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

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

AIC – Agro-Industrial Complex  
ARC – Autonomous Republic of Crimea  
AUC – Association of Ukrainian Cities  
AUC RO – Regional Office of the Association of Ukrainian Cities  
CASE – Central Agencies of the State Executive  
CJSC – Closed Joint-Stock Company  
CMU – Cabinet of Ministers of Ukraine  
EMA – Emergency Medical Assistance  
NA – News Agency  
HCC – Housing Construction Cooperative  
HPS – Hydroelectric Power Station  
HUS – Housing and Utilities Sector  
IGND – Inter-Faction Group of National Deputies  
ISACC – Inspection for State Architectural and Construction Control  
IT – Income Tax  
LG – Local Government  
LGRAB – Local Government Regional Advisory Board  
Ltd. – limited  
NCER – National Commission for Energy Regulation  
OSA – Oblast State Administration  
PJSC – Private Joint-Stock Company  
STVRC – State TV and Radio Company  
TVRC – TV and Radio Company  
USA – United State of America  
USAID – U.S. Agency for International Development  
UWLGA – Ukraine-Wide Local Government Association  
VRU – Verkhovna Rada of Ukraine  
ZhEK – housing Neighbourhood Maintenance Unit

## RESUME

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

Project implementation in July – September of 2013 yielded the following outcomes:

- DIALOGUE Project experts prepared **two** draft laws, performed the monitoring of **36** draft legislation and ordinances;
- The Project conducted working sessions of **two** AUC Professional Groups and updated **nine** local government technical area profiles;
- The Project generalised the responses from central government authorities to the appeal sent by the participants of the Dialogue Day;
- The Cabinet of Ministers of Ukraine took into account the AUC position on **four** legal and regulatory documents: **one** document was approved, **two** were rejected, **one** was sent for further revisions;
- DIALOGUE Project experts took part in **12** working sessions of **five** parliamentary committees. This enabled the AUC to defend its position with regard to draft laws initiated by National Deputies;
- Of the **23** draft laws handed to the Inter-Faction Local Government Support Group of National Deputies **15** were officially submitted to the parliament for consideration;
- The Project conducted **12** working sessions of Local Government regional Advisory boards in **12** oblasts of Ukraine;
- The Project conducted working sessions of **25** AUC Regional Offices and identified key issues to be addressed by Local Government Regional Advisory Boards in 2014;
- The «ЗМІСТОВНА Україна» [*city-minded Ukraine*] TV Project is underway and continues to cover local government issues and best practices from cities. The Project aired **three** TV programs;
- The Project conducted **four** expert workshops in AUC ROs;
- The Project provided **127** consultations to local governments and officials; and,
- The Project published **two** issues of the AUC Herald and **three** issues of Legislation News professional legal publication, and **one** issue of the Legal Consultations and the Sectoral Monitoring.

## Chapter 1. KEY ACHIEVEMENTS IN THE REPORTING PERIOD

**July 03**, the First National TV Channel УТ-1 featured the «ЗМІСТОВНА Україна» [*city-minded Ukraine*] program (about the city of Bakhchysarai, ARC)

**July 10**, the First National TV Channel УТ-1 featured the «ЗМІСТОВНА Україна» [*city-minded Ukraine*] program (about the city of Vylkove, Odesa oblast)

**July 17**, the Project conducted a working session of the Luhansk Oblast Local Government Regional Advisory Board and the Regional Press Club

**July 25**, the Project conducted a working session of the Volyn Oblast Local Government Regional Advisory Board

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

**July 25**, the Radio Era FM Broadcasting Company broadcast a program about local government issues

**July 30**, the Project conducted a working session of the Volyn Regional Press Club

**Late July**, the Project published and disseminated the thirty-first issue of the “Legislation News”

**August 15**, the Project conducted a working session of the Kirovohrad Oblast Local Government Regional Advisory Board and the Regional Press Club

**August 16**, the Project conducted a working session of the Dnipropetrovsk Oblast Local Government Regional Advisory Board and the Regional Press Club

**August 20**, the Project conducted a working session of the Zakarpattya Oblast Local Government Regional Advisory Board and the Regional Press Club

**August 20, 2013**, the Project conducted an expert workshop in the Mykolayiv AUC RO

**August 21, 2013**, the Project conducted an expert workshop in the Cherkasy AUC RO

**August 21, 2013**, the Project conducted an expert workshop in the Kharkiv AUC RO

**August 21**, the Project conducted an expert workshop in the Luhansk AUC RO to identify the topics problem issues to be discussed at the Regional Local Government Advisory Board

**August 21**, the Project conducted an expert workshop in the Lviv AUC RO to identify the topics problem issues to be discussed at the Regional Local Government Advisory Board

**August 28**, the Project conducted an expert workshop in the Poltava AUC RO to identify the topics problem issues to be discussed at the Regional Local Government Advisory Board

**August 28**, the Project conducted an expert workshop in the Kharkiv AUC RO to identify the topics problem issues to be discussed at the Regional Local Government Advisory Board=

**August 29**, the Project conducted an expert workshop in the Zaporizzhya AUC RO to identify the topics problem issues to be discussed at the Regional Local Government Advisory Board

**August 29**, the Project conducted a working session of the Kherson Oblast Local Government Regional Advisory Board and the Regional Press Club

**Late August**, the Project published the “AUC Herald” (Issue # 99)

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

**Late August**, the Project published and disseminated the thirty-fifth issue of the “DIALOGUE Newsletter”

**September 04**, the Project conducted an expert workshop in the Ivano-Frankivsk AUC RO to identify the topics problem issues to be discussed at the Regional Local Government Advisory Board

**September 04**, the Project conducted an expert workshop in the Khmelnytskyi AUC RO to identify the topics problem issues to be discussed at the Regional Local Government Advisory Board

**September 06**, the Project conducted an expert workshop in the Kirovohrad AUC RO to identify the topics problem issues to be discussed at the Regional Local Government Advisory Board

**September 12-13**, the Project conducted a working session of the AUC Land Relations, city of Simferopol

**September 13**, the Project conducted an expert workshop in the Zhytomyr AUC RO to identify the topics problem issues to be discussed at the Regional Local Government Advisory Board

**September 17**, the Project conducted an expert workshop in the Vinnytsya AUC RO to identify the topics problem issues to be discussed at the Regional Local Government Advisory Board

**September 17**, the Project conducted an expert workshop in the Zakarpattya AUC RO to identify the topics problem issues to be discussed at the Regional Local Government Advisory Board

**September 17**, the Project conducted an expert workshop in the Mykolayiv AUC RO to identify the topics problem issues to be discussed at the Regional Local Government Advisory Board

**September 17**, the Project conducted an expert workshop in the Ternopil AUC RO to identify the topics problem issues to be discussed at the Regional Local Government Advisory Board

**September 17**, the Project conducted a working session of the Ivano-Frankivsk Oblast Local Government Regional Advisory Board

**September 19**, the Project conducted a working session of the Ivano-Frankivsk Regional Press Club

- September 19**, the Project conducted an expert workshop in the Crimean AUC RO to identify the topics problem issues to be discussed at the Regional Local Government Advisory Board
- September 19**, the Project conducted an expert workshop in the Rivne AUC RO to identify the topics problem issues to be discussed at the Regional Local Government Advisory Board
- September 19-20**, the Project conducted a working session of the AUC Social Protection Professional Group, city of Odesa
- September 20**, the Project conducted an expert workshop in the Chernivtsi AUC RO to identify the topics problem issues to be discussed at the Regional Local Government Advisory Board
- September 23**, the Project conducted a working session of the Vinnytsya Oblast Local Government Regional Advisory Board and the Regional Press Club
- September 24**, the Project conducted an expert workshop in the Odesa AUC RO to identify the topics problem issues to be discussed at the Regional Local Government Advisory Board
- September 24, 2013**, the Project conducted an expert workshop in the Zaporizzhya AUC RO
- September 25**, the Project conducted a working session of the Zhytomyr Oblast Local Government Regional Advisory Board
- September 25**, the Project conducted an expert workshop in the Cherkasy AUC RO to identify the topics problem issues to be discussed at the Regional Local Government Advisory Board
- September 25**, the Project conducted an expert workshop in the Kyiv AUC RO to identify the topics problem issues to be discussed at the Regional Local Government Advisory Board
- September 25**, the First National TV Channel YT-1 featured the «ЗМІСТОВНА Україна» [*city-minded Ukraine*] program (about the working session of the AUC Land Resources Professional Group, city of Simferopol)
- September 26**, the Radio Era FM Broadcasting Company broadcast a program about local government issues
- September 26**, the Project conducted a working session of the Zhytomyr Regional Press Club
- September 26**, the Project conducted an expert workshop in the Donetsk AUC RO to identify the topics problem issues to be discussed at the Regional Local Government Advisory Board
- September 26**, the Project conducted an expert workshop in the Sumy AUC RO to identify the topics problem issues to be discussed at the Regional Local Government Advisory Board
- September 26**, the Project conducted an expert workshop in the Kharkiv AUC RO to identify the topics problem issues to be discussed at the Regional Local Government Advisory Board
- September 27**, the Project conducted an expert workshop in the Volyn AUC RO to identify the topics problem issues to be discussed at the Regional Local Government Advisory Board
- September 27**, the Project conducted an expert workshop in the Chernihiv AUC RO to identify the topics problem issues to be discussed at the Regional Local Government Advisory Board

**September 27,** the Project conducted a working session of the Chernihiv Oblast Local Government Regional Advisory Board and the Regional Press Club

**Late September,** the Project published the “AUC Herald” (Issue # 100)

**Late September,** the Project prepared and disseminated the thirteenth issue of the “Sectoral Monitoring”

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

**Late September,** the Project published and disseminated the thirty-sixth issue of the “DIALOGUE Newsletter”

**Late September,** the Project prepared and disseminated the thirteenth issue of the “Legal Consultations”

## 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 36 draft laws and other legal and regulatory documents, 15 laws and regulations were sent for AUC concurrence including 10 concurred without reservations, 1 with reservations, with 4 not concurred with. One piece of legislation was prepared. Two pieces of local government-enhancing legislation came into effect.*

*Since its inception, the Project worked on 559 draft laws and other legal and regulatory documents, and enabled the AUC to participate in the concurrence of 188 draft legislation and regulations (including 115 documents concurred without reservations, 50 concurred with reservations, 25 not concurred, and 15 draft laws were prepared). 37 pieces of local government-enhancing legislation came into effect.*

#### **Local government legislation need assessment and work on local government technical profiles**

The survey of city and town councils about their needs in legislation drafting the Association initiated in July represented the main source of information to identify the new needs of local governments in legislation drafting.

During the reporting period. 94 municipalities submitted their proposals where they offer suggestions about specific potential steps to resolve problem issues territorial communities in Ukraine face. The geographical (by oblast) distribution of these responses is the following:

Table 1. Proposals of communities on legislation drafting by oblast

Oblast	Number	Oblast	Number	Oblast	Number
AR of Crimea	8	Kyiv	1	Ternopil	2
Vinnitsya	1	Kirovohrad	4	Kharkiv	8
Volyn	2	Luhansk	7	Kherson	1
Dnipropetrovsk	11	Lviv	3	Khmelnitskyi	6
Donetsk	4	Mykolayiv	3	Cherkasy	4
Zhytomyr	5	Odesa	2	Chernivtsi	2
Zakarpattya	1	Poltava	4	Chernihiv	2
Zaporizzhya	6	Rivne	3		
Ivano-Frankivsk	3	Sumy	1		

These proposals were generalised by DIALOGUE Project experts and will be used in the course of the preparation of draft regulatory and legal documents. The distribution of problem issues and proposals on legislation drafting, which were submitted by local governments, by technical sector, is presented in Table 2.

Table 2. Distribution of problem issues and proposals on legislation drafting by technical sector

housing and utilities – 32.12%	health care – 4.45%
organisational and legal framework for local self-governance – 22.24%	land relations – 3.95%

local budgets and financial foundations of local self-governance – 17.96%	public education – 2.14%
culture and social protection – 16.64%	local elections – 0.49%

In the course of the preparation of technical area profiles, the Current legal Framework chapters were supplemented by names and details on 21 new regulatory and legal documents including one law, four resolutions and 2 instructions of the Cabinet of Ministers of Ukraine, as well as 14 decrees of sectoral ministries. None of the regulatory and legal document mentioned in the technical area profiles earlier was nullified or excluded from the technical profiles.

Based on the findings of monitoring local government problem issues, the technical area profiles were supplemented by two new problems to be resolved, with also two problem issues being taken off. For example, the following problem issues, which were resolved, were taken off from the Land Relations technical area profile:

- lack of coordination in the mechanisms for approving land management document packages Arising from disharmonised approaches to amendments to Article 186-1 of the Land Code introduced by Laws # 5395-VI of October 02, 2012 and # 5462-VI of October 16, 2012 (Problem Issue # 32);
- inefficient performance of commissions to discuss issues of approvals of land management document packages as implied by Resolution of the Cabinet of Ministers of Ukraine # 1420 of December 23, 2009 “On Certain Issues Related to the Implementation of Article 186-1 of the Land Code of Ukraine”, whereby the city council of the oblast significance city is vested with the responsibility for organising the activities of the Commission, whereas a representative of the territorial office of the central government land resources authority is appointed the chairman of such commission (Problem Issue # 6).

These problems were removed by Law of Ukraine “On Introducing Amendments to Certain Ukrainian Legislation in the Sphere of Land Relations Concerning the Simplification of Procedures for Transferring Land Plots” # 365-VII of July 02 July, whose provisions put a clear interdependence between the list of government entities the land management document package should be concurred with on one hand, and the conditions for the use of land plots on the other. The provision for mandatory approval of the land management document package by the commission is excluded at all.

The following problem issues were added to the Social Protection technical area profile:

1. Failure of Resolution of the Cabinet of Ministers of Ukraine # 573 of August 01, 2013 “On Approving the General Regulations on the Center for Social Services for Family, Children and Youth” to regulate the mechanisms for appointing the manager of the Center; unclear and imprecise subordination of such centers to city/rayon departments for labour and social protection.
2. Failure of Resolution of the Cabinet of Ministers of Ukraine # 1184 of December 19, 2012 to provide the regulatory and legal regulation of the mechanisms for covering the difference between the full cost of social services and social services with differentiated payments leading to the additional burden to pay for such difference on local budgets.

In general, as of the end of the reporting period, the overall number of problem issues in each technical area profile constitutes the following:

Table 3. Key problem issues by technical area

Technical area profiles	As of the beginning of the reporting period	Added	Resolved	As of the end of the reporting period
Local budgets and financial foundations of local self-governance	37	0	0	37
Housing and utilities sector	60	0	0	60
Land relations	28	0	2	26
Organisational and legal foundations of local self-governance	33	0	0	33
Local elections	23	0	0	23
Social protection	37	2	0	39
Health care	29	0	0	29
Public education	25	0	0	25
Culture	26	0	0	26

In addition to this, such technical area profiles as “Organisational and Legal Foundations of Local Self-Governance”, “Local Elections”, “Housing and Utilities”, “Social Protection”, “Health Care”, “Public Education”, and “Culture” were supplemented by the Statistics and Sociology Chapters. They have the information on the sociological survey conducted in oblast significance cities of citizen assessment of the quality of public services they receive in the corresponding sectors and their attitude to reforms in such sectors.

#### ***Findings of the sociological survey of public services and citizen support to sectoral reforms***

In July, the DIALOGUE Project conducted the sociological survey of citizen assessment of the quality of public services. The survey was conducted in cooperation with I. Demchenko (sociologist) based on the poll of citizens in 36 oblast significance cities in 15 oblasts with the pool of 1,200 interviewees.

With regard to the generalised level of citizen trust to government institutions at various levels, one should mention that the level of support local governments and their officials enjoy has been the highest. In particular, although the level of support to city mayors leaves much to be desired, their support level exceeds the support to all other government institutions. For example, 8% of all the interviewees completely trust city mayors, whereas only 2% completely trust heads of oblast state administration, with 1% expressing trust in the Verkhovna Rada and the cabinet of Ministers, and 3% to the President of Ukraine. Correspondingly, the share of interviewees who completely distrust city mayors is the smallest.

At the same time, the level of awareness of most of interviewees about the activities of their own city councils is not high, and this is explained by the low level of their interest in such issues. Only insignificant part of citizens addressed city councils with their problem issues during the last three years. These include equal shares of those who were satisfied, partially satisfied and dissatisfied with the outcomes of their petitions. The low level of specific effective outcomes of such petitions represents the main reasons for the interviewee dissatisfaction.

Citizens assessed the average level of services, which are rendered by local governments and state-owned/communally-owned utility companies, with the score of 3.1 according to the 5point scale. This includes the following:

- The generalised average level of satisfaction of interviewees who use the housing and utility services constitutes 3.6 points. The interviewees assessed the condition and overall maintenance of their corresponding cities as satisfactory (3.2);
- In the opinion of the interviewees whose children or grandchildren go to communally-owned pre-school educational establishments, these establishments deserve the generalised average score of 3.8 points. Almost the same score, namely 3.7 points, represents the average assessment by the targeted audience of comprehensive educational establishments;
- The overwhelming majority of citizens who have previous experience of visiting state-owned/communally-owned medical establishments during the last three years (75%) assessed their services with 2.9 points, which is worse than “satisfactory”. At the same time, the general level of satisfaction with visits to city or town departments of labour and social protection constitutes 3.6 points, which is higher than “satisfactory”; and,
- The performance of state-owned and communally-owned cultural establishments was assessed by citizens with 3.6 points.

Thus, not a single technical sector local governments are responsible for is offering the services, which citizens could assess with even the “good” rating, although their assessment of all services, except for medical services, is coming close to such level.

It is logical to assume that citizens are interested in improving the mechanisms for the formation of local government bodies, because this would improve the qualitative composition of them. At the same time, about half of interviewees when asked about their opinion on local elections preferred the system of voting for specific candidate (48%) and one fourth support the idea of voting for open party lists of candidates (26%), with only 3% of interviewees supporting closed lists of political parties. At the same time 60% of interviewees are convinced that it is necessary to elect the city mayor directly, of all persons who have expressed their intention to be elected to this position, rather than voting for candidates from political parties.

The survey also focuses on assessing the citizen attitude to reforms in the technical sectors local governments are responsible for. The survey, in particular, revealed the fact that in the sector of public education half of the interviewees are willing to contribute additional payments for better nutrition of children in schools, express tolerant attitude to the introduction of inclusive training and support the idea of using the independent knowledge assessment certificates as the prerequisite for enrolment in higher educational establishments.

A slight majority of interviewees would support the idea of introducing the mandatory medical insurance, 43% support the introduction of the family medicine, whereas 40% would support the introduction of the minimum guaranteed set of free medical services. At the same time, approximately half of the interviewees believe that the reform will lead to increased cost of treatment, with one third sharing the opinion its quality will not improve.

The overwhelming majority support the abolishment of preferences for the persons who have high pensions and/or other significant income. Every other interviewee supports the substitution of preferences with cash allowances (monetisation of preferences).

At the same time, citizens expressed no support to reforms in the housing and utilities sector. For example, the majority of interviewees does not support the privatisation of facilities and the idea of abandoning ZHEK services, and are not ready to pay more for better quality of services. Less than one third of the interviewees support the idea of establishing condominium associations. All this testifies to the importance of further work with citizens and educating them about the importance of reforms in this sector and their beneficial outcomes.

In the course of the survey, a methodology for conducting similar surveys on a regular basis in cities upon the initiative local governments themselves and on their own was tested. This effort yielded a document called “Manual for Local Government Officials for Conducting Public Opinion Polls at the Local Level”. The AUC will offer this manual to its member municipalities.

### ***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 36 draft legislation.

DIALOGUE Project experts were involved in the AUC concurrence procedure with regard to 16 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 – 11;
- Ministry of Infrastructure of Ukraine – 3;
- National Service of Ukraine for Regulatory Policy and Entrepreneurship – 1; and,
- Ministry of Finance of Ukraine -1.

Ten of these pieces of legislation were concurred without reservations, two – with reservations, and four – not concurred with, and the Project sent the proposals on how to integrate local government interests back to the authors. The AUC has been engaged in the continuous active cooperation with the Ministry of Regional Development, Construction, Housing and Utilities of Ukraine.

One should also mention a very active cooperation between the AUC and the ad-hoc Committee of the Verkhovna Rada of Ukraine for State Building and Local Self-Governance. The Committee constantly solicits the expert opinion from the AUC on draft laws, which are debated at its working sessions, and publishes this information in its materials for National Deputies who are members of the Committee, as well as for other stakeholders.

Local governments received draft regulatory and legal documents for feedback on how they reflect their interests.

DIALOGUE Project experts performed a weekly monitoring draft regulatory and legal documents included for the Cabinet of Ministers agenda on a weekly basis. In the reporting period, the Project monitored approximately 400 draft regulatory and legal documents, which were in the agenda of working sessions of the Cabinet of Ministers of Ukraine. Project experts provided their comments and proposals to the following regulatory and legal documents: draft Laws of Ukraine “On Introducing Amendments to the Tax Code of Ukraine Concerning the Payment of the Unified Social Contribution”, “on Introducing Amendments to the Tax Code of Ukraine Concerning the State Fee”, “On Introducing Amendments to the Tax Code of Ukraine Concerning the Reduction of the Load on the Wages Fund”, “On Introducing Amendments to Article 91 of the Budget Code of Ukraine Concerning Increasing the Level of Professional Qualifications of Local Government Officials”, and “On Introducing Amendments to the Law of Ukraine “On State Social Assistance to Low-Income Families””; draft Resolutions of the Cabinet of Ministers of Ukraine “On Approving the Mechanisms for Taking Inventory of Equipment in State-Owned and Communally-Owned Health Care Establishments Offering Secondary (Specialised) and Tertiary (Highly Specialised) Medical Assistance”, “On Introducing Amendments to the Rules for Parking Transportation Vehicles”, “On Introducing Amendments to Paragraph 4 of Regulations on the Use of Funds of the National Regional Development Foundation”, “On Introducing Amendments to Resolutions of the Cabinet of Ministers of Ukraine # 961 of August 09, 2001 and # 1219 of August 06, 2003 (concerning the Regulations

and composition of the Commission for Organising the Activities of Technological Parks and Innovation Structures of Other Types)", "On Approving the Model By-Laws for the Center of Administrative Services"; draft instructions of the Cabinet of Ministers of Ukraine "On Approving the Concept for the Development of Public-Private Partnership in Ukraine for the Period of 2013 — 2018", "On Approving the Concept for the Nation-Wide Program for the Development of Small and Medium Businesses for the Period of 2014 — 2024", "On Approving the Concept of the National Targeted Program for the Development of Tourism and Resorts for the Period until 2022"; and, draft Decree of the President of Ukraine # 33 of January 25, 2012 (on improving the Mechanisms for Arranging for and Conducting the Special Inspection of Data about the Persons Who Apply for the Positions Associated with the Function of the State or Local Governments)". The corresponding conclusions have been submitted to the Cabinet of Ministers representative to be further presented at its working session.

