

QUARTERLY REPORT

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

January – March 2011

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LIST OF ABBREVIATIONS

ACFOU – Association of City Finance Officers of Ukraine
AUC – Association of Ukrainian Cities
AUC RO – Regional Office of the Association of Ukrainian Cities
BYuT – Yulia Tymoshenko Block
CEMR – Council of European Municipalities and Regions
CMU – Cabinet of Ministers of Ukraine
LOSA – Luhansk Oblast State Administration
LOTC – Luhansk Oblast TV Company
MFU – Ministry of Finance of Ukraine
MIA – Ministry of Internal Affairs
MIA RD – Rayon Department of the Ministry of Internal Affairs
OSA – Oblast State Administration
RSA – Rayon State Administration
STA – State Tax Administration
STI – State Tax Inspection
TRC – TV and Radio Company
VOSTVRC – Volyn Oblast State TV and Radio Company
ZhEK – housing neighbourhood maintenance unit

INTRODUCTION

Another calendar year has not brought anything new into the national politics on local self-governance, and the last year's tendencies of centralization expressed in the new election, budget and taxation legislation kept going.

The year 2011 kicked off for LSG with presidential administration's statements on possible transfer of authority to manage lands from local governments to local state administrations, which was manifested in a draft law "On Amendments to the Land Code Ukraine (on beefed up control of the state over government owned lands within settlements' boundaries)" drafted by the Ministry of Agrarian Policy as directed by the president of Ukraine, and which was transferred to the Cabinet of Ministers of Ukraine without any posting or public hearing for further submission to the Verkhovna Rada of Ukraine. In January, the Association of Ukrainian Cities addressed its member cities to discuss the amendments at their local council sessions and by mid-March the Association received about 200 appeals filed by local councils indicating to the treats to existence of local self-governance should the amendments be passed.

At the end of January, the Cabinet of Ministers drafted a law that stipulated a council secretary takeover of the duties of city mayor, settlement and village should they step down. Thus, an instrument would be in place to remove 'stubborn' mayors with secretaries' takeover, as the Party of Regions is represented and formed majorities in many local councils. But with the Association appeals the Cabinet of Ministers backed off.

On February 17, the Verkhovna Rada of Ukraine enacted the law "On Regulation of Urban Development" that stipulated an exclusive authority of State Architecture and Construction Control inspections to issue construction, illegal construction demolition and building commissioning permits. Additionally, the law stipulates short time (one year) provisions for local councils to develop/adjust the urban development and land management documentation, while the lack thereof would terminate land allotment for urban development as of 1 January 2012.

In February the Cabinet of Ministers of Ukraine drafted its resolution directing local government bodies to cut their staff 40% on average, but the motion consideration was suspended as the AUC Board members turned to premier Prime Minister of Ukraine M.Azarov to step back.

All this offensive actions was backed up by another reality when on March 31 the Chernivtsi City Council terminated the term of office of its mayor, which was caused by the council-mayor conflict since its convocation and based on community property rights preserved for the community by its mayor Mykola Fedoruk who served four terms. The property includes: the airport, the community market (one of the largest in Ukraine), and intact downtown thanks to construction moratorium. And when local business came to the city council on the Party of Regions and BYuT tickets the mayor disagreed to reshuffle the community property. And this is not a one-off case, as this council-mayor conflict is not a unique case. The similar conflicts are brewing in Sumy, Lviv, and Ivano-Frankivsk.

Chapter 1. KEY ACHIEVEMENTS IN THE REPORTING PERIOD

January 13, the Radio Era aired a program about local government issues

January 20-21, a meeting of the Land resources Professional Group to discuss the Land Management Technical Area Profile, city of Donetsk.

27-28 January, the Project conducted a working meeting of the AUC Social Protection Professional Group to discuss the Social Protection Technical Area Profile in the city of Cherkasy

January 26, the First National TV Channel YT-1 featured the «ЗМІСТОВНА Україна» [*city-minded Ukraine*] program (about the city of Chernivtsi)

January 27, the Project conducted a working meeting of the Ternopil Regional Advisory Board, city of Ternopil

January 27, the Project conducted a working meeting of the Rivne Regional Advisory Board, city of Rivne

January 28, the Project conducted a working meeting of the Volyn Regional Advisory Board, city of Lutsk

Late January, the Project published the “AUC Herald” (Issue #70)

Late January, the Project published and disseminated the fifth issue of the “Legislation News” electronic publication

Late January, the Project published and disseminated the fifth issue of the “DIALOGUE Newsletter” electronic publication

1 February, the Project conducted a working meeting of the National Press Club in the city of Kyiv

1 February, the Project conducted a working meeting of the Volyn Regional Press Club in the city of Lutsk

2 February, the First National TV Channel YT-1 featured the «ЗМІСТОВНА Україна» [*city-minded Ukraine*] program (about the city of Donetsk)

3 February, the Project conducted a meeting of the Luhansk Regional Press Club in the city of Luhansk

9 February, the First National TV Channel YT-1 featured the «ЗМІСТОВНА Україна» [*city-minded Ukraine*] program (about the city of Cherkasy)

10-11 February, the Project conducted a working meeting of the Health Care AUC Professional Group to discuss the Health Care Technical Area Profile in the city of Voznesensk (Mykolaiv oblast)

14 February, the Project conducted a working meeting of the Ternopil Regional Press Club in the city of Ternopil

16 February, the Project conducted a working meeting of the Rivne Regional Press Club in the city of Rivne

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

17 February, the Project held consultations with the Ministry of Regional Development, Construction, Housing and Utilities, city of Kyiv

23 February, the First National TV Channel УТ-1 featured the «ЗМІСТОВНА Україна» [*city-minded Ukraine*] program (about the city of Ivano-Frankivsk)

24 February, the Radio Era Company broadcast a program about local government issues in the health care sector

24-25 February, the Project conducted a working meeting of the Association of City Finance Officers of Ukraine to discuss the Local Budgets and Local Government Financial Foundations Technical Area Profile, city of Poltava

24-25 February, the Project prepared a study tour for Crimean local government officials to the city of Mykolaiv to learn the city best practices in housing and utilities sector reforms

28 February, the Project conducted a joint working meeting of the Luhansk AUC RO and Luhansk OSA to discuss the housing and utilities sector reforms in the communities of the Luhansk oblast, city of Luhansk

Late February, the Project published the “AUC Herald” (Issue #71)

Late February, the Project published and disseminated the sixth issue of the “Legislation News”

Late February, the Project published and disseminated the sixth issue of the “DIALOGUE Newsletter”

1 March, the Project launched its web site

1-2 March, the Project prepared a study tour for Crimean local government officials to the city of Berdyansk (Zaporizhzhya oblast) to learn the city best practices in city council operation

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

3 March, the Project conducted a working meeting of the Chernihiv AUC RO

3 March, the Project conducted a working meeting of the Chernihiv Regional Press Club in the city of Chernihiv

3 March, the Project performed consultations with the Ministry of Regional Development, Construction, Housing and Utilities, city of Kyiv

10-11 March, the Project conducted a working meeting of the Local Government Lawyers Professional Group to discuss the Local Government Organisational and Legal Foundations Technical Area Profile, city of Vinnytsya

16 March, the First National TV Channel УТ-1 featured the «ЗМІСТОВА Україна» [*city-minded Ukraine*] program (about the city of Kherson)

17 March, the Project conducted a consultative meeting to discuss the preparation of the Budget Declaration for 2012 together with the Ministry of Finance of Ukraine and the Verkhovna Rada Budget Committee in the city of Irpin (Kyiv oblast)

18 March, the Radio Era Company broadcast a program about local government issues

21 March, the Project launched the AUC Local Government Lawyer School in the city of Kyiv

23 March, the First National TV Channel УТ-1 featured the «ЗМІСТОВА Україна» [*city-minded Ukraine*] program (about the city of Luhansk)

24-25 March, the Project conducted a working meeting of the AUC Housing and Utilities Professional Group to discuss the Housing and Utilities Technical Area Profile in the city of Chernihiv

30 March, the Project conducted a working meeting of the Luhansk Regional Press Club, city of Luhansk

30 March, the First National TV Channel УТ-1 featured the «ЗМІСТОВА Україна» [*city-minded Ukraine*] program (about the city of Voznesenks)

Late March, the Project published the “AUC Herald” (Issue #72)

Late March, the Project published the third issue of the “Sectoral Monitoring?”

Late March, the Project published and disseminated the seventh issue of the “Legislation News”

Late March, the Project published and disseminated the third issue of the “Legal Consultations” electronic publication

Late March, the Project published and disseminated the seventh issue of the “DIALOGUE Newsletter”

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 42 draft laws and other regulations, 13 laws and regulations were sent for AUC concurrence including 7 concurred without reservations, 5 with reservations, and 1 not concurred. Two pieces of local government-enhancing legislation came into effect.

Since its inception, the Project worked on 117 draft laws and other regulatory documents, and enabled the AUC to participate in the concurrence of 54 draft legislation (including 33 documents concurred without reservations, 14 concurred with reservations, and 7 not concurred). Ten pieces of local government-enhancing legislation came into effect.

Local government legislation need assessment

In January of 2011, the DIALOGUE Project Analytical Center finished drafting Technical Area Profiles in nine areas. In the reporting quarter, the Project analysts conducted the working meetings of AUC Professional groups to discuss six profiles (more details on these activities are presented in Chapter 2.1.3).

Following the discussion, the Project made amendments to the corresponding Technical Area Profiles. Now, the key issues sections of the profiles include the following:

- local budgets and financial foundations of local self-governance – 11 problems;
- organisational and legal framework of local self-governance – 18 problems;
- land relations – 19 problems;
- housing and utilities – 40 problems;
- health care – 18 problems;
- social assistance – 26 problems,

as well as the potential ways to resolve them.

The problems mentioned above together with the potential ways to resolve them are reflected in the corresponding technical area profiles and ranked in the priority order for the respective need in legislation drafting.

The work to prepare the necessary legislation will start in May following the discussions of the remaining Technical Area Profiles to be performed by the AUC Professional Groups in April.

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 42 draft legislation, including 2 documents, which became enacted and 6 draft legislation documents, which were rejected or withdrawn because they contradicted local government interests.

DIALOGUE experts were involved in the AUC concurrence procedure with regard to 13 draft legislation and other regulatory documents sent for concurrence/proposals or comments by:

- Ministry of Regional Development, Construction, Housing and Utilities of Ukraine – 11,

- Verkhovna Rada Committees on Construction, Local Self-Governance, Housing, Utilities and Regional Policy – 1,
- Verkhovna Rada Committee on State Building and Local Self-Governance – 1.

Seven pieces of legislation mentioned above were approved without reservations, **five** were approved with reservations, and **one** was not approved. The draft laws and regulations were sent to local government for their opinion in order to reflect their interests.

The Project continued its effective legislation drafting cooperation with the Ministry of Regional development, Construction, Housing and utilities of Ukraine and the Verkhovna Rada of Ukraine Committee on Construction, Urban Development, Housing and Utilities and Committee on State Building and Local Self-Governance, and the Department for Regional Policy of the Secretariat of the Cabinet of Ministers of Ukraine.

In the reporting period, due to the efforts of DIALOGUE experts the following local government-enhancing legislative documents were passed and enacted:

- Cabinet of Ministers Resolution #235 of March 11, 2011 “On Amending the Cabinet of Ministers Resolution #52 of January 19, 2011”. Resolution #52 contradicted the Law of Ukraine “On the State Budget of Ukraine for 2011”, because it did not envision an opportunity to use the State Budget subvention money for maintenance and scheduled repairs of roads within boundaries of settlements, and the money was supposed to be used only for capital repairs. DIALOGUE experts together with local government lawyers came up with their own version of the draft resolution, which was partially taken into account by the Cabinet of Ministers of Ukraine. Thus, local governments had an opportunity to perform regular road repairs, the opportunity they had been deprived of due to the abolishment of the transportation vehicle owner tax in the Tax Code. A part of the subvention, namely 717 million UAH of 1,500 million UAH, was proportionally distributed between oblasts, whereas the other one was channelled to national level projects.
- Law of Ukraine “On Amending Article 2 of the Law of Ukraine “On «On Public Procurement” (concerning the procurement of goods and services in the sector of natural monopolies and adjacent markets)”. According to the amendments, the Law will not cover the procurement of such goods (services) as electricity, its transportation and distribution, natural and oil gas and its transportation, distribution and supply services, heat energy and its supply and transportation; district heating services, water-supply and sewage services. For many years local governments lobbied these changes, because the law envisioned a very complicated procedure for the procurement of goods and services from monopoly companies (such as suppliers of gas, electricity, centralised water supply, and district heating and sewage services). Aiming at following the principle of transparent use of budget funds, the Ministry of Regional Development, Construction, Housing and Utilities prepared a draft law, which specifies the peculiarities of the procurement of the abovementioned goods and services. Currently, the draft law is under public discussion.

Another important activity performed during the reporting period was to prevent the approval of a number of draft regulatory documents, which if approved, would have substantially limited local government authority. The tireless work of DIALOGUE experts and their firm and grounded position prevented the approval of the following draft regulatory documents:

- Draft Law “On Amending Certain Ukrainian Legislation (regarding the transparent use of budget funds and funds of state-owned and communal enterprises by administrators of such funds)”. The draft law has the provisions, which contradict the provisions of the current budget legislation. If adopted, local budgets would have been overloaded with

unnecessary work and this might have had a negative impact on the quality of preparation of their ordinances. The arguments expressed by the DIALOGUE expert convinced the members of the Verkhovna Rada of Ukraine Committee and the Committee recommended the parliament to decline the abovementioned draft law. On March 16, 2011, the Verkhovna Rada of Ukraine discussed the draft law, but did not gather the necessary number of votes of National Deputies to support it;

- Draft Resolution of the Cabinet of Ministers of Ukraine “On Model Manning Schedules of Local Government Bodies”. The Ministry submitted to the Cabinet of Ministers for consideration the draft law, which is substantially different from the version AUC approved in December of 2010, whereby the local government administrative staff has to be reduced by 30 - 50%. DIALOGUE experts prepared their expert opinion on the draft law and sent the corresponding appeal to the Prime Minister of Ukraine. The draft law contradicted the current legislation, whereby it is the sole responsibility of local governments to approve the structure their bodies. At the same time, the suggested reduction will make it impossible to render services in such areas as social protection, education, and health care. The Secretariat of the Cabinet of Ministers supported the arguments of DIALOGUE experts. Thanks to such work, the resolution was not approved. On March 11, 2011, Prime Minister of Ukraine tasked the Ministry of Finance together with the Ministry of Regional Development, Construction, Housing and Utilities, Ministry of Economic Development and Trade, Ministry of Justice, and Main Department for Civil Service to prepare and submit before May 1, 2011 for consideration by the Cabinet of Ministers of Ukraine a draft resolution on model local government manning schedules taking into account the quantity of population and the calculation mechanisms;
- Law of Ukraine “On Amending Certain Laws of Ukraine Regarding Payments for Natural Gas and Electricity”. The amendments envisioned the introduction of separate accounts of district heating companies to accumulate funds from payments for the corresponding services coming from all categories of users. DIALOGUE experts were categorically against the introduction of the legal framework for this kind of settlements for consumed natural gas and electricity, because it contradicted the principles of entrepreneurial freedom and discretionary use of profit specified in the Economic Code of Ukraine. In addition to this, the introduction of such a mechanism is, in fact, in favour of natural gas and electricity supply companies, which contradicts the principle of equal state protection to all business entities. On January 13, 2011, the Law was vetoed by the President of Ukraine and on February, the Verkhovna Rada declined it;
- Draft Law on amendments to certain Ukrainian legislation (regarding the authority to register land property rights). The draft document envisioned the withdrawal of the land property rights registration authority and the authority to issue documents testifying land rights from the local government powers. The position of DIALOGUE experts on the unacceptability of such amendments to the Law of Ukraine “On Local Self-Governance in Ukraine” was supported by two parliamentary committees. They recommended the parliament to return the draft law to the Cabinet of Ministers of Ukraine, its main author. On February 24, 2011, the Cabinet of Ministers withdrew the draft law;
- Draft Law of Ukraine "On Higher Education" (new version). DIALOGUE experts consider it to be unacceptable to set the minimum quantity of day-time students while setting up for the new communal higher educational establishments and to shift the financial burden from the State Budget to local budgets to support higher educational establishments owned by the state. The suggestions of DIALOGUE experts were taken into consideration and the draft law was withdrawn on March 10, 2011;

- Draft Law of Ukraine “On Amending Article 16 of the Law of Ukraine “On Pre-School Education” (regarding the elimination of waiting lines to infant schools)”. The Draft Law was at variance with the current Law of Ukraine “On Local Self-Governance in Ukraine”. DIALOGUE specialists sent their corresponding expert opinion to the appropriate parliamentary committee. On January 31, 2011, the draft law was returned to its authors.

