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

QUARTERLY REPORT
for the Development Initiative for
Advocating Local Governance
in Ukraine (DIALOGUE) Project
April – June 2012

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LIST OF ABBREVIATIONS

AUC – Association of Ukrainian Cities
AUC RO – Regional Office of the Association of Ukrainian Cities
CLAS – City Legal Assistance Center
CMU – Cabinet of Ministers of Ukraine
LGRAB – Local Government Regional Advisory Board
MA – Main Authority
OCNA – Oblast Communal News Agency
OSA – Oblast State Administration
RSA – Rayon State Administration
STA – State Tax Administration
STI – State Tax Inspection
STVRC – State TV and Radio Company
TIB – Technical Inventory Bureau
TVRC – TV and Radio Company
UN – United Nations Organisation
USAID – U.S. Agency for International Development
UTVRC – Ukrainian TV and Radio Company
VAT – Value Added Tax
VRU – Verkhovna Rada of Ukraine
ZhEK – housing neighbourhood maintenance unit

RESUME

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

Project implementation in April – June of 2011 yielded the following outcomes:

- DIALOGUE Project experts prepared **2** draft laws, performed the monitoring of **74** draft legislation and ordinances with **4** pieces of legislation taking effect;
- Following the discussions of the AUC Professional Groups, the Project updated **9** local government technical area profiles;
- The Project continued its engagement in regular budget consultations with the parliamentary Budget Committee. The outcome of such consultations was the joint preparation of the draft Main Directions of the Budget Policy for 2013. The document became the alternative one prepared by the Cabinet of Ministers approved by the parliament;
- DIALOGUE Project experts took part in **20** working meetings of **7** parliamentary committees. This enabled the AUC to defend its position with regard to draft laws initiated by National Deputies;
- In cooperation with the Project, the parliament conducted the committee Hearings on the implementation of the provisions of the Law of Ukraine “On Local Government Associations”;
- The forum of donor organisations working in the local government sector was conducted;
- The Project conducted **10** working meetings of Regional Advisory Boards in **9** oblasts and **11** working sessions of regional press clubs and **1** National Press Club;
- The «ЗМІСТОВА Україна» [*city-minded Ukraine*] TV Project continues to cover local government issues and best practices from cities. The Project aired **11** TV programs;
- The Project conducted **34** expert workshops in AUC ROs;
- The Project provided **180** consultations to local governments;
- The Project published **3** issues of professional publications, such as Legislation News and **1** issue of the Legal Consultations.

The Project continues to involve all AUC member municipalities to the pro-active dialogue with the central level and local level agencies of the state executive.

The «ЗМІСТОВА Україна» [*zMISTOvna Ukraine*] TV Program aired by the UT-1 TV Channel to disseminate city best practices and promote the idea of strong local self-governance for the public at large enjoys great popularity.

INTRODUCTION

Ukraine entered the spring of 2012 with new presidential social initiatives: resumption of compensation for the lost Soviet-era deposits in the Savings Bank, initiation of a gradual disbursement of miners' insurance payments and pensions, raising additional pension payments to various categories of war veterans, introduction of a reference approach to the state regulation of prices on medicines, and introduction of state mortgage programs. Opinions as to how much this will cost to the Budget and how will it impact the general financial situation in the country vary. While officially initiating his pre-election pledges, the President faced his core electorate again - pensioners, miners, the low-income persons. But no one knows whether the pro-Presidential party will get so much needed support at the parliamentary elections.

Local budgets received 4.6 billion UAH in subventions from the State Budget to compensate for the difference in heating tariffs arrears that emerged through the discrepancies of the actual cost of the services and the tariffs. The subvention distribution by the region is quite of interest: five regions (city of Kyiv, Donetsk oblast, Dnipropetrovsk oblast, Kharkiv oblast, and Luhansk oblast) received 95% of the subventions, whereas the 22 regions inhabited, by the way, by 66% of the total population received only 5%. The question about the criteria and equity remains open.

President of Ukraine representative at the Verkhovna Rada of Ukraine Yu.Miroshnichenko drew the line in conducting the administrative reform by introducing a package of draft laws to the parliament for consideration. The documents are seemingly aimed at the distribution of the government authority between the President and the Government and at harmonising effective legislation on central executive agencies with the Constitution. In reality, the documents pursue the sole purpose of concentrating and centralising the power: the authority of the financial inspectorate is expanded without any justification, changes to the system of appealing against decisions of the controlling authorities are suggested, a number of collective advisory boards with central executive agencies are abolished, authority of local governments in the area of environment is curtailed, and the local government authority in architectural issues and social protection is eliminated. The parliamentarians supported the bills in the first reading despite the lack of endorsement on the part of the parliamentary committees. More to follow.

Two major opposition parties, Batkivschyna and Front Zmin, announced forming a unified opposition force. But do they have enough persistence and willpower to realise the needed changes? Will they have the strength and the courage to withstand the enforcement and administrative regime? Will there be enough room on the lists and electoral districts for all willing to participate?

Ukraine successfully hosted the Euro-2012 Football Championship. The event millions of Ukrainians prepared for, awaited for and feared. Neither the scandals around jailed opposition leaders, nor strong statements delivered by European officials or prospects of sanctions, nor negative media reporting prevented the festivities from happening. Ukrainians realised they were part of the great Europe, touched the European values, and were inspired by the spirit of unified Europe. But will this European spirit suffice to make a right choice and defend it if there are attempts to steal the elections?

Chapter 1. KEY ACHIEVEMENTS IN THE REPORTING PERIOD

April 03, the Project conducted a working meeting of the Lviv Oblast Local Government Regional Advisory Board and the Regional Press Club, city of Lviv.

April 04, the First National TV Channel УТ-1 featured the «ЗМІСТОВА Україна» [*city-minded Ukraine*] program (about the session of the Ternopil Oblast Local Government Regional Advisory Board).

April 05, the Project conducted an expert workshop in the Mykolaiv AUC RO, city of Mykolaiv.

April 06, the Project conducted an expert workshop in the Kirovohrad AUC RO, city of Kirovohrad.

April 11, the First National TV Channel УТ-1 featured the «ЗМІСТОВА Україна» [*city-minded Ukraine*] program (about the session of the Odesa Oblast Local Government Regional Advisory Board).

April 12, the Project conducted an expert workshop in the Kherson AUC RO, city of Kherson.

April 17, the Project conducted an expert workshop in the Khorol AUC RO, city of Khorol.

April 17, the Project conducted a working meeting of the Kherson Oblast Local Government Regional Advisory Board and the Regional Press Club, city of Kherson.

April 18, the First National TV Channel УТ-1 featured the «ЗМІСТОВА Україна» [*city-minded Ukraine*] program (about the city of Myrhorod, Poltava oblast).

April 18, the Project conducted a working meeting of the Khmelnytskyi Oblast Local Government Regional Advisory Board and the Regional Press Club, city of Khmelnytskyi.

April 19-20, the Project conducted a working session of the Union of Local Council Secretaries, city of Kryvyi Rih, Dnipropetrovsk oblast.

April 19, the Project conducted a working session of the National Press Club, city of Kryvyi Rih, Dnipropetrovsk oblast.

April 19, the Project conducted an expert workshop in the Vinnytsya AUC RO, city of Vinnytsya.

April 19, the Project conducted an expert workshop in the Chernihiv AUC RO, city of Chernihiv.

April 19, the Project conducted an expert workshop in the Khmelnytskyi, city of Khmelnytskyi.

April 19, the Project conducted an expert workshop in the Kharkiv AUC RO, city of Kharkiv.

April 20, the Project conducted an expert workshop in the Lviv, city of Lviv.

April 20, the Project conducted a working meeting of the Kirovohrad Oblast Local Government Regional Advisory Board, city of Kirovohrad.

April 22, the Project conducted a working meeting of the Rivne Oblast Local Government Regional Advisory Board, city of Rivne.

April 23, the Radio Era Company broadcast a program about local government issues.

April 24, the Project conducted a working meeting of the Dnipropetrovsk Oblast Local Government Regional Advisory Board, city of Dnipropetrovsk.

April 24, the Project conducted a working meeting of the Odesa Regional Press Club, city of Odesa.

April 24, the Project conducted an expert workshop in the Volyn AUC RO, city of Lutsk.

April 24, the Project conducted an expert workshop in the Odesa AUC RO, city of Odesa.

April 24, the Project conducted an expert workshop in the Kyiv, city of Kyiv.

April 25, the First National TV Channel YT-1 featured the «ЗМІСТОБНА Україна» [*city-minded Ukraine*] program (about the city of Lozova, Kharkiv oblast).

April 25, the Project conducted an expert workshop in the Zakarpattya, city of Mukacheve.

April 25, the Project conducted an expert workshop in the Luhansk AUC RO, city of Luhansk.

April 25, the Project conducted a working meeting of the Kirovohrad Regional Press Club, city of Kirovohrad.

April 25, the Project conducted a working meeting of the Dnipropetrovsk Regional Press Club, city of Dnipropetrovsk.

April 26, the Radio Era Company broadcast a program about local government issues.

April 27, the Project conducted a working meeting of the Rivne Regional Press Club, city of Rivne.

April 27, the Project conducted an expert workshop in the Cherkasy AUC RO, city of Cherkasy.

Late April, the Project published the “AUC Herald” (Issue #85).

Late April, the Project published and disseminated the eighteenth issue of the “Legislation News” electronic publication.

Late April, the Project published and disseminated the twentieth issue of the “DIALOGUE Newsletter”.

May 11, the Project conducted a working session of the Regional Policy Dialogue Coordinators, city of Kyiv.

May 14, the Radio Era Company broadcast a program about local government issues.

May 16, the Project conducted an expert workshop in the Ivano-Frankivsk AUC RO, city of Ivano-Frankivsk.

May 16, the First National TV Channel УТ-1 featured the «ЗМІСТОВА Україна» [*city-minded Ukraine*] program (about the session of the Kirovohrad Oblast Local Government Regional Advisory Board).

May 17, the Project conducted a working meeting of the Donetsk Oblast Local Government Regional Advisory Board, city of Amrosiivka.

May 17, the Project conducted a working meeting of the Zaporizzhya Oblast Local Government Regional Advisory Board and the Regional Press Club, city of Zaporizzhya.

May 17, the Project conducted an expert workshop in the Chernihiv AUC RO, city of Chernihiv.

May 17, the Project conducted an expert workshop in the Crimean AUC RO, city of Simferopol.

May 18, the Project conducted an expert workshop in the Chernivtsi AUC RO, city of Chernivtsi.

May 22, the Project conducted an expert workshop in the Zaporizzhya AUC RO, city of Zaporizzhya.

May 23, the First National TV Channel УТ-1 featured the «ЗМІСТОВА Україна» [*city-minded Ukraine*] program (about the city of Pavlohrad, Dnipropetrovsk oblast).

May 24, the Project conducted an expert workshop in the Dnipropetrovsk AUC RO, city of Dnipropetrovsk.

May 25, the Project conducted parliamentary Hearings on the implementation of the provisions of the Law of Ukraine “On Local Government Associations”, city of Kyiv.

May 28, the Radio Era Company broadcast a program about local government issues.

May 29, the Project conducted an expert workshop in the Zhytomyr AUC RO, city of Zhytomyr.

May 29, the Project conducted an expert workshop in the Vinnytsya AUC RO, city of Vinnytsya.

May 30, the Project conducted an expert workshop in the Ternopil AUC RO, city of Ternopil.

May 30, the First National TV Channel УТ-1 featured the «ЗМІСТОВА Україна» [*city-minded Ukraine*] program (about the meeting of the Dnipropetrovsk Oblast Local Government Regional Advisory Board).

May 30, the Project conducted an expert workshop in the Poltava AUC RO, city of Poltava.

May 31, the Project conducted an expert workshop in the Sumy AUC RO, city of Sumy.

Late May, the Project published the “AUC Herald” (Issue #86).

Late May, the Project published and disseminated the nineteenth issue of the “Legislation News” electronic publication.

Late May, the Project published and disseminated the twenty-first issue of the “DIALOGUE Newsletter”.

- 06 June**, the Project conducted an expert workshop in the Mykolaiv AUC RO, city of Mykolaiv.
- 08 June**, the Project conducted an expert workshop in the Volyn AUC RO, city of Lutsk.
- 08 June**, the Project conducted an expert workshop in the Zakarpattia AUC RO, village of Polyana.
- 13 June**, the First National TV Channel УТ-1 featured the «ЗМІСТОВНА Україна» [*city-minded Ukraine*] program (about the city of Novohrad-Volynskyi, Zhytomyr oblast).
- 19 June**, the Project conducted an expert workshop in the Kherson AUC RO, city of Kherson.
- 20 June**, the Project conducted an expert workshop in the Vinnytsya AUC RO, city of Vinnytsya.
- 20 June**, the First National TV Channel УТ-1 featured the «ЗМІСТОВНА Україна» [*city-minded Ukraine*] program (about the city of Skadovsk, Kherson oblast).
- 21 June**, the Project conducted an expert workshop in the Donetsk AUC RO, city of Donetsk.
- 25 June**, the Project conducted a working meeting of the Dnipropetrovsk Oblast Local Government Regional Advisory Board, city of Dnipropetrovsk.
- 26 June**, the Project conducted a working meeting of the Ivano-Frankivsk Oblast Local Government Regional Advisory Board, city of Ivano-Frankivsk.
- 27 June**, the First National TV Channel УТ-1 featured the «ЗМІСТОВНА Україна» [*city-minded Ukraine*] program (about the AUC).
- 27 June**, the Project conducted a working meeting of the Ivano-Frankivsk Regional Press Club, city of Ivano-Frankivsk.
- 27 June**, the Project conducted an expert workshop in the Crimean AUC RO, city of Simferopol.
- Late June**, the Project published the “AUC Herald” (Issue #87).
- Late June**, the Project published and disseminated the twenty-first issue of the “Legislation News” electronic publication.
- Late June**, the Project published and disseminated the twenty-second issue of the “DIALOGUE Newsletter”.
- Late June**, the Project prepared the eighth issue of the “Sectoral Monitoring” for printing.
- Late June**, the Project disseminated the eighth issue of the “Legal Consultations” electronic publication.

Chapter 2. PROJECT IMPLEMENTATION

2.1. Component 1: Legal Framework

Activity 2.1.1. Legislation drafting based on local governments legislative needs

The Project worked on 74 draft laws and other legal and regulatory documents, 17 laws and regulations were sent for AUC concurrence including 11 concurred without reservations, 4 with reservations, with 2 not concurred with. Two pieces of legislation were prepared. Four local government-enhancing legislation came into effect.

Since its inception, the Project worked on 362 draft laws and other legal and regulatory documents, and enabled the AUC to participate in the concurrence of 106 draft legislation and regulations (including 66 documents concurred without reservations, 31 concurred with reservations, 11 not concurred, and 9 draft laws were prepared). 26 pieces of local government-enhancing legislation came into effect.

Local government legislation need assessment

The Project specialists finalized the Local Government Technical Area Profiles taking into consideration the comments expressed at working sessions of AUC Professional Groups and finished the preparations of resumes for each nine Technical Area Profile.

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 74 draft legislation. Four such documents, which were drafted or supported by DIALOGUE experts, became enacted.

DIALOGUE experts were involved in the AUC concurrence procedure with regard to 17 draft legislation and other legal and regulatory documents sent for concurrence / proposals or comments to the AUC by the:

- Ministry of Regional Development, Construction, Housing and Utilities of Ukraine – 15;
- Ministry of Social Policy of Ukraine – 1;
- Ministry of Justice of Ukraine – 1;

11 of these pieces of legislation were concurred without reservations, 4 – with reservations, and 2 – not concurred. Working on these documents AUC experts also provided their proposals on how to reflect local government interests. Draft regulatory and legal documents were sent to local governments to solicit their comments on how to reflect their interests.

Especially effective, and not only during the working sessions, was the cooperation with the Budget Committee, Committee on State Building and Local Self-Governance, and Committee on Construction, Urban Development, Housing, Utilities and Regional Policy, whose chairmen and members demonstrate consideration for proposals, opinions and legislative initiatives of the AUC and DIALOGUE Project, as well as take them into account in their decision making.

It was due to the well-coordinated and effective cooperation of experts with the parliamentary committees and the high level of proposals and comments submitted the Project managed to achieve great intermediate outputs in the legislation making area:

➤ **Law of Ukraine “On Amending Certain Ukrainian Legislation on the Delineation of State-Owned and Communally-Owned Lands” (Draft #10043)** was approved by the Verkhovna Rada of Ukraine on June 21, 2012 in the second reading and as a whole. The above mentioned draft law reflects the AUC position formulated in the decision of the AUC Board of September 15, 2011, namely: the document envisions the delineation of boundaries between the state-owned and communally-owned lands according to the “by-the-law” principle and excludes the need for local governments to prepare the corresponding land management documents. This will allow to avoid the key problem associated with considerable budget expenditures to prepare such packages. The President of Ukraine is expected to sign the Law.

➤ **Draft Law of Ukraine “On Technical Inventory of Immovable property Items” (#10286)**, was prepared by the Working Group at the VRU Committee on Economic Policy with the participation of DIALOGUE experts. On June 21, 2012, the parliament approved the document in the first reading. The document reflects the key AUC proposals, such as: the provision of technical inventory services exclusively by communally-owned companies and the retention of technical inventory archives in the communal ownership. The position of the DIALOGUE Project was supported by the parliamentary Committee on State Building and local Self-Governance. Instead, the alternative draft law prepared by the Cabinet of Ministers (#10286-1), whereby the archives were to be transferred to the state ownership and the technical inventory services were to be provided by business entities, was recommended to be rejected.

➤ **Draft Law of Ukraine “On Amending the Land Code of Ukraine (on the mechanisms for land sales)” (#10231-3)**. On June 05, 2012 the parliament approved the document in the first reading. DIALOGUE experts and AUC Board have repeatedly sent their appeals to the state executive agencies about the necessity of having the legislation regulate the mechanisms for land sales (auctions). Given the legislative requirement for state-owned and communally-owned land plots to be leased only based on the outcomes of land sales, local governments are currently limited in their capacity to effectively use this source of revenues to local budgets.

Over the reporting period, the Verkhovna Rada passed the final versions of the laws capable of having a considerable impact on local self-governance. These include the following:

➤ **Law of Ukraine “On Amending the Law of Ukraine “On the State Budget of Ukraine for 2012”** of April 12, 2012. The Law envisions an additional financial resource to be channelled to local governments in the form of transfers in the amount of more than 9 billion UAH, namely: 1) an additional subvention to pay salaries to employees in the public sector in accordance with the legally mandated labour compensation requirements and the size of the minimum salary in the amount of 1.5 billion UAH; 2) an additional subvention to provide incentives to local governments to over fulfill the annual estimated collections of the profit tax and excise collections in the amount of 1.04 billion UAH; 3) a subvention for social and economic development and other activities (0.7 billion UAH); and 4) an additional financial resource in the amount of 1.2 billion UAH for social expenditures, etc. Thus, local governments managed to partially decrease the local budget shortfall and improve the quality of budget sufficiency of territorial communities.

➤ **Law of Ukraine “On Amending the Tax Code of Ukraine on Improvements of Some of the Tax Provisions”** of May 24, 2012, whereby the free transfer of trams, trolley-buses and buses to the ownership of territorial communities including the ones imported from abroad is exempt from the value-added tax. The Law will come in effect as of July 01, 2012. The amendments above will allow local government transportation public companies to more effectively replace their rolling stock in Ukrainian cities.