The Cabinet of Ministers took the proposals from the DIALOGUE Project into account:

- Resolution of the Cabinet of Ministers of Ukraine "On Approving the Model By-Laws for the Center of Administrative Services" # 588 of August 01, 2013 – was approved with the proposals of the DIALOGUE Project experts taken into account;
- draft Laws of Ukraine "On Introducing Amendments to the Tax Code of Ukraine Concerning the Payment of the Unified Social Contribution", "On Introducing Amendments to the Budget Code of Ukraine Concerning the Payment of the Unified Social Contribution, "On Introducing Amendments to the Tax Code of Ukraine Concerning the Reduction of the Load on the Wages Fund", because all these documents might have lead to decreased collections to local budgets they were sent for further revision;
- draft Law of Ukraine "On Introducing Amendments to the Law of Ukraine "On State Social Assistance to Low-Income Families". The document envisioned the increased amount of social allowance provided to low-income families for children under 18 years old, and the payment is to be performed by local governments with the funds from targeted subventions from the National Budget. However, because the document did not include the corresponding feasibility study, it was removed from the consideration; and,
- draft Resolution of the Cabinet of Ministers of Ukraine "On Introducing Amendments to the Transportation Vehicle Parking Rules". The document envisioned the prohibition for all business entities to arrange parking lots on pavements and road surface, except for official parking companies, thus departing from the intended purpose outlined in the National Action Plan: to free pavements for pedestrians and to free the road surface for the traffic. The document was rejected.

During the reporting period, the Verkhovna Rada of Ukraine and the cabinet of Ministers approved a number of regulatory and legal documents, which have a considerable impact on local governments:

- On September 19, 2013, the Verkhovna Rada of Ukraine repeatedly approved the Law of Ukraine "On Introducing Amendments to Closing Provisions of the Law "On Regulation of Urban Development Activities" (concerning the postponement of the prohibition on allocation of land parcels) (Draft # 2363-1) with the proposals of the President of Ukraine. The draft Law was prepared by DIALOGUE Project experts, was supported by working sessions of AUC Professional Groups, and was submitted to the parliament for consideration by National Deputies of Ukraine who are members of the Inter-Faction Local Government Support Group in the parliament (local government caucus) (V. Saldo, S. Braiko, Yu. Herzhov, Ye. Kartashov, and Yu. Lyubonenko). The law postpones until January 01, 2015 the prohibition on transferring (allocating) land plots from the state or communal ownership to the ownership or for use by physical or legal persons for urban development purposes if the city does not have the zoning plan or detailed plan of its territory available. January 01, 2013 marks the time when the provisions of the Law of Ukraine "On Regulation of Urban Development Activities" prohibiting the allocation of land parcels or changing their designation without the corresponding urban

development packages come into effect. However, the overwhelming majority of cities do not have such document packages, because local budgets do not have and continue not to have the necessary funds to prepare them. The prohibition for the allocation of land parcels for urban development purposes if urban developments are not available has, in fact, frozen up administration of lands by cities in territorial communities and has blocked the development of cities. On September 23, 2013, the Law was sent to the President of Ukraine for signature.

➤ On August 14, 2013, the representative of nation-wide local government associations in the Cabinet of Ministers managed to push for the approval of # 715 Resolution of the Cabinet of Ministers of Ukraine “On Approving the Regulations for the Selection, Approval and Registration of Investment Projects in Priority Sectors of Economy and Requirements to Such Projects”. The Resolution received the support from the DIALOGUE Project experts. The Regulations as approved by the Resolution envisions the state support for the implementation of infrastructure projects in populated areas.

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

➤ On July 02, 2013, the Verkhovna Rada of Ukraine approved in the first reading the draft Law of Ukraine “On Amendments to Certain Ukrainian Legislation Concerning the Transportation Vehicle Parking Rules and Introducing the Accountability for the Violation of Transportation Vehicle Parking Rules” (# 2499). The draft document was prepared by the Ministry of Regional Development, Construction, Housing and Utilities with the direct participation of DIALOGUE Project. The draft law prepared upon the request of the DIALOGUE Project was taken as the foundation for the preparation of this document. The purpose of the amendments is to get rid of gaps in the legislation regulating relationships in the sphere of arranging and operations of parking lots for transportation vehicles, as well as enforce the control over compliance with the Transportation Vehicle Parking Rules. The draft law has a suggestion to delineate the authority of local governments and State Traffic Inspection of the Ministry of Internal Affairs. In particular, the document has a suggestion to vest local governments with the right to make decisions on arranging parking lots for transportation vehicles and to control compliance with the requirements on setting and operating the lots, which were described by the Transportation Vehicle Parking Rules. The draft document also has a suggestion to identify the agencies, which would be responsible for considering cases of administrative offences in case of the violation of requirements for placing, equipping and operating parking lots: these will be the corresponding commissions of village, town and city councils; and executive committees of village, town and city councils;

➤ On July 01, 2013, the Cabinet of Ministers submitted to the Verkhovna Rada of Ukraine the draft Law of Ukraine “:On Introducing Amendments to the Tax Code of Ukraine Concerning Changes of Rates of Certain Taxes and Fees”, # 2442a. DIALOGUE Project expressed its position with regard to this document, which envisions increased rates for certain local taxes and fees, during the working sessions of the Cabinet of Ministers through the local government association representative in the CMU;

➤ On August 14, 2013, the Cabinet of Ministers of Ukraine at its working session approved and on August 28, 2013 submitted to the parliament the draft Law of Ukraine “On the Foundations of the National Regional Policy”, # 3135. The necessity of approving such a law was caused by the fact that Ukraine does not have a basic law in the sphere of the national regional policy. DIALOGUE Project Experts participated in the preparation of the draft law and submitted their proposals and comments. The final version of the draft law was sent to the AUC for concurrence. The AUC concurred with the draft law.

➤ The Ministry of Justice of Ukraine took into account the main comments of DIALOGUE Project experts to the draft Law of Ukraine “On Introducing Amendments to Certain Ukrainian Legislation Related to the Activities of the Ministry of Justice of Ukraine, State Service of Ukraine for Archives, State Registration Service of Ukraine, in the Context of the Approval of

the Law of Ukraine “On Administrative Services” (concerning the inadmissibility of introducing a fee for the registration of territorial community charters). The draft document was submitted to the Cabinet of Ministers of Ukraine for consideration and envisions the free registration of territorial community charters.

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

In the course of the preparation of the draft Law of Ukraine “On the Mechanism for Resolving Issues of Administrative and Territorial Arrangement, in the Part Dealing with the Abolishment of Complicated Administrative and Territorial Units and the Basic Level (embedded communities)” it turned out that state officials, National Deputies, and experts do not have a consensus about the legal justifications for the existence of complicated administrative and territorial units (embedded communities), and, correspondingly, no shared opinion on the ways to resolve the issue: some believe that this problem issue relates to the sphere of the administrative and territorial, whereas the other render this issue exclusively to the competence of local government bodies.

In this context, many alternative draft laws were prepared aiming at resolving the issue with the abolishment of complicated administrative and territorial units at the basic level (embedded communities) – draft Law of Ukraine “On Streamlining the Jurisdiction of Village, Town and City Local Government Bodies”.

Since its inception, the Project has prepared 15 pieces of draft legislation.

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

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

Working session of the AUC Land Resources Professional Group

city of Simferopol, September 12-13, 2013

Representatives from the cities of Vinnytsya, Volodymyr-Volynskiy, Donetsk, Zhytomyr, Izyum, Kremenchuk, Lysychansk, Lviv, Mariupol, Odesa, Simferopol, Sumy, Khmelnytskyi, Cherkasy, Yalta, and Yevpatoria, as well as the town of Frunze participated in the working session of the Professional Group.

The meeting participants discussed issues related to the implementation of the rights of territorial communities to land parcels within the boundaries of populated areas in the context of amendments in the legislation as of January 01, 2013 (registration of rights of communal ownership to land parcels and obtaining excerpts from the Registry of Rights to Immovable Property and from the State Land Cadastre).

All the participants mentioned that the mechanisms for the registration of the right of communal ownership to land parcels have been streamlined. The amendments, which were introduced during 2013 to the Law of Ukraine “On Introducing Amendments to Certain Ukrainian Legislation on the Delineation of Boundaries between State-Owned and Communally-Owned

Lands” were quite instrumental in simplifying the mechanisms for the registration of property rights, specifically in the part dealing with synchronising the registration of the communal ownership right and the derivative right (the right to rent or to use on a permanent basis), as well as with exempting local governments from paying a fee for obtaining excerpts from the State Registry of Rights and the State Land Cadastre. In other words, the problem issues raised at the previous working session of the Land Resources Professional Group in Kharkiv on January 24-25, this year have been resolved. At the same time, representatives of some municipalities mentioned that there are, so far, problem issues with the electronic document and information turn-over between state registrars of rights and cadastre registrars, namely, in the context of the failure of state registrars of rights to have the information about the registered land parcels available. This fact, in its turn, leads to the denial of the state registration of rights to land parcels. The event participants also focused their attention to non-compliance with the time frame for the state registration of rights to land parcels in the context of transferring the decision-making authority from local state registrars of rights to immovable property of local agencies directly to Ukrainian Registration Service (in cases of registering the rights to land parcels tentatively planned to be sold at land sales (Instruction of the Ministry of Justice # 607/5 of April 02, 2013 “On Steps to Coordinate the Actions of Agencies for State Registration of Rights and Their Officials).

With regard to drafting regulatory and legislative documents, the event participants discussed the following issues.

Implementation of the rights of territorial communities to exercise local government control over the use and protection of lands.

Problem issues: The right of local governments to exercise their control over the use and protection of lands has been declared by Article 189 of the Land Code, however, the current legislation fails to provide for effective mechanisms to implement it.

Decided: elaborate draft amendments to the Land Code on administrative offence to envision granting greater authority for the administrative commissions set up at the executive committees of village, town and city councils, as well as granting the right to conclude protocols on administrative offences to officials who have been authorised to do so by executive committees of village, town and city councils. Besides, one has to envision the additional accountability for business entities for the use of land plots without properly registered rights. The draft law was recommended to be submitted to the parliament through the inter-faction Local Government Support Group of National Deputies.

Problem issues related to selling communally-owned land plots or rights to for such land plots on a competitive basis (land sales).

Problem: Part 6 of Article 135 of the Land Code envisions an award for the organiser of competitive bidding for the services he provides. At the same time, the requirements for the selection of the organiser of the land sales envisions certain selection criteria, such as the number of lots sold and the price they were sold at. In other words, the legislation supports the conditions where business entities with less experience are excluded from the competition. This leads to the monopolisation of the market and strips local governments of the opportunity to select in the future business entities offering their services in organising land sales at the price lower than the price specified in the Land Code of Ukraine. At the same time, the organisers of land sales are deprived of the possibility to verify the information on the number of sold lots and their price, which is determined by business entities when they submit their bids.

The event participants also discussed problem issues related to delays in State Agency for Land Resources placing information on its official web-site announcing land sales and information about the selection of land surveyors, land assessors, land sales organisers, and about the outcomes of land sales.

Decided: prepare a draft law to envision the possibility for the selection of land sales organisers based on the lowest price they offer for their services of conducting land sales.

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

City of Odessa, September 19-20, 2013

25 representatives from departments of labour and social protection from the cities of Vinnytsya, Zaporizzhya, Izmail, Illichivsk, Konotop, Kotovsk, Kryvyi Rih, Lutsk, Lviv, Mykolaiv, Odesa, Rivne, Kherson, Khmelnytskyi, and Yuzhne participated in the event. Eleven regions of Ukraine were represented at the events.

The issues for the discussion included the following:

1. Draft regulatory and legal documents with the potential impact on the authority of local governments, in particular

- The instruction of the Ministry of Labour and Social Policy on approving the Model Agreement for the Provision of Social Services with the Introduction of Differentiated Payment. Following the discussions, the event participants did not express any objections about its approval, however, there is a necessity to elaborate the document. Representatives from the cities who participated in the event focused their attention at the absence of the proper regulatory and legislative framework to regulate the mechanisms for compensating the difference between the actual cost of social services and the social services with differentiated payments. This difference places an additional burden on the already cash-strapped local budgets. The meeting participants unanimously supported the text of the appeal to the Ministry of Social Policy with a request to expedite the resolution of issues related to the mechanisms of providing the financial support for the compensation of the difference between the differentiated payments for social services and the actual cost of social services.
- The draft law “On Implementing the Decision of Courts on Issues of Social Protection of Citizens in Ukraine” (Registration # 3035 of July 29, 2013). Following the discussion of the draft law, the experts rejected the idea of approving this draft document, because the issues of implementing court decisions have been adequately regulated by the current Law of Ukraine “On State Guarantees for the Implementation of Court Decisions”. In addition to this, they expressed a proposal to ensure the allocation of corresponding subventions from the National Budget to local budgets to support the implementation of court decisions and payment of the corresponding court fees.
- The draft law “On Making Amendments to the Law of Ukraine “On the Foundations of Social Protection of Homeless Persons and Street Children” (concerning ensuring the rights of homeless persons) (Registration # 2005a of May 15, 2013). The event participants did not support the idea of approving the draft law, because it fails to specify a mechanism to provide the financial support for additional social guarantees and overlaps with the provisions of other current laws in the sector of social protection. Moreover, keeping in mind the amendments to the Law of Ukraine “On Local Self-Governance in Ukraine” approved on September 17, 2013, whereby local governments receive additional delegated authority in the sector of social services to homeless persons, the participants came up with a proposal to prepared amendments to the Budget Code of Ukraine to ensure the proper financial support for the services related to maintenance of

facilities for homeless persons. The financial support is to come as a subvention from the National Budget.

## 2. Hands-on aspects of the implementation of regulatory and legal documents:

- Resolution of the cabinet of Ministers of Ukraine # 573 of August 01, 2013 ‘On Approving of the Blanket Regulations on the Center for Social Services for Families, Children and Youth’. The following problematic aspects were identified: unregulated mechanism to appoint the Head of the Center, absence of mechanisms for the Center to interact with the department for labour and social protection, and introduction of the direct subordination of the centers to city/rayon departments for labour and social protection;
- Law of Ukraine “On Public Employment” in the part dealing with the financial support to public works at the expense of local budget funds. Taking into consideration the fact that each city approves its own list of public works depending on the needs of their communities, the amount of financial support for such works should be driven by the magnitude of the order. The heads of city departments for labour and social protection also mentioned that the low compensation for public works performed by homeless persons does not help to overcoming unemployment.

In the course of the discussion, V. Karabutova, Expert of the AUC Social Protection Professional Group, presented the findings of the sociological survey of citizens of oblast significance cities about the level of their satisfaction with the quality of services they receive, evaluation of the performance of local departments for labour and social protection, and about their support to reforms. The Survey was conducted in April of 2013 upon the request of the Association of Ukrainian Cities.

At the end of the Professional Group working session, the participants visited local communally-owned establishments, such as: Saint Panteleimon Charity House for the Elderly, Center for the Rehabilitation of Persons with Mental Diseases, as well as a department for the disabled in the City Clinical Hospital # 8.

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

Currently, the network includes <b>364</b> local government lawyers from <b>25</b> oblasts.
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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.

In August, the Project sent out letters and started the registration of lawyers from the last group of rayon significance cities in the network. In October – November of 2013, they will receive computers and will be linked to the network.

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

In particular, the AUC received comments and proposals concerning the following draft regulatory and legal documents: draft Laws of Ukraine “On Introducing Amendments to the Law of Ukraine “On the Notary” (concerning the authority of local government officials), “On Introducing Amendments to Article 14 of the Law of Ukraine “On Local Government Associations”, “On Introducing Amendments to Article 12 of the Law of Ukraine “On Political Parties of Ukraine”, “On Introducing Amendments to the Budget Code of Ukraine Concerning Increasing the Level of Professional Qualifications of Local Government Officials”, :On

Introducing Amendments to Certain Laws of Ukraine Related to the Activities of the Ministry of Justice of Ukraine, State Service of Archives of Ukraine, State Registration Service of Ukraine, in the context of the approval of the Law of Ukraine “On Administrative Services”; draft Instruction of the cabinet of Ministers of Ukraine “On Introducing Amendments to Model Rules for Placing Out-Door Advertisements”; Instruction of the Ministry of Regional Development, Construction, Housing and Utilities of Ukraine “On Approving the Methodology for Preparing the Street and Road Network for the Winter Season, etc.

The proposals and comments were used in the course of the preparation of the official position and expert opinion of the Association with regard to the draft regulatory and legal documents mentioned above.

## 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: response of central government authorities to the issues raised*

On June 13-14, 2013, the 9<sup>th</sup> Ukrainian Municipal Forum took place in Yalta (ARC). The participants of the Forum approved the Appeal to the President of Ukraine, Verkhovna Rada of Ukraine, and the Cabinet of Ministers. The Association of Ukrainian Cities Received the response from central government authorities, in particular, from the Ministry of Finance of Ukraine, Ministry of Revenues and Collections of Ukraine, Ministry of Regional Development, Construction, Housing and Utilities of Ukraine, Ministry of Energy and Coal Industry of Ukraine, and from the National Commission for State Regulation in the Sphere of Energy.

The overview of responses from the ministries to the problem issues local governments raised in the Appeal is presented below:

The response from the **Ministry of Finance** is purely formal in its nature and does not have any responses to most of the questions raised by the Forum participants.

1. There is no response to the most critical question – 100% financial support to local governments to implement the authority delegated to them by the state (so-called Basket One) based on the national standards for social services and standards of budget sufficiency to provide such services.

In fact the requirements of the Budget Code of Ukraine (Paragraph 10, Chapter VI “Closing and Transitional Provisions”) and numerous instructions of the President of Ukraine (Decree # 187/2012 of March 12, 2012), Prime Minister of Ukraine, First Vice Prime minister of Ukraine concerning the ways to resolve this problem issue still remained a pure formality. Therefore, in 2013-2014, local governments will face serious problems with funds for salaries, utility and energy bills for institutions in the public sector.

2. The Appeal has specific proposals to strengthen the own revenue part of local budgets (Basket Two), in particular, through channelling a certain percentage of profits tax (as envisioned by the Economic Reform Program of the President of Ukraine for 2010-2015 called “Prosperous Society, Competitive Economy, Effective State”) to the local budget revenues not taken into the calculation of inter-budget transfers.

However, the response from the Ministry of Finance says that the revenue sources assigned to local governments are more than enough to support the expenditures local governments incur. Unfortunately, one may make a conclusion that the provisions of the Economic Reform Program mentioned above are being ignored by the Ministry of Finance of Ukraine when it comes to the financial decentralisation, whereas the legal framework for the budget decentralisation is being considered only after the “implementation of administrative and territorial reform, local government reform and reform of the territorial arrangement of government institutions in Ukraine”. Thus, in the nearest future (3 – 7 years), one should not expect the implementation of the provisions of the Economic Reform Program and reform of inter-budget relations by the Ministry of Finance, although this was originally envisioned by 2013.

3. The Ministry of Finance believes that the amount of the average salary of local government officials increased in 2013 at the expense of increased salary fund by 5.6% or 1.5 billion UAH, and this enabled to increase the amounts of the current incentive payments (premium pays, bonuses and additional payments).

Unfortunately, these facts do not represent the real situation, because the situation with the compensation for local government officials has not changed since February 22, 2008. At the same time, the minimum salary increased since those times 20 times and increased in 2.3 times from 515 UAH to 1,147 UAH. In 2013, the salaries of specialists with higher education turned out to be at the level of wages of technical and servicing personnel, whereas the salaries of local government managers came close to those of their subordinates. In 2013, according to the estimates of the Ministry of Finance, the level of budget sufficiency in the “Public Administration” sector constitutes 41.2% of the actual need. At the same time, local governments have to provide incentive payments from their discretionary local government budget resources (at the expense of the so-called Basket Two). Therefore, such payments are supported by purely local government resources, whereas the central government does not play any role at all in improving the financial situation of local government officials.

The Ministry of Finance of Ukraine, as usual, keeps reminding about the fact that the issue of increased expenditures for salaries of local government officials will be considered in the context of the actual financial and economic situation of the state and financial capacity of the National Budget.

4. The Ministry of Finance turns a deaf ear on problems with the Treasury administration of local budgets and finds no reason to change the approaches of State Treasury Service and its outreach offices and the services provision culture. Concurrently, it keeps saying that “the accountability of its agencies that provide treasury administration of local budget translations and their officials in charge is regulated by the legislation”.

Thus, local governments may only resort to the court to defend their interests when it comes to treasury administration of local budget transactions.

5. The response from the Ministry of Finance ignored the issues of:

- debt redemption of mid-term loans through the disbursement of adequate amount additional subsidies from the National Budget to local budgets, through introducing amendments to the Budget Code of Ukraine on the way;
- improvements of formula calculated revenues taken into the calculation of inter-budget transfer amounts in the part that deals with replacement of the extrapolation method to the median exponential one for the towns with sustainable annually rising incomes, corrections of revenues in basic years to the amount of one off revenues to local budgets;

- ensuring the rights of local governments to individually determine ways of expending the subvention moneys to construct, reconstruct and maintain community property in populated areas, and the amounts of capital and overheads expenditures within the subventions obligated for these purposes;
- improved method of recompensing temporary cash shortages in local budgets by cutting by 60% planned disbursements to redeem short term loans, and ignoring the budget funds balances held in the accounts of budget spending units, when determining the temporary cash shortage amounts; consideration of the moneys expended to proper sanitary and technically maintain welfare objects as earmarked local budget expenditures; and,
- increased personalised nature of privileges, social assistance, etc.

Thus, we can state that despite a string of amendments to the budget legislation introduced in 2010-2012, there has not been any qualitative change in meeting funding needs of local communities, while the position of the Ministry of Finance leaves no optimism as to the possible actual financial autonomy of local governments in the foreseeable future.

The **Ministry of Collections and Revenues** made it clear in its response that it does not support all proposals expressed in the Appeal, while it sees no problems in some issues.

1. On setting off as local budget revenues (not taken into the calculation of inter-budget transfers) a certain corporate taxation percentage — at least 10% (except for communally-owned companies).

The ministry does not support this proposal aimed at strengthening the own local budgets resource base (so-called Basket Two), saying that this will complicate the administration and control of this tax — whether it comes to the budget or not. It looks like the Ministry either did not read the 2010-2014 Presidential Economic Reform Program called “Prosperous Society, Competitive Economy, Effective State”, which stipulates setting off as local budget revenues a certain corporate taxation percentage, or does not want to implement this Program.

2. On setting off 70% of the environmental tax amounts to local government budgets (the way it was in 2011-2012).

The proposal was not supported, because the Ministry believes that the set distribution formula for the environmental tax that benefits the National Budget is optimal and ensures channelling these funds on performance program budgeting to fund ecological modernization of enterprises.

The position of the Ministry is rather questionable, because local governments feel short of the resources to finance local nature conservation activities that affect directly citizen lives in absolutely all populated areas of Ukraine. Concurrently, the idea of the environmental tax is to compensate citizens for the harm done to them by pollutants, while the Ministry’s logic is for the pollutant to retain this money to pollute less, although these pollutant enterprises are mandated to “ecologically” modernise as it is. i.e. the more effectively an enterprise is modernising its performance the fewer problems it creates for the citizens, and fewer taxes it pays. The Ministry’s logic is: enterprises are not interested in modernising, as the taxes paid by them will come back.

3. On setting off land tax payments to the category of local taxes, as well as vesting local governments with the right to regulate the rates for local taxes and fees, the position of the Ministry is not clear.

