



USAID
FROM THE AMERICAN PEOPLE

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

QUARTERLY REPORT
for the Development Initiative for Advocating
Local Governance in Ukraine (DIALOGUE)
Project
April – May, 2014

TABLE OF CONTENTS

RESUME	5
Chapter 1. KEY ACHIEVEMENTS IN THE REPORTING PERIOD	6
Chapter 2. PROJECT IMPLEMENTATION	9
2.1. Component 1: Legal Framework	9
Activity 2.1.1. Legislation drafting based on local governments legislative needs	9
<i>Assessment of local government institutions needs in legislation drafting and activities on the Technical Area Profiles</i>	9
<i>Legislation monitoring</i>	10
Activity 2.1.2. Expert evaluation of conformity of draft legislation to the European Charter of Local Self-Governance	14
Activity 2.1.3. Introduction of institutional tools for local governments to participate in legislation drafting	14
<i>Round table discussions in AUC Regional Offices and meetings of AUC Professional Groups</i>	14
<i>Setting up a network of lawyers to participate in legislation drafting</i>	17
2.2. Component 2: Policy dialogue	18
Activity 2.2.1. Increasing the participation of the AUC member cities in the policy dialogue established by the AUC at the national level	18
<i>Dialogue Day at the Local Government Forum</i>	18
<i>Cooperation with central government authorities</i>	19
<i>Parliamentary local government inter-faction group (local government caucus)</i>	24
<i>Participation in the work of parliamentary committees</i>	25
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	28
<i>Working sessions of Local Government Regional Advisory Boards</i>	28
Activity 2.2.3. Establishing formal and regular coordination mechanisms with other USAID supported activities and other donor organizations	31
<i>Forum of Donor Organisations working in the local government sector</i>	31
<i>Cooperation with other USAID projects and projects supported by other donor Organisations</i>	31
2.3. Component 3: Fostering Public Support for Reform	32
Activity 2.3.1. Implementation of the integrated Communication and Branding	32
Activity 2.3.2. Integration of communications into day-to-day operations of the AUC	32
Activity 2.3.3. Production and dissemination of tools for message delivery	32
<i>DIALOGUE Project AUC web-site</i>	32
<i>Electronic and printed media</i>	33
<i>Radio coverage</i>	35
<i>TV coverage</i>	36
<i>«ЗМІСТОВА Україна» TV program series</i>	36
Activity 2.3.4. Fostering media relations	38
<i>Setting up a team of AUC speakers</i>	38

<i>Implementation of mechanisms for regular communication between local governments and media</i>	39
2.4. Component 4: Legal Assistance and Protection	44
Activity 2.4.1. Expanding legal consultation services for navigating various laws and regulations	44
<i>Expert workshops in AUC ROs</i>	44
Activity 2.4.2. Legal protection services	50
<i>Monitoring of cases of harassment of local government officials</i>	50
<i>Monitoring of pre-term local government elections</i>	51
<i>Local Government Lawyer School</i>	51
Chapter 3. IMPLEMENTATION PROBLEMS AND WAYS TO RESOLVE THEM	51
Chapter 4. SUCCESS STORIES	53
Chapter 5. ESTIMATED SCHEDULE FOR THE NEXT QUARTER	57

LIST OF ABBREVIATIONS

USAID – U.S. Agency for International Development
AUC – Association of Ukrainian Cities
UWLGA – Ukraine-Wide Local Government Association
UWNGO – Ukraine-Wide Non-Governmental Organisation
VRU – Verkhovna Rada of Ukraine
STU – State Treasury of Ukraine
STVRC – State TV and Radio Company
ZhEK – housing neighbourhood maintenance unit
CJST – Closed Joint-Stock Company
EBRD – European Bank for Reconstruction and Development
EU – European Union
NA – News Agency
CMU – Cabinet of Ministers of Ukraine
MOH – Ministry of Health Care
NJSC – National Joint-Stock Company
NEFCO – Nordic Environmental Finance Corporation
OSA – Oblast State Administration
PJSC – Private Joint-Stock Company
AUC RO – Regional Office of the Association of Ukrainian Cities
RSA – Rayon State Administration
LGRAB – Local Government Regional Advisory Board
SSR – Soviet Socialist Republic
ARSU – Automobile Road Service of Ukraine
USA – United State of America
TVRC – TV and Radio Company
CAS – Center for Administrative Services
CASE – Central Agency of the State Executive
CGA – Central Government Authority

RESUME

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

Project implementation in April – June of 2013 yielded the following outcomes:

- DIALOGUE Project experts performed the monitoring of **74** draft legislation and ordinances and **176** draft regulatory and legal documents;
- The Project conducted the Dialogue Day for local governments and central government authorities;
- The Project conducted **2** working session of AUC Professional Groups and updated **2** Local Government Technical Area Profiles;
- The Cabinet of Ministers took into account the position of the AUC with regard to **6** regulatory and legal documents, as well as approved the Concept of the Local Government Reform and Reform of the Territorial Arrangement of Government Institutions together with its implementation Plan;
- The Verkhovna Rada of Ukraine approved **4** draft laws to support local self-governance;
- DIALOGUE Project experts took part in **18** working meetings of **6** parliamentary committees. This enabled the AUC to defend its position with regard to draft laws initiated by National Deputies;
- The Project conducted **10** working meetings of Regional Advisory Boards in **7** oblasts;
- The Project initiated the «ЗМІСТОВНА Україна» [*city-minded Ukraine*] TV Program series dedicated to the local government reform. The Project aired **11** TV programs;
- The Project conducted **24** expert workshops in AUC ROs;
- The Project provided **153** consultations to local governments and officials; and,
- The Project published **2** issues of the AUC Herald, **3** issues of the Legislation News, the professional legal publications, and **1** issue of the Legislation News and the Sectoral Monitoring.

Chapter 1. KEY ACHIEVEMENTS IN THE REPORTING PERIOD

3 April 2014, the Project conducted a working session of the Chernihiv Oblast Local Government Regional Advisory Board

April 03, 2014, the Project conducted an expert workshop in the Rivne AUC RO

April 03 – 04, 2014, the Project conducted a working session of the AUC Culture and Arts Professional Group, city of Vinnytsya

April 08, 2014, the Project conducted an expert workshop in the Kirovohrad AUC RO

April 10, 2014, the Project conducted a working session of the Khmelnytskyi Oblast Local Government Regional Advisory Board and the regional press club

April 14, 2014, the Project conducted a working session of the Rivne Oblast Local Government Regional Advisory Board and the regional press club

April 23, 2014, the Project conducted an expert workshop in the Ivano-Frankivsk AUC RO

April 23, 2014, the Project conducted an expert workshop in the Kharkiv AUC RO

April 24, 2014, the Project conducted a working session of the Vinnytsya Oblast Local Government Regional Advisory Board

April 24, 2014, the Project conducted an expert workshop in the Dnipropetrovsk AUC RO

April 24, 2014, the Project conducted an expert workshop in the Chernihiv AUC RO

April 24 – 25, 2014, the Project conducted a working session of the AUC Local Government Lawyers Professional Group, city of Lutsk

April 25, 2014, the Project conducted an expert workshop in the Chernivtsi AUC RO

Late April, the Project published and disseminated the “AUC Herald” (Issue #106)

Late April, the Project published and disseminated the forty third issue of the “Legislation News”

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

May 07, 2014, the Project conducted an expert workshop in the Lviv AUC RO

May 14, 2014, the Project conducted an expert workshop in the Kherson AUC RO

May 14, 2014, the Project conducted an expert workshop in the Khmelnytskyi AUC RO

May 15, 2014, the Project conducted a working session of the Zakarpattya Oblast Local Government Regional Advisory Board and the regional press club

May 15, 2014, the Project conducted an expert workshop in the Poltava AUC RO

May 16, 2014, the Project conducted an expert workshop in the Zhytomyr AUC RO

May 16, 2014, the Project conducted a working session of the Ivano-Frankivsk Oblast Local Government Regional Advisory Board and the regional press club

May 16, 2014, the Project conducted a working session of the Lviv Oblast Local Government Regional Advisory Board and the regional press club

May 19, 2014, the «Тоніс» TV Channel broadcast the «ЗМІСТОВНА Україна» [*city-minded Ukraine*] program (about the working session of the AUC Social Protection Professional Group, city of Zaporizzhya)

May 21, 2014, the «Тоніс» TV Channel broadcast the «ЗМІСТОВНА Україна» [*city-minded Ukraine*] program (about the working session of the Ukrainian Association of City Finance Officers, city of Kyiv)

May 22, 2014, the Project conducted an expert workshop in the Dnipropetrovsk AUC RO

May 23, 2014, the «Тоніс» TV Channel broadcast the «ЗМІСТОВНА Україна» [*city-minded Ukraine*] program (about the working session of the Ivano-Frankivsk Local Government Advisory Board)

May 26, 2014, the «Тоніс» TV Channel broadcast the «ЗМІСТОВНА Україна» [*city-minded Ukraine*] program (about the working session of the AUC Health Care Professional Group, city of Kyiv)

May 28, 2014, the «Тоніс» TV Channel broadcast the «ЗМІСТОВНА Україна» [*city-minded Ukraine*] program (about the working session of the expert workshop, city of Dnipropetrovsk)

May 29, 2014, the Project conducted an expert workshop in the Luhansk AUC RO

May 30, 2014, the Project conducted an expert workshop in the Kirovohrad AUC RO

Late May, the Project published and disseminated the “AUC Herald” (Issue # 107)

Late May, the Project published and disseminated the forty fourth issue of the “Legislation News”

Late May, the Project published and disseminated the forty first issue of the “DIALOGUE Newsletter”

June 03, 2014, the Project conducted an expert workshop in the Vinnytsya AUC RO

June 03, 2014, the Project conducted an expert workshop in the Kyiv AUC RO

June 04, 2014, the Project conducted an expert workshop in the Kherson AUC RO

June 05 2014, the Project conducted an expert workshop in the Volyn AUC RO

June 11, 2014, the Project conducted an expert workshop in the Ternopil AUC RO

June 11, 2014, the Project conducted an expert workshop in the Zakarpattia AUC RO

June 12, 2014, the Project conducted an expert workshop in the Mykolaiv AUC RO

June 12, 2014, the Project conducted an expert workshop in the Khmelnytskyi AUC RO

June 13, 2014, the Project conducted an expert workshop in the Chernivtsi AUC RO

June 18, 2014, the «Тоніс» TV Channel broadcast the «ЗМІСТОВНА Україна» [*city-minded Ukraine*] program about the local government reform

June 20, 2014, the «Тоніс» TV Channel broadcast the «ЗМІСТОВНА Україна» [*city-minded Ukraine*] program about the local government reform

June 23, 2014, the «Тоніс» TV Channel broadcast the «ЗМІСТОВНА Україна» [*city-minded Ukraine*] program about the local government reform

June 25, 2014, the «Тоніс» TV Channel broadcast the «ЗМІСТОВНА Україна» [*city-minded Ukraine*] program about the local government reform

June 25, 2014, the Project conducted a meeting of the National Press Club in the city of Kyiv

June 25, 2014, the Project conducted the Dialogue Day, city of Kyiv

June 27, 2014, the «Тоніс» TV Channel broadcast the «ЗМІСТОВНА Україна» [*city-minded Ukraine*] program about the local government reform

June 30, 2014, the «Тоніс» TV Channel broadcast the «ЗМІСТОВНА Україна» [*city-minded Ukraine*] program about the local government reform

Late June, the Project prepared and published the “AUC Herald” (Issue # 108)

Late June, the Project published and disseminated the forty fifth issue of the “Legislation News”

Late June, the Project prepared and disseminated the fifteenth issue of the “Legal Consultations”

Late June, the Project prepared and disseminated the sixteenth issue of the “Sectoral Monitoring”

Late June, the Project published and disseminated the forty second issue of the “DIALOGUE Newsletter”

Chapter 2. PROJECT IMPLEMENTATION

2.1. Component 1: Legal framework

Activity 2.1.1. Legislation drafting based on local governments legislative needs

The Project worked on 57 draft laws and other legal and regulatory documents, 26 laws and regulations were sent for AUC concurrence including 20 concurred without reservations, 4 with reservations, with 2 not concurred with. Four pieces of legislation was prepared. Six pieces of local government-enhancing legislation came into effect.