➤ **Law of Ukraine “On Amending the Law of Ukraine “On the State Budget of Ukraine for 2012”** of April 12, 2012, whereby the State Budget will allocate a subvention in the amount of 4.6 billion UAH to local budgets to compensate for the difference in tariffs for heating, centralised water supply and sewage services, which were generated, transported and supplied to citizens, associated with the discrepancies between the actual cost of the heating energy and water supply and sewage services on one hand and the tariffs established or approved by the state executive agencies and/or local governments. On June 08, 2012, the **Law of Ukraine “On Amending the Law of Ukraine “On the State Budget of Ukraine for 2012” concerning the Settlements of Energy Generating Companies with the State Budget”** increased the amount of this subvention by the additional 2.4 billion UAH to reach the total of 7 billion UAH. DIALOGUE experts repeatedly appealed to the state executive agencies with the request to resolve the local government problem issues associated with the unbalanced national policy in the area of tariff setting. Thus, the project set the environment for the Cabinet of Ministers of Ukraine to completely resolve its issue of utility company debts associated with the difference in tariffs accumulated over 2008-2011. This move will help to decrease the local budget shortfall.

➤ **Draft Resolution of the Verkhovna Rada of Ukraine “On the Main Directions of the Budget Policy for 2013”** of May 24, 2012. The document reflects the key DIALOGUE proposals, such as: 1) making the calculation of the expenditures factored in during the calculation of the inter-budget transfers based on social standards and norms; 2) expanding the tax base for the real estate tax for immovable property as opposed to the land parcel to strengthen the financial foundations of local budgets; 3) switching over to the personalised social assistance and gradual monetisation of social preferences accompanied with the streamlining of the list of recipients of such preferences based on economically and socially justified standards for the consumption of the corresponding services; 4) attraction of investments to promote the development of housing and utilities sector and road networks based on the principles of public-private partnership coupled with the improvements of the legal and regulatory framework for such partnership between the state and businesses; and 5) proper financial support for the state-guaranteed preferences and compensations for preferential urban public transportation services rendered to certain categories of citizens. Thus, local governments managed to specify in the legislation the need to develop the mechanisms to promote the unbiased calculations of local budget indicators in the State Budget for 2013. The draft document was prepared by the parliamentary Budget Committee as an alternative draft law to the one prepared by the Cabinet of Ministers.

Unfortunately, the parliament passed the following draft laws aimed at the limitation of the local government authority:

➤ **Draft Law of Ukraine “On Amending Certain Ukrainian Legislation Concerning the State Regulation in the Area of Utility Services” (#10499 of May 21, 2012).** The document envisions the transfer of the authority to set and approve the tariffs for solid waste removal and recycling from local governments to the National Commission for the Regulation in the Area of Utility Services. On June 07, 2012, the Draft Law was approved in the first reading. DIALOGUE experts expressed their categorical objection to the approval of the document. The Draft Law was put on vote despite the critical comments of the Verkhovna Rada of Legal Department and the ad-hoc parliamentary committee and with violations of the Verkhovna Rada By-Laws. The similar in its nature draft law (# 10120 of February 24, 2012) did not receive the required number of votes on May 17, 2012.

➤ **A package of draft law prepared by National Deputy Yu.Miroshnichenko (#10218, #10219, #10222, #10223, and #10224)** aimed at the redistribution of the authority between the

President of Ukraine and the Cabinet of Ministers of Ukraine within the framework of the administrative and territorial reform. Despite the stated purpose of these draft laws limited only to the necessity of bringing the provisions of the current laws in conformity with the provisions of the Constitution of Ukraine, a closer look at these documents reveals their true intention to concentrate the government powers at the level of the President of Ukraine, expanding the authority of inspection agencies, and decreasing the number and reducing the authority of territorial agencies of the state executive. In addition to this, despite the necessity of making the “cosmetic amendments” to the legislation, as stated by the author of the draft laws, provisions of some of them limit the authority of local governments and access of citizens to decision making in the corresponding areas of public administration. DIALOGUE experts sent their conclusions and concerns regarding the package of draft laws mentioned above to the Chairman of the Verkhovna Rada of Ukraine, parliamentary Committee on State Building and Local Self-Governance, Budget Committee, and M.Stavniychuk, Chairman of the Steering Committee for the Development of Civil Society at the President of Ukraine, to ensure their support.

Due to the constructive and tireless position of DIALOGUE experts, local governments managed to prevent the approval of the resolution of the Cabinet of Ministers of Ukraine to change the mechanism for utility companies to settle their accounts for the consumed natural gas. The draft document proposed by the Ministry of Energy and Coal Industry made it almost impossible for energy companies to pay the full amount of salaries and taxes and to perform the scheduled repairs and preparations for the heating season. The document also excluded the AUC from the activities on setting monthly rates for allocation of funds from accounts of utility companies, despite the fact that the AUC is the only non-governmental organisation to advocate for the interests of such companies. In its letter of May 14, 2012, the Ministry ensured the AUC the draft law was withdrawn from the consideration.

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

Project experts finished the preparation of Draft Laws “On the Legal Status of Property Items Jointly Owned by Territorial Communities” and “On the Status and Organisation of the Territorial Community”. Since the inception of the Project, its experts prepared 9 draft laws.

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

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

In accordance with the amendments in the current legislation dealing with the mechanisms of value-added tax exemptions for purchases performed with USAID funds, the Procurement Plan of the DIALOGUE Project was approved by the Ministry of Economic Development and Trade of Ukraine only in June of 2012. Given this, the agreement with the V.Koretskyi Institute of State and Law of the National Academy of Sciences of Ukraine on legal evaluation of draft laws prepared within the framework of the Project will be concluded in the next Project period.

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

On April 19-20, 2012, the Project conducted the working session of the Union of Local Council Secretaries in the city of Kryvyi Rih. The event was attended by 27 city council secretaries representing 14 oblasts of Ukraine, as well as Ukrainian and international experts took part in the event.

Main issues for the discussion included the following:

Ways to improve budget sufficiency of local territorial communities in 2012-2013. The DIALOGUE Project presented its activities to advocate local government interests using such mechanisms as budget consultations with the state executive authorities (out of the total of 14 to the Main Directions of the Budget Policy for 2012, 7 proposals were directly or indirectly taken into account, with 3 of the proposals being completely implemented in 2011-2012). It should also be mentioned that the parliament upon the numerous requests from the AUC approved on April 12, 2012 Law #4647-VI on amending the State Budget for 2012, whereby 9 billion UAH in the form of budget transfers will go to local budgets. However, there are certain concerns about the actual implementation of the provisions of this Law because the increased sources of revenues to the State Budget look unrealistic.

Position of the Association of Ukrainian Cities on draft laws to regulate key issues of local government development currently under consideration in the parliament (on consolidation of communities, on administrative services, on the status of the village, town and city mayors, and on service in local governments). In addition to this, the participants of the event mentioned that Law #4647-VI envisions the increase of the revenue indicators in the State Budget for 2012 by 33 billion UAH including 1.8 billion UAH through the proceeds from the administrative service fees. Again, these proceeds seem to be quite unrealistic because there is no mechanism to collect the administrative service fee payments.

On the participation of the AUC in the preparation and conducting parliamentary Hearings (Committee on State-Building and Local Self-Governance) on the implementation of the provisions of the Law of Ukraine "On Local Government Associations". The Association informed about the failure of the majority of local government-related legislative and regulatory documents prepared by government agencies at all levels to go through the procedures of concurrence with Ukraine-wide local government associations. This is a gross violation of the Ukrainian legislation.

The participants of the event:

- Approved the text of the appeal to the Chairman of the Verkhovna Rada of Ukraine Budget Committee with a request to reflect local government interests in the Main Directions of the Budget Policy for 2013. These include, first of all, the following: optimisation of the local government authority (streamlining the list and scope of expenditures to support the implementation of the authority delegated to local governments by the central government and the local government authority proper); improving the mechanisms to calculate the expenditures for the delegated authority; improving the mechanisms to distribute transfers from the State Budget to local budgets; increased financial capacity of local governments through expanding and assigning traditional revenue sources for local government budgets and increased collections from local taxes and fees; improved procedural mechanisms for budget sufficiency of territorial communities (true mid-term planning, access to loan capital, simplified treasury servicing); writing off the debts local budgets took in the previous years; and resolving problem issues related to getting and repaying short-term loans taken by local governments.

- Supported the AUC initiative to participate in the central government working groups to elaborate these draft laws to have them reflect local government interests. The work should focus, first, on the description of the notion of the ‘administrative service’, identification of the exhaustive list of such services, and on the introduction of the mechanism to provide the financial support for administrative services and use of proceeds from rendering such services. Second, the local governments should oppose the approval of the draft law on service in local governments in the version prepared by the Ministry of Justice. Third, local government experts should spur up the work on promoting (advocating) key local government draft legislation prepared by the DIALOGUE Project experts.
- Recommended the AUC to focus the attention of the participants of the parliamentary Hearings on the necessity to improve the actual implementation of the mechanism for mandatory consultations with nation-wide local government associations on local government related legislative and regulatory documents. Also, a provision prohibiting the state registration of legislative and regulatory documents not cleared through the procedure should be added in the legislation.

Setting up a network of lawyers to participate in legislation drafting

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

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

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

For example, this includes:

- the Draft Law on amending certain Ukrainian legislation concerning the state regulation in the area of utility services (#10499 of May 21, 2012), whereby the authority to set tariffs for solid waste removal and recycling is transferred from local governments to the National Commission for the Regulation in the Area of Utility Services received critical comments from 39 local councils.

- the Draft Laws of Ukraine “On Technical Inventory of Immovable Property Items” (#10286 (prepared by the working group at the parliamentary ad-hoc committee with the participation of DIALOGUE experts), and #10286-1 (prepared by the Cabinet of Ministers) received 9 expert opinions in favour of Draft Law #10286.

- the Draft Resolution of the Cabinet of Ministers of Ukraine “On the Mechanism for Heating Companies to Settle Accounts for the Natural Gas Consumed from the Resources of the NaftoHaz Ukrainy National Joint-Stock Company to envision changing the ways to set the rates for the deduction of funds to the special account (in particular, the draft document excludes the Association of Ukrainian cities, the only non-governmental organisation from the mechanism of tariff setting), and the document called “Issues Related to the Improvements of the Calculation Mechanisms for Consumed Electricity and Natural Gas” endorsed by the Resolution of the Cabinet of Ministers of Ukraine of December 03, 2008 #1082 received expert opinions from 29 local councils. The corresponding appeals signed by mayors were also sent to the Cabinet of Ministers with the request not to approve the Resolution mentioned above. Thus, according to the information from the Ministry of Energy and Coal Industry, being the author of the document, the work on the document was stopped.

The draft Law of Ukraine “On Service in Local Governments” Continued to receive proposals and comments. In the reporting period, 18 proposals and comments were sent from specialists of local councils to the draft document.

In addition to this, local government specialists, such as local council lawyers, submitted their proposals on how to regulate the access to telecommunications operators and providers to the housing stock representing all types of ownership to enable them carry out the corresponding construction and assembly works to set the Internet communication. These proposals were used by DIALOGUE experts to prepare their proposals to the National Commission for the State Regulation of Communication and Information in the course of their work in the joint working group on this topic.

The Project also spurred up the activity on amending the legislation involving local council specialists through the interactive forms of work offered by the AUC official web-site. The Project received 17 proposals concerning the amendments to the current legislation, in particular, to the Housing Code, Tax Code, Code of Ukraine on Administrative Offence, law on local self-governance, law on service in local governments, as well as proposals on how to concur draft legal and regulatory documents. These proposals were used in the course of the preparation of appeals to the state executive agencies.

2.2. Component 2: Policy dialogue

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

Dialogue Day at the Local Government Forum

The Project started the preparation for the Dialogue Day to be held on September 27, 2012 in the city of Kyiv.

This year, the Dialogue Day will be conducted in the form of the working sessions of five working groups whose membership will include representatives of ministries, parliamentary committees and local governments. The working groups will cover the following topics:

- Problem issues related to the budget support for the implementation of local government authority proper and the authority delegated to local governments by the state. Way to resolve them.
- Current status and ways to promote the interests of territorial communities in the housing and utilities sector and in the area of land relations.
- Problem issues related to the service in local governments and evaluation of potential ways to resolve them as proposed in the draft Law of Ukraine “On Service in Local Governments”.
- Problem issues and experience in energy supply and energy saving in territorial communities.
- New legislation to prevent and fight corruption and legislation on access to public information: implementation issues.

The AUC Analytical Center sent its request to AUC member municipalities to identify their problem issues to be discussed at working groups and submit the proposals to draft documents prepared for the Dialogue Day.

Consultations on budget preparation

DIALOGUE Project worked in two areas under this component:

- 1) preparation of proposals to the draft Main directions of the Budget Policy for 2013;
- 2) resolving the issue of the shortage of local budget financial resources through amendments to the Law of Ukraine “On the State Budget of Ukraine for 2012”.

Main Directions of the Budget Policy for 2013

DIALOGUE experts:

- 1) took part in the working session of the Verkhovna Rada of Ukraine Budget Committee (May 16, 2012) to present their proposals concerning the reflection of local government interests in the draft Main Directions of the Budget Policy for 2013. The criticism of the Cabinet of Ministers version of the Main Directions (Registration #10363 of April 18, 2012, CMU) by DIALOGUE experts contributed to the negative evaluation of the document by the Committee members. The Committee made a decision to elaborate the document.

- 2) prepared analytical materials and proposals, submitted an appeal to the VRU Committee on State Building and Local Self-Governance to reflect local government interests in the Main Directions of the Budget Policy for 2013;
- 3) took part and presented the DIALOGUE position at the working session of the VRU Committee on State Building and Local Self-Governance (May 16, 2012) concerning the reflection of local government interests in the Main Directions of the Budget Policy for 2013. Following the discussions, the members of the Committee came up with the negative opinion about the draft Main Directions prepared by the Cabinet of Ministers and approved the text of the appeal to the VRU Budget Committee with a list of DIALOGUE proposals to the Main Directions of the Budget Policy for 2013;
- 4) in cooperation with the staff of the VRU Budget Committee Secretariat prepared the expert materials and a package of 28 (ranged in the priority order) proposals to the Main Directions of the Budget Policy for 2013. The Committee provided the key support for the preparation of the alternative version of the draft Main Directions of the Budget Policy for 2013 (Registration #10363-д of May 17, 2012, National Deputies V.Baranov, V.Lukianov, P.Melnyk);
- 5) took part in the working sessions of the VRU Budget Committee (May 22, 2012) to present their proposals on how to reflect local government interests in the Main Directions of the Budget Policy for 2013. The Committee members rejected the draft Main Directions of the Budget Policy for 2013 prepared by the Cabinet of Ministers and supported the alternative draft version (Registration #10363-д). On May 24, 2012, the parliament approved the draft with the Registration #10363-д of the VRU Resolution “On Main Directions of the Budget Policy for 2013” reflecting the key DIALOGUE proposals. In particular:
 - calculation of expenditures factored in the course of the calculation of inter-budget transfers based on national social standards and norms;
 - increasing the tax base for the real estate tax for immovable property as opposed to the land parcel to strengthen the financial foundations of local budgets;
 - switching over to the personalised social assistance and gradual monetisation of social preferences accompanied with the streamlining of the list of recipients of such preferences based on economically and socially justified standards for the consumption of the corresponding services;
 - attraction of investments to promote the development of housing and utilities sector and road networks based on the principles of public-private partnership coupled with the improvements of the legal and regulatory framework for such partnership between the state and businesses;
 - proper financial support for the state-guaranteed preferences and compensations for preferential urban public transportation services rendered to certain categories of citizens.

Amendments to the State Budget for 2012

DIALOGUE experts:

- 1) sent a questionnaire to local governments about the budget sufficiency of territorial communities and the amount of local budget shortfall for the implementation of the

delegated authority in accordance with the indicators envisioned by the Law of Ukraine “On the State Budget of Ukraine for 2012”. The findings received from 182 municipalities helped to prepare the corresponding proposals concerning the amendments to the State Budget for 2012;

- 2) prepared and sent their proposals to the VRU Budget Committee and the Ministry of Finance of Ukraine concerning the amendments to the Law of Ukraine «On the State Budget of Ukraine for 2012” in the part dealing with channelling the additional financial resources to local budgets to decrease their shortage and to improve the budget sufficiency of territorial communities. Following this, the Cabinet of Ministers on April 09, 2012 submitted to the parliament the Draft Law with the Registration #10317 concerning the amendments to the state Budget for 2012;
- 3) took part and presented the AUC opinion at the working session of the VRU Budget Committee (April 11, 2012) concerning the draft law to amend the Law of Ukraine on the State Budget of Ukraine for 2012 (Registration #10317). The Committee members supported most of the AUC proposals dealing with the increase of the financial resource for local budgets. Following this, the parliament on April 12, 2012 approved the Law of Ukraine “On Amending the Law of Ukraine “On the State Budget of Ukraine for 2012” # 4647-VI of April 12, 2012 to channel the additional financial resource to local budgets in the form of transfers in the amount more than 9 billion UAH, in particular:
 - additional subvention for salaries to employees in the public sector in accordance with remuneration standards and the amount of the minimum salary set by the legislation in the amount of 1.5 billion UAH;
 - allocation of an additional subvention to provide incentives to local authorities to collect proceeds from profits tax and excise duty above estimated amounts in the amount of 1.04 billion UAH;
 - allocation of a subvention for social and economic development and other activities (total of 0.7 billion UAH);
 - additional financial resource in the amount of 1.2 billion UAH for social expenditures, etc.

Cooperation with central government authorities

Ministry of Economic Development and Trade

In May of 2012, M.Pittsyk, Senior DIALOGUE Inter-Governmental Cooperation Expert, had a working meeting with A.Maksyuta, First Deputy Minister of Economic Development and trade of Ukraine. The parties discussed the idea of concluding a Memorandum of Cooperation between the AUC and the Ministry to assist municipalities in local economic development. The parties agreed to prepare a Work Plan to implement the Memorandum and to set up a Local economic Development Steering Committee to keep track of the implementation of the Work Plan on a permanent basis.

The DIALOGUE Project framework envisions a close cooperation of the AUC with the Ministry of Finance of Ukraine and the Ministry of Regional Development, Construction, Housing and Utilities. This cooperation is done through consultations and working meetings, whereas the signing of the Memorandum with the Ministry of Economic Development and Trade is a step towards the institutionalization of the cooperation. Such experience can be used with other ministries.

National Commission for the State Regulation in the Area of Communication and Information

In April-May, an AUC expert took part in the working group set up by the National Commission for the Regulation in the Area of Communication and Information. The Commissions discussed issues related to the access of telecommunication providers to the housing stock (including the housing stock on the books of communally-owned companies) to city councils and utility companies perform the corresponding construction and assembly works to connect users to the Internet. Representatives of city housing and utilities departments from the RIVNE City Council and utility companies from the cities of Kyiv, Odesa, Kharkiv, and Rivne were invited to take part in the working group. Aiming at reaching the common ground, the AUC conducted a working meeting of 20 representatives of city councils and utility companies from 12 oblast capital cities on June 08. Following the discussions, the Project prepared proposals to the draft CMU Resolution to regulate the issues mentioned above. The Project will also send their proposals to the National Commission for the State Regulation in the Area of Communication and Information.

Cooperation with consultative agencies

Committee for the Development of Civil Society at the President of Ukraine

The Project pursued active cooperation with the Committee for the Development of Civil Society at the President of Ukraine. The Committee is headed M.Stavniychuk, Advisor to the President of Ukraine and Head of the Main Authority for Constitutional and Legal Modernisation of the Administration of the President of Ukraine. In particular, DIALOGUE experts worked as members of the working group for local democracy and citizen self-organisation to prepare draft Laws of Ukraine “On Local referendum” (#7052), “On Amending Certain Ukrainian Legislation on the Participation of Citizens in Preparing and Implementing the National Policy with Regard to Issues of Local Importance” (#3654). These documents are being prepared from the second reading. The group also worked on draft laws “On General Meeting of Members of the Territorial Community at the Place of their Registration” and “On Citizens Self-Organisation Bodies”. The experts submitted their proposals and conclusions to each of the draft laws to ensure the reflection of local government interests in the course of the finalisation of these documents.

