrovsk AUC RO to identify problem issues to discuss at the Regional Local Government Advisory Board
- September 20**, the Project conducted a working session of the Zaporizzhya AUC RO to identify problem issues to discuss at the Regional Local Government Advisory Board
- September 20**, the Project conducted a working session of the Sumy AUC RO to identify problem issues to discuss at the Regional Local Government Advisory Board
- September 20**, the Project conducted a working session of the Kharkiv AUC RO to identify problem issues to discuss at the Regional Local Government Advisory Board
- September 21**, the Project conducted a working session of the Odesa AUC RO to identify problem issues to discuss at the Regional Local Government Advisory Board
- September 21**, the Project conducted a working session of the Rivne AUC RO to identify problem issues to discuss at the Regional Local Government Advisory Board
- September 25**, the Project conducted a working session of the Zhytomyr AUC RO to identify problem issues to discuss at the Regional Local Government Advisory Board
- September 25**, the Project conducted a working session of the Luhansk AUC RO to identify problem issues to discuss at the Regional Local Government Advisory Board
- September 25**, the Project conducted a working session of the Kherson AUC RO to identify problem issues to discuss at the Regional Local Government Advisory Board
- September 26**, the Project conducted a working session of the Donetsk AUC RO to identify problem issues to discuss at the Regional Local Government Advisory Board
- September 27**, the Project conducted a Dialogue Day

**September 27**, the Project conducted a working session of the National Press Club

**September 28**, the Project conducted an expert workshop in the Cherkasy AUC RO

**September 28**, the Radio Era Broadcasting Company aired a program about the Dialogue Day

**Late September**, the Project prepared and published the “AUC Herald” (Issue #89)

**Late September**, the Project published and disseminated the twenty-third issue of the “Legislation News” electronic publication

**Late September**, the Project published and disseminated the twenty-fifth issue of the “DIALOGUE Newsletter” electronic publication

**Late September**, the Project prepared the ninth issue of the “Sectoral Monitoring” for printing

**Late September**, the Project disseminated the ninth issue of the “Legal Consultations” electronic publication

## Chapter 2. PROJECT IMPLEMENTATION

### 2.1. Component 1: Legal Framework

#### Activity 2.1.1. Legislation drafting based on local governments legislative needs

*The Project worked on 35 draft laws and other legal and regulatory documents, 12 laws and regulations were sent for AUC concurrence including 7 concurred without reservations, 3 with reservations, with 2 not concurred with. One piece of legislation was prepared. Three local government-enhancing legislation came into effect.*

*Since its inception, the Project worked on 397 draft laws and other legal and regulatory documents, and enabled the AUC to participate in the concurrence of 118 draft legislation and regulations (including 73 documents concurred without reservations, 34 concurred with reservations, 13 not concurred, and 10 draft laws were prepared). 29 pieces of local government-enhancing legislation came into effect.*

#### *Local government legislation need assessment*

Over the reporting period, the Project continued to work on the Local Government Technical Area Profiles. In July, in the course of the preparations for the Dialogue Day, the project collected from cities key problem issues from the selected local government technical areas. Following such an opinion poll, the Technical Area Profiles were amended and supplemented with new problem issues, in particular:

- The Local Budgets and Financial Foundations for Local Self-Governance Technical Area Profile was supplemented by three issues, with four issues getting a new wording.
- The Housing and Utilities Technical Area Profile was supplemented with 17 issues. Most of them refer to the housing maintenance area. The need to prepare a new Housing Code is self-evident, because the previous code was removed by the parliament from consideration.
- The Land Relations Technical Area Profile was supplemented by eight issues including three ones related to the land fee administration. Resolving the issues of the allocation of land parcels for rent is the top priority.
- The Organisational and Legal Foundations of Local Self-Governance Technical Area Profile was supplemented by four problem issues. All of them deal with the practical issues of the implementation of the Law of Ukraine “On Access to Public Information”, with three of these issues being the top priority.

Besides, at the end of the reporting period, the Project conducted working sessions of two AUC Professional Groups: Land Relations and Social Protection. The outcomes of these sessions are the following:

Two problem issues were included to the Land Relations Technical Area Profile:

- technical complications of the mechanism to implement the requirements of new provisions of the Land Code (Articles 135-138) related to holding land sales, signing the land sale agreements and their notary endorsement within one day;
- necessity, as mandated by the Law of Ukraine “On Public Procurement”, to select the manager of land sales on a competitive basis. However, at the same time, the Land Code sets a fixed price for such services.

Two problem issues were included in the Social Protection Technical Area Profile:

- imperfect methodology for setting the price of the social service if such prices are not correlated with the minimum pension or salary;
- the mechanism to use the funds for commercial social services has not been elaborated.

The Project did not conduct opinion surveys on issues related to such technical area profiles as public education, health care and culture, nor did the Project conduct the working sessions of the corresponding AUC Professional Groups. However, the Health Care Technical Area Profile was supplemented with one problem issue:

- failure to identify the legal framework to manage hospice and palliative assistance centers as part of the local government area of responsibility.

All in all, the total number of problem issues in Technical Area Profiles in the following:

Technical Area Profile	As of the beginning of the reporting period	Added	Withdrawn	As of the end of the reporting period
Local Budgets and Financial Foundations of Local Self-Governance	27	6		33
Housing and Utilities	39	17		56
Land Relations	21	10	2 (resolved)	29
Organisational and Legal Framework for Local Self-Governance	29	4	1 (mentioned in other technical area profiles)	32
Local Elections	23			23
Social Protection	34			35
Health Care	26			28
Public Education	23			23
Culture	24			24

In the process of amending the regulatory and legal base relevant changes were introduced to the lists of current regulatory and legal acts in each specific Technical Area Profile. Regulatory and legal documents that came into force were added and those no longer valid were withdrawn. No laws on amending current legislation of Ukraine (like, for example, to the Land Code of Ukraine) were added to the lists of the laws.

As a result, during the reported period, 26 regulatory and legal documents were added in total to all passports and eight documents were withdrawn. Among those added there is the Law of Ukraine “On Administrative Services” and “On the State Land Cadastre”. Among those withdrawn there was, in particular, the abolished in August Concept of Local Government Reform and the Action Plan on Implementation of the Concept.

As of the end of the reporting period, the top legislation drafting priorities include the preparation of the following documents:

- a new law on local elections with due regard to the drawbacks of the current law;

- making amendments to the Law of Ukraine “On Access to Public Information” with due regard to the practice of its implementation;
- making amendments to the Law of Ukraine “On the Framework for Preventing and Fighting Corruption” concerning special inspections after a person has been elected (appointed) to a local government position, rather than before it;
- amendments to the budget legislation concerning the improvements of the mechanism for co-financing of investment programs (projects) from state and local budgets;
- amendments to the Tax, Civil and Economic Codes concerning the administration of the personal income tax to ensure the separate legal entities channel the proceeds from this tax to the local budgets in the communities where such entities are located;
- by-laws to streamline the mechanism for land sales;
- social standards and service standards in the area of the social protection, health care, public education, and culture;
- specifying the personalised nature of preferences in the legislation.

Although the Law “On Amending Certain Ukrainian Legislation Concerning the delineation of Boundaries between State-Owned and Communally-Owned Lands” was approved by the parliament as back as on September 06, 2012, it remains unclear, at the end of the reporting period, whether it will come into force, as the President of Ukraine did not sign it. In case the President exercises his right to veto the law, the issue of the legal regulation of the delineation of boundaries will remain a priority one.

In addition to this, in view of the fact that the Verkhovna Rada rejected the draft Housing Code in September, the preparation of a new draft document also remains a priority one.

### ***Legislation monitoring***

Working within the local government related legislation monitoring Project Component, the Project experts took part in legislation drafting and preparation of proposals and suggestions to **35** draft legislation. **Three** such documents, which were drafted or supported by DIALOGUE experts, became enacted.

DIALOGUE experts were involved in the AUC concurrence procedure with regard to **12** draft legislation and other legal and regulatory documents sent for concurrence / proposals or comments to the AUC by the:

- Ministry of Regional Development, Construction, Housing and Utilities of Ukraine – **10**;
- Ministry of Labour and Social Policy – **1**;
- State Registration Service of Ukraine – **1**.

**7** of these pieces of legislation were concurred without reservations, **3** – with reservations, and **2** – not concurred, with AUC experts providing their proposals on how to reflect local government interests in the legislation.

It should be noted that the provisions requiring the concurrence of draft legislation with Ukraine-wide local government associations has been reflected in the tasks the heads of central executive agencies received following a working session of the Prime Minister of Ukraine with representatives of local governments and their associations, held on September 10, 2012.

**Over the reporting period, the Verkhovna Rada of Ukraine and the Cabinet of Ministers of Ukraine approved the following legal and regulatory documents capable of having a substantial impact on local self-governance:**

- **The Law of Ukraine “On Amending the Land Code of Ukraine (regarding the land sales procedure)” (Draft No. 10231-3)** was approved on the whole by the parliament on July 5, 2012. DIALOGUE experts and AUC Board turned to the central executive agencies not for once with regard to the expediency of legislative regulation of the land sales (auctions) procedure. Since legislation has it that state-owned and communally-owned land parcels may only be rented out based on the outcomes of the sales, local self-governance organs were not in a position to efficiently use this source of the local budget revenues. On August 15, 2012, the President of Ukraine signed the law;
- **The Resolution of the Cabinet of Ministers of Ukraine “On Issues of the State Fund of Regional Development” of July 4, 2012, No. 656.** The resolution outlines the Procedure for the development, evaluation and Selection of the investment programs (projects) that may be implemented at the expense of the State Fund for Regional Development and Procedure of using the money of the State Fund for Regional Development that provide for the criteria of the Fund resources distribution. DIALOGUE experts addressed the government not for once with a suggestion to introduce clear and understandable criteria of the Fund resources distribution to finance investment projects and programs, since it is impossible to implement the corresponding provisions of the Budget Code of Ukraine without this by-law;
- **The Resolution of the Cabinet of Ministers of Ukraine “On Amending Regulations on the Ukraine-Wide Competition of Local Government Development Programs and Projects” of August 15, 2012, No. 758.** The key amendments pertain to arranging and conducting the Ukraine-Wide Competition, namely: timeframe of the Ukraine-Wide Competition; expanding the program and project financing base; making certain directions and particularities of the projects and programs submitted to the Ukraine-Wide Competition with an emphasis on their innovative nature. DIALOGUE experts took part in the preparation of the draft document, whereas the document itself was concurred with by the AUC.

**Due to the well-coordinated cooperation between experts and the Verkhovna Rada committees and due to high quality of expert proposals and comments it was possible to attain positive intermediate results in the legislative work in the reporting period:**

- On September 6, 2012, the Verkhovna Rada cancelled its resolution of June 21, 2012 on adoption in second reading and on the whole of the Draft Law of Ukraine “On Amending Certain Ukrainian Legislation on the Delineation of Boundaries between State-Owned and Communally-Owned Lands” (Registration No. 10043), because of the violations in the voting procedure. On the same day, September 6, 2012, the parliament considered this bill again and adopted it on the whole as a law. The draft law mentioned above reflects the AUC position specified in the resolution of the AUC Board meeting on September 09, 2012, namely: it provides for the delineation of boundaries between state-owned and communally-owned lands based on the “by the law” principle and eliminates the necessity of developing corresponding land management plans thus avoiding the principal problem - significant budget expenses for such works. The President of Ukraine is expected to sign this law;
- On September 7, 2012, National Deputies O.Omelchenko and S.Hordiyenko submitted a **draft law “On Amending the Law of Ukraine “On the Court Fee” (concerning exempting local governments from paying the court fee) (No. 11191)** to the Verkhovna Rada of Ukraine. The draft law bill provides exemption from paying the court fee to local governments when addressing a court of law on the whole spectrum of issues in their competence. The Association of Ukrainian Cities not for once addressed legislative and executive power with proposals to institute privileges for the local governments in the part of relieving them from the court fee, as well as channelling part of the court fee proceeds to local budgets. In particular, this proposal was aired at the working session of the AUC Local Government Lawyers Professional Group

held on March 22 - 23, 2012 in the city of Sumy and at the meeting of the National Congress of Local Self-Governance convened to consider the Principal Directions of the Budget Policy for 2013;

➤ The Ministry of Culture of Ukraine in its **draft Cabinet of Ministers of Ukraine resolution “On Approving the Procedure of Establishing the Tuition Fee for Primary Specialized Art Educational Establishments”** took into account proposals of the AUC Culture and Arts Professional Group. In particular it stipulated: a local government in charge of the educational establishments should be authorized to coordinate: the amount of the tuition fee (currently this authority rests with the local agencies of the state executive only); the list of curricula, classes, types of musical instruments to be covered with tuition fees was expanded and “modernized”; proceeds received as a result will be subdivided as follows: 50% - for the educational establishment material and technical base development, 50% - payroll and bonuses; tuition fee to be set in the proportion to the amount of the minimum salary as of September 1 of the year the fees are approved in.

**Due to the constructive and persistent attitude of DIALOGUE experts it was possible to avoid the approval of the following regulatory and legal acts:**

➤ **Draft Law of Ukraine “On Amending Certain Ukrainian Legislation” (on model local government staffing schedules)** drafted by the Ministry of Finance of Ukraine, which assigns the authority to approve such model local government staffing schedules to the Cabinet of Ministers of Ukraine. DIALOGUE experts strongly objected the draft law, because its provisions are at variance with the European Charter of Local Self-Governance and the Constitution of Ukraine, curtail the local government rights and centralize the power even further. The expert position was actively supported by local governments that also sent relevant appeals to the leaders of the state. Owing to this attitude of principle the draft law was withdrawn on August 29, 2012. First Vice Prime Minister V. Khoroshkovski was ordered by the Cabinet of Ministers of Ukraine to hold a coordination meeting on the draft law with Ukraine-wide local governments associations and jointly with the Ministry of Finance and the Ministry of Regional Development;

➤ **Draft Law of Ukraine “On Local Government Service” (No. 9673) in the wording of the Ministry of Justice and the Cabinet of Ministers of Ukraine.** The bill has a number of provisions aimed at curtailing local self-governance and its discrimination as compared with the public service. The draft law caused a very negative reaction with local governments. DIALOGUE experts repeatedly addressed the parliament requesting not to adopt the bill without the required changes to it. The Verkhovna Rada ad-hoc Committee on State Building and Local Self-Governance supported the position of the experts. On September 6, 2012, the draft law was returned to the Cabinet of Ministers of Ukraine for elaboration. The proposals to the draft legislation local governments expressed were discussed at the working sessions of the AUC Local Government Lawyers Professional Group and also at one of the thematic groups during the Dialogue Day on September 27, 2012.

**Unfortunately, on August 15, 2012, the President of Ukraine vetoed the Draft Law of Ukraine “On Technical Inventory of Immovable Property Items” (No. 10286)** adopted by the Parliament on the whole on July 5, 2012. The draft law was drafted by a working group at the VRU Committee for Economic Policy with the participation of DIALOGUE experts. The draft document included the main suggestions from the AUC, namely: it was expected to engage only communally-owned companies to render the technical inventory services and to keep the data archives in communal ownership. The President of Ukraine suggests to keep the wording that mainly repeats provisions of the alternative Cabinet of Ministers version. Among other it is

suggested to keep the archives data files in state ownership and to entrust technical inventorying services to private companies, which is categorically rejected by local governments.

**In the reporting period, the Project concentrated on the preparation of the legislation to meet the needs of local governments**

Project experts started to prepare draft laws “On Amending the Budget Code of Ukraine” and “On the Protection of Communally-Owned Lands and Compliance with the Land and Environmental Legislation”. The draft law was prepared in September of 2012.

Since its inception, the Project has prepared **10** draft legislation.