The proposals of DIALOGUE experts were taken into consideration during the discussions of the following legislative and regulatory documents and programs:

- Draft Law of Ukraine “On the Council of Ministers of the Autonomous Republic of Crimea”. Upon the suggestions of DIALOGUE experts, the draft law envisions the provisions regulating the relations between the Council of Ministers of the Autonomous Republic of Crimea ARC with local government associations in Crimea. On March 3, 2011, the Cabinet of Ministers of Ukraine submitted the draft law (#8191) to the Verkhovna Rada of Ukraine;
- DIALOGUE experts prepared a number of suggestions to improve the territorial arrangement of government agencies at the regional and local levels. These suggestions will guide the activities of the Inter-Governmental Working Group (to be set up by a resolution of the Cabinet of Ministers) to prepare a corresponding Concept;
- Draft Law of Ukraine “On Amending Certain Ukrainian Legislation Concerning Ensuring Access to Public Information”. The provisions, which raised concerns of experts and could have complicated the activities of local governments, were withdrawn in the course of the preparation of the draft document for the second reading. The President of Ukraine signed the Law on February 3. The law will come into force on May 9, 2011.
- Draft Law of Ukraine “On the Land Code of Ukraine (regarding the increased government control over administration of state-owned lands within the boundaries of settlements)”. According to the amendments, the powers to administer lands within boundaries of villages, towns and cities (except for the cities of Kyiv and Sevastopol and cities of oblast and republican significance) will be removed from the local government authority and transferred to the corresponding local state executive agencies. DIALOGUE experts took all the necessary actions to prevent the abovementioned draft law to be submitted to the Cabinet of Ministers for consideration. The AUC sent numerous petitions to the Prime Minister and President of Ukraine on behalf of the AUC Board, as well as initiated the discussion of the draft law during local council sessions. Following this, more than a hundred of appeals were sent by rayon significance cities and some oblast center cities to the leaders of the country about the unacceptability of the changes suggested in the draft law. The fact the Cabinet of Ministers has postponed the discussion of the draft law raises some hope that the draft law will not be considered at all.

A more detailed information about the work of the DIALOGUE experts on draft laws and regulatory documents is presented in Attachment 1.

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

In the reporting quarter, the AUC concluded the Agreement on Cooperation with the Koretskyi Institute of State and Law of the National Academy of Sciences of Ukraine. This is one of the leading legal institutions in Ukraine.

Working within the framework of the Agreement the Institute will monitor the legislation the Project will be preparing starting May for its compliance with the European Charter of Local Self-Governance.

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

134 local government officials joined the work to prepare local government technical area (sectoral) profiles.

The Project conducted working meeting of six professional groups to discuss the technical area (sectoral) profiles prepared by the Project analysts. The group members raised the problems pertinent to the sectors and identified the priorities to start the legislation drafting.

General information	Key issues and priorities
Land Resources Professional Group	
Date: January 20-21, 2011 Venue: city of Donetsk Participants - 20 land management department and land management authority heads	Key issues: <ul style="list-style-type: none"> - lack of the legislation to regulate land auctions; - lack of central budget funding to carry out the activities to delineate the boundaries of the state-owned and community-owned lands; - failure to provide complete and trustworthy information from the state land cadastre to local governments; - tax-free status of land lots when title is changed and land title documents are recertified; - land value appreciation certificates developed through local budget funding are not issued by local government bodies but by land resources territorial organs of the state executive. Priorities: <ul style="list-style-type: none"> - enact the legislation to regulate land auctions; - streamline the procedure to regulate the activities to delineate the boundaries of the state-owned and community-owned lands, which will cut the service cost; - transfer the authority to issue land valuation certificates to local governments (amend Article 23 of the Law of Ukraine “On Land Valuation”); - set land rent payments for land users that under the Land Code of Ukraine are not entitled to permanent land use, and who have not registered land title documents that stipulate land lease payments.
Social Protection Professional Group	
Date: January 27-28, 2011 Venue: city of Cherkasy Participants - 28 labour and social protection department heads	Key issues: <ul style="list-style-type: none"> - imperfect procedures for earmarking and payment of state allowances to families with many children as envisioned by Cabinet of Ministers of Ukraine Resolution #1715 of December 27, 2001; - technical flaws in the software while working with the Unified Mechanism to Deal with Appeals of Citizens who address government agencies for all types of social assistance; - arresting accounts of social protection departments as mandated by court decisions on untimely payments of allowances guaranteed by

	<p>the state;</p> <ul style="list-style-type: none"> - 50% deficit of subventions to local budgets for preferential public transportation services to certain categories of citizens; - absence in Cabinet of Ministers of Ukraine Resolution #558 of April 29, 2004 “On Approving the Mechanism for Earmarking and Payment of Compensations to Physical Persons Who Render Social Services” of a provision to stop the payment of compensations for social services in case of the death of a person under guardianship; - low salary level of social protection employees in local governments, increased work load on social protection employees and numerous tasks; - absence of a mechanism and reasons to call to account the officials and company managers who do not install ramps in their buildings. <p>Priorities:</p> <ul style="list-style-type: none"> - preparation and introduction of national standards for social services, which are rendered by social assistance centers; - switch over to targeted cash assistance; preparation of a corresponding regulatory document; - replacement of a mechanism for rendering social assistance, provision of preferences with due regard to the property status of citizens who apply for social assistance.
Health Care Professional Group	
<p>Date: February 10-11, 2011 Venue: city of Voznesensk</p> <p>Participants - 25 health care departmental heads from Ukrainian cities</p>	<p>Key issues:</p> <ul style="list-style-type: none"> - loopholes in how to assess healthcare services costs provided by government and community facilities; - no legislatively set procedure on how to provide healthcare services for fee; - lack of a model contract to provide healthcare services; - no healthcare social insurance system in place; - problems of staffing healthcare facilities under the Ministry of Health Order #33 of February 23 “On Staffing Norms and Regular Staffing at Healthcare Facilities” (as amended); - unsatisfactory level of funding to underpin delegated authority to local governments to operate healthcare services and properly fund the facilities; - minimal remuneration of healthcare personnel that leaves out no incentives; - problems in instituting family medicine as there is no proper training of specialists to operate family outpatient facilities. <p>Priorities:</p> <ul style="list-style-type: none"> - draft a law on health care facilities to regulate the establishment, operation, liquidation and reorganization of health care facilities; - draft a law on healthcare assistance to regulate a better quality of health care assistance and access to it; - amend the law on government procurement by having raised a procurement cap and stipulating if it is overcome than ambulance fuel and medicines are to be procured through tender.
City Finance Director Professional Group	
<p>Date: February 24-25, 2011 Venue: city of Poltava</p>	<p>Key issues:</p> <ul style="list-style-type: none"> - limited access of local governments to the lending market; - no conditions to efficiently invest available local budget

<p>Participants - 20 city finance directors</p>	<p>resources;</p> <ul style="list-style-type: none"> - imperfect mechanism to distribute intergovernmental transfers and opaque subvention distribution mechanism; - insufficient local budget own revenues source base, which impedes the implementation of local government authority; - targeted program budgeting from the central budget is incomplete; - insufficient funding from the central budget to support central government delegated authority; - Government of Ukraine intent to bind local governments to fund national operations. <p>Priorities:</p> <ul style="list-style-type: none"> - amend the Tax Code of Ukraine to stipulate taxing of all of the realty located in local council communities; tax rates are to be tied to minimal salaries; - amend the Tax Code of Ukraine to channel land use taxes and dues to the category of local taxes; charge local governments to regulate tax rates; rates are to be tied to minimal salaries; - amend the Tax Code of Ukraine in the part that regulates parking dues and set specific payment for land leased for parking services to be paid by service providers, while parking dues are to be paid by motorists (service users); - amend the Budget Code of Ukraine to stipulate partial corporate income tax deduction (except government/community ownership) of not less than 10% to local budgets; restore local budget revenues through 50% deductions from penalties secured through traffic security measures; - amend the Budget Code of Ukraine to ensure the 100% sufficient funding from the central budget to support local governments to implement the central government delegated authority; ensure a mechanism to define budget allocations for every budgetary technical area; and draft a law on administrative services; - Improve the mechanism of transfers from the State Budget to local budgets by amending the Budget Code of Ukraine to specify expenditure calculations that are factored into when calculating the inter-budget transfers are set, based on government social standards and norms; and draft a law on state social standards and norms.
<p>City Lawyer Professional Group</p>	
<p>Date: March 10-11, 2011 Venue: city of Vinnytsya</p> <p>Participants - 23 heads of city legal departments</p>	<p>The Professional Group members supported the issue as current and also suggested adding to a draft Technical Area (Sectoral) Profile they submitted the following:</p> <ul style="list-style-type: none"> - the existence of unconstitutional “Russian matryoshka dolls” [settlements incorporating other settlements] results in conflicts in the local self-governance system in cases when towns nestle other towns, settlements and villages with their own local government agencies; - no checks and balances are stipulated in the local self-governance system – village, town and city councils may dismiss their mayors, whereas mayors may not dismiss the councils;

	<ul style="list-style-type: none"> - no guarantees to prevent illegitimate amendments to the enacted local government ordinances. <p>The priority tasks prior to legislative drafting include the following:</p> <ul style="list-style-type: none"> - draft [law] on the status of village, town and city mayor; - draft law on administrative and territorial arrangement of Ukraine (envisioning the consolidation of the territorial base of the basic level local governments); - draft law on amending the Law of Ukraine “On Local Self-Governance in Ukraine” in the part that would regulate early termination of the authority of local councils, or village, town and city mayors based on a local referendum.
Housing and Utilities Professional Group	
<p>Date: March 24-25, 2011 Venue: city of Chernihiv</p> <p>Participants - 18 heads of departments for housing and utilities</p>	<p>Key issues:</p> <ul style="list-style-type: none"> - insufficient funding for the utilities sector; - economically unjustified tariffs; - building indebtedness for energy consumption and housing and utilities services due to increased natural gas prices as of January 2011; - untimely transfer of subventions from the State Budget to local budgets to ensure the electricity and natural bill payments and payments for district heating, water-supply and sewage services, as well as other services benefits and redeem the transportation costs for privileged categories of citizens; - introduction of separate accounts for district heating and water supply companies, which contravenes the premise of equal defence by the state of all businesses; - a requirement to hold public hearings in every high-rise on utilities tariff setting is stipulated by Cabinet of Ministers Resolution #529 of May 20, 2009 “On the House and Edifice Maintenance and Maintenance of Adjacent Territories Tariff Setting Procedure and Model Contract on House, Edifice and Adjacent Territories Maintenance Services”; <p>Priorities:</p> <ul style="list-style-type: none"> - Stipulate in the State Budget the appropriate funding to cover the central heating supply tariff differences caused by discrepancy in heating energy production costs and tariffs set or approved by the corresponding government authorities; - amend the account costs split for the regulator, which acts as the regulator at the utility services market and make the necessary amendments to Cabinet of Ministers Resolution #1082 of December 3, 2008, to set a cost deduction percentage point from heat supply utilities accounts factoring in payments status, taxes and dues payments, payroll, maintenance costs and tariffs differences; - stipulate the utilities tariffs adjustment instruments without compliance with the regulatory policy legislative procedures in cases, when the tariff making economic components used change at the central government level, by amending the Law of Ukraine “On the Principles of the National Regulatory Policy in the Economy” and the Law of Ukraine “On Utility Services”; - amend Cabinet of Ministers Resolution #529 of May 20, 2009 with the uniform method to recalculate the payments for non-

	provided or underprovided utility services; with procedures and norms of delineating house perimeter adjacent territory if there is no land title documentation; and with norms on liability of the service consumer for his refusal to enter contracts with utilities services providers.
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Setting up a network of lawyers to participate in legislation drafting

22 lawyers from rayon significance cities joined the network. Currently, the network includes 288 local government lawyers

As of March 31, 2011, **156** rayon significance cities sent their representatives to participate in the network-based Project activities. Currently, the network includes **288** lawyers from **25** oblasts.

The Project recipients continue the registration of the cities mentioned above for transfer of computer equipment to enable their lawyers to work in the network.

Table 1. Network of lawyers by oblast

AR of Crimea	12	Mykolaiv	6
Vinnitsya	12	Odesa	15
Volyn	5	Poltava	13
Dnipropetrovsk	13	Rivne	10
Donetsk	11	Sumy	10
Zhytomyr	8	Ternopil	12
Zakarpattia	6	Kharkiv	12
Zaporizhzhya	14	Kherson	7
Ivano-Frankivsk	11	Khmelnyskyi	10
Kyiv	18	Cherkasy	9
Kirovohrad	7	Chernivtsi	9
Luhansk	23	Chernihiv	6
Lviv	29		

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

Dialogue Day at the Local Government Forum

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

Preparation of proposals to the Foundations of the Budget Policy for 2011 and consultations on budget preparation

In compliance with the Law of Ukraine “On Local Self-Governance Associations” Ukraine-wide associations not later than February 15 of the year preceding the planned budget period submit to the Cabinet of Ministers of Ukraine their joint proposals to take into account local and regional interests while drafting the Declaration of Objectives and Tasks of the budget for the next budget period. Such proposals are to be taken into consideration by the Ministry of Finance, which prepares the draft Declaration of Objectives and Tasks of the budget for the next budget period in compliance with Article 33 of the Budget Code and submits it to the Cabinet of Ministers of Ukraine before March 20 of the year preceding the planned year.

In January of 2011, the AUC Analytical Center prepared its proposals to the Declaration of Objectives and Tasks of the Budget for 2012 (further referred to as Declaration) consisting of 12 provisions on how to strengthen the financial foundations of local self-governance and to reform inter-budgetary relations including the following:

- enhance the financial capacity of local governments through assigning additional sources of revenues and 100% financial coverage of their expenditures associated with the implementation of delegated powers;
- ensure 100% State Budget financial coverage of the current targeted social, economic, and environmental programs;
- increase the State Budget expenditures to compensate for preferential public transportation services to certain categories of citizens or for the transition to direct social allowances in cash;
- provide the financial support to the construction, reconstruction, repairs, and maintenance of communal streets and roads in settlements in 2012 based in the mechanisms specified in the law, etc.

The participants of the working meeting of the Ukrainian Association of City Finance Officers conducted in the city of Poltava on February 24-25 finalised the abovementioned proposals and supplemented them with the following suggestions:

- enhance the financial capacity of local governments through assigning additional sources of revenues, in particular through channelling 100% of the collections of income tax to corresponding local budgets (Cherkasy);
- increase the investment component of local budgets through channelling 10% of profits tax collections (paid by companies except for companies belonging to the communal ownership) to development budgets of local budgets (Donetsk, Dnipropetrovsk, Kharkiv, and Cherkasy), etc.

On February 10, 2011, upon the initiative of M.Pittsyk, the AUC Executive Vice President, and DIALOGUE Senior Advisor, the final version of the proposals to the Declaration was sent on behalf of the National Congress of Local Self-Governance of Ukraine (#02-20) to the Prime Minister of Ukraine with a request to support the proposals.

On February 25, 2011, Vice Prime Minister, Minister of Regional Development, Construction, housing and utilities V.Tykhonov tasked the Ministry of Finance with a request to consider the letter of the National Congress of Local Self-Governance during the preparation of proposals to the draft Main Guidelines of the Budget Policy for 2012 and to inform the Association of Ukrainian Cities and the Cabinet of Ministers by March 15, 2011 on the outcomes of this discussion.

In February of 2011, AUC Executive Vice President, DIALOGUE Senior Expert M.Pittsyk reached an agreement with Verkhovna Rada Budget Committee Chairman V.Baranov to set up a working group consisting of representatives of the Committee, Ministry of Finance, nation-wide local government associations, and Institute of Budget and Socio-Economic Research for the purposes of resolving the key issues of relations between state and local budgets and strengthening the financial foundations of local self-governance.

On March 17, 2011, the Project conducted a working meeting of this group in the form of consultations on inter-relation between the state and local budgets to discuss the preparations of proposals to the Main Guidelines of the Budget Policy for 2012. The AUC suggestions to the Declaration of Objectives and Tasks of the budget for 2012 served as the basis for recommendation, which were prepared following the previous consultations. For example, the recommendations reflected the AUC suggestions in the following reading:

- increase of the investment component of local budgets through channelling to development budgets of local budgets some part of profits tax collections (paid by companies except for companies and financial institutions belonging to the communal ownership) in accordance with the additional rates of such tax, as well as granting the Verkhovna Rada of the Autonomous Republic of Crimea, oblast, rayon, and city (for the cities of Kyiv and Sevastopol, cities of republican significance of the Autonomous republic of Crimea and oblast significance cities) councils with the right to set these rates within the limits specified by the law;
- improve the requirements for local borrowings and issuing local guarantees;
- provide the necessary financial resources for the proper functioning and development of road infrastructure at the local level through channelling some part of excise collections from excise-related goods (petroleum products) produced in Ukraine;
- improve the mechanism for the calculation of expenditures, which are taken into account while determining the amount of inter-budgetary transfers, through applying national social standards and norms to be specified and approved by the Cabinet of Ministers of Ukraine in compliance with the requirements of the Law of Ukraine "On National Social Standards and National Social Guarantees" as mandated by Paragraph 10 of Closing Provisions of the Budget Code of Ukraine;
- ensure the effective management of public funds through the optimisation of the expenditures structure, streamlining the network of budget-financed institutions with due regard to the inventory of legal and regulatory documents taken by the Cabinet of Ministers, which regulate the application of sectoral norms to local budget expenditures, and through the abolishment of the mandatory requirement to apply such norms;
- ensure the distribution of all kinds of additional subsidies and subventions from the State Budget to local budgets and between local budgets in the law on the State Budget;
- improve the techniques for the calculation of State Budget subventions to local budgets for the implementation of national social protection programs and reduction of practices of allocating such subventions in the form of a mutual settlement of financial obligations;
- introduce a mechanism to enhance the targeted nature of preference and social allowances based on the Unified National Automated Registry of persons entitled for preferences with the utilisation of the electronic social card;

- decentralise the expenditures by individual budget programs in such sectors as public education, health care, housing and utilities, road infrastructure, and energy efficiency, whose implementation actions should be supported by local governments;
- streamline and optimise the list of national targeted programs whose implementation requires expenditures from local budgets, bring them in conformity with the available local budget resources, and ensure the transfer of certain programs to local governments only if they are supported with transfer of the necessary financial resources for their implementation, etc.