One should mention the fact that in European countries, as usual, budget relations are based on the fiscal federalism principles: equivalency (efficient use of social resources stipulates that

decisions on revenues, such as taxation, borrowing, etc. must be made on the same as social expenditure decision making level) and subsidiarity (social functions must be itemised and financed by the lowest level authorities, and these functions may only be delegated a level up in the only case if the lowest level authorities are not capable to perform them). Land tax has the features of the “local tax,” as local governments directly administer this tax and the revenues are counted in the pertinent level local budgets in full. Additionally, the land tax is the tax on the resources administered and owned by territorial communities that have to take weighted decisions on the rational use thereof. Thus, the land tax must be considered as the local one.

4. On ensuring collections on the personal income tax at the location of separate enterprise and organisation units.

Unfortunately, the Ministry does not see this as a problem and believes the issue has been regulated by the legislation, which is not true. Currently, in many cities and towns business entities do not pay taxes on the personal income at the location of their structural units (bank branches, production shops, services points, etc.), as, under the current legislation, this is up to the legal person where to register its structural units as separate entities.

Failure to regulate the issue leads to disproportions in making up local government budgets revenues, and poorly forecasted revenue amounts. Actually, town and village budgets get little of personal income tax moneys, while oblast centers and Kyiv have these moneys in excess.

Personal income tax must be counted in the budgets at the local of separate enterprise organisational units, as they use the community engineering, transportation and social infrastructure, the local workforce, get income, but they pay the key budget revenue tax to a different community that houserooms their central offices.

One should mention that the DIALOGUE Project prepared a draft law aimed at regulating the problem issue mentioned above. This draft law was handed to the Inter-Faction Local Government Support Group (local government caucus) and will be registered in the nearest future.

The **Ministry of Collections and Revenues** supports the following proposals of local governments:

- On automated amendments to land lease contracts in the part that stipulates land lease payment amounts in case the pecuniary land valuation norms for a specific populated area have changed.
- On setting land lease payments on the level of lease payments set for the owners of immovable property located on land lots, but not legally settled right to that land/title, as well as for those land users that conduct economic activities on these land lots.

Currently, the Ministry is elaborating the proposals to introduce the corresponding amendments to the Tax Code.

Upon the local government proposals to resolve problem issues in the housing and utilities sector, the following ministries expressed their position: Ministries of Regional Development, Construction, Housing and Utilities of Ukraine, Ministry Energy and Coal of Ukraine; National Energy Regulation Commission.

The **Ministry of Regional Development** categorically rejected the proposals outlined in the Appeal.

1. On introducing amendments to the legislation in the part dealing with the cancellation of a mandatory requirement for state expertise of the design and cost/estimate documentation to overhaul housing, social and cultural objects, engineering networks, etc., as set by the resolution of the Cabinet of Ministers of #560 of 11 May 2011.

The Ministry of Regional Development, defending its position on the necessity to exercise the state control over how local budget funds are expended, ignores the redundancy of these measures. State expertise as a control function is excessive, as the expenditures efficacy has been monitored on a permanent basis by the State Financial Inspection, while the earmarked use of funds has been inspected by the State Treasury. Likewise, the Ministry of Regional Development does not find it redundant to examine the cost estimate documentation in cases of trivial repairs, although the state expertise services costs exceed the repairs proper costs.

2. Re-delegation of authority to village, town and city councils to carry out architecture and construction control functions.

The Ministry of Regional Development finds it totally unacceptable to relinquish its role to benefit local governments, and yet it does not do a thing to resolve problem issues related to unauthorized construction sites, premises re-planning efforts, etc. which leads to public dissatisfaction.

3. On incorporating the contract number on shared participation of the builder in declarations on the construction beginning, and on incorporating the contract number on the readiness of construction sites for commissioning exclusively after the builder has confirmed it has paid the shared participation due.

Judging by the Ministry of Regional Development position, we can conclude that the Ministry is more concerned with shifting the brunt onto the staff of the State Architecture and Construction Control Service (SACCS), rather than control of compliance of developers with the legislation that regulates a timely and full size shared participation payments to develop the infrastructure.

4. The Ministry of Regional Development dodged the question on the necessity to introduce amendments to the legislation on vesting local council executive committees with the authority to transfer high-rise housing into non-residential status.

The Ministry of Regional Development believes the current issue has been sufficiently regulated by the provisions of the Housing Code that authorizes the executive agencies of the Verkhovna Rada of the Autonomous Republic of Crimea, oblast councils, and Kyiv and Sevastopol city councils [to manage this issue]. In other words, the Ministry ignores the principles of subsidiarity under which public weight decisions must be taken at the most lowest management level possible. The Ministry of Regional Development stands staunch that citizens will benefit when they address this issue to the oblast state administration, rather than to the city council that hosts that piece of property.

5. As far as the necessity to regulate the public procurement specifics when it comes to works on maintaining beautification (under Point 2 of Article 2, the Law of Ukraine “On Public Procurement”) is concerned, then the Ministry of Regional Development explained there was no need to amend the current legislation.

The problem issue remains unresolved.

The **Ministry of Regional Development** supported the position of local governments on the following issues:

- On bringing Order of the Ministry of Fuel and Energy #288 of July 15, 2010 in line with Resolution of the Cabinet of Ministers of Ukraine #869 of June 01, 2011, #869, and Resolution of the National Energy Regulation Commission #242 of February 17, 2011 on sale of electricity and natural gas to utility companies.

The Ministry of Regional Development acted as the third party in court hearings on suspension of this order. And yet, the issue of correlating gas acceptance acts, signed by utility companies, is still pending. Additionally, the **Ministry of Energy and Coal** notified of start work on the preparation of a new Methodology on defining natural gas needs/demand used to generate heat for the population.

- On imposing a moratorium on energy costs change during a budget year.

Having supported this proposal the Ministry of Regional Development forgot to notify of specific steps of the executive, resorting to the authority of the regulator — the National Energy Regulation Commission (NERC). Thus, we can conclude that the Ministry does not see the ways how to resolve the issue, while the jerk reaction of the NERC was “not support the moratorium on energy costs change during a budget year”.

The **National Energy Regulation Commission** does not find it reasonable to amend the legislation on sales of electricity and natural gas to water and heat supply companies at the tariff rates set for the population, i.e. according to the actually provided services, and prevents new ways of crossover subsidising. Unfortunately, neither the Ministry of Regional Development nor the National Commission for Regulation in the Sphere of Utility Service, expressed their position on the issue.

### *Cooperation with central government authorities*

Table 4 below presents the information about the dialogue instruments AUC employs to work with central government authorities.

Table 4. Dialogue matrix

<b>Title of the central government authority</b>	<b>Title of the working group / working session</b>
President of Ukraine	Council of Regions
Administration of the president of Ukraine	Coordination Council for the Development of the Civil Society
Cabinet of Ministers of Ukraine	Participation in the working sessions of the Cabinet of Ministers of Ukraine
Cabinet of Ministers of Ukraine	Council on Regional Development and local self-governance
Ministry of Finance of Ukraine	Budget consultations
Ministry of Finance of Ukraine	“Regional Development and Reform of Inter-Budget Relations” working group at the Committee for Economic Reforms at the Office of the President of Ukraine
Ministry of Finance of Ukraine	Inter-Budget Relations Reform Working Group of the Reform of Public Finance Sector of the Economic Reform Committee
Ministry of Finance of Ukraine	Local Budget Development and Inter-Budget Relations Inter-Agency Working Group

Ministry of Finance of Ukraine	Sub-group on optimisation and prevention of duplicating of functions of main local budget spending units, financial offices, offices of the State Treasury Service of Ukraine under the Local Budget Development and Inter-Budget Relations Inter-Agency Working Group
Ministry of Regional Development, Construction, Housing and Utilities of Ukraine	Collegium
Ministry of Regional Development, Construction, Housing and Utilities of Ukraine	Scientific and Technical Council
Ministry of Regional Development, Construction, Housing and Utilities of Ukraine	Reform of the Housing and Utilities Sector Working Group under the Economic Reform Committee at Office of the President of Ukraine
Ministry of Regional Development, Construction, Housing and Utilities of Ukraine	Inter-agency working group to elaborate the draft Law of Ukraine "On Service in Local Governments"
Ministry of Regional Development, Construction, Housing and Utilities of Ukraine	Regional Development and Local Government Development Unit at under the Scientific and Technical Council of the Ministry of Regional Development and Construction
Ministry of Regional Development, Construction, Housing and Utilities of Ukraine	Expert group on cooperation in the sphere of housing and utilities
Ministry of Regional Development, Construction, Housing and Utilities of Ukraine	Selection Committee of the Annual Ukraine-Wide Competition for the Populated Area with the Best Urban Maintenance and Law Enforcement
Ministry of Economic Development and Trade of Ukraine	Inter-Agency Coordination Council on Regional Development
Ministry of Economic Development and Trade of Ukraine	Coordination Council for Sustainable Development of Territorial Communities
Ministry of Labour and Social Policy of Ukraine	Collegium
Ministry of Labour and Social Policy of Ukraine	Council on social protection of the homeless and persons released from confinement at the Cabinet of Ministers of Ukraine
Ministry of Ecology and Natural Resources of Ukraine	Collegium
National Agency of Ukraine for Civil Service	Collegium
National Service of Ukraine on Regulatory Policy and Entrepreneurship	Working group to finalise model rules for placing of advertisements
National Ecological Inspection of Ukraine	Collegium
Verkhovna Rada of Ukraine	Working group to prepare legislation proposals to improve the legal

Committee on Construction, Urban Development, Housing, Utilities and Regional Policy	regulation of guarantees of dormitory residents. Participation in the working sessions of the Committee
Verkhovna Rada of Ukraine Committee on State Building and Local Self-Governance	Working group of the Committee to elaborate and prepare for the second reading the draft Law of Ukraine “On Local Referendum”
Verkhovna Rada of Ukraine Committee on State Building and Local Self-Governance	Working group to examine the situation with the pre-term termination of the authority of the Cherkasy Mayor
Verkhovna Rada of Ukraine Committee on Tax and Customs Policy	Participation in working sessions of the Committee
Verkhovna Rada of Ukraine Budget Committee	Participation in working sessions of the Committee
Verkhovna Rada of Ukraine Committee on State Building and Local Self-Governance	Participation in working sessions of the Committee
Verkhovna Rada of Ukraine Committee on Agrarian Policy and Land Relations	Participation in working sessions of the Committee
Verkhovna Rada of Ukraine Committee on Health Care	Participation in working sessions of the Committee
Verkhovna Rada of Ukraine Committee on Social Policy and Labour	Participation in working sessions of the Committee
Verkhovna Rada of Ukraine Committee on Science and Education	Participation in working sessions of the Committee
Verkhovna Rada of Ukraine on Culture and Spirituality	Participation in working sessions of the Committee
Verkhovna Rada of Ukraine Budget Committee	Participation in working sessions of the Committee
Verkhovna Rada of Ukraine Committee on Tax and Customs Policy	Participation in working sessions of the Committee
Verkhovna Rada of Ukraine Committee on the Freedom of Expression and Information	Participation in working sessions of the Committee

Participation of the representative of Ukraine-wide local government associations in working sessions of the Cabinet of Ministers

On November 21, the Cabinet of Ministers of Ukraine approved Resolution # 1065 “On Introducing Amendments to the By-Laws of the Cabinet of Ministers of Ukraine”. The document was prepared in pursuance of the implementation of the protocol of the working session conducted by the Prime Minister of Ukraine with representatives of local governments, local government associations. The meeting took place on September 10. The Resolution envisions the following:

- participation of the authorised representative of Ukraine-wide local government associations in working sessions of the Cabinet of Ministers of Ukraine with the right of advisory vote;
- mandatory requirement to share with local government associations for their concurrence draft regulatory documents of the Cabinet of Ministers related to the elaboration and

implementation of the national policy on local and regional development (within the framework of the Law “On Local Government Associations”).

Thanks to the opportunity to work with the documents proposed for the meetings of the Cabinet of Ministers of Ukraine and due to the participation at the working sessions of the Cabinet of Ministers, the local government associations managed to prevent the approval of 11 draft regulatory and legal documents with the potential negative effect on local government development:

1. Draft Law “On Introducing Amendments to Certain Ukrainian Legislation Concerning Settling Payments for the Natural Gas and Electricity”. The draft document envisions limitations on economic activities of utility companies (performing capital and scheduled repairs, payment of salaries, and paying taxes and fees). The draft document was rejected.
2. Draft Law “On Peculiarities of Activities of Health Care Establishments”. The document failed to regulate the peculiarities of activities of communally-owned establishments, primarily with regard to their financial support. The document was sent for further revision.
3. Draft Law “On Introducing Amendments to the Law of Ukraine “On State Support to Low-Income Families”. The document failed to envision the additional financial support for local budgets for the implementation of this draft law. The document was removed from consideration until the financial situation improves.
4. Draft Law “On Introducing Amendments to the Tax Code of Ukraine Concerning the Decreased Load on Salaries Fund”. The document contained the provisions with the potential negative impact on the local budget (at all levels) collections from the income tax. The document was sent for further revision.
5. Draft Law “On Introducing Amendments to the Tax Code of Ukraine Concerning the Payment of the Unified Social Contribution”. The document has provisions potentially leading to decreased collections to local budgets from the single tax. The document was sent for further revision.
6. Draft Law “On Introducing Amendments to the Budget Code of Ukraine Concerning the Payment of the Unified Social Contribution”. The document has provisions potentially leading to decreased collections to local budgets from the single tax. The document was sent for further revision.
7. Draft Resolution of the Cabinet of Ministers of Ukraine “On Introducing Amendments to Model Rules for Placing Out-Door advertisements” (amendments to CMU Resolution # 2067 of December 29, 2003). The document has the provisions potentially leading to decreased collections to local budgets. The draft Document was removed from the agenda and was sent back to its authors for further revision.
8. Draft Resolution of the CMU “On Approving the Rules for Access of Operators and Telecommunication Providers to Residential Stock Buildings with the Purpose of Providing Telecommunication Services Including Ensuring the Access of Users to Internet”. The draft document removed local governments from the real influence on the owner of the distribution network installed in the building without a license. The draft document was rejected.
9. Draft Instruction of the CMU “On Certain Issues Related to the Activities of the Naphtha Ukraine National Joint-Stock Company for 2013”. The draft document envisioned unconditional and immediate cut offs of utility companies generating heating energy in case if they failed to completely settle their payments for the consumed gas. The draft document was rejected.
10. Draft Instruction of the CMU “On Introducing Amendments to the Instruction of the Cabinet of Ministers of Ukraine # 761 of October 20, 2004 (concerning street lighting in populated areas)”. The document envisioned a four-time increase of local budget expenditures. The draft document was rejected.

11. Draft instruction of the CMU “On Certain Issues Related to the Performance of State Offices for registration of Legal Persons and Entrepreneurs Represented by Physical Persons”. The document had the provisions obliging municipal governments to provide premises of the corresponding units of the Ministry of Justice. The draft document was additionally elaborated and now it is of a recommendation nature (recommends to facilitate) for local governments.

In addition to this, the Project managed to approve 7 draft regulatory and legal documents supporting the development of local self-governance:

1. Draft Law introducing amendments to the Tax Code of Ukraine concerning changes of the rates for certain taxes and fees. The draft law was approved by the CMU and was already registered in the VRU (# 2442a). The document envisions increased rates for certain local taxes and fees.
2. Draft Law introducing amendments to the Budget Code of Ukraine concerning transferring the rent fee for water facilities to local budgets. The draft law was approved by the CMU and was already registered in the VRU (# 2374a). The document envisions greater own local government revenues to local budgets.
3. Resolution of the CMU “On Approving the Mechanisms for the Selection, Approval and Registration of Investment Projects in the Priority Sectors of Economy and Requirements to Such Projects” (the registration number was not assigned). The document envisions the state support for the implementation of infrastructure projects in populated areas.
4. Resolution of the CMU # 352 of May 22, 2013 “On Introducing Amendments to the Mechanism for Covering Temporary Cash Gaps in Local Budgets”. The document partially simplifies the mechanisms for local governments to obtain short-term interest-free loans from the National Budget.
5. Resolution of the CMU # 416 of May 22, 2013 “On Introducing Amendments to CMU Resolution # 106 of February 16, 2011 “Certain Issues of Registering Taxes and Fees (Mandatory Payments) and Other Budget Revenues”. The document improves control over correctness and timely manner of payments of taxes and fees, and other revenues to local budgets.
6. Resolution of the CMU # 162 of March 13, 2013 “On Approving the Main Directions of Preventing Homelessness till 2017”. The document envisions activities to provide the financial support from the National Budget to local budgets.
7. Instruction of the CMU # 208-p of March 13, 2013 “On Approving the Action Plan for 2013-2016 for the Implementation of the Strategy for Reforming the System of Social Services”. The document envisions amendments to the Budget Code concerning the financial support for the provision of social services at the expense of the subvention from the National Budget.

### Consultations on local budgets

One should mention that local governments and their associations did not participate this year in budget consultations with the central government authorities.

On September 11, 2013, the Cabinet of Ministers of Ukraine approved the draft Law of Ukraine “On the National Budget of Ukraine for 2014” in the first reading. The draft document was discussed and approved behind the closed doors:

- 1) the agenda of the meeting did not include the discussion of this draft law;
- 2) the Cabinet of Ministers failed to conduct budget consultations with local government associations, in other words, it violated the requirements of Article 19, Part 2 and 3, and Article 20 of the Law of Ukraine “On Local Government Associations”, and Paragraph 10 of Part 1 of Article 38 of the Budget Code of Ukraine (this happened

- despite the fact that the AUC sent a reminder letter to the Cabinet of Ministers about the mandatory nature of such consultations);
- 3) a representative of Ukraine-wide local government associations who was present at the working session of the Cabinet of Ministers did not receive a copy of the draft law on the National Budget for 2014 and supporting materials to it;
  - 4) macro-economic indicators, other indicators and important parameters of the National Budget including the indicators of local budgets and amounts of inter-budget transfers were not accessible for the general public; and,
  - 5) in the long run, the Cabinet of Ministers failed to approve the resolution to approve the Forecast of Economic and Social Development of Ukraine for 2014 and major macro-economic indicators of economic and social development of Ukraine for 2015 and 2016 (these are the indicators this resolution provides that used as a basis for the calculation of the National Budget).

On September 14, 2013, the draft Law on the National Budget of Ukraine for 2014 (Registration # 3000) was submitted to the Verkhovna Rada of Ukraine, however, even until now there is no free access to this document.

As DIALOGUE Project experts projected, the National Budget for 2014 was not prepared and immediately following its formal submission to the parliament it was sent back to its authors in the Cabinet of Ministers on September 16, 2013 for further elaboration (such situation already took place in 2012). The document is still in the Cabinet of Ministers.

#### Cooperation with the Ministry of Regional Development, Construction, Housing, Utilities

The Ministry took the following AUC comments into account:

- comments to the Resolution of the CMU “On Approving the Mechanism for Giving Business Entities Established during the Corporatisation or Privatisation of State-Owned and Communally-Owned Companies, Whose Statutory Funds Include Dormitories, the Preliminary Complete Compensation of the Cost of the Dormitories and Transfer of These Dormitories to the Ownership of Territorial Communities”. Following the coordination meeting with the participation of AUC representatives, the provisions of the draft Resolution were elaborated in the part dealing with vesting oblast state administrations with the authority to determine the actual amount of the compensation for the value of dormitories, because the funds for the compensation will be provided exclusively from the National Budget;
- comments on the inexpediency of approving the draft Law “On Introducing Amendments to Certain Ukrainian Legislation Concerning the Provision of Centralised Cold Water Supply and Sewerage Services”. The draft law was not concurred with by the Association. The draft Law was prepared by the Ministry of Regional Development and does not envision any effective mechanisms for decision making by owners/co-owners of apartment blocks (except for condominium associations and housing cooperatives) to select the providers of centralised cold water supply and sewerage services for the apartment block. Following the coordination meeting, the Ministry of Regional Development decided to stop its work on this draft Law.

#### Cooperation with the National Commission for State Regulation of Utility Services

AUC representatives continue to participate in the preparation of conceptual approaches to the state regulation in the sphere of solid waste management. The National Commissions came with the suggestion to introduce the following:

- an algorithm to establish a specialised utility company, which would serve as an intermediary between the consumers and business entities for the provision of solid waste

removal, recycling and disposal services and would engaged in settling payments for the provided services;

- introduction of licensing for such types of business activities as recycling and disposal of solid waste; and,
- the AUC says it is inexpedient to introduce licensing of the activities associated with recycling and disposal of solid waste, as well as does not support the provisions, whereby local governments are obliged to establish specialised utility companies, as this would violate the right of local governments to use their own discretion on deciding how to conduct economic activities of communally-owned utility companies.

### Cooperation with the National Service of Ukraine for Regulatory Policy and Business Development

In the reporting period, the activities of DIALOGUE Project experts in this area were focused on preventing the approval of the draft Resolution of the Cabinet of Ministers of Ukraine “On Introducing Amendments to Model Rules for Placing Out-Door Advertisements” (amendments to Resolution of the CMU # 2067 of December 29, 2003). The draft document was prepared by the National Service of Ukraine for Regulatory Policy and Business Development and has a potentially negative impact on performance of system of local self-governance (further on referred to as draft resolution):

- it may lead to closing of utility companies;
- it will make it impossible to exercise control of the municipal government over the mechanisms for placing advertisements in populated areas;
- it will lead to increased number of unlicensed advertisement units; and,
- it will lead to decreased money collections to budgets at all levels and, consequently, to the deterioration of the quality of living of residents in populated areas in Ukraine.

Based on a number of actions, which included working sessions of the expert group whose membership consisted of city representatives to identify the consensus position, presenting this position to the National Service of Ukraine for Regulatory Policy and Business Development, media coverage of this position and media support in lobbying for the rejection of the draft resolution, the Project managed to exclude the draft document from the agenda of the working sessions of the Cabinet of Ministers (as many of the key ministries agreed on the necessity to elaborate it).

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

On July 04, 2013, the Inter-Faction Local Government Support Group conducted its working sessions in the Verkhovna Rada of Ukraine. National Deputy Ye. Kartashov, Permanent AUC Representative in the Parliament, presided at the event. 17 National Deputies, M. Stavniychuk, Head of the Main Department for Constitutional and Legal Modernisation of the Administration of the President of Ukraine, AUC management, and DIALOGUE Project experts took part in the event.

The purpose of the meeting was to approve the work plan of the local government caucus for the third session of the parliament to reflect DIALOGUE Project proposals and include the following issues:

- 1) spur up the activities to elaborate and register draft laws prepared by the DIALOGUE Project whose aim is to resolve local government problem issues. As of October 01, 12 draft laws out of 23 prepared draft documents, which were handed in to the local government caucus, were submitted to the parliament for consideration. In this

- context it is worth mentioning that issues related to the Treasury administration of local budget transactions were reflected in 4 separate draft laws;
- 2) support by the Committees and in the session hall of the draft laws proposed by the DIALOGUE Project, which were registered in the VRU earlier;
  - 3) promoting revisiting local budget indicators and indicators of inter-budget transfers in the context of increasing the financial resources of local governments for the implementation of the delegated authority through the introduction by the Cabinet of Ministers of amendments to the Law of Ukraine “On the National Budget of Ukraine for 2013” based on the outcomes of the 9 months of 2013;
  - 4) promoting local government interests in the course of discussions in the VRU Committees and the session hall of the draft Law of Ukraine “On the National Budget of Ukraine for 2014”;
  - 5) support of the draft laws aimed at the development of local self-governance and withdrawal of the draft laws with potential negative impact on local government interests, etc.