Coordination Center for the Implementation of Economic Reforms

In May-June, the Project experts took part in the working sessions initiated by the Coordination Center for the Implementation of Economic Reforms and dedicated to the step-by-step reduction of cross-subsidy in the power industry related to street lighting in populated areas as required by Paragraph 131.1.3 of the National Action Plan for 2012 of the implementation of the Economic Reform Program for 2010-2014. Representatives of the Association supported the position of inadmissibility of raising tariffs for the electricity used for street lighting of populated areas without the simultaneous strengthening of the financial foundations of local governments and improving the mechanism to calculate local budget expenditures for the local government authority proper and delegated authority, as well as identification of additional financial resources for local governments. The AUC Board discussed this issue on June 05 and approved the corresponding appeal to the President of Ukraine.

Standing Advisory Board of the Cabinet of Ministers of Ukraine – Council for Social Protection of Homeless Persons and Persons Released from Confinement Institutions

In May, the Council for Social Protection of Homeless Persons, the Standing Advisory Board at the Cabinet of Ministers of Ukraine, conducted its fourth working session. The meeting was presided by S.Tihipko, Vice Prime Minister and Minister of Social Policy of Ukraine. The

purpose of the Council meeting was to discuss the activities of local agencies of the state executive and local governments to organise the provision of social services to homeless persons and persons released from confinement institutions. Such issues are important for local governments, as the latter have the legal authority in this area. However, the lack of financial support on the part of the state makes the implementation of this authority difficult.

Following the working session of the Council and the discussion of the proposals from the Association, the Ministry of Social Policy prepared the Budget Code, whereby the mechanisms to provide the financial support to institutions for homeless will be changed to provide the financial support from the State Budget. The Association of Ukrainian Cities approves the legislative initiative of the Ministry of Social Policy and expressed its support of the necessity of amending the Budget Code of Ukraine.

Constitutional Assembly

The all-Ukraine local government association came up with the proposals to include in the membership of the Constitutional Assembly set up by President of Ukraine V. Yanukovich three presidents of the associations: Association of Cities, Association of Towns and Villages, and the Association of Regional Authorities.

I. Kulichenko, AUC President took part in the first meeting of the Constitutional Assembly. The event took place on June 21, 2012. AUC President submitted to the Assembly Secretariat AUC proposals about the necessary changes in the local government sector.

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

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

Participation in the work of parliamentary committees

During the reporting period, the Project was actively involved in cooperation with the Verkhovna Rada of Ukraine ad-hoc committees. Project experts took part in **20** working sessions of **seven** parliamentary committees, including the following:

- Budget Committee – 5 meetings;
- Committee on Construction, Urban Development, Housing, Utilities and Agrarian Policy – 5;
- Committee on Agrarian Policy and Land Relations – 3;
- Committee on Science and Education – 2;
- Committee on Health Protection – 2;
- Committee on Economic Policy – 1;
- Committee on State Building and Local Self-Governance – 2.

The Project enjoyed an especially constructive cooperation with the Budget Committee, Committee on State Building and Local Self-Governance and Committee on Construction, Urban Development, Housing, Utilities and Regional Policy. The cooperation with these committees goes beyond the discussions in the parliament. The chairmen of these committees are very attentive to the proposals, opinions and legislative initiatives of the AUC and the DIALOGUE Project and use them in their decision making.

Acting in compliance with the Law of Ukraine “On Local Government Associations”, the committees repeatedly took the initiative to address the AUC as a unified voice of local government interests with a request to express the opinion on a number of draft laws.

Committee hearings on the implementation of the provisions of the Law of Ukraine “On Local Government Associations”

On May 25, 2012, the Verkhovna Rada Committee on State Building and Local Self-Governance conducted the committee Hearings.

The topic of the Hearings was: “Practical implementation by the state executive agencies and local governments of the provisions of the Law of Ukraine “On Local Government Associations”.

The purpose of the Hearings was - to discuss and evaluate:

- the effectiveness of various forms of interaction between local governments and state executive agencies over the time period elapsed since the approval of the Law in 2009,
- the impact of decisions and proposals expressed by local government associations on law-making activities and, in particular, on the preparation of draft legislation.

The Committee Hearings were conducted upon the initiative of the Association of Ukrainian Cities with the support from the DIALOGUE Project.

The participants of the Hearings discussed the status of the implementation of the Law “On Local Government Associations” and draft Hearings Recommendations, which will help to better use the opportunities provided by the Law to protect and promote local government interests.

In his opening remarks O.Omelchenko, Chairman of the Committee, mentioned that the issue of launching the communication between central government agencies and local government associations is very important for Ukraine. In France, for example, local governments (communes) have a lot of rights and authority and enjoy direct communication with the central government. In Ukraine, the function of the main moderator in the dialogue between local government associations and the central government is performed by the parliamentary Committee on State Building and Local Self-Governance. O.Omelchenko expressed his hope for Ukrainian state officials to listen to the opinion of local governments and their associations. At least it would be advisable to enter into such a dialogue while discussing such strategic areas as the budget policy. O.Omelchenko stressed that the current country leadership realises the mutual responsibility of state executive agencies and local governments for the issues of local importance. In particular, on May 24, at the meeting of the Council of Regions presided by the President of Ukraine, O.Lukianchenko, Donetsk Mayor, informed the country leadership about the local budget shortfalls and misbalanced budget policy of the country. Therefore, the central government is aware about local government problem issues.

M.Pittsyk, AUC Executive Vice President, in his welcoming speech thanked the members of the parliamentary Committee on State Building and Local Self-Governance for their cooperation and stressed that they should take the whole credit for the approval of the Law “On Local Government Associations”. In the opinion of M.Pittsyk, the importance of this document can hardly be overestimated, because it regulates the relations between local governments and the state executive. Presently, there are all the necessary prerequisites for such a dialogue: the AUC has its Analytical Center to provide high-quality expert opinion and analysis of the draft legislation on local government issues. Unfortunately, not all state executive agencies stand ready for such a dialogue. In accordance with the Law, the AUC enjoys a meaningful dialogue and coordination with the Ministry of Regional Development, Construction, Housing and Utilities of Ukraine. At the same time, the Ministry of Justice, which serves as the main drafter

of Cabinet of Ministers draft legislation, ignores consultations with the AUC. In other words, the European Charter of Local Self-Governance, which was ratified by Ukraine, has systemic issues with its implementation. However, the Ministry of Justice is not alone in this sense, as the Cabinet of Ministers in general finds it possible to dodge from its international obligations and requirements of the Law and to ignore the appeals, proposals and recommendations of the Association of Ukrainian Cities. In particular, the Cabinet of Ministers has not responded to the appeals dealing with the main directions of the budget policy and housing and utility service tariffs.

In this context, local government associations consider an opportunity to address the parliamentary ad-hoc Committee with a request to amend the Law “On Local Government Associations” to improve the situation. One of the options would be introducing the accountability for the failure to adhere to the provisions of the Law or violating the mechanism of consultations with Ukraine-wide local government associations in the course of the preparation of draft legislation and regulations.

National Deputy V.Demchyshen, Chairman of the Sub-Committee of the Committee on State Building and Local Self-Governance expressed his opinion about the necessity of restructuring the whole system of governance to enable local governments to have a stronger position. The National Deputy also mentioned about the disappointment the Committee has about the quality of draft legislation prepared by the Cabinet of Ministers. In particular, the staff of ministries and government agencies submits unprepared and poorly written and controversial from the legal point of view documents to the Committee for its consideration, thus making Committee staff write these documents anew. In this context, V.Demchyshen thanked the AUC and its Analytical Center for the substantial assistance in law-drafting and high-quality expert opinion, comments and analytical materials. According to this National Deputy, the Committee has repeatedly submitted for public discussion the important decisions or information coming from local governments or their associations. V.Demchyshen promised that the government will try to shift the emphasis in its cooperation with local governments. In particular, the government will use the President of Ukraine Council of Regions to make this cooperation more effective.

D.Losev, Deputy Head of the State Local Government Support Foundation in Ukraine in his presentation mentioned a continuous and active participation of representatives of Ukraine-wide local government associations in the activities related to local self-governance. The Foundation expressed its readiness to coordinate the effective mechanisms of cooperation between the associations and state executive agencies and expressed the high appreciation of the quality of proposals and expert opinions the associations submit on local government legislative and regulatory documents.

In general, in the opinion of D.Losev, following the approval of the Law of Ukraine “On Local Government Associations” on April 16, 2009, Ukraine, like most of the Council of Europe member countries, has introduced the key components of the interaction between local governments and state executive agencies according to the requirements of the European Charter of Local Self-Governance, which has been reflected in the Ukrainian legislation.

S.Hordienko, National Deputy, Committee Secretary in his presentation mentioned that the local self-governance has turned into the so-called *local self-rescue bodies* as most of the provisions of the Law “On Local Self-Governance in Ukraine” have remained no more than declarations since the time the Law was approved. In other words, the central government only stated the key authority of local governments in the law without supporting them with the instruments and resources to implement it. Consequently, when the country leadership proclaims the policy to support and develop local self-governance, in reality this can be interpreted as the war against local self-governance and encroachment on its rights. There are many examples to prove this.

These include the Law “On State Service”, draft Law “On Service in Local Governments” (the document received a negative opinion of the Committee), laws in inventory of immovable property (this may be interpreted as a battle to control the flow of money), and draft Law “On Administrative Services” (the document also has many negative provisions from point of view of local governments and citizens). There are also concerns with regard to the administrative and territorial reform.

As far as the draft laws mentioned above are concerned, the AUC in the course of their preparation provided its comments and expert opinion to the Committee. However, the Committee did not have enough weight to lobby and implement them. S.Hordienko stressed that the Committee realises the role of the AUC as a unified voice of the needs of communities and a powerful advocacy vehicle to promote their interests. Hence, one should find the best mechanism to reflect these needs in the legislation.

V.Parkhomenko, AUC Analytical Center Director presented the Hearings participants the analytical materials and a presentation on the actual consultations the central government agencies have with the Association of Ukrainian Cities. He mentioned that the real consultation mechanism started to work in 2010, however the implementation of the Law “On Local Government Associations” did not take the nation-wide scale and was not consistent. In general, over the whole period of consultations, the Ministry of Regional Development, Construction, Housing and Utilities of Ukraine alone received expert opinions and comments to more than 120 draft laws. In his context one should mention the general tendencies in the number of requests sent to the AUC: over the recent period of time, the number of such requests has been decreasing and this can serve as an example of the central government attitude to local governments. For example, a number of laws jeopardizing local self-governance were approved by-passing the requirement of getting the AUC expert opinion. The most important of these include the Budget and Tax Codes. The AUC has been conducting monitoring the implementation of the Law “On Local Government Associations” at the regional level and the findings are not encouraging. The Law is being implemented predominantly in the seven western and central regions. Ten additional oblasts demonstrate a mediocre implementation of the Law. In the remaining regions (predominantly in the east and south of Ukraine) the Law has been poorly implemented or not implemented at all. This situation can be accounted by the fact that the Association does not have the mechanisms to enforce the implementation of the Law, whereas the local Prosecutor’s offices being the legal law enforcement agencies do not pay attention to this.

In his closing remarks, V.Parkhomenko spoke about the value of the Law, however at the moment it is not being implemented at all.

G.Martin, Executive Director of the Kyiv AUC Regional Office spoke about the actual experience of consultations between local government associations and regional state executive agencies. In particular, he mentioned the absence of support or even opposition from the state executive agencies to the associations. This fact can be proved by the inability of representatives of many AUC Regional Offices to take part in these Hearings because they are closely monitored law enforcement agencies.

In addition to this, G.Martin stressed the lack of dialogue with local government associations and the State Local Government Support Foundation. Consequently, local governments have no cooperation with this central government agency.

Following the discussions, the participants made the following suggestions on how to better use the opportunities for local government advocacy at the national and regional levels the Law provides:

- identify and apply the instruments to influence central government officials and representatives of local state administrations to make them submit draft legislative and regulatory documents related to local and regional development to local government associations and their regional offices for concurrence, as well as to initiate consultations with the associations on the related issues;
- make a suggestion to prosecutor offices to increase the oversight over the implementation of the Law “On Local Government Associations” and Resolution of the Cabinet of Ministers # 531 of May 23, 2009 “Issues Related to Enhanced Interaction of State Executive Agencies and Local Governments on the Preparation and Approval of Legislative and Regulatory Documents” at the national and regional levels;
- prepare mechanisms for more effective use of the opportunities the law provides at the rayon level;
- Ministry of Justice to take into account the provisions of the Law “On Local Government Associations” in the course of the preparation of conclusions to draft legislation. Insert a provision, whereby normative and legal documents on local and regional development not concurred with by the associations are not subject to the state registration.
- Local government associations to provide training for the staff of their regional offices on the proper application of the provisions of the Law and draft methodological approaches for the comprehensive use of the opportunities it provides.

Following the discussions, the Hearings participants agreed to elaborate the draft Hearings Recommendations and submit them to the Verkhovna Rada Committee on State Building and Local Self-Governance for consideration.

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 Local Government Regional Advisory Boards

Working sessions of Regional policy Dialogue Coordinators

The Project conducted the working meeting of the regional policy dialogue coordinators on May 11, 2012. The event was attended by 17 of 20 working coordinators (coordinators from the Vinnytsya, Lviv and Kherson AUC ROs were absent).

The purpose of the event was to exchange experience of Local Government Regional Advisory Boards (LGRAB), discuss work-related problem issues and potential ways to resolve them.

Below are the main achievements and problem issues as identified by regional policy dialogue coordinators:

Volyn oblast

The Local Government Regional Advisory Board was set up at the office of the Head of the Volyn Oblast State Administration. At the same time, the Chairman of the Volyn Oblast Council is a Co-Chairman of the LGRAB. Five meetings were held.

The main achievements of the Local Government Regional Advisory Board are:

- assistance in attracting investments to set new companies, first of all, in the agricultural sector. This enabled to create new jobs in populated areas in the oblast,

- allocation in 2011 of 120 million UAH and 60 million UAH in 2012 for the reconstruction of street and road lighting in populated areas in the oblast.

The conflict between the political forces in the Oblast Council is the main problem issue. This has become a barrier for the Oblast Council to approve ordinances based upon the decisions of the Local Government Regional Advisory Board.

According to the regional policy dialogue coordinator, the state executive agencies do not have objections to local governments in the oblast. On the contrary, they are supportive and willing to help and demonstrate the adherence to democratic principles and European choice.

Dnipropetrovsk oblast

The LGRAB was set up at the office of the Chairman of the Dnipropetrovsk Oblast Council. Three meetings were held.

Preparation and submission of more than 20 proposals to the tax and budget legislation of Ukraine and the work to reform the health care sector in the oblast are the main achievements of the Regional Advisory Board.

There are no issues with regard to the relationships between the state executive and local governments in the oblast. The Oblast Council and Oblast State Administration demonstrate their understanding and are willing to help. The Project is being successfully implemented.

Donetsk oblast

The LGRAB was set up at the office of the Chairman of the Donetsk Oblast Council. The inaugural meeting was held with the first working session to be held in mid May.

The Donetsk oblast leaders made a decision to set up the Local Government Regional Advisory Board based on the local association of local governments. The Board membership includes about 30 representatives of local governments – chairmen of rayon councils, mayors of cities of oblast and rayon significance, and representatives of the Oblast Council.

A clear top-down power structure promoted by the Party of Regions in the country and the absence of support and understanding on the part of the oblast authorities is the main problem issue. The constant change of officials in the Oblast Council Office (the main “supplier of officials” for the whole Ukraine) is another problem.

Zhytomyr oblast

The LGRAB was set up at the office of the Chairman of the Zhytomyr Oblast Council. Two meetings were held.

The main achievements of the Regional Advisory Board are: allocation of funds from the oblast budget for repairs works at schools and hospitals in oblast communities, as well as the purchase of equipment for IT room.

The overly centralisation of power and absence of the will to work with local governments on the part of the Oblast State Administration is the main problem issue.

Zakarpattya oblast

The LGRAB was not set up.

The Regional Advisory Board was set up at the office of the Head of the Oblast State Administration to implement the Instruction of the Cabinet of Ministers of Ukraine # 1797-p “On Strengthening the Interaction between local offices of the state executive and local governments” of September 06, 2009. However, the Board is inactive. With V.Pohorelov being elected the Chairman of the Zakarpattya AUC RO, there are hopes he will raise this issue with the OSA Head and the working sessions of the Local Government Regional Advisory Board will start in June of 2012.

The political situation in the oblast is difficult. There are two main decision making centers in the region: representatives of the Party of Regions and of the Yedynyi Tsentr [*single center*] Party, being, correspondingly, at the head of the Oblast State Administration and the Oblast Council. The similar divisive party lines can be found at the level of local self-governance. However, in general, local government interests in the region find a very difficult match with the interests of the state executive.

Zaporizzhya oblast

The LGRAB was set up at the office of the Chairman of the Zaporizzhya Oblast Council. Three meetings were held.

The main achievements of the Regional Advisory Board are:

- publication of the guide to address questions of city, town and village mayors expressed during the working sessions of the Regional Advisory Board,
- consultations on issues related to the use of water facilities in populated areas, and
- dissemination of the city of Berdyansk experience in setting up permit offices according to the One-Stop-Shop principle.

The main problem issues are: lack of interests of media in covering the activities of the Regional Advisory Board and difficulties in selecting the issues to be resolved with the assistance of the oblast authorities. Local governments feel the Regional Advisory Board has little power to resolve many serious issues.

Ivano-Frankivsk oblast

The inaugural meeting of the Local Government Regional Advisory Board is scheduled for June of 2012. The LGRAB was set up at the office of the Head of the Oblast State Administration.

Currently, in cooperation with the AUC RO, the LGRAB is monitoring the problem issues to be included in the agenda of the first working session of the Regional Advisory Board. The regional policy coordinator is seeking support from the OSA representatives to hold the first meeting of the Regional Advisory Board.

Kirovohrad oblast

The LGRAB was set up at the office of the Chairman of the Oblast Council. Two meetings were held.

The main achievements of the Local Government regional Advisory Board are:

- opening a One-stop-Shop Investment Office to promote investments in the oblast,
- organisation of training event for local officials in the oblast in investment project and program preparation, and

- putting together a unified register of communally-owned dilapidated buildings and the subsequent reconstruction.

The absence of the cooperation with O.Sainsus, Kirovohrad Mayor, is the main problem issue of the Regional Advisory Board. The mayor is only a formal Head of the AUC RO.

Luhansk oblast

The LGRAB was set up at the office of the Heed of the Luhansk Oblast State Administration with the Chairman of the Oblast Council being a Co-Chair of the Board. Three meetings were held.

The main achievements of the Regional Advisory Board are:

- setting up of the oblast resource center for condominium associations for consultations on how to set up and run a condominium association,
- setting up a professional regional advisory board at the office of the Head of the Tax Inspection in the Luhansk oblast, and
- holding working sessions of regional press clubs in the TV format on the local TV station.

There are no problem issues in the relationships between the state executive agencies and local governments.

Odesa oblast

The LGRAB was set up at the office of the Head of the Oblast State Administration, with the Chairman of the Oblast Council serving as the Co-Chairman. Three meetings were held.

The main achievements of the Local Government Regional Advisory Board include the following:

- resolving problem issues related to the delineation of boundaries between the state-owned and communally-owned land parcels in the oblast (the Odesa oblast leads in Ukraine on this issue),
- interviews with city mayors in the course of the preparation of the Oblast Budget for the coming year,
- including city mayors who are members of the Local Government regional Advisory Board to the membership of Oblast State Administration boards. This gives more opportunities for them to resolve problem issues their communities face, and
- opening on the portal of the Oblast State Administration the Internet web-page dedicated to the activities of the Local Government Regional Advisory Board in the oblast.

The main problem issues of the LGRAB are:

- great quantity of the LGRAB members (about 90 persons),
- increased pressure on city mayors for political reasons,
- oblast government officials tend to treat local government officials as their subordinates, and
- lack of interests on the part of media to cover the activities of the Regional Advisory Board.

Poltava oblast

The LGRAB was wet up at the office of the Chairman of the Poltava Oblast Council. Four meetings were held.