Since its inception, the Project worked on 673 draft laws and other legal and regulatory documents, and enabled the AUC to participate in the concurrence of 264 draft legislation and regulations (including 169 documents concurred without reservations, 61 concurred with reservations, 34 not concurred, and 20 draft laws were prepared). 46 pieces of local government-enhancing legislation came into effect.

Assessment of local government institutions needs in legislation drafting and activities on Local Government Technical Area Profiles

Over the reporting period, Project specialists worked on the Current Legal Framework sections of Technical Area Profiles and added the names and detailed information about 7 total new laws including 2 laws, 1 resolution of the Verkhovna Rada of Ukraine, and 1 resolution and 3 instructions of the Cabinet of Ministers of Ukraine.

Based on the findings of the monitoring of local government problem issues, the AUC specialists did not find any new significant problems in the corresponding local government technical areas.

Over the reporting quarter, 2 problem issues in the Local Government Organisational and Legal Framework Technical Area and 7 problem issues in the Local Government Elections Technical Area were resolved through the approval of the corresponding legislation (see table below).

Local Government Technical Area Profile	As of the beginning of the reporting period	Added including the optimisation of problem issues identified earlier	Resolved, through editorial remarks or the issue became irrelevant	As of the end of the reporting period
Housing and municipal utilities	47	0	0	47
Land relations	19	0	0	19
Local budgets and financial foundations of local self-governance	39	0	0	39
Organisational and legal foundations of local self-governance	33	0	2	31
Local elections	23	0	7	16
Social protection	23	0	0	23
Health care	22	0	0	22
Public education	23	0	0	23
Culture and arts	25	0	0	25

Over the reporting period, DIALOGUE Project experts conducted presentations and discussions of three Local government Technical Area Profiles at meetings of AUC Professional Groups:

Titles of Technical Area Profiles	Venue of the Professional Group meetings	Date
Culture and Arts	city of Vinnytsya	April 03
Organisational and Legal Framework of Local Self-Governance	city of Lutsk	April 24
Local Government Elections	city of Lutsk	April 24

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 57 draft pieces of legislation.

DIALOGUE Project experts were involved in the AUC concurrence procedure with regard to 26 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 Municipal Utilities of Ukraine – 21;
- Ministry of Economic Development and Trade of Ukraine – 3;
- Ministry of Infrastructure of Ukraine – 2.

Twenty of these pieces of legislation were approved without reservations, **4** – with reservations, and **2** – 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 Municipal Utilities of Ukraine. The Association of Ukrainian Cities continues to cooperate with the ad-hoc Verkhovna Rada of Ukraine Committee on State Building and Local Self-Governance. The Committee keeps asking the AUC of its official position with regard to the draft laws the Committee is considering at its meetings and publishes this information in handouts for the National Deputies who are the Committee members and for other stakeholders and participates of Committee meetings.

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

It should also be noted that on May 05, 2014, A. Yatseniuk, Prime Minister of Ukraine, instructed ministers and heads of other central and local executive authorities on the necessity to coordinate with the Ministry of Regional Development, Construction and Housing and Municipal Utilities of Ukraine and Ukraine-Wide Local Government Associations the drafts documents dealing with the interests of local communities, functioning of local governments, territorial arrangement of government institutions, as well as local and regional development. Also, in the instruction states that these draft documents should be consistent with the provisions of the Concept of the Local Government Reform and Reform of the Territorial Arrangement of Government Institutions in Ukraine, approved by the Cabinet of Ministers of Ukraine on April 01, 2014 # 333. This instruction order was issued in view of the circumstances where there are many cases when during the development of relevant draft legislation affecting the interests of local governments and local and regional development, the authorities responsible for the preparation of this draft legislation fail to conduct consultations and to send the draft legislation to the associations for review. This approach leads to the violation of the principle of combining

local and national interests envisioned by Article 4 of the Law of Ukraine “On Local Self-Governance in Ukraine”.

Currently, in this reporting period, the number of regulatory and legal documents, which were sent to the Association of Ukrainian Cities for concurrence stayed at the level of the previous reporting year.

Over the reporting period, the Verkhovna Rada of Ukraine and the cabinet of Ministers of Ukraine approved a number of regulatory and legal documents, which have a significant impact on local self-governance:

- Instruction of the Cabinet of Ministers of Ukraine # 333-p of April 01, 2014 “**On Approving the Concept of the Local Government Reform and Reform of the Territorial Arrangement of Government Institutions in Ukraine**”. The draft Concept was prepared with the active participation of the AUC and was supported by the Association on all stages of its preparation. The AUC Board approved the Concept on March 25, 2014.
- On April 08, 2014, the Verkhovna Rada of Ukraine the Law of Ukraine “**On Introducing Amendments to the Law of Ukraine “n Elections of Deputies of the Verkhovna Rada of the Autonomous Republic of Crimea, Members of Local Councils and City, Town and Village Mayors**” (# 2664). The draft document offers significant improvements for the mechanisms to promote fairness and transparency of elections in the context of the formation of elections commissions, compilation of voter lists, vote tabulation, rights of observers and media representatives, etc. In particular, the document envisions the opportunity for self-nomination of candidates and for the positions of city mayors. According to the document, city district election commissions will be established regardless of whether the cities have rayon councils. The lists of candidates from political parties and the names of the candidates will be placed on the ballot in the succession determined by the draw, thus eliminating the possibility of discriminatory impact of electoral commissions on the succession of names in the lists of candidates and lists in ballots. Most provisions of the Law are in line with the provisions of the draft law prepared upon the request of the DIALOGUE Project.
- On May 29, 2014, the Verkhovna Rada of Ukraine approved and on June 19, 2014 the President of Ukraine signed the **Law of Ukraine “On Introducing Amendments to Certain Ukrainian Legislation Concerning the Rule of Parking Transportation Vehicles and Introducing the Accountability for Violations of Rules of Parking Transportation Vehicles”** (# 2499). The law delineates the authority of local governments and the Traffic Police of the Ministry of Interior through the introduction of amendments to the Laws “On Local Self-Governance in Ukraine” and “In the Road Traffic” concerning the strict definition of the minimum percentage of the number of parking spaces in relation to the number of population in a particular administrative territory. Also, the document vests local governments with the right to arrange site for parking of transportation vehicles and monitor the compliance with the requirements for arranging, equipping and running parking lots prescribed by the Rules for Parking Transportation vehicles. DIALOGUE Project experts participated in the preparation of this draft law. The Association of Ukrainian Cities supports the approval of the document and has repeatedly talked about the necessity to regulate the provisions outlined in the draft law.
- On June 05, 2014, the Verkhovna Rada of Ukraine approved and on June 27, 2014, the President of Ukraine signed the **Law of Ukraine “On Introducing Amendments to the Law of Ukraine ”On the State Land Cadastre” Concerning the Abolishment of the Fee for Entering Information to the State Land Cadastre and Changes to This Information”** (# 3061). The Law abolishes the payment for entering information to the State Land Cadastre. Also, the Law envisions that obtaining of information form the State Land Cadastre, in particular, upon the request local governments should be free of charge. The Association of Ukrainian Cities has repeatedly stressed the necessity to resolve the issue of free access to the State Land Cadastre.
- On June 17, 2014, the Verkhovna Rada of Ukraine approved the **Law of Ukraine “On Cooperation of Territorial Communities”** (# 4756). The Law streamlines the mechanisms for

consolidation of resources of territorial communities for the implementation of joint projects and outlines the conditions for providing the state support for such projects. DIALOGUE Project experts participated in the preparation of this draft document and the AUC concurred with the document in due manner specified by the legislation. The Law was sent to the President of Ukraine for signature.

➤ Instruction of the Cabinet of Ministers of Ukraine # 591-p of June 18, 2014 **“On Approving the Action Plan for the Implementation of the Concept of the Local Government Reform and Reform of the Territorial Arrangement of Government Institutions in Ukraine”**. The AUC concurred with the draft document in the due manner specified by the legislation.

Due to the well-coordinated and effective cooperation of experts with parliamentary committees, state executive agencies and the high quality of proposals and justifications submitted by the AUC, the DIALOGUE Project managed to achieve the following specific outcomes in the legislation drafting activities:

➤ On April 24, 2014, National Deputies in the parliament registered the **draft Law of Ukraine “On Introducing Amendments to Article 12 of the Law of Ukraine ‘On Local State Administrations’ (concerning the possibility of officials of state executive authorities to be elected to a representative body)”** (# 4769). The draft document envisions amendments to Article 12 of the Law of Ukraine “On Local State Administrations”, whereby the leadership of local state administrations have the right to be members of local councils in general, but will have limitations on the membership in the councils whose delegated authority they perform and report to. By doing so, the draft law ensures the constitutional right of representative local government bodies to exercise effective control over the authority they delegated to the local agencies of the state executive. The draft law was prepared by DIALOGUE Project experts. It was registered by the National Deputies who are members of the Inter-Faction Local Government Support Group (local government caucus).

➤ On May 14, 2014, the Verkhovna Rada of Ukraine registered **draft Law of Ukraine “On Introducing Amendments to the Budget Code of Ukraine (concerning channelling a part of the profits tax collections to the local budget revenues not taken into account in the calculation of inter-budget transfers)”** (# 4871). The draft law was submitted by O. Kanivets, National Deputy of Ukraine and member of the Inter-Faction Local Government Support Group. The document envisions introducing amendments to Articles 29 and 69 of the Budget Code of Ukraine in the part dealing with the redistribution of 25% of the profits tax collections to local budgets. In particular, the document offers a suggestion to channel this part of profits tax collections to Basket Two of local budgets (local government own revenues): 15% to village, town and city budgets; 5% to rayon budgets; and 5% to oblast budgets. These provisions of the draft law represent a part of the integrated draft law introducing amendments to the Budget Code of Ukraine in the part dealing with the budget decentralisation. The draft document was prepared within the framework of the DIALOGUE Project was handed to the Inter-Faction Local Government Support Group a year ago.

➤ On May 14, 2014, the Verkhovna Rada of Ukraine Committee on Construction, Urban Development, Housing, Municipal Utilities and Regional Policy discussed and supported the **draft Law of Ukraine “On Introducing Amendments to the Tax Code of Ukraine” (concerning the application of the simplified taxation system, accounting and reporting for certain business entities)”** (# 3632). THE draft law has a suggestion to give the permission for the municipal utility companies providing housing and utility services and for urban public transportation companies to switch over to the simplified taxation system (payment of the single tax). Currently, such companies are prohibited from switching over to this system. This drives up the cost of their services, decreases their competitiveness as compared with private companies, as well as leaves local councils without the opportunity to receive in their budgets tax collections from these companies. For quite a long time, the AUC has been supporting these amendments.