The event participants also made a decision to conduct in October a meeting of the Inter-Faction Local Government Support Group with the Presidium of the Board of the Association of Ukrainian Cities. The purpose of the meeting was to outline the key local government issues to be resolved as the first priority, in particular, the Treasury servicing of local budgets.

Table 5. Overview of the draft laws submitted to the Inter-Faction Local Government Support Group

	<b>Title of the draft law</b>	<b>Status / Comments</b>	<b>National Deputies responsible for submission / authors</b>
1	Draft Law of Ukraine “ON Amendments to the Budget Code of Ukraine and certain other Ukrainian legislation (concerning streamlining the list of local budget revenues and expenditures)”.	Not submitted	<b>S. Dunaev</b> K. Pavlov V. Haldiy V. Oliynyk V. Baloha V. Chub K. Huzenko V. Struk
2	Draft Law of Ukraine “On Introducing Amendments to the Budget Code of Ukraine (concerning the improved mechanism for the Ministry of Finance to project local budget revenues, which are taken into the calculation of the amount of inter-budget transfers)”.	# 2620a of July 19, 2013 The draft document is under consideration in the VRU Budget Committee	<b>V. Zherybyuk</b>
3	Draft Law of Ukraine “On Introducing Amendments to Article 5 of the Law of Ukraine “On the Court Fee” (concerning the exemption of local governments from paying the court fee)”.	# 2576a of July 11, 2013 The draft document is under consideration in the Tax Committee	<b>V. Tykhonov</b> V. Hladiy R. Martsynkiv K. Huzenko S. Braiko S. Dunaev V. Baloha Yu. Herzhov V. Chub
4	Draft Law of Ukraine “On Introducing Amendments to	Not submitted	<b>S. Dunaev</b> V. Hladiy

	the Tax Code of Ukraine and Economic Code of Ukraine (concerning the streamlining of the payment of the income tax by separated offices of legal persons)".		O. Hereha Yu. Herzhov K. Pavlov S. Braiko V. Chub K. Huzenko
5	Draft Law of Ukraine "On Introducing Amendments to the Tax Code of Ukraine (concerning the streamlining of the administration of payments of land fees)".	Not submitted	<b>S. Hordienko</b> V. Hladiy R. Martsynkiv V. Oliynyk K. Huzenko S. Braiko S. Dunaev I. Haidosh
6	Draft Law of Ukraine "On Introducing Amendments to the Tax Code of Ukraine (concerning the calculation of the amount of the indexation ratio for the pecuniary valuation of lands)".	Not submitted (no prime author)	S. Hordienko H. Zubko V. Kalchenko V. Baloha V. Chub I. Tsyarkin I. Haidosh
7	Draft Law of Ukraine "On Introducing Amendments to the Tax Code of Ukraine (concerning local taxes and fees)".	In fact, the provisions of the draft law in the somewhat changed version were presented in draft laws submitted by M. Levchenko, local government caucus member: 1) Draft Law of Ukraine "On Introducing Amendments to the Tax Code of Ukraine Concerning Changing the Status of Land Payments (# 2477a of July 03, 2013); 2) Draft Law of Ukraine "On Introducing Amendments to the Article 265 of the Tax Code of Ukraine Concerning the Introduction of the Tax of Immovable Property as Opposed to the Land Plot" (# 2546a of July 05, 2013)	<b>V. Saldo</b> S. Hordienko S. Dunaev I. Tsyarkin
8	Draft Law of Ukraine "On Introducing Amendments to Article 265 of the Tax Code of Ukraine on the Payment of the Tax on Immovable Property as Opposed to the Land Plot".	In fact, in a more broader version the draft document was submitted by M. Levchenko, local government caucus member as the draft Law of Ukraine "On Introducing Amendments to Article 265 of the Tax Code of Ukraine Concerning the Introduction of the Tax on Immovable Property as Opposed to the Land Plot" (# 2546a of July 05, 2013)	<b>I. Tsyarkin</b> S. Hordienko S. Braiko
9	Draft Law of Ukraine "On Introducing Amendments to Article 268 of the Tax Code	Not submitted (no prime author)	I. Tsyarkin V. Hladiy S. Kunitsyn

	of Ukraine (concerning the payment of the tourist fee)".		O. Hereha S. Braiko S. Hordienko I. Haidosh
10	Draft Law of Ukraine "On Introducing Amendments to the Law of Ukraine "On Local Self-Governance in Ukraine" (concerning the pre-term termination of the authority of the local council, village, town and city mayor, citizen self-organisation bodies).	Not submitted The draft document is being elaborated by the working group at the Committee for State Building and Local Self-Governance. In the nearest future, the document will be submitted.	<b>M. Fedoruk</b> V. Oliynyk K. Huzenko H. Zubko V. Kalchenko Ye. Kartashov
11	Draft Law of Ukraine "On Introducing Amendments to Certain Ukrainian Legislation Concerning the Establishment of Council Member Factions (Groups with the Rights of Factions) in Local Councils".	Not submitted	<b>E. Hurvits</b> V. Oliynyk V. Korolyuk V. Kalchenko S. Braiko
12	Draft Law of Ukraine "On Public Control over the Use and Protection of Lands".	# 2484a of July 03, 2013 The draft document is under consideration in the Committee for Land Relations	<b>K. Huzenko</b> R. Martsinkiv Ye. Kartashov V. Oliynyk O. Kaida O. Momot
13	Draft Law of Ukraine "On the Status of Village, Town and City Mayor".	Not submitted	<b>M. Fedoruk</b> V. Oliynyk V. Hladiy O. Paraskiv V. Kalchenko K. Huzenko M. Levchenko
14	Draft Law of Ukraine "On the Legal Status of Property Jointly Owned by Territorial Communities".	# 3260 of September 17, 2013	<b>V. Korolyuk</b> O. Paraskiv V. Kalchenko V. Oliynyk
15	Draft Law of Ukraine "On the Status and Organisation of the Territorial Community".	Not submitted	<b>O. Paraskiv</b> V. Hladiy V. Korolyuk R. Martsinkiv V. Oliynyk S. Braiko V. Kalchenko V. Baloha, O. Kaida
16	Draft Law of Ukraine "On the Protection of Communally-Owned Lands and Exercising Control over the Compliance with the Land and Environmental Legislation".	Not submitted	<b>R. Martsinkiv</b> V. Korolyuk Yu. Lyubonenko K. Huzenko O. Kaida V. Chub I. Haidosh O. Sych
17	Draft Law of Ukraine "On	# 2168a of May 30, 2013	<b>K. Huzenko</b>

	Introducing Amendments to the Law of Ukraine “On Protection of Environment”.	On July 03, 2013, the draft document was sent for elaboration	Ye. Kartashov M. Fedoruk Yu. Lyubonenko
18	Draft Law of Ukraine “On Introducing Amendments to the law of Ukraine “On Access to Public Information”.	# 3301 of September 20, 2013	<b>I. Haidosh</b> V. Korolyuk O. Paraskiv V. Oliynyk
19	Draft Law of Ukraine “On Records of Objects and Technical Inventory of Immovable Property Items”.	Not submitted (no prime author)	V. Saldo H. Zubko V. Kalchenko V. Chub O. Paraskiv Yu. Herzhov V. Korolyuk S. Braiko
20	Draft Law of Ukraine “On Introducing Amendments to Certain Ukrainian Legislation Concerning the Rules of Parking Transportation Vehicles and Establishing Accountability for Violation of Rules of Parking Transportation Vehicles”.	# 2499 of March 07, 2013  On July 02, 2013, the document was approved in the first reading	<b>Cabinet of Ministers of Ukraine</b>
21	Draft Law of Ukraine “On Introducing Amendments to the Law of Ukraine “On Integrated Reconstruction of Quarters (Districts) with Out-Dated Residential Housing Stock”.	# 2496a of July 03, 2013  On July 05, 2013, the draft document was submitted to the Committee on Housing and Utilities for consideration	<b>Yu. Herzhov</b> Yu. Lyubonenko K. Huzenko H. Zubko V. Saldo
22	Draft Law of Ukraine “On Introducing Amendments to the Closing Provisions of the Law of Ukraine “On Regulation of Urban Development Activities”.	# 2363-1 of February 22, 2013  On September 23, 2013, the document was sent to the President of Ukraine for signature	V. Saldo S. Braiko Yu. Herzhov Ye. Kartashov Yu. Lyubonenko
23	Draft Law of Ukraine “On Introducing Amendments to the Budget Code of Ukraine and Certain Other Legislation Concerning Improvements of Mechanisms of Treasury Administration of Local Budget Transactions”.	In fact, the provisions of this draft law were included in a slightly different version in the draft laws submitted by members of the local government caucus: 1) draft Law of Ukraine on introducing amendments to the Budget Code of Ukraine concerning the improvements of Treasury administration of local budget transactions (# 2381 of February 25, 2013, National Deputy M. Levchenko); 2) draft Law of Ukraine on introducing amendments to the Code of Ukraine on Administrative	In addition to this, local government caucus members registered in the VRU the draft laws reflecting the position of the AUC: 1) draft Law of Ukraine on introducing amendments to the Budget Code of Ukraine (concerning administration of the local budget revenues and expenditures not taken into the calculation of amounts of inter-budget transfers and the special fund revenues and expenditures) (# 2283 of February 12, 2013, National Deputies R. Koshulynskyi, Yu. Mykhalchyshyn, A. Illyenko); 2) draft Law on introducing amendments to the Budget Code of Ukraine

	<p>Offence concerning the introduction of accountability for untimely Treasury administration of local budget transactions (# 2382 of February 25, 2013, National deputy M. Levchenko); 3) draft Law of Ukraine on introducing amendments to the Budget Code of Ukraine concerning ensuring the right of local governments to financial autonomy and prohibition of blocking financial transactions (# 2448a of July 01, 2013, National Deputy V. Baloha); and, 4) draft Law of Ukraine on introducing amendments to certain Ukrainian legislation on introducing accountability of agencies performing Treasury administration of public funds and their managers for the use of local budget funds by their officials without consent of local governments (# 2479a of July 03, 2013, National Deputy M. Levchenko).</p>	<p>(concerning covering the shortage of financial resources in the Pension Fund of Ukraine) (# 3024 of July 24, 2013, National Deputy T. Slyuz); and, 3) draft Law on introducing amendments to the Budget Code of Ukraine (concerning the daily balance of funds at the unified treasury account) (# 3028 of July 25, 2013, National Deputy T. Slyuz).</p>
Summary:	<p>15 draft laws submitted including 1 law approved, 1 law approved in the first reading, 1 draft law submitted for further elaboration, and 4 are under consideration in the committees of the VRU.</p>	<p>11 draft laws were not registered including 3 draft laws whose main authors have not been selected for, 3 draft laws will be registered in the nearest future, 2 draft laws are under consideration (#1, 4) by the leadership of the Inter-Faction Group (local government caucus) for political decisions.</p>

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

In the reporting period, the Project continued to work with the ad-hoc committees of the Verkhovna Rada of Ukraine. Project experts took part in **28** meetings of 9 parliamentary committees including:

- Budget Committee – 4 meetings;
- Committee on State Building and Local Self-Governance – 4 meetings;
- Committee on Construction, Urban Development, Housing, Utilities and Regional Policy – 2 meetings;
- Committee for Science and Public Education – 1 meeting; and,
- Committee for Health Care – 1 meeting.

### Verkhovna Rada of Ukraine Committee on State Building and Local Self-Governance

The Project cooperated with the VRU Committee on State Building and Local Self-Governance in the following areas:

1. Participation of AUC experts in working groups set up at the Committee (total of two working groups):

- 1) to develop and prepare for the second reading the draft Law of Ukraine “On Local Referendum” (Registration # 0867 of December 12, 2012). The working group conducted two meetings (in July and September) to elaborate 12 out of 54 articles of the draft law.
- 2) to examine the situation with the pre-term termination of the authority of the Mayor of Cherkasy – set up upon the AUC initiative). During the reporting period, the group did not conduct any meetings. The members of the working group studied the documents of the corresponding court litigations.

2. Participation of DIALOGUE Project representatives in the working meetings of the Committee and its Sub-Committees to present the AUC position concerning the draft laws, which were discussed at the meetings. Over the reporting period, the Committee held 4 working meetings where AUC representatives participated in the discussion of 12 items of the agenda with significant impact on the protection of local government interests, in particular:

- introducing amendments to certain Ukrainian legislation (to prevent re-naming of streets with the names related to the 1941-1945 Great Patriotic War);
- introducing amendments to the Law of Ukraine “On Local Self-Governance in Ukraine” (concerning the introduction of certain competition principles on the utility services market);
- introducing amendments to the Law of Ukraine “On Local Self-Governance in Ukraine” concerning the approval of conditions and rules for public use of water resources;
- introducing amendments to certain Ukrainian legislation to prevent simultaneous elections of the President of Ukraine, National Deputies of Ukraine, members of the Verkhovna Rada of the Autonomous Republic of Crimea, local councils and village, town and city mayors;
- introducing amendments to certain Ukrainian legislation to increase the accountability of officials of state executive and local government officials for violating the legislation in the sphere of administrative services;
- on scheduling extra-ordinary elections of the Kyiv City Mayor and members of the Kyiv City Council;
- on introducing amendments to Article 44 of the Law of Ukraine “On Automobile Transportation” concerning the participation of local government representatives in the selection committee who select the provider of transportation services for bus routes;
- issues related to the administrative and territorial arrangement (rendering cities to the category of oblast significance cities, changing names, etc.); and,
- conducting extra-ordinary local elections, etc.

In fact, practically on all issues the position of the AUC was supported by the Committee. The only exceptions were issues related to scheduling elections in the city of Kyiv and certain other cities (Mykolayiv, Chernivtsi, etc.).

3. Assistance for the Committee in the preparation of its official opinion, in particular, preparation upon the request for the Committee of the AUC expert opinion on the application of provisions of the current legislation of Ukraine. For example, during the reporting period, the Project prepared the following expert opinions:

- concerning the legal nature of the ordinance of the Teplyk Rayon Council of the Vinnytsya oblast on the compensation for the Chairman of the Rayon Council as of January 01, 2013, if this decision was made in February of 2013. The expert opinion says, in particular, that the Rayon Council is authorised to make a decision (ore-case

application act) about the compensation of the Chairman of the Rayon Council at the level specified in the previous year starting on January 01 of the current year and after the mentioned date. At the same time, the matter is not in the fact of the ordinance coming into force, but in its specification of the timeframe to apply the compensation approved by this document;

- concerning the legitimacy of the meeting (conference) of citizens at the place of their residence and its decision to initiate the establishment of the citizen self-organisation body. The opinion says that to make the meeting legitimate, the organisers should follow the provision of Article 3 “Regulations on All-Hands Meeting of Citizens at the Place of Their Residence in Ukraine”, approved by Resolution of the Verkhovna Rada of Ukraine # 3748-XII of December 17, 1993, whereby the meeting (conference) of citizen representatives is legitimate under condition of the presence of not less than two thirds of representatives.

4. Submitting to the Committee expert opinion and proposals concerning 5 draft laws on local self-governance pending consideration by the Committee, namely:

- draft Law of Ukraine «On Introducing Amendments to Article 44 of the Law of Ukraine “On the Automobile Transportation” Concerning the Participation of Local Government Representatives in the Selection Committee who Select the Provider of Transportation Services for Bus Routes” (Registration # 3012 of July 23, 2013) ). The opinion says that it is worthwhile supporting the proposal to introduce amendments to Part Eleven of Article 44 of the Law of Ukraine “On the Automobile Transportation” envisioning the necessity to invite representatives of the corresponding departments of local governments to participate in the competition to select the providers of transportation services on bus routes. At the same time, the expert opinion did not support the proposals of the authors of the draft law to supplement Article 44 of this Law with the paragraph to envision inviting only village, town and city mayors to the membership of the selection committees. In the opinion of the AUC experts, this approach would not allow to involve local government public transportation experts into selection committees. The event participants expressed the proposal to send the draft law back to its authors. The Committee working session supported the AUC opinion;

- draft Law on introducing amendments to certain Ukrainian legislation (to prevent re-naming of streets with the names related to the 1941-1945 Great Patriotic War) (Registration # 2180a, National Deputy P. Tsybenko). The expert opinion has the proposal to reject the draft law, because it violates the right of local governments for make independent decisions to name their streets, etc. with regard to historical, geographic, ethnographic and other peculiarities. The working session of the Committee supported the AUC proposal;

- draft Law of Ukraine introducing amendments to certain Ukrainian Legislation to avoid simultaneous elections of the President of Ukraine, National Deputies of Ukraine, members of the Verkhovna Rada of the Autonomous Republic of Crimea, local councils and village, town and city mayors (Registration # 2742, National Deputies O. Bryhinets, A. Pavlovskiyi). The expert opinion has the proposals to reject the draft law, because it is no longer relevant. The working session of the Committee supported the AUC proposal;

- draft Laws of Ukraine "On Introducing Amendments to the Law of Ukraine “On Elections of Members of the Verkhovna Rada of the Autonomous Republic of Crimea, Local Councils and Village, Town and City Mayors” (concerning training of candidates for the position of the village, town and city mayors) (Registration # 2263 of February 11, 2013 introduced by National Deputy of Ukraine T. Slyuz). The expert opinion has the proposal to reject the draft law, because the document, first, will lead to unjustified increased of expenditures from the National Budget and local budgets associated with the training of erective number of candidates, with only 5 % of

those qualifying into the positions of village, town and city mayors, and, second, such a proposal contradicts with the principle of equal suffrage. The working session of the committee supported the AUC position;

- “On Introducing Amendments to the Law of Ukraine “On Local Self-Governance” (concerning the increased professional level of village, town and city mayors) (Registration # 2705 of April 03, 2013), National Deputy of Ukraine R. Cherneha). The expert opinion has the proposal to reject the draft law, because currently village, town and city mayors are already covered by the blanket provisions for improving professional level of all local government officials. These provisions have been established by the Cabinet of Ministers of Ukraine and ensure the primary level; training of persons who were elected to the position of the village, town and city mayor for the first time. The working session of the committee supported the AUC position.

#### Verkhovna Rada of Ukraine Budget Committee

DIALOGUE Project experts participated in 4 working sessions of the VRU Budget Committee.

The main issues of the discussions related to local government interests were the following:

- introducing amendments to the Law of Ukraine “On the National Budget of Ukraine for 2013”;
- introducing amendments to the Tax and Budget Codes of Ukraine in the parts dealing with local taxes and fees, as well as assignation revenues to local government budgets; and,
- approving the schedule for the discussion of the draft Law of Ukraine “On the National Budget of Ukraine for 2014”.

Achievements:

- The draft Law of Ukraine “On Introducing Amendments to the Tax Code of Ukraine Concerning Changing the Rates for Certain Taxes and Fees” (Registration # 2442<sup>a</sup>, CMU) envisions indexation of rates for taxes and fees. The draft document reflects the DIALOGUE Project proposals regarding the indexation of the taxes and fees collected to local budgets;
- Draft Law of Ukraine “On Introducing Amendments to Article 288 and Sub-Chapter 6 of Chapter XX “Transitional Provisions” of the Tax Code of Ukraine (concerning the rental payment for commercial water facilities) (Registration # 2384<sup>a</sup>, CMU) envisions decreasing the maximum amount of the rental payment from 12% to 3%. The draft document was approved by the VRU Tax Committee reflecting the proposals of the DIALOGUE Project to provide an additional subsidy from the National Budget to local budgets to compensate the corresponding losses in local government budget revenues;
- The VRU Budget Committee approved the schedule for consideration of the draft Law of Ukraine "On the National Budget of Ukraine for 2014" in full compliance with the Budget Code of Ukraine with the possibility for the DIALOGUE Project to submit proposals on local budget and inter-budget transfer indicators.

A separate attention should be given to the draft law on introducing amendments to the Budget Code of Ukraine (concerning the re-distribution of resource payments) (Registration # 2375a of June 20, 2013, National Deputy O. Azarov, I. Berezhna, Ye. Muraev) with the potential impact on the financial situation with local governments. The draft law, in particular, has a suggestion to change the rates of deductions to local budgets from the collections from the income tax decreasing by 10% (from 75% to 65%) the amounts of such deductions to budgets of cities of

oblast and republican significance. From political motivations, this draft law was supposed to be approved by the Budget Committee behind the closed doors.

DIALOGUE Project experts provided their justification for why it is not expedient to approve this draft law (local budget losses will constitute more than 4 billion UAH.). In their appeals they mentioned that the implementation of the provisions will lead to the decreased quality of the whole spectrum of public services to citizens in Ukrainian cities, increased load on the National Budget of Ukraine, poor effectiveness and performance of public sector institutions in cities, and increased dependency of local budgets on subsidies.

Due to the steps taken by DIALOGUE experts, the Project managed to delay the consideration of the draft law in the Budget Committee, obtain a negative response to this draft law from the Ministry of Finance (at the time it was submitted to the Budget Committee). The draft law will be submitted for discussion in other VRU Committees and by the Budget Committee, whereas the staff of the Committee Secretariat promised to prepare a negative expert opinion on the draft law based on the proposals of the DIALOGUE Project and will provide it to National Deputies of Ukraine.

### **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 and working sessions of Local Government Regional Advisory Boards***

The Information on setting up Local Government Regional Advisory Boards is presented in Table 6.

Table 6. Local Government Regional Advisory Boards

<b>Title of the LGRAB and number of working sessions</b>	<b>Date the Board was established and its chairman</b>
Vinnitsya Oblast Local Government Regional Advisory Board  Four working sessions conducted, with two sessions in the reporting year	November 23, 2011, at the Office of the OSA Head
Volyn Oblast Local Government Regional Advisory Board  Eight working sessions conducted, with three sessions in the reporting year	November 25, 2010, under co-chairing of the SAO Head and Chairman of the Oblast Council
Donetsk Oblast Local Government Regional Advisory Board  Three working sessions conducted, with two sessions in the reporting year	May 17, 2012 at the Office of the Chairman of the Oblast Council
Dnipropetrovsk Oblast Local Government Regional Advisory Board  Eight working sessions conducted, with four sessions in the reporting year	November 04, 2011 At the Office of the Chairman of the Oblast Council
Zhytomyr Oblast Local Government Regional Advisory Board  Five working sessions conducted, with three sessions in the reporting year	November 25, 2011, at the Office of the Chairman of the Oblast Council

Zakarpattia Oblast Local Government Regional Advisory Board  Three working sessions conducted, all sessions in the reporting year	December 20, 2012, at the Office of the OSA Head
Zaporizzhya Oblast Local Government Regional Advisory Board  Five working sessions conducted, with two sessions in the reporting year	May 17, 2011, at the Office of the Chairman of the Oblast Council
Ivano-Frankivsk Oblast Local Government Regional Advisory Board  Five working sessions conducted, with three sessions in the reporting year	April 20, 2011, at the Office of the OSA Head
Kyiv Oblast Local Government Regional Advisory Board  Two working sessions conducted, no sessions in the reporting year	December 22, 2011, at the Office of the Chairman of the Oblast Council
Kirovohrad Oblast Local Government Regional Advisory Board  Six working sessions conducted, with three sessions in the reporting year	February 02, 2012, at the Office of the Chairman of the Oblast Council
Luhansk Oblast Local Government Regional Advisory Board  Five working sessions conducted, with two sessions in the reporting year	October 14, 2010, under the joint co-chairing by the OSA Head and Chairman of the Oblast Council
Lviv Oblast Local Government Regional Advisory Board  Four working sessions conducted, with two sessions in the reporting year	November 30, 2011, under the joint co-chairing by the OSA Head and Chairman of the Oblast Council
Mykolayiv Oblast Local Government Regional Advisory Board  One working session conducted in the reporting period	17 July 2013, at the Office of the OSA Head
Odesa Oblast Local Government Regional Advisory Board  Five working sessions conducted, with two sessions in the reporting year	May 17, 2011, under the joint co-chairing of the OSA Head and Chairman of the oblast Council
Poltava Oblast Local Government Regional Advisory Board  Five working Sessions Conducted, with two sessions in the reporting year	June 15, 2011, at the Office of the Chairman of the Oblast Council
Rivne Oblast Local Government Regional Advisory Board  Seven working Sessions Conducted, with two sessions in the reporting year	January 06, 2011, at the Office of the Chairman of the Oblast Council
Ternopil Oblast Local Government Regional Advisory Board	January 27, 2011, at the Office of the OSA Head

Four working Sessions conducted, with one session in the reporting year	
Kharkiv Oblast Local Government Regional Advisory Board  Three working sessions conducted, with one session in the reporting period	February 09, 2012, at the Office of the OSA Head
Kherson Oblast Local Government Regional Advisory Board  Four working sessions conducted, with two in the reporting period	January 11, 2011, at the Office of the Chairman of the Oblast Council
Khmelnyskyi Oblast Local Government Regional Advisory Board  Six working sessions conducted, with two in the reporting period	July 27, 2011 at the Office of the Chairman of the Oblast Council
Chernihiv Oblast Local Government Regional Advisory Board  Five working sessions conducted, with two in the reporting period	March 03, 2011, at the Office of the Chairman of the Oblast Council

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

The DIALOGUE Project conducted **12** working sessions of Local Government Regional Advisory Boards in **12** oblasts: Vinnytsya, Volyn, Dnipropetrovsk, Zhytomyr, Zakarpattia, Ivano-Frankivsk, Kirovohrad, Luhansk, Lviv, Mykolayiv, Kherson, and Chernihiv. The purpose of such meetings 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 of 2012.