The main achievements of the Local Government Regional Advisory Board are:

- allocation of funds from the oblast budget to resolve the solid waste management issues (financial support for the implementation of the oblast solid waste management program),
- “on-site” training events conducted by the National Local Government Support Foundation in Ukraine for local governments and train them how to write project proposals for the Ukraine-Wide Local Government Development Project Competition, and
- Maintaining the regional policy dialogue coordinator (communications, telephone, stationery, premises) at the expense of the Oblast Council.

The lack of the interests of the Poltava Mayor to join the activities of the LGRAB.

Rivne oblast

The LGRAB was set up at the office of the Chairman of the Oblast Council, with the Head of the Oblast State Administration service as the Co-Chair. Five meetings were held.

The main achievements of the LGRAB are:

- merging all local government consultative entities set up at the offices of the Oblast Council Chairman and the Head of the Oblast State Administration in one LGRAB,
- implementation of the integrated oblast road repair program for populated areas in the oblast.

In the opinion of the regional coordinator, the absence of interest of media in the activities of the LGRAB.

Ternopil oblast

The LGRAB was set up at the office of the Chairman of the Oblast Council. Four meetings were held.

The main achievements of the Local Government Regional Advisory Board are:

- launching a fruitful dialogue and exchange of experience between different components of the oblast authorities and local governments,
- putting together an register for inventory of tourist attractions in the oblast, and
- setting up a consultative group to prepare city development strategies and to promote the identification of priority areas for development and attraction of investments to cities in the oblast.

The lack of support and readiness of the Oblast State Administration is the main problem.

Kharkiv oblast

The LGRAB was set up at the office of the Head of the Oblast State Administration. One meeting was held.

The Regional Advisory Board in the oblast has been working since February of 2012 and currently, based of the proposals expressed by city mayors the Local Government Regional Advisory Board managed to allocate 200 thousand UAH to support the implementation of the Together in the Future oblast projects and programs. In general, the total amount of allocated funds will constitute 1 million 200 thousand UAH.

The membership of the LGRAB is its main problem: 180 persons represent the members of the Board, including the representatives of the oblast authorities and local governments, scientists, and public figures.

Khmelnyskyi oblast

The LGRAB was set up at the office of the Chairman of the Oblast Council, with the Head of the Oblast State Administration serving as Co-Chair. Two meetings were held.

The main achievements of the LGRAB include the following:

- including mayors of smaller cities to the membership of the LGRAB allowed them to have a possibility to express their position at the oblast level,
- LGRAB serves as a steering committee for urban improvement works in the populated areas of the oblast.

Lack of interests and willingness to take part in the working sessions of the Local Government Regional Advisory Board is its main problem.

Chernihiv oblast

The LGRAB was set up at the office of the Chairman of the Oblast Council. Three meetings were held.

The main achievements of the Local Government Regional Advisory Board are the following:

- allocation of funds to supply high quality potable water to citizens in the oblast,
- holding a number of training events for local government officials dealing with land management and land use,
- commitment of heads of city departments of land resources to take part in working meetings conducted by mayors,
- inventory of communally-owned property at the oblast level.

All the participants stressed the necessity to:

- spur up the cooperation with oblast state administrations,
- have a closer cooperation with AUC ROs,
- give more authority to LGRABs to advocate for legitimate interests of local governments.

Working sessions of Local Government Regional Advisory Boards

The Project conducted 10 working sessions of Local Government Regional Advisory Boards in 9 oblasts: Donetsk, Dnipropetrovsk, Zaporizzhya, Ivano-Frankivsk, Kirovohrad, Lviv, Rivne, Kherson, and Khmelnyskyi. The purpose of such meeting was to discuss the issues, which the Project were identified as priorities for Local Government Regional Advisory Boards by AUC Regional Offices at their meetings conducted within the framework of the Project in September-October of 2011.

<p>Working session of the Lviv Local Government Regional Advisory Board city of Lviv April 03, 2012</p>	<p>The session participants made a decision to elect M.Kostyuk, Head of the Lviv Oblast State Administration as the Co-Chair of the Local Government Regional Advisory Board. This issue was initiated by city and town mayors and was welcomed by the Head of the OSA. This move will allow to attract the material and financial resources oblast authorities possess to support the implementation of the decisions of the Regional Advisory Board and will remove the political tension between the Oblast</p>
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	<p>State Administration and the Oblast Council.</p> <p>The participants also discussed the issues of the financial support to local government projects in 2012, namely, the distribution of the additional funds from the oblast budget in the amount of 5 million UAH for the implementation of local projects and programs. Following the discussion, the participants made a decision to channel these funds for the implementation of about 40 projects and programs by local governments in the oblast.</p>
<p>Working session of the Kherson Local Government Regional Advisory Board city of Kherson April 17, 2012</p>	<p>The session participants discussed draft Laws of Ukraine “On Service in Local Governments”, “On Land Market”, and “On Communal Ownership”.</p> <p>The members of the Regional Advisory Board expressed a number of concerns to the draft laws mentioned above, namely:</p> <ul style="list-style-type: none"> - to the draft Law of Ukraine “On Service in Local Governments” - this law substantially narrows the local government authority in the area of financial autonomy, human resource support, and envisions unequal conditions for labour compensation for state executive staff and local government staff; - to the draft Law of Ukraine “On Communal Ownership” – objections to the notion of “joint ownership”, mechanism of its identification, approvals of the list of common ownership of territorial communities, and mechanisms to transfer certain authority to manage communal property to physical and legal persons; - to the Law of Ukraine “On Land Market” – suggestion to increase the land fee rate (including the single agricultural tax) four times, re-register the land parcel certificates over a year, envision a mechanism to temporarily change the land lease right for landholders within the village council, etc. The participants also mentioned the necessity of preparing the Rules to Use Woodland Belts as their use and rehabilitation has not been regulated yet. <p>The event participants made a decision to charge the Chairman of the Local Government Regional Advisory Board to address the Verkhovna Rada of Ukraine and the Cabinet of Ministers of Ukraine with a request to make substantial improvements in the draft laws mentioned above.</p>
<p>Working session of the Khmelnytskyi Local Government Regional Advisory Board city of Khmelnytskyi April 18, 2012</p>	<p>The session participants discussed the issue about the role of local authorities in urban improvements in populated areas in the oblast, because the oblast budget for 2012 earmarked the funds in the amount of 92 million 18 thousand 700 UAH for these purposes (40% more than in 2011). Following the discussion, the participants made a decision to monitor the technical condition of local roads, premises of executive committees of local councils, communally-owned companies, comprehensive schools, pre-school educational facilities, first-aid stations, children playgrounds, and libraries, and in case of necessity to submit to the Oblast Council the corresponding applications for funds supported by cost estimates of works for the reconstruction of these items.</p> <p>The event participants also discuss the Draft Concept for the Administrative and Territorial Reform prepared by the Cabinet of Ministers of Ukraine. Following the discussion of this issue, they made a decision about the necessity of preparing a package of proposals from local governments for consideration and approval at the next meeting of the Local Government Advisory Board to be sent to the Cabinet of Ministers of Ukraine.</p>
<p>Working session of the</p>	<p>The session participants the budget sufficiency of territorial communities</p>

<p>Kirovohrad Local Government Regional Advisory Board city of Kirovohrad April 20, 2012</p>	<p>and problems of the housing and utilities sector.</p> <p>Following the discussion of the first item of the agenda, the participants selected the main problem issues to be addressed in the formal letters to be sent on behalf of the Chairman of the Kirovohrad Local Government regional Advisory Board. Local governments were requested to sent their proposals to these issues, namely:</p> <ul style="list-style-type: none"> - granting the permission for towns to have the local budget shortfalls similarly all other local budgets; - have the legislation specify the rates to maintain executive offices of local councils; - earmark the resources in the draft State Budget of Ukraine for 2013 to provide the complete financing of regional city development programs; - inclusion of expenditures to support out-of-school establishments to the list of expenditures calculated in the course of the calculation of inter-budget transfers; - have the legislation specify the right to use the special fund money received through non-agricultural land sales for the preparation of cost estimates (for construction and repair works, etc.). <p>One should also mention the agreement M.Kovalchuk, Chairman of the Oblast Council, reached after the discussion of this issue with S.Larin, Head of the Oblast State Administration, concerning the allocation of additional funds from the oblast budget to cover the local budget shortfall. To receive these funds, the corresponding local councils should provide the economic justification of the impossibility of implementing their local budgets.</p> <p>Following the discussion of the issue related to the legal framework for the utilities sector in the oblast, the working session participants prepared the corresponding letter to the Verkhovna Rada of Ukraine where they presented their proposals on how to resolve these issues, namely:</p> <ul style="list-style-type: none"> - introduction of economic liability for untimely payment for utility services and energy resources; - possibility for utility companies to lease specialised machinery to enable them to perform their tasks; - state support to territorial communities and long-term interest-free loans for 2013 for them to construct landfills; - transfer to the state ownership of communally-owned roads, which are used as the continuation of state-owned roads; - preparation of the formula for the automated calculation of tariffs when the price on energy resources changes.
<p>Working session of the Rivne Local Government Regional Advisory Board city of Rivne April 22, 2012</p>	<p>The session participants discussed the additional possibilities of increasing local budget revenues through the reform of system of land relations in Ukraine and recommendations for enhancing city investment potential.</p> <p>To ensure additional collections to local budgets from the land reform, one should take the inventory of lands (to be conducted at least once in 5 years), as this will allow to keep track of delinquents who do not pay the land use fee, as well as to demarcate clear boundaries of populated areas to estimate the amount of lands local governments own.</p> <p>O.Osovets, Director of the Rivne Regional Center for Investments and Development, made a presentation on the second item of the agenda. He informed the working session participants about the situation with</p>

	<p>investment promotion in cities in the oblast and made brief presentations of investment peculiarities of each rayon in the oblast of potential interest for investors.</p> <p>Upon the request of city mayors at the meeting of the Advisory Board, the Project also provided consultations about the peculiarities of concluding agreements for services of the newly-built solid waste processing plant, as well as handed out model ordinances for seasonal trade.</p>
<p>Working session of the Dnipropetrovsk Local Government Regional Advisory Board city of Dnipropetrovsk April 24, 2012</p>	<p>In view of the fact that the Dnipropetrovsk oblast is the pilot region to reform the health care system at the national level, the session participants discussed problems with the implementation of the reform mentioned above and made a decision concerning the immediate steps state executive and local governments have to take to eliminate them. Such steps include the following:</p> <ul style="list-style-type: none"> - opening new beds for permanent and temporary placement at the territorial social service centers; - provision of housing to family doctors with the preferences to be given to medical staff from rural populated areas; - assigning citizens to the centers for primary medical and sanitary assistance with the purpose of introducing the electronic register of citizens, supplying the necessary computer equipment to these centers and providing them with the Internet connection; - repair works in premises of centers for primary medical and sanitary assistance; - temporary simplification of the construction expertise for the premises of primary medical and sanitary assistance for their capital repairs or reconstruction. <p>This resolution was sent to all rayon and city councils in the oblast for further work.</p>
<p>Working session of the Donetsk Local Government Regional Advisory Board city of Amvrosiivka May 17, 2012</p>	<p>The purpose of the first working session of the Local Government Regional Advisory Board in the Donetsk oblast was to discuss the ways to resolve the issues with the territorial arrangement of government entities in the oblast. The session participants identified the presence so-called of imbedded communities as the key problem for the Donetsk oblast. The placement of a separate administrative and territorial unit within the boundaries of another unit leads to the overlap of functions and make it impossible to delineate the boundaries between lands. To resolve this issue, the Chairman of the Regional Advisory Board made a suggestion to city councils to send their proposals for the Board to consider and forward to the Verkhovna Rada of Ukraine.</p> <p>The session participants became familiar with the experience of the Amvrosiivka rayon in reforming the system of administrative and social services for citizens in the context of imbedded communities, especially with the problem issues they faced while reforming the system, such as: improper current legislation, lack of the necessary material and technical foundation, and problems with the distribution of authority. The Board will use the experience of the rayon in reforming the system of rendering services as a model and will prepare and disseminate the corresponding recommendations to local governments.</p>
<p>Working session of the Zaporizzhya Local Government Regional Advisory Board city of Zaporizzhya</p>	<p>The session participants discussed the key areas of the reform of the housing and utilities sector in the oblast and problem issues with the use of budget funds earmarked for the sector. The key areas of the housing and utilities sector reform include the following:</p> <ul style="list-style-type: none"> - setting up effective systems for housing stock management and

<p>May 17, 2012</p>	<p>competitive environment at the housing and utilities services market (condominium associations);</p> <ul style="list-style-type: none"> - supply of high-quality potable water to citizens in the oblast; - modernisation of heating systems and heat supply networks in populated areas; - enhanced urban improvements in populated areas in the context of constructing the required number of landfills. <p>The Chairman of the Regional Advisory Board mentioned that the oblast budget allocated 130 million UAH for 2012 for the reform of the housing and utilities sector in the oblast. This is why local governments need to prepare requests accompanied with cost estimates to obtain these funds to resolve their problems in the housing and utilities sector.</p> <p>At the end of the event, the participants were also informed about the beginning of the training program for local government officials to raise their skills in preparing investment promotion projects and programs. To implement this training program, each local government will receive 30-40 thousand UAH. These funds will be used to pay for training sessions and technical materials, cover the business trip costs, etc.</p>
<p>Working session of the Dnipropetrovsk Local Government Regional Advisory Board city of Dnipropetrovsk June 25, 2012</p>	<p>The session participants discussed problem issues with the implementation of the land reform and the Program for the Development of Land Relations and Protection of Lands in the Dnipropetrovsk Oblast for 2011 - 2018. The participants identified the main problems in the implementation of the land reform in the oblast, such as: absence of the clear delineation of boundaries between state-owned and communally-owned lands, embedded communities, failure of many cities to prepare city master plans, and poor awareness of citizens about the activities conducted within the framework of the implementation of the land reform. Following the discussion, the Advisory Board members made a decision to prepare a number of corresponding tasks to structural departments of the Oblast State Administration to monitor the implementation of the Program for the Development of Land Relations and Protection of Lands in the Dnipropetrovsk Oblast for 2011 - 2018, to provide support to the identification of boundaries of populated areas and boundaries between state-owned and communally-owned lands, as well as to ask oblast media to cover the activities conducted within the framework of the implementation of the land reform on a permanent basis.</p>
<p>Working session of the Ivano-Frankivsk Local Government Regional Advisory Board city of Ivano-Frankivsk June 26, 2012</p>	<p>In the course of the working session, the participants raised a number of issues related to local government activities, namely: tariff setting for street lighting in populated areas, problem issues related to removal and utilisation of solid waste, necessity of taking inventory of lands in the oblast and increased accountability for unlicensed construction.</p> <p>Following the discussion of these issues, the Board members prepared a number of proposals to state executive agencies, namely:</p> <ul style="list-style-type: none"> - with regard to tariff setting for street lighting in populated areas: prepare an appeal about the inadmissibility of raising tariffs for electricity used for street lighting in populated areas and send it to the top country leadership, and prepare the corresponding proposals to be discussed during the Dialogue Day in September of 2012; - with regard to the removal and utilisation of solid waste: prepare a Nation-Wide Program for Solid Waste Management, introduce the environmental police and “green” tariffs for solid waste recycling, increase tariffs for utility services (water, heat), or earmark equalisation transfers from the State Budget for these purposes; - with regard to the necessity of taking inventory of lands in the oblast

	and increase accountability for unlicensed construction: address the AUC with the proposals to prepare a draft Nation-Wide Land Regulation Program to envision the withdrawal of lands not used for more than 5 years, and to vest local governments with the authority to issue permits and to commission buildings and premises.
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Selection of issues to be discussed at working meetings of Local Government Regional Advisory Boards in 2011-2012

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

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

Forum of Donor Organisations

On May 24, DIALOGUE conducted a meeting of representatives of international donor organisations working in the area of local self-governance and suggested its participants to discuss the idea of signing the Memorandum of Cooperation between the AUC and the Ministry of Economic Development and Trade of Ukraine to promote local economic development, setting up of the Steering Council, and submitting the specific proposals tot the Work Plan to support the donor project and programs in implementing their plans.

Representatives of international projects ho were present at the meeting supported the idea of signing the Memorandum and expressed their readiness to become members of the Steering Council. They also stressed the necessity of setting up an efficient entity for the representation of local government interests in local economic development. All the participants agreed to submit their proposals to the Work Plan.

A representative of the MFSI Project spoke about his good experience in implementing the Memorandum with the Ministry of Finance of Ukraine, whereas a representative of the MHR spoke about the close cooperation with the office of S.Tihipko, Vice prime Minister of Ukraine, to remove the barriers for the implementation of energy efficiency activities in Ukraine.

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

USAID Local Investments and National Competitiveness Project (LINC)

A DIALOGUE Project representative took part in two working sessions of the Steering Committee on the preparation of the National Strategy for the Development of the System of Public Procurements of Ukraine and four round table discussions on public procurement issues organised by the USAID LINC Project.

DESPRO

On April 24, 2012, O.Slobozhan, DIALOGUE Project expert took part in the one-day training seminar on decentralisation and governance conducted within the framework of the Swiss-Ukrainian Support for the Decentralisation in Ukraine Project (DESPRO) implemented by the Swiss Center for resources and Consultations on Development Issues (SKAT) and financed by the Swiss Confederation (SDC) within the framework of the Municipal Governance and Sustainable Development Program Project implemented by the UN Development Program.

2.3. Component 3: Fostering Public Support for Reform

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

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

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

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

Activity 2.3.3. Production and dissemination of tools for message delivery

DIALOGUE Project AUC web-site

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

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

April – 1,809
 May – 1,743
 June – 1,300

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

Electronic and printed media

Information about Project publications is presented in Table 3.

Table 3. DIALOGUE Project publications

Publication	Targeted audience	Description
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<p>The “Sectoral Monitoring” printed quarterly publication</p>	<p>State executive agencies, expert community</p>	<p>The eighth issue of the publication was prepared for printing to be further on disseminated to National Deputies, technical staff of line ministries and state agencies, and local government officials.</p> <p>Some of its chapters feature the following topics: activities of the Constitutional Assembly, assessment of the possibility of reforming local budgets in 2013, outcomes of the committee Hearings on the implementation of the Law of Ukraine “On Local Government Associations”, and reforms of social services and emergency medical assistance.</p>
<p>The “AUC Herald” printed monthly publication</p>	<p>AUC member communities, AUC partner organisations</p>	<p><u># 85, April</u>. The DIALOGUE Chapter features the overview of activities of local government regional advisory boards.</p> <p><u># 86, May</u>. The DIALOGUE Chapter features the expert opinion of the implementation of the law on local government associations prepared by the AUC Analytical Center.</p> <p><u># 87, June</u>. The DIALOGUE Chapter features the expert materials about the unfair approaches to the distribution of subventions between regions to compensate for the debt associated with the difference in tariffs.</p>
<p>The “DIALOGUE Newsletter” electronic monthly publication</p>	<p>International organisations and international technical assistance projects</p>	<p>The English-language publication presents Project activities over a month and provides monthly highlights in detail:</p> <p><u># 20</u>, – successful cooperation of the AUC with the Ministry of Finance and parliamentary Budget Committee.</p> <p><u># 21</u>, monthly highlight – committee Hearings on the implementation of the law on local government associations.</p> <p><u># 22</u>, monthly highlight – AUC concerns over the centralisation of government authority limitations of local government authority (based on the expert evaluation of the package of draft laws submitted to the parliament for consideration by Yu.Miroshnichenko).</p>
<p>The “Legal Counselling” electronic quarterly publication</p>	<p>Local government lawyers</p>	<p>Issue # 8 of the “Legal Counselling”, the professional publication for local government lawyers, featured:</p> <ul style="list-style-type: none"> - interpretation of the main provisions of the Law of Ukraine “On Administrative Services” in the part dealing with local governments; - generalised answers (interpretation) (7 total) to the questions received through the mobile line.
<p>The “Legislation News” electronic publication</p>	<p>Local government lawyers</p>	<p><u>#19, April</u> features the information about 15 legal and regulatory documents related to local government interests either approved or taken effect and four draft laws under consideration by the Verkhovna Rada of Ukraine or its committees, or by central agencies of the state executive.</p> <p><u>#20, May</u></p>

		<p>features the information about 21 legal and regulatory documents related to local government interests either approved or taken effect and six draft laws under consideration by the Verkhovna Rada of Ukraine or its committees, or by central agencies of the state executive.</p> <p><u>#21, June</u></p> <p>features the information about 22 legal and regulatory documents related to local government interests either approved or taken effect and five draft laws under consideration by the Verkhovna Rada of Ukraine or its committees, or by central agencies of the state executive.</p>
The “Press News” electronic weekly publication	Media	<p>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. Twelve issues were prepared and published. The Press News is distributed to more than 220 media representatives, journalists and press offices of city councils. The mailing list is being constantly updated.</p>
Short local government updates	USAID	<p>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. Twelve issues were prepared and sent.</p>

Radio coverage

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

- Radio Era FM. A big telephone interview with M.Pittsyk, AUC Executive Vice President, about the tariffs for housing and utility services featured in the Own View with Vitaliy Dykyi Program on April 23, 2012;
- Radio Era FM. An interview with M.Pittsyk, AUC Executive Vice President, about the opportunities and instruments for local economic development in territorial communities featured in the evening news sections. April 26, 2012;
- Radio Era FM. A big interview with M.Pittsyk, AUC Executive Vice President, about the public-private partnership as a tool for development of Ukrainian cities featured in the Morning Exam Program on May 14, 2012;
- Radio Era FM. A big interview with M.Pittsyk, AUC Executive Vice President, about the setting up of the Constitutional Assembly and its activities in the area of local self-governance featured in the Own View with Vitaliy Dykyi Program on May 28, 2012;
- Rivne State TV and Radio Company. Mentioning of the AUC in the «Новини Рівненщини» [*Rivne region news*] Program on April 27 and 30, 2012 following the meeting of the Rivne Press Club.