On March 21, 2011, the AUC received a letter from the Ministry of Finance about the partial reflection of the proposals of the National Congress of Local Self-Governance in the course of the preparation of the Main Guidelines of the Budget Policy for 2012. In particular, these proposals refer to the implementation of the priority national (targeted) programs:

- National Targeted Communal Heating Sector Modernisation Economic Program for 2010-2014;
- National Urban Public Electric transportation Development Program for 2007-2015;
- Potable Water of Ukraine Nation-Wide Program for 2006-2020;
- Nation-Wide Housing and Utilities Sector Development and Reform Program for 2009-2014.

The letter also mentions the intention of the Ministry to consider the remaining proposals in the course of the preparation of the draft budget for 2012 within the limits of the budget balance.

Thus, for the first time after the Law of Ukraine “On Local Government Associations” has taken effect (2009), all its provisions regarding the budget process started to work. The local government financial issues finally got reflected in an integrated and coordinated political document. Actually, the Project has succeeded in making the central authorities hear the local government voice right at the beginning of the drafting of the budget for the next year.

Consultations with key ministries

On February 17 and March 3, 2011, the Project conducted consultations with the Ministry of Regional Development, Construction, Housing, and Utilities. The purpose of the consultations was to discuss a concept of the local government reform. The AUC refused to concur a package of documents, which was prepared by the Ministry, because they may substantially limit the authority of local governments. The Cabinet of Ministers declines the package because it did not bring any progressive changes into the system of local self-governance.

The participants of the consultations came to an agreement to develop a joint Local Government Reform Concept and lobby it with the higher government authorities. In order to achieve this, the group prepared Draft Instruction of the Cabinet of Ministers “On Setting-Up an Inter-Governmental Working Group to Streamline the System of Local State Executive Agencies, Local Governments, and Their Territorial Foundations”.

The AUC Analytical Center together with the experts of the Institute of Civil Society supported by the Council of Europe Strengthening Local Democracy and Supporting Local Government Reform in Ukraine Project prepared the basic version of such a document, which envisions, in particular, the following:

- consolidation of administrative and territorial units at the lowest level;
- setting up self-governed communities based on this territorial basis;
- giving the communities the right to manage their lands within the boundaries of the corresponding administrative and territorial communities;

- making land fees and property tax the key sources of revenues to local budgets and transferring these taxes and fees to the category of local taxes;
- transferring a considerable part of authority from the state executive agencies and rayon-level local governments to the community level;
- consolidation of rural rayons;
- setting up executive agencies of rayon and oblast councils leaving the rayon and oblast administrations with the general oversight and coordination functions.

The AUC Board discussed the basic version of the Concept at its working meeting, approved it in the first reading and recommended local governments of AUC member cities to discuss it and submit their comments and suggestions. As of late March, 78 local government agencies submitted their suggestions.

Parliamentary inter-faction group (local government caucus)

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

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

Setting up a cadre of policy dialogue coordinators at AUC RO

In January, DIALOGUE made an additional job opportunity announcement to hire regional Project policy dialogue coordinators in 12 oblasts. Based on the competition outcomes, in February, regional coordinators began their activities in five additional oblasts (Vinnytsya, Dnipropetrovsk, Zhytomyr, Odesa, and Ternopil). The low professional qualifications of potential candidates are the main reason for unfilled vacancies in the remaining seven Regional Offices (Donetsk, Kirovohrad, Kyiv, Poltava, Kharkiv, Cherkasy, and Chernivtsi).

Table 2. Policy dialogue Regional Coordinators

	AUC RO	Coordinator's name	Contact information
1.	Vinnytsya	Vasyl P. Pavlyuk	067 713 48 45
2.	Volyn	Bohdan V. Samoilenko	050 587 75 62 bovo@inbox.ru
3.	Dnipropetrovsk	Ivan A. Kuzmenko	050 763 33 33
4.	Donetsk	vacant	
5.	Zhytomyr	Yuriy M. Merzlov	097 3593295 merzlov@ukr.net
6.	Zakarpattia	Oleksandr D. Koval	050 549-46-64 Ooleksandr.koval@gmail.com
7.	Zaporizzhya	Roman Yu. Scherbakha	097 355 68 48 scherbaha@i.ua
8.	Ivano-Frankivsk	Victor Ye. Kimakovych	050 516 2005 kimakovic@i.ua
9.	Kyiv	vacancy	
10.	Kirovohrad	vacancy	
11.	Crimea	Oksana M. Mitrokhina	066 77 56 566 simf.auc.org.ua@mail.ru
12.	Luhansk	Hanna O. Chala	050 640-33-36 bruk_anna@mail.ru
13.	Lviv	Vitaliy A. Zahainyi	067 53 88 992

			zahaynyy@ukr.net
14.	Mykolaiv	Olena V. Yablonska	095 70 21 876 elena.yablonovskaya@mail.ru
15.	Odesa	Yulia B. Molodozhen	067 701 68 57 Jul_73@mail.ru
16.	Poltava	vacancy	
17.	Rivne	Ruslana P. Stasyuk	050 140 53 16 ruslana.s@mail.ru
18.	Sumy	Yevhen M. Huz	095 732 13 22 expoprom2000@rambler.ru
19.	Ternopil	Ihor Ya. Hirchak	girchak@rv-amu.gov.te.ua (067) 354 56 77
20.	Kharkiv	vacancy	
21.	Kherson	Natalia M. Matkovska	067 552-49-10 matkovska@i.ua
22.	Khmelnyskyi	Ihor D. Kondratyuk	067 277 64 46 kondratyuk.igor@gmail.com
23.	Cherkasy	vacancy	
24.	Chernivtsi	vacancy	
25.	Chernihiv	Vitaliy A. Kosykh	050 313 55 75

Setting up Regional Advisory Boards and working meetings

The Project conducted the working meetings of Regional Advisory Boards in five oblasts: Ternopil, Rivne, Volyn, Luhansk, and Chernihiv. The purpose of the meetings was to discuss the priorities, which were identified by working meetings conducted within the framework of the Project in September of 2010 in AUC Regional Offices as priority tasks for the Regional Advisory Boards.

<p>Working meeting of the Ternopil Regional Advisory Board</p> <p>January 27, 2011</p>	<p>The following issues were included in the agenda:</p> <ol style="list-style-type: none"> 1. On the impact of the tax reform on the formation of the revenue base of local budgets. Head of the State Tax Inspection (STI) in the Ternopil oblast I.Flisak informed the participants about the 17% increase of local budget revenues in 2010 as compared with the previous year. One can also project the increase of revenues for 2011 as well. Land rent payments are a considerable source of local budget collections. Therefore, in order to effectively manage land plots and increase land fee collections, the STI representative recommended local government bodies to apply competitive practices while renting out their land plots and to take the inventory of the concluded land lease agreements. The city mayors, in their turn, put an emphasis on the issue of local budget revenues associated with the abolishment of the transportation vehicle owner tax and market fee. The stressed the importance of the introduction of mechanisms to compensate the corresponding local budget losses. 2. On interaction between law enforcement agencies with local agencies of the state executive and local governments on issues related to the creation and functioning of the local militia. P.Hoch, Deputy Head of the Main Authority of the Ministry of Internal Affairs, supported the initiative of the Ternopil oblast cities to set up the local militia as an instrument towards the protection of rights, freedoms, order and legal interests of citizens. The meeting participants
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	<p>passed a resolution to recommend heads of the Rayon state administrations, rayon councils and local governments to joint their efforts with heads of city departments of the Main Authority of the Ministry of Internal Affairs in creating working groups to prepare and study the proposals how to set up and manage local militia.</p> <p>3. Approving the work plan for the activities of the Regional Advisory Board. The meeting participants scheduled four working meetings of the Regional Advisory Board to be held in 2011. The proposals for the agenda will be presented to the participants in the due order.</p>
<p>Working meeting of the Rivne Regional Advisory Board</p> <p>January 27, 2011</p>	<p>The participants discussed the following issues:</p> <ol style="list-style-type: none"> 1. Reforms of the local agencies of the state executive and optimization of the structure of local council departments and their executive committees. First Deputy Chairman of the Oblast Council M.Kryvko informed the participants about the inevitable reduction of local government administrative staff in the cities of rayon significance. City mayors decided to address the AUC with a request to raise the issue of local government administrative staff reduction with the central government authorities and to persuade the decision makers to give up such a negative idea, because this may lead to the increased unemployment and worsen the quality and citizen access to services. 2. Potential ways to increase revenues to local budgets. The First Deputy Head of the State Tax Administration (STA) in the Rivne oblast informed the participants about changes in the tax legislation and informed them about willingness of the STA staff to provide all the necessary counselling and advise to local governments, entrepreneurs and tax payers. 3. Identification of boundaries of settlements, delineation of boundaries between state-owned and communal lands. The Head of the Main Authority of Land resources in the Rivne Oblast called the participants to take inventory of lands and to keep taking it every five years, as well as revisit the terms of land lease agreements to identify the non-payers. 158 settlements in the Rivne oblast are facing problems with the delimitation of their boundaries. 4. Spring-time repairs of roads in settlements in the Rivne oblast. The city mayors who were present at the meeting stressed the necessity to advocate for the amendments to the CMU resolution on permits to perform the scheduled repairs of roads within the boundaries of settlements. A corresponding petition was sent to the AUC. <p>It has been agreed to conduct the working meetings of the Regional Advisory Board every quarter.</p>
<p>Working meeting of the Volyn Regional Advisory Board</p> <p>January 28, 2011</p>	<p>Three issues were suggested for the discussion:</p> <ol style="list-style-type: none"> 1. Implementation of a regional program for the modernization (demolishing) of dilapidated buildings. The program was developed in 2002. It was supposed to be accomplished in 2005, however due to the lack of funding there were 26 buildings left as of January 1, 2010, and 11 buildings as of January 1, 2011 including 5 buildings in need of capital repairs (a 20-apartment residential building in the city of Kivertsi, 7-apartment residential building in the city of Kamin-Kashyrskyi, schools in the villages of Osivtsi and

	<p>Oleny, and a 300 visitor capacity cinema house in Berestechko). Only the first building of those mentioned represent a high degree of hazard, therefore, due to the lack of funds to finish the construction, the local authorities made a decision to fence it and install warning signs. The rest of the buildings, except for the latter one, will undergo capital repairs.</p> <p>2. Preparation for the vegetation agricultural season. This issue was related to rural communities.</p> <p>3. Implementation of the Territorial Employment Program for 2010-2011. Oblast Employment Agency Director R.Klymchyk informed the participants about the achievements of this program: in 2010, the number of employed persons increased by 7.7 thousand and the employment level increased by 1.3% over the nine months of 2010. However, the city mayors were somewhat sceptical about such reports. The raised the issue of lack of blue colour workers, such as electricians and welders. The recommendation from Governor B.Klimchuk to this remark was to work more closely with parents and university entrants to encourage them to the proper choice of occupations.</p>
<p>Joint working meeting of the Luhansk AUC RO and Luhansk OSA on housing and utilities sector reform in the Luhansk oblast</p> <p>February 28, 2011</p>	<p>The agenda for the discussion included three issues:</p> <ul style="list-style-type: none"> - activities under the Nation-Wide Potable Water Program whose funds are to be channelled to the construction and reconstruction of centralised water-supply and sewage systems and introduction of energy-saving technologies. The cities in the region were suggested to submit to the Main Authority for Housing and Utilities a list of projects, which are ready to be funded in order to be included into the nation-wide program; - term and conditions for granting subventions from the State Budget to local budgets for the construction, reconstruction and capital repairs of streets and roads belonging to the communal ownership. The participants asked Luhansk Mayor S.Kravchenko to voice the opinion of the Luhansk oblast cities at the meeting of the AUC Board on the necessity of making amendments to CMU Resolution #52 and making its provision cover the scheduled repairs of streets and roads; - support to the opening of the Resource Center at the Luhansk AUC RO. The purpose of the Center is to provide local governments with assistance in setting up condominium associations and dissemination of best practices piloted in Ukraine and on international scale. The city mayors supported the initiative of creating the Resource Center and agreed to use its services.
<p>Working meeting of the Chernihiv Regional Advisory Board</p> <p>March 03, 2011</p>	<p>The agenda included three issues for discussion:</p> <ol style="list-style-type: none"> 1. Setting up the Advisory Steering Committee. The participants discussed and unanimously supported the creation of the Chernihiv Local Government Promotion Advisory Steering Committee. On the next day, this decision was endorsed by the signature of the Oblast Council Chairman. 2. Cooperation of local governments and the state executive agencies to resolve key issues of local communities: <ul style="list-style-type: none"> - issues to be resolved in the financial sector: explain the inclusion into the calculation of rayon significance city budgets of funds to support social services of citizens of those villages, which are part of the territorial communities of such

	<p>cities, while the residents of such villages are considered to be the rural population;</p> <ul style="list-style-type: none"> - issues to be resolved to improve land relations: expedite the activities to delimitate the boundaries between settlements, complete the works on inventory and preparation of technical documents on normative pecuniary valuation of lands, take the necessary steps to shorten the time for the preparation of state land ownership acts and land lease agreements, introduce a unified approach for setting the appropriate rates for land cadastre works performed by private land survey companies, develop a mechanism to cut down the costs of the preparation of land management documents and land plot lease agreements for land plots to be used for vegetable growing; - issues to be resolved to improve public employment: prepare and sent to city employment agencies recommendations to involve those citizens who have been registered with employment agencies to city landscaping works; - issues to be resolved to improve the situation in eth housing and utilities sector: city and town mayors to submit recommendations on introducing local collective units for post-treatment purification of water in order to prepare a corresponding oblast program and to expedite the activities on setting up condominium associations with the help of a unified mechanism for setting and registering condominium associations. <p>Following the discussion the meeting participants prepared and the Oblast Council Chairman endorsed the action plan to implement the proposals and suggestions voiced during the meeting.</p>
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The Project had scheduled but several times postponed the working meeting of Regional Advisory Boards in the Lviv, Ivano-Frankivsk and Sumy oblasts, as well as in the Autonomous republic of Crimea. It turned out to be a very difficult task to launch and coordinate the activities of regional advisory boards with oblast state administrations. Not all OSA heads are willing to engage in such activities and very often the working meetings are rescheduled or cancelled without the due justification.

In March, Project Senior Inter-Governmental Relations Expert M.Pittsyk discussed this issue at the working meeting of the Steering Committee at the Verkhovna Rada of Ukraine V.Lytvyn Office. The meeting was attended by chairmen of all oblast councils. Oblast council chairmen agreed to set up the regional advisory boards at their offices and invite oblast administration heads to participate in their activities. The Project considers this to be a step forward under the current conditions and the only opportunity to implement this particular component of the Project for the following reasons:

1. Oblast council chairmen are in a position to unite all local governments in their oblasts including cities, towns and villages, thus being capable of presenting all levels of local governments to OSA heads;
2. In the current context, there is a “close” political connection between chairmen of oblast councils and heads of oblast state administrations and the Project has to use this opportunity to advocate local government interests.

In late March, the Project sent the corresponding letter to oblast council chairmen. Chairmen of the Ternopil, Rivne and Chernihiv oblast councils have already supported such an initiative. Project regional coordinators in these AUC ROs will serve as secretaries of these regional advisory boards.

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 implemented by other donor Organisations

Removing barriers for local government borrowings

On January 31, the DIALOGUE Project conducted a working meeting of representatives from the EBRD, USAID and USAID-financed projects, such as Municipal Finance Strengthening Initiative and Municipal Heating reform to discuss the way to remove barriers for cities to engage in borrowing activities to implement infrastructure improvement, energy efficiency and energy saving investment projects. The barriers were caused by the two main reasons:

- unofficial local government borrowing moratorium imposed by the Ministry of Finance, which uses the IMF Memorandum as an argument,
- legal barriers in the current Budget Code of Ukraine, namely: limits imposed on municipal borrowings, guarantees for up to 100% of the estimated loan funds to go to the city development budget, and the necessity to back up the loan with reciprocal guarantees, asset collateral, etc.

The meeting participants agreed to make the following steps to coordinate their actions to remove the barriers:

- sent a letter to the Executive Secretary of the Economic Reform Committee I.Akimova with a letter outlining the problems and arguments why they should be resolved;
- conducted a working meeting with a group of National Deputies headed by V.Baranov, Chairman of the Parliamentary Budget Committee and Permanent AUC Representative in the parliament;
- made a presentation of the issue to members of the Cabinet of Ministers and National Deputies of Ukraine who were present at the AUC Board meeting on March 01, 2011;
- coordinated the lobbying activities to amend the Budget Code and Cabinet of Ministers Resolution #207.

Participation in the development of a new municipal statistics system

The AUC is preparing a new system for the municipal statistics together with the CIDA Municipal Local Economic Development in Ukraine Project. The purpose of the project is to create a modern system of indicators in all local government sectors, which is supposed to become the foundation for the informed decision making and evaluation of performance of local governments.

Project experts participated in the work of focus groups who develop a system of indicators for specific local government technical sectors.

The Project is expecting the statistics data to be used for the research of the technical sectors Project experts are working on within the framework of the DIALOGUE Project, and to add new information about the real situation in the corresponding local government technical sectors.