- On June 05, 2014, the Verkhovna Rada of Ukraine approved in the first reading the **draft Law of Ukraine “ON Introducing Amendments to Article 30 of the Law of Ukraine “On Local Self-Governance in Ukraine Concerning Record Keeping and Technical Inventory”** (# 2371). The draft document offers a suggestion to include into the list of local government exclusive powers of executive committees of village, town and city councils the authority to keep records of immovable property regardless of the type of ownership and excluding at the same time this authority from the list of delegated powers. In addition to this, the document has a suggestion to supplement the exclusive local government authority of the executive agencies mentioned above with the authority to conduct the technical inventory of such property. The draft document is inline with the provisions of another draft law prepared by DIALOGUE Project experts and was submitted to the parliament for discussion by National Deputies who are members of the Inter-Faction Local Government Support Group (local government caucus).
- On June 11, 2014, the Verkhovna Rada of Ukraine registered the **draft Law of Ukraine “On Introducing Amendments to Annex # 3 of the Law of Ukraine “On the National Budget of Ukraine for 2014” (concerning the allocation of the subvention from the National Budget to local budgets to provide the financial support to the winners of the Ukraine-Wide Local Government Support Program and Project Competition)** (# 4049a). The draft law has a suggestion to allocate the funds in the amount of 92,322.00 thousand UAH for the implementation of winning programs of the Ukraine-Wide Local Government Support Project and Program Competition held in 2013 and for the repayment of the debt on these payments accumulated over the previous years. The necessity of the redistribution of the funds has been driven by the fact that in case of the absence of fund this year the authorities will not only derail the implementation of the winning programs under the Competition (local governments have already taken financial obligations with their communities and commercial companies), but will also question the expediency of selecting winners by the Competition Council in 2014. This issue was also raised during the Dialogue Day on June 25, 2014. The draft law was registered by the National Deputies who are members of the Inter-Faction Local Government Support Group. DIALOGUE Project experts participated in the preparation of the draft law for the registration in the parliament.
- The **draft Law of Ukraine “On Introducing Amendments to the Constitution of Ukraine”** (# 4178a) submitted to the Verkhovna Rada of Ukraine by P. Poroshenko, President of Ukraine, corresponds, in general, with the interests of local governments and is in line with the position of the AUC. The purpose of the draft law is to improve the constitutional and legal status of higher level state authorities in accordance with the principles of the parliamentary-presidential type of state, as well as to reform the constitutional and legal status of local governments. DIALOGUE Project experts participated in the preparation of amendments to the Constitution in the part dealing with the status and authority of local governments.

Unfortunately, the parliament did not give the necessary number of votes for the **draft Law of Ukraine “On Introducing Amendments to Certain Ukrainian Legislation Regulating Urban Development Activities and State Architectural and Construction Control”** (# 4629) prepared by the Cabinet of Ministers of Ukraine. On April 03, 2014, the draft document was registered in the parliament and on May 13 it was submitted to the Verkhovna Rada for consideration. DIALOGUE Project experts were involved in the preparation of the draft law. The Association has been actively supporting the draft law, because its approval will facilitate the improvements in the urban development activities and will increase the role of local governments in the complex development of territories in the interests of territorial communities. Currently, the Ministry of Regional Development and DIALOGUE Project experts continue to finalise the draft law.

The position of the AUC with regard to the **Law of Ukraine “On Introducing Amendments to Article 34 of the Law of Ukraine “On the Foundations of the National regulatory Policy in the Sphere of Economic Activities” (concerning the proposals of the special authorised body)”** were not taken into account. The Verkhovna Rada of Ukraine approved the draft law on

June 05, 2014. The amendments envision an additional link in the mechanism for local councils to approve regulatory documents, namely: sending them to the central agency of the state executive on regulatory policy for expert opinion and taking into account. The AUC addressed the President of Ukraine with a request to exercise his right to veto the Law, because its provisions do not correspond to the Constitution of Ukraine in the part dealing with the right of local governments to use their own discretion in resolving issues of local importance and to the principle of decentralisation of public governance. On June 26, 2014, the President of Ukraine signed the Law.

In the reporting period, the Project worked on drafting the legislation to meet local government needs:

The Project finished its work on the following pieces of legislation prepared upon request of local governments:

- draft Law of Ukraine “On Introducing Amendments to the Law of Ukraine “On Local Self-Governance in Ukraine” (concerning the streamlining of the legal regulation of the status of the village, town and city mayor);
- draft Law of Ukraine “On Introducing Amendments to the Law of Ukraine “On Public Procurement”;
- draft Law of Ukraine “On Introducing Amendments to the Law of Ukraine “On Advertisements” (concerning clarifications of the area of the application of the Law and improving some of its provisions); and,
- draft Law of Ukraine “On Introducing Amendments to the Budget Code of Ukraine”.

Since its inception, DIALOGUE Project prepared 20 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.

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

AUC Culture and Arts Professional Group

April 03 – 04, 2014, city of Vinnytsya.

19 representatives of city and town departments for culture from 10 regions of Ukraine participated in the meeting. The participants of the AUC Professional Group discussed and supported the approval of the following draft legislation, which deal with the authority of local governments in the sphere of culture:

- “On Introducing Amendments to Certain Ukrainian Legislation (concerning the management of state-owned property items)” (Registration # 3194-2 and Registration # 3194-3). These draft laws outline the specific terms and conditions for protection agreements, which envision the transfer to the use or to administration monuments; introduction of a prohibition for transferring to religious communities of religious buildings or property, which are part of cultural and historic heritage ensembles included and suggested for inclusion into the UNESCO World Heritage List;
- “On Introducing Amendments to Chapter 14 of the Budget Code of Ukraine (concerning the financial support for out-of-school education) (Registration #

2490), which envisions amendments to the Tax Code of Ukraine to change the mechanisms for providing the financial support for out-of-school facilities, namely, through subventions from the National Budget; and,

- “On Introducing Amendments to Article 45 of the Housing Code of Ukrainian SSR (with regard to ensuring the rights of teachers of pre-school and out-of-school educational establishments for the first priority provision of housing”) (Registration # 2344a), which envisions the first priority provision of housing for teachers, as well as the elimination of contradictions between certain provisions of the current Ukrainian legislation.

The event participants did not support the draft law “On Increased Attention to the Use of National Symbols in Pre-School, Comprehensive and Out-of-School Educational Establishments” (Registration # 3683) explaining how to place national symbols and use them during festive events, national and state holidays in pre-school, comprehensive and out-of-school educational establishments; and how to introduce a practice of playing the National Anthem of Ukraine during the hoisting of the National Flag of Ukraine on Mondays before the first lesson begins.

In addition to this, the event participants had a chance to meet with O. Zhuravchyk, Deputy Minister of Culture of Ukraine, who spoke about the work of the Ministry to prepare a national wide strategy, which envisions the legal, economic and communication conditions to promote the environment to support the development of all cultural entities. The event participants gave the Local Government Technical Profile in the area of culture and expressed their hope for further work on preparing regulatory and legal documents to assist the Ministry better take into account the proposals of the Association on how to resolve problem issues local governments face.

In the course of the fruitful dialogue, the local government representatives who were present at the event came up with their suggestions for the deputy minister, namely:

- to prepare a nation-wide strategy of the cultural policy based on the current local programs in the sphere of culture;
- develop a draft law to introduce the concert tour fee and channel some part of its collections to the local budgets of the corresponding populated areas on whose territory the concert tours/events take place;
- change the mechanism to set the parent fee for the tuition in arts schools and introduce the practice to determine its amount as a percentage of the average salary or the average salary in the region;
- give the status of the recommendation document for the regulatory documents on manning schedules for communally-owned and state-owned cultural establishments and envision the possibility of introducing the position of the Project Manager;
- revisit the standards for the library coverage of populated areas; and,
- resume the practice of inviting representative of oblast significance cities for meetings of the board of the Ministry, as well as more actively involve local government representatives to participation in working groups to prepare draft regulatory documents.

AUC Local Government Lawyers Professional Group

April 24- 25, 2014, city of Lutsk

21 representatives of legal services from such cities as: Boryspil, Brovary, Dubno, Zdolbuniv, Ivano-Frankivsk, Kamin-Kashyrskiy, Kovel, Kremenchuk, Lutsk, Novyi Rozdil, Rivne,

Rozhysche, Sarny, Stryi, and Truskavets, as well as towns of Lokachi and Turiysk participated in the event. They represented 6 oblasts of Ukraine. The event participants discussed the following main questions.

1. The Concept of the Local Government Reform and Reform of the Territorial Arrangement of Government Institutions of Ukraine approved by Instruction of the Cabinet of Ministers of Ukraine # 333-p of April 01, 2014, and draft law of Ukraine on introducing amendments to the Constitution of Ukraine (concerning the decentralisation of public governance), which are being prepared by the Ministry of Regional Development. The Concept is being prepared with the participation of the Association of Ukrainian Cities and reflects the AUC vision in this direction. The DIALOGUE Project representatives had an intention to communicate the main ideas of the document mentioned above to the event participants who represent the experts capable of having a substantial impact on the formation of opinion of local government officials and local council members. What has been mentioned above is essential for public opinion on decentralisation, for the promotion of the local government reform thus avoiding resistance to reforms. The explanation of ideas in the Concept allows to better explain its benefits and to avoid misinterpretation (simplification or distortion) of its provisions. The event participants made a decision to support the Concept of the Local Government Reform and Reform of the Territorial Arrangement of Government Institutions in Ukraine approved by Instruction of the Cabinet of Ministers of Ukraine # 333-p of April 01, 2014 and to draw the attention of the Association of Ukrainian Cities to the need to specify in the legislation the general principles, scope, mechanisms, and frequency of the state control over local governments to ensure the validity, expediency, prudence and formalisation of criteria of such control. The event participants came up with a suggestion for the AUC to consider the opportunity for providing a better and more detailed explanation of the provisions of the Concept both to local government officials and to ordinary citizens in a user-friendly format.

2. The Organisational and Legal Foundations of Local Self-Governance and the Local Elections Technical Area Profiles. The meeting participants were presented these technical area profiles (these are the AUC documents that articulate legal issues of local government activities, as well as priorities and solutions for AUC legislative activities). The event participants approved the Organisational and Legal Foundations of Local Self-Governance and the Local Elections Technical Area Profiles developed by the Association of Cities of Ukraine, and came up with a suggestion to continue working on them in the future.

3. The draft law introducing amendments to the Law of Ukraine “On Local Self-Governance in Ukraine” concerning improvement of organisational foundations for the activities of executive bodies of the village, town, city and city rayon councils developed by the Association of Cities of Ukraine. Over the years of the implementation of the Law of Ukraine “On Local Self-Governance in Ukraine” local government expert revealed a number of important problem issues related to the legal regulation of organisational foundations of executive bodies of village, town, city and city rayon councils to be addressed. The draft law prepared by the DIALOGUE Project provides for the resolution of such issues as: 1) streamlining the legal relationship in the context of limitations for the deputy village, town and city mayor, city clerk (secretary) of the executive committee (further on referred to as the deputy mayor, city clerk) to be elected as a member of the local council; determining the mechanisms for the appointment, dismissal and limitations of their authority; 2) clarifying the legal foundations for the formation and activities of the executive committee of the local council and other executive agencies of the council and their staffing; 3) outlining of the exclusive competence of the local council together with determining the system of compensation rates for local government officials (not to be determined by the Cabinet of Ministers of Ukraine), etc. The event participants agreed to support the draft law introducing amendments to the Law of Ukraine “On Local Self-Governance in Ukraine” to improve the organisational foundations for the activities of executive bodies of the village, town,

city and city rayon councils developed by the Association of Cities of Ukraine the AUC prepared taking into account a number of proposals made by the event participants.