TV coverage

- The «ATB» TV Channel (city of Odesa) – mentioning of the AUC in the «Актуальный разговор» [*important conversation*] Program on April 03, 2012;

- The «Рудана» Channel (city of Kryvyi Rih) – reporting in the information program «Місто» [city] about the working session of the AUC Union of Local Council Secretaries on April 17, 2012;
- The «Криворіжжя» STVRC (city of Kryvyi Rih) – reporting in the information program «крив бас-Центр» about the working session of the AUC Union of Local Council Secretaries on April 20, 2012;
- Rivne State TV and Radio Company – a TV reporting in the «День» [day] TV Program about the meeting of local governments and regional media (press club meeting in Rivne following the working session of the Local Government Regional Advisory Board on April 27, 2012);
- The «Місто» [city] Channel (city of Khmelnytskyi) – reporting about the working session of the AUC Culture and Arts Professional Group on March 29-30;
- The «Перший діловий» [first business] TV Channel on April 28, 2012 – reporting in the news about the PPP Forum held by the AUC in Lviv;
- The «АТБ» TV Channel (city of Odesa) – reporting in the news about the signing of the memorandum of cooperation between the AUC, city mayors of Odesa oblast cities and Odesa Regional Institute of Public Administration on April 24, 2012;
- Ukrainian Business Channel (UBC) – featured the participation of M.Pittsyk, AUC Executive Director, in the Dialogues with Iskander Khisamov Expert Information Program about the strengths and weaknesses of local self-governance on May 14, 2012;
- Kyiv State Regional TV and Radio Company – participation of Ya.Raboshuk, AUC expert, in the «Економічне коло» [economic circle] TV program aired live on May 14, 2012. The topic for the discussion was: pros and cons of condominium associations;
- Channel 5 – mentioning in the «Підсумки дня» [summary of the day] expert talk show of the AUC opinion about the removal of mayors from office on May 16, 2012;
- The «Рада» [council] parliamentary TV Channel – reporting in the news section about the Hearings in the Verkhovna Rada of Ukraine Committee on State Building and Local Self-Governance about the implementation of the Law of Ukraine “On Local Government Associations” on May 25, 2012;
- Zhytomyr Oblast State TV and Radio Company – mentioning of the AUC in the news section about the expert workshop in the Zhytomyr AUC RO on May 30, 2012;
- TVRC «Київ» - reporting in the evening news section about the AUC Board meeting to discuss the step-by-step reduction of cross subsidy in the electricity sector for street lighting in populated areas on June 05, 2012;
- The «УТ-1» TV Channel – participation of V.Karabutova, AUC expert, in the «Народний список» [people’s list] TV Program about the social policy on June 27, 2012.

TV program series

Over the second quarter of 2012, the УТ-1 TV Channel featured 11 TV programs of the «ЗМІСТОВНА УКРАЇНИ» [CITY-minded Ukraine] series:

Working session of the Ternopil Oblast Local Government Regional Advisory Board on April 04

The TV story was dedicated to the meeting of the Local Government Regional Advisory Board in the Ternopil oblast where city, town and village mayors together with representatives of the Oblast Council discussed key issues of investment promotion through establishing the needed environment for economic development of populated areas and improving the investment image of the region. S.Nadal, Ternopil Mayor, I.Bashnyak, Borschiv Mayor, and V.Heda, Monastyrsk Mayor, expressed their opinions in the program. O.Kaida, Chairman of the Ternopil Oblast Council, who was the guest of the program, spoke about the areas of cooperation of the executive and local governments at the regional level. He also informed about the prospects of the development of the region as a tourism and recreational center, about the investment potential of the Ternopil oblast, etc.

Working session of the Odesa Oblast Local Government Regional Advisory Board, April 11

The program featured the activities of the Local Government Regional Advisory Board in the Odesa oblast. The topic for the discussion was: ways to implement the integrated Safe Odesa Region regional program. The session participants discussed the importance of the program, ways to provide the financial support to its implementation (the program envisions the allocation of funds from the oblast budget, budgets of cities of oblast significance and other sources), and modern ways to prevent law violations and road safety in the oblast. V.Novatskyi, Yuzhne City Mayor, served as the facilitator in the TV program. M.Pundyk, who was the guest of the program, provided the details about the new approaches in the area of public safety, implementation of social and economic programs, oblast budget indicators, government activities aimed at improving the system of health care, and cooperation with the oblast executive agencies and Ukraine-wide local government associations.

Myrhorod (Poltava oblast), April 18

The program was dedicated to the successful implementation of the sorted collection of solid waste. The program started in the city in 2006. At the moment, the system of solid waste collection provides services to citizens living in apartment blocks and in privately-owned houses. S.Solomakha, Myrhorod City Mayor, in his broad interview highlighted the issues of the future development of the city, spoke about the city council best practices in providing housing and utility services and introduction of energy saving technologies, mentioned about the development of the city as a spa and recreational center, highlighted the cooperation with the state executive agencies, and gave a high appraisal to the AUC law-making activities.

Lozova (Kharkiv oblast), April 25

The program about the city of Lozova focused on how the city works with socially vulnerable categories of citizens and the youth. The story dealt with the implementation of the simplified mechanisms for granting all types of social welfare, housing subsidies and compensations, as well as setting up the employment center for the youth to help young citizens find jobs. S.Stepanov, the city mayor, provided more details on the activities aimed at strengthening of the material and technical foundations of institutions working in the social sector, enhancing the social partnership with the business community, urban improvements and safety in the city, and the dialogue of the local government and city community at the regional level.

Working session of the Kirovohrad Oblast Local Government Regional Advisory Board, May 16

The program was dedicated to the potential solutions of issues related to the financial sufficiency of territorial communities in the region raised at the working session of the Local Government Regional Advisory Board in the Kirovohrad oblast. The city and town mayors from the region see the resolution in promoting the development of industry coupled with the development of agribusinesses., V.Kharkovenko, Vilshanka Town Mayor, and S.Zelenoshkiryi, Volynsk City Mayor, served as the moderators of the program. In his broad interview, M.Kovalchuk, Chairman of the Kirovohrad Oblast Council, highlighted the priority areas for improvements of the financial conditions of cities in the oblast, effectiveness of the new programs implemented in the housing and utilities sector, preparation of the Program for the Development of Local Government in the Kirovohrad oblast, as well as promotion of local government interests by Ukraine-wide local government associations.

Pavlohrad (Dnipropetrovsk oblast), May 23

The main topic of the program was the cooperation of the city government with the Private Joint-PavlohradVuhillya [*Pavlohrad coal*] Stock Company. The partnership enabled the city to implement a number of successful projects. In particular, the city improved the treatment facilities in the diagnosis center of the city hospital and performed a number of activities to improve energy efficiency of the Pavlohrad Comprehensive School in cooperation with the USAID Municipal Heating Reform Project. I.Metelytsya, Pavlohrad City Mayor, in his broad

interview spoke about the fruitful partnership with businesses, effective dialogue with government agencies at the regional level, reforms in the health care sector in the city, and the key role the AUC plays in conducting the dialogue with the top country leadership to promote the interests of territorial communities.

Working session of the Dnipropetrovsk Oblast Local Government Regional Advisory Board, May 30

The program focused on the reforms in the health care sector in the Dnipropetrovsk oblast as the one of the regions for the corresponding pilot project. At the working session of the Local Government Regional Advisory Board the representatives of cities, towns and villages from the oblast spoke about the achievements and barriers for the reform in the sector. V.Malytskyi, Pereschepyne City Mayor, commented upon the problem issues cities face in the course of the implementation of the project. Ye.Udod, Chairman of the Dnipropetrovsk Oblast Council, provided more details about the specific projects implemented within the framework of the program. He also highlighted the issues related to the introduction of energy efficiency technologies and alternative sources of energy in the region.

Slavutych (Kyiv oblast), June 06

The topic of the program focused on the system of high quality medical and social services rendered to the Slavutych citizens. The city pays a considerable importance to the implementation of programs for social protection for children: last year, the city allocated about 45 million UAH for the needs of children and teenagers. In particular, the program featured a story about the unique project called Children House “Center for the Protection of Children” providing the whole range of high quality social and rehabilitation services to disabled children and children deprived of parent care. V.Udovychenko, Slavuta City Mayor, spoke about the implementation of social projects, programs to support city residents, new jobs in the city, the plans and perspectives for the development of Slavutych (the city marked its 25th anniversary this year), and the key role of the AUC in resolving local government problem issues.

Novohrad-Volynskiyi (Zhytomyr oblast), June 13

“City without ZhEKs” was the topic of the program about Novohrad-Volynskiyi featuring how citizens successfully manage their property through the condominium associations and ensure the full implementation of their rights and interests. V.Zhryvyi, Novohrad-Volynskiyi City Mayor, spoke about the main areas of activities of the city government to improve the living conditions and life sustaining services for citizens, ways to attract funds for the implementation of social programs, city experience in setting the proper environment for the city investment image, and fruitful activities of the Association of Ukrainian Cities in the parliament and the Cabinet of Ministers to promote local government interests.

Skadovsk (Kherson oblast), June 20

The story of the program about Skadovsk was dedicated to the cooperation of the city government with citizens. Starting with 2011, the city has introduced the practice of co-financing of local projects. Citizens take an active part in capital repairs of building façades, roofs and lifts, and reconstruction of apartment blocks. O.Havryk, Skadovsk City Mayor, in his interview with the journalist emphasized the importance of obtaining the status of the National Spa City for Skadovsk, because this will increase the tourist potential of the city and facilitate investment promotion for its development. The program also dealt with the modernisation of the city infrastructure, preparation for the recreational season, use of lands by the city community, and interaction of the city government with oblast authorities. The city mayor gave his high appreciation of the AUC activities aimed at promoting local government interests, experience exchange, training of local government officials, etc.

AUC achievements, June 27

Allocation of the target subvention from the State Budget to local budgets for the construction, repairs and maintenance of communally-owned streets and roads constituted the core topic of the program. The program highlighted the problem issue local governments faced after the abolishment of the transportation vehicle tax and the AUC actions aimed at finding the legislative mechanism for the compensation of the corresponding losses incurred by local budgets. The successful achievements became possible due to the cooperation of the AUC with the parliamentary Budget Committee. V. Baranov, Chairman of the parliamentary Budget Committee, A. Fedoruk, Boryspil City Mayor, and O. Slobozhan, AUC Budget Expert facilitated the discussion. M. Pittsyk, AUC Executive Vice President, who was invited to the TV Studio as a guest spoke about the current conditions and prospects for the development of local self-governance, AUC achievements over its 20-year history and the dialogue with the central government authorities. He focused his attention on the draft legislation with a negative impact on local self-governance, such as the law on local government service.

In the coming three months, the Project working within the framework of its «ЗМІСТОБНА Україна» [*CITY-minded Ukraine*] activity component will feature TV programs about the following cities: Konotop, Berdyansk, Bilyaivka, Chervonohrad, Berdychiv, Dolyna, Korsun-Shevchenkivskiy, Nikopol, Kaniv, Lutsk, and Uzhgorod.

Activity 2.3.4. Fostering media relations

Setting up a team of AUC speakers

The composition of the team of AUC speakers did not change over the reporting period (see Table 4). The team composition is provided on the AUC web-page together with the contact information for the PR Coordinator to liaise with the AUC speakers.

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	AUC Legal Assistance Center Director
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. Slobodzhnan	DIALOGUE Project Legislation Monitoring Expert
Housing and Utilities, city economy and infrastructure	
Victor O. Atonenko	Deputy DIALOGUE City Legal Assistance Center Director, AUC
Volodymyr B. Groisman	AUC Vice President on Housing and Utilities, Vinnytsya City Mayor
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 Problem 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, Ukrainka City Mayor
Volodymyr P. Udovychenko	AUC Board Member, Slavutyeh 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	
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 AUC Board Presidium, AUC Board, Ukrainian Municipal Forum and other AUC large-scale events.

<p>Topic: “AUC position with regard to the Main Directions of the Budget Policy for 2013”</p> <p>Date: April 19, 2012, Venue: city of Kryvyi Rih</p>	<p>The meeting of the Press Club was held following the working session of the AUC Union of Local Council Secretaries where its participants discussed problem issues related to the formation of local budgets for 2013.</p>
<p>Participants from the AUC: V.Kravchenko, AUC City Legal Assistance Center Director, S.Malyarenko, Secretary of the Kryvyi Rih City Council, O.Slobozhan, Legislation Monitoring Expert of the DIALOGUE Project</p>	<p>At the beginning of the event, S.Malyarenko, Secretary of the Kryvyi Rih City Council expressed his gratitude for the AUC for choosing Kryvyi Rih as a venue for the event and outlined the range of issues local council secretaries suggested for the discussion. In particular, these include local budget revenues, failure of the central government to provide the 100% financial support for the implementation of the authority delegated to local governments, and considerable withdrawals of funds from local budgets.</p>
<p>Participants from media and expert community:</p>	<p>V.Kravchenko, AUC City Legal Assistance Center Director, informed the media representatives about the decision made by council secretaries to address V.Baranov, Chairman of the</p>

<p>The «Червоний гірник» [<i>red miner</i>] Kryvyi Rih Communal Newspaper; The «Рудана» Communal TV and Radio Company; «Криворіжжя» [Kryvyi Rih region] TVRC</p>	<p>Verkhovna Rada of Ukraine Budget Committee, about the necessity of taking into account the interests and needs of local governments in the course of the finalization of the Main Directions of the Budget Policy for 2013 submitted by the Cabinet of Ministers to the parliament for approval.</p>
<p>Mentioning in the media after the event:</p> <p>video program on the «Рудана» TV Channel, «Криворіжжя» [Kryvyi Rih region] TV Channel, «Кривbas-online» News Agency, «Кривуи Rih» Information Portal, «Твій місцевий депутат» [<i>your local council member</i>] Portal, article in the «Червоний гірник» [<i>red miner</i>] newspaper, and «Тернопіль вечірній» [<i>evening Ternopil</i>] Portal</p>	<p>O.Slobozhan provided more details about the content of the appeal. In particular, the document suggests to take into account the following AUC proposals aiming at improving the financial situation of local governments:</p> <ul style="list-style-type: none"> - optimisation of the expenditure authority of local budgets (streamlining the list and scope of expenditures for the implementation of the authority delegated by the state and local government authority proper), - improvements of the mechanisms to calculate the expenditures for the implementation of the delegated authority; - improvements of the mechanisms to distribute transfers form the State Budget to local budgets; - increasing the financial capacity of local governments through assigning and increasing additional revenue sources for local budgets and increasing collections to local budgets from local taxes and fees; - improving the procedural mechanisms for budget sufficiency of territorial communities (full-scale mid-term budgeting, access to the loan capital, and simplification of the treasury servicing); - writing off debts accumulated through the mid-term loans local budgets took in the previous years; - finding solutions to problem issues related to obtaining and writing off short-term loans by local governments. <p>In his response to questions from journalists about the cooperation with the AUC, S.Malyarenko, Kryvyi Rih City Council Secretary, expressed his high appreciation of the AUC activities to promote the interests of local governments and the work of the AUC Analytical Center on preparation of documents.</p>

Meetings of regional press clubs “Straight form the Source”

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

Working session of the Lviv Regional Press Club

<p>Topic: “Activities of the Local Government Regional Advisory Board in the context of social and political instability”</p> <p>Date: April 03, 2012</p>	<p>The meeting of the Press Club was conducted following the working session of the Lviv Oblast Local Government Regional Advisory Board.</p>
<p>Participants: O.Pankevych, Chairman of the Lviv Oblast Council, M.Kostyuk, Head of the Lviv Oblast State Administration, V. Abaimov, Executive Director of the LVIV AUC RO</p>	<p>O.Pankevych informed the media about the decision to elect the Head of the Lviv Oblast State Administration as a Co-Chair of the Regional Advisory Board. He mentioned this decision will facilitate the successful implementation of development programs for cities in the oblast and will give local government opportunity for a regular dialogue with representatives of the state executive on specific issues of social and economic development of the region.</p> <p>M.Kostyuk reminded the participants about the joint work</p>

<p>Media representatives: The "Галінфо" Internet portal, "ЗІК" News Agency, the "Експрес" newspaper, "Вголос" [<i>aloud</i>] Internet portal, "Львів - ТБ" [<i>Lviv TV</i>] TV Company</p>	<p>of the OSA with the Lviv AUC RO, namely: establishing working groups to study the problem issues territorial communities face in the oblast. The membership of the working groups includes departmental heads of the Oblast State Administration and city mayors. M.Kostyuk mentioned these working groups will work within the framework of the Local Government Regional Advisory Board. The make their work fruitful and to enable an effective dialogue between members of the Oblast Council will join the groups.</p>
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Working session of the Kherson Regional Press Club

<p>Topic: Draft Law of Ukraine “On Service in Local Governments” Date: April 17, 2012</p>	<p>The working session of the Press Club was conducted following the meeting of the Local Government Regional Advisory Board in the Kherson oblast.</p>
<p>Participants: V.Pelykh, Chairman of the Kherson Oblast Council, O.Spivakina, Policy Dialogue Regional Coordinator of the Kherson AUC RO. Media representatives: The «Херсонський вісник» [<i>Kherson herald</i>] , «Наддніпряньська правда» [<i>Dnipro region truth</i>] , «Каховська зоря» [<i>Kakhovka star</i>] , «Нова Каховка», «Новий формат» [<i>new format</i>] newspapers, «Площа Свободи» [<i>freedom area</i>] internet portal, «Скіфія» Kherson Oblast STVRC</p>	<p>O.Spivakina presented the position of local government representatives concerning the draft law on service in local governments, whereby local governments become completely deprived of their right for independent decisions in the area of local government service, work compensation, staffing, and social and household issues. The authors of the draft law made an attempt to regulate all these issue in the context of the law on civil service. In his response to the questions from the journalists, V.Pelykh emphasized the great importance of approving the law on local government service. For this reason he did not recommend to try to withdraw the law and better focus on comments and proposals to the document. Following the discussion, the Advisory Board members made a decision to send to the Verkhovna Rada of Ukraine Committee on State Building and Local Self-Governance their proposals and comments to be taken into account in the course of the finalization of the document.</p>