<p><b>Working session of the Luhansk Oblast Local Government Regional Advisory Board</b> city of Luhansk July 17, 2013</p>	<p>The event participants discussed the issues related to the necessity of the state support to reforms in the housing and utilities sphere in 2014 and interaction of local governments with regional agencies of the state executive to resolve issues in the sphere of housing and utility services.</p> <p>Following the discussions of the first issue of the agenda, the participants made a decision to address the Association of Ukrainian Cities with a request to raise the issues of timely provision of subventions from the National Budget of Ukraine to compensate the difference in tariffs for housing and utility services. Also, based on the discussions of this issue, the participants issues a number of protocol tasks to the corresponding departments of the Oblast State Administration to prepare the instructions and samples of documents for requesting funds under the state guarantee form business entities, banking institutions in compliance with Resolution of the Cabinet of Ministers of Ukraine # 404 of June 03, 2013 “On Certain Issues for Main Budget Spending Units to Makes Capital Expenditures above the Set Budget Line Items”.</p> <p>As far as the second item of the agenda is concerned, the event participants made a decision to include representatives of local governments to the membership of the selection committees to decide on the winners of the competition of</p>
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	<p>oblast level projects and programs, conduct the corresponding training for local government officials on how to prepare projects and programs aimed at the reconstruction and development of the housing and utilities sector, put the issue of mandatory concurrence of candidates for the position of managers of territorial units of monopoly electricity, water and gas supply companies by local governments, and to, decide on taking the abandoned property on the books of utility companies.</p>
<p><b>Working session of the Mykolayiv Oblast Local Government Regional Advisory Board</b> city of Mykolayiv July 17, 2013</p>	<p>Upon the request from city mayors and aiming at resolving problem issues local governments face, the participants of the Civil Council at the Office of the Head of the Mykolayiv Oblast State Administration reached a consensus on the necessity of establishing the local government regional advisory board and conduct its meetings at least on a quarterly basis.</p> <p>In the course of the discussions, upon the request of city mayors the participants issued a protocol decision to the corresponding departments of the Oblast State Administration to provide the explanation to city councils on how to apply certain provisions of the Regulations on the Special Inspection of the Data about the Persons Who Apply for Positions in Local Governments.</p>
<p><b>Working session of the Volyn Oblast Local Government Regional Advisory Board</b> city of Lutsk July 25, 2013</p>	<p>The event participants discussed the necessity to register state acts for the use of land plots on a permanent basis by public education facilities, health care establishments, culture and social protection establishments in the oblast cities, as well as the current condition and reconstruction of dangerous dilapidated buildings in a number of populated areas in the oblast.</p> <p>Based on the discussions of the first item on the agenda, the event participants issued a task for the relevant departments of the Oblast State Administration to work together with rayon state administrations and local governments to streamline all the issues regarding the boundaries of land plots where the establishments and facilities mentioned above are located and accomplish by October 01, 2013 all the works to register the rights to use them on a permanent basis.</p> <p>Following on the discussions of the second item on the agenda, the event participants issued the tasks for the Horokhiv Rayon State Administration to immediately prepare the document package to withdraw the restored cinema house in the city of Berestechko from the list of dangerous dilapidated buildings, for the Kivertsi Rayon State Administration to coordinate its activities with local governments to take down the under-constructed apartment block for 20 apartments as it can not be restored in the city of Kivertsi and prepare the corresponding cost estimate to the Oblast State Administration, and for the Kamin-Kashyrskiy Rayon State Administration to ensure the financial support for the preparation of cost estimate documents for the reconstruction of apartment block in the city of Kamin-Kashyrskiy.</p>
<p><b>Working session of the Lviv Oblast Local Government Regional Advisory Board</b></p>	<p>The agenda of the working session included the issues on how to increase the investment attractiveness of populated areas in the Lviv oblast and the current status of the State</p>

<p>city of Lviv July 25, 2013</p>	<p>Treasury Service administration of local budget transactions.</p> <p>Following the discussions of the first item of the agenda, the participants made a decision to spur up development programs for cities in the Lviv oblast starting with 2014-2015 and issued a protocol decision for the Head of the Oblast State Administration to provide on a mandatory and timely basis the information to populated areas of the oblast about the possibility of their participation in investment projects.</p> <p>Taking into consideration the fact that the State Treasury offices delayed as of end of July local budget payments of the total amount of more than 100 million UAH, this issue was personally monitored by the Head of the Oblast State Administration and as of October 01, 2013 the Treasury has paid off more than 25% of its debts.</p>
<p><b>Working session of the Kirovohrad Oblast Local Government Regional Advisory Board</b> city of Kirovohrad August 15, 2013</p>	<p>The event participants discussed the necessity to introduce social investments at the local level and attracting foreign social investments, as well as the draft Concept of Local Government reform and Reform of the Territorial Arrangement of Government Institutions in Ukraine.</p> <p>Following the discussions of the first item of the agenda, the event participants made a decision to spur up the launch of the unified information web portal of local governments in the oblast, as well as issued a task for the Oblast Council to prepare a program for unified social investments in the oblast and present to the session for discussion.</p> <p>Following the discussions of the second item of the agenda, the participants approved the key provisions of the draft Concept of Local Government Reform and Reform of the Territorial Arrangement of Government Institutions in Ukraine, as well as emphasized the necessity to begin the implementation of the first stage of the Concept of Local Government Reform and Reform of the Territorial Arrangement of Government Institutions in Ukraine with the approval of the corresponding regulatory and legal documents. The members of the Advisory Board decided to conduct working sessions, round table discussions, citizen meetings, seminars, company meetings, meetings in educational establishments, etc. and to make the corresponding decisions by August 31, 2013.</p>
<p><b>Working session of the Dnipropetrovsk Oblast Local Government Regional Advisory Board</b> city of Dnipropetrovsk August 16, 2013</p>	<p>The event participants discussed the proposed amendments to the Constitution of Ukraine in the part dealing with local governments.</p> <p>Following the discussions, the participants supported the proposed amendments, however, they expressed a number of comments and proposals, in particular:</p> <ul style="list-style-type: none"> <li>- local government bodies should serve as subjects of local governance, rather than territorial communities;</li> <li>- specify in the Constitution the provision for the state support and guarantees for local governments;</li> <li>- introduce in the Constitution the provision about the authority local governments are vested with – they, as a rule, should be exhaustive and exclusive. This authority should not be nullified or limited by other central or regional government agencies if this is not specified in the legislation;</li> <li>- specify that the state may delegate its authority to local governments only in exclusive cases under the condition of full financial support for the corresponding authority;</li> <li>- specify in the Constitution the provision of the</li> </ul>

	<p>differentiated approach to local budgeting at all levels depending on the labour, financial, natural and other resources of the territorial community, as communities differ in this respect;</p> <ul style="list-style-type: none"> <li>- specify the standard of self-sustainability of the territorial community for the implementation of their authority and provision of services according to the accepted standards at the expense of the equalisation budgets, as well as the bottom-up budgeting; and,</li> <li>- specify the constitutional scope of authority of local state administrations to exercise control over the activities of local governments.</li> </ul>
<p><b>Working session of the Zakarpattia Oblast Local Government Regional Advisory Board</b> city of Uzhgorod August 20, 2013</p>	<p>The event participants discussed the issues related to the administration of city and town budget transactions by the State Treasury service of Ukraine and the preparations for the autumn-winter season of 2013-2014, as well as problem issues with issuing construction commissioning certificates and registration of land lease agreements by the State Registration Service.</p> <p>Following the discussions of the first item on the agenda, the Head of the Oblast State Administrative will exercise personal control over the financial support for local budget expenditures for the preparation for the autumn-winter season of 2013-2014 and issued a personal task for the Head of the State Treasury Office in the Zakarpattia Oblast to administer local government transactions on these budget line items without any delay.</p> <p>Following the discussions of the second item of the agenda, in view of the unsatisfactory performance of the State Registration Service office in the Zakarpattia oblast leading to losses of local budgets revenues from land lease, the Head of the Oblast State Administration issued a task to the Head of the Department of Justice of the Oblast State Administration to work together with the Head of the State Registration Service and remove all the performance drawbacks within one month and restore both the preparation of state acts and registration of lease agreements.</p> <p>The event participants also raised the issue about the necessity to co-finance river bank enforcement projects. The Financial Department and Department for Capital Construction of the Oblast State Administration will study this issue and the next working session of the Local Government Regional Advisory Board will put it for consideration.</p>
<p><b>Working session of the Kherson Oblast Local Government Regional Advisory Board</b> town of Novotroitske August 29, 2013</p>	<p>The event participants discussed issues related to the treasury administration of local budgets, putting together the list of priorities for immediate financial support and the draft Concept for local government Reform and Reform of the Territorial Arrangement of Government Institutions in Ukraine.</p> <p>Following the discussions of the first item of the agenda, taking into account the extremely unsatisfactory treasury administration of local government transactions, the event participants made a decision to address the Cabinet of Ministers of Ukraine with this issue.</p> <p>Following the discussions of the second item of the agenda, the event participants made a decision to make a recommendation for local budgets to submit to the Oblast</p>

	<p>State Administration within one month the complete list of projects to be immediately financed including the works related to the preparation of populated areas for the heating season of 2013-2014.</p> <p>Following the discussions of the draft Concept of Local Government Reform and Reform of the Territorial Arrangement of Government Institutions in Ukraine, the event participants made a decision to conduct a broad based discussion of the draft document and submit within one month comments and proposals to the Oblast State Administration.</p>
<p><b>Working session of the Ivano-Frankivsk Oblast Local Government Regional Advisory Board</b> city of Ivano-Frankivsk September 17, 2013</p>	<p>The event participants discussed the draft Concept for Local Government Development and performance of offices of the State Treasury Service of Ukraine in the oblast.</p> <p>Following the discussions of the first item of the agenda, the event participants outlined a number of comments to the declarative nature of some of the provisions of this Concept, as well as to the current status of the actual implementation of its key provisions and to how to make the long-term plans for the development of local governments in communities meaningful. In particular, the comments were made about the material and technical support for local government activity, infrastructure development, implementation of joint programs and projects of territorial communities and state executive agencies. All the comments were included into the protocol of the working session and will serve as the basis for preparing the corresponding amendments to be, in their turn, submitted to the Oblast Council for consideration.</p> <p>Following the discussions of the second item of the agenda, taking into consideration the fact that the transactions on non-earmarked budget line items have been blocked since June-July of 2013, as well as the critical condition of utility companies, representatives of State Treasury offices assured the event participants that the funds will be wired as soon as they are available on the unified treasury account. Taking into consideration this position of State Treasury oblast representatives, the city mayors who are members of the Local Government Regional Advisory Board made a decision to prepare the corresponding appeal to the Head of Oblast State Administration about the critical situation with the systemic delays of local government transactions by the State Treasury.</p>
<p><b>Working session of the Vinnytsya Oblast Local Government Regional Advisory Board</b> city of Vinnytsya September 23, 2013</p>	<p>The event participants discussed the issues related to the unsatisfactory performance of the State Registration Service, activities of the inspection for construction and architectural control, as well as offices of the State Treasury in the oblast.</p> <p>Following the discussions of the first item on the agenda, taking into consideration the numerous appeals from city mayors about the unjustified refusal of employees of State Registration Service offices to register agreements and issue other documents, the Head of the Oblast State Administration gave an immediate task to S. Bevzenko, Head of the State Registration Service to get rid within two months of waiting lines to the office of the State Registration Service in the oblast, as well as to submit by October 01, 2013 the list of the necessary resources to provide the technical and personnel support for the Registration Service offices to ensure their effective work.</p>

	<p>Following the discussions of the second item of the agenda, taking into consideration the growing number of concluded agreements of land plot lease in the oblast for the land located beyond the boundaries of populated areas without the public hearings conducted prior to concluding such agreements and without the concurrence of local governments, as well as the problem issue with the State Inspection for Architecture and Construction issuing permits for construction and reconstruction of communally-owned facilities, the Head of the Oblast State Administration gave the corresponding tasks, namely:</p> <ul style="list-style-type: none"> <li>- to O. Konyk, Head of the Main Department of the State Committee on Land Resources in the Vinnytsya oblast, to work together with city mayors and representatives of the Oblast State Administration and to perform by October 10, 2013 a monitoring of all problematic land lease agreements concluded in the oblast;</li> <li>- to S. Dlaschuk, the Head of the State Architectural and Construction Inspection to prepare by the end of October and submit to the Oblast State Administration a simplified chart of how permits for the construction and reconstruction of communally-owned facilities are issued and take personal responsibility to monitor the quality of the work in rayon departments of the State Architectural and Construction inspection.</li> </ul>
<p><b>Working session of the Zhytomyr Oblast Local Government Regional Advisory Board</b> city of Zhytomyr September 25, 2013</p>	<p>The event participants discussed the issues related to the Concept for the National Targeted Program for Establishing and Running the Information System for Providing Administrative Services for the Period till 2017 and the current status of problems with the provision of administrative services in cities of the Zhytomyr oblast and way to resolve them.</p> <p>Following the discussions of the this issue, the event participants made a decision to support the Concept for the National Targeted Program for Establishing and Running the Information System for Providing Administrative Services for the Period till 2017, as well as to address the Oblast Council with a request to envisions in the oblast budget the financial support to link to the Internet all local councils in the oblast during the period of 2014 with the purpose of improving the situation with offices for administrative services in populated areas in the oblast.</p> <p>The event participants also made a protocol decision to address local councils at all levels to prepare the corresponding ordinances to prevent delays by the State Treasury with the transactions with the payments for the implementation of the authority delegated to local governments by the state, because this also represents a factor preventing opening and running centers for administrative services.</p>
<p><b>Working session of the Chernihiv Oblast Local Government Regional Advisory Board</b> city of Mena September 27, 2013</p>	<p>The event participants discussed the draft Concept for Introducing Amendments to the Constitution of Ukraine in the part dealing with local governance and with partnership of local governments in resolving issues related to the social and economic development of the community.</p> <p>Following the discussions of the first item of the agenda, the event participants issued a task for city and town mayors to organise discussions with local council members and city</p>

	<p>hall staff of the chapters of the draft Concept for Introducing Amendments to the Constitution of Ukraine in the part dealing with local governance and to submit their proposals to the Oblast Council till October 15, 2013. The executive office of the Oblast Council to generalise the proposals submitted by members of the Consultative and Advisory Board and to submit them for the next meeting of the Local Government Advisory Board.</p> <p>Following the discussions of the second item of the agenda, taking into consideration the good experience in joint resolution of social and economic issues populated areas and businesses in the oblast face, the participants made a decision to establish a unified database of best practices to be disseminated to all communities in the oblast.</p>
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***Selection of issues to be discussed at working meetings of Local Government Regional Advisory Boards in 2013-2014***

In August, September and in early October, the Project conducted **25** working sessions of AUC Regional Offices. **554** local government officials participated in these events. They identified problem issues to be discussed at working sessions of Local Government Regional Advisory Boards.

<b>Name of the RO, date, number of participants</b>	<b>List of issues for discussion</b>
<p><b>Luhansk AUC RO</b> August 21 29 participants, city of Luhansk</p>	<ol style="list-style-type: none"> <li>1. Budgeting and inter-budget relations in 2013-2014.</li> <li>2. Ways to promote investments for sustainable social and economic development of populated areas. Preparation of programs aimed at the development of communities by local governments with the funds of the State Regional Development Fund.</li> <li>3. Resolving issues of territorial communities in the area of land relations and urban development.</li> <li>4. Comprehensive steps to reform the housing and utility sphere in the oblast.</li> </ol>
<p><b>Lviv AUC RO</b> August 21 40 participants, city of Lviv</p>	<ol style="list-style-type: none"> <li>1. Ways to increase the investment attractiveness and economic development of cities.</li> <li>2. Attracting funds to provide the financial support for initiatives of territorial communities on a cost-sharing basis from the oblast budget.</li> <li>3. Resolving problem issues in the housing and utilities sector and construction, reconstruction and repairs of communally-owned roads.</li> <li>4. The need to promote the implementation of local environmental programs.</li> <li>5. Development of the tourism sector in the Lviv oblast.</li> <li>6. Problem issues related to maintenance of the social and cultural sphere in oblast cities.</li> </ol>
<p><b>Poltava AUC RO</b> August 28 35 participants, village of Vyrischalne</p>	<ol style="list-style-type: none"> <li>1. Problem issues related to the administration of local government financial and economic activities by territorial offices of the State Treasury Service of Ukraine.</li> <li>2. Problem issues related to issuing acts to commission construction objects and registration of property rent agreements by the registration service.</li> <li>3. Enhancing the cooperation of local governments with the Oblast State Administration in the context of the selection of projects financed by the State Regional Development Fund.</li> <li>4. Budget support for the implementation of the local government authority. The need for transparent planning and inter-budget transfers and equalisation transfers.</li> <li>5. The need to implement the provisions of the Regional Program for the</li> </ol>

	Development of Small Communities in the Poltava Region. 6. Setting price for solid waste removal and recycling.
<b>Kherson AUC RO</b> August 28, 20 participants, city of Skadovsk	<ol style="list-style-type: none"> <li>1. On the current status of State Treasury administration of local budget transactions of territorial communities in the Kherson oblast. Problem issues with local budgeting in 2014.</li> <li>2. On the mechanism for the distribution of subventions for construction, reconstruction and capital repairs of communally-owned streets, roads, water treatment facilities, and sewerage networks in populated areas.</li> <li>3. The need to enhance the cooperation of local governments with the Oblast State Administration in the context of selection of local projects and programs to be financed from the State Regional Development Fund and to include on a mandatory basis representatives of local governments to the selection committees.</li> </ol>
<b>Zaporizzhya AUC RO</b> August 29 18 participants, city of Berdyansk	<ol style="list-style-type: none"> <li>1. Local budgeting in territorial communities in the oblast in 2014.</li> <li>2. Regulating the treasury administration of local government budget transactions.</li> <li>3. Spurring up activities of local governments to attract the financial support from the State Regional Development Fund for comprehensive development of territories.</li> <li>4. Mechanisms to encourage citizens in cities and towns for more active establishment of condominium associations.</li> </ol>
<b>Ivano-Frankivsk AUC RO</b> September 04, 25 participants, city of Ivano-Frankivsk	<ol style="list-style-type: none"> <li>1. Local budget and implementation indicators for 2014 and the need to resolve problem issues with the State Treasury.</li> <li>2. Problem issues with the activities of offices of State Architectural and Construction Control.</li> <li>3. The need for reconstruction, repairs and constructing communally-owned and oblast-owned roads.</li> <li>4. The need to implement local programs for infrastructure development of populated areas.</li> <li>5. Potential ways to attract funds for social and economic development and infrastructure development of populated areas including the financial support from the State Regional Development Fund.</li> </ol>
<b>Khmelnyskyi AUC RO</b> September 04 33 participants, city of Khmelnyskyi	<ol style="list-style-type: none"> <li>1. Problem issues with the financial support to local governments for the implementation of the authority delegated by the state.</li> <li>2. Financial support for the preparation for the heating season of 2013-2014.</li> <li>3. Unsatisfactory State Treasury administration of local budget transactions of territorial communities in the oblast.</li> <li>4. Local budgeting in 2014.</li> <li>5. Resolving problem issues in the sphere of urban development and preparation of urban development document packages.</li> </ol>
<b>Kirovohrad AUC RO</b> September 06 25 participants, city of Kirovohrad	<ol style="list-style-type: none"> <li>1. Selection of projects and programs to be financed by the State Regional Development Fund.</li> <li>2. Current status of the treasury administration of local budget transactions of territorial communities in the Kirovohrad oblast.</li> <li>3. Current status of housing and utilities in the context of the preparations of facilities for the autumn-winter season during the period of 2013-2014.</li> <li>4. The need for clear planning of use of lands in populated areas in the oblast.</li> </ol>
<b>Zhytomyr AUC RO</b> September 13 20 participants, city of Zhytomyr	<ol style="list-style-type: none"> <li>1. Issues with the budget sufficiency of local councils in 2014, the need to provide the timely payments for the implementation of the delegated authority. Current status of the Treasury administration of local budget transactions.</li> <li>2. Ways to promote investments for the development of social sphere in oblast cities.</li> <li>3. Problem issues local governments face while providing administrative and social services to the population. Ways to increase the effectiveness and quality of such services.</li> <li>4. Issues with the implementation of the local government authority in the sphere of land relations.</li> </ol>