The Project conducted consultations with National Deputies who are members of the Verkhovna Rada of Ukraine Committee on State Building and Local Self-Governance concerning the possibility of consideration and approval of the mentioned draft laws by the parliament before the end of the current convocation. Taking into the consideration the start of the election activities in Ukraine in July of 2012, it is not worthwhile to submit these draft laws to the parliament for consideration, because they will not be considered and will need to be re-submitted after the elections of National Deputies of the next convocation.

**Activity 2.1.2. Expert evaluation of conformity of draft legislation to the European Charter of Local Self-Governance**

The Project concluded an agreement with the V.Koretskyi Institute of State and Law of the National Academy of Sciences of Ukraine on legal evaluation of draft laws prepared within the framework of the Project and performed the expert evaluation of the following draft legislation with regard to their compliance with the European Charter of Local Self-Governance:

- Draft Law of Ukraine “On Amending the Law of Ukraine “On the Status of Members of Local Councils” Concerning Setting-Up Council Member Factions”;
- Draft Law of Ukraine “On Amending the Tax Code of Ukraine and Certain Other Ukrainian Legislation (Concerning Local Taxes and Fees)”;
- Draft Law of Ukraine “On Public Control over the Use and Protection of Lands”.

The Institute provided its official expert opinion on the compliance of the draft legislation mentioned above with the principles of the European Charter of Local Self-Governance, as well as provided its recommendations on how to improve certain provisions of draft laws.

**Activity 2.1.3. Introduction of institutional tools for local governments to participate in legislation drafting**

*Round table discussions in AUC Regional Offices and meetings of AUC Professional Groups*

Working Session of the AUC Land Resources Professional Group

*September 13-14, 2012, city of Ternopil*

Deputy city mayors and heads of land resource departments from 23 cities representing 12 Ukrainian oblasts took part in the working session. Three areas of questions were suggested for consideration:

- 1) Legislation in the land management area:

*Law of Ukraine “On Amending the Land Code of Ukraine Concerning the Mechanism for Holding Land Sales in the Form of the Auction”*

The approved law regulates the issue of holding land auctions thus making it possible to transfer land plots into ownership (use) and, correspondingly, increases local budget revenues. However, despite the fact that the Law has already come into force, its actual implementation will be possible not earlier than January 01, 2013 provided all the required by-laws and regulations are approved. The AUC was suggested to address the Cabinet of Ministers with proposals to expedite the elaborating of such legislative and regulatory documents and to include this issue to the final document of the Dialogue Day.

*The Law “On Amending Certain Ukrainian Legislation Concerning the Delineation of State-Owned and Communally-Owned Property”*

Starting from 2004, since the adoption of the current Law of Ukraine “On the Delineation of State-Owned and Communally-Owned Property”, not a single hectare of land was transferred to the communal property, which testifies to the inefficiency of the Law. The participants of the working session of the Professional Group agreed that the principle of delineation of boundaries between state-owned and communally-owned lands suggested by the law adopted on June 09, 2012 is acceptable and meets the needs of city councils of oblast significance cities. The only exception is represented by the rayon significance cities, towns and villages. Territories outside the boundaries of such populated areas are transferred to state ownership though by the effective budget legislation payments for similar land parcels shall go to the relevant local budget. At the same time, the adopted law allows such local communities to transfer certain territories to communal property (for example, those expected to be added to a populated area by the master plan of the populated area).

*Draft Law of Ukraine “On Amending Certain Legislative Acts of Ukraine on Improving the Procedure for Setting aside Land Plots and Changing Their Designation.*

The draft law suggests to change the system of approvals for land management documentation and to strip local governments of their authority to make decisions on establishing natural reserve, historic and cultural areas, as well as to make decisions to approve the change of designations of land parcels owned by citizens and physical persons. The participants of the meeting suggested to the AUC to prepare the corresponding comments and proposals to this draft law and send them to the Verkhovna Rada of Ukraine Committee Agrarian Policy and Land Relations.

2) Preparing indicators to evaluate the effectiveness of activities in the area of land relations:

Starting with January of 2013, the AUC will launch a new system of municipal statistics. To make it fully operational the Association decided to have its experts discuss the indicators to assist the effectiveness of the work in the area of land relations and to include them later on into the system. The event participants suggested the following indicators:

- local budget collections from land fees (land tax and rent) per 1 hectare of the populated area to serve as the indicator of the effective use of land resources for local budget revenues;
- collections to the local budget from buying out land parcels by users to be calculated per 1 sq.m of sold land parcels. This will serve as the indicator of the effective use of land resources for local budget revenues;
- normative pecuniary valuation of lands in the populated area to be calculated as the value of 1 sq.m of the city area. This will serve as the indicator of effectiveness of capital investments in the city infrastructure;
- price of the land parcel sold at land sales to be calculated per 1 sq.m of sold land parcels. This will serve as the indicator of competitiveness of the territory;

- coverage of the city territory by the prepared land management documents (space of the territory with land title documents as compared with the total area of the populated area. This will serve as the indicator of the city land registration rate (as percentage); and
- timeframe for the preparation of land title documents for land parcels for ownership (use). This will serve as the indicator of the attractiveness of the territory for potential businesses.

### 3) Experience exchange in the sector of land relations.

#### Working session of the AUC Social Protection Social Group

*September 20-21, 2012*

Heads of labour and social protection departments and directors of territorial social service centers from 20 cities representing 17 Ukrainian oblasts took part in the event. The main topic for the discussion included the following:

(1) The possibility of introducing the differentiated payments for social services, as envisioned by the Draft Resolution of the Cabinet of Ministers of Ukraine “On Some Issues Related to Rendering Social Services”, because such possibility will depend on the income, level of citizens who need social services.

The good outcomes of the introduction of the differentiated system are the following:

- ensuring the personalised approach in social assistance;
- rolling out social services to a greater number of lonely citizens, pensioners and other persons who need social services; and
- increasing the number and frequency of social services.

The participants of the Professional Group session supported the initiative of the Ministry of Labour and Social Policy, although they mentioned the State Budget may provide the necessary compensation for the provided social services in an untimely manner and this may represent a financial burden for local budgets. In addition to this, one has to improve the mechanism for the territorial centers to use the money collected as fees for social services. This move will help to avoid the unauthorised use of public funds.

(2) The need to agree upon the unified approach for the calculation of the cost of commercial social services and adjust them with the amount of the minimum salary or pension. This will allow to unify the approaches to identify of the cost of commercial social services in various cities. The current absence of such unified approach makes each city find their own ways to resolve the issue, namely: tariffs are set either upon the decision of the city council or the executive committee, or they are set by the instruction of the mayor or the director of the territorial center.

(3) Preparation of indicators to evaluate the effectiveness of activities in the area of social protection. The Association of Ukrainian Cities has been developing a system of municipal statistics. To evaluate the effectiveness of this type of the AUC activities, its experts discussed the potential indicators to evaluate the performance of social protection agencies:

- number of social workers per 1,000 citizens/customers of social services;
- number of social workers with technical background (medical and teacher staff, social workers, lawyers, rehabilitation specialists, psychologists);
- number of complaints/gratitudes (per 1,000 customers of social services per year);
- number of social servicing agreements concluded (per year);

- number of social servicing agreements severed (except for the death of the client) (per year);
- average cost of a social service; and
- average number of services rendered to the customer.

The participants of the working session of the Professional Group suggested the Executive Board of the Association of Ukrainian Cities to address the Ministry of Labour and Social Policy with the following proposals:

- improve the methodology of calculating the cost of social services;
- develop the mechanism for the use of funds raised through commercial social services; and
- while preparing draft ordinances on social protection issues as part of the authority delegated to local governments, envision a mandatory subventions from the State Budget to local budgets.

The issues mentioned above were included in the Social Protection Technical Area Profile.

### *Setting up a network of lawyers to participate in legislation drafting*

Currently, the network includes **364** local government lawyers from **25** oblasts.

As of now, **271** cities and **70** smaller towns delegated their representatives to work in the network. Currently, the network includes **364** local government representatives from **25** oblasts.

Over the reporting period, the Project sent draft laws and other legislative and regulatory documents prepared by the central state executive agencies and draft legislative and regulatory documents sent to the AUC for concurrence to lawyers to solicit their expert opinion.

In particular, the experts sent their comments and proposals to the draft Laws of Ukraine “On Amending Certain Ukrainian Legislation” (concerning model local government staffing schedules) and “On Citizen Self-Organisation Bodies”. These legislation were prepared by the thematic sub-group of the working group to improve the territorial arrangement of government institutions and local self-governance established by Resolution of the Cabinet of Ministers of Ukraine #169 of February 29, 2012 ‘On Amending Certain Ukrainian Legislation in View of the Approval of the Law of Ukraine “On Information” (in the new version) and the Law of Ukraine “On Access to Public Information” (Registration #10455), draft Resolution of the Cabinet of Ministers of Ukraine “On the Mechanism to Transfer to Authorised Agencies for the Registration the Data about Non-Governmental Organisations Registered (Legalised) by Executive Agencies of Village, Town and City Councils”, draft Instruction of the Ministry of Regional Development, Construction, Housing and Utilities of Ukraine “On Approving the Methodology for the Calculation of Standard Losses of Fuel and Energy Resources by Water Supply and Sewage Companies, etc.

Through the user-friendly interactive design of the official AUC web site the Association received four proposals about how to amend the current legislation, such as: laws on local self-governance, on local government service, draft Law of Ukraine “On Record Keeping and Technical Inventory of Immovable Property Items Whose Rights Are Subject to the State Registration”. The decline in the activity as compared with the previous period can be accounted for by the summer vacation season for local government officials. The proposals mentioned above were used to prepare appeals to state executive agencies.

## 2.2. Component 2: Policy dialogue

### Activity 2.2.1. Increasing the participation of the AUC member cities in the policy dialogue established by the AUC at the national level

#### *The 2012 Dialogue Day*

The Dialogue Day has become a traditional event for city, town and village mayors and representatives of the Cabinet of Ministers of Ukraine to shape out the common vision of the development of local self-governance and to resolve the key problem issues local communities face. In 2012, the event was held in the format of five working groups, whose themes were identified by local government officials:

1. Budget support for the implementation of the local government authority.
2. Housing and utilities sector and energy sufficiency of territorial communities.
3. Local government service.
4. Land relations.
5. New legislation to prevent and fight corruption and access to public information: implementation issues.

The list of problem issues according to the five technical areas to address central government agencies with was put together based on the proposals from local governments. The problem issues were generalised and passed to the ad-hoc ministries as back as in July (the number of question is provided in the table below). However, none of the Ministries provided their written response prior to the Dialogue Day.

Technical area	Agency to address to:	Number of problem issues
Budget support for the implementation of the local government authority	Ministry of Finance	36
Housing and utilities sector and energy efficiency in territorial communities	Ministry of Regional Development Ministry of Energy and Coal	47
Local government services	Ministry of Justice	38
Land relations	State Agency for Land Resources	18
New legislation to prevent and fight corruption and access to public information: implementation issues	Ministry of Justice	19

386 representatives of local councils – predominantly city, town and village mayors, as well as representatives of the state executive and National Deputies of Ukraine took part in the Dialogue Day. The delegation from the Cabinet of Ministers was headed by V.Khoroshkovskiy, First Vice Prime Minister of Ukraine. Chairmen of two ad-hoc parliamentary committees of the Verkhovna Rada of Ukraine took part in the event: O.Omechenko, Chairman of the Committee for State Building and Local Self-Governance, and V.Rybak, Chairman of the Committee on Construction, Urban Development, Housing, Utilities and Regional Policy.

The representatives who participated in working group sessions are listed in the table below.

Group	Number of participants		Presentations/speeches by representatives		Discussion participants
	from city councils	from state executive agencies	from city councils	from state executive agencies	
1	103	3	2	3	11
2	117	6	2	4	6
3	45	2	4	2	7
4	80	2	4	2	12
5	41	3	1	3	10

The participants of the working groups discussed the key problems in each sector and suggested their ways to resolve them.

#### Working Group # 1. Budget support for the implementation of the local government authority

The main emphasis was placed on the following problem issues:

- poor financial support for the implementation of the authority delegated to local governments by the state;
- low financial capacity to implement the local government authority proper; and
- barriers and delays by the State treasury Service of Ukraine of servicing local government payments.

Representatives of the Ministry of Finance of Ukraine (A.Myarkovskyi, First Deputy Minister, and H.Markovych, Deputy Director of the Ministry of Finance Department for Local Budgets and Investments) informed about the following efforts of the government in the following areas:

- seeking resources to pay an additional subsidy from the State Budget of Ukraine in 2012 to compensate for the local budget shortfall for the delegated authority;
- revisit the mechanism for the calculation of local government expenditures for the delegated authority through the introduction of new social standards and new financial standards of budget sufficiency. To make this happen, the line ministries have come up with their amendments to regulatory and legal documents in the corresponding public sectors and identified the standards for social services to be rendered at the local government level. The issue of reflecting such standards in the money form is being discussed. The implementation of this mechanism will help resolve the issue of underfinanced delegated authority once and forever; and
- amending the State Budget for 2012 in the part dealing with the allocation of the subvention to local budgets to repay the debt associated with the difference in tariffs and to compensate for the privileged public transportation services to certain categories of citizens.

The First Deputy Minister of Finance of Ukraine and the Deputy Head of the State Treasury Service of Ukraine, informed that they are also dissatisfied with current situation with the Treasury servicing of local budgets and also informed that a working group has been set up to resolve this issue and expressed their readiness to consider constructive proposals from local governments.

Based on the discussion the working group participants identified the following problems in the sector that require immediate interference:

In 2012:

1) allocation of an additional transfer from the State Budget to cover payroll and outstanding local budget energy bills in the amount of not less than 4 billion UAH;

2) a 0.5 UAH billion increase in the volume of the State Budget subventions to local budgets to compensate for the privileged public transportation services offered to certain privileged category of citizens.

In 2013:

1) while calculating inter-budgetary transfers for 2013, take into account the volumes of actual expenditures of local budgets on the delegated authority in 2012, as well as forecasted inflation indexes, growing wages indicators and those on prices for energy sources;

2) establish the official salary of a lowest-ranking specialist at the level of no less than 2 minimal wages while preserving correlation among official salaries of the specialists of other ranks and the seniors; and

3) write off local budget debts in medium-term loans received through to a single treasury account in previous years.

#### Working Group # 2. Housing and utilities sector and energy sufficiency of territorial communities

The event participants identified the following main problem issues in the sector:

- the National Commission for the State Regulation in the Sector of Utility Services set tariffs in the amounts lower than the economically justified levels;
- unsatisfactory compensation compensations for utility companies to offset the difference in tariffs for heating, water-supply and sewage services. Thus, the companies are not in a position to pay their natural gas and electricity bills right after the consumption of the gas and electricity, whereas the corresponding suppliers keep charging fines for the delayed payments for energy resources; and;
- complication since 2011 of the mechanism for the preparation of cost estimate documents for capital repairs of housing stock and engineering networks. In particular, this applies to the requirement to conduct the expert evaluation of projects. This leads to a higher cost of the preparation of the document package and considerable losses more time to prepare the packages.

V.Saratov, Head of the National Commission for the State Regulation in the Sector of Utility Services, stated that aiming at resolving the problems raised by local governments the Cabinet of Ministers is preparing draft resolutions to identify the following:

- the mechanism to set tariffs lower than the economically justified level and to compensate natural monopoly entities and economic entities on the adjacent markets fro the difference between the officially set tariffs and the economically justified tariff for natural monopolies and economic entities at the adjacent markets,
- the mechanism to introduce the differentiated tariff rates for centralised water supply and sewage services depending on the service consumption level and including the investment component in tariffs and to ensure the affordability of such services.