4. Draft Law on introducing amendments to certain Ukrainian legislation regarding the abandoned heritage registered under # 2220 on June 04, 2013. The draft law, which is pending consideration in the Verkhovna Rada of Ukraine, proposes to deprive territorial communities of the right to receive abandoned heritage (the heritage without heirs) on land parcels beyond the boundaries of populated areas, as well as to significantly complicate the process of registration. The legislation does not envision any limits for territorial with regard to immovable property including land parcels located beyond the corresponding populated areas. The fact that today the vast majority of land parcels beyond the boundaries of populated areas (except for the privately owned land) is administered by the state is not a sufficient reason to deny territorial communities the rights to such land parcels. Local governments should enjoy the full rights to dispose of them as well as other municipal property regardless of their locations. The draft law makes essential legal complications for receiving the abandoned heritage, because it fails to resolve the issue of the buildings that can be placed on the land (dacha houses, industrial and agricultural facilities, etc.). The significant shortcoming of the draft law is the fact that it does not take into account the steps planned by the Cabinet of Ministers to promote the Local Government Reform and Reform of the Territorial Arrangement of Government Institutions in the part dealing with expanding the scope of authority local governments at the basic (lowest) level covering the territory beyond populated areas. The event participants made a decision to send a recommendation to the Verkhovna Rada of Ukraine Committee on Legal Policy not to support the draft law mentioned above.

Setting up a network of lawyers to participate in legislation drafting

Currently, the network includes 394 local government lawyers from 25 oblasts.

As of now, **300** cities and **71** smaller towns delegated their representatives to work in the network. Currently, the network includes **394** local government representatives from **25** oblasts.

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 Laws of Ukraine: “On Introducing Amendments to Article 19 of the Law of Ukraine “On the National Budget of Ukraine for 2014”, “On Introducing Amendments to the Budget Code of Ukraine (concerning the improvements of the mechanisms for the Ministry of Finance to make projections of local budget revenues taken into consideration in the calculation of the amount of inter-budget transfers)”, “On Introducing Amendments to Annex #3 of the Law of Ukraine “On the National Budget of Ukraine for 2014” concerning the allocation of the subvention from the National Budget to local budgets to provide the financial support for the implementation of winning programs of the Ukraine-Wide Competition of Local Government Support Projects and Programs”, “On Introducing Amendments to the Tax Code of Ukraine Concerning the State Support for the Development of Culture”, “On Health Care and Medical Services”, “On the List of Administrative Services and Payments (Administrative Fee) for Their Provision”, “On Introducing Amendments to Article 229 of the Code of Ukraine for Administrative Offences”, draft resolutions of the Cabinet of Ministers of Ukraine “On Approving the Mechanisms for Inspecting Commissioned Construction Objects”, instruction of the Cabinet of Ministers of Ukraine “On the Action Plan for the Implementation of the Concept of the Local Government Reform and Reform of the Territorial Arrangement of Government Institutions”, instructions of the Ministry of Labour and Social Policy of Ukraine “On Approving the Mechanism of

Interaction of Entities in the Course of the Provisions of the Palliative Services for Untreatable Patients at Home”, “On Approving the Format of the Model Agreement to Use Budget Funds for the Provision of Social Services”, Ministry of Regional Development, Construction, Housing and Municipal Utilities of Ukraine “On Approving the Model Rules for Urban Modifications of the Populated Area”, “On Approving the Rules for the Maintenance of Technical Means for the Regulation of Traffic and Road and Street Networks in Populated Areas”, “On Approving Amendments to the Regulations for Conducting Repair Works and Maintenance of Urban Maintenance Facilities”, 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

On June 25, the Project conducted the fifth annual Dialogue Day for representatives of local governments and representatives of higher level agencies of the state executive of Ukraine. 308 city, town and village mayors participated in the event. The agenda of the meeting included issues related to the local government reform and reforms in the housing and municipal utilities sector; budget sufficiency for the local government powers; and services rendered in the system of local self-governance.

In the course of the preparations for the event, more than 170 city, town and village councils informed about their problem issues in the technical sectors mentioned above and sent their proposals about how to resolve them. The AUC Analytical Center systematised and generalised these proposals and submitted them to the Ministry of Finance, Ministry of Economic Development and Ministry of Regional Development, Construction, Housing and Municipal Utilities to facilitate the preparation of these ministries for the Dialogue Day.

P. Poroshenko, President of Ukraine, participated in this event. He informed about his intention to submit to the parliament a draft law on introducing amendments to the Constitution of Ukraine on decentralisation, whose purpose, in particular would be to abolish local state administration and transfer their authority to executive committee of rayon and oblast councils. The President stressed that decentralisation implies a significant increase of the authority of local councils.

V. Groisman, in its turn, emphasised the political will of the President and complete support from the Cabinet of Ministers of Ukraine for decentralisation and local government reform. In this context he also mentioned the Concept of the Local Government Reform recently approved by the Cabinet of Ministers.

D. Zhvaniya, Chairman of the parliamentary Committee of State Building and Local Self-Governance, mentioned that “the Local Government Reform should work like an engine pulling the cars of the budget, tax and administrative reforms”. He stressed the need “to recognise the administrative and financial independence of self-governing communities at the national level”.

V. Khomko, Mayor of Rivne, pointed to the critical financial condition of municipal utility companies and the reasons accounting for this and presented the AUC proposals on how to

improve such critical condition of the housing and utilities sector. In particular, he suggested to introduce a moratorium on changing the price for energy during the budget year and to reduce the tax pressure on municipal utility companies. V. Khomko once again raised the issue related to the need to return the authority in the sphere of architectural and construction control to local governments.

A. Myarkovskyi, First Deputy Minister of Finance of Ukraine informed about the work of the Ministry to reform the legislation with due regard to local government needs. The Ministry is currently working on the new approaches and version of the Tax and Budget Codes. Mr. Myarkovskyi also expressed the willingness of the Ministry of Finance to resolve the problem issues AUC used to raise long time ago, in particular those related to: the clear delineation of own and delegated authority and, consequently, to the distribution of financial resources to exercise these two types of authority; introduction of the mid-term budget planning; resolving problem issues related to the Treasury administration of local budgets, etc.

O. Sin, Mayor of Zaporizzhya, in particular, focused on the need to:

- introduce a mechanism to ensure and facilitate local budget expenditures for the implementation of the delegated authority (Basket One) to be calculated based on the national standards for the provision of social services and standards of the corresponding budget allocations;
- channelling at least 25% of the profits tax to the local budget revenues (Basket Two) not taken into the calculation of the amount of inter-budget transfers; earmarking 70% of the environmental tax to local government budgets; increasing the tax on immovable property; and channelling the land fee to the category of local taxes; and,
- make substantial changes in the work of the State Treasury in the context of administration of local budgets.

O. Sin places a particular emphasis on the priority of resolving the issue of local government access to the loan capital. He also came up with a suggestion to close all national programs, which do nothing by make the distribution of the National Budget finds to local budgets more centralised. Vice Prime Minister Groisman supported this suggestion and mentioned that after the reform all funds will be distributed to communities based on the number of their population.

A. Sadovyi, Mayor of Lviv, in his presentation once again pointed to problem issues local governments have with the administration of local budgets with the State Treasury, as well as expressed the necessity to establish the municipal police and returning the authority in the sphere of architectural and construction control back to local governments.

V. Groisman in his response mentioned that the Ministry of Regional Development established several working groups whose membership includes the AUC to prepare the draft legislation necessary for reforms including the draft law on municipal police; and about the registration in the parliament of the draft law on voluntary consolidation (merging) of territorial communities.

The discussions during the Dialogue Day concluded with the approval of the Appeal to the country leadership to support the Concept of the Local Government Reform approved by the Cabinet of Ministers and expressing the preparedness of the AUC to participate in its implementation. The Appeal also offers proposals on how to resolve key local government problem issues in such spheres as: financial support for local government activities, housing and municipal utilities, and provision of administrative services.

Cooperation with central government authorities

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

M. Pittsyk, Executive Director of the AUC represented the position of Ukraine-wide local government associations in the Cabinet of Ministers. In the reporting period, the Cabinet of Ministers supported the following proposals coming from the Association of Ukrainian Cities:

➤ **April 01, 2014**, the Cabinet of Ministers of Ukraine endorsed Resolution #333-p to approve the Concept of the Local Government Reform and Reform of the Territorial Arrangement of Government Institutions in Ukraine. M. Pittsyk, Executive Director of the AUC represented the Association of Ukrainian Cities to support the Concept. The draft Concept was prepared with active participation of the AUC and was supported by the Association at all stages of its preparation, The AUC Board supported the Concept on March 25, 2014.

➤ **April 16, 2014**, the Cabinet of Ministers of Ukraine Approved Instruction #385-p “On Approving Draft Main Directions of the Budgetary Policy for 2015. In accordance with the Law of Ukraine “On Local Government Associations”, the AUC sent its proposals to this draft document, with some of them being taken into consideration.

➤ **April 23, 2014**, the Cabinet of Ministers repeatedly approved the draft Law of Ukraine “On Cooperation of Territorial Communities” after it was finalised by a Ministry of Regional Development working group on local government reform and reform of the territorial arrangement of government institutions in Ukraine as concurred with by the Association of Ukrainian Cities in the due manner.

➤ **May 27, 2014**, the Verkhovna Rada of Ukraine approved the draft Law “On Introducing Amendments to the Law of Ukraine “On Public Employment” with Regard to the Optimisation of Budget Expenditures for Social Protection of Citizens against Unemployment”. The amendments to the legislation say that the financial support for public works (representing active forms of employment programs) shall be provided not on a parity basis (50/50), but with the funds of the Social Insurance Fund against Unemployment and from local budgets within the capacity of the latter. The abovementioned amendments incorporate the position of the AUC expressed during the preparation of the draft Law by the Ministry of Social policy of Ukraine.

During the same meeting, the Cabinet of Ministers made a decision to allocate additional funds to the State Treasury to secure its expenditures for local budget earmarked line items in the amount of 2.5 billion UAH. This will be distributed equally to all local budgets. The AUC has repeatedly appealed to the Cabinet of Ministers with suggestions to unblock local budget funds, which stay on the unified Treasury account, to enable the payments for most critical works and services ensuing the proper performance of local governments.

➤ **June 11, 2014**, the Cabinet of Ministers repeatedly approved the draft Law “On Voluntary Consolidation of Territorial Communities” after the document was finalised by a working group on local government reform and reform of the territorial arrangement of government institutions established at the Ministry of Regional Development and after it was concurred with by the Association of Ukrainian Cities in the due manner.