	5. Effective use of the natural, recreational, historical and cultural potential of cities of the Zhytomyr oblast with the purpose of tourism development.
<b>Vinnitsya AUC RO</b> September 17 16 participants, city of Tulchyn	<ol style="list-style-type: none"> <li>1. Ways to resolve problem issues with reforms in the housing and utilities sector in the oblast and to resolve issues with the material and financial support for activities of companies working in the housing and utilities sphere in small cities.</li> <li>2. Preparation and selection of investment projects of programs to be financed with the State Regional Development Fund.</li> <li>3. Local budgeting for 2014 and the current status with the Treasury administration of local budget transactions.</li> <li>4. Problem issues with the implementation of the local government authority in the sphere of land relations.</li> <li>5. Problem issues related to the provision of administrative and social services to citizens.</li> </ol>
<b>Zakarpattya AUC RO</b> September 17 20 participants, village of Polyana	<ol style="list-style-type: none"> <li>1. Local budgeting for 2014.</li> <li>2. The need to involve citizens to decision making on city and town development.</li> <li>3. The need to introduce an effective system to manage solid waste management facilities.</li> <li>4. The need to enhance the cooperation between local government agencies with the State Regional Development Fund with the purpose of obtaining the financial support for the implementation of local projects and programs.</li> </ol>
<b>Mykolayiv AUC RO</b> September 17 10 participants, city of Mykolayiv	<ol style="list-style-type: none"> <li>1. Preparation and approval of coordinated proposals from local councils during the budgeting in 2014.</li> <li>2. On the current status of the Treasury administration of local budget transactions of territorial communities in the oblast.</li> <li>3. Mechanisms for the distribution of subventions from the oblast budgets for the purposes of water supply, sewerage, reconstruction and capital repairs of roads in the oblast cities.</li> <li>4. Increased cooperation of local government agencies with the Oblast State Administration on the selection of local projects and programs to be financed by the State Regional Development Fund and training of specialists in city councils on preparation of the projects and programs mentioned above.</li> </ol>
<b>Ternopil AUC RO</b> September 17 25 participants, city of Ternopil	<ol style="list-style-type: none"> <li>1. Current status of the financial sufficiency of territorial communities. Local budgeting for 2014. Resolving the issue with the 100% financial support for the authority delegated by the state.</li> <li>2. Resolving problem issues local governments face in the sphere of land relations and urban development.</li> <li>3. Resolving problem issues related to the cooperation of local governments with the territorial offices of the State Architectural and Construction Inspections, State Financial Inspections, and State Agricultural Inspection.</li> <li>4. The need to attract funds from the State Regional Development Fund for the implementation of projects and programs of local councils and the need to include local government representatives to the membership of the corresponding selections committees.</li> </ol>
<b>Crimean AUC RO</b> September 19 14 participants, city of Simferopol	<ol style="list-style-type: none"> <li>1. On the current status of material and technical support for the tourism, recreational and urban facilities and effective use of natural and recreational resources with the purpose of the development of the tourism sphere. Resolving issues with the implementation of local government authority in the health care sector.</li> <li>2. Resolving issues with the social and economic development of cities in the autonomous Republic of Crimea and the need for timely provision of subventions from the National Budget of Ukraine for these purposes.</li> <li>3. Resolving problem issues in the sphere of housing and utility services: modernisation of lift facilities, capital repairs of houses where condominium associations were set, repair and restoration works with social, historic and architectural items.</li> </ol>

	<p>4. Cooperation of local governments with the Ministry of Regional Development and Trade of the AR of Crimea in the context of selection of projects and programs financed by the State Regional Development Fund and including a local government representative to the membership of the selection commission.</p>
<p><b>Rivne AUC RO</b> September 19 18 participants, city of Rivne</p>	<p>1. Ways to resolve problem issues local governments face in the context of the updated land and urban development legislation. 2. The need to enhance the cooperation of local governments with the oblast authorities to provide the financial support for investment projects and projects from the State Regional Development Fund and to include a local government representative to the membership of the selection committee. 3. Local budgeting for 2014. Problem issues city councils face in the interaction with the offices of the State Treasury of Ukraine. 4. Development of the tariff policy for the 2013-2014 heating season.</p>
<p><b>Chernivtsi AUC RO</b> September 20 18 participants, city of Chernivtsi</p>	<p>1. Ways to enhance the cooperation of communities and state executive agencies in exercising local governance. 2. Complete and timely financial support for the implementation of the authority delegated to local governments by the state and tasks of the Oblast State Administration and rayons state administrations. 3. the need to develop an oblast-level targeted program for repairs, reconstruction and construction of roads in the oblast. 4. The need to provide the financial support for the preparation of master plans for populated areas in the oblast. 5. Resolving problem issues local governments face in the housing and utilities sphere and tariffs policy at the regional level.</p>
<p><b>Odesa AUC RO</b> September 24 23 participants, city of Odesa</p>	<p>1. Local budgeting for 2014, the need to introduce a unified principle for the distribution of budget funds, and problem issues with the Treasury administration of local budget transactions. 2. The need to resolve environmental problems in the region, construction of water treatment facilities, landfills and recycling and utilisation of solid waste. 3. Current status of the preparation, selection and implementation of investment programs with the funds from the State Regional Development Fund. 3. The need to enhance the cooperation of local governments with representatives of the Ministry of the Internal Affairs to improve law enforcement in cities. 4. The need to prepare a Strategic Plan for the development of the region. 5. Resolving problem issues related to the financial support to reform companies working in the housing and utilities sphere in populated areas of the oblast and the need to perform repairs and reconstruction of roads in the oblast. 6. Problem issues related to the economic development of small cities and ways to resolve them.</p>
<p><b>Kyiv AUC RO</b> September 25 30 participants, city of Kyiv</p>	<p>1. Local budgeting for 2014 and financial support for the delegated authority. 2. The need to prepare projects for social and economic development in territorial communities in the oblast. 3. Ways to attract the financial support for the implementation of local government projects and programs from the State Regional Development Fund and training the corresponding specialists in local councils. 4. Ways to search investments to ensure the sustainable social and economic development of communities. Generalisation and promoting best practices in local councils of these activities. 5. Current status of reforms in the medical sphere in populated areas in the oblast. 6. Discussion of issues related to cases of unjustified prosecution of local government officials and the need for a separate discussion of this issue with the participation of city mayors, chairmen of rayon councils, and heads of local state administrations, representatives of the Ministry of Internal Affairs of Ukraine, State Tax Service, and the Prosecutor's Office.</p>

<p><b>Cherkasy AUC RO</b> September 25 20 participants, city of Cherkasy</p>	<ol style="list-style-type: none"> <li>1. On activities of State Treasury offices to administer local government transactions aimed at supporting life sustaining activities of territorial communities.</li> <li>2. On cooperation with the Oblast State Administration to obtain the financial support from the Regional Development Foundation for projects and programs submitted by local governments, as well as on the need to train specialists of city and town councils in writing the projects and programs mentioned above, and the need to include representatives of local governments to the membership of selection committees at the Oblast State Administration on a mandatory basis to participate in the selection of projects and programs submitted for the competition.</li> <li>3. On the need to perform the scheduled and capital repairs of roads in the oblast and on the need to vest local government with the right to independently chose the type of the road repairs.</li> <li>4. On the need to improve the mechanism for the distribution of local budget funds. On providing local governments the opportunity to change the limits of prices for purchasing goods and services with the public funds.</li> </ol>
<p><b>Donetsk AUC RO</b> September 26 11 participants, city of Donetsk</p>	<ol style="list-style-type: none"> <li>1. On resolving problem issues local governments face in the interaction with agencies of the State Architectural and Construction Inspection and the State Land Inspection.</li> <li>2. On the current status of State Treasury of Ukraine administration of local government budget transactions.</li> <li>3. On resolving problem issues related to the financial support and reforms of housing and utility companies in populated areas in the oblast.</li> <li>4. On the mechanisms to prepare and select local government investment projects and programs to be financed at the expense of the State Regional Development Fund.</li> </ol>
<p><b>Sumy AUC RO</b> September 26 9 participants, city of Sumy</p>	<ol style="list-style-type: none"> <li>1. On potential ways to promote the favourable investment climate in the oblast.</li> <li>2. On the current status of the Treasury administration of local budgets in the oblast.</li> <li>3. On resolving problem issues related to the financial sufficiency of local budgets. Financial support for the implementation of the delegated authority.</li> <li>4. On resolving problem issues local councils face in the sphere of land relations, architecture, construction, and road repairs.</li> <li>5. On establishing the cooperation with the Oblast State Administration on the issues related to the transparent selection and timely financial support for local projects and programs financed through the State Regional Development Fund.</li> </ol>
<p><b>Kharkiv AUC RO</b> September 26 29 participants, city of Kharkiv</p>	<ol style="list-style-type: none"> <li>1. On the current status of preparations of facilities in the housing and utility sector for the autumn – winter season of 2013-2014.</li> <li>2. On the current status of Treasury administration of local government payments in the Kharkiv oblast.</li> <li>3. On the financial support for the implementation of local government authority. Problem issues related to local budget revenues and on the mechanisms for the distribution of the subventions to local budgets for the construction, reconstruction and capital repairs of roads.</li> <li>4. On the problem issues related to the implementation of the local government authority in the sphere of land relations. On the problem issues related to certificates (declarations) commissioning construction items and registration of land (property) lease agreements by the State Registration Service.</li> <li>5. On increasing the cooperation between local governments and the Oblast State Administration in the sphere of selecting local projects and programs to be financed at the expense of the State Regional Development Fund and including local government representatives to the membership of selection committees, as well as training local government officials in writing and submitting successful projects and programs.</li> <li>6. On the problem issues local governments face while rendering administrative</li> </ol>

	and social services to citizens. Ways to increase effectiveness and quality of such services. 7. On the mechanisms to encourage residents of cities and towns to more actively participate in the establishment of condominium associations.
<b>Volyn AUC RO</b> September 27 16 participants, city of Lutsk	1. On the financial support for local governments in the Volyn oblast in 2014. 2. On urban development activities and land relations in populated areas in the oblast. 3. On the current status of renovations of the utility networks in the oblast cities. 4. On improvements of the social and economic development of cities. Ways to attract investments to municipalities. 5. On cooperation of local governments with the Oblast State Administration on issues related to attracting funds from the State Regional Development Fund for the purposes of territorial community development.
<b>Chernihiv AUC RO</b> September 27 30 participants, city of Mena	1. On resolving key issues of the financial support of territorial communities in 2014. 2. On the ways for effective use of land resources in populated areas in the oblast. 3. On the necessity of modernisation and development of housing and utility facilities in cities and towns in the oblast.
<b>Dnipropetrovsk AUC RO</b> October 04, 20 participants, city of Dniprodzerzhynsk	1. On the necessity to update the provisions of the comprehensive Strategy for the Development of the Dnipropetrovsk Oblast till 2015 and to integrate the strategies of development of territorial communities in the oblast. 2. On the current status of the environmental safety in cities of the Dnipropetrovsk oblast and way to improve it. 3. On enhancing the cooperation of local councils with the Oblast State Administration on issues related to the selection of local projects and programs to be financed from the State Regional Development Fund and mandatory inclusion of local government specialists to the membership of selection committees.

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

#### ***Forum of Donor Organisations working in the local government sector***

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

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

On September 11, 2013, O. Slobozhan, expert of the DIALOGUE Project participated in the podium discussion about how to increase the capacity of public control at the local level. The event was organised by the center of Political Studies with the support of the International Renaissance Foundation. Mr. Slobozhan made a presentation on ways to establish a dialogue between government authorities and communities.

The AUC presented the report on the sociological survey on citizen satisfaction with the quality of public services and their support to sectoral reforms at the round table discussion on practices in introducing public opinion surveys in Ukraine on local government issues. The event was conducted within the framework of the Fact Based Local Government Policy Development Project financed by the Ministry of Foreign Affairs of Norway.

The Project experts conducted a number of meetings with the representatives of the Ohio State University and State University of Washington concerning the cooperation between the DIALOGUE Project and the new RADA Project and the parliament of Ukraine.

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

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

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 for the English version of the DIALOGUE electronic publication.

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

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

The Internet resources of the DIALOGUE Project are accessible for users at [www.dialogueauc.org.ua](http://www.dialogueauc.org.ua). The purpose of the Project web-site 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 DIALOGUE Project web site has been operational since March 01, 2011. The number of its visitors is constantly growing. In March last year, there were 680 visitors, whereas the indicators for the reporting period are the following:

July - 597

August - 522

September - 823

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 7 below.

Table 7. DIALOGUE Project publications

Publication	Targeted audience	Description
<b>The "Sectoral Monitoring" quarterly electronic publication</b>	Central government authorities, expert community	<u>#12</u> Presents the findings of the public opinion survey conducted in April of 2013 to assess the attitude of citizens towards the quality of public services and their support for sectoral reforms.
<b>The "Sectoral Monitoring" quarterly electronic publication</b>	Central government authorities, expert community	<u>#13</u> Has publications about: <ul style="list-style-type: none"> <li>- the European vector for the development of Ukraine and local self-governance</li> <li>- discussions of the Concept of the Local Government Reform</li> <li>- Status of local budgets in 2013</li> <li>- European prospects for local government finance</li> <li>- advertisement initiatives of the State Committee for Entrepreneurship support</li> <li>- New conceptual approaches to solid waste recycling and disposal</li> <li>- Preparations for the heating season of 2013/14</li> <li>- Centers of social services for families, children and youth</li> <li>- Health care reform in the pilot oblasts</li> </ul>
<b>The "AUC Herald" printed monthly publication</b>	AUC member communities, AUC partner organisations	<u># 99, July – August.</u> The DIALOGUE Project Chapter features the materials dedicated to the draft laws prepared by the AUC and their submission to the parliament.  <u># 100, September.</u> The DIALOGUE Project Chapter features the materials dedicated to the AUC Analytical Center and the failure of ministries to provide proper responses to the problem issues raised by the participants of the Municipal Forum. Starting with this issue the publication will come out in the electronic format. It will be placed on the DIALOGUE Project web site and AUC and will be sent out to cities. To avoid spamming each AUC RO will select a target city.
<b>The "DIALOGUE Newsletter" electronic monthly publication</b>	International organisations and international technical assistance projects	The English-language publication presents Project activities over a month and provides monthly highlights in detail: <u># 35,</u> highlight of the month – the Verkhovna Rada registers draft laws prepared by the DIALOGUE Project <u># 36,</u> highlight of the month – cooperation with the Local Government Support Inter-Faction Group – two more draft laws submitted to the parliament
<b>The "Legal Counselling" electronic</b>	Local government lawyers	In September of 2013, the City Legal Assistance Center Prepared and disseminated Issue # 13 of

<b>quarterly publication</b>		the “Legal Counselling” electronic publication. It included the following: 1) generalised explanations of the application of the land legislation and discussions of the prospects of its development in the context of the registration of rights, local government control, and protection of the right to communal ownership to land; 2) generalised responses (explanations) to certain questions submitted to the mobile telephone line (7). The publication was sent out to AUC Regional Offices and local governments.
<b>The “Legislation News” electronic publication</b>	Local government lawyers	# 31, July features the information about 19 legal and regulatory documents related to local government interests either approved or taken effect and eight draft laws under consideration by the Verkhovna Rada of Ukraine or its committees, or by central agencies of the state executive. # 32, August features the information about 25 legal and regulatory documents related to local government interests either approved or taken effect and three draft laws under consideration by the Verkhovna Rada of Ukraine or its committees, or by central agencies of the state executive. # 33, September features the information about 23 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.
<b>The “Press News” electronic weekly publication</b>	Media	A selection of weekly news, publications, and announcements of major activities of the Association of Ukrainian Cities, news and events in cities, and key local government topics. Fourteen issues were prepared and published. The Press News is distributed to more than 230 media representatives, journalists and press offices of city councils. The mailing list is being constantly updated.
<b>Short local government updates</b>	USAID	The Project prepares and sends the publication to USAID on a weekly basis. The information is presented in two sections: DIALOGUE Project News and Local Government News. Fourteen issues were prepared and sent.

### *Radio coverage*

The Project prepared three 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:

July 17 – a commentary of V. Parkhomenko, Director of the AUC Analytical Center to the Deutsche Welle Radio Station (by telephone) about city development issues.

July 25 – a live interview of Ya. Raboshuk, DIALOGUE Project expert, to the “In the Air” Program of the Radio Era FM Radio Station about issues of the housing and utilities sector.

September 26 – a live interview of O. Slobozhan, DIALOGUE Project expert, for the Lunch Break Program of the Radio Era FM Radio Station about the draft National Budget of Ukraine for 2014 and the current status of the State Treasury administration of local budget transactions.

The Association of Ukrainian Cities signed the memorandum with the Radio Era FM Radio Station for the coverage of local government topics in 2010.

### *TV coverage*

DIALOGUE Project activities were covered by fourteen TV programs aired on the following channels:

July 01 – mentioning of the AUC in the video story on the «NewsOne» TV Channel with regard to the State Treasury Blocking of local budget transactions.

July 03 – a video story in the «Час. Підсумки дня» [*Time. Summary of the day*] on the TV Channel 5 Station with comments of O. Slobozhan, DIALOGUE Project expert, about the State Treasury blocking local budget transactions.

July 05 – participation of O. Slobozhan, DIALOGUE Project expert, in the «Акцент» [*accent*] Program on the «Перший діловий» [*first business*] TV Channel about problem issues of the budget sufficiency of territorial communities.

July 10 – a video story in the «Крупним планом» [*zooming out*] Program on the «Новини 24» [*news 24*] TV Channel with M. Pittsyk, Executive Director of the AUC, and O. Slobozhan, DIALOGUE Project expert on State Treasury blocking local budget transactions.

July 17 – mentioning of the AUC in the video story in the «Репортаж» [*reporting*] Program of the «Іра» TV Channel about the working session of the Local Government Regional Advisory Board in the Luhansk oblast.

July 19 – participation of Ya. Raboshuk, DIALOGUE Project expert, in the live "Новини" [*news*] program on the «Бізнес» [*business*] TV Channel about the ways to improve the housing and utilities sector.

July 19 – interview of V. Parkhomenko, Director of the AUC Analytical Center, in the video story on the «Бізнес» TV Channel about the bankruptcy of the American city of Detroit and potential application of such an instrument by Ukrainian cities.

July 20 – a video story on the «Перший діловий» [*first business*] TV Channel in the «Інформаційні підсумки» [*information summary*] Program with comments of M. Pittsyk, Executive Director of the AUC, about the problem issues of Treasury administration of local budgets.

August 06 – a video story in the «Крупним планом» Program on the «24» News Channel with V. Karabutova, DIALOGUE Project expert about the financial support for the construction and reconstruction.

August 14 – an interview of O. Slobozhan, DIALOGUE Project expert, in a program of the «Перший діловий» TV Channel about the reorganisation of the financial support for the construction of roads.

August 15 – a video story with comments of O. Slobozhan, DIALOGUE Project expert, on the «ЕРА» TV Channel about the investment component of electric public transportation tariffs.

August 23 – participation of Ya. Raboshuk, DIALOGUE Project expert, in the «Профільний інтерес» [*sectoral interest*] Program on the «БТБ» TV Channel about the outdated residential housing stock.

September 12 – participation of O. Slobozhan, DIALOGUE Project expert, in the "Бізнес-Новини" Program on the «Перший Діловий» TV Channel about the draft National Budget for 2014.

September 12 – participation of O. Slobozhan, DIALOGUE Project expert in the live "Сьогодні про головне" [*today about the most important*] Program on the «ТБі» TV Channel on the problem issues with the financial support to territorial communities.

### **«ЗМІСТОвна Україна» TV program series**

Working within the framework of the DIALOGUE Project, the AUC has been cooperating with the ESG Communication Group to prepare a series of TV programs about local self-governance called «ЗМІСТОвна Україна» [*CITY-minded Ukraine*]. The programs are aired by the УТ-1 TV Channel within the program «Діловий світ» [*business world*].

Aiming at a better focus on the problem issues local government face in various aspects of their activities, the Project in 2013 updated the concept of the «ЗМІСТОвна Україна» [*CITY-minded Ukraine*] program. From this time and on, the program consists of two formats:

Format #1: “A Program about the City”. The format consists of two parts:

- a 3-4 minute story (presentation of innovative approaches in resolving problem issues the community faces, and coverage of AUC activities within the framework of the DIALOGUE Project).
- a 7-9 minute story with the guest of the studio: discussion of key local government issues with the mayor of the city.

Format #2: “A Program about the Project Activities”. The format consists of three parts:

- a 2.5-3 minute story about activities within the DIALOGUE Project framework (working session of Local Government Regional Advisory Boards, AUC Professional Groups, Dialogue Day, etc.) The main topic of the program is the dialogue between local self-governance and representatives of the oblast council/oblast state administration/state executive authority about how to resolve specific key problem issues.
- a 4 minute interview with Studio Guest #1 (a representative of the oblast council, National Deputy, etc.) on the pre-selected important topic; and
- a 4 minute interview with Studio Guest #2 (mayor of the city – Head of the AUC RO, AUC expert, etc.) on the pre-selected important topic.

In July, the Project finished the sixth cycle of the program series (18 programs) about the following cities:

#### Bakhchysarai (Autonomous Republic of Crimea), July 03

The story of the program is dedicated to the continuous activities of the city council to popularise the city of Bakhchysarai as a tourist center. In particular, the city updated its tourist infrastructure, and developed bicycle and hiking routes. The city government does its best to include the historic monuments of Bakhchysarai to the list of the UNESCO World Heritage. The city also pays a lot of attention to the safety of its tourists. K. Rubanenko, Mayor of Bakhchysarai, in his interview shared his experience in tourism development and promotion of bicycling, preservation of historical heritage; as well as spoke about the prospects of building the investment park and areas of cooperation with the Council of Ministers of the Autonomous Republic of Crimea, and highly praised the assistance of the AUC in disseminating city best practices and promoting local government interests at the national level.

#### Vylkove (Odesa oblast), July 10

The main topic of the program was focused on the development of the tourism sector of the city of Vylkove and turning it into the so-called “Ukrainian Venice”. Diversified city flora and fauna, advantageous geographical location promote the conditions for the development of the environmental, historical, hunting, culinary, and health improving tourism. The growing popularity of the city as a tourist destination can be attributed to the fruitful cooperation of the city government, citizens, Danube Biosphere Reserve, and travel agencies. M. Dzyadzin, the host of the TV program, in his interview provided the detailed description of the peculiarities of activities of the housing and utilities sector in the city, peculiarities of urban improvements and problem issues the city faces while performing the reconstruction of the treatment facilities. The Mayor also raised the issue of priorities for the development of the city, cooperation with international technical assistance projects, and with the oblast authorities. The mayor of the city highly praised the AUC role in promoting local government interests and encouraging communication between cities.

The seventh cycle of the «ЗМІСТОВА Україна» [*CITY-minded Ukraine*] program cycle envisioning 12 programs began with the following program:

Working session of the AUC Land Resources Professional Group (city of Simferopol), September 25

The story of the program was dedicated to the working session of the AUC Land Relations Professional Group where the managers of the corresponding technical city departments jointly discussed a number of key issues, namely, the slow registration of land titles, necessity to improve the mechanisms for land sales and auctions, and introducing the local government control over the use of lands. The event participants expressed their attitude towards the draft legislation currently under discussion in the parliamentary committees. M. Bokal, Head of the Department for Natural Resources and Land Relations Regulation of the Lviv City Council, and Ya. Raboshuk, DIALOGUE Project expert, were invited to the program as guests to familiarise in detail the TV viewers with problem issues local governments face in the sector of land resources management.

#### Activity 2.3.4. Fostering media relations

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

The team of AUC speakers was **updated**. N. Dzhuhan, Director of the Department of the Financial Policy of the Cherkasy City Council, who was restored in her position in August, was added to the team.

The AUC web site has the updated list of experts, as well as contacts for the PR-coordinator to get in touch with AUC speakers.