Working session of the Khmelnytskyi Regional Press Club

<p>Topic: “Key issues of urban improvements in the oblast cities” Date: April 18, 2012</p>	<p>The meeting of the Press Club was conducted following the working session of the Khmelnytskyi Oblast Local Government Regional Advisory Board.</p>
<p>Participants: M.Derykot, Chairman of the Khmelnytskyi Oblast Council, P.Kalynyuk, Executive Director of the Khmelnytskyi AUC RO, S.Kucheruk, Policy Dialogue Coordinator in the Khmelnytskyi AUC RO Media representatives: The "Поділля-центр" Khmelnytskyi Oblast STVRC, «33-й канал», the "Подільські вісті" [<i>Podillya news</i>] , «Голос України»</p>	<p>M.Derykot started the discussion with problem issues in urban beautification. He informed the journalists about the plans for the nearest future to repair roads, building façades and playgrounds in kindergartens. In the context of the preparations for the administrative and territorial reform, the journalists asked the relevant questions. M.Derykot expressed his dissatisfaction with the approach to the reform of the administrative and territorial arrangement of Ukraine. In his opinion, the reform should have started with the demarcation of boundaries of territories followed by the identification of educational and</p>

[<i>voice of Ukraine</i>] , «Проскурів», «Моя газета» [<i>my newspaper</i>] newspapers	hospital districts.
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Working session of the Kirovohrad Regional Press Club

<p>Topic: “Problem issues with the financial sufficiency of territorial communities”</p> <p>Date: June 25, 2012</p>	<p>The meeting of the Press Club was conducted following the working session of the Kirovohrad Oblast Local Government Regional Advisory Board.</p>
<p>Participants: M.Kovalchuk, Chairman of the Kirovohrad Oblast Council, S.Zelenokorinnyi, Dolynska City Mayor, V.Lharkovenko, Vilshanka Town Mayor</p> <p>Media representatives: The «Кіровоградська правда» [<i>Kirovohrad truth</i>] and «Нова газета» [<i>new newspaper</i>] newspapers, Kirovohrad TVRC, «Єлисаветградський тиждень» [<i>Yelysavethrad week</i>] internet portal</p>	<p>M.Kovalchuk informed the media representatives about the outcomes of the Regional Advisory Board session and answered the questions from the journalists about the issues with the oblast and local budgets, inter-budget transfers, and under-financed authority delegated by the state. Speaking about budget shortfalls he stressed the importance of the financial capacity of local budgets to perform the local government authority proper and the authority delegated by the central government. The share of local budgets in the consolidated State Budget should exceed 50% and this is the only condition for the financial capacity of territorial communities.</p> <p>V.Kharkovenko spoke about the industrial development coupled with the development of agribusinesses as a way to improve the financial situation in the region.</p> <p>S.Zelenokorinnyi mentioned the AUC efforts to promote the financial interests of territorial communities at the central government level.</p> <p>In his responses to the questions from the journalists about the reform in the housing and utilities sector, M.Kovalchuk spoke about the significant achievements the oblast made over the last two years: introduction of the energy saving program, switching a number of institutions in the public sector to heating boilers using shredded wood, and plans to use the solar energy.</p>

Working session of the Odesa Regional Press Club

<p>Topic: “Cooperation between local governments and scientists”</p> <p>Date: April 24, 2012</p>	<p>M.Izha informed the media representatives about the main goal of signing the Memorandum between the Odesa Regional Institute for Public Administration and the Odesa AUC RO to promote the effective interaction between local governments and scientists to resolve local government issues.</p>
<p>Participants: M.Bukhtoyarov, Bilyaivka City Mayor, M.Izhaq, Director of the Odesa Regional Institute for Public Administration of the National Academy of Public Administration, V.Demchenko, Executive Director of the Odesa AUC RO.</p> <p>Media representatives: The «АТБ» TV Channel, Odesa Oblast</p>	<p>The journalists were interested in the real value of this agreement for local governments. M.Bukhriyarov mentioned that the question of on-the-job training of local government officials is very important. Officials who are involved in the preparation of the city development strategy should possess a certain set of skills and practical expertise, as well as should be capable to think strategically. In addition to this, the city councils encounter to problem</p>

<p>TVRC, the «Репортер», «Новости Одессы» [<i>Odesa news</i>] internet publications, «Причерноморье» News Agency, «Місто.Одеса» [<i>city.Odesa</i>], «Рупор» [<i>megaphone</i>], «Новая Одесса» information web-sites</p>	<p>issues whose resolution requires scientific expert evaluation. City mayors see a way to resolve such issues in the cooperation with the Odesa Regional Institute for Public Administration.</p> <p>In his response the question from journalists V.Demchenko mentioned that the professors of the Institute have repeatedly been involved in the AUC activities and the Memorandum only formally confirms such cooperation and outlines its main areas.</p>
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Working session of the Dnipropetrovsk Regional Press Club

<p>Topic: “Modernisation of the health care system”</p> <p>Date: April 25, 2012</p>	<p>The meeting of the Press Club was conducted following the working session of the Dnipropetrovsk Oblast Local Government Regional Advisory Board.</p>
<p>Participants: Ye.Udod, Chairman of the Dnipropetrovsk Oblast Council, V.Malytskyi, Pereschepyne City Mayor, M.Subbota, Regional Policy Dialogue Coordinator of the Dnipropetrovsk AUC RO</p> <p>Media representatives: The “УТ-1” TV Company, “51 канал” TVC, ТОНІС (27 канал) TV Studio, ТСД (34 канал) TVC, the “В городе” [<i>in the city</i>], “Днепропетровск: события, факты, комментарии” [<i>Dnipropetrovsk, event, facts, comments</i>], “Днепр вечерний” [<i>evening Dnipro</i>], “Наше місто” [<i>our city</i>], “Комсомольская правда в Украине”, “Зоря” [<i>star</i>], “Горожанин” [<i>citizen</i>], and “Наше місто” [<i>our city</i>] newspapers, and “Гроші” [<i>money</i>], and “Днепрінфо” [<i>Dnipro information</i>] news agencies</p>	<p>Media representatives were interested in issues related to the structural (setting up outpatient clinics and ambulance units) and financial changes (delineation of the primary and secondary medical assistance and concentration of funds of budgets at various levels), training of family doctors, licenses, on-the-job training for employees in the sector, etc.</p> <p>Ye.Udod familiarized the media representatives with the activities to implement the reform of the health care system in the Dnipropetrovsk region. In particular, he emphasized the extensive activities the oblast authorities conduct to decentralize the network of outpatient clinics to make them be as close to patients as possible. Practicing physicians should take training to obtain the skills of family doctors and get the corresponding licenses. He mentioned the insufficient technical level of equipment and shortage of qualified staff is one of the key problems in the sector.</p> <p>V.Malytskyi provided the details about problems of smaller municipalities, such as lack of the material and financial resources to re-equip the centers for primary medical assistance.</p>

Working session of the Rivne Regional Press Club

<p>Topic: “Dialogue of city and town mayors with media representatives”</p> <p>Date: April 27, 2012</p>	<p>The press club session was conducted in the format of the round table discussion. The event started with the presentation of the outcomes of the meeting of the Local Government regional Advisory Board in the Rivne oblast conducted on April 25, 2012 p.</p>
<p>Participants: O.Olshevskiy, Zdolbuniv City Mayor, M.Karapetyan, Radyvyliv City Mayor, A.Hreschuk, Secretary of the Rivne City Council, T.Hreschuk, Executive Director of the Rivne AUC RO, R.Stasyuk, Regional Policy Dialogue Coordinator of the Rivne AUC RO, O.Lopachuk, Head of the Department of</p>	<p>I.Olshevskiy mentioned that the meetings of the Local Government Regional Advisory Board provide a forum to coordinate positions on key local and regional interests.</p> <p>R.Stasyuk informed the journalists about the implementation of the DIALOGUE Project, its goal, tasks, achievements and</p>

<p>Information and Expert Support of the Rivne City Executive Committee</p> <p>Media representatives: The «Сім днів» [<i>seven days</i>] newspaper, Rivne State TV and Radio Company, the «Вісті Рівненщини» [<i>Rivne region news</i>] and «Здолбунів ситі» newspapers, Volyn Resource Center, Association of City Entrepreneurs</p>	<p>planned activities. She provided detailed information about the issues raised at the Advisory Board session, such as: spring repairs of roads in populated areas in the Rivne oblast, ways to secure revenues to local budgets, demarcation of boundaries of populated areas, delineation of boundaries between state-owned and communally-owned lands, and improvements of investment potential of cities.</p> <p>Later on, the session participants discussed the major areas of cooperation. Thos journalists who were present at the event confirmed their interest on local government topics and presented their vision on how to cooperate in the future with the Regional Advisory Board, issues to be raised at its working sessions, and comments to be obtained from its members as the materials for publications.</p> <p>In his turn, O.Lopachuk mentioned that press club meetings will be conducted on a regular basis. A.Hreschuk suggested to conduct such meetings more often and invite city mayors and media representatives. Both the city mayors and journalists supported such an initiative.</p>
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Working session of the Donetsk Regional Press Club

<p>Topic: “Key issues of the reform of the arrangement of territorial arrangement and organisation of the system of government institutions in the Donetsk region”</p> <p>Date: May 17, 2012</p>	<p>The meeting of the Press Club was conducted following the working session of the Donetsk Oblast Local Government Regional Advisory Board.</p> <p>At the beginning of the event, A.Fedoruk informed the media representatives who attended the event about the work of the inter-governmental working group set up at the Cabinet of Ministers of Ukraine to improve the organisation of the system of government institutions and local self-governance. Later on, he mentioned that the working session of the Local Government Regional Advisory Board provided the recommendations for local governments in the region. In particular, local government officials should not sit and wait for someone at the higher government level to prepare model projects and calculations for them. They should rather do it on their own and prepare their models for the reorganisation of territorial arrangement of government institutions on their own territories in accordance with the needs and peculiarities of the Donbas communities.</p> <p>V.Kochuev presented the latest exert deliverables about the models of the future arrangement of administrative and territorial entities, briefly outlined the main theoretical and practical aspects of the reform of territorial government institutions and local self-governance.</p>
<p>Participants: A.Fedoruk, Chairman of the Donetsk Oblast Council, V.Kochuev, Regional Policy Dialogue Coordinator of the Donetsk AUC RO</p> <p>Media representatives: The «Жизнь» [<i>life</i>], «Донеччина» [<i>Donetsk region</i>], «Вести Донбасса» [<i>Donbas news</i>], «Луч-Информ» (Амвгосіівка) newspapers, and the «27-й канал» and «Регион.Донбасс» TV Channels.</p>	

Working session of the Zaporizzhya Regional Press Club

<p>Topic: “Main directions of the reform in the housing and utilities sector and key issues of improving the condition of communally-owned roads”</p>	<p>The meeting of the Press Club was conducted following the working session of the Zaporizzhya Oblast Local Government Regional Advisory Board.</p> <p>P.Honcharuk informed the journalists who were present at</p>
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<p>Date: May 17, 2012</p> <p>Participants: P.Matvienko, Chairman of the Zaporizhzhya Oblast Council, P.Honcharuk, Deputy Head of the Zaporizhzhya Oblast State Administration, R.Scherbakha, Regional Policy Dialogue Coordinator of the Zaporizhzhya AUC RO</p> <p>Media representatives: The «Запоріжжя» TVRC, "MTM" Municipal TV Channel, «5 канал» TV Channel, the «Запорізька правда» [<i>Zaporizhzhya truth</i>], and «Запорізька Січ» [<i>Zaporizhzhya host</i>] newspapers</p>	<p>the event about the main directions to reform the housing and utilities sector in the oblast including, in particular: provision of potable water to citizen and modernisation of heating systems and heat distribution networks in populated areas.</p> <p>The journalists were eager to know why condominium associations are not so popular in the oblast and whether state executive agencies and local governments will provide assistance to those who are willing to set up a condominium association. P.Matvienko explained the peculiarities of condominium associations and why a considerable part of the population does not have the necessary information about the peculiarities of setting up and running condominium associations. However, every citizen has a right to address the corresponding state executive agencies and city and town councils and their executive committees to obtain expert consultations, and to become familiar with the corresponding legislation framework and best practices in this area.</p> <p>In his response to the question about the corruption risks with the use of budget funds for road construction, P.Honcharuk mentioned that the transparent use of funds depends largely on the level of responsibility of government officials. However, the government authorities will control anyway.</p>
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Working session of the Dnipropetrovsk Regional Press Club

<p>Topic:</p> <p>Date: June 25, 2012</p> <p>Participants: Ye.Udod, Chairman of the Dnipropetrovsk Oblast Council, V.Nalytskyi, Pereschepyne City Mayor, M.Subbota, Regional Policy Dialogue Coordinator of the Dnipropetrovsk AUC RO</p> <p>Media representatives: The УТ-1, ДОД ТРК (51 канал), ТС ТОНІС (27 канал), ТСД (34 канал), TV Channels, the “В городе” [<i>in the city</i>] newspaper, the “Гроші” [<i>money</i>], and “Днепрінфо” news agencies, the “Днепропетровск: события, факты, комментарии” [<i>Dnipropetrovsk; events, facts, comments</i>], “Днепр вечерний” [<i>evening Dnipro</i>], “Наше місто” [<i>our city</i>], “Комсомольская правда в Украине”, “Зоря” [<i>star</i>], “Горожанин” [<i>citizen</i>], and “Наше місто” [<i>our city</i>] newspapers</p>	<p>The meeting of the Press Club was conducted following the working session of the Dnipropetrovsk Oblast Local Government Regional Advisory Board.</p> <p>Yu.Vilkul emphasised that the successful resolution of land issues in the Dnipropetrovsk oblast requires the involvement of all interested parties to monitoring of the implementation of the land reform. This is why it was suggested to set up the Citizen Platform for the implementation of the land reform. The Platform was initiated by the Dnipropetrovsk Association of Local Governments. The Association is a co-founder of the Local Government Regional Advisory Board. This idea was supported by the Oblast State Administration. Therefore all sides unite in a goal to have the Citizen Platform represent the government agencies and citizens to launch an effective mechanism to minimise the risks for various groups of citizens in the course of the implementation of the reform.</p> <p>D.Bezuhlyi pointed the attention of journalists to the urgent necessity of the land reform, since its success depends on the clear plan and understanding of the plan by both citizens and those who will implement it. The poor citizen awareness of the reform is its major risk. Citizens may run into yet another risk of being not aware of what is going on and not being heard by the government. The lack of this dialogue will hamper the reform. Absence of the feedback may</p>
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	<p>represent a risk for the government of the reform not being implemented as intended and at the necessary quality level, because there will be no information about how government official performs his/her own job. Setting up the Citizen Platform in case of its success should serve as good example to follow by other oblasts of Ukraine. D.Bezuhlyi asked the media representatives to ensure the unbiased coverage of the essence of the land reform, as well as the activities of the Citizen Platform.</p>
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Working session of the Ivano-Frankovsk Regional Press Club

<p>Topic: “Inauguration of the Local Government Regional Advisory Board in the Ivano-Frankivsk Oblast”</p> <p>Date: June 27, 2012</p>	<p>The event was conducted following the inaugural meeting of the Local Government Regional Advisory Board.</p> <p>O.Hryhorchuk informed the journalists about the inauguration of the Local Government Regional Advisory Board, a new consultative and advisory entity in the region. The Board will be co-chaired by O.Sych, Chairman of the Oblast Council, and M.Vyshyvanyuk, Head of the Oblast State Administration. He also presented the DIALOGUE Project, its goal, achievements and tasks.</p> <p>City mayors expressed their belief that the DIALOGUE Project will help to come up with new proposals concerning the improvements of local self-governance.</p> <p>In his response to the questions from journalists about the issues the members of the Regional Advisory Board discussed, O.Hryhorchuk outlined the following: local budget shortfall, solid waste collection, removal and disposal, and management of land resources.</p>
<p>Participants: City mayors from the oblast, O.Hryhorchuk, Regional Policy Dialogue Coordinator of the Ivano-Frankivsk AUC RO</p> <p>Media representatives: The «Галичина» [<i>Galicia</i>] Ivano-Frankivsk Oblast TV Company, Oblast Radio Company, «Вежа» [<i>tower</i>] City TV Company, «Петростудія» TVRC, «24 канал» TV Company, the «Західний кур’єр» [<i>western courier</i>], «Галицький кореспондент» [<i>Galicia reporter</i>], «Галичина», and «Нова зоря» [<i>new star</i>] newspapers</p>	

2.4. Component 4: Legal Assistance and Protection

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

*In the reporting period, DIALOGUE City Legal Assistance Center consultants provided **180** consultations to local government officials. Since the inception of the Project, **185** consultations to local government were provided. Since its inception, the Project provided **1410** consultations to local governments.*

City Legal Assistance Center consultants provided **180** legal consultations through the mobile telephone line, mail, and AUC and DIALOGUE web-sites in the following areas:

- local budgets and inter-budgetary relations (8);
- land relations (20);
- housing, utilities, construction, and communal property (32);
- organisational and legal foundations for local self-governance (45);
- social protection (1);
- public education (0);
- health care (0);
- local elections (0)
- declaring incomes of local government officials (30);
- protection of rights and legitimate interests of local governments and their officials (26);
- other (27).

Expert workshops in AUC ROs

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

In April-May, the Project conducted **34** expert workshops with participation of **600** local government officials.