V.Rybak, Chairman of the parliamentary Committee on Construction, Urban Development, Housing, Utilities and Regional Policy supported the idea of inexpediency of performing the mandatory state inspection of cost estimate documents for capital repairs of housing stock and engineering networks.

Reducing utility company losses with the help of the introduction of economically justified tariffs for services and writing off the utility company debt for energy resources accumulated because of untimely compensation for the difference in tariffs on the part of the state.

#### Working group # 3: Local government service

Most emphasis was placed on the discriminatory nature of the draft law “On Local Government Service”. For instance, the Law “On Civil Service” envisions the salary increase for state executive servants starting on January 1, 2012, whereas the increase of salaries of local government officials is planned two years later. At the same time, the ratio of the minimum salary of state executive servants as compared with the minimum salary is 2, with 1.6 being for local government servants.

V.Tolkovanov, Head of the National Agency for Civil Service, mentioned that his agency refused to clear this draft document, while a representative of the Ministry of Justice mentioned that his agency received this draft law by mistake and supported the idea of charging the Ministry of Regional Development with further elaboration of this document (a representative from this Ministry did not participate at the meeting).

The meeting participants unanimously supported the proposals of the Head of the National Agency for Civil Service to establish an inter-governmental working group with the participation of local government associations, as well as supported the idea to enact the Law “On Civil Service” and the Law “On Local Government Service” simultaneously.

#### Working Group # 4. Land relations and urban development

The participants focused their attention on the following problem issues in the sector:

- the necessity of enhancing the local government authority to control land squatting, improper use of land parcels, and use of land without the appropriate land ownership rights;
- the necessity of giving the authority of state architectural and construction control back to village, town and city mayors;
- the necessity of introducing the land fee at the level of the land rental payment for land users, who own the property located on land plots and do not have the proper land ownership rights, and for land users, who permanently own lands and use them for economic purposes; and
- absence of the developed zoning plans and detailed maps of territories as envisioned by the Law “On Regulation of Urban Development Activities” leading to the suspension of the allocation of land parcels starting on January 1, 2013.

Ye.Berdnikov, Deputy Head of the State Agency for Land Resources, stated that the approved amendments to the Land Code of Ukraine will regulate problem issues of administering land fees (auctions). However, he ignored the comments from city mayors about the problems with the implementation of the new provisions of the Code. He agreed with the necessity of amending the Tax Code to regulated problem issues of administering land fees.

I.Sokolov, departmental head at the Ministry of Regional Development, mentioned that the failures of city councils to prepare city master plans, detailed maps of territories, and zoning plans as envisioned by the Law “On Regulation of Urban Development Activities” will have no effect at all on the enactment (as of January 1, 2013) of the provisions of this Law concerning the

prohibition for the allocation of land plots without the corresponding urban development packages.

At the closing session of the Dialogue Day, O.Alipov, First Deputy Minister of Regional Development Construction, Housing and Utilities, promised to consider the possibility of giving local governments a certain role in exercising the architectural and construction control.

Following the working session, the participants identified the following priorities: giving the authority to exercise architectural and construction control, as well as the authority of land fee administration back to local governments.

#### Working Group # 5: New legislation to prevent and fight corruption and access to public information: implementation issues

Most attention was given to problem issues with the implementation of the Law “On the Framework for Preventing and Fighting Corruption”:

- imperfect mechanisms to conduct a special inspection in the course of hiring persons for local government service. This represents a considerable impediment for the activities of city mayors and city council to select their staff;
- immediate dismissal of local government officials in case they are held administrative liable for any violation of the Law mentioned above without the due regard to the extent of the social harm the violations implies.

A representative of the Ministry of Justice (a leading departmental specialist) at the event mentioned that these issues represent the drawbacks of the implementation of the Law rather than of the Law itself. Nevertheless, local government representatives insist on the following:

- introduction of a practice of special inspection not before the person is appointed (elected) to the local government position, but after such action; negative findings should serve as a reason to dismiss the person and hold him/her liable, rather than being the reason to deny appointment (election) to a position;
- putting aside some portion of corruption violations with no significant social effect as those not requiring the dismissal of the person if committed once.

Heads of the working groups reported on their corresponding findings at the closing plenary session of the Dialogue Day. Following the discussions with A.Myarkovskiy, First deputy Minister of Finance, and O.Alipov, First Deputy Minister of Regional Development, Construction, Housing and Utilities, the participants approved the final document: the Appeal to the President of Ukraine, Verkhovna Rada of Ukraine and Cabinet of Ministers of Ukraine with the request to resolve the problem issues raised by the working groups.

#### ***Consultations on local budget preparation***

On August 21, the Ministry of Finance conducted budget consultations with representatives of the Ukraine-wide local government associations and the Association of Ukrainian City Finance Officers. The discussion of the local government budget revenue indicators envisioned in the draft State Budget of Ukraine for 2013 was the main issue in the agenda.

The AUC was represented by M.Pittsyk, AUC Executive Vice President, S.Odarych, AUC Vice President on Budget Issues and Cherkasy City Mayor, P.Kozyryev, AUC Vice President on Small City, Town and Village Issues and Ukrainka City Mayor, V.Deboi, Zhytomyr City Mayor, and V.Parkhomenko, Director of the AUC Analytical Center at the consultations. The Association of Ukrainian City Finance Officers was represented by N.Dzhuhan, Director of the

Department of the Budget Policy of the Cherkasy City Council, and V.Bystrov, Chernihiv Deputy City Mayor and Director of the Department of Finance of the Chernihiv City Council.

According to the preliminary estimates of the Ministry of Finance, local government revenues are expected to increase in 2013 by 16.6 % and will constitute 108 billion UAH. This number includes the 15.8% (or up to 92.7 billion UAH) increase of revenues to general funds and the 21.9 % (or up to 15.3 billion UAH) increase to special funds. The main sources of revenues to Basket One and Basket Two in the general funds of local budgets are: income tax and land fees.

### 1. Income tax revenues

It was projected to receive 16.9 % more of income tax revenues (94.9% of projected revenues to Basket Two in 2013) to local budgets in 2013 as compared to the expected amount in 2012. In the opinion of the representatives of the Ministry of Finance, this increase will be associated with incentives to public employment, increase of the number of companies paying income tax and fighting shadow incomes of citizens.

However, city mayors stressed the absence of reasons for the increase of salary funds to ensure such revenues associated with the closure of big manufacturing companies. In addition to this, local governments have no influence on economic entities to make them legalise the salaries they pay.

The proposals of the Association of Ukrainian Cities are following:

- reduce the tax pressure on companies and entrepreneurs;
- make the legislation envision instruments for local governments to de-shadow their local economy; and
- make the legislation impose a ban on trading excise goods in kiosks and give the right to sell such goods only stationary stores.

### 2. Local budget revenues from land fees

According to the projections of the Ministry of Finance, local budget revenues in 2013 from the land fees (81.6% of the projected revenues to Basket Two) will increase by 1,180.8 million UAH. This is 10.0% more than in 2012.

The Association considers such a forecast to be realistic only if the following conditions apply:

- the fee for the continuous use of lands will be equal to the rent fee;
- the amount of revenues coming from land fees will be determined for each community individually; and
- the land fee will be rendered to the category of local taxes and will be administered by local governments.

Following the discussion, the sides reached the agreement for the Ministry of Finance to study the AUC proposals and comments and will continue the discussions during the next round of consultations.

It has been suggested to hold separate rounds of consultations on general indicators of local budget expenditures.

## ***Cooperation with central government authorities***

### Prime Minister of Ukraine meets with local government representatives

DIALOGUE repeatedly made attempts to address the Prime Minister with a request to hold such meeting to find out the ways to resolve the key local government issues.

On September 10, 2012, the Prime Minister of Ukraine had a meeting with representatives of local governments to discuss problem issues in two big areas:

- 1) Ways to improve the efficiency of local government activities and main areas and tasks of local government reform;
- 2) Strengthening the financial foundations of local self-governance, key provisions of the draft Law of Ukraine “on the State Budget of Ukraine for 2013” and its local budgets and inter-budget relations.

The Cabinet of Ministers was represented by A.Blyznyuk, minister of Regional Development, Construction, Housing and Utilities, and A.Myarkovskyi, First Deputy Minister of Finance of Ukraine.

Local Self-Governance was represented by the top leadership of the three Ukraine-wide local government associations including the Association of Ukrainian Cities. M.Pittsyk, Vice president of the Association of Ukrainian Cities and Senior DIALOGUE expert represented the Project.

In the course of their discussion, local government representatives focused the attention of the problems having direct influence on the quality of life in populated areas of Ukraine and hampering the development of local self-governance.

Following the discussion, the Prime Minister of Ukraine issued assignments to representatives of the Cabinet of Ministers:

- 1) Ministry of Regional development to spur up the activities of the Working Group to Improve the Territorial Arrangement of State Executive Institutions and Local Self-Governance established by Resolution of the Cabinet of Ministers of Ukraine # 169 of February 29, 2012;
- 2) Ministry of Regional Development to submit in the established order to the Cabinet of Ministers draft resolution of the Cabinet of Ministers of Ukraine on amendments to the by-laws of the Cabinet of Ministers of Ukraine related to the implementation of the mandatory approval and concurrence procedure with Ukraine-wide local government associations (clearance) of draft regulatory and legal documents related to local government (in compliance with the provisions of the Law of Ukraine "On Local Government Associations), as well as the right of their representative to take part in working sessions of the Cabinet of Ministers of Ukraine;
- 3) Ministries, other central executive authorities to revision of government decisions on issues related to the local government sector with mandatory joint consultations, discussions and other coordination events to be held together with Ukrainian local government associations to settle the existing differences;
- 4) Ministry of Finance to consider the problem issues raised at the meeting in conjunction with the problem issues raised in the Appeal of the National Congress of Local Government of July 30, 2012. Prepare and submit to the Cabinet of Ministers the proposals, such as: allocation from the State Budget in 2012 of additional transfers to local budgets for the payment of salaries and payment for the energy consumed by budget-financed institutions; increasing subsidies from the State Budget to local budgets to compensate their expenditures associated with rendering privileged urban public transportation services to certain categories of citizens; and writing off the local budget debt on mid-term loans obtained at the expense of the treasury single account in previous years;
- 5) Ministry of Finance to inform the Cabinet of Ministers of Ukraine about the action taken to have the draft State Budget of Ukraine for 2013 to include the proposals of the Board of the National Congress for Local Self-Governance as of July 30, 2012;
- 6) Ministry of Regional Development, Ministry of Finance, Ministry of Economic Development and other central government executive agencies in cooperation with Ukraine-wide local government associations to elaborate and submit the proposals about how to support the

statutory activities of the latter, attract development projects, programmes and events aimed at the promotion of local self-governance, as well as envision the financial support for such activities in the draft State Budget for 2013.

#### Efforts to prepare the Concept of Local Government Reform and Territorial Arrangement of Government Institutions in Ukraine

In August, the Cabinet of Ministers of Ukraine nullified Instruction of the Cabinet of Ministers # 900 of July 29, 2009 approving the Concept for Local Self-Governance Reform, whereas a new version of the Concept submitted by the Ministry of Regional Development and Construction in December of 2011 the same composition of the Cabinet of Ministers withdrew from consideration as back as in May this year.

Under such circumstances, the main Authority of the Administration of the President of Ukraine, which is responsible for constitutional and legal modernisation, took the initiative to prepare the new draft Concept. On July 11, the Presidential Administration held a meeting presided by M.Stavniychuk, the head of the department mentioned above, to discuss the preparation of the draft of such document, which could be discussed at the Council of Regions and then approved by the Decree of the President of Ukraine. The participants made a decision to establish an expert group and take the version of the Concept prepared by the Ministry of Regional Development and Construction (withdrawn from consideration by the Cabinet of Ministers of Ukraine) as the template. In general, the draft document mentioned above was inline with the Concept of Local Self-Governance Reform approved by the AUC Board on March 01, 2011.

In July-August, the working group met several times with experts from the Council of Europe coordinating its activities. The key focus of the work was to have representatives from the expert community and local government associations had to make the basic areas of the reform more specific. These include: the territorial foundations of local self-governance at the basic level and distribution of the authority and resources between local self-governance and local offices of the state executive, as well as between local government bodies at various levels. However, because the Presidential Administration was in charge of the text editing, the document became less and less specific. In addition to this, in the course of the discussions, the representatives of the expert community and the AUC emphasised the necessity and feasibility of implementing the Reform in 2012-2014 to have the local government bodies of the new reformed communities be elected at the regular local government elections in 2015. In their turn, APU representatives did not agree with this and insisted to have the document envision the main steps of the Reform taking place in 2016-2017, in other words, after the next presidential elections.

The APU version of the document was submitted for the consideration at the round table discussion in the city of Sevastopol on August 27-28. The document received a high approval. However, some of the participants expressed their desire to make it more specific and to reduce the proposed timeframe for the implementation of the reform. Keeping in mind such suggestions the expert working group finalised the document and included in it the main parameters of the territorial foundations of local self-governance at the basic level, as well as the parameters for the delineation of the authority and resources between various agencies and levels of public government at the local level. However, the suggestion to expedite the implementation of the reform did not receive great support due to the lack of willingness to do so on the part of the representatives of the state executive. This version of the draft document was submitted to the Presidential Administration, whose representatives, however, did not promise they would present the documents in its current version to the working session of the Council of Regions.

The presentation by M.Stavniychuk on the main areas for local government development was originally included in the agenda for the meeting of the Council of Regions on September 19, but later on it was removed from it. What happened to the text of the draft concept later on remains unknown as of the end of the reporting period.

On September 28, President of Ukraine V.Yanukovych in his speech at the AUC Jubilee Anniversary Meeting mentioned the following: “The draft Concept of Reform of Local Self-Governance presented by the Association may serve as the foundation to prepare specific solutions on how to implement the Reform”.

#### Ministry of Economic Development and Trade of Ukraine

On July 12, 2012, in Yalta (Crimea), within the framework of the 8<sup>th</sup> Ukrainian Municipal Forum, the AUC signed a Memorandum of Cooperation with the Ministry of Economic Development and Trade of Ukraine. This is the first time for the Association to formally enter into a cooperation agreement with a state executive agency.

The purpose of the Memorandum is to launch a long-term cooperation between the Ministry and Association to improve living standards in Ukrainian territorial communities through removing barriers and setting the proper environment for their sustainable economic development.

The priority areas for the cooperation are the following:

- Institutional and organisational support to local economic development;
- Improvements of the legislative and regulatory regulation of local economic development;
- Development of the infrastructure for local economic development;
- Attraction of investments to the local economy;
- Promotion of the local labour and human resource potential; and
- Promotion of the financial stability of territorial communities.

To assist in the implementation of the memorandum, the sides prepared an action plan to implement it. The Ministry of Economic Development suggested to the Association to nominate a person to participate in the Inter-Governmental Steering Commission on Economic Development established at the Cabinet of Ministers of Ukraine. M.Pittsyk, DIALOGUE Senior Inter-Governmental Relations Expert, was chosen to represent the AUC.

#### Ministry of Regional Development, Construction, Housing and Utilities

During the Dialogue Day, O.Alipov, First Deputy Minister of Regional Development, Construction, Housing and Utilities, addressed the Association with a proposal to nominate its representative to participate in the working sessions of the Cabinet of Ministers of Ukraine. The Ministry binds itself with the obligation to advocate the idea of having such a representative in the cabinet of Ministers. According to the decision made by the AUC, S.Odarych, AUC Vice President and Cherkasy Mayor, will represent the Association in the Cabinet of Ministers.

#### ***Parliamentary local government inter-faction group (local government caucus)***

The Project did not conduct activities under this component in the reporting period.