The participants of the same meeting approved the draft Law “On Introducing Amendments to Article 4 of the Law of Ukraine “On Transferring the Property Right to State-Owned and Communally-Owned Objects”. The draft law was prepared by the Ministry of Regional Development and Trade of Ukraine with the purpose of increasing the network of pre-school educational establishments and envisions simplified mechanisms for transferring state-owned buildings or premises to communal property to house pre-school educational establishments. The AUC supported this draft law at the stage of its preparation by the Ministry.

➤ **June 18, 2014**, the Cabinet of Ministers approved the Action Plan for the Implementation of the Concept of the Local Government Reform and Reform of the Territorial Arrangement of Government Institutions in Ukraine. The proposals the AUC expressed with regard to the Action

Plan for the Implementation of the Concept of the Local Government Reform were incorporated in full.

Cooperation with the Ministry of Regional Development concerning the planning and implementation of the local government reform

Following a quite intensive work to finalise the draft Concept of the Local Government Reform and Reform of the Territorial Arrangement of Government Institutions in Ukraine prepared in 2012 - 2013, which took place in March this year, the Cabinet of Ministers approved this document by its Instruction # 333-p of April 01, 2014. The document incorporates all main approaches expressed by the AUC and therefore the Association concurred with it without reservations.

AUC experts together with experts from the Ministry of Regional Development participated in the preparation of the Action Plan for the implementation of the Concept approved by the Cabinet of Ministers. The Plan was concurred with by the AUC and was approved by Resolution of the Cabinet of Ministers # 591-p of June 18, 2014. The document envisions the preparation of the basic legal framework by the end of 2014, while in 2015, the Cabinet of Ministers will have to engage in all organisational activities to conduct the regular local government elections in October of 2015 with the new reformed system of territorial communities.

On June 13, 2014, working in the context of the implementation of the Concept, the Cabinet of Ministers registered Draft Law # 4070a “On the Voluntary Consolidation of Territorial Communities”. The document envisions a clear and detailed mechanism for the voluntary consolidation (merging) of territorial communities at the early stages of the reform.

On June 17, 2014, the Verkhovna Rada of Ukraine approved the Law of Ukraine “On Cooperation of Territorial Communities” The draft law was submitted by the Cabinet of Ministers. As of the end of the reporting period, the document was submitted to the President of Ukraine for signature. The law envisions the mechanisms to increase the capacity and viability of territorial communities through the consolidation of their resources for the implementation of joint projects.

Several components of the reform, such as consolidation of the territorial foundations of local governments at the lowest level and abolishment of local state administrations and vesting rayon and oblast councils with the power to establish their own executive agencies can not be implemented without the introduction of the corresponding amendments to the Constitution of Ukraine. In this context, the President of Ukraine on June 26, 2014 submitted the draft law introducing amendments to the Constitution of Ukraine (concerning decentralisation) to the parliament for consideration. This document reflects, in fact, all the needed constitutional amendments to promote the reform. Now, local governments are expecting the parliament of Ukraine to approve this draft law in the first reading already during this current session.

At the same time, the Ministry of Regional Development together with AUC experts established working groups to prepare the following drafter laws to support the implementation of the Concept of the Local Government reform. First of all, these include draft laws introducing amendments to the Budget Code and Tax Code whose purpose is to increase the local government resources.

Cooperation with the Ministry of Regional Development on issues related to the reform in the housing and municipal utilities sphere

Based on the discussions at meetings of the Working Group to Reform the Housing and Municipal Utilities Sphere whose membership includes representatives of the Association of Ukrainian Cities, the Ministry of Regional Development prepared the following:

- a package of draft laws facilitating the introduction of energy services in the public sector through the ESCO mechanisms, expanding the scope of local guarantees for financing within the framework of energy service agreements, and vesting main public budget spending units with the right to conclude energy service agreements. The purpose of this package of draft laws is to establish a system of incentives for local governments to implement energy saving activities in institutions in the public sector, and provide opportunities for local budgets to accumulate the funds saved through such activities. Currently, the draft laws are being coordinated and concurred with other agencies of the state executive.
- technical recommendations for local governments to improve approaches to management of centralised water supply and sewerage systems in populated areas. Such technical recommendations offer various options and mechanisms of cooperation of water supply and sewerage companies local government may employ at their own discretion with the purpose of providing higher quality services. Therefore, this will promote the environment for voluntary establishment of regional water companies with due regard to the interests of territorial communities and preserving their right to communally-owned property. The document reflects the position of the Association of Ukrainian Cities with regard to unacceptability of forced establishment of regional water companies leading to the change of ownership.

The draft regulatory and legal documents prepared by the Ministry of Regional Development, Construction, Housing and Municipal Utilities incorporate the proposals of the Association it expressed while concurring with these documents. These include, in particular, the following AUC suggestions:

- in the Instruction of the Ministry of Regional Development “On Approving the Model Rules for Urban Improvements on the Territory of the Populated Area”: to make the model rules of a recommendation nature; to simplify the requirements for parking cars on territories adjacent to apartment blocks; and to specify the peculiarities of calculating the amount of const share in maintenance of urban maintenance objects in the populated areas where the normative pecuniary land valuation has not been conducted;
- in the draft Law of Ukraine “On Introducing Amendments to Certain Ukrainian Legislation Concerning Improvements of the Legislation in the Sphere of Regulating Urban Development Activities”: to postpone till January 01, 2017 the right of local governments to provide urban development conditions and limitations and transfer (allocate) land parcels on the territories whose zoning plans and detailed territorial outline maps have not been approved.

Budget decentralisation

The Concept of the Local Government Reform and Reform of the Territorial Arrangement of Government Institutions in Ukraine approved by the Cabinet of Ministers on April 01, 2014 envisions strengthening of the financial foundations of local governments through:

- calculating the equalisation transfer based on the unified standards for the provision of public services;
- introducing direct inter-budget relations with the National Budget for all local budgets;
- increasing local government own resources through increasing the effectiveness of local taxes and fees and assigning some part of national taxes to local budgets;

- preventing other local governments or state executive agencies from granting the tax preferences, which reduce local budget own revenues; and,
- taking steps to simplify the access of local governments to the loan capital; and granting the right to territorial communities to consolidate their property and resources for the implementation of joint programs and more effective provision of public services to citizens of adjacent territorial communities.

On April 16, 2014, the Cabinet of Ministers approved the Main Directions of the Budget Policy (# 385-p), with most of its provisions being dedicated to the relationships between the National Budget and local budgets based on the principles of the Concept of the Local Government Reform. Besides, the document incorporates the proposals submitted by the National Congress of Local Self-Governance of Ukraine prepared by the DIALOGUE Project:

- improving the formula-based distribution of the amount of inter-budget transfers between the National Budget and local budgets;
- channelling some part of profit tax and income tax collections to the local budget own revenues;
- delineating the authority in the system of local governments and state executive agencies at various levels according to the principle of subsidiarity; and,
- delineating the authority between local agencies of the state executive and local governments according to the principle of decentralisation.

At the same time, the following proposals of the AUC were not taken into consideration in the course of the preparation of this document: clear definition of the share of local budgets in the Consolidated Budget of Ukraine for 2015 at the level of at least 55 % and increasing the share of local government own revenues in the general fund of local budgets by 10 % by the end of 2015.

On June 04, the Chairman of the Budget Committee registered an alternative draft Main Directions of the Budget Policy for 2015. This document provided a better reflection of proposals of the DIALOGUE Project. On June 05, both drafts of the Main Directions of the Budget Policy were voted down by the parliament, although this does not preclude the Cabinet of Ministers to use its version to prepare the National Budget for 2015.

On April 23, upon the initiative of the AUC, the Ministry of Regional Development conducted two meetings dedicated to the preparation of the Action Plan for the implementation of the Concept of the Local Government Reform and the establishment of working groups to prepare specific legislative proposals to implement the provisions of the Concept. The participants of this event made a decision to establish a working group on financial decentralisation and strengthening the material and financial foundations of local governments. The membership of the group included representatives of the Ministry of Finance and all line ministries, local governments and Ukraine-wide local government associations, oblast state administrations, scientific institutions and think tanks, as well as international and Ukrainian experts.

In May – June, the working group conducted several meetings and prepared a road map for financial decentralisation and strengthening the financial foundations of local governments, as well as prepared a scope of work for drafting the corresponding draft laws introducing amendments to the Budget Code and Tax Code. The proposals of the DIALOGUE Project expert were taken as the leading document for the activities of the working group.

On May 27, DIALOGUE Project experts participated in the closed meeting of the members of the working group and representatives of the World Bank, International Financial Corporation, EBRD, and NEFCO to discuss how to simplify the mechanisms facilitating local government

access to the loan capital. The proposals of the DIALOGUE Project were supported in general, however a representative of the World Bank did not agree with the idea to switch over the administration of local budget own resources from the State Treasury to banks.

Reforms of the elections legislation

Local government elections conducted in October of 2010 revealed some problematic and controversial provisions in the local election legislation. These problem issues were reflected in the Local Elections Technical Area Profile prepared within the framework of the DIALOGUE Project. Aiming at improving the local elections legislation, the AUC conducted an opinion survey in 2013 to learn about the main issues and suggested ways to resolve them. Based on the findings of the survey, the AUC prepared a draft of the new version of the law in 2013.

The period of the Yanukovych Presidency and his government revealed, but not realised, the need to conduct early elections of a considerable number of village, town and city mayors, as well as selected councils including the Kyiv City Council. Therefore, following the change of the government, the new parliamentary majority and the new Cabinet of Ministers started preparations for such elections on May 25, 2014 to ensure the implementation of the constitutional right of citizens to have elected legitimate local governments. The government of Ukraine also demonstrated its political will to improve the legislation on local elections and make it more democratic.

While preparing amendments to the elections legislation approved by the Verkhovna Rada of Ukraine on April 08, 2014, the National Deputies took into account the materials prepared upon the request of the AUC with regard to the new Law of Ukraine “On Elections of Deputies of the Verkhovna Rada of the Autonomous Republic of Crimea, Members of Local Councils and Village, Town and City Mayors”. These include, in particular, the following:

1. To limit opportunities for the parliamentary majority to abuse the right to schedule snap local government elections it has been envisioned that the Verkhovna Rada should approve such decisions not later than 90 days after the day the authority of the members of the corresponding council or of the village, town and city mayor were terminated.
2. The document envisions the right of citizens for self-nomination for the position of the village, town and city mayor.
3. The document envisions some time for the candidate to correct mistakes in the documents submitted for the candidate registration, even though the documents were submitted on the last day for submission.
4. The number of the candidate or of the party list in the elections ballot shall be determined by the draw, rather than by the time the documents were submitted.
5. The document envisions the possibility to serve as the elections observer not only for residents of the corresponding community.
6. The document envisions that the representative of the community may be removed from the meeting of the elections commission by two thirds of votes of the commission members, rather than by a simple majority.
7. The document excludes the obligation of the local council to finance campaign presentations of candidates on the local radio and TV at the expense of the local budgets, because this represented a serious burden for local budgets.

At the same time, the parliament did not support, for example, the proposal to elect mayors of at least big cities by the absolute majority of voters (in two rounds), rather than by a relative majority of votes.