Table 8. 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
<b>Current status and issues of local self-governance in Ukraine. AUC dialogue with central government agencies</b>	
Yu. H. Vilkul	AUC President, Kryvyi Rih City Mayor
Myroslav V. Pittsyk	AUC Executive Vice President, DIALOGUE Project Senior Expert on Inter-Governmental Relations
<b>Legal support to local government activities, AUC initiatives</b>	
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
<b>Local elections</b>	
Victor V. Kravchenko	AUC Legal Assistance Center Director
<b>Local budget and finance</b>	
Tetyana D. Taukeshcheva	President of City Finance Officer Association (CFOA), Deputy Kharkiv City Mayor, Director of the City Department for Budget and Finance
Natalya Dzhuhan	Director of the Department for Financial Policy of the Cherkasy City Council
Oleksandr V. Slobodzhanih	DIALOGUE Project Legislation Monitoring Expert
<b>Housing and Utilities, city economy and infrastructure</b>	
Victor O. Antonenko	Deputy DIALOGUE City Legal Assistance Center Director, AUC
Volodymyr B. Groisman	AUC Vice President on Housing and Utilities, Vinnytsya City Mayor
Hennadiy A. Kernes	AUC Vice President on Energy Efficiency, Kharkiv City Mayor
<b>Big and medium-sized city issues</b>	
Oleksandr O. Lukianchenko	AUC Vice President on Big Cities, Donetsk City Mayor
Ivan I. Kulichenko	AUC Vice President, Dnipropetrovsk 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, Slavutych City Mayor
<b>Innovation development, introduction of effective management technologies</b>	
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
<b>Land relations</b>	
Yaroslav O. Raboshuk	DIALOGUE Project Analyst

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

#### Working session 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, AUC Professional Groups and other AUC large-scale events.

<b>Topic:</b> Provision of social services and local government problem issues	<p>The National Press Club was conducted following the working session of the AUC Special Protection Professional Group.</p> <p>At the beginning of the meeting of the press club, O. Kytaiska expressed her gratitude to the Association of Ukrainian Cities for conducting this important event in Odesa and briefly outline the scope of problem issues the social protection specialist discussed during the meeting. In particular, these include: introduction of the differentiated payment for social services, introduction of their standardisation, and involvement of the jobless to public works.</p> <p>V. Karabutova informed the journalists about the approval by the</p>
<b>Date:</b> September 19, 2013	
<b>Venue:</b> city of Odesa	
<b>Participants from the AUC:</b>	
V. Karabutova, DIALOGUE Project expert, O. Kytaiska,	

<p>Director of the Department for Social Policy of the Odesa City Council</p>	<p>parliament on September 17 of amendments to the Law of Ukraine “On Local Self-Governance in Ukraine”, whereby the executive authorities of local councils have been vested with the delegated authority in the sphere of social services to homeless persons. The AUC defended its position on this issue all way through the navigation of the draft law in the parliament, because its first version envisioned vesting local governments with the authority to provide social protection to homeless persons, - V. Karabutova mentioned. In reality this would mean increasing the financial load on local budgets and this would be quite unacceptable in the context of the current extremely difficult financial situation of territorial communities. Moreover, identification of homeless persons, prevention and elimination of the homelessness, it their nature, are the nation-wide concern. The Project expert believes the success of the AUC activities in this sphere depends significantly on how active its city members are. In this case, the AUC advocated for the position it came up with following the discussions of the Professional Group.</p>
<p><b>Participants from the media and expert community:</b></p> <p>The «ATB» TV Channel, Odesa Oblast TVRC, and the «Новости Одессы» [<i>Odesa news</i>], «Місто.Одеса» [<i>City.Odesa</i>], «Таймер» [<i>timer</i>], and «Новая Одесса» [<i>new Odesa</i>] information web sites</p>	<p>O. Kytayska believes the approval of this law represents a significant achievement, because it promotes the opportunities for the legislation to regulate maintenance of facilities for homeless persons and provide services to them at the expense of the subvention from the National Budget, as currently any social services to homeless persons are financed exclusively from local budgets and funds of non-governmental organisations.</p>
<p><b>Mentioning in the media after the event:</b></p> <p>Video stories on the «ATB» TV Channel, Odesa Oblast TVRC; on the «Все новости Одессы» [<i>all Odesa news</i>], «Новости Одессы», «Ukrhomenet», «Одесские известия» [<i>Odesa news</i>], «Місто.Одеса», «Таймер», and «Новая Одесса» web sites, on web sites of local councils.</p>	<p>In her comments to other legislation initiatives in the sphere of social protection, V. Karabutova informed about the AUC initiatives to reject the draft law envisioning compensations for the failure to comply with timeframe on pension and social payments mandated by courts. In the opinion of the heads of city departments for social protection, the implementation of court decisions in the sphere of social protection has been properly regulated by the current legislation. On the other hand, there is a need for subventions from the National Budget for the implementation of court decisions and payment of the corresponding court fees.</p>
	<p>At the end of the event, the speakers thanked the participants of the press club and expressed their belief in the support of interests of territorial communities from journalists and their publications.</p>

### Working sessions of “Straight from the Source” regional press clubs

The working sessions of regional press clubs are conducted in AUC Regional Offices twice a year based on the outcomes of discussions of Local Government Regional Advisory Boards.

### **Working session of the Luhansk Regional Press Club**

<p><b>Topic:</b> Problem issues in the housing and utilities sector and ways to resolve them at the regional level</p>	<p>The press club was conducted following the working session of the Luhansk Oblast Local Government Regional Advisory Board.</p>
<p><b>Date:</b> July 17, 2013</p>	<p>During the meeting of the press club, V. Kosyuha informed the media about problem issues of water supply and quality of potable water, interactions of local government authorities with monopoly utility services providers, preparations of the residential housing for the heating season, as well as about the performance of the urban public transportation system and road repairs. All these problem issues are typical for most of cities, - V. Kosyuha mentioned.</p>
<p><b>Participants:</b> S. Kravchenko, Mayor of Luhansk, Head of the Luhansk AUC Regional Office, V. Kosyuha, Mayor of Alchevsk, and V. Shumilin, Mayor of Almazna</p>	<p>S. Kravchenko informed that city mayors have their suggestions on how to resolve these problems, namely: the preparation of regional water supply projects, as well as the appointment of</p>

<p><b>Representatives of the media:</b> the «ЛКТ», «ЛЮТ», and «ІРТА» TV channels, the «Про ОСББ» [about condominium associations] and «Демократичний альянс» [democratic alliance] web sites, and the «Неделя плюс» newspaper</p>	<p>managers of territorial offices of monopoly heat, water and gas supply companies should be coordinated with managers of local governments. The Mayor of Luhansk also focused his attention on the need to introduce energy efficiency technologies in kindergartens and schools and thermal insulation of buildings.</p> <p>V. Shumilin focused his attention on the insufficient financial support from the National Budget for the compensation of the difference in tariffs for heating and water supply and sewerage services.</p> <p>V. Kosyuha summed up the event saying such meetings and participation of oblast authorities helps cities and towns to resolve common issues.</p>
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### Working session of the Volyn Regional Press Club

<p><b>Topic:</b> Effective use of land resources as a factor for better social and agrarian development of the Volyn oblast</p>	<p>The participants of the press club meeting discussed the critical issues related to the issue of land resources, strategic areas for the development of agricultural and industrial sector of the Volyn oblast and investment promotion, as well as enhanced cooperation between the government and business community.</p>
<p><b>Date:</b> July 30, 2013</p>	<p>B. Samoilenko highly assessed the support of the DIALOGUE Project in the sphere of land relations and development of the agricultural and industrial sector, as well as the assistance in resolving important issues in cities and towns.</p>
<p><b>Participants:</b> V. Sapozhnikov, Mayor of Novovolynsk, V. Hodyk, Mayor of Hoshiv, L. Petrykanyn, Deputy Director of the Department for Agricultural and Industrial Development of the Volyn OSA, B. Samoilenko, Regional Policy Dialogue Coordinator.</p> <p><b>Representatives of the media:</b> Volyn Oblast TVRC; the «Волинь-нова» [new Volyn] newspaper; the «Волинські новини» [Volyn news], «Волинська правда» [Volyn truth], and «Волинський інформаційний портал» [Volyn information portal] web sites; and the «Сід ФМ» Radio Station</p>	<p>V. Sapozhnikov spoke about the reform in the Ukrainian agrarian sector and the role of effective management techniques for agricultural production, promotion of domestic and foreign investments and participation in national level assistance projects.</p> <p>L. Petrykanyn familiarised the event participants with the strategic areas for investment attraction in the agricultural and industrial sector of the Volyn oblast including the following: purchases of new vehicles and tractors; renewal of the flax industry; reconstruction and modernisation of the dairy farming; promotion of meet livestock breeding in the Polissya region; and purchasing and installation of the quick freezing line for local fruits, berries and vegetables.</p> <p>V. Hodyk stressed the importance of the cooperation between government authorities and business community in the agricultural and industrial sector. Such a cooperation would help to ensure additional cash flow in local budgets and opening new jobs. He used the activities of the Uhryniv Dairy Company as an example.</p>

### Working session of the Dnipropetrovsk Regional Press Club

<p><b>Topic:</b> Draft Concept of Amendments to be introduced to the Constitution of Ukraine in the part dealing with local self-governance</p>	<p>The press club event was conducted after the working session of the Dnipropetrovsk Oblast Local Government Regional Advisory Board.</p>
<p><b>Date:</b> August 16, 2013</p>	<p>I. Kulichenko informed about the approval by the Constitutional Assembly in June of 2013 the draft Concept of amendments to be introduced to the Constitution of Ukraine in the part dealing with local self-governance. The document was submitted for public discussion and in October, following this discussion, the final text incorporating the opinion of regions will be approved. This document will serve as the foundation for future amendments to the Constitution of Ukraine, therefore the members of the Local Government Advisory Board paid so much attention to studying it and submitting their proposals. According to I. Kulichenko, the</p>
<p><b>Participants:</b> I. Kulichenko, Head of the Dnipropetrovsk AUC Regional Office and Mayor of Dnipropetrovsk, S. Seryohin, Director of the State Regional</p>	

<p>Institute of the Public Administration of the National Academy of Public Administration at the Office of the President of Ukraine</p> <p><b>Representatives of the media:</b> Dnipropetrovsk Oblast State TVRC (Channel 51), the Channel 5, Channel 27, and Channel 34 TV Channels; the «Днепрінфо» [<i>Dnipropetrovsk information</i>] and «Днепропетровск: события, факты, комментарий» [<i>Dnipropetrovsk: events, facts, comments</i>] news agencies; the «В городе» [<i>in the city</i>], «Наше місто» [<i>our city</i>], «Днепр вечерний» [<i>evening Dnipropetrovsk</i>], «Зоря» [<i>star</i>], «INSIDE», and «Горожанин» [<i>citizen</i>] newspapers; and the «Грані» [<i>facets</i>] almanac</p>	<p>identification of principles for the interaction between the state executive authorities and local governments represents the most difficult issue.</p> <p>The city mayor also informed about the presentation of the report of the Monitoring Committee of the Council of Europe about the development of local and regional governance in Ukraine scheduled for October. This is the reason why these issues are so important.</p> <p>S. Seryohin stressed the importance of introducing amendments to the Constitution of Ukraine in accordance with the European Charter of Local Self-Governance. He also pointed the attention to many instances of mentioning local self-governance in the Constitution of Ukraine. Therefore one should introduce amendments not only to Chapter XI, but also to other parts of the Constitution.</p>
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### Working session of the Zakarpattya Regional Press Club

<p><b>Topic:</b> State Treasury administration of financial and economic activities of city and town councils. Problem issues related to the activities of the State Registration Service</p> <p><b>Date:</b> August 21, 2013</p>	<p>The press club event was conducted following the working session of the Zakarpattya Oblast Local Government Regional Advisory Board.</p> <p>S. Bobyk told the participants about the blocking of transaction of city and town councils by territorial offices of the State Treasury. He also spoke about the problems local government face while spending grant funds they received from EU programs for repairs of kindergartens, roads, etc. The blocking can lead to failures in the implementation of international projects and undermined partner relationships with grant organisations. Moreover, the preparations for the 2013-2014 autumn-winter season was undermined leading to potential social tension in communities.</p>
<p><b>Participants:</b> S. Bobyk, Mayor of Irshava, I. Kleban, Acting Mayor of Tyachiv, I. Revtyi, Regional Policy Dialogue Coordinator of the Zakarpattya AUC Regional Office.</p> <p><b>Representatives of the media:</b> The «Закарпаття он-лайн» [<i>Zakarpattya on-line</i>], «Вся закарпатська правда» [<i>all Zakarpattya truth</i>], «Новини Закарпаття» [<i>Zakarpattya news</i>], «Заголовок» [<i>headline</i>], and «Ужгород.ін» [<i>Uzhgorod in</i>] web portals.</p>	<p>I. Revtyi spoke about the promise of O. Ledyda, Head of the Zakarpattya Oblast State Administration, to take personal control over the financial support for the non-earmarked line items of local government budgets.</p> <p>I. Kleban informed the media about problem issues of the activities of the State Registration Service in the context of delays with the registration of property rights for land plots, and delays with issuing excerpts from documents (declarations) for commissioning construction objects.</p>

### Working session of the Kherson Regional Press Club

<p><b>Topic:</b> On the financial sufficiency of local budgets in 2013 and the current issues with the State Treasury administration of local budgets transactions</p> <p><b>Date:</b> August 29, 2013</p>	<p>The press club event was conducted following the working session of the Kherson Oblast Local Government Regional Advisory Board.</p> <p>V. Pelykh focused the attention of the media representatives to the concern local government currently have with the lack of financial resources in local budgets. Under such circumstances it is difficult for local governments to ensure the proper level of performance of public sector institutions. He also mentioned that the situation with</p>
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<p><b>Participants:</b> V. Pelykh, Chairman of the Kherson Oblast Council, Chairman of the Local Government Regional Advisory Board, O. Spivakina, Regional Policy Dialogue Coordinator of the Kherson AUC RO</p> <p><b>Participants from the media:</b> the «Херсонський вісник» [<i>Kherson herald</i>], «Каховська зоря» [<i>Kakhovka star</i>], and «Нова Каховка» [<i>new Kakhovka</i>] newspapers; the «Скіфія» Kherson Oblast TVRC; the «Площа Свободи» [<i>liberty square</i>] internet publication; and the «ВТВ» TV Channel</p>	<p>the administration of local government payments by the State Treasury offices remains difficult.</p> <p>O. Spivakina informed that based on the discussions of this issue by the Advisory Board, M. Kostyak, Head of the Oblast State Administration, ensured local government officials that the problem issues related to the delay in local budget transaction administration by the State Treasury will be resolved starting in September of 2013.</p> <p>V. Pelykh informed that the activities of the Local Government Regional Advisory Board promote the consolidation of efforts of the state executive authorities and local governments to find common ways to resolve problems of territorial communities.</p>
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### Working session of the Ivano-Frankivsk Regional Press Club

<p><b>Topic:</b> Tasks outlined by the Concept of Local Government Reform in the region. Activities of the State Treasury offices in the oblast</p> <p><b>Date:</b> September 19, 2013</p>	<p>The press club meeting was conducted following the working session of the Ivano-Frankivsk Oblast Local Government Regional Advisory Board.</p> <p>V. Melnychuk informed the media about the outcomes of the discussion at the working session of the Regional Advisory Board on the question of the Concept of local government development in the oblast. In particular, he informed that most of the comments of mayors were related to the declarative nature of certain provisions of the Concept. All participants stressed the need to specify its provisions related to the joint implementation of local development programs with state executive authorities. The suggested proposals will be submitted for discussion of the Collegium of the Oblast State Administration, - said V. Melnychuk.</p>
<p><b>Participants:</b> V. Melnychuk, Head of the Organisational Department of the Ivano-Frankivsk Oblast State Administration, O. Voitychuk, Executive Director of the Ivano-Frankivsk AUC RO.</p> <p><b>Representatives from the media:</b> the «Західний кур'єр» [<i>western courier</i>], «Галичина», and «Репортер» newspapers; the «Галичина» Oblast TV Channel; the «Фіртка» [<i>gate</i>] and «Правда ІФ» [<i>truth Ivano-Frankivsk</i>] web-sites; and the oblast radio station</p>	<p>While answering the question of poor performance of the State Treasury offices in the oblast, O. Voitychuk stressed that city and town mayors are concerned with the deterioration of Treasury administration of local budget transactions (payments for "unprotected" budget line items have not been made since June-July of 2013) and with the critical condition of utility companies. The local government officials used the working session of the Advisory Board to point the attention of the OSA leadership of this issue.</p>

### Working session of the Vinnytsya Regional Press Club

<p><b>Topic:</b> Problem issues of the performance of State Registration Service offices in the oblast cities</p> <p><b>Date:</b> September 23, 2013</p>	<p>The meeting of the press club was conducted following the working session of the Vinnytsya Oblast Local Government Regional Advisory Board.</p> <p>V. Groisman informed the media representatives about the problem issues that territorial communities face, in particular, the delay of the registration of land plots and property rights to immovable property and how they can be resolved. As an example, he referred to the work of registration service of the City Department of Justice where the joint activities of the Vinnytsya City Council and the Oblast State Administration made significant improvement in services provided to Vinnytsya residents. He also mentioned that the majority of city and town mayors highly praise the cooperation</p>
<p><b>Participants:</b> V. Groisman, Mayor of Vinnytsya and Head of the Vinnytsya AUC RO, I. Movchan, Chairman of the Local Government Regional Advisory</p>	

Board and Head of the Oblast State Administration	with the heads of rayon state administrations. I. Movchan noted that many of the issues to be resolved at the local level refer to the interaction between local governments and state executive authorities. Local offices of the state executive and local government leaders should not engage in politics and should focus their efforts on resolving problem issues their communities face, join the opportunities to implement their obligations and achieve their objectives.
<b>Representatives from the media:</b> the «Вікка» TV Channel; the «Місто над Бугом» [ <i>city on the Buh river</i> ] Radio Station; the «ВінницяОК», «Моя Вінниця» [ <i>my Vinnytsya</i> ], and «Вінниця.інфо» web sites	

### Working session of the Zhytomyr Regional Press Club

<b>Topic:</b> On the Concept of the National Targeted Program to Set up and Run the Information System for Administrative Services for the Period till 2017. Current status and ways to resolve problem issues with the provision of administrative services in cities of the Zhytomyr oblast	V. Areshonkov briefed the media representatives on the key provisions of the Concept of the State Target Program for Setting Up and Running the Information System of Administrative Services for the Period until 2017. He noted that at present there is a need to develop new public administration principles based on openness, transparency and satisfaction of the needs of citizens and businesses in the provision of administrative services. V. Areshonkov also expressed his belief that the meaningful reform of administrative services would require a special attention to be given to the decentralization of basic administrative services, streamlining their payments (through the approval of the Law on administrative fee) and streamlining procedural relations between citizens and government officials (through the adoption of the Administrative Procedure Code).
<b>Date:</b> September 26, 2013	S. Haletska spoke about the establishment of the Zhytomyr Center for Administrative Services at the City Council whose opening was scheduled for late October of 2013.
<b>Participants:</b> V. Areshonkov, First Deputy Chairman of the Zhytomyr Oblast Council, S. Haletska, Head of the Department for Administrative Services of the Zhytomyr City Council, and Yu. Merzlov, Policy Dialogue Regional Coordinator of the Zhytomyr AUC RO.	Yu. Merzlov mentioned that it is not possible to improve the system of administrative services without the use of information technologies, because this will ensure the increase of the public awareness level of such services and their effectiveness.
<b>Representatives from the media:</b> the Zhytomyr Oblast TVRC; the «Ц-ТВ» TV Company; the Oblast Radio Station and «КРОК» Radio Station; the «Пультс-норма» [ <i>pulse norm</i> ] and «Житомирщина» [ <i>Zhytomyr region</i> ] newspapers; and the «Вісник обласної ради» [ <i>oblast council herald</i> ] web site	

### Working session of the Chernihiv Regional Press Club

<b>Topic:</b> On the draft Concept for Introducing Amendments to the Constitution of Ukraine Concerning the Reform of Local Self-Governance and Territorial Arrangement of Government Institutions	The press club meeting was conducted following the working session of the Chernihiv Oblast Local Government Regional Advisory Board.
<b>Date:</b> September 27, 2013	V. Melnychuk mentioned that in May last year the President of Ukraine established the Constitutional Assembly to elaborate the proposals for amendments to the Constitution of Ukraine. In June 21, 2013, this special government authority approved the draft Concept for Introducing Amendments to the Constitution of Ukraine in the part dealing with Local Self-Governance. The purpose of the new constitutional model is to review the scope of rights of territorial communities and increase them, which will strengthen the role of local councils as entities responsible for the development and implementation of local policies and local development programs.
<b>Participants:</b> V. Melnychuk, Deputy Chairman of the Oblast Council, O. Sokolov, Mayor of Chernihiv and Head of the Chernihiv AUC RO, and F. Fesyun	

<p>Mayor of Mena</p> <p><b>Representatives from the media:</b> the «Слобідський край» [<i>Sloboda land</i>] newspaper; the Oblast Radio Station; and the "Статус-кво", «Чернігівщина» [<i>Chernihiv region</i>], and «Чернігівський монітор» newspapers</p>	<p>O.Sokolov noted that the draft Concept for Introducing Amendments to the Constitution of Ukraine can resolve most painful problems local governments face daily in their work, although the draft Concept has the provisions that require revision.</p> <p>F. Fesyun mentioned that based on the outcomes of the discussion of this issue, the members of the Advisory Board prepared their proposals to the Concept for Introducing Amendments to the Constitution of Ukraine in the part dealing with local Self-Governance.</p>
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## 2.4. Component 4: Legal Assistance and Protection

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

*In the reporting quarter, DIALOGUE City Legal Assistance Center consultants provided 127 consultations to local government officials. Since its inception, the Project provided 2,105 consultations to local governments, their officials and local council members.*

City Legal Assistance Center consultants provided **127** legal consultations through the mobile telephone line, mail, and AUC and DIALOGUE web-sites in the following areas:

- local budgets and inter-budget relations – 8;
- land relations – 15;
- housing, utilities and communal property – 32;
- organisational and legal foundations of local self-governance – 69;
- social protection – 1;
- public education – 1;
- culture – 1.

#### *Expert workshops in AUC ROs*

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

In July – September of 2013, the Project conducted four expert workshops with participation of **80** local government officials.