Professional training for young local government lawyers

Students of the Young Local Government Lawyers School visited the Verkhovna Rada of Ukraine Committee on State Building and Local Self-Governance to spend a day participating in the Committee working meeting and meeting with E.Rakhimkulov, Director of the Parliamentary Development Project II (PDP II). E.Rakhimkulov spoke about the practice of internship in the Verkhovna Rada performed by the PDP II Project and came up with a suggestion to conduct the coming Summer Session of the Young Local Government Lawyers School together with the PDP II Project. The PDP II Project will make a presentation of its experience in parliamentary development in Ukraine and will take the students of the School to the internship programs in the committees of the Verkhovna Rada of Ukraine.

2.3. Component 3. Fostering Public Support for Reform

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

DIALOGUE continues to implement the 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

Project staff representing its groups and departments prepare regular updates on their activities and Project events and send them to the Information Group. Such updates are the key information for PR managers to prepare their information products for AUC web-site and Project publications. For example: 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) and the DIALOGUE electronic publication.

Activity 2.3.3. Production and dissemination of tools for message delivery

DIALOGUE Project web-site

The official launch of the DIALOGUE Project web-site took place on March 1. This internet resource is available for its users at the following address: www.dialogueauc.org.ua.

The structure of the web-site is functionally user-friendly and contains as much information as possible. The Project took into account all branding and marking requirements while designing the site and placing information on it.

The DIALOGUE Project web-site comes in Ukrainian and English. The English version of the site contains the description of the Project, its components and the team. Site visitors have an opportunity to become familiar with the English language publications, which are prepared within the framework of the Project. The site home page places the information about the recent local government key issues in Ukraine, Project news, and reports and synopsis of Project events.

The Ukrainian language Project site home page helps the visitors to become familiar with the Project News and Project Upcoming Events. The home page also presents the four Project components, such as: Legal Framework, Policy Dialogue, Fostering Public Support for Reforms, and Legal Assistance and Protection.

Project Component One, which represents the “legislation” Section provides the opportunity for visitors to use on-line techniques to join the “Legislation Discussions” or send their “Proposals to the Current Legislation”. The same section gives visitors the opportunity to go to the “Monitoring” chapter, which has the most recent local government legislation news in Ukraine. The “Expertise” Section contains the documents prepared by Project experts, such as local government technical area (sectoral) profiles.

The Policy Dialogue Project Component is reflected in the web-site section with the same title. It presents the policy dialogue at the national and regional levels.

The Fostering Public Support for Reforms Project Component and the web-site section with the same title contain the information about the public and media support for reforms in the local government sector. The visitors who go to this section have an opportunity to view a series of video materials: “On Local Self-Governance in Media” and a series of the “зМІСТОБНА Україна” [*city-minded Ukraine*] TV programs.

Both the Legal Assistance and Protection Project Component and the web-site section with the same title were designed to provide high quality professional legal counselling to local government officials. At the same time, the web-site users may get answers to their questions both by telephone (the site provides the number of the mobile telephone line) and by placing their questions on-line on a special form.

The Project assigns a considerable importance for the opportunity for site visitors to participate in local government legislation drafting on-line and receive professional legal counselling.

The web-site also offers publications prepared under the Project including the electronic ones, such as “AUC Newsletter”, “Legislation News”, “Legal Counselling”, “Sectoral Monitoring”, “Status of Local Self-Governance”, and “Dialogue Newsletter” periodical publications. On this sub-section visitors will also have access to Project reports.

The purpose of the DIALOGUE Project web-site is to serve as a web-platform for dialogue on local government development, improving its legal framework, and learning best municipal management practices. The site will also serve as a source of timely expert information on major important local government events and Project achievements in this area. The web-site information has been designed for the public at large who are interested in local government issues, representatives of international projects and organisations, expert community, and media.

Electronic and printed media

Information about Project publications is presented in Table 3.

Table 3. DIALOGUE Project publications

Publication	Targeted audience	Description
The “Sectoral Monitoring” printed quarterly publication	State executive, expert community	The third issue of the publication was released with the circulation of 250 copies and will be disseminated to National Deputies and employees of key ministries and government establishments. Some of its chapters are dedicated to: - preparation of the Local Government reform Concept; - preparation of proposals to the Budget Declaration; - news in the urban development sector; - attempts to keep local governments at bay from managing their land resources; - improvements to the legal framework for social protection; - enhanced targeted nature of rendering social preferences;

		- opportunities in the health care sector reforms.
The “AUC Herald” printed monthly publication	AUC member communities, AUC partner organisations	<p><u># 70</u>, January – the DIALOGUE chapter features the detailed information about AUC lobbying actions to advocate for local government interests in the 2011 Budget process.</p> <p>The chapter about the international experience features the materials on the Status of Elected Local representatives in European Countries prepared by the Council of European Municipalities and Regions. The AUC used to prepare its materials for this publication and therefore Ukraine is also represented in it.</p> <p><u># 71</u>, February – the publication features the information about the AUC activities within the framework of the DIALOGUE Project. The DIALOGUE Chapter contains two materials: on AUC suggestions to the Budget Declaration for 2012, and on lobbying for the simplified procedures for external borrowings.</p> <p><u># 72</u>, March – the issue features the petitions of the AUC Board. The Key Topic Section features an interview of AUC Executive Vice President M.Pittsyk to the «Час ЖКГ» [<i>housing and utilities times</i>] Magazine where he highlighted the AUC position on the necessity and key issues of the reforms in the sector.</p>
The “DIALOGUE Newsletter” electronic monthly publication	International organisations and international technical assistance projects	<p>The English-language publication presents Project activities over a month and provides monthly highlights:</p> <p><u>#5</u>, January: the key topic of the publication is: AUC actions to prevent keeping local governments at bay from managing their land resources.</p> <p><u>#6</u>, February: features the AUC suggestions to the Budget Declaration for 2012, as well as lobbying activities for simplified procedures for external borrowings.</p> <p><u>#7</u>, March: the key topic is: consultations on important issues of relations between the State Budget and local budgets and participation of the AUC, Ministry of Finance of Ukraine and the parliamentary Budget Committee in the preparations for the 2012 budget.</p>
The “Legal Counselling” electronic quarterly publication	Local government lawyers	<p>In March, the Project consultants working in the City Legal Assistance Center prepared and disseminated Issue #3 of the “Legal Counselling”. It consists of two parts:</p> <ul style="list-style-type: none"> - technical materials on calculation and presentation of tariffs for housing and utility services to be approved by local government bodies; - generalised answers (explanations) to the questions from local governments and their

		<p>officials coming to the mobile telephone line on the following area: a) preparation of job descriptions for local government officials; b) the authority of rayon councils regarding the property jointly owned by territorial communities in rayons; c) the lawfulness of combining the position of a deputy city mayor and the position of a member of a corresponding city council; d) the authority heads of the executive departments have while hiring their staff; e) illegality of including into the city council by-laws of a provision on the obligation of the city mayor to take into account the decisions of council standing committees while making a repeated proposal on the quantity and personal composition of the council executive committee; etc.</p> <p>The publication was sent to the regional offices and local government lawyers.</p>
<p>The “Legislation News” electronic publication</p>	<p>Local government lawyers</p>	<p><u>#5, January</u> – information about 18 legislation and regulations on issues related to local government interests, which were passed or came into effect in January of 2011 (including 6 - passed by the Verkhovna Rada of Ukraine, 5 - by the Cabinet of Ministers of Ukraine, and 7 – by central agencies of the state executive); - 9 draft laws on issues related to local government interests, which were under consideration by the Verkhovna Rada of Ukraine or its committees or central agencies of the state executive in January of 2010; - enactment of 9 legal and regulatory documents in February of 2011.</p> <p><u>#6, February</u> – information about 7 legislation and regulations on issues related to local government interests, which were passed or came into effect in February of 2011 (including 2 - passed by the Verkhovna Rada of Ukraine, 1 – by the President of Ukraine, 3 - by the Cabinet of Ministers of Ukraine, and 1 – by central agencies of the state executive); - 9 draft laws on issues related to local government interests, which were under consideration by the Verkhovna Rada of Ukraine or its committees or central agencies of the state executive in February of 2011; - enactment of 8 legal and regulatory documents in March of 2011.</p> <p><u>#7, March</u> – information about 20 legislation and regulations on issues related to local government interests, which were passed or came into effect in March of 2011 (including 8 - passed by the Verkhovna Rada of Ukraine, 10 - by the</p>

		Cabinet of Ministers of Ukraine, and 2 – by central agencies of the state executive); - 13 draft laws on issues related to local government interests, which were under consideration by the Verkhovna Rada of Ukraine or its committees or central agencies of the state executive in March of 2011; - enactment of 11 legal and regulatory documents in April of 2011.
The “Press News” electronic weekly publication	Media	A selection of weekly news, publications, and announcements of major activities of the Association of Ukrainian Cities, news and events in cities, and key local government topics. Eleven issues were prepared and published. The number of journalists who receive the weekly publication has grown from 55 to 172 since the Project beginning in July.
Local government updates	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. Eleven such publications were prepared.

Radio coverage

Over the reporting period the Project prepared 9 radio programs: comments and interviews of AUC experts, radio coverage of AUC activities, and interviews of AUC managers. In particular, the radio programs were aired by the following radio stations:

- Radio Era FM. AUC activities were mentioned in the news section (2 times). In particular, the information about the Kharkiv AUC regional Office request of the Verkhovna Rada Deputies to revise the State Budget.
- Radio Svoboda. An interview with S.Odarych, Cherkasy City Mayor, AUC Vice President on Budget Policy.
- Radio Era FM. A big interview and telephone comments in the Newsmaker Program of M.Pittsyk, AUC Executive Vice President.
- Radio Svoboda. An interview with V.Groisman, Vinnytsya city Mayor, AUC Vice President on Housing and Utilities.
- Radio Kyiv FM. Mentioning of the AUC activities, in particular, mentioning in the news section the working meeting of the Board Presidium of the Association.
- Radio Era FM. A big interview and telephone comments in the Without Borders Program of M.Pittsyk, AUC Executive Vice President.
- Family and Home Radio Station (city of Lutsk). Mentioning of the AUC activities in the news sections.
- Radio Era FM. A big interview and telephone comments in the My Own Opinion with Vitaliy Dykyi with M.Pittsyk, AUC Executive Vice President.

TV coverage

AUC activities were covered by ten TV programs: experts from the AUC speakers’ team took part in big interviews, comments, and talk-shows. In particular, the following TV Channels aired the following programs:

- ICTV TV Channel. Mentioning of the AUC activities in the Fakty [facts] news section.
- «Studio 1+1» TV Channel. Mentioning of the AUC activities in the TCH news section. Live interview with M.Pittsyk, AUC Executive Vice President, and V.Chaika, AUC Vice President.
- ICTV TV Channel. Mentioning of the AUC activities in the Fakty Tyzhnia [facts of the week]. Live interview with M.Pittsyk, AUC Executive Vice President.
- Vita TV Channel (Vinnytsya). Mentioning of the AUC activities in the news section.
- Dnipro MMK (TV Channel of the city of Ukrayinka). Mentioning of the AUC activities in the news section. Live interview with P.Kozyryev, AUC Vice President and M.Fedoruk, AUC Vice President.
- TB-5 TV Channel (Zaporizzhya). Mentioning of the AUC activities in the news section.
- УТР TV Channel. Mentioning of the AUC activities in the news section.
- «Київ» TV Channel. Mentioning of the AUC activities in the news section.
- Kyiv State Regional TV and Radio Company. Mentioning of the AUC activities in the news section.
- «ЛІОТ» YV Channel (Luhansk). Participation of Natalya Boiko, Director of the Luhansk Regional Office of the Association of Ukrainian Cities and Hanna Chala, DIALOGUE Regional Coordinator in the «Nota bene» talk-show.

TV program series

DIALOGUE initiated a series of TV programs about local self-governance. Each program will consist of the following two sections:

- Presentation of City Best Practices: program about how local government approaches to resolve issues in their communities;
- Studio Visitor: discussion of one of important local government issues with a city mayor.

In January-March, the Project prepared and aired nine unique programs under the title «ЗМІСТОВА Україна» [CITY-minded Ukraine]. They were aired on Wednesdays on the «Перший Національний» [first national] TV Channel within the framework of the «Діловий світ» [business world]:

- January 26, 2011, city of Chernivtsi
- February 2, 2011, city of Cherkasy
- February 9, 2011, city of Donetsk
- February 16, 2011, city of Mykolaiv
- February 23, 2011, city of Ivano-Frankivsk
- March 2, 2011, city of Lviv
- March 16, 2011, city of Luhansk
- March 23, 2011, city of Kherson
- March 30, 2011, city of Voznesensk

The programs became very popular with the local government officials. The Project is currently working on a group of participants for the next series of TV programs. The Project announced a competition for cities of oblast significance (bigger cities) to participate in the TV programs. To become eligible for the participation in the programs cities have to present the information about the new approaches piloted in the city, introduction of modern managerial practices, experience in improving service quality, project implementation, successful cooperation between local governments and communities, or other achievements of cities.

Activity 2.3.4. Fostering media relations

Creating a team of AUC speakers

The composition of the team of AUC speakers was updated over the reporting period (the composition is presented in Table 4). The AUC web-site places the list of experts, as well as the contact information of its PR-coordinators who liaise with the team of Association speakers.

Table 4. The team of AUC speakers who are authorised to present the position of the Association and provide explanations on decisions and documents approved by the AUC in the following areas:

Name	Position
Current status and issues of local self-governance in Ukraine. AUC dialogue with central government agencies	
Ivan I. Kulichenko	AUC President, Dnipropetrovsk City Mayor
Myroslav V. Pittsyk	AUC Executive Vice President, DIALOGUE Project Senior Expert on Inter-Governmental Relations
Legal support to local government activities, AUC initiatives	
Myroslav V. Pittsyk	AUC Executive Vice President, DIALOGUE Senior Expert on Inter-Governmental Relations
Victor V. Kravchenko	Legal Assistance Center Director, AUC
Victoria V. Sydorenko	DIALOGUE Project Senior Legal Expert
Volodymyr H. Parkhomenko	DIALOGUE Project Analytical Center Director
Local elections	
Victor V. Kravchenko	Legal Assistance Center Director, AUC
Local budget and finance	
Serhiy O. Odarych	AUC Vice President On Budget Policy, Cherkasy City Mayor
Tetyana D. Taukesheva	President of City Finance Officer Association (CFOA), Deputy Kharkiv City Mayor, Director of the City Department for Budget and Finance
Natalya V. Dzhuhan	CFOA Board Member, Director of the Cherkasy City Department of Budget Policy
Oleksandr V. Slobodzhan	DIALOGUE Project Legislation Monitoring Expert
Housing and Utilities, city economy and infrastructure	
Victor O. Atonenko	Deputy DIALOGUE City Legal Assistance Center Director, AUC
Serhiy O. Odarych	AUC Vice President On Budget Policy, Cherkasy City Mayor
Hennadiy A. Kernes	AUC Vice President on Energy Efficiency, Kharkiv City Mayor
Big and Medium-Sized City Issues	
Oleksandr O. Lukianchenko	AUC Vice President on Big Cities, Donetsk City Mayor
Anatoliy S. Fedorchuk	AUC Vice President on Medium-Sized Cities, Boryspil City Mayor, Kyiv oblast
Pavlo H. Kozyryev	AUC Vice President on Small Cities, Ukrayinka City Mayor
Volodymyr P. Udovychenko	AUC Board Member, Slavutych City Mayor
Innovation development, introduction of effective management technologies	

Volodymyr B. Groisman	AUC Vice President on Housing and utilities, Vinnytsya City Mayor
Anatoliy S. Fedorchuk	AUC Vice President on Medium-Sized Cities, Boryspil City Mayor, Kyiv oblast
Land relations	
Mykola T. Fedoruk	AUC Vice President, Chernivtsi City Mayor
Yaroslav O. Raboshuk	DIALOGUE Project Analyst

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 UAC Board Presidium, AUC Board, Ukrainian Municipal Forum and other events.