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

During the reporting period, the Inter-Faction Group did not conduct any meetings because of the complicated social and economic situation in the country and due to the heavy workload of National Deputies of Ukraine. However, DIALOGUE Project experts in cooperation with the Inter-Faction Group managed to accomplish the following:

1. Registered 3 draft laws prepared by the DIALOGUE Project or with the participation of its representatives, namely: 1) “On Introducing Amendments to Article 12 of the Law of Ukraine “On Local State Administrations” (concerning the possibility of officials of local agencies of the state executive to be elected) (Registration # 4769 of April 24, 2014, National Deputies Ye. Kartashov, M. Fedoruk, O. Kanivets, and V. Chub); 2) “On Introducing Amendments to the Budget Code of Ukraine” (concerning channelling some part of profits tax collections to local budget revenues not taken into the calculation of the amount of inter-budget transfers) (Registration # 4871 of May 14, 2014, National Deputy O. Kanivets); and, 3) on introducing amendments to Annex # 3 of the Law of Ukraine “On the National Budget of Ukraine for 2014” (concerning the allocation of the subvention from the National Budget to local budgets to provide the financial support for the winning programs of the Ukraine-Wide Competition of Local Government Support Project and Programs) (Registration # 4049a of June 11, 2014, National Deputies Ye. Kartashov, O. Kanivets, Ye. Melnyk, and M. Soroka).
2. Ensured the approval of the draft law introducing amendments to certain Ukrainian legislation concerning the rules for parking transportation vehicles and introducing accountability for violating rules for parking transportation vehicles (# 1283-VII of May 29, 2014). The document was prepared by the DIALOGUE Project;
3. Ensured the approval of two draft laws (incorporating the proposals of the DIALOGUE Project): 1) on introducing amendments to the Law of Ukraine “On Elections of Deputies of the Verkhovna Rada of the Autonomous Republic of Crimea, Members of Local Councils and Village, Town and City Mayors” # 1184-VII of April 08, 2014; 2) “On Cooperation of Territorial Communities” (Registration # 4756 of April 23, 2014, approved on June 17, 2014).
4. Prepared and submitted through the National Deputies who are members of the Inter-Faction Local Government Support Group (local government caucus) draft amendments to the Main Directions of the Budget Policy for 2015, with the majority of the amendments being approved by the Budget Committee.
5. Ensured incorporation of DIALOGUE Project comments to the content of the resolution on the implementation of the National Budget of Ukraine for 2013 in the context of unbiased information on local budgets and inter-budget relations.

Currently, of 27 draft laws handed by the DIALOGUE Project and submitted by the Inter-Faction Local Government Support Group, 18 were registered (including 3 approved).

Participation in the work of parliamentary committees

During the reporting period, the Project continued its cooperation with ad-hoc committees of the Verkhovna Rada of Ukraine. Project experts took part in **18** meetings of 6 parliamentary committees including:

- Budget Committee – 4 meetings;
- Committee on State Building and Local Self-Governance – 6 meetings;
- Committee on Construction, Urban Development, Housing, Municipal utilities and Regional Policy – 2 meetings;
- Committee on Science and Public Education – 3 meetings;
- Committee on Health Care – 2 meetings; and,

- Committee on Social Policy – 1 meeting.

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

During the reporting period, the Committee conducted six meetings. The Committee took into account the position suggested by the Association on all issues discussed, namely:

- with regard to the Concept of the Local Government Reform and Reform of the Territorial Arrangement of Government Institutions in Ukraine (Registration # 4313, National Deputies V. Polochaninov and A. Pavlenko). The Committee supported the position of the AUC on the inadmissibility of approving such law, because the Concept has been approved by the Cabinet of Ministers of Ukraine. In Addition to this, the Concept does not have legal provisions, while laws are of the mandatory nature;
- with regard to introducing amendments to the Law of Ukraine “On Elections of Deputies of the Verkhovna Rada of the Autonomous Republic of Crimea, Members of Local Councils and Village, Town and City Mayors” (concerning electing city mayors according to the Majoritarian system of absolute majority) (Registration # 1098, finalised by National Deputy M. Katerynychuk). In general, it is not expedient to elect village, town and city mayors according to the French majoritarian system of absolute majority, because it will lead to unjustified increased budget expenditures. At the same time, in big cities (with the population over 500 thousand) such an option is possible as an experiment;
- with regard to introducing amendments to Article 5 of the Law of Ukraine “On the Status of Members of Local Councils” (concerning the pre-term termination of authority of the member of the local council in the context of enactment of the court decision of holding the person liable for corruption offence), Registration # 2209a of November 25, 2013 (finalised), National Deputies V. Derevlyanyi, M. Fedoruk, and Ye. Kartashov. The Committee made a recommendation to approve the draft law in the first reading;
- with regard to general meetings (conferences) of members of the territorial community at the place of residence (Registration # 3747 of December 11, 2013). The committee made a recommendation to approve the draft law in the first reading and to take into account the proposals expressed by the AUC during the preparation of the draft law for the second reading;
- with regard to introducing amendments to certain Ukrainian legislation on establishing executive committee of oblast and rayon councils (Registration # 4050 of January 29, 2014). The Committee made a recommendation to postpone the consideration of the draft law until the corresponding amendments to the Constitution of Ukraine have been made;
- with regard to introducing amendments to the Law of Ukraine “On Citizen Appeals” (concerning additional mechanisms for the implementation of sovereignty of people in Ukraine through the introduction of the institute of people initiatives) (Registration # 3830 of December 25, 2013). The Committee made a recommendation to send the draft law to its authors for revision;
- with regard to introducing amendments to Article 9 of the Law of Ukraine “On Local Self-Governance in Ukraine” (concerning local initiatives) (Registration # 3824, National Deputy I. Fursin). The Committee took the position of the AUC into account and made a recommendation for the parliament to return the draft law to the authors for revision after the first reading;
- with regard to introducing amendments to certain laws of Ukraine on limitations of payments for civil servants and persons on service in local governments (Registration # 4511, National Deputy Yu. Voznyuk). AUC experts came up with a recommendation to reject the draft law; and,

- with regard to introducing amendments to the Law of Ukraine “On Regulation of Urban Development Activities” (concerning ensuring balanced social and cultural development of populated areas) (Registration # 3063, National Deputy O. Bryhinets). AUC experts came up with a recommendation to reject the draft law.

In addition to this, the Committee will consider expert opinions and proposals concerning 9 draft laws on local self-governance currently on its agenda.

Verkhovna Rada of Ukraine budget Committee

DIALOGUE Project experts participated in 4 working sessions of the VRU Budget Committee. The main issues for the discussion related to local government interests were the following:

- Main Directions of the Budget Policy for 2015 (Registration # 4749 and Registration # 4749-д). The Budget Committee supported most of the proposals from the Project, however, unfortunately, both draft laws did not receive the necessary votes in the parliament;
- draft laws introducing amendments to the National Budget of Ukraine for 2014 (mostly dealing with the redistribution of financial resources for the armed forces and law enforcement agencies and attempts to prevent the decrease of local budget financial resources in this context). One should pay a special attention to the Draft Law under Registration # 4900 (concerning the accomplishment of the construction of subway in the city of Dnipropetrovsk), whereby the European Investment Bank will provide a loan in the amount of 282.4 million UAH to be transferred to the city budget of Dnipropetrovsk. The Committee supported this draft law and on June 17, the parliament approved it as a whole. This is a real achievement, because such a legislative initiative may serve as the precedent for similar projects in the future in other cities
- report on the implementation of the National Budget of Ukraine for 2013 (Registration # 4625). Project experts managed to write in the text of the draft resolution and in the accompanying documents the information about the negative tendencies with the financial foundations of territorial communities, primarily in the context of the Treasury administration of local budgets, as well as their proposals on how to improve the management of budget funds at the local level;
- amendments to the Budget Code of Ukraine and bringing it in conformity with the provisions of the Constitution of Ukraine (Registration # 4160). DIALOGUE Project experts managed to supplement the draft document with the provisions improving the transparency of budgeting; and,
- amendments to the Budget Code of Ukraine on ensuring the effective operations of the Capital of Ukraine, city of Kyiv (Registration # 4940). The document envisions the replacement of the mechanism for budgeting income tax collections, writing off debts accumulated on mid-term loans (3.7 billion of the city of Kyiv debt in the total of 9.7 billion debt of all local budgets), introducing a real mid-term planning of the revenue base of all local budgets. Unfortunately, the Committee did not support the draft law.

Verkhovna Rada of Ukraine Committee on Science and Public Education

During its working session and decision making, the Committee on Science and Public Education took into account the position of the Association of Ukrainian cities with regard to the following draft laws:

- “On Introducing Amendments to the Certain Law of Ukraine on Using the Contract as a Special Form of the Work Agreement” (Registration # 3196) in the

part dealing with the introduction of contract type relations with managers of communally-owned educational establishments;

- “On Introducing Amendments to Certain Laws of Ukraine on Public Education (concerning improving the access to comprehensive and pre-school education) (Registration # 4888) with regard to the necessity to elaborate the draft document in the part dealing with the introduction of the corresponding clarifications to the Law of Ukraine “On Housing and Municipal Utility Services”.

It has already become a tradition for the Committee to send to the Association of Ukrainian Cities its draft laws soliciting AUC suggestions and comments to better reflect the position of local governments. During the second quarter of 2014, the Association provided its suggestions to 3 draft laws submitted by the Committee.

Verkhovna Rada of Ukraine Committee on Health Care

During its meetings, the Committee made a decision to send the draft laws, which are not supported by the Association, and whose approval would hamper the reform of the system of health care back to their authors for further elaboration. These include:

- “On Introducing Amendments to Article 16 of the Law of Ukraine “On the Foundations of the Ukrainian Legislation on Health Care” concerning the reorganisation of health care establishments (Registration # 1077). The document envisions the introduction of the mandatory requirement to hold local referendums on closing/reorganisation of health care establishments;
- “On Introducing Amendments to Certain Ukrainian Legislation to Improve the Reform of the Health Care System” (Registration # 2661). The document has a suggestion to close, optimise or reorganise communally-owned health care establishments only based on the decision of the local referendum;
- “On Considering Void the Law of Ukraine “On the Mechanism to Conduct the Reform of the Health Care System in the Vinnytsya, Dnipropetrovsk and Donetsk Oblasts and in the City of Kyiv” (Registration # 2424);
- “On Introducing Amendments to the Law of Ukraine “On the Mechanism to Conduct the Reform of the Health Care System in the Vinnytsya, Dnipropetrovsk and Donetsk Oblasts and in the City of Kyiv” concerning the preservation of the existing network of state-owned and communally-owned health care establishments (Registration # 2898), whereby it will be prohibited to reorganise state-owned and communally-owned health care establishments (hospitals, polyclinics, outpatient clinics, rural medical stations, etc.) through reducing their number and reducing the number of beds in such establishments within the boundaries of one populated area;
- “ON Introducing Amendments to Article 16 of the Law of Ukraine “On the Foundations of the Ukrainian Legislation on Health Care” (concerning the inadmissibility of reducing the existing network of health care establishments through optimisation or reorganisation) (Registration # 2727). The document offers a provision to clarify what government entities are authorised to make a decision to establish, reorganise (divide or transform), and to change the designation of state-owned and communally-owned health care establishments.

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

Working sessions of Local Government Regional Advisory Boards

In May, upon the request of the AUC, V. Groisman, Vice Prime Minister of Ukraine, gave an instruction for heads of oblast state administrations to resume the activities of Local Government Regional Advisory Boards as an effective mechanism for cooperation of local agencies of the state executive and local governments.