#### ***Participation in the work of parliamentary committees***

During the reporting period, the Project was involved in cooperation with the Verkhovna Rada of Ukraine ad-hoc committees. The cooperation was not very energetic in view of the vacation and pre-election seasons. Project experts took part in **11** working sessions of **seven** parliamentary committees, including the following:

- Budget Committee – 4 meetings;
- Committee on Finance, Banking and Tax and Customs Policy – 3;
- Committee on Construction, Urban Development, Housing, Utilities and Regional Policy – 1;
- Committee on Social Policy and Labour – 1;
- Committee on Science and Education – 1; and
- Committee on State Building and Local Self-Governance – 1.

### **Activity 2.2.2. Setting up advisory boards at the regional level with participation of AUC Regional Offices and local State Executive agencies at the oblast level**

#### ***Working sessions of Local Government Regional Advisory Boards***

The Project conducted **six** working sessions of Local Government Regional Advisory Boards in **six** oblasts: Kirovohrad, Lviv, Poltava, Rivne, Kharkiv, and Khmelnytskyi. The purpose of such meeting was to discuss the issues, which the Project were identified as priorities for Local Government Regional Advisory Boards by AUC Regional Offices at their meetings conducted within the framework of the Project in September-October of 2011.

<p><b>Working session of the Kirovohrad Local Government Regional Advisory Board</b> city of Kirovohrad July 06, 2012</p>	<p>The event participants discussed local budgeting for 2013 in the context of the budget policy of Ukraine. Following the discussions, the participants made a decision to address the Cabinet of Ministers of Ukraine with an initiative to establish an expert working group to invite the leading specialists and scientists to prepare the necessary amendments to the budget legislation of Ukraine, in particular:</p> <ul style="list-style-type: none"> <li>- supplementing the list of expenditures taken into consideration in the course of the calculation of inter-budget transfers with the expenditures for off-school education, maintenance of mother and child centers and centers for social and psychological assistance;</li> <li>- improving the mechanism for granting separate subventions from the State Budget to local budgets (money of the National Regional Development Funds aimed at the implementation of investment projects and programs);</li> <li>- approving the mechanism for the distribution of subventions from the State Budget to local budgets to write off the debt associated with the difference in tariffs for heating, water supply and sewage; and</li> <li>- approving the unified mechanism to write off local budget accounts payable to the State Budget accumulated at the beginning of the year.</li> </ul>
<p><b>Working session of the Rivne Local Government Regional Advisory Board</b> city of Rivne July 20, 2012</p>	<p>The event participants discussed three areas of questions: (1) problem issues with setting up and running condominium associations in the oblast cities, (2) implementation of local budgets in 2012 and peculiarities of their formation in 2013, and (3) compliance with the provisions of the Law of Ukraine “On Access to Public Information”.</p>

	<p>Following the discussion of the first problem issue, the participants made a decision to organise a training seminar to train condominium association managers and to organise an on-site session at best condominium associations to roll out their experience.</p> <p>As to the second problem issue, the participants made a decision to monitor together with local councils the expediency of granting preferences for the payment of local taxes and fees, as well as income tax; support the legalisation of the shadow economy; and to organise a comprehensive training for employees of local council finance departments on performance program budgeting and local budgets.</p> <p>To ensure compliance with the provisions of the Law of Ukraine “On Access to Public Information” the participants made a decision to recommend local councils to work together with the DIALOGUE Project to set up official web sites and arrange a number of information stands to cover the activities of local councils and their executive committees.</p>
<p><b>Working session of the Khmelnytskyi Local Government Regional Advisory Board</b> city of Khmelnytskyi July 20, 2012</p>	<p>The working session participants discussed problem issues in the social sector in the oblast and ways to resolve them. Following the discussion, they made a decision to earmark funds in local (oblast and rayon) budgets for the implementation of statutory authority of non-governmental organisations of the disabled, provision of vouchers to local spa and recreational centers to privileged citizens, compensation of expenditures associated with the exemptions from payments for services provided by territorial social service centers, and to envision funding for the purchases or registration of housing for orphaned children or children deprived of parent care.</p> <p>Draft amendments to the oblast and rayon budgets will be prepared and sent for approval to the corresponding councils to support the implementation of this decision.</p>
<p><b>Working session of the Kharkiv Local Government Regional Advisory Board</b> city of Kharkiv July 25, 2012</p>	<p>The event participants discussed problem issues related to heating of city premises and residential buildings supplied from company-owned boilers. Following the discussions, the participants made a decision to recommend rayon and city councils to continue to depart from the centralised district heating system, because this will allow to considerably (up to 20%) reduce the funds of territorial communities earmarked for heating.</p> <p>A separate discussion was focused on the implementation of projects financed through the oblast mini-grant program. The participants made a decision to provide the additional financial support from the oblast budget for the implementation of territorial community mini-projects in the amount of 200 thousand UAH on an annual basis. The overall amount of funds for these projects from the oblast budget will constitute 1 million 200 thousand UAH annually.</p>
<p><b>Working session of the Lviv Local Government Regional Advisory Board</b> city of Lviv August 03, 2012</p>	<p>The working session participants issues related to the activities of local governments and local agencies of the state executive in the Lviv oblast aimed at attracting investors to build new landfills to recycle and dispose solid waste. A separate discussion was focused on problem issues related to the Treasury servicing of local budgets.</p> <p>Following the discussions of the first issue, the participants made a decision to spend two months to prepare and submit</p>

	<p>for consideration by the Regional Local Government Advisory Board the proposals on amendments to the Oblast Solid Waste Management Program for 2007-2015 in the part dealing with investment attraction and investment protection.</p> <p>Following the discussion of the second item on the agenda, the meeting participants keeping in mind the unsatisfactory Treasury servicing of local budgets approved the text of the Appeal to the cabinet of Ministers of Ukraine with a request to make the State Treasury of Ukraine comply the current legislation with regard to servicing local budgets.</p>
<p><b>Working session of the Poltava Local Government Regional Advisory Board</b> city of Poltava September 26, 2012</p>	<p>The working session participants discuss the level of preparedness of the housing and utilities sector for the autumn-winter heating period of 2012-2013 and the implementation of housing construction projects in cities.</p> <p>As to the first item of the agenda, the participants made a decision to set up dispatcher offices and call teams to take care of accidents the heat, water and gas supply networks and to charge managers of rayon state administrations with personal responsibility for obtaining gas quotas for populated areas in the oblast and writing off debts fro consumed energy resources.</p> <p>As to the second item of the agenda, the participants made a decision to charge executive committees of oblast significance cities and rayon state administrations with submitting their proposals for the implementation of the program to support the construction (purchases) of affordable housing in 2013 through the mechanism of attracting assistance fro the state in the amount of 30% of the value of the housing and bringing down the cost of mortgage loans.</p>

***Selection of issues to be discussed at working meetings of Local Government Regional Advisory Boards in 2012-2013***

In September, the Project conducted **25** working sessions of AUC ROs. **606** local government officials took part in these meetings. The participants indentified problem issues to be raised at working sessions of Local Government Regional Advisory Boards.

#	AUC RO, date, Number of participants	List of problem issues for discussion
1.	<b>Crimean AUC RO, September 05, 2012, 11 participants</b>	<ol style="list-style-type: none"> <li>1. The necessity to clearly delineate the authority of state executive agencies and local governments on issues, requiring common decisions reflecting economic, social and other peculiarities of urban settlements. Inadmissibility of the interference of state executive agencies in issues within the exclusive area of local government authority. Reducing the pressure on the part of law enforcement and inspection agencies.</li> <li>2. Simplification of the mechanism to obtain quotas for depositing solid waste on the territories of specialised landfills. Introduction of the communal tax for residents of private houses as an alternative to the payment for solid waste removal services. The need to introduce the centralised financial support for the separated collection of solid waste in Crimean populated areas (paper, plastic, and glass).</li> <li>3. Preparation and implementation of a long-term program to train persons who take part in establishing</li> </ol>

		condominium associations.
2.	<b>Kirovohrad AUC RO, September 07, 2012, 24 participants</b>	<ol style="list-style-type: none"> <li>1. On legal, social and economic aspects of privatisation of agricultural lands.</li> <li>2. On the necessity of introducing social investments at the local level and attraction of external social and business investments.</li> <li>3. On peculiarities of local budgeting and implementation: problem issues and practices.</li> <li>4. On the necessity to prepare and implement local environmental projects and programs.</li> </ol>
3.	<b>Lviv AUC RO, September 07, 2012, 41 participants</b>	<ol style="list-style-type: none"> <li>1. Ways to resolve problem issues of strengthening local economic development in cities.</li> <li>2. Elaboration of the program to support the development of cities in the Lviv oblast till 2015.</li> <li>3. Management of land resources in communities in the oblast.</li> <li>4. Enhancing law enforcement on the territories of rayon significance cities.</li> <li>5. Ways to resolve problem issues associated with the maintenance of libraries, people's houses and other cultural establishments.</li> <li>6. Construction, repair and reconstruction of communally-owned roads.</li> <li>7. Support to the implementation of local environment protection programs.</li> <li>8. Promotion of tourism in territorial communities in the oblast.</li> </ol>
4.	<b>Khmelnyskyi AUC RO September 07, 2012, 34 participants</b>	<ol style="list-style-type: none"> <li>1. Writing off wage arrears in the oblast.</li> <li>2. Preparations for the heating season.</li> <li>3. Enhancing the social protection in the oblast.</li> <li>4. Local budgeting and implementation.</li> <li>5. Introducing control over the quality of works to construct and repair roads in the oblast.</li> <li>6. Improving the quality of tuition in comprehensive secondary schools in the oblast.</li> </ol>
5.	<b>Chernivtsi AUC RO, September 07, 2012, 18 participants</b>	<ol style="list-style-type: none"> <li>1. Establishing effective cooperation with state executive agencies to improve local self-governance.</li> <li>2. Reforms in the housing and utilities sector in the oblast and regulating the tariff policy at the regional level.</li> <li>3. Ways to resolve the problems arising in the course of the registration of permit documents for construction and reconstruction of small architectural constrictions and planning the development of the city environment.</li> </ol>
6.	<b>Chernihiv AUC RO, September 07, 2012, 30 participants</b>	<ol style="list-style-type: none"> <li>1. Reforms in the housing and utilities sector of the oblast through the introduction of energy saving technologies and establishment of condominium associations.</li> <li>2. Increasing the role of local self-governance to resolve issues related to support to entrepreneurship and job creation.</li> </ol>
7.	<b>Mykolaiv AUC RO, September 11, 2012, 15 participants</b>	<ol style="list-style-type: none"> <li>1. Coordination of activities of companies working in the housing and utilities sector and tariff policy related to housing and utility services for the heating season of 2012-2013.</li> <li>2. The necessity to introduce the practice of clearance of draft local ordinances regulating the activities of</li> </ol>

		<p>local governments or other key issues of regional development at the local level.</p> <ol style="list-style-type: none"> <li>3. Budget support to local governments in 2013.</li> <li>4. Introduction of the innovation model for health care in city members of the Mykolaiv AUC RO.</li> <li>5. Enhancing the interaction between local agencies of the state executive and local governments in resolving key problem issues in the oblast.</li> <li>6. Identifying the ways to implement the requirements of the Law of Ukraine “On the Framework of the National Language Policy” and the Resolution of the Oblast Council “On the Introduction of the Russian Language as a Regional Language in the Mykolaiv Oblast”.</li> </ol>
8.	<b>Kyiv AUC RO, September 12, 2012, 33 participants</b>	<ol style="list-style-type: none"> <li>1. Problem issues of the financial support to local self-governance in 2013. Issues with collections to local budgets.</li> <li>2. Ways to set up a favourable investment environment in the oblast.</li> <li>3. Increasing the role of citizen self-organisation bodies and identifying ways to support them financially.</li> </ol>
9.	<b>Ternopil AUC RO, September 13, 2012, 27 participants</b>	<ol style="list-style-type: none"> <li>1. Summarising the activities of the Local Government Regional Advisory Board over the previous period.</li> <li>2. Enhancing the cooperation between local governments and local agencies of the state executive.</li> <li>3. Ways to resolve problem issues in the area of land relations and urban development.</li> <li>4. Resolving problem issues related to the financial sufficiency of local budgets. Financial support for the implementation of the authority delegated to local government by the central government.</li> </ol>
10.	<b>Zakarpattia AUC RO, September 13, 2012, 20 participants</b>	<ol style="list-style-type: none"> <li>1. Setting up mechanisms to promote the inclusion of proposals from smaller cities and towns in rayon budgets (for all 13 rayons and corresponding RSAs).</li> <li>2. Revisiting of the Program for Sustainable Development of Rural Territories of the Zakarpattia Oblast for the Period till 2020 and Areas of Activities till 2025”.</li> <li>3. Preparation of amendments to the Regional Development Strategy for the Zakarpattia Oblast till 2015.</li> <li>4. Holding round table discussions in city and town councils to discuss the ways to implement the approved Strategy for Solid Waste Management in the Zakarpattia Oblast for the 15-Year Period” on the territory of cities and towns.</li> <li>5. Ways to resolve problem issues associated with expanding the boundaries of cities and towns, and purpose oriented financial support for the preparation of Master Plans for cities and towns.</li> <li>6. Ensuring the participation of city and town councils of the Zakarpattia AUC RO in the preparation of oblast level targeted programs in the following areas: energy saving, use of water resources, promotion of tourism and recreation, spurring up investment activities, etc.</li> </ol>
11.	<b>Vinnitsya AUC RO,</b>	<ol style="list-style-type: none"> <li>1. Financial support to local budgets in 2013.</li> </ol>

	<b>September 18, 2012, 15 participants</b>	<ol style="list-style-type: none"> <li>2. Enhancing the interaction between local governments with eth state executive agencies in the context of the requirements of the Law of Ukraine “On Local Government Associations”.</li> <li>3. Ensuring the attractive investment climate in the region and enhancing the role of local governments in supporting the development of entrepreneurship.</li> <li>4. Reforms in the housing and utilities sector and introduction of energy saving technologies.</li> <li>5. Distribution of subventions from the State Budget of Ukraine to local budgets in the oblast.</li> </ol>
12.	<b>Ivano-Frankivsk AUC RO, September 19, 2012, 25 participants</b>	<ol style="list-style-type: none"> <li>1. Expediting the implementation of the regional program for solid waste management.</li> <li>2. Ways to resolve key problem issues related to exercising the architectural and construction control at the local level.</li> <li>3. Land relations.</li> <li>4. Budget support for the activities of local councils.</li> <li>5. Implementation of recommendations and protocol tasks of the previous working session of the Local Government regional Advisory Board.</li> </ol>
13.	<b>Poltava AUC RO, September 19, 2012, 32 participants</b>	<ol style="list-style-type: none"> <li>1. Preparations for the heating season.</li> <li>2. Budget support for the implementation of the local government authority. Budgeting in cities and rayons in the oblast at the local level. Transparent planning and spending of inter-budget transfers and equalisation transfers. Problem issues with collections to the revenue part of local budgets.</li> <li>3. Ensuring the energy effectiveness of territorial communities.</li> <li>4. Reforms in the housing and utilities sector. Financial support to the implementation of the program to establish condominium associations. The necessity to restructure debts on utility service payments in the course of decision making on granting subsidies. Identification of unified approaches for setting tariffs for utility services.</li> </ol>
14.	<b>Cherkasy AUC RO, September 19, 2012, 23 participants</b>	<ol style="list-style-type: none"> <li>1. Preparations of populated areas in the oblast for the heating season of 2012-2013.</li> <li>2. Delineation of the authority between oblast significance cities the rayon authorities;</li> <li>3. Financial support for the implementation of the delegated authority.</li> <li>4. Ensuring the collection by the end of 2012 of collection of the State Budget subventions to offset the expenditures associated with the provision of privileged urban public transportation services to certain categories of citizens.</li> <li>5. Supporting job creation.</li> <li>6. Fighting corruption and investments in new sectors of economy in the Cherkasy oblast.</li> <li>7. Supporting the establishment of centers for administrative services in city members of the Cherkasy AUC RO (following the example of the city of Cherkasy).</li> </ol>
15.	<b>Volyn AUC RO, September 20, 2012,</b>	<ol style="list-style-type: none"> <li>1. Budget support to local governments in 2013.</li> <li>2. Reforms in the health care sector in city members of</li> </ol>