<p>Topic: “Continued reduction of the local government authority”</p> <p>Date: February 01, 2011</p> <p>AUC participants: I. Kulichenko, AUC President, Dnipropetrovsk City Mayor; M. Pittsyk, AUC Executive Vice President; O. Lukianchenko, AUC Vice President on Big Cities, Donetsk City Mayor; V. Chaika, AUC Vice President on Social Policy, Mykolaiv City Mayor.</p> <p>Participants from media and expert community: O. Klymenko (СТБ TV Channel), D. Deriy (the «Газета по-київськи» newspaper), L. Didenko («Дніпро» Media Company), V. Zorya (the «Народний депутат» [national deputy] magazine), N. Kovalevska (the «Власть денег» [power of money] weekly), O. Lysenyuk (the «Хрещатик» newspaper), O. Mykolyuk (the «День» [day] newspaper), H. Pysarenko (РБК-Україна information Agency), D. Polonskyi (ES Group), Yu. Potashnyi (the «Віче» magazine), O. Samoilova</p>	<p>The working meeting of the National Press Club was held on February 1 based on the decisions of the AUC Board Presidium meeting.</p> <p>I. Kulichenko, AUC President, at the beginning of the meeting mentioned that the members of the AUC Board Presidium discussed the issue related to the local government land management authority and insisted that the right to manage land resources should remain within the local government authority.</p> <p>In his answer to the journalists’ questions V. Chaika stressed that the communal property and land resources are the main sources of revenues to city budgets. These resources represent the foundations of the local self-governance and this is clearly stated in the European Charter of Local Self-Governance. Without these resources there will be no local self-governance in Ukraine.</p> <p>In his answer to the journalists’ questions M. Pittsyk, AUC Executive Vice President, mentioned that the Ministry of Justice is about to issue a negative determination on the draft law to transfer the land management authority to local state administrations.</p> <p>The journalists were interested in the follow-up steps the Association is going to take to find solutions to the land management issues. The AUC representatives informed the journalists about the AUC intention to address V. Tykhonov, Vice Prime Minister of Ukraine, Minister of Regional Development, Construction, Housing and Utilities with a request to lobby for the retention of the land management authority within local government powers.</p> <p>As far as the other topics of the press club are concerned, the journalists were mostly interested in tariffs for the services rendered by utility companies and preferential public transportation services and the corresponding tariffs, which increase together with the increase of fuel prices. Talking on</p>
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<p>(«Кредит-рейтинг Монитор»), О.Татиу («Київ» TV Channel), S.Horbachevskiy (Kyiv State Regional TV and Radio Company), N.Shvets (Radio Era FM), and T.Ovinnikova («Ірта» TV and Radio Company).</p>	<p>this issue, I. Kulichenko, AUC President, Dnipropetrovsk City Mayor mentioned that according to expert estimates, the minimal salary is expected to rise four times over this year and this will also have its impact on tariffs. These issues need to be resolved, because Ukrainian residents will not be in the position to pay and will simply stop paying for utilities, which will lead to the collapse of the housing and utilities sector.</p>
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Meetings of regional press clubs “Straight form the Source”

Working meetings of regional press clubs are held in AUC regional offices three times a year based on the outcomes of meetings of regional advisory boards.

Working meeting of the Volyn Regional Press Club	
<p>Topic: “Initiative for Advocating Local Self-Governance: the Volyn Experience” Date: February 1, 2011</p>	<p>The meeting participants presented the outcomes of the discussions of regional priorities at the Regional Advisory Board:</p> <ul style="list-style-type: none"> - implementation of the regional program of modernisation of emergency condition buildings in the Volyn oblast; - preparation for the spring agricultural season by individual private farms in the oblast; - implementation of the territorial employment program in the Volyn oblast for 2010-2011. <p>Presentation of the DIAALOGUE Project, its tasks and benefits for local communities. V.Hodyk, Horokhiv City Mayor who took part in the meeting mentioned that the Project legal consultations provided to the Horokhiv City Council help to resolve local issues and assist in organising effective operations of the city hall.</p> <p>In the opinion of B.Samoilenko, Project Regional Coordinator, the regional advisory boards serve as ‘bridges’ for close interaction between the state executive and local governments to find solutions to common problems. Local government officials who attend such events together with the state executive servants outline the priorities of regional development.</p>
<p>Media: The «Хроніки Любарта» newspaper (article with the title “Will Americans Strengthen Our Organs”) VOSTVRC (oblast radio, News section), VOSTVRC, (TV program with the title “Government. Society. Community”, News section), Volyn Information Portal website, (article with the title “Horokhiv Residents Are Willing to Help the Mayor’s Office”), Radio СіД FM (News section), the «Вільним шляхом» newspaper, and the «Волинь» newspaper.</p>	
Working meeting of the Luhansk Regional Press Club	
<p>Topic: “Dialogue between the Government and Community: Competitiveness of Luhansk Oblast Cities” Date: February 3, 2011 Media representatives: the «Неделя +» newspaper; the «Паралель Медіа» newspaper; the «Експрес-Клуб»</p>	<p>The event was conducted in a TV program format. The «NOTA Bene» program aired by the JIOT TV Channel presented an opportunity for the audience to touch upon various aspects of the problem under discussion and to listen to experts’ opinion. The TV program consisted of 3 parts and was presented as the live discussion of the following topics:</p> <ul style="list-style-type: none"> - cooperation between the LOSA, Investment Promotion Agency, mayors, deputy mayors, and local governments in the area of increased city competitiveness and capacity of cities to promote investments; - role of the Regional Investment Promotion Agency of the

<p>newspaper; and the «Жизнь Луганска» newspaper.</p>	<p>LOSA in promoting investments to companies in the Luhansk oblast cities;</p> <ul style="list-style-type: none"> - investment promotion and creation of new jobs; - correlation between city competitiveness and investment attractiveness; - what should be done to promote investments in the Luhansk oblast; - identify cities in the Luhansk oblast with some experience in investment promotion.
<p>Working meeting of Ternopil Regional Press Club</p>	
<p>Topic: “Cooperation of Governments at Various Levels as a Key to Success” Date: March 14, 2011</p> <p>Media representatives: Radio Roks; the «Тернопіль Вечірній» newspaper (article under the title: “A Forum for Coordination and Self-Governance Set Up”); 24 Kanal TV Channel; the «RIA плюс» newspaper; the ІНТБ TV Channel; TV-4 TV Channel; ТТБ TV Channel; the «Свобода» newspaper (article under the title: “A Regional Board Set Up”); the «Газета по Українськи» newspaper; the «Місто» newspaper (article under the title: “A Regional Board Set Up”); the «Номер Один» newspaper; the «Про все» newspaper; the Ternopil Press Club (article under the title: “A Regional Board for Interaction between the Local Agencies of the State Executive and Local Governments Set Up”);</p>	<p>V.Khoptyan, Head of the Ternopil State Administration made the introductory remarks and told about the setting up of the Regional Advisory Board. He told the journalists about the tasks of the new board and stressed the importance of having such an effective entity. The OSA Head dwelt on the details of the issues, which were discussed:</p> <ul style="list-style-type: none"> - impact of the tax reforms on the revenue base of local budgets in the oblast, -interaction between local agencies of the state executive and local governments in the area of setting up local militia. <p>At the end of the press club meeting, the participants presented the outline of the work plan of the Regional Advisory Board for 2011 to the journalists. In 2011, the Project will organise four meetings of the Board. The next meeting is scheduled in May of 2011.</p>
<p>Working meeting of the Rivne Regional Press Club</p>	

<p>Topic: “Press Club Activities within the Framework of the Development Initiative for Advocating Local Governance in Ukraine (DIALOGUE) Project” Date: February 16, 2011</p>	<p>R.Stasyuk, Policy Dialogue Coordinator at the Rivne AUC RO, informed the participants about the first working meeting of the Advisory Board, which was set up at the Oblast Council and conducted on January 27, 2011. The members of the Advisory Board presented the outcomes of the discussions of the following key issues for the oblast:</p> <ul style="list-style-type: none"> - O.Hubanov, Head of the Oblast State Administration mentioned that his office is waiting for the grass-root initiative and stands ready for the dialogue to discuss common initiatives; - M.Kryvko, Deputy Oblast Council Chairman, informed about the initiative to optimise the executive bodies in the oblast and ensured his readiness to implement additional programs aimed at the sparing use of resources in the context of the crisis; - A.Stashko, First Deputy Head of the State Tax Administration informed about the activities of the STA in the oblast aimed at bringing additional collections to the State Budget and local budgets and stressed the importance of expeditious introduction of requirements of the Tax Code in the activities of local councils.
<p>Media: the «Урядовий кур’єр» [government courier] newspaper, the „Рівне - Ракурс” newspaper, the „Сім днів” [seven days] newspaper, Rivne State TV Company, Radio – Трек, „Рівне-1” TV and Radio Company, the „Вісті Рівненщини” [Rivne region news] newspaper</p>	<p>The city mayors who were present at the meeting informed the journalists about their concerns about the potential amendments to the land legislation and the transfer of land management authority from local governments to state executive agencies.</p> <p>The journalists, in their turn, informed about their readiness to cover the solutions to local government issues in the Rivne oblast. They decided to intensify the work of the Press Club and to have its meetings on a regular basis based on the following principles:</p> <ul style="list-style-type: none"> - unbiased approach; - focus on key topics; - presenting a good balance of national and regional issues.
<p>Working meeting of the Luhansk Regional Press Club</p>	
<p>Topic: “Dialogue for the Government and Community: Supporting Condominium Associations in the Cities of the Luhansk Oblast, Creation of a Resource Center for Condominium Associations” Date: March 30, 2011</p>	<p>The participants discussed the following local government issues with the media representatives:</p> <ul style="list-style-type: none"> - municipal policies aimed at supporting condominium associations in the city of Luhasnk. The city earmarked 110 million UAH for the support to condominium association in its budget for 2010. The city will earmark about 100-120 for repair works to those residents who were brave enough to create condominium associations. - Oblast level policies aimed at setting up condominium

<p>Media: ЛІОТ Company, “Ірта факс”, “Luhansk Cable Networks”, State TV and Radio Company; the «Ракурс» newspaper; the «Експрес клуб» newspaper.</p>	<p>association in the Luhansk oblast. The goal is to cover 70% of residential buildings (2,785 condominium associations) by 2014 in the Luhansk oblast. Currently, there are only 599 such associations. The Oblast Administration is planning to conduct training sessions and an awareness campaign to prepare pilot projects.</p> <p>- setting up the Condominium Association resource Center at the Luhansk AUC RO. The main purpose is to provide assistance to local governments in setting up condominium associations based on best practices available in the Luhansk oblast, Ukraine and abroad. The strategic activities for the Center include: utilisation of the donor technical assistance, preparation of grant projects for training programs and seminars to be implemented in the Luhansk oblast, preparation of promotional TV and radio programs, information materials, and newspapers.</p>
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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 225 consultations to local government officials. Since the inception of the Project, 525 consultations to local government were provided.

City Legal Assistance Center consultants provided **225** legal consultations through the mobile telephone line including the following areas:

- local budgets and inter-budgetary relations (35);
- land relations (58);
- housing, utilities and communal property (35);
- organisational and legal foundations for local self-governance (83);
- social assistance (13);
- education (1).

Activity 2.4.2. Legal protection services

In the reporting period the Project did not hire its attorney, therefore legal counselling was provided by the AUC City Legal Assistance Center. The attorney services were provided to **6** local government authorities and their officials. The attorney services were provided in the following key areas:

- preparation of draft documents (2);
- expert evaluation of local government documents and ordinances and preparation of expert opinion on them (8);
- protection of interests of local governments and their officials in courts (4).

Local Government Lawyer School

The local government lawyer school provides an internship opportunity at the AUC, local government bodies and the ad-hoc parliamentary committee for law students. Successful students will receive the Local Government Lawyer School Certificate. Candidates are to be selected in the basis of an open competition. The school tuition is free.

The main purpose of the School is theoretical tuition and hands-on training for young lawyers and getting them prepared to work in local governments. The School does the following:

- trains students in municipal law, law-drafting activities, and legal techniques;
- supports the professional development of young lawyers;
- improves the development of leader skills, creative abilities, self-expression and assertion of the School students as active members of the society;
- prepares and introduces training curricula and plans for future local government lawyers;
- gives opportunities for expanding the cadre potential of the AUC.

The ten-day School course started on March 21. The course consists of the following four components:

- training section (20 hours of lectures and practical classes in such areas as: constitutional foundations of local self-governance, legislative process and basic law-drafting techniques, organisational and legal mechanisms of relations between local governments and state executive agencies, and issues related to protection of rights and interests of local governments);
- internship at the Verkhovna Rada of Ukraine Committee on State Building and Local Self-Governance, standing commissions of the Kyiv City Council, and the Association of Ukrainian Cities (total - 20 hours);
- unsupervised study and individual assignments (6 hours);
- assessment of knowledge and skills in the form of a report on individual assignments (10 hours) and examinations (4 hours).

16 School graduates received their certificates based on the final exams.

2.5. Component: Special Emphasis on Crimea

In February-March, the Project organised two study tours for local government officials from the Crimean Autonomous Republic to other Ukrainian cities. Eight persons took part in the tours. All of them stressed the practical importance of such study tours and the opportunity to study best practices on-site and establish professional contacts with their peers from other Ukrainian cities.

<p>Topic: “Reforms in the Sector of Housing and Utilities, and City Beautification”</p>	<p>The participants of the study tour became familiar with the practical approaches to reforms in the housing and utilities sector, including the following:</p> <ul style="list-style-type: none"> - incentives for setting up condominium associations; - best practices of neighbourhood housing maintenances units (ZhEKs); - strengthening the housing and utility services market through the introduction of competitive models at the local level; - a system of gradual replacement of green plantations in the city; - introduction of alternative energy sources (palettes) for heating utility premises in the city; - introduction of most effective and the least energy consumption system of insulation of apartment blocks. <p>Following the study tour, its participants will submit to their respective executive committees the proposals on suggested improvements. This will lead to tangible results in more effective management of the city housing stock, improved housing and utility services to citizens, and will allow to cut down local budget expenditures for replacement of green plantations and energy during the heating season.</p>
<p>Date: February 24-25, 2011</p>	
<p>City: Mykolaiv</p>	
<p>Participants: heads of departments and authorities of housing and utilities from the cities of Simferopol, Bakhchysarai, Bilohirsk, Sudak, and Yalta</p>	
<p>Topic: “Best Practices in City Hall and Executive Committee Operations”</p>	<p>The study tour participants became familiar with the new methods of organisational activities piloted in the Berdyansk City Council, in particular:</p> <ul style="list-style-type: none"> - system of virtual document turnover; - One-Stop-Shop Office for issuing permit documents; - training system for city council members, members of the executive committee, and other local government officials; - setting up public activity groups in city residential areas. <p>The participants of the study tour will prepare briefing materials for working sessions of the corresponding city councils in order to introduce the practices mentioned above. This will allow to substantially cut down local</p>
<p>Date: March 1-2, 2011</p>	
<p>City: Berdyansk (Zaporizhzhya oblast)</p>	
<p>Participants: heads of departments of city council organisational activities from the cities of Simferopol, Yevpatoriya and Saky</p>	

	<p>budget expenditures for effective monitoring of assignments, remove corruption schemes in preparing and issuing permit documents, as well as to considerably increase the professional qualifications of local council members, members of executive committees and other local government officials, and to involve the general public in finding solutions to local issues.</p>
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Chapter 3. IMPLEMENTATION PROBLEMS AND WAYS TO RESOLVE THEM

Setting up the Regional Advisory Boards was the main problem in the Project implementation in the reporting period:

1. The Project encountered problems with hiring its staff in oblasts. After the repeated announcement there are still vacant positions of regional project coordinators in six oblasts (Kyiv, Donetsk, Kharkiv, Kirovohrad, Poltava, and Cherkasy). Because of the absence of any opportunity to set up coordination with the oblast state administration, the project coordinator in the Chernivtsi oblast resigned.
2. Project coordinators in all oblasts mention about problems they face when trying to coordinate the activities of Regional Advisory Boards. In most of oblasts the heads of oblast state administrations implemented the Cabinet of Ministers resolution and included local government officials in the membership of their advisory boards. However, very often, such entities include too many people (about 100 members) and representatives of various non-governmental organisations. This makes it difficult to focus on local government topics. It is also difficult to talk about some regular nature of working meetings (only the Luhansk Regional Advisory Board conducted two meetings) and the readiness of heads of oblast state administrations to keep to the promised schedule (for example, the date of the meeting in Ivano-Frankivsk was reschedule 6 times and Sumy 4 times).

The Project made a decision to change the strategy for its activities at the regional level and to set up the Regional Advisory Boards at the offices of chairmen of oblast councils, thus inviting heads of oblast state administrations to participate in the activities of the boards. In the opinion of Project experts, such a move will improve the Project activities for the following reasons:

1. Oblast councils represent common interests of all communities in oblasts. Therefore, a regional advisory council would unite and speak on behalf of all local governments in the oblast including rayon, city, town, and village councils.
2. Oblast councils work closely with oblast state administrations, because the latter perform the functions of their executive bodies.

The DIALOGUE Project conducted negotiations with the Ukrainian Association of Local and Regional Councils and received its support in setting up the regional advisory boards at the offices of chairmen of oblast councils. The Ukrainian Association of Local and Regional Councils is a partner organisation for the AUC. The membership of the Association includes oblast councils represented by their chairmen.

Chapter 4. SUCCESS STORIES

AUC experts made it the case with the CMU and secured funding for LSG to maintain the road network infrastructure

The Tax Code of Ukraine abolished the vehicle owner taxation used to construct/repair streets and roads in community managed settlements, thus local budget road funds were cut several times.

Thanks to the AUC actions, the Law of Ukraine “On the State Budget of Ukraine for 2011” did stipulate subventions to local budgets for construction, reconstruction, repairs and maintenance of streets and roads in community managed settlements to the amount of 1.5 billion UAH.

However, the Cabinet of Ministers of Ukraine Resolution #52 of January 19, 2011 narrowed the designation of the subvention and approved the Regulations to issue subventions from the State Budget to local budgets to construct and capital repairs streets and roads in community managed settlements. The words ‘to construction and repairs of streets and roads’ were replaced with ‘to overhaul streets and roads,’ which limited the local budgets potential to appropriate under the law on subventions and perform repair works thus funded.

In the result of AUC appeals to the CMU and VRU Budget Committee, the Cabinet of Ministers on March 11, 2011 remedied the situation amending the above resolution as follows:

- Program subventions issuance was put in compliance with the Law of Ukraine “On the State Budget of Ukraine for 2011”;
- 717 million UAH out of 1.5 million UAH of subventions was proportionally allocated for administrative and territorial units, whereas the balance was channelled to fund the 2012 Euro Cup Final related objects (those with the 70% completion, require finishing of the work started in 2009-2010 and must be commissioned this year; are of social and economic magnitude to ensure transportation functioning in settlements; and have approved cost estimate documentation).