As of July 01, Local Government Regional Advisory Boards resumed their activities in the Vinnytsya, Volyn, Zakarpattya, Zaporizzhya, Ivano-Frankivsk, Lviv, Khmelnytskyi, and Chernihiv oblasts. DIALOGUE Project expert provided assistance to prepare the instructions of heads of oblast state administrations in the Mykolaiv, Sumy and Cherkasy oblasts to establish such Advisory Boards in the corresponding regions.

Over the reporting period, the Project conducted 7 working session of the Local Government Regional Advisory Boards in 7 oblasts: Vinnytsya, Zakarpattya, Ivano-Frankivsk, Lviv, Rivne, Khmelnytskyi, and Chernihiv. The event participants discussed the issues, which were selected as the top priority ones for the Local Government Regional Advisory Boards during the meetings conducted by AUC Regional Offices in August - October of 2013.

<p>Working session of the Chernihiv Local Government Regional Advisory Board city of Chernihiv April 03, 2014</p>	<p>The event participants discussed the priority steps to reform the system of local self-governance in the Chernihiv oblast. Following the discussions, the participants made a decision to set up a working group and scientific and expert group at the Oblast Council and Oblast State Administration whose members will project the local government reform implementation in the Chernihiv oblast. In addition to this, the event participants appealed to the Ministry of Regional Development to select the Chernihiv oblast as the pilot region for the implementation of the Local Government Reform and Reform of the Territorial Arrangement of Government Institution in Ukraine.</p>
<p>Working session of the Khmelnytskyi Local Government Regional Advisory Board and the Regional Press Club city of Khmelnytskyi April 10, 2014</p>	<p>The event participants discussed the issues related to the local government reform in the current context and problem issues with the financial support for the local government delegated authority.</p> <p>With regard to the first item on the agenda, the participants decided to address the country leadership with the request to have the concept of the reform and its implementation better address and resolve the following issues:</p> <ul style="list-style-type: none"> - sources of revenues of local budgets; - improvements in the communal property management; and, - introduction of territorial community social and economic development forecasting. <p>In the course of the discussions of the second item of the agenda, the participants mentioned that the delegation of the government authority should be accompanied with the financial resources and such an approach should become one of the important elements of the reform. Moreover, such provision should be specified in the Constitution and should be observed.</p>
<p>Working session of the Rivne Local Government Regional Advisory Board</p>	<p>The event participants discussed the draft Oblast Program for Social and Economic Development of the</p>

<p>and the Regional Press Club city of Rivne April 14, 2014</p>	<p>Oblast for the Period till 2020 and problem issues related to the Treasury administration of oblast budgets. With regard to the first item on the agenda, the event participants mad a decision to establish the corresponding working group with the participation of representatives of the Rivne AUC Regional Office and submit the elaborated version of the draft Program to the Oblast Council for consideration.</p> <p>On the second item on the agenda, the participants gave an instruction to local offices of the State Treasury to develop as soon as possible the mechanisms for immediate payments on the line items, which are critically important for sustaining the activities of territorial communities.</p>
<p>Working session of the Vinnytsya Local Government Regional Advisory Board city of Vinnytsya April 24, 2014</p>	<p>The event participants discussed the Concept of the Local Government Reform and Reform of the territorial Arrangement of Government Institutions, as well as issues related to the cooperation with the Automobile Road Service in the Vinnytsya oblast.</p> <p>The participants supported the need to implement the local government reform, although they mentioned that the Concept fails to clearly define the sources of financial support for the activities envisioned by the reform. The event participants also emphasised that this issue should be resolved in the course of its implementation.</p> <p>With regard to the second item of the agenda, the event participants took into consideration the refusal of the Automobile Road Service of Ukraine (ARSU) to repair national and oblast significance roads running through the populated areas in the oblast and made a decision to address the Cabinet of Ministers of Ukraine with a request to draft the corresponding resolution to hold the ARSU responsible for maintenance of national and oblast significance roads running through these populated areas.</p>
<p>Working session of the Zakarpattia Local Government Regional Advisory Board and the Regional Press Club city of Uzhgorod May 15, 2014</p>	<p>The event participants discussed the Concept of eth Local Government Reform and issues related to effective management of solid waste, as well as the role of local governments in improving the environmental situation in the region.</p> <p>On the first item of the agenda, the event participants discussed and approved a number of suggestions to the Concept and sent them to the Ministry of Regional Development. These include:</p> <ul style="list-style-type: none"> - management of general purpose automobile roads, transferring the management responsibility for maintenance of roads of local importance to local governments along with annual subventions from the National Budget, and setting up a special fund in the oblast budget to be capitalised with excise collections on oil product sale; - specify in the legislation the provision, whereby

	<p>businesses will pay taxes to the budget of the territorial community where they are located and actually perform their business activities rather than to the community where they are registered.</p> <p>With regard to the second item of the agenda, the Head of the Oblast State Administration took into consideration the critical situation with solid waste disposal and recycling in the region and the recommendations presented in the Concept of Recycling and Disposal of Solid Waste and gave an instruction to the OSA Head of the Department for Environment to study the draft Concept, make the necessary adjustments and to approve the corresponding materials for approval at the session of the Oblast Council.</p>
<p>Working session of the Ivano-Frankivsk Local Government Regional Advisory Board and the Regional Press Club city of Ivano-Frankivsk May 16, 2014</p>	<p>The event participants discussed the Concept of the Local Government Reform and issues related to the maintenance of road infrastructure in the oblast.</p> <p>On the first item of the agenda, the event participants made a decision to immediately organise the discussion of the Concept in populated areas in the oblast to work out the joint position and to present the outcomes of the discussions at the working session in the ministry of Regional Development on May 20, 2014.</p> <p>With regard to the second item of the agenda, the event participants discussed the critical condition of the road network in populated areas and made a decision to immediately prepare a regional program for repairs and maintenance of roads of local importance and submit the document to the Oblast Council for consideration.</p>
<p>Working session of the Lviv Local Government Regional Advisory Board and the Regional Press Club city of Lviv May 16, 2014</p>	<p>The event participants discussed the Program for Social and Economic Development of the Lviv Oblast for 2014 together with the macro-economic forecasting for 2015 - 2016 and the draft Strategy of the Development of the Lviv Oblast for the Period till 2020.</p> <p>Based on the discussions of the first item on the agenda, the event participants made a decision to approve the Program for Social and Economic Development of the Lviv Oblast for 2014 and to take into account the macro-economic forecasting for 2015 – 2016 in the course of its implementation, as well as to supplement the Program with the Energy Saving Section.</p> <p>Based on the discussions of the second item on the agenda, the event participants made a decision to approve the draft Strategy, conduct a broad-based discussion of the document in territorial communities and then to submit it to the Oblast Council for consideration.</p>

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

O. Slobozhan, DIALOGUE Project expert, participated in the Conference on Decentralisation of Public Governance in Ukraine organised by the Ministry of Regional Development, Embassy of Switzerland in Ukraine and the DESPRO Project.

DIALOGUE Project Director participated in the working meeting with the leadership and members of the Committee of Regions of the Council of Europe to discuss the implementation of the local government reform in Ukraine.

DIALOGUE Project representatives and the members of the delegation of the Norwegian Association of Local and Regional Authorities discussed the potential cooperation in implementing the local government needs assessment conducted within the framework of the DIALOGUE Project.

2.3. Component 3: Fostering Public Support for Reform

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

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

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

Members of the AUC Professional Groups and the AUC Analytical Center keep submitting the information about their activities and Project events to the Information Center. Such updates serve as the key information for PR managers to prepare their information products for AUC web-site and Project publications. Thus, the AUC uses its web-site to disseminate information about the participation of Project experts in the work of parliamentary committees, outcomes of this work, and AUC position. The information articles published on the Project web-site, in their turn, serve as the basic information for the Press news the Information Groups sends on a weekly basis to the interested journalists. Similarly, the Project prepares information for the AUC Newsletter (DIALOGUE Section) and 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 dialogueauc.org.ua. The main web page on the site presents the four Project components, such as: Legislation, Dialogue, Support of Reforms, and Legal Assistance.

The Legislation Project Component and the web page on the site having the same name provide visitors with the opportunity to use the interactive forms of communication and become engaged in the Discussion of Legislation or provide their Proposals to the Current Legislation. Over the

reporting period, the Project put up **8** documents for discussion in this section. Visitors of the same page may also go to the Monitoring section providing most recent legislative initiatives in local self-governance in Ukraine. (Over the reporting period, the Project put up **18** in this section). The Analysis section offers the materials developed by Project experts, such as Local Government Technical Area Profiles. Over the reporting period, the Project put up **9** update technical area profiles in the PDF format, which very user-friendly for reading and printing.

The Dialogue Section provides the information about the policy dialogue at the national level, such as consultations with the Cabinet of Ministers and the AUC and activities of Local Government Regional Advisory Boards. Over the reporting period, the Project put up **2** pieces of information about the policy dialogue at the national level including the Dialogue Day (May 25, 2014). Over the reporting period, the site offered information about the working sessions of **7** Local Government Regional Advisory Boards.

The Support for Reforms Section offers a collection video materials about the media coverage of local self-governance (these include a series of the «ЗМІСТОВНА Україна» [*CITY-minded Ukraine*] TV programs prepared within the framework of the DIALOGUE Project).

The Legal Assistance Section provides an opportunity to receive legal consultations. A user may put a question directly on the web site and get an answer to his/her email. The answers are also published on the web site. The answers are prepared by the lawyers from the AUC City Legal Assistance Center. One can also get a consultation by telephone as the site provides the number of the DIALOGUE Project mobile telephone line.

The DIALOGUE Project web site also offers publications prepared within the framework of the Project, such as the “AUC Herald” and periodical publications, such as the “Legislation News”, “Legal Consultations”, “Sectoral Monitoring”, “Local Self-Governance in Ukraine”, and the “Dialogue Newsletter”. The web site also offers annual DIALOGUE Project reports.

The Internet resources of the DIALOGUE Project are accessible for users at 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 number of visitors to the Project web site over the reporting period is the following:

April - 573

May - 541

June - 541

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

The information about the Project publications is presented in Table 1.

Table 1. DIALOGUE Project publications

Publication	Targeted audience	Description
The "Sectoral Monitoring" quarterly electronic publication	Central government authorities, expert community	# 16 Presents the publications on: 1. Local Government Reform. Start? Finally? 2. Main Directions of the Budget Policy for 2015: a failure or a smart move? 3. Prospects and risks of the budget decentralisation 4. Problem issues related to the technical inventory of immovable property 5. Legislative initiatives to promote the introduction of energy saving in institutions in the public sector 6. The real cost of basic social services at the local level 7. Will the mechanisms for proving the financial support for public services be changed?
The "AUC Herald" printed monthly publication	AUC member communities, AUC partner organisations	# 106. April. The DIALOGUE Project Chapter features the material about the following: - Proposals of the Association of Ukrainian Cities on amendments to the Budget Code of Ukraine in the part dealing with the financial decentralisation and strengthening the material and financial foundations of local governments. # 107. May. The DIALOGUE Project Chapter features the materials about the following: - Proposals of the Association of Ukrainian Cities on how to simplify the mechanisms for local governments to obtain loans from international financial institutions. # 108. June. A special issue dedicated to the Dialogue Day held in Kyiv on June 25, 2014.
The "DIALOGUE Newsletter" electronic monthly publication	International organisations and international technical assistance projects	The English-language publication presents Project activities over a month and provides monthly highlights in detail: # 43, highlight of the month – Participation in the preparation for reforms # 44, highlight of the month – AUC engagement in the preparation of the local government reform # 45, highlight of the month – Dialogue Day for representatives of local governments and state executive agencies.
The "Legal Counselling" electronic quarterly publication	Local government lawyers	Issue # 15 included the following: 1) generalised explanations concerning the application of the anti-corruption legislation; 2) generalised responses (explanations) to certain questions submitted to the mobile telephone line (8). The publication was sent out to AUC Regional Offices and local government lawyers.
The "Legislation News" electronic publication	Local government lawyers	#40, April features the information about 33 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.