Date and venue	Participants	Topic	Description of the event
Mykolaiv AUC RO city of Mykolaiv April 05, 2012	16 participants – city and town mayors, heads of departments for economy	Efficient use of energy and energy saving in the city public transportation system	The participants of the expert workshop became familiar with the heating systems using heat accumulators and biogas equipment. The participants also had a chance to see the presentation of the high efficiency top standard energy technologies for energy saving and were offered assistance in development and implementing projects with energy saving equipment. City mayors of Pervomaisk and Novyi Buh mentioned that this experience will help them to ensure stable supply of heat, energy safety, and allow them to

			keep heating tariffs for utility companies.
Kirovohrad AUC RO city of Kirovohrad April 06, 2012	20 participants – city/town mayors, deputy mayors, secretaries of local councils	Investment policy and strategic planning for territorial communities	The focus of the expert workshop was the strategic planning of city development. The participants discussed the details of the key planning techniques, such as: administrative (managerial), expert, public participation, etc. Priority setting for regional development was chosen as the basic approach to planning. They also discussed the peculiarities and structure of the investment market.
Kherson AUC RO city of Kherson April 12, 2012	20 participants – village councils, city clerks, main specialists on personnel issues	Laws of Ukraine “On Service on Local Governments” and “On Civil Services” and their application in everyday work	The expert workshop participants discussed the main legal and regulatory documents to regulate the service in local governments and in state executive agencies. This event helped to improve the level of expertise of local officials and provided for experience exchange. The expert workshop participants submitted their numerous proposals (put on 30 sheets) to the Law of Ukraine “On Service in local Governments”.
Poltava AUC RO city of Khorol April 17, 2012	20 participants – city finance directors, main accountants of city, town and village councils	Budgeting in local governments	The expert workshop participants improved their understanding of budgeting according the performance program budgeting methodology. The moderator emphasised the PPB methodology as a tool to ensure the transparent and effective system of managerial decisions on budget issues; targeted use of budget funds in the context of limited resources; thorough evaluation of budget expenditures; and allows to channel the use of budget funds to support successful budget programs.
Chernihiv AUC RO city of Chernihiv April 19, 2012	20 participants – secretaries of local councils, heads and specialists of the corresponding departments	Improvements of the legislation on self-organisation bodies citizen	The participants of the expert workshop discussed the main provisions of the new version of the Law of Ukraine “On Citizens Self-Organisation Bodies” prepared by the Association of Ukrainian Cities. The expert workshop participants supported the version of the draft legislation and agreed on the proposals to be submitted.
Vinnitsya AUC RO city of Vinnitsya April 19, 2012	20 participants – city and town mayors, city finance directors and their deputies, chief accountants of city councils, members of	Local budget revenue issues	The participants of the expert workshop learned about the experience of the Finance Department of the Vinnitsya City Council. The event moderator emphasized the importance of the Territorial

	the ad-hoc committee of the Vinnytsya City Council		community budget as the key source of the financial support for the implementation of local government authority proper. The expert workshop participants supported the proposals prepared by the Vinnytsya City Council concerning the strengthening of the financial foundation of local governments and increased budget revenues, which are not taken into account in the course of the calculation of amounts of inter-budget transfers.
Kharkiv AUC RO city of Kharkiv April 19, 2012	26 participants – city and town mayors, their deputies, city and town departmental heads, specialists of utility companies of cities	Ways to resolve the key issues of the housing and utilities sector	The expert workshop participants discussed the issues related to the hands-on application of the legislation on the legal support of local government activities in the area of housing and utilities sector; issues related to the methodology of setting up condominium associations; maintenance of buildings; and preparing financial and accounting documents. The event moderator focused the attention of the expert workshop participants on certain Laws of Ukraine needed for setting up condominium associations. The expert workshop participants also shared their work experience in the housing and utilities sector.
Khmelnyskyi AUC RO April 19, 2012 city of Khmelnytskyi	20 participants – town mayors, city and town heads, deputies and specialists of housing and utilities departments	Reforms of the housing and utilities sector. Tariff policy	The members of the expert workshop discussed ways to reform the housing and utilities sector, in particular, the necessity of setting up condominium associations; tariff policy: influence of internal and external factors on price setting, and effectiveness and financial condition of companies in the sector. The expert workshop participants shared their experience, and received professional answers to the problem issues concerning the energy efficiency of territorial communities.
Lviv AUC RO city of Lviv April 20, 2012	21 participants - city and town mayors, their deputies and communal property specialists	Best practices in housing and utilities sector	In the course of expert workshop, the participants became familiar with best practices in the housing and utilities sector; learned new skills in housing stock management in Ukraine; became familiar with the legal aspects of privatisation and privatisation and transfer of building adjacent territories to condominium associations and about the activities of private ZhEKs. The participants focused the attention on the role of

			local governments in reforming the residential stock management system.
Volyn AUC RO city of Lutsk April 24, 2012	20 participants – city and mayors, city and town heads of construction departments	Regulation of urban development activities in the context of strategic planning of territories	The participants of the expert workshop became familiar with four training components: regulation of urban development activities; strategic planning of territories; hands-on application of the Law of Ukraine “On Regulation of Urban Development Activities”; and bringing the regulatory and legal documents of local councils in conformity with the Law of Ukraine mentioned above. The participants received individual consultations about how to resolve issues related to the regulation of urban development activities and shared their experience. In the course of the discussion, the expert workshop participants agreed to consider the local budget shortfall to be the main barrier for local governments to bring their urban development documents in compliance with the Law of Ukraine “On Regulation of Urban Development Activities”.
Kyiv AUC RO city of Kyiv April 24, 2012	24 participants - city and town mayors, council secretaries, main specialists of local councils	On records and technical inventors of immovable property subject to the state registration	The expert workshop participants discussed the following issues: records and technical inventory immovable property subject to the state registration; problems with water and sewage companies. The expert workshop participants discussed and approved the text of the letter to President V. Yanukovych about the improvements of the legal framework for the state registration of rights for immovable property and their records and technical inventory. The recommendation was made for city mayors to discuss at city council sessions the possibility of retaining water and sewage companies as part of the ownership of territorial communities.
Odesa AUC RO city of Odesa April 24, 2012	20 participants - city, town and village mayors, secretaries of city councils	Organisational and legal framework for local government activities in the context of anti-corruption legislation. Modelling of behavioural situations with visits of officials from law	In the course of the expert workshop, the participants became familiar with the following issues: foundations for preventing and fighting corruption; social prerequisites and danger of corruption; accountability for corruption offence and other law violations; rights and duties of local government officials in case they are held administratively and criminally liable for violations of the anti-

		enforcement agencies	corruption legislation, etc. The expert workshop participants discussed practical issues of modelling situations with visits of officials from law enforcement agencies.
Zakarpattya AUC RO city of Mukacheve April 25, 2012	18 participants – city and town mayors, First Secretary of the Consulate General of the Slovak Republic	Information and communications system for the Trans-Border Cooperation Parliament as a tool to search partners and project opportunities. Experience in preparing trans-border cooperation projects	The participants of the expert workshop became familiar with the peculiarities of the CBC Parliament information and communications system and learned about the experience of currently working inter-municipal cooperation projects Zakarpattya cities have with the border regions in Slovakia, Hungary, Romania, and Poland. The participants learned about the CBC Parliament information and communication system going beyond border regions and received recommendations about the preparation of the data about their municipalities to be used as a pass to the system.
Luhansk AUC RO city of Luhansk April 25, 2012	20 participants – specialists in the housing and utilities sector	Setting rates (tariffs) for maintenance of buildings and adjacent territories	The expert workshop participants discussed the following issues: legal framework for setting rates for maintenance of buildings and adjacent territories by condominium associations and housing and construction cooperatives; mechanisms to identify membership fees for maintenance of buildings and adjacent territories (economic justifications); mechanisms of working with apartment owners who do have debts in fee payment. The key focus of the event was how to ensure the complete payment of building and adjacent territory maintenance fees and how to work with those apartment owners who have debts and are not able to pay for utility services. The expert workshop participants made a conclusion about the necessity to continue raising the awareness of apartment owners of condominium associations to ensure the implementation of the tasks of the reform in the housing and utilities sector in the nearest years.
Cherkasy AUC RO April 27, 2012 city of Cherkasy	20 participants city and town heads of departments of environment and housing and utilities and their deputies	Sorting and processing solid waste, environmental experience, problem issues and perspectives of the	The expert workshop participants became familiar with the experience of the Cherkasy City Council in sorting and processing solid waste. Attention of the participants was paid to the failure of the city of Cherkasy to completely resolve the issue of

		city of Cherkasy and cities in the oblast	removal of hazardous waste, such as neon lamps. The city has organised a movable unit to collect this type of waste in 24 parts in the city. The expert workshop participants prepared their proposals to amend the current legislation in the environmental sector, namely the Law of Ukraine “On Electrical Engineering”; specify in the legislation the need to build solid waste processing plants in all regional in Ukraine; and to prohibit the use, production and import of polymeric or polyethylene bags whose decomposition period reaches 5 to 200 years. Instead, cities should provide incentives for the use of paper bags, linen sacks, bags, etc.
Ivano-Frankivsk AUC RO city of Ivano-Frankivsk May 16, 2012	20 participants – city and town heads of housing and utilities departments, members of the city council committee	Housing and utilities sector: problem issues and ways to resolve them	The participants of the expert workshop became familiar with the experience of the city of Ivano-Frankivsk in reforming the housing and utilities sector. Deliverables and experience in cooperation with private business entities working in urban improvements, housing maintenance, and assistance to citizens in setting up condominium associations represented a particular interest for the event participants. The promotion of housing maintenance committees and condominium associations provided an opportunity to save budget funds, because the dwellers came up with their own initiatives and cover some part of the cost to resolve problem issues. Representatives of territorial communities from Rohatyn, Halych, Obertyn, and Vyhoda shared their experience in this sector.
Chernihiv AUC RO city of Chernihiv May 17, 2012	20 participants – city and town mayors, their deputies and secretaries of city councils	Improvements in the legislation about the status of the head of the territorial community	The participants of the expert workshop became familiar with the background of the necessity to separate the provisions about the legal status of the head of the territorial community into a separate legal document and the need to discuss the key provisions and new approaches to the draft Law of Ukraine “On the Status of the Village, Town and City Head” prepared by the Association of Ukrainian Cities. The prime attention was focused on such issues as: the legal status of the head as a representative of interests of the territorial community its top executive official; guarantees of the

			work of the village, town and city head; pre-term termination of their authority and accountability of heads of territorial communities.
Crimean AUC RO city of Simferopol May 17, 2012	18 participants – representatives of environmental departments of city councils	Key aspects of solid waste management	The expert workshop participants discussed the key issues of solid waste management; modern methods of solid waste processing and utilisation; organisation of collections of solid waste fees from citizens; and solid waste removal. The event participants made the following conclusions: aiming at attracting investments in the solid waste processing sector one should approve the Resolution on the Preparation of the Solid Waste Management Program in the Crimean Autonomous Republic for the Period until 2020; consider the possibility of subsidizing companies willing to recycle solid waste rather than spend funds for environmental protection and healthy care; consider the possibility of developing a system of preferential loans and irrevocable loans to support solid waste processing. Only the integrated approach consisting of legal, organisational, Administrative, technological, economic, and social components are capable of resolving the solid waste problem.
Chernivtsi AUC RO city of Chernivtsi May 18, 2012	20 participants – city and town mayors	Role and tasks of city councils in tourism development	The expert workshop participants discussed methods and ways to resolve issues in the tourism sector in Bukovyna. The participants paid their attention to the need of capital investments for new jobs in the region and the necessity of promoting rural green tourism, because it is capable of resolving quite a number of social and economic problems in villages. This sector provides employment opportunities for rural citizens in the area of transportation, trade, accommodation services, etc.
Zaporizzhya AUC RO city of Zaporizzhya May 22, 2012	20 participants – city and town heads of housing and utilities departments	Issues related to the reform of the housing and utilities sector	The event moderator presented the participants the overview of the reform of the housing and utilities sector in the Zaporizzhya oblast and made comments on the implementation of the State Program and the financial support for its activities. The participants identified the key problems hampering the reforms, with the key problem being the shifting of the economic focus of

			the problem to the political area. The expert workshop participants stressed the necessity of developing and approving the Law of Ukraine on preferences for companies working in the housing and utilities sector in capital investments aimed at implementation of the technical re-equipment and renovation of premises programs, etc.
Dnipropetrovsk AUC RO city of Dnipropetrovsk May 24, 2012	20 participants – city mayor deputies, local council secretaries, head of city and town departments	Land legislation of Ukraine. Resolving land issues by local councils	The presenter stressed the importance of this issue, provided details on the progressive and regressive aspects (primarily on the lack of information to explain the national policy and actions of government institutions) and focused the attention on the necessity of conducting the land reform. The expert workshop participants discussed the key issues of the land reform: absence of the unified land cadastre; incomplete inventory of territories of populated areas and lands beyond their boundaries; moratorium on land sales; unsatisfactory environmental condition of land resources, etc. The implementation of the Integrated Strategy of for the Development of the Dnipropetrovsk Oblast until 2015 requires the approval of a number of national legislative and regulatory documents, in particular, the Law of Ukraine “On Land Market”, etc.
Zhytomyr AUC RO city of Zhytomyr May 29, 2012	20 participants – city mayors and secretaries of local councils	Legal support for local government activities	The expert workshop moderator provided an overview of a number of laws and by-laws used as a framework for activities of local governments and their executive committees. The expert workshop participants emphasised the importance of the Law of Ukraine “On Local Self-Governance in Ukraine” for their work. There are three conventional groups of regulatory documents to outline the administrative and legal framework for the status of local governments. The event participants came up with their suggestions to the potential ways to resolve the problem issues mentioned above and correct the mistakes.
Vinnytsya AUC RO city of Vinnytsya May 29, 2012	20 participants – deputy mayors, secretaries of local councils, departmental	Reforms and future development of local self-governance, human	The expert workshop participants discussed the opportunities of involving the youth to local government service; local government

	heads and personnel specialists	resource support for local governments	personnel policies; system of incentives; and the Municipal University as a system for in-house corporate training. The participants became familiar with the experience of training programs for the staff of the Vinnytsya City Council departments organised by its sister city of Kelce (Poland). The issues of activities of selection committees and salary rates of local government officials caused the live discussion of the participants.
Ternopil AUC RO city of Ternopil May 30, 2012	20 participants – city and town mayors, their deputies, managers of utility companies	Best practices of housing and utilities reforms in populated areas (promotion of condominium associations, urban improvements, and solid waste management)	The expert workshop participants discussed the following issues: local urban improvement rules; solid waste management; management of multi-storied apartment blocks, etc. The event moderator provided an overview of the Ukrainian legislation in the area of urban improvements, focusing on the key role of the Law of Ukraine “On Urban Improvements of Populated Areas” in this sector. The participants discussed the details of the ways to set up and promote condominium associations.
Poltava AUC RO city of Chervonozavodske May 30, 2012	20 participants – city and town mayors, their deputies and secretaries of local councils	How to make cities attractive and comfortable for all	The event participants using the experience of the city of Chervonozavodske, discussed the plan for the development of the city; activities of utility companies; ways to improve city budget revenues; new approaches to water supply; solid waste management, etc. The participants paid a particular attention to the strategic planning of the development of the community for 5-10 years. The expert workshop participants expressed their proposals to the Ukrainian legislation.
Sumy AUC RO May 31, 2012	20 participants – city mayors, local government officials	Public anti-corruption expertise of local government ordinances	The expert workshop was conducted in the form of a dialogue between its participants. The moderator provided an overview of the corruption in Ukraine and its impact on social life, feedback from citizens, and their trust in government institutions. The presenter spoke about the launch of the institute of public expertise and familiarised the participants with the regulatory and legal documents to serve as the framework for its activities; and provided the details of the rights and duties of the members of the public expertise. The event moderator also presented the

			international experience in fighting corruption from such countries as: Georgia, USA, Bulgaria, Israel, and Japan.
Mykolaiv AUC RO city of Mykolaiv June 06, 2012	20 persons – deputy city mayors on economic development	Sustainable economic development of cities, investment attraction	The expert workshop participants became familiar with the presentation of the prerequisites for sustainable economic development of cities in the region (favourable managerial policy for economic development (LED), network of institutions to support LED, manufacturing network associations, etc.). The participants discussed the optimisation of interferences and interconnections in the complicated multi-factor hierarchical system of local economic development. The moderator pointed the attention of the audience to the importance of economic development for strengthening of local self-governance.
Volyn AUC RO city of Lutsk June 08, 2012	20 participants – city mayors, heads of city and town legal departments of local councils	Anti-corruption legislation in the system of local self-governance: national and international experience	The technical focus of the expert workshop was placed on the Law of Ukraine “On Foundations for Preventing and Fighting Corruption in Ukraine” of April 07, 2011. A particular attention was paid to the use of the official position; overview of administrative and criminal components of the corruption offence; accountability for the corruption offence; oversight in the anti-corruption area; and international experience in fighting corruption. The event participants mentioned the need for certain amendments to the legislation before the implantation of the Law mentioned above.
Zakarpattia AUC RO village of Polyana, Svalyava rayon June 08, 2012	20 participants – city town mayors, city and town heads of land resources of local communities	Best practices in managing land resources of communities	The participants of the expert workshop became familiar with the best practices of managing land resources in the context of the requirement of the current legislation; use of land resources; and increasing additional collections to local budgets. The participants also discussed the authority of local councils in the area of land relations; delineation of boundaries between state-owned and communally-owned lands; designation of lands in Ukraine; transfer of lands for use; accountability for unlicensed use of land parcels, etc. The event participants prepared the text of the appeal to V.Lytvyn, Chairman of the

			Verkhovna Rada of Ukraine, concerning the need to consider a number of draft laws to improve the land reform and switch over to market relations on the agricultural land market.
Kherson AUC RO city of Kherson June 19, 2012	20 participants –city and town mayors, secretaries of local councils, city clerks	On the experience in the implementation of the Law of Ukraine “On Access to Public Information”	The expert workshop participants discussed the articles of the Law of Ukraine “On Access to Public Information”. In the course of the event, the participants discussed various issues and shared their work experience. The event was conducted in the format of interactive communication (questions-answers). The participants mentioned about some difficulties in the interpretation of some articles of the Law, as some if its provisions are not clearly written. The event participants received useful information and hands-on assistance and prepared their proposals concerning the amendments to the Law mentioned above.
Vinnytsya AUC RO city of Vinnytsya June 20, 2012	20 participants – deputy city mayors, heads of housing and utilities departments of city councils	Reforms and development of the housing and utilities sector of the territorial community. Setting up condominium associations: problem issues and perspectives	The expert workshop participants became familiar with the concept of the development of housing and utilities sector in the city of Vinnytsya. The participants discussed the technical re-equipment over 2006-2012; implementation of the heating supply system; housing network and energy saving activities; solid waste collection and removal; implementation of the project to construct a solid waste recycling facility; a project for city lighting and energy saving, etc. The discussions of key issues of the housing and utilities sector provided an opportunity for the participants to learn the experience and consultations from city management department heads of the Vinnytsya City Council.
Donetsk AUC RO city of Donetsk June 21,2012	20 participants – city and town mayors	Corruption risks in the area of administrative services and ways to decrease them	The participants of the expert workshop focused their main attention on the discussion of the Law of Ukraine “On the Foundations for Preventing and Fighting Corruption”. The participants became familiar with the main directions of the national policy in the area of administrative services in territorial communities; definitions of key corruption risks in this area; and main requirements to civil servants of Categories 2-4 with

			regard to the adherence to the anti-corruption legislation. The event participants learned about how to put together the registry of administrative services; identify corruption risks; find responses to issues related to decreasing the negative consequences of these risks; received consultations about the list of permit documents to be issued by local governments to business entities, etc.
Crimean AUC RO city of Simferopol June 27, 2012	20 participants – specialists of economic planning departments, chairmen and secretaries of tender committees	Tender issues	The expert workshop participants discussed the following issues: legal regulation in the area of public procurements; amendments in the procurement legislation; planning of public procurements; and activities of bidding committees and limitations on the participation. A particular attention was paid to the Law of Ukraine ‘On Peculiarities of Public Procurement in Certain Areas of Economic Activities’ enacted on June 17, 2012. In the course of the discussion, the event participants prepared their proposals to amendments to the Law of Ukraine ‘‘On Public Procurement’’. The event participants had a chance to receive expert consultations about how to conduct public procurements.

Activity 2.4.2. Legal protection services

In the reporting period the attorney services were provided to 7 local government institutions and officials. The attorney services were provided in the following key areas:

- protection of rights of local governments in courts with on-site visits of attorneys (Almazna City Council, Luhansk oblast, Oleksandrivsk City Mayor, Luhansk oblast, Kalynivka Town Council, Luhansk oblast, Putyla Town Council, Chernivtsi oblast);
- legal assistance in cases of holding local government officials administratively liable for corruption charges (2);
- legal assistance to local governments in their relations with prosecutor’s offices (Vyshhorod City Council, Kyiv oblast).

Monitoring of cases of harassment of local government officials

As part of the monitoring efforts concerning the harassment of city mayors, local council members and other local government officials, the Project identified 31 instances of criminal cases, arrests, pre-term termination of office authority, etc. These include:

- city mayors (9);
- village and town mayors (15);
- local council members and other officials (7).

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

In the 2nd quarter, city councils made decisions on pre-term termination of authority of local mayors in the cities of:

- Alupka, Autonomous Republic of Crimea;
- Zhmerynka, Vinnytsya oblast;
- Debaltseve, Donetsk oblast,
- Kuznetsovsk, Rivne oblast.

Local Government Lawyer School

In the context of the European football tournament (UEFA - 2012), higher educational establishments made adjustments in their curricula and finished their academic years by June 01, 2012. Given this, the summer session of the Local Government lawyer School was postponed till September of 2012.

2.5. Component: Special Emphasis on Crimea

In April – June of 2012, the Project conducted one study tour for local government officials from the Autonomous Republic of Crimea to other Ukrainian cities. Five persons took part in the tour. All of them pointed out the great value of such training and the opportunity to learn the hands-on experience of their colleagues and learn how to avoid mistakes while copying it in their cities.