Thus, national and local interests were balanced and improved services provided locally.

The authorities started heeding local government associations as to the budget policy directions

According to the Law of Ukraine “On Local Government Associations”, the nation-wide associations by February 15 of the year preceding the planned budget period shall submit to the Cabinet of Ministers of Ukraine their joint proposals on local and regional interests when preparing the Declaration of Objectives and Tasks of the budget for the pertinent budget period.

The AUC drafted and secured support of Ukrainian city finance directors the Declaration of Objectives and Tasks of the budget for 2012, which was signed as initiated by the National Congress of Local Self-Governance of Ukraine. The Ministry of Finance of Ukraine advised the CMU and AUC that when developing the Main Directions of the Budget Policy for 2012 (under article 33 of the Budget Code of Ukraine) some proposals of the National Congress of Local Self-Governance of Ukraine were reckoned with, while others will be considered within the budget limits when the 2012 budget process has kicked off.

First time ever since the Law of Ukraine “On Local Government Associations” (2009) has been passed, its provisions on the budget process actually took off and the financial issues local government importance were reflected in a comprehensive and balanced political document.

Actually, the Project has succeeded in making the central authorities hear the local government voice right at the beginning of the drafting of the budget for the next year. All the foregoing had a direct impact on the political stability in the country, helped build a constructive dialogue between the central and local authorities and intensified decentralization of public governance.

The AUC actively affects the process of simplifying local borrowing procedures

Currently, local governments lack resources to implement infrastructure development projects and thus the issue of external borrowing from International Financial Institutions and government lenders is very current, while the current regulations on borrowing by LSG to local budgets approved by CMU Resolution #207 of February 24, 2003 was not in line with the Budget Code Ukraine. Neither did it help strengthen the creditworthiness of Ukrainian cities to attract funds to implement infrastructure development projects.

Thanks to the AUC interference – appeals to the Committee on Economic Reforms at the President of Ukraine, to the CMU – a working group was initiated based on the VRU Budget Committee with the Ministry of Finance on board and in cooperation with IBSER, with considered the initiative to simplify the budget legislation as to simplifying local borrowing procedures:

- On February 16, 2011, the Cabinet of Ministers issues Resolution #110 to bring the Local Borrowing Procedures in line with the Budget Code;
- The VRU Budget Committee with the Ministry of Finance on board cleared the amendments to the Budget Code to simplify the budget legislation as to simplifying local lending/borrowing procedures (prepared by the AUC).

The Association of Ukrainian Cities helps timely transfer subventions from the central to local budgets

In February of 2011, the AUC was addressed by Dnipropetrovsk oblast local governments with requests to help ensure transfer of subventions from the central to local budgets to ensure average salaries to former local government council members while in search for employment due to the termination of the term of office.

The AUC addressed the Ministry of Finance of Ukraine as early as in March of 2011 and local budgets received the abovementioned subventions, thus securing the legitimate rights of citizens, former local government servants, guaranteed by Article 33 of the law of Ukraine “On the Status of Local Council Members”.

Chapter 5. ESTIMATED SCHEDULE FOR THE NEXT QUARTER

Legislation Group

- Finalising Technical Area (sectoral) Profiles;
- Priority setting and start of legislation drafting activities
- Legislation Monitoring;
- Preparation and dissemination of the Legislation News electronic publication;
- Preparation and dissemination of the Sectoral Monitoring

Dialogue Group

- Holding consultations with key line ministries;
- Working meetings of the inter-faction parliamentary group (local government caucus);
- Working meetings of 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;
- Preparation and dissemination of the Legal Consultations electronic publication.

The List of Legislation the OEG Projects Are Working On Now

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A	B	C	D	E	F	G	H	I	J
# of the law/draft law	Title of the law/draft law	Significance	Lead Ministry / Committee/NGO and Lead Verkhovna Rada Committee Pushing for legislation	Lead GOU Contacts	Status/Concerns/Issues	USAID Partner	Date the work started	Date the law was signed	Number of hours spent on the preparation a month
1	Draft #7502 of December 22, 2010	Law of Ukraine «On Amending Article 2 of the Law of Ukraine "On «On Public Procurement" (Concerning the Procurement of Goods and Services in the Sector of Natural Monopolies and Adjacent Markets)"	According to the amendments, the Law will not cover the procurement of such goods (services) as electricity, its transportation and distribution, natural and oil gas and its transportation, distribution and supply services, heat energy and its supply and transportation; district heating services, water-supply and sewage services.	Ministry of Economic Development and Trade of Ukraine / Verkhovna Rada of Ukraine Committee on Economic Policy	Verkhovna Rada of Ukraine Committee on Economic Policy	Proposals were sent to the Cabinet of Ministers of Ukraine to these services to the list of goods, works and services not covered by this Law. On January 11, 2011, the Verkhovna Rada of Ukraine approved the Law. On January 12, 2011, the Law was sent to the President of Ukraine for his signature.	DIALOGUE	December 9, 2010	2
2	n/a	Draft Law of Ukraine "On Peculiarities of Turning the Utility Companies Engaged in Water-Supply, District Heating and Sewage Services into Joint Companies"	The purpose of this is to specify in the legislation the procedures and conditions for turning the utility companies engaged in water-supply, district heating and sewage services into joint companies. The draft law envisions the possibility of include the right to use the communal property, which in accordance with the legislation is not subject to privatisation, to the statutory fund of a public joint-stock company created on the basis of a former utility company.	Ministry Regional Development, Construction, Housing and Utilities of Ukraine	Ministry Regional Development, Construction, Housing and Utilities of Ukraine	Proposals were sent to the Ministry Regional Development, Construction, Housing and Utilities to regulate the guarantees for the right of territorial communities to use the communal property, which in accordance with the legislation is not subject to privatisation and has been included in the statutory fund of a public joint-stock company in case of the bankruptcy of such a company. On January 25, 2011, DIALOGUE experts took part in the discussion of the draft law at the meeting of the Housing and Utilities Reform Sub-Group of the President's Economic Reform Committee headed by Vice Prime Minister of Ukraine and Minister of Regional Development, Construction, Housing and Utilities V.Tykhonov. The AUC support the document in general because it facilitates attraction of investments in the sector. The draft law is being prepared for consideration by the Cabinet of Ministers.	DIALOGUE	December 17, 2010	8
3	n/a	Draft Law of Ukraine "On the Land Code of Ukraine (Regarding the Increased Government Control over Administration of Public Lands within the Boundaries of Settlements)"	According to the amendments, the powers to administer lands within boundaries of villages, towns and cities (except for the cities of Kyiv and Sevastopol and cities of oblast and republican significance) will be removed from the local government authority and transferred to state administrations.	Ministry of Agrarian Policy and Food of Ukraine		The Draft Law was prepared by the Ministry of Agrarian Policy and Food of Ukraine upon the instruction of the President of Ukraine. DIALOGUE experts are against such changes, because village, town and city (for cities of rayon significance) mayors will, in fact, be removed from managing their territories. On January 13, 2011, the AUC officially addressed Vice Prime Minister of Ukraine and Minister of Regional Development, Construction, Housing and Utility Services V.Tykhonov with the request to support local governments. The AUC also addressed local government bodies to conduct local council sessions to discuss the Draft Law and send their official petitions to the county leaders expressing their refusal to accept such changes. Currently, the Draft Law has not been made officially public.	DIALOGUE	January 13, 2011	40
4	n/a	Draft Law of Ukraine "On Amending Article 229 of the Code of Ukraine on Administrative Offences"	The draft law would increase the responsibility for rides without fares in the public transportation	Ministry Regional Development, Construction, Housing and Utilities of Ukraine	Ministry Regional Development, Construction, Housing and Utilities of Ukraine	The draft law was sent by the Ministry to the AUC for concurrence. The AUC concurred with the document without reservations. If passed, the law would allow to reduce local budget losses. On January 25, 2011, DIALOGUE experts took part in the discussion of the draft law at the meeting of the Housing and Utilities reform Sub-Group of the President's Economic Reform committee headed by Vice Prime Minister and Minister of Regional Development, Construction, Housing and Utilities V.Tykhonov. The document is being prepared for consideration by the Cabinet of Ministers of Ukraine.	DIALOGUE	дек.10	4
5	# 7486-1 of December 22, 2010	Draft Law of Ukraine «On Higher Education" (new version)	The document explains the meaning of the notion of higher education, types of educational establishments, and their organisational and managerial aspect	Ministry of Education and Science of Ukraine / Verkhovna Rada Committee on Science and Education	Verkhovna Rada Committee on Science and Education	The Draft Law was submitted to the Verkhovna Rada of Ukraine. DIALOGUE experts consider it to be unacceptable to set the minimum quantity of day-time students for the new communal higher educational establishments and to shift the financial burden from the State Budget to local budgets to support higher educational establishments owned by the state. Such proposals were submitted to the Verkhovna Rada of Ukraine Committee on Science and Education. On January, 13, 2011, a DIALOGUE expert participated in the discussion of the Draft Law at the meeting of the Verkhovna Rada of Ukraine Committee on Science and Education. The committee failed to pass a decision since there was no quorum. The proposals may be taken into consideration only for the second reading.	DIALOGUE	November, 10, 2010	40
6	Draft Law #7418 of December 2, 2010	Law of Ukraine «On Regulating City Planning Activities" (regarding the reduction of permit procedures for construction)	The draft law set the legal and organisational framework of city planning activities and would allow to reduce the number of permit procedures for construction	Ministry Regional Development, Construction, Housing and Utilities of Ukraine / Verkhovna Rada of Ukraine Committee on Urban Development, Housing, Utilities and Regional Policy	Ministry Regional Development, Construction, Housing and Utilities of Ukraine	On December 2, 2010, the Presidium of the AUC Board expressed its substantial concerns to the draft law. The draft law limits the local government authority, and transfers the right to issue permits for construction and certificate to commission new buildings to the centralised system of the central government architectural and construction inspections. The proposals and concerns were passed to the key authors of the draft law. On January 13, 2011, the Verkhovna Rada of Ukraine approved the Draft Law in the second reading and as a whole. On January 19, 2011, the Law was sent to the President of Ukraine for his signature. Taking into consideration the fact that the concerns of the DIALOGUE experts have been accepted only partially, this issue will be included in the agenda of the AUC Board Presidium scheduled for February 1, 2011.	DIALOGUE	ноя.10	24
7	Draft #7115 of September 09, 2010	Law of Ukraine "On Amending Some Legislation of Ukraine on Settling Payments for Natural Gas and Electricity"	The Law amends the laws "On Potable Water and Supply of Potable Water" and "On Heating Sully", which provide legal framework for separate accounts of utility companies to accumulate funds coming in the form of payments for corresponding services from all categories of users. The mechanism for the distributions of these funds shall be established by the National Commission for Regulating the Utility Services Market in Ukraine.	Ministry Regional Development, Construction, Housing and Utilities of Ukraine / Verkhovna Rada of Ukraine Committee on Fuel and Energy, Nuclear Policy and Nuclear Safety	Ministry Regional Development, Construction, Housing and Utilities of Ukraine	The AUC vehemently opposed the idea of providing legal grounds for this kind of mechanism of settling payments for consumed natural gas and electricity, because it contradicts the principle of freedom of business activities and discretionary use of profit funds specified in the Economic Code of Ukraine. Besides, introduction of such a mechanism would, in fact, give preferences for companies supplying natural gas and electricity, which contradicts the principle of equal state support to all business entities. On December 14, 2010, the Verkhovna Rada of Ukraine passed the law in the second reading. On January 13, 2011, the President vetoed the law and suggested to decline it. The ad-hoc Committee supports the position of the President of Ukraine.	DIALOGUE	June of 2010	4
8	#6435 of May 27, 2010	Draft Law of Ukraine "On Amending Article 16 of the Law of Ukraine "On Pre-School Education" (regarding elimination of waiting lists for enrolment to pre-school educational establishments"	State-owned or communal pre-school educational facilities are not subject to privatisation, changing status or use for non-intended purposes (including leasing of premises (buildings)).	National deputy of Ukraine O.Feldman / Verkhovna Rada of Ukraine Committee on Science and Education	Verkhovna Rada of Ukraine Committee on Science and Education	The proposed amendments can be accepted if they are made simultaneously with amending Article 26 of the Law of Ukraine "On Local Self-Governance in Ukraine". On January 13, 2011, a DIALOGUE expert took part in the discussion of the draft law at the working meeting of the Verkhovna Rada of Ukraine Committee on Science and Education. The decision on the draft laws was not made due to the absence of the quorum.	DIALOGUE	янів.11	12
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10	n/a	AUC proposals to improve the territorial government arrangement at the regional and local level	The President of Ukraine Council of Regions tasked the Cabinet of Ministers to come up with proposals to improve the territorial government arrangement at the regional and local level, namely: key areas of the administrative reform at the local level	Council of Regions	Vice Prime Minister of Ukraine and Minister of Regional Development, Construction, Housing and Utilities of Ukraine V.Tykhonov	DIALOGUE experts sent their proposals on organisation and authority of local self-governance at the basic, rayon and oblasts levels and on authority of local state administrations to Vice Prime Minister of Ukraine and Minister of Regional Development, Construction, Housing and Utilities of Ukraine V.Tykhonov.	DIALOGUE	January 4, 2011		60
11	n/a	Draft Resolution "On Approving the Regulations on the System of Monitoring Flooded Cities and Towns of Ukraine (elevation of ground water level)"	The Resolution describes the system for monitoring the flooded settlements, in particular, the entities to perform the monitoring, its frequency and actions.	Ministry Regional Development, Construction, Housing and Utilities of Ukraine	Ministry Regional Development, Construction, Housing and Utilities of Ukraine	The draft resolution was sent by the Ministry to AUC for concurrence. The AUC concurred with the document with reservations. The State Budget of Ukraine for 2011 does not envision funds for the National Targeted Environmental Monitoring Program, which would provide the financial support for the activities envisioned in the draft resolution. The resolution is being finalised by the Ministry.	DIALOGUE	January 4, 2011		24
12	n/a	Draft Law of Ukraine "On Amending the Law of Ukraine "On Beautification of Settlements"	The draft law would provide for maintenance of beautification items in cities, improve the effectiveness of beautification works, and decrease the number of violations in this sector.	Ministry Regional Development, Construction, Housing and Utilities of Ukraine	Ministry Regional Development, Construction, Housing and Utilities of Ukraine	The draft resolution was sent by the Ministry to AUC for concurrence. The AUC concurred with the document without reservations, because it will improve the beautification activities in cities. The draft law is in the clearance process.	DIALOGUE	January 17, 2011		40