	<b>22 participants</b>	the Volyn AUC RO. 3. The necessity to modernise the utility sector of populated areas in the oblast. 4. Social and economic development of the region.
16.	<b>Dnipropetrovsk AUC RO, September 20, 2012, 19 participants</b>	1. 2013 Budget. Inter-budgetary relations and local budgeting. 2. Reforms of the public education sector at the local level. 3. Development of the housing and utilities sector in territorial communities: problem issues and prospects for establishing condominium associations. 4. Local government service: actual work in city council executive committees and city halls.
17.	<b>Zaporizzhya AUC RO, September 20, 2012, 19 participants</b>	1. Local budgeting for 2013 and financial capacity of local governments to execute their authority to the full. 2. Implementation of the regional targeted program called "Potable Water of the Zaporizzhya Oblast for 2012-2020". 3. Disposal of solid waste in populated areas in the oblast and setting up an oblast level or inter-rayon solid waste processing facilities. 4. Discussion of the draft Law of Ukraine "On Local Government Service". 4. Condition of roads in populated areas in the oblast and problem issues associated with road maintenance.
18.	<b>Sumy AUC RO, September 20, 2012, 9 participants</b>	1. Budget support to territorial communities in 2013 and the necessity of holding budget consultations with local governments in the oblast. 2. Ways to resolve problem issues local governments face in the area of land relations, architecture and construction. 3. Necessity to reform the housing and utilities sector in populated areas in the oblast.
19.	<b>Kharkiv AUC RO, September 20, 2012, 28 participants</b>	1. Priority areas of budget policy for 2013 and for mid-term perspective. 2. Reforms of the ambulance service and integrated medical services to be rendered to citizens in cities and towns of the oblast. 3. Preparation of communities for the heating and winter season of 2013 – 2014.
20.	<b>Odesa AUC RO, September 21, 2012, 23 participants</b>	1. Problem issues with the distribution of funds for capital improvements from the oblast budget to local budgets. 2. Regulation of problem issues in the area of land relations. 3. Reforms in the housing and utilities sector in the oblast. 4. Reforms in the area of agribusiness sector and prices policy for agricultural products. 5. Social protection issues and issues of the cultural sector in rural areas. 6. Necessity of constructing and repairs of local roads. 7. Ways to improve the logistical and financial support for local governments.
21.	<b>Rivne AUC RO, September 21, 2012, 41 participants</b>	1. Budget legislation of Ukraine. Problem issues and proposals of the potential ways to resolve them. 2. Sustainable economic development of the oblast.

		Ways to attract investments and international technical assistance. 3. Land legislation of Ukraine. Problem issues and suggestions of the potential ways to resolve them in the oblast.
22.	<b>Zhytomyr AUC RO, September 25, 2012, 12 participants</b>	1. Distribution of budget funds between local councils. 2. Priority areas of the housing and utility sector activities. 3. Economic development of city members of the Zhytomyr AUC RO. Attraction of foreign investments.
23.	<b>Luhansk AUC RO, September 25, 2012, 30 participants</b>	1. Budget process and inter-budgetary relations in 2012-2013. 2. Ways to resolve problem issues in the area of land relations and urban development. 3. The necessity to reform the administrative and territorial arrangement of the region. 4. Reforms in the housing and utilities sector in the oblast. 5. Setting the areas for social and economic development of the region.
24.	<b>Kherson AUC RO, September 25, 2012, 25 participants</b>	1. Local budget sufficiency in 2013. Performance program budgeting at the local budget level. Use of funds earmarked for the environmental protection. 2. Discussions of mechanisms to conclude land lease agreements and procedures for placing stationary advertisement facilities on the territory of populated areas and the opportunity of setting prices for such placement. 3. Identification of opportunities for the introduction of energy saving technologies in the housing and utilities sector.
25.	<b>Donetsk AUC RO, September 26, 2012, 30 participants</b>	1. Management of land resources of local councils. 2. Current status and problem issues related to the administrative and territorial arrangement of oblast significance cities in the Donetsk oblast.

### **Activity 2.2.3. Establishing formal and regular coordination mechanisms with other USAID supported activities and other donor organizations**

#### ***Forum of Donor Organisations***

The Project did not conduct activities under this component in the reporting period.

#### ***Cooperation with other USAID projects and projects supported by other donor organisations***

##### MFSI Project

On September 06, 2012, DIALOGUE experts took part in the 10<sup>th</sup> Financial and Economic Forum on Innovative Forms of Local and Regional Development as an Instrument for Enhancing the Financial Capacity of Local Governments organised by the Institute of Budget and Socio-Economic Research within the framework of the implementation of the USAID Municipal Finance Strengthening Initiative. Project experts presented a report on the key issues of financial sufficiency of territorial communities, and submitted the corresponding proposals on behalf of the DIALOGUE Project, which were include in the Forum Recommendations.

### Public-Private Initiative

An AUC representative took part in the round table discussion of the draft Concept for the development of Public Private Partnership in Ukraine for 2012-2017.

### Council of Europe Project

The AUC Analytical Center joined the work to prepare the Concept for the Reform of Local Self-Governance organised within the framework of the Strengthening of Local Democracy and Support for the Reform of Local Self-Governance in Ukraine Project.

## 2.3. Component 3: Fostering Public Support for Reform

### Activity 2.3.1. Implementation of the integrated Communication and Branding Strategy of the AUC

The DIALOGUE Project has been working on the implementation of its Branding Strategy, which is a component of the AUC information policy. A standard legend and logo are placed on all Project media materials, such as the AUC Newsletter, press releases, presentations, and AUC web-site.

### Activity 2.3.2. Integration of communications into day-to-day operations of the AUC

Members of the AUC Professional Groups and the AUC Analytical Center keep submitting the information about their activities and Project events to the Information Center. Such updates serve as the key information for PR managers to prepare their information products for AUC web-site and Project publications. Thus, the AUC uses its web-site to disseminate information about the participation of Project experts in the work of parliamentary committees, outcomes of this work, and AUC position. The information articles published on the Project web-site, in their turn, serve as the basic information for the Press news the Information Groups sends on a weekly basis to the interested journalists. Similarly, the Project prepares information for the AUC Newsletter (DIALOGUE Section) and the DIALOGUE English version electronic publication.

### Activity 2.3.3. Production and dissemination of tools for message delivery

#### *DIALOGUE Project AUC web-site*

The purpose of the Project web-site [www.dialogueauc.org.ua](http://www.dialogueauc.org.ua) in the Internet is to serve as a platform for dialogue to promote local government development, improve its legislative framework, exchange managerial experience, as well as to provide timely and high-quality expert information about important local government events and Project achievements in this area. The web site and the information it places targets a wide audience of citizens who are interested in local government issues, representatives of international technical assistance projects and organisations, expert community, and media.

The Project web site has been operational since March 01, 2011. The number of its visitors is constantly growing. In March last year, there were 680 visitors, whereas the indicators for the reporting period are the following:

July – 1,253  
 August – 991  
 September – 1,150

Also, with the purpose of popularising the Project activities, its outcomes and deliverables, the Association has set up its account of the Association in the Facebook.

#### *Electronic and printed media*

Publication	Targeted audience	Description
<b>The “Sectoral Monitoring” printed quarterly publication</b>	State executive agencies, expert community	The ninth issue of the publication was prepared for printing to be further on disseminated to National Deputies, technical staff of line ministries and state agencies, and local government officials.

		Some of its concepts are dedicated to the preparation of the Concept of the Reform of Local Self-Governance, participation of local government officials in the 2012 parliamentary elections, problem issues in the area of environmental protection, recent tendencies observed in the past years in the budget sufficiency of territorial communities, and opportunities for introducing the property tax.
<b>The “AUC Herald” printed monthly publication</b>	AUC member communities, AUC partner organisations	<u># 88, July</u> . The DIALOGUE Chapter features the activities of the formalisation of the dialogue between the AUC and Ministry of Economic Development of Ukraine through the signing of the memorandum of Cooperation. This issue of the publication, in general, has a thematic nature and is dedicated to the 8 <sup>th</sup> Ukrainian Municipal Forum. <u># 89, September</u> . This is a thematic issue dedicated to the Dialogue Day.
<b>The “DIALOGUE Newsletter” electronic monthly publication</b>	International organisations and international technical assistance projects	The English-language publication presents Project activities over a month and provides monthly highlights in detail: <u># 23</u> , highlight of the month – Dialogue with the Ministry of Economic Development and Trade of Ukraine institutionalised. <u># 24</u> , highlight of the month – Budget consultations with the Ministry of Finance. <u># 25</u> , highlight of the month – Dialogue Day as a forum to prepare a joint position of the Cabinet of Ministers and the AUC with regard to local government issues and ways to resolve them.
<b>The “Legal Counselling” electronic quarterly publication</b>	Local government lawyers	Issue # 9 of the “Legal Counselling”, the professional publication for local government lawyers, featured: - commentary of the Ministry of Justice of Ukraine of controversial issues of the implementation of the Law of Ukraine “On the Framework for Preventing and Fighting Corruption”; - generalised answers (explanations) to specific questions received through the mobile hot line.
<b>The “Legislation News” electronic publication</b>	Local government lawyers	<u>#22, July - August</u> features the information about <b>26</b> legal and regulatory documents related to local government interests either approved or taken effect and <b>four</b> draft laws under consideration by the Verkhovna Rada of Ukraine or its committees, or by central agencies of the state executive. <u>#23, September</u> features the information about <b>22</b> legal and regulatory documents related to local government interests either approved or taken effect and <b>three</b> draft laws under consideration by the Verkhovna Rada of Ukraine or its committees, or by central agencies of the state executive.
<b>The “Press News”</b>	Media	A selection of weekly news, publications, and

<b>electronic weekly publication</b>		announcements of major activities of the Association of Ukrainian Cities, news and events in cities, and key local government topics. Thirteen issues were prepared and published. The Press News is distributed to more than 220 media representatives, journalists and press offices of city councils. The mailing list is being constantly updated.
<b>Short local government updates</b>	USAID	The Project prepares and sends the publication to USAID on a weekly basis. The information is presented in two sections: DIALOGUE Project News and Local Government News. Thirteen issues were prepared and sent.

### *Radio coverage*

The Project prepared five radio programs with comments and interviews of AUC experts, references to the AUC activities mentioned in the news by radio stations, and live interviews of the AUC leadership. In particular, the radio programs were aired by the following radio stations:

- Radio Era FM. Participation of M.Pittsyk, AUC Executive Vice President, in the live program about the Memorandum of Cooperation with the Ministry of Economy featured in the Own View with Vitaliy Dykyi Program on July 16, 2012.
- Ukrainian National Radio Radio Station. Mentioning of the AUC and citation of O.Slobozhan, DIALOGUE Expert, about the blocking by the State Treasury of transactions from local budgets in the morning news section on July 26, 2012.
- Radio Era FM. Participation of M.Pittsyk, AUC Executive Vice President, in the live program about the reform of local self-governance in Ukraine and overview of draft laws registered in the parliament in the Own View with Vitaliy Dykyi Program on July 28, 2012.
- Radio Era FM. Participation of O.Slobozhan, DIALOGUE Expert, about the State Budget for 2013 in the Balance radio program on August 28, 2012. N.Dzhuhan, Director of the Department for Budget Policy of the Cherkasy City Council, took part in the discussion by the telephone.
- Radio Era FM. Participation of M.Pittsyk, AUC Executive Vice President, in the live program about local government problem issues featured in Rodeo Program on September 10, 2012.
- «Поділля-центр» [*Poddillya center*] (city of Khmelnytskyi) Radio Station – Participation of V.Karabutova, AUC expert, and participants of the AUC Social Protection Professional Group working session in the live program on September 21, 2012.

### *TV coverage*

The Project activities were featured by **eight** TV programs broadcast on the following channels:

- the «Кіровоград» TV Channel – mentioning of the AUC activities in the news section on July 07, 2012;
- the «УТ-1» TV Channel – participation of O.Slobozhan, DIALOGUE expert, in the People’s List TV Program about public administration on July 11, 2012;
- the «Ялта» TVRC a story about the 8<sup>th</sup> Ukrainian Municipal Forum in the news section on July 12, 2012 at 19.00, 20.00, 21.00, and 22.00;
- Channel 5 TV Channel – a 2-minute story about the 8<sup>th</sup> Ukrainian Municipal Forum on July 12, 2012 at 17.57, 19.25, 21.39, and 22.58 in the No Comments Section;

- the «Перший діловий» [*first business*] TV Channel on July 18, 2012 – an interview of M.Pittsyk, AUC Executive Vice President, in the Accent program about the summaries of the 8<sup>th</sup> Ukrainian Municipal Forum held in Yalta;
- the «ОТБ» TV Channel (city of Kharkiv) – TV live coverage of the joint meeting of the collegium of the Kharkiv Oblast State Administration and Local Government Regional Advisory Board in the Kharkiv Oblast on July 25, 2012;
- the «ФОРА» TV Channel (city of Kharkiv) – mentioning of the AUC in the news section. A video story about the working session of the Local Government Regional Advisory Board in the Kharkiv Oblast on July 25, 2012;
- the «Рівне 1» TV Channel – mentioning of the AUC in the evening news section on September 13, 2012;
- the «Місто» TV Channel (city of Khmelnytskyi) – a story in the news section about the working session of the AUC Social Protection Professional Group on September 20, 2012; and
- the «ВІККА-НОВИНИ» TV Channel (city of Chernihiv) – a story about the meeting of the Chernihiv Regional Office of the Association of Ukrainian Cities within the framework of the Project on September 21, 2012.

### *TV program series*

The УТ-1 First National TV Channel broadcasts a series of the «ЗМІСТОВА Україна» [*CITY-minded Ukraine*] TV programs on Wednesdays within the framework of the «Діловий світ» [*business world*] program. Each program consists of the following two parts:

- Presentation of city's best practices: innovative approaches piloted in the city and its municipal infrastructure;
- Program guests: an interview with the city mayor about key local government issues.

In the reporting period, the Project aired **four** programs about such cities as:

#### Konotop (Sumy oblast), July 4

The plot of the program speaks about the successful implementation of the Development and implementation of the System for Rational Use of Energy Resources Project. Currently, the city is building new facilities according to the new energy saving technologies. Along with the introduction of meaningful energy saving measures, the city introduced an electronic system for monitoring energy consumption in public institutions, which helped lay the groundwork for building an integrated system of municipal energy management. V.Dzed, Mayor of Konotop, spoke in his interview about thermal insulation of buildings, reconstruction of heat supply systems, the positive results of the City Council in reforming housing and utilities sector, as well as the interaction of the city with the state executive.

#### Berdyansk (Zaporizhzhya oblast), July 11

A dialogue between the city government and the community became the key topic of the program about Berdyansk. In the city there are 36 street committees and 13 residential district ones. City Council and residents pooled their resources to rescue a local sand spit, fortify the coastline and make improvements on beaches. These measures contribute to the promotion of the recreational potential of this resort town. In his interview, City Mayor O.Bakay spoke about efficient use of subventions from the State Budget of Ukraine to improve landscaping and safety in the city, cooperation with community organizations, well-established dialogue with the regional authorities, and highly appreciated the activities of the AUC in the Cabinet of Ministers and the parliament to promote local self-governance.