<b>Date and venue</b>	<b>Topic</b>	<b>Description of the event</b>
<p><b>Mykolaiv AUC RO</b> city of Mykolaiv August 20, 2013</p> <p>Participants: 20 participants – city mayors, secretaries of local councils, lawyers, specialists of legal departments of local councils</p>	<p><b>Local government activities in the context of the requirements of anti-corruption legislation</b></p>	<p>The expert workshop moderator discussed with the event participants the amendments introduced to the Law of Ukraine “On the Framework for Preventing and Fighting Corruption”, namely: application of the mechanism for the special inspection of data about the persons who apply to civil service and local government positions and the mechanism to fill in the declaration by public servants. The participants discussed the absence of the term "bribe" in this law and the way it is replaced by the term "undue advantage", as well as the lack of legal interpretations of actions that fall under the term. The event participants pointed a particular attention to the amendments</p>

		introduced by Law of Ukraine # 224 of May 14, 2013 to the Laws of Ukraine “On Local Self-Governance in Ukraine”, “On Service in Local Governments”, and “On the Status of Local Council Members”. The event participants confirmed the importance of this topic of the expert workshop.
<p><b>Cherkasy AUC RO</b> city of Cherkasy August 21, 2013</p> <p>Participants: 20 participants – city and town mayor, deputy mayors, secretaries and specialists of local councils</p>	<p><b>Transparent government: building trust based relationships with the community</b></p>	<p>The expert workshop participants discussed the following issues: openness and transparency of government authorities (opening and operations of centers for administrative services); compliance with the Law of Ukraine “On Public Information” (guarantees for the implementation of the right to obtain information about government activities); implementation of the Law of Ukraine “On Appeals of Citizens”; individual reception of citizens by government officials; open meetings of collegial government authorities; open competitions to fill in vacancies; and public reports of government authorities to citizens. The event participants paid a particular attention to the feedback from the community and opportunities for the youth to take internship in government agencies. The event participants learned how to build trust based relationships with the community, listen to the opinion of individual citizens, and how to work for the benefit of the community.</p>
<p><b>Kharkiv AUC RO</b> city of Kharkiv April 09, 2013</p> <p>Participants: 20 participants – heads of city and town health care departments of local councils</p>	<p><b>On the implementation of the Law of Ukraine “On Emergency Medical Assistance” and peculiarities of rendering ambulance services in territorial communities in rural areas and cities</b></p>	<p>While presenting the expert workshop topic, the moderator offered the participants the opportunity to discuss the Law of Ukraine “On Emergency Medical Assistance”, Program for Economic Reforms for 2010-2014, Law of Ukraine “On Introducing Amendments to the Foundations of Ukrainian Legislation on Health Care Concerning the Improvements of Medical Assistance to Citizens”. A particular attention was given by the event participants to professional qualifications requirements for medical and other specialists working in the emergency assistance sphere; training and on-the-job training of medical specialists; financial and in-kind support for the emergency assistance sphere; accountability for violating the legislation in this sphere, etc. The event participants put the highest priority to issues related to setting up legally independent Centers for Primary Medical and Sanitary Assistance; retraining of general and family medicine practitioners; improvements of social and living conditions of young medical specialists, etc.</p>
<p><b>Zaporizzhya AUC RO</b> city of Zaporizzhya September 24, 2013</p> <p>Participants: 20 participants – specialists of personnel departments of local councils</p>	<p><b>Personnel policies in local governments: problem issues and ways to resolve them</b></p>	<p>The expert workshop moderator came up with a suggestion to discuss the legal, personnel, material and social conditions to implement the right of citizens of Ukraine to serve in local governments; the general principles of activities of local government officials, their legal status, procedure and legal guarantees for local government service, etc. A particular attention was given to the provisions of anti-corruption legislation. While exchanging their opinions, all the participants were unanimous that local councils are experiencing "shortage of qualified staff", primarily due to low salaries, lack of required technical specialists (especially accountants), and low image level of the local government service.</p>

### **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 and their officials including in courts and/or with on-site visits of attorneys (Kalynivka Town Council (Luhansk oblast), City Clerk of the Executive Committee of the Zhmerynka City Council (Vinnytsya oblast), Mohyliv-Podilskyi City Mayor (Vinnytsya oblast));
- legal assistance to local governments and their officials (Oleksandrivsk City Mayor (Luhansk oblast), Artsyz City Mayor (Odesa oblast), Rohatyn City Mayor (Ivano-Frankivsk oblast), Hornostaivka Town Council (Kherson oblast)).

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

In the reporting period, the Project identified 24 such cases with regard to:

- city mayors – 6;
- village and town mayors – 8;
- local council members – 1; and,
- other local government officials – 9.

The hottest conflicts are:

- killing of the Feodosiya Mayor Berteneeva on July 27, 2013;
- detention of O. Shevchuk, Mayor of Zboriv (Ternopil oblast) with the accusation of bribery;
- detention of the city council secretary of the Rava-Ruska City Council (Lviv oblast).

#### ***Monitoring pre-term elections of local council members, village, town and city mayors***

During the reporting period, the following pre-term elections were scheduled:

Town mayors - 12  
 Village mayors – 83  
 Total – 95

#### ***Local Government Lawyer School***

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

## **2.5. Component 5: Special Emphasis on Crimea**

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

## **Chapter 3. IMPLEMENTATION PROBLEMS AND WAYS TO RESOLVE THEM**

From the point of view of establishing Local Government Regional Advisory Boards, the situation remains difficult in the Autonomous Republic of Crimea and two oblasts: Chernivtsi and Cherkasy. The DIALOGUE Project still can not establish communications with the oblast authorities and establish Local Government regional Advisory Boards in these oblasts. Based on the discussions at AUC Regional Offices in the corresponding oblasts conducted in September, city mayors from these oblasts sent appeals to the oblast authorities with requests to establish such Regional Advisory Boards.

Local governments face serious problems with the administration of their accounts by the State Treasury offices as this has certain consequences on their participation in DIALOGUE Project activities (problems with paying per diem expenses).

### **DIALOGUE EXPERTS HELP TO INCREASE COLLECTIONS TO LOCAL BUDGETS BY 19 BILLION UAH IN 2013**

Due to the activities of DIALOGUE Project experts in the sphere of public finance, local budgets in 2013 will receive an additional financial resource in the amount of almost 19 billion UAH, in particular:

- directly (9 billion UAH)
  - 1) additional subsidies were provided to even out the financial sufficiency of local budgets (1 billion UAH);
  - 2) the additional financial resource to remain as the discretionary funds owned by the local council budgets withdrawals to the National Budget are taken from were increased (0.7 billion UAH);
  - 3) compensations for the losses local budgets incurred due to the introduction of additional preferences on the payments of the land fee provided by the state (0.2 billion UAH);
  - 4) subvention to support the municipal road and street infrastructure (0.2 billion UAH);
  - 5) subvention for capital repairs of centralised water supply and sewerage systems in populated areas (0.4 billion UAH);
  - 6) compensation for the difference in tariffs in the housing and utilities sector (5.1 billion UAH); and,
  - 7) subvention for the social and economic development of certain territories (1.4 billion UAH).
- indirectly as social transfers (10 billion UAH).

### **THE CONSTITUTIONAL ASSEMBLY TOOK INTO ACCOUNT THE AUC PROPOSALS IN THE DRAFT CONCEPT OF AMENDMENTS TO THE CONSTITUTION OF UKRAINE**

In April of 2012, the AUC prepared the document called “The Main Objectives of Local Government Representatives in the Constitutional Process”. The document was submitted to the Constitutional Assembly for consideration. The document provided for recommendations to envision in the Constitution the conditions that would create a constitutional framework for reforms of local self-governance and would eliminate the discrepancies with the European Charter of Local Self-Governance.

On June 21, 2013, the Constitutional Assembly approved the draft Concept for introducing amendments to the Constitution of Ukraine where most of the AUC proposals were reflected. For example, the chapter dealing with the territorial arrangement of the country envisions the notion of administrative and territorial units (communities). The document defines local self-governance not only as the right, but also as the capacity of territorial communities. The draft document also will vest rayon and oblast councils with their own executive bodies, etc.

### **DIALOGUE PROJECT MANAGED TO PREVENT THE CENTRALISATION OF INTER-BUDGETARY RELATIONS**

In 2011, the Accounting Chamber of Ukraine managed to push for the inclusion of the task to develop the draft law on introducing amendments to Article 98 of the Constitution of Ukraine including its part dealing with increased authority of the Accounting Chamber to exercise control over local budgets to the implementation schedule of the Economic reform Program of the President of Ukraine. DIALOGUE Project in its official statements, as well as its representatives in their appeals stated about the inexpediency of increasing the authority of the Accounting Chamber, because this move would not be in line with the principle of autonomy of territorial communities in resolving issues of local importance (specified by the Constitution of Ukraine in Articles 140 and 143) and with principles of the European Charter of Local Self-Governance,

and may lead to the “exercising control over the control” situation. Thanks to DIALOGUE Project expert actions, the Law of Ukraine “On Introducing Amendments to Article 98 of the Constitution of Ukraine” (# 586-VII) was approved on September 19, 2013 without the discriminatory provisions with regard to local governments mentioned above.

#### **DIALOGUE PROJECT ENJOYS SIGNIFICANT IMPACT ON LAW-MAKING ACTIVITIES**

Thanks to the efforts of the Local Government Support Inter-Faction Group (local government caucus) set up by the DIALOGUE Project at the Verkhovna Rada, the parliament registered 15 draft laws prepared by either the Project itself or with the participation of its experts including one draft law, which was submitted to the President of Ukraine for his signature and one draft law approved by the Verkhovna Rada of Ukraine in the first reading over the reporting period.

#### **DIALOGUE PROJECT CONTRIBUTES TO THE {PREPARATION OF REGULATIONS ON PLACING ADVERTISEMENTS IN POPULATED AREAS IN UKRAINE**

The State Service of Ukraine on Regulatory Policy and Entrepreneurship Development initiated the preparation of a new version of the Model Rules for placing outdoor advertisements in populated areas of Ukraine. The new Model Rules prepared by State Service of Ukraine on Regulatory Policy and Entrepreneurship and presented to the Cabinet of Ministers fail to take into account interests of local governments and have the provisions that adversely affect the social and economic development of local communities. DIALOGUE Project experts managed to find the arguments to persuade the Cabinet of Ministers to send Model Rules back to their authors for revision to take into consideration the rights and interests of local governments. By doing so, the Project managed to avoid significant losses of local budgets, whereas advertising small and medium-sized businesses were given the opportunities for stable operations.

#### **MECHANISMS FOR APPROVING LAND MANAGEMENT DOCUMENTS WERE SIMPLIFIED**

Local councils have repeatedly drawn attention to the poor effectiveness and performance of Commission on issues related to the approval of land management documents whose activities are defined in Article 186-1 of the Land Code of Ukraine. The problems were caused by the internal contradictions in Resolution of the Cabinet of Ministers of Ukraine # 1420 of December 23, 2009 “Some Aspects of the Implementation of Article 186-1 of the Land Code of Ukraine”, according to which the city council of the oblast significance city is defined as the organization responsible for the activities of the Commission, while the Head of the Commission is appointed from representatives of the territorial land resources agency; by the lack of possibilities to revisit the decisions made by the Commission by the higher government authority whose representatives are members of the Commission; by banning in some cases representatives of environmental departments and cultural heritage departments from participating in the activities of the Commission, etc. the participation of representatives of the Commission of the Environment and heritage and others. The need to settle these issues was raised by city council representatives in their appeal to the central governments authorities back in 2011 within the framework of the VII Ukrainian Municipal Forum.

In addition to this, there are inconsistencies in amendments to Article 186-1 of the Land Code of Ukraine, which were introduced almost simultaneously by Law # 5395-VI of October 02, 2012 and 5462-VI of October 16, 2012. They substantially complicated the procedure of coordinating and preparation of land management documents through increasing the number of permit to be provided by executive authorities and through internal contradictions between the procedure for approving the land management document package by the commission, and by selected executive authorities.

National Deputies registered In the Verkhovna Rada of Ukraine two alternative draft laws aimed at resolving these problems. The draft law, which was approved by the AUC Land Relations

Professional Group, was also approved by the ad-hoc parliamentary Committee and approved by the Parliamentary Committee and adopted by the Verkhovna Rada of Ukraine. Law introduced selective coordination of relevant documents by selected representatives of territorial offices of the executive depending on the type of use of the land parcel. The approved amendments will allow to shorten the land parcel registration time almost by two times, as well as to eliminate legal inconsistencies on these issues.

#### **AN ATTEMPT TO “RELOAD” THE BURDEN TO PAY ALLOWANCES TO LOW-INCOME FAMILIES STOPPED**

The draft law “On State Social Assistance to Low-Income Families” prepared by the Ministry of Labour and Social Policy provided for the increase of social allowances to families with children under the age of 18. However, the draft law was not accompanied by the financial and economic justification and by the calculation of the required amount of financial support. According to the preliminary estimates of Project experts, the National Budget will require approximately 6 billion UAH to ensure the payment of the increased amount of allowance. The Executive Director of the Association of Ukrainian Cities who was present at the meeting said that the proposed allowances will be paid through local budgets with the funds of state earmarked subventions, and, consequently, the lack of proper funding will prevent the implementation of the law. Following the discussions of the draft law, the Cabinet of Ministers made a decision to withdraw the draft law “On State Social Assistance to Low-Income Families” from consideration because of the sources of the financial support were not identified.

#### **THE APPROVED LAW ON SOCIAL PROTECTION OF HOMELESS PERSONS REFLECTS THE AUC OPINION**

On September 17, 2013, the parliament approved the draft law “On Amendments to Certain Laws of Ukraine on Social Protection of Homeless Persons” (Registration # 0869), which envisions amendments to the Law of Ukraine “On Local Self-Governance in Ukraine” in the part dealing with empowering the executive bodies of local governments with the delegated authority in the area of social services to homeless persons and implementation, in accordance with the law, of actions aimed at preventing homelessness.

The Association of Ukrainian Cities, due to its repeated appeals to the corresponding parliamentary committees, managed to change the wording of the original versions of the draft law and exclude the authority to provide the social protection to homeless persons from the list of exclusive local government powers, because by its nature this is the central government authority. Experts of the Association believe that if the legislation renders the local government authority in the area of social protection of homeless persons to the list of delegated local government authority, it will contribute to further amendments to the Budget Code of Ukraine in the part dealing with the provision of the financial support for the corresponding facilities and institutions through the state subvention. Currently, in accordance with the Budget Code, the funding for the prevention of homelessness and for services for homeless persons, is provided exclusively from local budgets and non-governmental organisations.

#### **REGISTRATION OF DATABASES OF PERSONAL DATA IMPROVED**

The Law of Ukraine “On the Protection of Personal Data” was provided for onerous procedure for the registration of personal data available at local governments (the continuous registration, notification of any changes in the registration, etc.). The AUC pointed the attention of the state executive to this issue during the Dialogue Day on September 27, 2012, as well as by providing the Cabinet of Ministers with lists of local government problem issues in April of 2012. On July 03, 2013, the Verkhovna Rada of Ukraine approved the Law of Ukraine “On Introducing Amendments to Certain Ukrainian Legislation Concerning the Improvements in the Protection of Personal Data”. The Law mentioned above provides for the notification of the availability of personal data rather than their registration, and only in the case of personal data handling,

because the data handling may present special risks for the rights and freedoms of the corresponding persons.

#### **TERNOPIL OBLAST. DIALOGUE HELP THE CITY OF CHORTKIV TO OBTAIN THE STATUS OF THE OBLAST SIGNIFICANCE CITY**

In March of 2011, at the meeting of the Local Government Regional Advisory Board in the Ternopil oblast M. Verbitskyi, Mayor of Chortkiv, appealed to the oblast authorities asking for assistance in getting the status of the oblast significance city. The members of the Regional Advisory Board supported him and sent a petition to the rayon and oblast councils. The issue was approved by the Chortkiv City Council, Chortkiv Rayon Council, and Ternopil Oblast Council. The Ternopil Oblast Council submitted to the Verkhovna Rada of Ukraine a request to render the city of Chortkiv to the category of oblast significance cities. According to the Ukrainian legislation, such a decision is to be made taken by the parliament upon the submission of the corresponding oblast council. On September 19, 2013, the Verkhovna Rada of Ukraine approved the Resolution “On Rendering the City of Chortkiv of the Chortkiv Rayon of the Ternopil Oblast to the Category of Oblast Significance Cities” (# 609-VII). On October 03, 2013, the document came into force.

#### **POLTAVA OBLAST. DIALOGUE HELPS IMPROVE THE SYSTEM OF ADMINISTRATIVE SERVICES FOR CITIZENS**

Pursuant to the Resolution Local Government Regional Advisory Board in the Poltava oblast of April 25, 2013 the city of Myrhorod on 5 July 2013 opened the first Center for Administrative Services in the oblast. The list of services includes 48 administrative services (on architecture and urban planning, land issues, services provided by housing and utilities specialists, public education, services for children, a Sport Department, Youth and Family Department, Organizational and Information Department, and the Department for Consumer Markets and Entrepreneurship) and 18 permit services.

#### **KHERSON OBLAST. DIALOGUE HELPS INTRODUCE ENERGY SAVING TECHNOLOGIES**

Pursuant to the decision of the Local Government Regional Advisory Board of December 19, 2012 on the need for community participation in the cost-sharing programs for the implementation of energy efficiency technologies, the oblast budget allocated 15 thousand UAH to the Velykooleksandrivka rayon and 8.6 thousand UAH to the Beryslav rayon for the insulation of water supply networks. In addition to this, oblast and rayon budget funds went to energy saving activities in the Novoberyslavskiy Secondary Grade I - III School and installation of 65 window units and 2 doors. In the Novotroitske rayon the local authorities started implementing projects on the installation of solar panels and wind power construction of the total cost of 476.0 thousand UAH.

#### **KIROVOHRAD OBLAST. DIALOGUE HELPS PROMOTE INVESTMENTS IN THE OBLAST**

In pursuance of the decision of the Local Government Regional Advisory Board of February 02, 2012, “On the Attraction of Investments to the Territory of the Oblast”, the local authorities established the Kirovohrad Regional Center for Investment Promotion and Development and attracted investments in the amount of more than 54 million USD to the Kirovograd oblast. The most significant achievements of the Investment Center during the recent period include the implementation of the following investment projects: development of the Byrzulivske placer deposits of ilmenite by the «БЕЛТА», Ltd. Company in the Novomyrhorod rayon (the total amount of investments is 45 million USD), the Verbivske deposits of mineral waters by the «Зоря», Ltd. Company in Novoukrainsk rayon with the extraction and commercial production and bottling of the Verbivchanka mineral table water (the total amount of investments is 4 million 500 thousand UAH), the Maloskelivske deposits of quartzite by the «КТК» Closed Joint-Stock Company in the Svitlovodsk rayon (the total amount of investments is 6 million 843 thousand UAH), and the Balashivske deposits of kaolin by the «СОНЕК», Ltd. Company in the Kirovohrad rayon (the total amount of investments is 67 million 270 thousand UAH). At the

moment the local authorities are preparing to implement an investment project for the construction of the Salkivska hydroelectric power stations on the territory of the Haivoron rayon and the creation of an artificial water reservoir on the Pivdennyi Buh river.

#### **LUHANSK OBLAST. DIALOGUE IMPROVES DISTRICT HEATING**

Pursuant to the decision of the Local Government Regional Advisory Board of July 17, 2013 on the allocation of the targeted subvention from the oblast budget to install individual heating systems for privileged categories of citizens, the city and rayon budgets allocated 5 million 695 thousand UAH including 5 million 300 thousand UAH from the oblast budget, and 395.0 thousand UAH from local budgets to the cities of Kirovsk, Stakhanov and Bryanka. Due to these funds the territorial communities managed to install individual heating systems in 457 apartments for privileged citizens including in the city of Kirovsk - 32 units, in the city of Stakhanov - 125 units, and in the city of Bryanka – 300 units.

#### **KHARKIV OBLAST. THE HOUSING AND UTILITIES SECTOR IN THE KHARKIV OBLAST WILL MAKE SAVINGS DUE TO THE INTRODUCTION OF ENERGY SAVING TECHNOLOGIES**

Pursuant to the decision of the Local Government Regional Advisory Board of November 23, 2012 “On the Analysis of the Prospects for Future Heating of Institutions in the City Social Sector and Residential Housing Provided by Boilers Companies in 2013”, the oblast authorities performed 234 energy-saving activities, which required 428 million USD from budget and off-budget funds. These include switching 32 boilers to solid fuel to supply heat to institutions in the city social sector, which will ensure energy savings in the amount of 25% according to the preliminary estimates. The total amount of savings from such energy saving will constitute according to the preliminary estimates up to 30%.

#### **KIROVOHRAD OBLAST. DIALOGUE WILL MAKE THE CITY OF DOLYNSKE CLEANER**

In pursuance of the decision of the Local Government Regional Advisory Board “On Improving the Social Standards of Territorial Communities”, the oblast budget in August of 2013 allocated funds to the Dolynske city council in the amount of 76.80 thousand UAH. These funds were used to replace all garbage containers in the city.

#### **VOLYN OBLAST. DIALOGUE PROVIDES AN OPPORTUNITY TO OBTAIN OWN HOUSING.**

In pursuance of the decision of the Local Government Regional Advisory Board of February 08, 2013 on the provision of the financial support from the state for the implementation program of the “Own House” Program in 2013, the oblast budget allocated 3.7 million UAH. 2.1 million UAH of these funds have already been including 163 loans for renovation and construction of private houses and 20 loans to connect housing to the gas supply networks. It should be noted that the interest rate on the loan constitutes only 3%.

#### **ODESA OBLAST. ROADS IN IZMAIL BECOME MORE SAFE**

To implement the protocol decision of the Regional Advisory Board of April 19, 2013, on the eve of the new academic year, the city of Izmail repaired and organised an opening ceremony of the renovated road where School # 11 is located. Funds for roads targeted subventions allocated from the regional budget. The funds for the road repair were allocated through a targeted subvention from the oblast budget.

#### **RIVNE OBLAST. DIALOGUE HELPS TO PLAN THE DEVELOPMENT OF COMMUNITIES IN THE RIVNE REGION**

Pursuant to the decision of the Local Government Regional Advisory Board of April 24, 2012 “On the Delineation of Boundaries between State-Owned and Communally-Owned Lands in Populated Areas in the Rivne Oblast”, the oblast budget allocated in 2013 120 thousand UAH for the Ostroh, Volodymyrets and Hoscha rayons for the preparation of master plans, zoning plans and other urban development documents, which would clearly define the boundaries of villages

and towns. In particular, in September of 2013, the city of Ostroh accomplished the works on defining the limits of the city.

**LVIV OBLAST. CITIES RECEIVED MONEY TO REPAIR ROADS.**

IN pursuance of the protocol decision of the Local Government Regional Advisory Board of July 25, 2013, and taking into consideration the extremely poor condition of roads in the populated areas of the oblast, the oblast budget allocated and distributed to the populated areas a target subvention for repair and reconstruction of roads in the amount of 4 million 795 thousand UAH.

## Chapter 5. ESTIMATED SCHEDULE FOR THE NEXT QUARTER

- |                                |   |
|--------------------------------|---|
| <b>Legislation Group</b>       | <ul style="list-style-type: none"> <li>- Legislation drafting;</li> <li>- Legislation monitoring;</li> <li>- Participation in the work of parliamentary committees and advisory boards set by ministries;</li> <li>- Preparation and dissemination of the Legislation News electronic publication;</li> <li>- Preparation and dissemination of the Sectoral Monitoring</li> <li>- Preparation of the annual reviews of the status of local self-governance</li> </ul> |
| <b>Dialogue Group</b>          | <ul style="list-style-type: none"> <li>- Consultations with ministries;</li> <li>- Support for the activities of the inter-faction parliamentary group (local government caucus);</li> <li>- Working meetings of Local Government Regional Advisory Boards;</li> <li>- Holding a meeting of donor organisations</li> </ul>  |
| <b>Information Group</b>       | <ul style="list-style-type: none"> <li>- Shooting and broadcasting TV programs;</li> <li>- Preparation of regular radio programs;</li> <li>- Holding meetings of national and regional press clubs;</li> <li>- Publication of the AUC Herald, Press News, and Dialogue Newsletter</li> </ul>  |
| <b>Legal Assistance Center</b> | <ul style="list-style-type: none"> <li>- Consultations, legal assistance and protection of local governments and officials;</li> <li>- Expert workshops in AUC ROs;</li> <li>- Monitoring of pressure on local government officials;</li> <li>- Preparation and dissemination of the Legal Consultations electronic publication</li> </ul>  |