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# of the law/draft law	Title of the law/draft law	Significance	Lead Ministry / Committee/NGO and Lead Verkhovna Rada Committee Pushing for legislation	Lead GOU Contacts	Status/Concerns/Issues	USAID Partner
#7082 of September 03, 2010	Draft Law of Ukraine «On Local Referendum»	The main purpose of the draft law is to provide for effective regulation of relations arising in the process of initiating and conducting a local referendum, to regulate the rights of citizens to initiate local referenda, and to create barriers for any administrative pressure on the subjects for this process.	Cabinet of Ministers of Ukraine / Verkhovna Rada of Ukraine Committee on State Building and Local Self-Governance	Verkhovna Rada of Ukraine Committee on State Building and Local Self-Governance	The draft document was submitted to the Verkhovna Rada of Ukraine by the Cabinet of Ministers of Ukraine. Upon the interpellation by the Verkhovna Rada of Ukraine Committee on State Building and Local Self-Governance DIALOGUE specialists prepared their expert opinion on the draft law. In general, the experts support the necessity of passing this Law. Given the fact that the current Law on Referendum was passed during the Soviet times, the corresponding Ukrainian legislation requires it should be brought in line with the provisions of the Constitution of Ukraine and international legal documents. At the same time, the experts have come up with certain comments of a general nature and comments to specific provisions of the draft law. The AUC position was expressed by the experts at the round table discussion in the Committee on February 1, 2011. The work on the draft law is currently underway.	DIALOGUE
n/a	Draft Law of Ukraine "On Amending the Tax Code of Ukraine with Regard to Fees for Gambling"	The main purpose of the draft law is to regulate taxation of gambling activities and increase local budget revenues.	Ministry of Finance of Ukraine	Ministry of Finance of Ukraine	The draft law was placed on the Ministry of Finance web-site. DIALOGUE experts support the initiative in general, however, at the same time they are suggesting the amendments, which may bring the additional revenues to local budgets in the amount of approximately 100 million UAH.	DIALOGUE
n/a	Declaration of Objectives and Tasks of the 2012 Budget	In compliance with Paragraph 1 of Article 20 of the Law of Ukraine "On Local Self-Governance Associations" Ukraine-wide associations not later than February 15 of the year preceding the planned budget period submit to the Cabinet of Ministers of Ukraine their joint proposals to take into account local self-governance interests while drafting the Declaration of Objectives and Tasks of the budget for the next budget period	Cabinet of Ministers of Ukraine, Ministry of Finance of Ukraine	Cabinet of Ministers of Ukraine, Ministry of Finance of Ukraine	DIALOGUE experts collected local government proposals for the formation of the State Budget for the next period. Having generalised the proposals the experts suggested 14 proposals to the Declaration of Objectives and Tasks of the 2012 Budget. In general, they deal with the financial autonomy of local self-governance, increased revenues to local budgets, optimisation of expenditure powers of local government bodies, and ensuring the central government fulfilment of its commitment to finance the delegated powers and targeted programs. In compliance with the Law of Ukraine "On Local Self-Governance Associations" the AUC came up with an initiative to send a letter on behalf of the National Congress of Local Self-Governance to the Cabinet of Ministers of Ukraine. The CMU tasked the Ministry of Finance to work up the Congress proposals up to March 15, 2011.	DIALOGUE
n/a	Draft Resolution of the Cabinet of Ministers of Ukraine "On Model Payroll of Local Government Bodies"	The draft document envisions the reduction of local government staff by 30 - 50% depending on the population size of a given settlement.	Ministry of Regional Development, Construction, Housing and Utilities of Ukraine		The Ministry submitted for the Cabinet of Ministers consideration the draft law, which substantially differs with the version concurred with the AUC in December of 2010. In particular, local government staff is supposed to be reduced by 30-50%. DIALOGUE experts turned to Prime Minister M.Azarov to decline the draft law, as the expected staff reduction will make it impossible to render social protection, education and health care services to citizens. In addition to this, the experts emphasize the fact that the decision on structure of local government bodies is their sole responsibility. The Secretariat of the Cabinet of Ministers of Ukraine supports the AUC position.	DIALOGUE
n/a	Draft Law of Ukraine "On Amending the Law of Ukraine "On Housing and Utility Services" and Draft Resolution of the Cabinet of Ministers of Ukraine "On Amending Certain Resolutions of the Cabinet of Ministers of Ukraine"	The draft documents amend the current legislation of Ukraine on responsibility for untimely payments for housing and utility services.	Ministry of Regional Development, Construction, Housing and Utilities of Ukraine	Ministry of Regional Development, Construction, Housing and Utilities of Ukraine	Draft documents were sent by the Ministry for AUC concurrence. The amendments envisioned in the draft documents would allow to implement the Law on abolishing the temporary ban on fining citizens of Ukraine for untimely payments for housing and utility services. AUC concurred with the draft documents with reservations. In order to stick to the principle of social equity, the experts suggested to exempt from fines those users who have not been paid stipends, pensions or salaries, as well as citizens whose income does not exceed the minimum subsistence level. Currently, the draft documents have been submitted for concurrence by other interested organisations.	DIALOGUE
n/a	Draft Resolution of the Cabinet of Ministers of Ukraine "On Solid Waste Management Program"	The Resolution approves the Solid Waste Management Program.	Ministry of Regional Development, Construction, Housing and Utilities of Ukraine	Ministry of Regional Development, Construction, Housing and Utilities of Ukraine	The draft document was sent for repeated concurrence to the AUC because of the reorganisation of the Ministry. The AUC provided a repeated concurrence without reservations	DIALOGUE

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n/a	Draft Order of the Ministry of Regional Development, Construction, Housing and Utilities of Ukraine "On Approving the Methodology for Sorted Collection of Solid Waste"	The draft document envisions the use of the methodology by all business entities for sorted collection of solid waste.	Ministry of Regional Development, Construction, Housing and Utilities of Ukraine	Ministry of Regional Development, Construction, Housing and Utilities of Ukraine	The draft document was sent to the AUC for concurrence. The document was concurred without reservations. The purpose of the sorted collection of solid waste is to reduce the quantity of solid waste dumped at landfills, processing it into raw materials, and improved environmental condition.	DIALOGUE
n/a	Draft Law of Ukraine "On Amending the Land Code of Ukraine (concerning the increased control by the state over the management of state-owned lands within boundaries of settlements)"	According to the amendments, the authority to manage lands within boundaries of villages, towns and cities (except for cities of Kyiv and Sevastopol and cities of oblast and republican significance) will be transferred from local government bodies to the corresponding agencies of the state executive.	Ministry of Agrarian Policy and Food of Ukraine		The draft document was prepared by the Ministry of Agrarian Policy and Food of Ukraine upon the instruction of the President of Ukraine. DIALOGUE experts are categorically against the amendments, because village, town and city (for cities of rayon significance) councils will be, in fact, squeezed out from managing their territories. January 13, 2011, the AUC made an official petition to Vice Prime Minister and Minister of Regional Development, Construction, Housing and Utilities V.Tykhonov and requested him to support the position of local self-governance. The Cabinet of Ministers of Ukraine after the AUC petition issued an order (#17241/1-11 of January 19, 2011) to the State Agency for Land Resources and Ministry of Agrarian Policy to examine the position of local government bodies. The State Agency for Land resources (letter of February 10) and the Ministry of Agrarian Policy (letter of February 17) informed the AUC that this draft law was already submitted to the Cabinet of Ministers for consideration. The AUC came up with a suggestion for local governments to have their local council sessions discuss the draft law and sent official appeals to the leaders of the state about the unacceptability of the changes suggested in the	DIALOGUE
Draft #7418 of December 2, 2010	Law of Ukraine "On Regulations of the Urban Development Activities" (concerning the simplification of permit procedures for construction)	The draft law provides for legal and organisational framework for urban development activities and decreases the number of permit procedures for construction	Ministry of Regional Development, Construction, Housing and Utilities of Ukraine / Verkhovna Rada of Ukraine Committee on Construction, Urban Development, Housing, Utilities, and Regional Policy	Ministry of Regional Development, Construction, Housing and Utilities of Ukraine	December 2, 2010, the AUC Board Presidium expressed substantial concerns with regard to the draft document. The draft law limits the authority of local government bodies and transfers their functions of issuing construction permits and commissioning constructed buildings to the centralised system of state architectural and construction inspections. The proposals and comments to the draft law were passed to its main authors. January 13, 2011, the Verkhovna Rada of Ukraine passed the draft law in the second reading and as a whole. On January 19, 2011, the Law was sent to President of Ukraine for signature. On February 17, 2011, the Law was approved with the suggestions of the President of Ukraine. According to the President's proposals, the urban development authority of village, town and city councils on a given territory will include the right to approve territory zoning plans, or, in case territory zoning plans approved in the due order are not available, detailed territory plans (in the version passed by the Verkhovna Rada of Ukraine this was given to the authority of executive committees of local councils). The amendments made did not resolve the issue of the limitation of local self-governance authority. The Law was sent to the President of Ukraine for his signature.	DIALOGUE
Draft #7115 of September 09, 2010	Law of Ukraine "On Amending Certain Law of Ukraine Regarding Payments for Natural Gas and Electricity"	The Law amends the laws "On Potable Water and Potable Water Supply" and "On Heat Supply". These laws provide the legal framework for the introduction of separate accounts of utility companies to accumulate funds from payments for services coming from all categories of users. The mechanism for the distribution of funds from such accounts is to be established by the National Commission to Regulate Utility Services Market in Ukraine.	Ministry of Regional Development, Construction, Housing and Utilities of Ukraine / Verkhovna Rada of Ukraine Committee on Fuel and Energy Complex, Nuclear Policy and Nuclear Safety	Ministry of Regional Development, Construction, Housing and Utilities of Ukraine	The AUC was categorically against the introduction of the legal framework for this kind of settlements for consumed natural gas and electricity, because it contradicts the principles of entrepreneurial freedom and discretionary use of profit specified in the Economic Code of Ukraine. In addition to this, the introduction of such a mechanism is, in fact, in favour of natural gas and electricity supply companies, which contradicts the principle of equal state protection to all business entities. On December 14, 2010, the Verkhovna Rada of Ukraine passed the Law in the second reading. January 13, 2011, the President vetoed the Law and suggested to decline it. The ad-hoc Committee supports the position of the President of Ukraine. On February 17, 2011, the Law was declined by the Verkhovna Rada of Ukraine.	DIALOGUE
#448	Order "On Approving the Regulations on the System of Monitoring Flooded Cities and Towns of Ukraine (elevation of ground water level)"	The document describes the system for monitoring the flooded settlements, in particular, the entities to perform the monitoring, its frequency and relevant actions.	Ministry of Regional Development, Construction, Housing and Utilities of Ukraine	Ministry of Regional Development, Construction, Housing and Utilities of Ukraine	The draft resolution was sent by the Ministry to AUC for concurrence. The AUC concurred with the document with reservations. The State Budget of Ukraine for 2011 does not envision funds for the National Targeted Environmental Monitoring Program, which would provide the financial support for the activities envisioned in the Draft Order. The Order was registered at the Ministry of Justice of Ukraine on February 4, 2011 under # 153/18891 and came into effect.	DIALOGUE

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#7472 of December 16, 2010	Draft Law of Ukraine "On Credit Ratings and Activities of Credit Rating Agencies"	The purpose of the Draft Law is to promote the development of rating service market in Ukraine, bring the activities of Ukrainian rating agencies in conformity with international standards, increase the requirements to their activities, and to establish the responsibility of rating agencies for violations of legislation requirements. The document envisions the supply of trustworthy and professional information about the actual creditworthiness of borrowers and issuers to the participants of the market.	Verkhovna Rada of Ukraine Committee on Finance and Banking	National deputy of Ukraine O.Plotnikov	DIALOGUE experts sent letters to the CRU Budget Committee and Committee on Finance and Banking saying that the adoption of the draft law in the proposed version would translate into worse social and economic development of all cities of Ukraine. They would have to give up the idea of borrowing because ascribing the rating and its further (semi-annual) confirmation would require considerable expenditures from local budgets. It was suggested to decline the amendments to Article 74 of the Budget Code of Ukraine envisioned by Paragraph 5 of Part 8 of Chapter VI "Final and Transitional Provisions" of the Draft Law; and to following the principle of free will of local governments with regard to the use of credit ratings. Currently, the draft document is being discussed at the VRU Committee on Finance and Banking as a priority document.	DIALOGUE
n/a	Draft Law of Ukraine "On Amending the Budget Code of Ukraine (concerning the simplification of local borrowing procedures)"	Nowadays one can observe the lack of local government own resources to implement infrastructure development projects. This fact can be confirmed by the decrease of the capital expenditures from 13.3% by the end of 2008 to 6.5% over the nine months of 2010, as well as by limited access of local governments to commercial bank resources due to considerable weighted average interest rate for the national currency (about 14.0%). The current version of the Budget Code of Ukraine does not encourage local governments to make external borrowings.	Verkhovna Rada of Ukraine Budget Committee, Institute of Budget and Socio and Economic research	Committee Chairman V.Baranov	Experts of the DIALOGUE and MFSI projects jointly drafted the law whose main purpose is to simplify the local borrowing procedures. It is proposed to amend articles 16, 18, 71 of the Budget Code of Ukraine by expanding the list of towns that may resort to local borrowing; optimizing a mechanism to calculate general annual cost to redeem local debts and make guarantee obligations related payments; expansion of revenue sources for the local budgets development budget through the loan payback funds; expansion of the expenditure list of local budgets development budget through inclusion of investment project/program implementation loans disbursed to community owned and located businesses. The draft was reviewed at a joint meeting attended by the authors of the document and V. Baranov, Chairman of the VRU Budget Committee, and is currently being reviewed by the ad-hoc committee hearing.	DIALOGUE, MFSI
n/a	Draft Resolution of the CMU "On Amending the Procedures for Local Borrowings"	The draft document envisions amendments to the Procedures for Local Borrowings approved by Cabinet of Ministers of Ukraine Resolution #207 of February 24, 2003, because it contradicts the Budget Code of Ukraine, does not improve the creditworthiness of Ukrainian cities, and does not encourage them to borrow financial resources for infrastructure development projects.	Verkhovna Rada of Ukraine Budget Committee, Institute of Budget and Socio and Economic research	Committee Chairman V.Baranov	Experts of the DIALOGUE and MFSI projects jointly prepared amendments to the current version of the CMU resolution, whose main purpose is to optimise local borrowing procedures and bring them in conformity with the new version of the Budget Code of Ukraine. The draft document was sent to First Deputy Head of the Presidential Administration and Executive Secretary of the President of Ukraine Economic Reform Committee I.Akimova. The document was also discussed at the joint meeting with the participation of its authors and Chairman of the VRU Budget Committee V.Baranov. February 16, 2011, CMU approved its own version of Resolution #110 "On Approving the Mechanism for Local Borrowings", whereby the procedure for local borrowings is brought into compliance with the new version of the Budget Code of Ukraine. At the same time, the new version does not take into account local government needs.	DIALOGUE, MFSI
n/a	Draft Local Self-Governance Reform Concept	The purpose of the Concept is to outline the main guidelines for the local self-governance reform, road-map for the implementation of an effective organization of government at local, rayon and regional levels.	Ministry of Regional Development, Construction, Housing and Utilities of Ukraine	Ministry of Regional Development, Construction, Housing and Utilities of Ukraine	The Ministry of Regional Development, Construction, Housing and Utilities set up a working group to prepare the Concept. DIALOGUE experts were included into the working group. February 24, 2011, the group held its first discussion of the draft Concept in the city of Kharkiv with the participation of representatives of nation-wide local government associations and a DIALOGUE expert. The draft version of the Concept will be submitted for consideration by the AUC Board on March 1, 2011 in the city of Kyiv. The Ministry is planning to send the Concept to CMU for approval. The Local Self-Governance Reform Concept was prepared by the previous government and was approved by Cabinet of Ministers Resolution #900 of July 29, 2009 and was considered void. The AUC stood against this move, as the previous document was approved by the AUC and all interested central government authorities.	DIALOGUE
#8077 of February 4, 2011	Draft Law of Ukraine "On State Land Cadastre"	The Draft Law was prepared for the implementation of Article 204 of the Land Code of Ukraine with the aim of establishing legal, economic and organisational framework in the area of the state land cadastre.	The Verkhovna Rada of Ukraine Committee on Agrarian Policy and Land Relations	The Verkhovna Rada of Ukraine Committee on Agrarian Policy and Land Relations	The Draft Law was submitted to the Verkhovna Rada of Ukraine on February 4, 2011 by National Deputies of Ukraine V.Bevezko, R.Tkach, and R.Lukianchuk. DIALOGUE experts submitted to the Verkhovna Rada of Ukraine Committee on Agrarian Policy and Land Relations their proposals to the draft law concerning the increased effectiveness of maintenance of the State Land Cadastre and made a request to include them to the Committee working group to work on the draft law. Currently, the ad-hoc Committee is to consider the draft law.	DIALOGUE

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n/a	Draft Resolution of the Cabinet of Ministers of Ukraine "On Amending Cabinet of Ministers Resolution #1082 of December 3, 2008"	The draft resolution amends the Procedures for Opening Special Utility Company Accounts to Accumulate Collections of Payments for District Heating Services and to Settle Payments for the Consumed Natural Gas	Ministry of Regional Development, Construction, Housing and Utilities of Ukraine	Ministry of Regional Development, Construction, Housing and Utilities of Ukraine	The draft document was sent to AUC for concurrence. AUC did not concur with the document because the changes it introduces will exclude the AUC from the list of companies who approve the amount of funds earmarked on special accounts of utility companies to be paid to the NaftoHaz National Joint-Stock Company for the consumed natural gas. Taking into account the fact that AUC is the only non-governmental organization to approve the allocations, stripping AUC of the right to do so deprive utility companies of the opportunity to represent their interests and the possibility to pay salaries, taxes, and perform scheduled repairs. Currently, the draft document is under discussion.	DIALOGUE
n/a	Draft Law of Ukraine "On Amending Certain Ukrainian Legislation Regarding the Procedures for Setting Tariffs for Housing and Utility Services"	The draft document suggests to exempt local governments from regulatory requirements when they set tariffs for housing and utility services. This is a very important issue at the moment as the tariffs are set by the National Commission for Regulating Utility Services Market in Ukraine.	Ministry of Regional Development, Construction, Housing and Utilities of Ukraine	Ministry of Regional Development, Construction, Housing and Utilities of Ukraine	The draft document was sent by the Ministry to AUC for concurrence. AUC concurred the document without reservations because the Association worked with the Ministry to prepare the document and has been lobbying its approval. The amendments will allow to considerably shorten the tariff-setting procedure and will prevent discrepancies in tariffs when the prices for energy resources go up. The document is being approved by the interested state executive agencies and will be submitted to the Cabinet of Ministers for consideration.	DIALOGUE
n/a	Draft Resolution of the Cabinet of Ministers of Ukraine "On Amending the Procedures for Allocating State Budget Subventions to Local Budgets for Construction, Reconstruction and Capital Repairs of Community-Owned Streets and Roads in Settlements"	The current version of the Procedures for distributing subventions was approved by Cabinet of Ministers Resolution #52 of January 19, 2011 and includes risks of biased approaches towards the distribution of funds. The draft document proposes to apply a formula-based approach to the subvention distribution based on the surface space of roads and the number of registered transportation vehicles in corresponding settlements.	Verkhovna Rada of Ukraine Budget Committee	Ministry of Finance of Ukraine	The draft document was prepared by DIALOGUE experts and reflects local government needs and proposals. The document was sent to Vice Prime Minister and Minister of Regional Development, Construction, Housing and utility Services V.Tykhonov and Chairman of the Verkhovna Rada of Ukraine Budget Committee V.Baranov. DIALOGUE experts participated in the consideration of the document by the Committee. The Committee supported the document and sent a corresponding letter to the Cabinet of Ministers of Ukraine. V.Tykhonov sent an order (5916/1/1-11 of February 12, 2011) to the Ministry of Finance of Ukraine and Ukrainian Road Maintenance Service, which is the administrator of the subvention to work on the draft resolution. Following this, the Ministry of Finance informed AUC that it does not see any reasons to amend the Procedures. In this regard AUC will raise this issue at its Board meeting to decide what steps should be taken.	DIALOGUE