#### Chervonohrad (Lviv oblast), July 18

The TV story speaks about how the local government of the city effectively resolved problems with the treatment of solid waste. The city is about to complete the construction of an industrial enterprise to process solid waste with the capacity of 100 thousand tons per year. The waste processing facility will serve the cities of Chervonohrad, Sosnivka and the town of Hirnyk. In his broad interview, I.Chudiyovych, Chervonohrad Mayor, covered key issues of the mining industry and the potential ways to resolve them in the context of the dialogue with the oblast authorities, fundraising for medical purposes, achievements the city government had in the sector of public education, and the development of municipal infrastructure. I.Chudiyovych also gave a high appreciation of the legislation drafting activities of the AUC.

#### Kaniv (Cherkasy oblast), July 25

The story of the TV program was devoted to the rapid development of the tourism infrastructure in the city. The city renovated its Assumption Cathedral, made improvements in the surrounding territory, and launched the «АВТО-рiка» [*auto river*] transportation and tourist center. The city is about to offer steamboat tours, and has been actively developing the hotel infrastructure together with extensive local road repairs. In his broad interview V.Nikolenko, Kaniv City Mayor, spoke about the successful partnership with the business community and investment attraction for social and economic development of the city, implementation of innovative projects aimed at solving urban heating problems. On a separate note, the city mayor mentioned the fruitful cooperation with European sister cities and noted the role of the AUC in promoting local government interests.

In August, the Project suspended the implementation of the TV program due to the heavy load on air time of the YU-1 First National TV Channel associated with the pre-elections campaigning. The Project will resume the TV series on October 24, 2012.

### **Activity 2.3.4. Fostering media relations**

#### *Setting up a team of AUC speakers*

The composition of the team of AUC speakers did not change over the reporting period. The team composition is provided on the AUC web-page together with the contact information for the PR Coordinator to liaise with the AUC speakers.

#### *Implementation of mechanisms for regular communication between local governments and media*

##### Working meetings of the National Press Club

The meetings of the National Press Clubs are held four times a year based on the decisions of the AUC Board Presidium, AUC Board, Ukrainian Municipal Forum and other AUC large-scale events.

<p><b>Topic:</b> DIALOGUE Day as a forum to elaborate the joint position for the development of local self-governance in Ukraine</p> <p><b>Date:</b> September 27, 2012</p> <p><b>Venue:</b> city of Kyiv</p>	<p>The working session of the National Press Club was held during the Dialogue Day.</p> <p>I.Kulichenko, AUC President, started the working session of the National Press Club. He informed the journalists that this year the dialogue will take a new format, which envisions the joint work of city mayors and state executive representatives in thematic groups in five areas: budget support, improvements in local government service, management of land resources and urban planning, legal framework of local government</p>
<p><b>Participants from the AUC:</b></p> <p>I.Kulichenko, AUC President and Dnipropetrovsk City Mayor,</p>	

<p>S.Odarych, AUC Vice President on Budget Policy and Cherkasy City Mayor</p>	<p>activities, and housing and energy. This format will allow a more detailed and more professional discussion of sensitive issues and livelihoods of territorial communities and to come up with joint specific proposals how to resolve them.</p>
<p><b>Participants from media and expert community:</b></p> <p>The «Інтер» TV Channel, «МТМ» TV Channel, «Дніпро» TV Channel, «УТР» TV Channel, «ТБІ» TV Channel, the «УНІАН» News Agency, «Українські новини» [<i>Ukrainian news</i>], the «Комерсант-Україна» newspaper, the «Економічний вісник» [<i>economic herald</i>] newspaper, the «Вести Версии События» [<i>news, versions, events</i>] newspaper, the «Дніпровський проспект» [<i>Dnipro avenue</i>] newspaper, the «Губернатор» [<i>governor</i>] magazine, the «Голос України» [<i>voice of Ukraine</i>] newspaper, and the «Урядовий кур'єр» [<i>government courier</i>] newspaper.</p>	<p>I.Kulichenko also informed the media representatives about a new tradition piloted on the dialogue on Day - signing of cooperation agreements with government agencies and non-governmental organisations that will contribute to strengthening and development of local self-governance. In particular, he focused on cooperation with the Ukrainian League of promoting palliative and hospice care, noting that the issue of forming districts of hospice and palliative care in the populated areas are of concern of many city mayors. Today, this issue is relevant in view of the reform of the health care system.</p>
<p><b>Mentioning in media after the event:</b></p> <p>A video story on the «Інтер», «МТМ» (Zaporizzhya), «Дніпро», and «УТР» TV Channels, in the «УНІАН» News Agency and «Українські новини» [<i>Ukrainian news</i>] news agency, the «Комерсант-Україна» newspaper, on the «Укрнет», «Главпорт», «Народ.иа», «Прочерк», «Сьогодні», and «Укрінформ» portals, in the «Економічний вісник» [<i>economic herald</i>] newspaper, the «Вести Версии События» [<i>news, versions, events</i>] newspaper, the «Дніпровський проспект» [<i>Dnipro avenue</i>] newspaper, the «Губернатор» [<i>governor</i>] magazine, the «Голос України» [<i>voice of Ukraine</i>] newspaper, the «Комерсант-Україна» newspaper, etc.</p>	<p>The overwhelming majority of the media were concerned about the financial support of local communities. The AUC President told the journalists that the Ministry of Finance began consultations with Ukrainian local government associations on the draft State Budget for 2013. In August, the conducted consultations on local budget revenue indicators for 2013 and also envision separate rounds of consultations on local budget expenditure indicators and general indicators of local budgets.</p>
	<p>S.Odarych noted that 2012 has been the worst in terms of the financial support for the implementation of the authority delegated by the state: in previous years, the level of underfunding amounted up to 10-12%, with 24% this year. Local governments have no choice rather than channelling about 60% of their own revenues for the implementation of the authority delegated to them by the state, whereas these funds should have been spent on road maintenance, housing stock improvements, street lighting, other urban improvements, etc.</p>
	<p>In his response to questions from the journalists, AUC Vice President on Budget Policy suggested that the problem is the lack of standards for the provision of services by local governments. The AUC has repeatedly appealed to the Cabinet of Ministers with a request to review the system of funding for the delegated authority by developing national standards for each type of authority with due regard to the social, economic and financial situation. However, each time elections seem to be the biggest problem preventing the Cabinet of Ministers to resolve this issue.</p>
	<p>I.Kulichenko informed the journalists that following the Dialogue Day, local government representatives will approve the text of the appeal to the top country leadership, which will present the AUC suggestions on how to resolve the key problem issues territorial communities face, including the sector of local budgets and inter-budgetary relations.</p>
	<p>S.Odarych stressed that it is important to have the calculation of inter-budgetary transfers for 2013 include the actual amount of local budget expenditures for the delegated</p>

	<p>authority in the current year, projected inflation rates, indicators of salary growth, and energy prices.</p> <p>In his closing remarks, I.Kulichenko expressed the hope that the State Budget 2013 will provide local budgets enough funds to implement the delegated authority, whereas local budgets will have enough funds of their own to fully perform their local government authority proper.</p>
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### Meetings of regional press clubs “Straight form the Source”

The meetings of Regional Press Clubs are held two times a year based on the decisions of the Local Government Regional Advisory Boards.

### Working session of the Kirovohrad Regional Press Club

<p><b>Topic:</b> Formation of local budgets for 2013 in the context of the budgetary policy of Ukraine</p> <p><b>Date:</b> July 06, 2012</p>	<p>The meeting of the Press Club was conducted following the working session of the Kirovohrad Oblast Local Government Regional Advisory Board.</p> <p>M.Kovalchuk informed the journalists that the purpose of the working session the Regional Advisory Board was to discuss budgeting in territorial communities in 2013. Following the discussion, the participants decided to compile and submit to the Cabinet of Ministers the proposals from local governments and local executive agencies in the oblast with regard to the formation of local budgets for 2013.</p> <p>O.Slobozhan informed the journalists about the problems of local budgets in 2013 and the measures taken to address them. He also stressed the readiness of local government associations to achieve the 100% financial support for the implementation of the authority delegated by the state and to increase local budget revenues rather than focusing their efforts on the reallocation of financial resources between local government budget at various levels.</p> <p>S.Larin noted that the Local Government Regional Advisory Board provides an opportunity to narrow the gap between the position of the state executive and local governments for the benefit local communities in the region.</p>
<p><b>Participants:</b> M.Kovalchuk, Chairman of the Oblast Council, S.Larin, Head of the Oblast State Administration, O.Slobozhan, AUC Expert on Budget, and O.Sainus, Kirovohrad Mayor and Chairman of the Kirovohrad AUC RO</p> <p><b>Media representatives:</b> Kirovohrad Oblast State TV and Radio Company, "Радіо-Ера" TVRC, the «Кіровоградська правда» [<i>Kirovohrad truth</i>] and «Нова газета» [<i>new newspaper</i>] newspapers</p>	

### Working session of the Khmelnytskyi Regional Press Club

<p><b>Topic:</b> Current status and key problem issues of the social sector I the oblast and ways to resolve them</p> <p><b>Date:</b> July 20, 2012</p>	<p>The meeting of the Press Club was conducted following the working session of the Khmelnytskyi Oblast Local Government Regional Advisory Board.</p> <p>V.Osadchyi mentioned he is sure the social problem issues raised at the Local Government Regional Advisory Board will be resolved by local communities in the oblast, and through the close cooperation between local governments and the state executive will assist in resolving the most difficult problems of social protection of citizens in the Khmelnytskyi oblast.</p> <p>S.Lukomska gave detailed answers to journalists' questions on issues of adoption of orphans by foreigners, strengthening of the material base of boarding schools for children deprived of parental care and the effectiveness of the decisions made by</p>
<p><b>Participants:</b> city mayors, V.Osadchyi, Deputy Chairman of the Oblast Council, S.Lukomska, Head of the Main Department for Labour and Social Protection, S.Kucheruk, Policy Dialogue Coordinator of the Khmelnytskyi AUC RO</p>	

<p><b>Media representatives:</b> The "Поділля-центр" Khmelnytskyi Oblast TVRC, the «33-й канал» TV Channel, Khmelnytskyi Oblast Radio Station, the "Подільські вісті" [<i>Podillya news</i>], «Голос України» [<i>voice of Ukraine</i>], «Всім» [<i>for all</i>], and «Пульс» newspapers</p>	<p>the leadership of the Oblast State Administration in the course of the working sessions of the Local Government Regional Advisory Board.</p>
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### Working session of the Rivne Regional Press Club

<p><b>Topic:</b> Key issues of the preparation of the Sustainable strategy for the development of territorial communities</p>	<p>The meeting of the Press Club was conducted following the working session of the Rivne Oblast Local Government Regional Advisory Board.</p>
<p><b>Date:</b> July 20, 2012</p>	
<p><b>Participants:</b> Yu.Kichaty, Chairman of the Oblast Council, M.Karapetyan, Radyvyliv City Mayor, O.Paliy, Deputy Mayor of Zdolbuniv, N.Demianchuk, Deputy Chairman of the Ostroh Rayon Council, T.Hreschuk, Policy Dialogue Coordinator of the Rivne AUC RO</p>	<p>Yu.Kichaty stressed that the preparation of a strategy for sustainable development of each community reflecting the opinion of each resident serves as a good prerequisite for the further development of local communities and creating a comfortable living environment. He stressed that the dialogue taking place at meetings of Local Government Regional Advisory Boards allows to reflect the opinion of each community in the preparation of high-quality strategy not only for the village or city town, but the region as a whole. The Chairman of the Oblast Council noted the positive experience of the Rivne region in implementing community initiatives with the help of international donors.</p>
<p><b>Media representatives:</b> The «Рівне-Ракурс», and «Сім Днів» [<i>seven days</i>], and «Вісті Рівненщини» [<i>Rivne region news</i>] newspapers</p>	<p>Mayors spoke about the barriers hindering the implementation of long-term plans. In particular, they stressed the imperfections of the budget legislation regulating the cooperation with donor organisations.</p> <p>N.Demyanchuk spoke about progress in developing the strategies for sustainable development of local communities in the Ostroh rayon. In particular, she spoke about the work of the initiative groups in villages to support the preparation of strategies for sustainable development of rural areas.</p>

### Working session of the Kharkiv Regional Press Club

<p><b>Topic:</b> Summarising the economic development of cities and rayons in the Kharkiv oblast over the 1<sup>st</sup> quarter of 2012</p>	<p>The meeting of the Press Club was conducted following the working session of the Kharkiv Oblast Local Government Regional Advisory Board.</p>
<p><b>Date:</b> 25 July 2012</p>	
<p><b>Participants:</b> M.Dobkin, Head of the Oblast State Administration, S.Chernov, Chairman of the Oblast Council, V.Telychko, Lyubotyn City Mayor</p>	<p>M.Dobkin informed the journalists about the following: - outcomes of economic development of the Kharkiv oblast in the first half of 2012; - rating of cities and rayons in the Kharkiv oblast by their social and economic development.</p> <p>He also reported that mayors of oblast significance cities received a task to take personal control of reducing wage arrears in utility companies and to take all the necessary measures to prevent such arrears or their increase.</p>
<p><b>Media representatives:</b> The «Слобідський край»</p>	<p>S.Chernov dwelt upon the cooperation between the oblast authorities with local governments emphasising the</p>

<p>[<i>Sloboda area</i>] newspaper, oblast radio, "Статус кво" News Agency, the АТБК (Kharkiv news) TV Company, «Харківські вісті» [<i>Kharkiv news</i>] company, the «Фора» TV Company, «Вечірній Харків» [<i>evening Kharkiv</i>] newspaper</p>	<p>implementation of economic development projects in local territorial communities.</p> <p>V. Telychko expressed his hope that such a dialogue piloted at the regional level that takes place in the course of working sessions of the Local Government Regional Advisory Board gives local government representatives a chance to present problem issues their communities face and find ways to resolve them in cooperation with the oblast authorities.</p>
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### Working session of the Lviv Regional Press Club

<p><b>Topic:</b> Solid waste management. Issues related to State Treasury blocking the local government transactions</p> <p><b>Date:</b> August 03, 2012</p>	<p>The meeting of the Press Club was conducted following the working session of the Lviv Oblast Local Government Regional Advisory Board.</p> <p>O.Pankevych informed the journalists about problem issues related to the certification of landfills in the oblast and absence of solid waste processing plants. This poses an environmental threat to the citizens.</p> <p>The Chairman of the Oblast Council emphasized that the problems of solid waste management will be resolved with the participation of local governments. The participants of the working session of the Local Government Regional Advisory Board made a decision to prepare amendments to the Regional Solid Waste Management Programme for 2007-2015 in order to make the work become more dynamic. These changes will be prepared according to local government proposals.</p> <p>O.Pankevych also informed that during the meeting the participants discussed the issue of unjustified delays and blocking of payments from local budgets by the State Treasury Service of Ukraine. The participants approved an appeal to the Prime Minister to stop such practices.</p>
<p><b>Participants:</b> O.Pankevych, Chairman of the Lviv Oblast Council, Chairman of the Lviv Oblast Local Government Regional Advisory Board</p> <p><b>Media representatives:</b></p> <p>The "Галінфо" internet publication, "ЗІК" News Agency, the "Експрес" and "Вголос" [<i>aloud</i>] newspapers, and the "Львів - ТБ" TV Channel</p>	

## 2.4. Component 4: Legal Assistance and Protection

### Activity 2.4.1. Expanding legal consultation services for navigating various laws and regulations

*In the reporting period, DIALOGUE City Legal Assistance Center consultants provided 100 consultations to local government officials. Since the inception of the Project, 185 consultations to local government were provided. Since its inception, the Project provided 1,510 consultations to local governments.*

City Legal Assistance Center consultants provided **100** legal consultations through the mobile telephone line, mail, and AUC and DIALOGUE web-sites in the following areas:

- local budgets and inter-budgetary relations (1);
- land relations (8);
- housing, utilities, construction, and communal property (27);
- organisational and legal foundations for local self-governance (55);
- social protection (2);
- public education (2);
- health care (2); and
- local elections (3).