Topic: Organisation of activities of the city council and its executive committee	The topics of the training were selected based on the findings of the survey of Crimean city councils conducted by eh Crimean AUC RO.
Date: June 21-22, 2012	
Venue: city of Ukrainka, Kyiv oblast.	
Participants: heads of city and town organisational departments from cities of Alupka, Yevpatoriya, Inkerman, Saky, and Feodosiya.	<p>The main topics of the study tour:</p> <ul style="list-style-type: none"> - system of electronic document turnover, follow-up on tasks; - activities of the center for municipal services; - activities of the city call-center. <p>According to the members of the Crimean delegation, the experience they learned about the system of electronic document turn over, follow-up on tasks and call center will help them to check the timeliness of task implementation by the staff of the city council and executive committee, monitor the quality of municipal services, as well as ensure the implementation of the new legislation on access to public information. With the price for this system being about 90 thousand UAH, local budgets will finds such funds to introduce it.</p> <p>The experience city of Ukrainka in the organisation and activities of the center for municipal services will allow the Crimean officials to render much better and greater scope of timely services to citizens in various areas: land relations, social protection, military and housing records, subsidies, etc.</p>

Chapter 3. IMPLEMENTATION PROBLEMS AND WAYS TO RESOLVE THEM

The following issues have a negative impact on the Project implementation:

- Changes in the legislation about the mechanism to get the VAT tax exemption almost stalled the activities on the «ЗМІСТОВНА Україна» [*CITY-minded Ukraine*] TV Project component. The Project spent about two months to get the approval of the procurement plan and the project registration card. This, in its turn, postponed the settlements with the service provider,
- The shortage of funds in local budgets, especially in rayon significance cities, limited the capacity of local government officials to participate in the Project activities. Now, some cities can not even afford to cover the transportation costs and the Ukrainian legislation prohibits other organisations not being the employer of such individuals to cover such transportation costs, because they are considered to be an additional value and require the payment of the VAT tax (15-17%),
- The Project encountered difficulties with the coverage of Project events and AUC activities in media in general. Most media are looking for stories with a negative colouring and are very reluctant to cover local government achievements.

Chapter 4. SUCCESS STORIES

DIALOGUE EXPERTS PERSUADED THE CABINET OF MINISTERS TO LOWER THE LOCAL BUDGET SHORTFALL

In the course of approving the State Budget for 2012, the Cabinet of Ministers envisioned a considerable shortfall of local budget financial resources to support the implementation of the authority delegated to local governments by the central government (the modest calculations project it in the amount of 12 billion UAH; with the maximum forecast being more than 30 billion UAH including 6 billion UAH to pay salaries to public sector employees. Following the numerous appeals of DIALOGUE, the Cabinet of Ministers prepared and submitted to the parliament the Law of Ukraine “On the State Budget of Ukraine for 2012” (# 4647-VI). The Law was approved on April 12, 2012 and envisions the additional financial resource in the amount of 9 billion UAH to be channelled to local budgets in the form of transfers, namely: 1) additional subsidy in the amount of 1.5 billion UAH to pay salaries to public sector employees in compliance with the work compensation requirements envisioned by the legislation and the size of the minimum salary; 2) additional subsidy in the amount of 1.04 billion UAH to provide incentives local governments to collect profit tax and excise collections above the planned indicators; 3) subvention in the amount of 0.7 billion UAH for the social and economic development and other activities; and 4) additional financial resource in the amount of 1.2 billion UAH for social expenditures, etc. Thus, the Project managed to partially decrease the local budget shortfall and improve the quality of budget servicing of territorial communities.

DIALOGUE ACTIVE IN ITS EFFORTS TO AFFECT BUDGET POLICY MAIN DIRECTIONS

In accordance with Article 20 of the Law of Ukraine “On Local Government Associations” the Project representatives submitted to the Cabinet of Ministers” their proposals pertaining to the Main Directions of the Budget Policy for 2013. The draft of the Main Directions prepared by the Cabinet of Ministers did not heed the bulk of proposals filed by DIALOGUE. After some appeals prepared at meetings of AUC Professional Groups and thanks to the support offered by Budget Committee Chairman V. Baranov, the Verkhovna Rada of Ukraine adopted a government alternative MG for 2013 on May 24, 2012 that reckoned with essential proposals of DIALOGUE, specifically: 1) calculation of expenditures, counted when determining intergovernmental transfers, based on the national social standards and norms; 2) expanded taxation base through the introduction of the tax on immovable property as opposed to the land parcel, which will strengthen the local budget financial base; 3) switching over to a targeted social assistance policy with gradual monetization of social benefits and right-sized list of beneficiaries with a set of economic and socially justified norms of consumption of such benefits; 4) attraction of investments to develop housing and the utilities sector, the roads infrastructure based on the public-private partnership, while streamlining the legislation that governs this cooperation between the government and business; and 5) proper guarantees in funding the government guaranteed privileges and compensations for free public transportation services for some categories of citizens. Thus, we managed to formally set a task to develop the mechanisms to help objectively calculate local budget indicators in a draft State Budget for 2013.

DIALOGUE BRINGS MONEYS TO LOCAL BUDGETS TO REDEEM THEIR UTILITIES SERVICES ARREARS

Inadequate tariffs for heat and water supply and sewage services has been the key factor to the accumulation of debts by utilities, while tariffs being established or approved by the central authorities to justify their level and being at odds with the economically justified level, and the

lack of the corresponding subsidy from the State Budget. Thus, in the period of 2008-2011, the arrears reached almost 7 billion UAH, and Project representatives would turn to the state executive agencies with a request to resolve local self-governance problems that were associated with an inadequate tariff making policy of the central government. In the result, the Law of Ukraine “On Amendments to the Law of Ukraine “On the State Budget of Ukraine for 2012”, #4647-VI of April 12, 2012 called for a disbursement of a subvention in the amount of 4.6 billion UAH to local budgets write off the debt for centralised heat and water supply and sewage services generated, transported and provided to citizens caused by inadequate centralised water supply and sewage services costs and tariffs, which were set and/or approved by state executive agencies or and local governments. The Law of Ukraine “On Amendments to the Law of Ukraine “On the State Budget of Ukraine for 2012” regulating the settlements of the energy companies with the State Budget #4961-VI of June 8, 2012 increased the amount of this subvention by 2.4 billion UAH to 7 billion UAH, and thus the cities got the resources to resolve the utility company debt issues accumulated between 2008-2011 through inadequate tariffs and cut their local budget shortfall.

PARLIAMENT RECKONED WITH INTERESTS OF LOCAL SELF-GOVERNANCE

To regulate the procedure for the technical inventory of immovable property the working group of the Verkhovna Rada ad-hoc Committee on Economic Policy jointly with representatives from the AUC drafted a law on technical inventory of immovable property (Registration #10286 of March 29, 2012), which heeded key proposals from the AUC including: the provision of technical inventory services exclusively by communally-owned companies, while the inventory data archives will be retained by as part of the communal ownership. At the same time, the Cabinet of Ministers submitted an alternative draft law to the VRU (#10286-1 of March 03, 2012), which calls for the archives to be treated as GOU property, while the technical inventory services would be provided by business entities.

The VRU Committee on Economic Policy and Committee on State Building and Local Self-Governance took into account the arguments tabled by the Association and supported Draft Law #10286, while on May 21, 2012 the parliament adopted the first reading text of the document favourable for local self-governance.

DEMARCATIION OF LAND OWNED BY THE STATE AND COMMUNITIES TAKES OFF

The pending status of community owned lands has been a serious barrier for local self-governance for a long time and on September 15, 2011. The AUC Board approved proposals to the mechanism for the delineation of boundaries between state-owned and communally-owned lands and to send them to the President of Ukraine. On June 21, 2012, the Verkhovna Rada of Ukraine approved the Law of Ukraine “On Amending Certain Ukrainian Legislation Concerning the Delineation of Boundaries between State-Owned and Communally-Owned Lands” (Registration #10043 not signed by the President by the time the report was prepared). The document, in essence, is responsive to the proposals from the AUC, namely: delineation of boundaries between state-owned and communally-owned lands according to the “by-the-law” principle and discard the idea of preparing land management documents to delineate the lands to bring down the cost of such works.

LAND AUCTION MECHANISMS TAKE SHAPE

The law of September 16, 2008 “On Amending Certain Ukrainian Legislation Concerning the Support to Construction Works” stipulated that and land parcel leasing of state-owned and communally-owned lands may be exclusively through land auctions. The corresponding

amendments were made to Article 124 of the Land Code of Ukraine. And yet, non-agricultural land auction mechanisms were left untackled by law, which left local budgets undernourished for the lack of community land leasing. The AUC repeatedly asked both the Cabinet of Ministers of Ukraine and the parliament to address the issue and on June 05, the Verkhovna Rada of Ukraine adopted the draft law in the first reading land auctions (Registration #10231-3 of April 04, 2012). The document also stipulates auctions validity even if there is just one bidder, which is in line with the AUC proposals.

AUC PREVENTS THE LIMITATION OF LOCAL SELF-GOVERNANCE AUTHORITY

On June 08, 2012, the President signed the Law “On Amending Some Laws of Ukraine (concerning the urban improvements)” (#9381 submitted by the Cabinet of Ministers). In the course of the preparation of the corresponding draft law for the first and second readings, Experts of the Association in cooperation with the VRU Committee on Construction, Urban Development, Housing, Utilities and Regional Policy made amendments to the document. Following this, the approved version of the Law reflects the key proposals from the AUC and prevents limiting the local government authority to set town urban improvements rules exclusively at local council plenary sessions, as well as to retain the right of local governments to set urban improvements inspections. Cities may also destroy maintenance objects when land assembly and repairs works take place.

ROLLING STOCK FOR URBAN PUBLIC TRANSPORTATION BECOMES LESS EXPENSIVE

Some towns were concerned by excessive taxation for local budgets on electric public transportation vehicles donated to them by sister cities. The Association asked the Prime Minister and V.Khomutynnyk, Chairman of the Verkhovna Rada of Ukraine Committee on Finance, Banking and Tax and Customs Policy, with the proposal to exempt city councils from customs clearance payments and VAT payments. In the result, the parliament adopted on May 24, 2012 the Law of Ukraine “On amending the Tax Code of Ukraine Concerning Streamlining Some of the Tax Provisions” (Registration #9661-Д, of February 17, 2012; National Deputies V.Khomutynnyk and O.Tsaryov), which exempts the communities from VAT payments on donated street cars (YKT 3EД [Ukrainian Classification of Commodities for Foreign Economic Activity] Commodity Code 8603 10 00 10), trolley-buses (YKT 3EД Commodity Code 8702 90 90 10) and buses (YKT 3EД Commodity Code 8702) for passenger transportation purposes on routes (lines) to serve the needs of settlements. This exemption under Paragraph 197.4 of Article 197 of the Tax Code of Ukraine also governs the importation of the above commodity into the customs territory of Ukraine. The law has been effective since July 1, 2012.

THE CABINET OF MINISTERS RECKONS WITH THE POSITION OF CITIES

Cabinet of Ministers Resolution #1082 of December 03, 2008 “On Streamlined Settlements for Used Electricity and Natural Gas” binds heat generators to open accounts current with a special treatment regime for heat supply payments and to settle accounts for used natural gas and electricity, which complicates performance of utility companies. However, in March of 2012, the Ministry of Energy and Coal of Ukraine drafted a resolution of the Cabinet of Ministers to make amendments to the settlement scheme making further complications. On April 03, the Association of Ukrainian Cities addressed the Cabinet of Ministers complaining that under this scheme utilities will fail to meet their payroll needs and need to pay taxes and other dues, redeem loans, timely payments of electricity bills, repair and renew the generation capacity for the heat supply period. Some municipalities also addressed the Cabinet of Ministers of Ukraine with the corresponding requests. Following this, the Cabinet of ministers withdrew the draft resolution

mentioned above from consideration (letter of May 14, 2012, #04/13-6054, Ministry of Energy and Coal).

ASSOCIATION IS RECKONED WITH WHEN IT COMES TO SECOND READING ON DRAFT LAW ON VOCATIONAL TRAINING

When the parliamentary Committee on Education and Science deliberated on the draft law “On Amendments to Certain Ukrainian Legislation Concerning Improvements of Vocational Training” (Registration #9587, of December 13, 2011, CMU), a decision was made to conciliate positions for the second reading. In particular, comments of the Association on inadmissibility to bind local governments with the additional authority to imply local budget expenditures and to duplicate authority the state executive delegates to local governments in the public education sector.

In the course of the preparation of the draft law for the second reading, experts of the Association met with the representatives of the Ministry of Youth and Sports to iron out discrepancies and resolved to delete the provisions the Association opposed. Thus, the version of the draft law prepared for the second reading stipulates that the task to run vocational schools will be withdrawn from the local government authority and transferred to the local government delegated authority.

THE PARLIAMENTARY COMMITTEE SUPPORTS LOCAL GOVERNMENTS IN FIGHTING HOMELESSNESS

A draft law of Ukraine “On Amending Certain Ukrainian Legislation Concerning the Social Protection of Homeless Persons” (Registration #9475, of November 17, 2011) stipulates that it is the local government authority to provide social services to homeless persons, rather than the authority delegated to local governments by the state, which actually means central government’s washing hands in preventing homelessness and shifting the burden on to local governments.

The AUC representatives who attended the working session of the Committee on State Building and Local Self-Governance managed to persuade National Deputies to amend the text of the draft law (#9475) passed in the first reading, thus shifting the local government authority to prevent homelessness into the local government delegated authority, which alleviate the budget brunt on local governments when acting to prevent homelessness and providing social services to homeless persons.

DIALOGUE FACILITATES FREE TRANSPORTATION SERVICES TO TAKE CHILDREN FROM NEIGHBOURING VILLAGES TO SCHOOL

At the meeting of the Local Government Regional Advisory Board in the Vinnytsya oblast, village mayors raised the issue of how children from the suburban areas in Vinnytsya attend schools. Because of poor access to the oblast capital city (high fares and failure to keep to the schedule) the children did not have an opportunity to attend school on a regular basis.

Thanks to the efforts of the Local Government Advisory Board members the Department for Public Education of the Vinnytsya Oblast State Administration reached an agreement with private transportation companies to provide free transportation services for children to take them from the Vinnytsya rayon villages to educational establishments in the city of Vinnytsya.

By doing so, the DIALOGUE Project managed to resolve a ten-year old problem. Starting with September 01, 2012, the children from the villages of Stryzhavka, Luka Meleshkivska, Voronovytsya, and Bokhonyky will be provided free round trips to the train station in Vinnytsya in privately-owned vans.

DIALOGUE PROMOTES INVESTMENT ATTRACTIVENESS OF CITIES

In compliance with the decisions of the Local Government Regional Advisory Board, the Kirovohrad oblast authorities opened the Unified Investment Center where municipalities can get the comprehensive assistance in preparing their investment projects and finding investors. Since its opening, the Center implemented 53 small investment projects in the amount of 7 million UAH in 8 rayons in the oblast. Nowadays, the Center offers 21 investment projects for the total amount of more than 10 million UAH from 12 rayons in the oblast.

DIALOGUE REDUCES CORRUPTION

In compliance with the resolution of the Local Government Regional Advisory Board, the Poltava oblast authorities initiated a series of on-site seminars to discuss the key issues of keeping in line with the legislation on civil service, local government service, and preventing and fighting corruption. The training is conducted by the specialists of the Main Authority for Civil Service in the Poltava Oblast. Currently, such seminars have been conducted in the Hadyach, Dykanka, Zinkiv, Karlivka, Kotelva, Kobelyaky, Kozelschyna, Mashivka, Novi Sanzhary, Poltava, and Reshetylivka rayons.

POLTAVA OBLAST TO RESOLVE ISSUES WITH SOLID WASTE

In compliance with the resolution of the Local Government Regional Advisory Board in the Poltava oblast, the Oblast Council approved the additional List of Environmental Activities to be financed from the Oblast Environmental Protection Fund in 2012. The amount of the additional financial resources will reach 28 million UAH. Some of these funds, namely: 11 million UAH, will be channelled to the collection and recycling of solid waste. At the moment, the oblast authorities announced tenders to purchase specialised machinery to construct landfills serving 7 rayons, 14 cities and 9 towns in the oblast.

DIALOGUE BRINGS BUSINESSES IN CITIES

The working session of the Local Government Regional Advisory Board in the Rivne oblast participants invited a representative of the Rivne Regional Center for Investments and Development State Budget Institution (ДБУ) together with the entrepreneurs who are willing to launch a number of projects in the cities in the oblast.

Following the discussion, investor representatives had working meetings with the mayors of the cities of Sarny and Radyvyliv to discuss the construction of mixed fodder plants in these cities. The signing of agreements on the construction of such plants is scheduled for July of 2012.

DIALOGUE RAISES FUNDS FOR THE DEVELOPMENT OF TERRITORIAL COMMUNITIES

Kharkiv Oblast mayors' meetings at the AUC Regional Office would feature the issue of attracting funds to the benefit of communities through activation of projects; methodological recommendations on contest proposal drafting have also been provided.

In the result, the contest within the Together to the Future Project has attracted a large number of projects from local governments, and to fund them the Kharkiv Oblast Rada had to increase the contest budget by 200,000 UAH. The corresponding decision was made by the members of the Oblast Council on April 26.

Thus, the oblast together to the Future Project total budget is 1,200,000 UAH and is to be channelled to implement 51 mini projects in the area of social protection, health care, culture and other Kharkiv oblast community initiatives.

DIALOGUE PROMOTES ENERGY EFFICIENCY OF BUDGET-FINANCED ORGANISATIONS

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

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

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

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

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

DIALOGUE PROMOTES TRAINING FOR LOCAL GOVERNMENT OFFICIALS

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

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

SIMPLIFIED TAX DECLARATION ON PROPERTY, INCOMES AND EXPENDITURES OF LOCAL GOVERNMENT OFFICIALS

Recently, local government officials had to file the declarations on income and expenditures and financial liabilities twice a year, so the corresponding information would be duplicated, while forms were different. Following the work of the AUC and its member cities, experts made the corresponding amendments to the Law of Ukraine “On Local Government Service”. Currently, local government officials have to file one declaration in accordance with the Law of Ukraine “On the Foundations for Preventing and Fighting Corruption”.

DIALOGUE EXPERT COMMENTS AS A TOOL TO PRESENT THE AUC POSITION VIA RESPECTED MEDIA OUTLETS

The Association of Ukrainian Cities engages in wide range awareness campaigns and cooperates with printed and electronic media on the matter to outreach the public on local government issues and AUC activities. A systemic and regular dissemination of analytical materials of the DIALOGUE Project via media outlets has become basic in setting active ties with respected press and internet media outlets. One can say that media are interested in the AUC information products treated as a reliable source of objective, unbiased and expert assessment of events and processes in the local government sector. Media outlets turn to DIALOGUE specialists to comment and analyze and tap to the materials to prepare their expert materials.

For example, expert opinions of the AUC Analytical Center and presentations by AUC experts are used in articles by such publications as: «Комерсант-Україна», «Ділова столиця» [*business capital city*], «Бізнес», «Дзеркало тижня» [*mirror weekly*], and «Коментарі» [*comments*]. DIALOGUE speakers serve as local government experts in TV programs aired by the УТ-1 and КДР ТРК TV Channels.

The Ukrainian «UBR» business portal published the full text of the document prepared by the AUC Analytical Center concerning the excessive centralisation of the government authority (draft laws submitted by Yu.Miroshnichenko within the framework of the administrative reform).

A «Ділова столиця» [*business capital city*] newspaper journalist initiated to attend a working meeting of municipal representatives dedicated to installing telecommunication devices on communally-owned property and prepared an article referring to the position of the AUC and comments of its expert.

Chapter 5. ESTIMATED SCHEDULE FOR THE NEXT QUARTER**Legislation Group**

- Legislation drafting;
- Expert evaluation of legislation;
- Legislation monitoring;
- Holding meetings of AUC Professional Groups;
- Participation in the work of parliamentary committees and advisory boards set by ministries;
- Preparation and dissemination of the Legislation News electronic publication;
- Preparation and dissemination of the Sectoral Monitoring

Dialogue Group

- Holding the Dialogue day;
- Holding consultations with the key line ministries;
- Working meetings of the inter-faction parliamentary group (local government caucus);
- Working meetings of Regional Offices of the AUC and identification of priorities for the activities of Regional Advisory Boards for 2013;
- Working meetings of Local Government Regional Advisory Boards;
- Preparations and conducting study tours for Crimean local government officials

Information Group

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

Legal Assistance Center

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