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# of the law/draft law	Title of the law/draft law	Significance	Lead Ministry / Committee/NGO and Lead Verkhovna Rada Committee Pushing for legislation	Lead GOU Contacts	Status/Concerns/Issues	USAID Partner
n/a	Declaration of directives and goals of the budget for 2012	According to Part One of Article 20 of the Law of Ukraine "On Local Government Associations", Ukraine-wide associations shall submit before February 15 of the year preceding the planned budget period to the Cabinet of Ministers joint proposals regarding local and regional interests to be reflected in the Declaration of Directives and Goals of the Budget for the Next Budget Period	Cabinet of Ministers of Ukraine, Ministry of Finance of Ukraine	Cabinet of Ministers of Ukraine, Ministry of Finance of Ukraine	The AUC initiated and signed on behalf of the Congress of Local Self-Governance of Ukraine the letter and sent it to the Cabinet of Ministers of Ukraine (CMU). The AUC came up with 14 suggestions to the Declaration of Directives and goals of the Budget for 2012. The main purpose of the suggestions is promoting the financial autonomy of local governments, increased local budget revenues, optimization of local government spending, and ensuring government financial obligations on delegated authority and targeted programs. The CMU tasked the Ministry of Finance to consider the proposals from the Congress by March 15, 2011. On March 21, 2011, the Ministry of Finance sent a response saying that some of the AUC proposals were taken into consideration in the draft Main Guidelines of the Budget Policy for 2012, whereas the rest will be considered while drafting the law on the State Budget of Ukraine for 2012. Currently, DIALOGUE experts are evaluating the Ministry of Finance response with regard to the extent it reflects the AUC proposals in the draft Main Guidelines of the Budget Policy for 2012.	DIALOGUE
n/a	Draft Resolution of the Cabinet of Ministers of Ukraine "On Model Manning Schedules of Local Government Bodies"	The draft document envisions the reduction of local government administrative staff by 30 - 50% depending on the population in a given settlement.	Ministry of Regional Development, Construction, Housing and Utilities of Ukraine		The Ministry submitted to the Cabinet of Ministers for consideration the draft law, which is substantially different from the version AUC approved in December of 2010. DIALOGUE experts addressed the Prime minister of Ukraine with the request to decline the draft law because it contradicts the current legislation whereby it is the sole responsibility of local governments to approve the structure their bodies. The decrease of local government staff will make it impossible to render services in such areas as social protection, education, and health protection. The Secretariat of the Cabinet of Ministers supported the AUC arguments. On March 11, 2011, the working meeting of the Cabinet of Ministers declined the draft law. Prime Minister Azarov tasked the Ministry of Finance together with the Ministry of Regional Development, Construction, Housing and Utilities, Ministry of Economic Development and Trade, Ministry of Justice, and Main Department for Civil Service to prepare and submit before May 1, 2011 for consideration by the Cabinet of Ministers of Ukraine draft resolution on model local government manning schedules taking into account the size of population and the calculation mechanisms. The opinion of AUC experts was accepted.	DIALOGUE
n/a	Draft Law of Ukraine "On Amending the Land Code of Ukraine (regarding the increased government control over the administration of state owned lands within boundaries of settlements)"	The proposed changes envision the transfer of the authority to administer lands within the boundaries of villages, towns and cities (except for cities of Kyiv and Sevastopol and cities of oblast and republican significance) from local governments to corresponding bodies of the state executive.	Ministry of Agrarian Policy and Food of Ukraine		DIALOGUE experts expressed their categorical refusal to accept such changes, because, in act, village, town and city (cities of rayon significance) councils will be squeezed out of managing their territories. Before the AUC submitted its petition, the Cabinet of Ministers ordered (#17241/1-11 of January 19, 2011) the State Land Resources Agency and the ministry of Agrarian Policy and Food to study the position of local governments. The State Land Resources Agency (letter of February 10) and Ministry of Agrarian Policy and Food informed AUC that this draft law was already submitted to the Cabinet of Ministers for consideration. Upon the AUC suggestion, local governments discussed the draft document at their respective local council sessions and submitted official petitions to the leaders of the country expressing their dissatisfaction with the changes proposed in the draft law. Currently, the draft law has not been made public. Following the discussions by the AUC Board on March 1, 2011, the AUC sent the corresponding petition from its Board to the President of Ukraine. The delay in the discussion of the document by the Cabinet of Ministers raises some hope that the document will not be discussed at all.	DIALOGUE
#7472 of December 16, 2010	Draft Law of Ukraine "On Credit Ratings and Activities of Credit Rating Agencies"	The purpose of the Draft Law is to promote the development of rating service market in Ukraine, bring the activities of Ukrainian rating agencies in conformity with international standards, increase the requirements to their activities, and to establish the responsibility of rating agencies for violations of legislation requirements. The document envisions the supply of trustworthy and professional information about the actual creditworthiness of borrowers and issuers to the participants of the market.	Verkhovna Rada of Ukraine Committee on Finance and Banking	National deputy of Ukraine O.Plotnikov	DIALOGUE experts sent letters to the Verkhovna Rada of Ukraine (VRU) Budget Committee and Committee on Finance and Banking saying that the adoption of the draft law in the proposed version would translate into worse social and economic development of all cities of Ukraine. They would have to give up the idea of borrowing because ascribing the rating and its further (semi-annual) confirmation would require considerable expenditures from local budgets. It was suggested to decline the amendments to Article 74 of the Budget Code of Ukraine envisioned by Paragraph 5 of Part 8 of Chapter VI "Final and Transitional Provisions" of the Draft Law; and to follow the principle of free will of local governments with regard to the use of credit ratings. In march, the VRU Committee on Finance and Banking, Tax and Customs Policy.	DIALOGUE

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n/a	Draft Law of Ukraine "On Amending the Budget Code of Ukraine (concerning the simplification of local borrowing procedures)"	Nowadays one can observe the lack of local government own resources to implement infrastructure development projects. This fact can be confirmed by the decrease of the capital expenditures from 13.3% by the end of 2008 to 6.5% over the nine months of 2010, as well as by limited access of local governments to commercial bank resources due to considerable weighted average interest rate for the national currency (about 14.0%). The current version of the Budget Code of Ukraine does not encourage local governments to make external borrowings.	Verkhovna Rada of Ukraine Budget Committee, Institute of Budget and Socio and Economic research	Committee Chairman V.Baranov	AUC prepared and submitted the draft law whose main purpose was to simplify the local borrowing procedures. The experts suggested to amend Articles 16, 18, 71 of the Budget Code of Ukraine with the following: enlargement of the list of cities eligible for local borrowings; optimisation of the calculation mechanism for the overall amounts of expenditures for local debt service and expenditures associated with the execution of guarantee obligations; diversification of sources of revenues to local government development budgets with the loan repayment funds; diversification of local government development budget expenditure line items with expenditures for loans to economic entities belonging to communal ownership and located on the corresponding territory for the implementation of investment Projects (programs). Currently, the draft law is under consideration by the VRU Budget Committee. A working group consisting of representatives of AUC, IBSER, VRU Budget Committee and Ministry of Finance finalised the changes the Budget Code to be submitted to the VRU by the Cabinet of Ministers (CMU) or the Budget Committee Chairman.	DIALOGUE, MFSI
n/a	AUC suggestions on improvements of the territorial arrangement of government at the regional and local level / draft Concept of Local Government Reform	The President of Ukraine Council of Regions tasked the Cabinet of Ministers to prepare proposals how to improve the territorial arrangement of government at the regional and local levels, namely: directions of the administrative reform at the local level. The main purpose is to identify the main areas of local government reform and to come up with the road map for effective government at the local, rayon and regional levels.	Council of Regions / Ministry of Regional Development, Construction, Housing and Utilities of Ukraine	Vice Prime Minister of Ukraine, Minister of Regional Development, Construction, Housing and utilities of Ukraine V.Tykhonov	DIALOGUE experts sent their proposals regarding the organization and authority of local self-governance at the basic, rayon and oblast level and authority of local state administrations to Minister of Regional Development, Construction, Housing and Utilities V.Tykhonov. The version of the Local Government Reform prepared in February was supported as a whole by the AUC Board on March 1, 2011 in Kyiv. On March 3, 2011, the Ministry of Regional Development, Construction, Housing and Utilities invited representatives of AUC and DIALOGUE Project to the meeting conducted by Vice Prime Minister and Minister of Regional Development, Construction, Housing and Utilities V.Tykhonov. The Ministry was tasked with the preparation of the CMU resolution on setting up an Inter-Governmental Working Group for the Preparation of the Concept based on the AUC suggestions. The Ministry is planning to finalise the preparation of the Concept in April of 2011 and submit it for approval to the CMU.	DIALOGUE
#8077 of February 4, 2011	Draft Law of Ukraine "On State Land Cadastre"	The Draft Law was prepared for the implementation of Article 204 of the Land Code of Ukraine with the aim of establishing legal, economic and organisational framework in the area of the state land cadastre.	The Verkhovna Rada of Ukraine Committee on Agrarian Policy and Land Relations	The Verkhovna Rada of Ukraine Committee on Agrarian Policy and Land Relations	The Draft Law was submitted to the Verkhovna Rada of Ukraine on February 4, 2011 by National Deputies of Ukraine V.Bevzenko, R.Tkach, and R.Lukianchuk. On March 22, 2011, the draft law was discussed at the meeting of the VRU Committee on Agrarian Policy and Land Relations. The Committee considered the suggestion from local governments. The draft law does not specify the mechanisms for local government to obtain information from the State Land Cadastre, which will make the administration of land plots more difficult and will increase the amount of paperwork. The following suggestions were put for consideration: 1) envision the right of local governments to have permanent access to the cadastre information with the right to obtain data for the corresponding administrative and territorial unit; 2) identify the holder of the State Land Cadastre to be the central executive agency dealing with land resources, whereas the users will be local governments. The proposals may be taken into account after the draft document is passed in the first reading during the preparation of the document for the second reading.	DIALOGUE
#235 of March 11, 2011	Draft Resolution of the Cabinet of Ministers of Ukraine "On Amending the Procedures for Allocating State Budget Subventions to Local Budgets for Construction, Reconstruction and Capital Repairs of Community-Owned Streets and Roads in Settlements"	The current version of the Procedures for distributing subventions was approved by Cabinet of Ministers Resolution #52 of January 19, 2011 and includes risks of biased approaches towards the distribution of funds. The draft document proposes to apply a formula-based approach to the subvention distribution based on the surface space of roads and the number of registered transportation vehicles in corresponding settlements.	Verkhovna Rada of Ukraine Budget Committee	Ministry of Finance of Ukraine	Amendments to Resolution #52 were made possible only through the persistent petitions to the Prime Minister of Ukraine. Experts paid attention to the fact that Resolution #52 contradicts the Law of Ukraine "On the State Budget of Ukraine for 2011", because it does not envision an opportunity to use the subvention money for maintenance and scheduled repairs. They suggested their own draft resolution prepared together with local governments to amend Resolution #52. Following this, despite only partial consideration of the proposal, local governments already have an opportunity to perform scheduled repairs of their roads. A part of the subvention, namely 717 million UAH of 1,500 million UAH, was proportionally distributed between oblasts, whereas the other one was channelled to state-owned projects. This is an important achievement since local governments were deprived of funds for the repairs of streets and roads in 2011 due to the abolishment of the transportation vehicle tax by the Tax Code.	DIALOGUE
n/a	Draft Law of Ukraine "On Restructuring Debt for Services of Maintenance of Buildings and Premises and Adjacent Territories Accumulated as of December 1, 2006"	The draft law envisions the simplified procedure for obtaining housing subsidy by vulnerable categories of residents through the withdrawal of the obligatory requirement of concluding the agreement to restructure the debt accumulated as of December 1, 2006.	Ministry of Regional Development, Construction, Housing and Utilities of Ukraine	Ministry of Regional Development, Construction, Housing and Utilities of Ukraine	The draft law was sent by the Ministry of Regional Development, Construction, Housing and Utilities for concurrence. The draft law was approved without reservations. Currently, the draft law is being concurred with other stakeholders.	DIALOGUE

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Draft #6400 of May 18, 2010	Draft Urban Development Code of Ukraine	The Draft Code provides for the general legal and organizational foundations for urban planning and development in Ukraine and focuses on the formation and development of conducive environment for human activities, sustainable development of communities, and coordination of national, public and private interests.	Verkhovna Rada of Ukraine Committee on Construction, Urban Development, Housing, Utilities and Regional Policy	Verkhovna Rada of Ukraine Committee on Construction, Urban Development, Housing, Utilities and Regional Policy	The draft was accepted in the first reading. On June 30, 2010, the Verkhovna Rada of Ukraine Committee on Construction, Urban Development, Housing, Utilities and Regional Policy in compliance with the law on local government associations addressed the AUC with a suggestion to submit comments to the draft code. DIALOGUE experts discussed the draft code with local governments and submitted their comments for consideration while preparing the draft code for the second reading. Currently, the Committee is considering the comments.	DIALOGUE
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Draft #8121 of February 17, 2011	Draft Law of Ukraine "On Amending the Law of Ukraine "On the State Budget of Ukraine for 2011"	The draft law envisions allocation of the subvention from the State Budget to local budgets to compensate for the difference in tariffs for heating in the amount of 2.4 billion UAH.	National Deputy P.Melnyk	Verkhovna Rada of Ukraine Budget Committee	Lack of government compensation for the difference in tariffs for heating is one of the reasons of the natural gas payment debt of communal district heating companies. With this in mind, DIALOGUE addressed Verkhovna Rada of Ukraine Budget Committee Chairman V.Baranov with the request of immediate consideration by the of the corresponding draft law (#8121) by the Committee and recommend to the parliament to approve it as a whole. The AUC is expecting the Committee to consider the document.	DIALOGUE
Draft #7218 of 06, 2010	Draft Law "On Amending Certain Ukrainian Legislation (regarding the transparent use of budget funds and funds of state-owned and communal enterprises by administrators of such funds)	The draft law envisions a requirement for main administrators of budget funds and administrators of funds at the lower level to publish the complete information on budget spending on web-sites of their organizations on a weekly basis.	National deputy A.Yatsenyuk	VRU Budget Committee	Several provisions of the draft law overlap with provisions of the current budget legislation. If the draft law is approved, local government will be overloaded with unnecessary work and this may have a negative impact on the quality of preparation of their ordinances. The arguments expressed by the DIALOGUE expert convinced the members of the VRU Budget Committee to recommend the parliament to decline the abovementioned draft law. On March 16, 2011, the Verkhovna Rada of Ukraine discussed the draft law and declined it.	DIALOGUE
Draft #8177 of March 1, 2011	On Amending Article 11 of the Law of Ukraine "On Comprehensive Secondary Education" (regarding the prevention of closing comprehensive educational establishments with tuition in the state language (Ukrainian language schools) on the territory of Ukraine"	The draft law envisions a ban for reorganisation and closing of state-run and municipal comprehensive educational establishments with tuition in the state language.	National Deputy A.Yatsenyuk	Committee on Science and Education	The adoption of the law may lead to the violation of the Constitutional provisions, in particular, Paragraph One of Article 24 of the Constitution of Ukraine on prohibition of limitations based on language and Paragraph Five of Article 53 guarantees for citizens the right for tuition in their native language, as well as create situations when citizens may not have access to tuition in their native language in communal educational establishments. A corresponding letter was sent to the Chairman of the VRU Committee on Science and Education with comments to the draft law. On March 16, 2011, the draft law was not included in the agenda of the Verkhovna Rada of Ukraine.	DIALOGUE
Draft #8177-1 of March 03, 2011	On Amending Article 11 of the Law of Ukraine "On Comprehensive Secondary Education (regarding the reorganisation of comprehensive educational establishments)"	The draft law envisions a citizens meeting or a local referendum to make a decision on reorganisation or closing comprehensive educational establishments belonging to communal ownership	National Deputy M.Tomenko	Committee on Science and Education	Approval of the draft law may delay the reorganisation or closing of educational establishments and political speculations based on language issues. The Association sent a letter to the Chairman of the CRU Committee on Science and Education explaining the position of the AUC, namely: resolving such issues through a referendum may have the majority of the population dictate its will to the minority. In general, holding referendums on such issues is not expedient and financially cumbersome from local budgets. In such cases the public opinion can be expressed through public hearings on the corresponding issues. On March 16, 2011, the draft law was not included in the agenda of the Verkhovna Rada of Ukraine.	DIALOGUE
n/a	On Amending Certain Ukrainian Legislation on Social Protection of Homeless Persons.	The draft law envisions amendments to Article 34 of the Law of Ukraine "On Local Self-Governance in Ukraine" and empowering executive committees of village, town and city councils with self-governing functions, such as: - creation, closing or reorganisation of facilities for homeless persons; - coordination of social services to homeless persons in such facilities; - making steps envisioned in the legislation to prevent reasons for having homeless persons.	Ministry of Social Policy of Ukraine		Amending the Law of Ukraine "On Local Self-Governance in Ukraine", in fact, overlaps with Article 19 of the Law "On Foundations of Social Protection of Homeless Persons and Children". The AUC sent a letter to the Ministry of Social Policy (#5-57 of March 14, 2011) with a suggestion to withdraw from the draft law the provisions detailing local government authority in the area of social protection.	DIALOGUE