#### *Expert workshops in AUC ROs*

An Expert Workshop is a training event for local government officials who work in a given technical area held with the purpose of explaining provisions of legislation and exchanging city management experience. In addition to this, participants of expert workshops can initiate amendments to legislation and changes in municipal management activities. The topics for expert workshops have been identified by AUC ROs upon suggestions from local government officials.

In July – August, the Project conducted **13** expert workshops with participation of **280** local government officials.

<b>Date and venue</b>	<b>Participants</b>	<b>Topic</b>	<b>Description of the event</b>
Kyiv AUC RO, city of Kyiv, July 20, 2012	23 participants – city and town mayors, local council secretaries	City economic development strategy	The expert workshop participants became familiar with the results of the implementation of the program of social, economic and cultural development of the Kyiv oblast for 2011 learned about the Strategy of the Kyiv Region till 2015. The participants presented their proposals for the creation of the conditions for independent decision-making community economic development for communities in rayon significance cities and towns; the necessity to ensure collections to city development budgets, and legislative support for the implementation of PPP projects.

Zaporizzhya AUC RO, city of Zaporizzhya, August 07, 2012	20 participants – city/town mayors, heads of departments for land relations	Problem issues related to the regulation of land relations at the municipal level	The expert workshop moderator familiarized participants with the basic laws and regulations that govern the legal relationships in this sector and analyzed the state of land relations in communities. In the course of the discussion, the participants identified the main problems that must be resolved as the top priority: simplify the system of registration of land lease agreements and state certificates for land use; abolish the center of the State Land Cadastre, which holds up registration of land documents; and amend the Law of Ukraine "On Land Lease" in the part dealing with the interest rate.
Kirovohrad AUC RO, city of Kirovohrad, August 08, 2012	20 participants – deputy city mayors, heads of city and town financial departments of local councils	Preparation of proposals to the draft State Budget for 2013	The participants of the expert workshop became familiar with the main areas of the nation-wide budget policy and budgeting for 2013. The participants discussed the possibility of using the performance program budgeting method in the formation of local budgets. The participants proposed to improve the legal and methodological framework taking into account the results of the PPB implementation at the level of local budgets; improved the forms of treasury services, and replace the software in the area of servicing local budgets according to the PPB methodology.
Ternopil AUC RO, city of Ternopil, August 09, 2012	20 participants – city/town ,mayors, secretaries of local councils	Preparation for elections. New provisions of the Law of Ukraine "On Elections of the National Deputies of Ukraine"	The expert workshop participants discussed the Law of Ukraine "On Elections of National Deputies of Ukraine" and focused their attention on the change of the elections system, peculiarities of territorial organisation of elections, putting together the list of voters and making adjustments to it, mechanisms of pre-elections campaigning, and informational support for elections. The moderator emphasised the role of local governments in the preparation for elections and

			holding them. In the course of the discussion, the participants raised a question about the delineation of authority between governmental institutions, namely between local state administration and local governments. The issue of the logistical and technical support for elections commissions (premises for district election commissions and adequate equipment (safes)) was the most difficult.
Ivano-Frankivsk AUC RO, city of Ivano-Frankivsk, August 15, 2012	20 participants – deputy heads of city and town financial departments, local council accountants	Budget process	The moderator told the participants about the priorities of local budgets for 2013. The participants approved the text of the appeal to the Ivano-Frankivsk Oblast State Administration regarding the need for amendments to the Budget Code of Ukraine in the part dealing with the financial support for the implementation of the delegated authority; preparation and adoption of social standards and norms for each type of such authority delegated by the state with due regard to the specific current demographic, social, economic and financial situation; and increasing revenues to the development part of local budgets through transferring 100% of proceeds from sales of non-agricultural lands or rights to such lands. The participants also decided to include the issue of the 2013 oblast budget in the agenda of the Local Government Regional Advisory Board.
Zakarpatya AUC RO, city of Uzhgorod, August 17, 2012	20 participants – city and town mayors, deputy heads and heads of financial departments, chief accountants of local councils	Local government budgeting in 2013	The workshop participants discussed the main directions of the budget policy for 2013; the relationships between of the State Budget and local budgets. Much attention was paid to the forecast for 2014-2015. The participants came up with their suggestions regarding abolition of the provisions of the current

			legislation on returning mid-term loans taken in previous years and writing-off local government debts.
Dnipropetrovsk AUC RO, city of Dnipropetrovsk, August 17, 2012	26 participants – city and town mayors, their deputies, heads of city and town departments, and experts of city utility companies	City government servicing people: improvements of the system of municipal services	Moderator made the participants familiar with the international experience in running quality management systems in the area of municipal services. The participants discussed the current modern technologies of providing municipal services, namely: creating an environment to provide incentives for the employee to perform tasks well and get satisfaction from his work. Participants from Kryvyi Rih, Dnipropetrovsk and Dneprodzerzhinsk who have already established and are successfully operating their administrative service centers shared their experience.
Kharkiv AUC RO, city of Kharkiv, April 19, 2012	20 participants – deputy city/town mayors, heads of housing and utility departments	Resource support for city infrastructure development. Inter-municipal cooperation	The participants discussed the general trends of modern city development, legislation to support their balanced economic and social development. A special attention was paid to the development of the tourism infrastructure, city image and branding policy. The event participants became familiar with economic and legal issues that will help them analyze and evaluate the efficiency of the resource potential of their cities and determine the best organizational system to fit the urban infrastructure. The participants also shared their experiences in urban infrastructure development to support such sectors as local economy, trade, social and economic development, etc.
Lviv AUC RO, city of Lviv, August 21, 2012	20 participants - city mayors, their deputies, specialists of departments for land resources	Key issues of land legislation	The participants became familiar with the draft Law of Ukraine “On Land Market”, discussed amendments to the mechanism of land sales and regulations on placing temporary architectural constructions. In the course of the

			discussion, a particular attention was given to the failure of the Land Code of Ukraine to comply with urban development issues. In the opinion of the participants, the major problematic areas include: giving up the idea of preparation of land management packages for the delineation of lands owned by the state and the community and the procedure for assigning land parcels to the state and municipal ownership in cases where the corresponding land title documents have not been prepared.
Rivne AUC RO, city of Rivne, September 05, 2012	31 participants – city and town mayors	Activities of the administrative service centers. Familiarising with the experience in the introduction of e-governance in city and town councils	The participants became familiar with the presentation about the experience Rivne Center of Administrative Services. While discussing the implementation of e-governance in Ukraine, the participants mentioned about the difficulties they face in such areas as: training and on-the-job training of personnel, lack of computer equipment, software, and lack of financial support. In the course of the discussion of the Law of Ukraine “On Access to Public Information” and its part dealing with information to the citizens about government activities, the moderator emphasized that the compliance with deadlines is the most difficult issue of the Law to comply with.
Crimean AUC RO, city of Simferopol, September 13, 2012	20 participants - heads of city/town departments of housing and utilities, specialists of local councils	Communally-owned property management	The purpose of the expert workshop was to discuss the legal regulation of communal property management. The participants discussed issues related to leasing of municipal property, its privatisation and alienation, as well as managing the abandoned property. There is no legislation to regulate the lease fee to be paid by tenants (funded from various budgets), the status of auxiliary premises, procedures for leasing and using the items belonging to the

			communal ownership; free-of-charge transfer of engineering and infrastructure networks to private companies specialising in electricity, gas, and water supply.
Khmelnyskyi AUC RO, city of Khmelnyskyi, September 13, 2012	20 participants - city, town and village mayors, secretaries of local councils	Laws of Ukraine “On Local Government Service” and “On Civil Service”	During the expert workshop, the participants became familiar with amendments to the Law “On Local Government Service” proposed Ministry of Justice of Ukraine. A lot of interest was paid to the discussion of the legal status of local government officials. The participants addressed the AUC with a proposal to prepare integrated amendments to the law on local government service.
Cherkasy AUC RO, city of Cherkasy, September 28, 2012	20 participants – city and town mayors, heads of city/town financial departments	Activities of city members of the Cherkasy AUC RO aimed at protecting the interests of local government in the 2012-2013 budget process	In 2012, one could observe the insufficient financial support for institutions working in the public education, culture and health care sectors. This trend can also be observed in the draft budget for next year. Salaries of local government officials working at all government levels remain low. The list of local taxes and fees need to be expanded. The participants also discussed issues related to the budget process in cities, towns and villages in the oblast. In particular, they raised the question cities transferring more than 60% of their discretionary funds to support the implementation of the authority delegated by the state. The central government seemed to forget about its promise to implement the Small City Development Programme approved three years ago. Wage arrears at institutions in the public sector in the region amounts currently up to 2.5 months. The central government does not provide subventions to cover the local government expenses associated with privileged transportation services.

### Activity 2.4.2. Legal protection services

In the reporting period the attorney services were provided to **9** local government institutions and officials. The attorney services were provided in the following key areas:

- protection of rights of local governments in courts with on-site visits of attorneys (Oleksandriya city mayor, Luhansk oblast, Kalynivka Town Council, Luhansk oblast, Putyla Town Council, Chernivtsi oblast, former Chernivtsi and Zhmerynka mayors) (5);
- legal assistance to local government institutions (4).

#### *Monitoring of cases of harassment of local governments and their officials*

As part of the monitoring efforts concerning the harassment of city mayors, local council members and other local government officials, the Project identified **11** instances of criminal cases, arrests, pre-term termination of office authority, etc. These include:

- city mayors (2);
- village and town mayors (8);
- local council members (0); and
- other local government officials (1).

#### *Monitoring of cases of pre-term termination of authority of city mayors elected at local government elections on October 30, 2010 in the first quarter of 2012*

In the 3<sup>rd</sup> quarter, city councils made decisions on pre-term termination of authority of local mayors in the cities of Kyiv and Rubizhne.

#### *Monitoring of participation of local government officials in parliamentary elections*

The 2012 parliamentary elections campaign started in August. DIALOGUE experts monitored the participation of local government officials and persons with previous local government experience in the elections.

Party lists/self-nominated	Candidates to the parliament			
	total	including		
		incumbent city mayors	former city mayors	secretaries of local councils and deputy city mayors
Party of Regions	30	10	7	13
Self-nominated	23	5	13	5
Batkivschyna All-Ukraine Organisation	7	2	4	1
UDAR Political Party	5	1	4	-
Communist Party of Ukraine	4	1	1	2
Yedynyi Tsentri Political Party	4	1	3	-
People's Party	3	1	1	1
Ukraina – Vpered! Party of N.Korolevska	3	1	2	-
NOVA POLITYKA Political Party	2	1	1	-
Svoboda All-Ukraine Organisation	2	-	-	2
Socialist Party of Ukraine	2	2	-	-
Party of Greens of Ukraine	1	-	-	1
Nasha Ukraina Political Party	1	-	1	-
Hromada All-Ukraine Organisation	1	-	-	1
Radical Party of Oleh Lyashko	1	1	-	-
Ukrainian People's Party	1	1	-	-
<b>Total</b>	<b>90</b>	<b>27</b>	<b>37</b>	<b>26</b>

## Representation by the system of elections

Elections system	Local government officials (incumbent and former city mayors, local council secretaries, and deputy city mayors)	
	Number	Share
Proportional system	28	31%
Majoritarian system	62	69%

## Local Government Lawyer School

The Local Government Lawyer School gives an opportunity to graduate students of law schools (law departments) to adapt their knowledge in law to the actual needs of local governments. By doing so, they learn about the legal framework of local government operations and the protection of legitimate rights and interests of territorial communities.

Over the period of September 17 – 21, the Project conducted the 4<sup>th</sup> Session of the Local Government Lawyer School. The applicants were selected based on the outcomes of the oral interview conducted after the applicants submitted their application forms.

The program of the training consisted of the four components:

- training component;
- internship at the Secretariat of the Verkhovna Rada of Ukraine Committee on State Building and Local Self-Governance, executive committee of the Boyarka City Council, and the Executive Board of the Association of Cities of Ukraine;
- self-training and preparation of individual assignments; and
- verification of the learned knowledge and skills in the form of the preparation of the report on the fulfillment of individual assignments.

Twelve students received their certificates upon the completion of the School.

## 2.5. Component 5: Special Emphasis on Crimea

<p><b>Topic:</b> Local finance management city of Kherson September 20-21, 2012</p>	<p>Study tour topics:</p> <ul style="list-style-type: none"> <li>- financial support for the implementation of the delegated authority;</li> <li>- strengthening the financial foundations of local self-governance in cities.</li> </ul> <p>The topics of the training were selected based on the findings of the survey of Crimean city councils conducted by the Crimean AUC RO.</p> <p>The study tour included the presentation of the experience of the Kherson City Council in attracting, distribution and use of the subventions and subsidies from the State Budget to local budgets.</p> <p>The participants of the study tour also discussed the following topics:</p> <ul style="list-style-type: none"> <li>- provision of financial resources to city departments of social protection;</li> <li>- financial support for disabled children rehabilitation centers;</li> <li>- financial support for homeless persons (setting up permanent shelters);</li> <li>- financial support for social dormitories for orphans;</li> <li>- financial support for inter-school educational and manufacturing centers, etc.</li> </ul> <p>According to members of the Crimean delegation, the experience they learned in the Department of Budget and Finance of the Kherson City Council about the distribution of subventions and subsidies from the State Budget of Ukraine will help them to distribute the earmarked subsidies from the State Budget between various local government “baskets” in compliance with the current legislation, and to use them in a most efficient manner.</p>
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### Chapter 3. IMPLEMENTATION PROBLEMS AND WAYS TO RESOLVE THEM

- The major part of the reporting period coincided with the vacation season and this made it difficult to some extent to prepare for the Dialogue Day and to obtain the responses from ministries to the questions raised by local governments.
- In view of the preparations for the parliamentary elections and pre-elections political advertisements on the УТ-1 National TV Channel, the Project suspended its «ЗМІСТОВНА Україна» [*CITY-minded Ukraine*] TV program. The Project will resume its component in November of 2012.

## **Chapter 4. SUCCESS STORIES**

### **DIALOGUE MAKE THE CENTRAL GOVERNMENT UNBLOCK LOCAL BUDGET ACCOUNTS AND TRANSACTIONS**

Starting with mid-July of the current year, territorial offices of the State Treasury blocked, in fact, the payment mechanisms for local budgets to exercise their expenditures. With the available substantial local budget resources, local governments were not in a position to cover most of their expenditures. All regions of the country witnessed the situation where local budgets actually had funds on their accounts, but the State Treasury did not allow them to exercise their expenditures in the housing and utilities sector, public transportation, public sector institutions and social infrastructure, as well as to provide the intended financial support to the road network, city improvements programs, etc.

On July 24, DIALOGUE Project experts prepared an appeal the AUC sent to the Cabinet of Ministers requesting to resolve the problems mentioned above. The Project also engaged in a large scale information campaign on this issue (this problem issue and the AUC appeal were covered by a number of central media outlets). Following such actions the Treasury unblocked the accounts of most of local governments in Ukraine.

### **DIALOGUE ENJOYS CONSIDERABLE INFLUENCE ON THE DISTRIBUTION OF FINANCIAL RESOURCES FROM THE NATIONAL REGIONAL DEVELOPMENT FUND**

Earlier this year, in compliance with the Budget Code, the Cabinet of Ministers set up the National Regional Development Fund to finance the National Regional Development Strategy, Regional Development Strategies, and national targeted programs and investment programs (projects) in the part dealing with the implementation of the regional development tasks. Unfortunately, the document failed to identify the mechanism to use the financial resources of the Fund to support investment programs and projects. DIALOGUE repeatedly came up with its proposals to introduce clear and understandable criteria for the distribution of the financial resources of the Fund for these purposes. As a result of these appeals, on July 04, 2012, the Cabinet of Ministers issued the Resolution “On Issues of the National Regional Development Fund”, which defined the Procedure for the Preparation, Evaluation and Selection of Investment Programs (projects) that can be implemented with the funds of the National Regional Development Fund and the Mechanism to Use the funds of the National Regional Development Fund, which contain the criteria for distribution of the financial resources of the Fund.

### **DIALOGUE EXPERTS PERSUADED THE CABINET OF MINISTERS TO WITHDRAW THE DRAFT LAW ON MODEL LOCAL GOVERNMENT STAFFING SCHEDULES FROM CONSIDERATION**

In early August, the Ministry of Finance of Ukraine prepared ‘behind the doors’ the draft law “On Amending Certain Ukrainian Legislation (concerning the model local government staffing schedules) and submitted it for the discussion by the Cabinet of Ministers. The document envisioned vesting the Cabinet of Ministers with the authority to approve model local government staffing schedules. DIALOGUE stood firm against this draft law, because its provisions contradicted with the European Charter of Local Self-Governance and the Constitution of Ukraine, limit the rights of local governments and increase the centralisation of the government authority. Besides, prior to drafting the law, the authors of the draft law failed to conduct consultations with local government associations as required by Article 17 of the Law of Ukraine “On Local Government Associations”. DIALOGUE experts engaged in a broad based campaign to distribute the text of this draft law to local governments and prepared the

corresponding appeals to the top country leadership. Following these activities, on August 29, the Cabinet of Ministers at its session took the position of the DIALOGUE Project into consideration and removed draft law mentioned above from consideration.

### **GOVERNMENT PROCUREMENT ACCORDING TO FRAMEWORK PURCHASE AGREEMENTS REGULATED**

For more than a year there was no opportunity to exercise public procurement according to framework purchase agreements due to the lack of the necessary regulations of the Cabinet of Ministers and the Ministry of Economic Development. AUC appeals on this issue and participation of its representatives at the events organised by the Ministry helped to approve four necessary legislative documents of the Cabinet of Ministers and the Ministry. Currently, the government procurement conducted according to framework purchase agreements promote quick concluding of purchase agreements and adjust to changes in prices.

### **KHMELNYTSKYI. DIALOGUE PROMOTES ENERGY EFFICIENCY OF BUDGET-FINANCED ORGANISATIONS**

The October 2011 working session of the Local Government Regional Advisory Board in the Khmelnytskyi oblast discussed the issue of related to better energy use efficiency. In this time, the oblast leadership supported the initiative of city mayors to switch the district heating system to alternative types of fuel.

On June 18, 2012, the Khmelnytskyi Oblast State Administration signed a memorandum with the UkrTeplo [*Ukrainian heat*] company, whereby the oblast will conduct the replacement of outdated coal and gas boilers.

The facilities in the public and social sector will be the first to replace their boilers. The re-equipped boilers will use the alternative types of fuel, such as pallets, briquettes, graft, as well as lumps of peat whose deposits have been found on the territory of the oblast. According to the calculation of experts, such a modernisation will allow to reach up to 15% of budget fund savings as compared with the expenditures for the purchase of coal or gas.

The new modular boilers installed in public sector institutions are expected to produce heat in the coming heating season.

The use of alternative types of fuel will allow to save budget funds, increase the quality of services, and will make working conditions inside such premises more comfortable.

### **ZAPORIZZHYA. DIALOGUE PROMOTES TRAINING FOR LOCAL GOVERNMENT OFFICIALS**

The working sessions of the Local Government Regional Advisory Board in the Zaporizzhya oblast have repeatedly raised the issue of using the off-budget funds as a means to promote the development of communities. However, the lack of knowledge and skills of local government officials in preparing grant proposals and investment projects became the serious barrier for the successful implementation of this task.

Having taken into consideration the proposals of the members of the Advisory Board, the Zaporizzhya Oblast State Administration made a decision to launch an educational program in the oblast for local government officials to help them raise their qualifications in the preparation of investment projects and programs. To implement this training program, each local government will receive 30-40 thousand UAH. These funds will be used to pay for training sessions and technical materials, cover the business trip costs, etc.

### **ZAPORIZZHYA. DIALOGUE BRINGS HIGH QUALITY POTABLE WATER TO TERRITORIAL COMMUNITIES**

In May, the participants of the Local Government Regional Advisory Board in the Zaporizhzhya oblast discussed the issue of providing high quality potable water to the oblast residents. This is the priority issue for the oblast and the Advisory Board decided to evaluate the situation with the supply of water to populated areas.

In July, representatives of the Oblast State Administration together with the Oblast Council studied the situation and performed site visits to the Novomykolaivka, Vilnyansk and Zaporizhzhya rayons. Following the site visits, they identified the communities with water-supply problems and included them to the Potable Water Program. In particular, this year the Program will provide the financial support in the amount of more than 1.5 million UAH for the reconstruction of the water supply system in the villages of Novomykolaivka and Ukrainka.

Thanks to the dialogue and joint efforts of the local and oblast governments, the citizens will get clear potable water.

### **KIROVOHRAD. DIALOGUE HELPS REPAIR COMMUNALLY-OWNED FACILITIES**

In April, the participants of the working session of the Local Government Regional Advisory Board in the Kirovohrad oblast raised the concern about the shortage of funds in territorial communities to perform the needed repairs of some communally-owned facilities.

Following the negotiations between M.Kovalchuk, Chairman of the Advisory Board and Oblast Council Chairman, and S.Larin, Head of the Oblast State Administration, communally-owned facilities in five cities in the oblast were included into the oblast level Central Region – 2015 Program.

For example, currently they are repairing the village recreational center facility (187.3 thousand UAH) and reconstruction of the sports ground (40.0 thousand UAH). Equipment for sports grounds (4 thousand UAH) have been purchased in the villages of Antonovka and Berezivka. In the village of Vershyno-Kamianka they are about to finish the repairs of the surface of the central street (96.0 thousand UAH).

By doing so, the Project helps to use the funds of the Program to repair and renovate the facilities. It has been planned to accomplish the repair works of the total amount of about 300 thousand UAH by the end of 2012.

## Chapter 5. ESTIMATED SCHEDULE FOR THE NEXT QUARTER

### Legislation Group

- Legislation drafting;
- Expert evaluation of legislation;
- Legislation monitoring;
- Participation in the work of parliamentary committees and advisory boards set by ministries;
- Preparation and dissemination of the Legislation News electronic publication;
- Preparation and dissemination of the Sectoral Monitoring
- Preparation and dissemination of the “Local Self-Governance in 2012” Publication

### Dialogue Group

- Holding the Dialogue day;
- Holding consultations with the key line ministries;
- Initiation of the inter-faction parliamentary group (local government caucus) after the 2012 parliamentary elections;
- Working meetings of Local Government Regional Advisory Boards;
- Preparations and conducting study tours for Crimean local government officials

### Information Group

- Shooting and broadcasting TV programs;
- Preparation of regular radio programs;
- Holding meetings of national and regional press clubs;
- Publication of the AUC Herald, Press News, and Dialogue Newsletter

### Legal Assistance Center

- Consultations, legal assistance and protection of local governments and officials;
- Expert workshops in AUC ROs;
- Monitoring of pressure on local government officials
- Preparation and dissemination of the Legal Consultations electronic publication.

## PERFORMANCE MONITORING PLAN

### Fiscal Year 2010

RO – AUC Regional Office  
 LG – Legislation Group  
 DG – Dialogue Group  
 CG - Communications Group  
 LAC – Legal Assistance Centre  
 NT - not traced

PERFORMANCE INDICATOR	UNIT MEASURE	DATA SOURCE	BASELINE DATA		TARGETS AND ACTUALS												RESPONSIBLE FOR DATA COLLECTION
			year	value	FY2010		FY 2011		FY 2012		FY2013		target	actual	target	actual	
					target	actual	target	actual	target	actual	target	actual					
<b>Objective 1: Improved legal framework for effective and transparent local self-governance</b>																	
<b>Result 1:</b> New/amended laws that address needs and contain input of the AUC members are designed to increase effectiveness and transparency of local governments																	
Number of laws or amendments promoting decentralization drafted with USG assistance (“F Indicator”)	laws	LG report	09	2	5	30	5	5	100	5	5	5	5	5	5	Senior Legal Expert	
Progress along the Local Governance Legislation Development Scorecard	score	LG report	09	NT	15	126	25	509	40	609	55					Coordinators in ROs	
<b>Result 2:</b> New/amended laws that conform to European Charter of Local Self-Governance																	
Number of pieces of new passed legislation that conform the European Charter of Local Self-governance	laws	LG report	09	2	5	NT	5	5	NT	5	3	5	5	5	5	Senior Legal Expert	
Number of the AUC member communities that implement laws conforming to the European Charter of Local Self-governance	communities	ROs survey	09	NT	600	597	600	578	600	555	600	600	600	600	600	Coordinators in ROs	

PERFORMANCE INDICATOR	UNIT MEASURE	DATA SOURCE	BASELINE DATA		TARGETS AND ACTUALS												RESPONSIBLE FOR DATA COLLECTION
			year	value	FY 2010			FY 2011			FY 2012			FY 2013			
					target	actual	target	actual	target	actual	target	actual	target	actual			
<b>Result 3: Ukrainian cities have access to institutional tools to express their legislation needs and participate in legislation drafting</b>																	
Number of laws that the AUC drafts or comments on which contain input based on the consolidated feedback collected from member-cities	laws	LG report	09	6	8	36	8	132	10	161	10	10			Senior Legal Expert		
Percentage of the AUC member communities participating in law-drafting	%	ROs survey	09	16	10	40	25	45	30	44	50			Coordinators in ROs			
<b>Objective 2: Institutional arrangements for more effective coordination of municipal and central government policies and actions</b>																	
<b>Result 1: Ukrainian cities have access to institutional tools to engage in broad-based bottom-up local government policy dialogue with national level central government agencies</b>																	
Number of institutional tools for local governments to be engaged in broad-based bottom-up local government policy dialogue with national level central government agencies	tools	DG report	09	NT	4	4	4	4	4	4	4	4	4				
Percentage of the AUC member communities participating in formal and regular mechanisms through which local governments can meet with central government officials at the national level	%	ROs survey	09	10	15	31	20	30	25	33	30			Coordinators in ROs			
<b>Result 2: Ukrainian cities have access to institutional tools to engage in broad-based bottom-up local government policy dialogue with regional government authorities</b>																	

PERFORMANCE INDICATOR	UNIT MEASURE	DATA SOURCE	BASELINE DATA		TARGETS AND ACTUALS												RESPONSIBLE FOR DATA COLLECTION
			year	value	FY 2010		FY 2011		FY 2012		FY 2013		actual	actual			
					target	actual	target	actual	target	actual	target	actual					
Number of institutional tools for local governments to be engaged in broad-based bottom-up local government policy dialogue with regional government authorities.	tools	DG report	09	NT	1	1	1	1	1	1	1	1	1	1	1		
Percentage of the AUC member communities participating in formal and regular mechanisms through which local governments can meet with central government officials at the regional level	%	ROs survey	09	6	20	78	30	75	40	74	50					Coordinators in ROs	
Percentage of regions to which the practice of Advisory Boards formation has been disseminated	%	ROs survey	09	8	90	100	95	44	100	75	100					Coordinators in ROs	
<b>Result 3:</b> Local government policy dialogue between local officials and their counterparts at the national and regional level improves																	
Percentage of the AUC member communities that acknowledge significant improvements in coordinating municipal and central government policies and actions	%	ROs survey	09	NT	5	37	10	44	30	54	50					Coordinators in ROs	
Percentage of the AUC member communities that acknowledge that intergovernmental transfers are done fairly and transparently	%	ROs survey	09	NT	10	21	15	28	20	25	25					Coordinators in ROs	
<b>Result 4:</b> Progress is made by the GOU on reforms that promote decentralized democratic local governance																	
Number of regulations adopted by the GOU which foster decentralized democratic local self-government	regulations	LG report	09	46	5	2	5	7	5	8	5					Senior Legal Expert	
Number of draft laws registered in the Parliament which foster decentralized democratic local self-government	draft laws	LG report	09	18	5	6	5	13	5	27	5					Senior Legal Expert	

PERFORMANCE INDICATOR	UNIT MEASURE	DATA SOURCE	BASELINE DATA		TARGETS AND ACTUALS												RESPONSIBLE FOR DATA COLLECTION
			year	value	FY2010		FY2011		FY2012		FY2013		target	actual	target	actual	
					target	actual	target	actual	target	actual	target	actual					
<b>Objective 3: Increased public support of local government reforms</b>																	
<b>Result 1: Integrated Communications and Branding Strategy reaches targeted audiences</b>																	
Number of journalists who independently contacted AUC for information	persons	CG report	09	24	35	47	45	48	60	65	80					Senior Public Education/Media Expert	
Increase of visits to the AUC web-site of the AUC web-site visits (now 35 thousand visits monthly which is taken as 100%)	%	CG report	09	100	30	34	30	41	30	45	30					Senior Public Education/Media Expert	
<b>Result 2: Key policymakers and central government officials support legislation and policy positions advocated by the AUC</b>																	
Number of Members of the Parliament who support the AUC position concerning the concepts of reforms (by public statements)	persons	LG report	09	32	50	56	70	62	90	86	110					Senior Legal Expert	
Number of policymakers and central government officials supporting the AUC position concerning the concepts of reforms	persons	LG report	09	NT	70	62	80	68	90	79	100					Senior Legal Expert	
<b>Result 3: Targeted audiences support local government legislation and decentralization policy agenda</b>																	
Number of journalists joining the pool of journalists covering local self-government	persons	CG report	09	0	10	9	15	15	20	21	25					Senior Public Education/Media Expert	
Number of agreements and contracts with peer organizations	contracts	CG report	09	4	6	4	8	8	10	16	12					Senior Public Education/Media Expert	
Number of responses received after the AUC PR events	responses	CG report	09	NT	600	630	650	680	700	710	800					Senior Public Education/Media Expert	

PERFORMANCE INDICATOR	UNIT MEASURE	DATA SOURCE	BASELINE DATA		TARGETS AND ACTUALS												RESPONSIBLE FOR DATA COLLECTION
			year	value	FY 2010		FY 2011		FY 2012		FY 2013		actual	actual	actual	actual	
					target	actual	target	actual	target	actual	target	actual					
<b>Objective 4: Increased legal protection of local government institutions and officials</b>																	
<b>Result 1: Institutional mechanisms for legal counseling are put in place and running</b>																	
Number of sub-national governments receiving USG assistance to improve their performance* ("F Indicator").	local governments	LAC report	09	NT	250	274	26	165	50	59	50	50	50	50		LAC Director	
Number of consultations on existing laws/regulations requested by communities	consultations	LAC report	09	372	350	193	400	644	450	673	500	500	500		LAC Director		
Percentage of the AUC member communities reporting increased capacity to handle routine legal matters on their own	%	ROs survey	09	NT	20	31	50	44	100	41	150	150	150		Coordinators in ROs		
<b>Result 2: Institutional mechanisms and legal protection help AUC member cities receive quality legal aid and protect their rights</b>																	
Percentage of cases successfully settled	%	LAC report	09	NT	50	63	60	65	70	73	80	80	80		LAC Director		
Number of media publications on apparently unsubstantial legal attacks on local governments and/or their officials	publications	LAC report	09	NT	20	38	25	22	30	140	35	35	35		LAC Director		

\*Includes computers to small municipalities and legal assistance