		<p><u>#41, May</u> features the information about 24 legal and regulatory documents related to local government interests either approved or taken effect and four draft laws under consideration by the Verkhovna Rada of Ukraine or its committees, or by central agencies of the state executive.</p> <p><u>#42, June</u> features the information about 19 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.</p>
The “Press News” electronic weekly publication	Media	A selection of weekly news, publications, and announcements of major activities of the Association of Ukrainian Cities, news and events in cities, and key local government topics. Thirteen issues were prepared and published. The Press News is distributed to more than 241 media representatives, journalists and press offices of city councils. The mailing list is being constantly updated.
Short local government updates	USAID	The Project prepares and sends the publication to USAID on a weekly basis. The information is presented in two sections: DIALOGUE Project News and Local Government News. Thirteen were prepared and sent.

Radio coverage

The Project prepared thirteen 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:

April 3 – participation of M. Pittsyk, AUC Executive Director, in the live radio program on the National Radio Station. Local government reform was the topic of the conversation;

April 3 – comments of V. Parkhomenko, Director of the AUC Analytical Center, by telephone on the «Бісрі» [news] radio program about the local government reform;

April 8 – comments of O. Slobozhan, DIALOGUE Project expert, by telephone in the Radio Era FM Radio Station news section about the mechanisms for strengthening the financial foundations of local self-governance envisioned in the Concept of the Local Government Reform;

April 30 – comments of O. Slobozhan, DIALOGUE Project expert in the Radio Era FM Radio Station on decentralisation of financial resources;

May 06 – participation of V. Parkhomenko, Director of the AUC Analytical Center in the live «На слуху» [in the air] Radio Era FM program about decentralisation and federalisation and their form and content;

May 15 – participation of M. Pittsyk, Executive Director of the AUC, in the live «На слуху» [in the air] Radio Era FM program about decentralisation and effective local self-governance;

May 20 – participation of O. Slobozhan, DIALOGUE Project expert in the live «Політекономія» [political economy] Radio Era FM program about budget decentralisation was the topic of the conversation;

June 11 – interview of V. Parkhomenko, Director of the AUC Analytical Center by telephone in the live program on the «Голос столиці» [*voice of the capital*] Radio Station about the law on consolidation of territorial communities;

June 11 - 13 – a series of programs on the «Київ» Radio Station with references to comments of O. Slobozhan, DIALOGUE Project expert, concerning amendments to the Constitution in the part dealing with decentralisation;

June 25 – mentioning of the Dialogue Day on the National Radio Station;

June 25 – mentioning of the Dialogue Day on the Radio Era FM Radio Station;

June 25 – mentioning of the Dialogue Day on the «Вісті» [*news*] Radio Station;

June 25 – participation of O. Slobozhan, DIALOGUE Project expert, in the live program on the «Громадському радіо» [*public radio*] Radio Station about budget decentralisation.

TV coverage

DIALOGUE Project activities were covered by twenty-three TV programs aired on the following channels:

April 06 – a TV story in the "Важливо. Тиждень" [*Important. Week*] on the "БТБ" TV Channel about the local government reform featuring the commentary of V. Parkhomenko, Director of the AUC Analytical Center;

April 07 – participation of V. Parkhomenko, Director of the AUC Analytical Center, in the live «Єдина країна» [*united country*] TV marathon on the УТ-1 TV Channel;

April 13 – mentioning of the AUC in the TV story on the «Новини 24» [*news 24*] TV Channel;

April 30 – mentioning of the AUC in the TV story about the parliamentary hearings to discuss amendments to the Constitution on the «Рудана» TV Channel;

May 06 – participation of V. Parkhomenko, Director of the AUC Analytical Center in the «На слуху» [*in the air*] program on the «Ера» TV Channel about the choices between decentralisation and federalisation;

May 10 – a TV story about the local government reform with commentary of V. Parkhomenko, Director of the AUC Analytical Center, on the «24» News TV Channel;

May 13 – participation of M. Pittsyk, Executive Director of the AUC in the «Власний погляд» [*own view*] Program on the «Рада» TV Channel about the local government reform;

May 15 – participation of M. Pittsyk, Executive Director of the AUC, in the «На слуху» [*on the air*] Program on the «Ера» TV Channel about decentralisation and effective local self-governance;

May 20 – a TV story about the working session of the Local Government Regional Advisory Board in the Ivano-Frankivsk oblast in the news section of the «PAI» Oblast TV Channel;

June 25 – participation of O. Slobozhan, DIALOGUE Project expert, in the live «Рикошет» [*ricochet*] Program on the Kyiv State TV Station about budget decentralisation;

June 25 – a TV story about the Dialogue Day in the news section on the ICTV TV Channel;

June 25 – a TV story about the Dialogue Day in the news section on the «Інтер» TV Channel;

June 25 – a TV story about the Dialogue Day in the news section on the «1+1» TV Channel;

June 25 – a TV story about the Dialogue Day in the news section on the «Україна» TV Channel;

June 25 – a TV story about the Dialogue Day in the news section of the «Бізнес» TV Channel;

June 25 – a TV story about the Dialogue Day in the news section of the «UBR» TV Channel;

June 25 – a TV story about the Dialogue Day in the news section of the «5 канал» TV Channel;

June 25 – a TV story about the Dialogue Day in the news section on the «УТР» TV Channel;

June 25 – a TV story about the Dialogue Day in the news section on the «КДР ТРК» TV Channel;

June 25 – a TV story about the Dialogue Day in the news section on the «СТБ» TV Channel;

June 25 – a TV story about the Dialogue Day in the news section on the «24» TV Channel;

June 26 – a TV story about the Dialogue Day in the news section on the «Рудана» TV Channel (Kryvyi Rih);

June 26 – a TV story about the Dialogue Day on the «Криворіжжя» [*Kryvyi Rih region*] (Kryvyi Rih).

«ЗМІСТОВНА Україна» TV program series

In April, the DIALOGUE Project elected the partner for the preparation and broadcasting of the series of the «ЗМІСТОВНА Україна» [*CITY-minded Ukraine*] TV programs. The GRP Communications Agency became the winner of the competition. Over the reporting period, the Project prepared eleven programs. The programs are broadcast by the «Тоніс» TV Channel on the evening prime time:

In May, the Project prepared and aired five programs.

Working session of the AUC Social Protection Professional Group (city of Zaporizzhya), May 19

The story of the program was dedicated to the meeting of the Professional Group whose members, heads of departments for labour and social protection and directors of territorial centers for social services discussed issues in this sector including those arising from the imperfect legislative framework, as well as familiarised with new approaches piloted in social institutions in the city. V. Karabutova, DIALOGUE Project Expert, and O. Polkovnikova, Head of the Department of Social Protection of the Zaporizzhya City Council, served as the program guests.

Working session of the Association of Ukrainian City Finance Officers (city of Kyiv), May 21

The story of the program was dedicated to the meeting whose participants, heads of city finance departments of AUC member municipalities, in cooperation with DIALOGUE Project experts prepared amendments to the legislation in the context of budget decentralisation and strengthening the financial autonomy of local governments. N. Dzhuhan, Director of the Department of Financial Policy of the Cherkasy City Council, and O. Slobozhan, DIALOGUE Project expert, served as the studio guests.

Working session of the Ivano-Frankivsk Local Government Regional Advisory Board, May 23

The main topic on the agenda of the meeting, which took place with the participation of the city, village and town mayors from the oblast, as well as the leadership of the oblast authorities, was dedicated to the discussion of the Concept of the Local Government Reform and Reform of the Territorial Arrangement of Government Institutions in Ukraine. The event participants also discussed problem issues related to the Treasury administration of local budgets, ways to improve the work of municipal utility companies, and the current condition of road repairs. A. Trotsenko, Head of the Ivano-Frankivsk Oblast State Administration, and V. Anushkevychus, Mayor of Ivano-Frankivsk, provided the details on the issues raised during the meeting.

Working session of the AUC Health Care Professional Group (city of Kyiv), May 26

The story of the program was dedicated to problem issues in the health care sector and ways to reform it. These issues were discussed at the meeting of the Professional Group by heads of health care departments and chief doctors from AUC member municipalities. The need to implement the reform with due regard to the experience and comments from the pilot regions was the main message of the event. In their interview L. Hrabovych, Director of the Department for Health Care of the Vinnytsya City Council, and V. Karabutova, DIALOGUE Project expert, provided more details on this topic.

Working session of the expert workshop (city of Dnipropetrovsk), May 28

The story of the program was dedicated to the activities of local governments to promote business development. Local government leaders from the Dnipropetrovsk AUC member

municipalities came together to discuss ways of improving the business climate, promote investment opportunities and exchange their experience. M. Shevchenko, Head of the Department for Entrepreneurship Development and Investments of the Dnipropetrovsk City Council, and I. Ryzhova, Head of the Department for Entrepreneurship Development of the Executive Committee of the Kryvyi Rih City Council, served as the studio guests.

Starting with June, the DIALOGUE Project became involved in the implementation of the Cabinet of Ministers Action Plan to Discuss decentralisation and local government reform and launched a series of informational and educational TV programs dedicated to the reform. The main purpose of this activity is to promote the idea of decentralisation and provide a simple and user-friendly message about the essence and consequences of the reform. Each program is dedicated to a separate aspect of the reform. The speakers of the program are experts, representatives of central government agencies, National Deputies, city mayors, and local officials.

Over the reporting period, the DIALOGUE Project prepared and aired six TV programs:

June 18 – “Why do we need the Local Government Reform and how will we benefit from it?” Ye. Kartashov, National Deputy of Ukraine, and Yu. Vilkul, President of the Association of Ukrainian Cities and Mayor of Kryvyi Rih, served as studio guests.

June 20 – “Directions and mechanisms of the Local Government Reform”. V. Nehoda, First Deputy Minister of Regional Development, Construction, Housing and Municipal Utilities, and M. Pittsyk, Executive Director of the Association of Ukrainian Cities, served as studio guests.

June 23 – “New delineation of authority between local governments and the state executive”. M. Fedoruk, National Deputy of Ukraine, and A. Sadovyi, Mayor of Lviv, served as studio guests.

June 25 – “Relationships of the state and local governments after the reform”. P. Petrenko, Minister of Justice of Ukraine, and V. Khomko, Mayor of Rivne, served as studio guests.

June 27 – “Administrative and territorial arrangement of the country after the reform”. Ya. Raboshuk, expert of the Association of Ukrainian Cities, and O. Isyp, Mayor of Kobelyaky served as studio guests.

June 30 – “How will territorial communities look after the local government reform?” O. Mazurchak, First Deputy Executive Director of the Association of Ukrainian Cities, and V. Harazd, Mayor of Dolyna, served as the studio guests.

Activity 2.3.4. Fostering media relations

Setting up a team of AUC speakers

The composition of the team of AUC speakers was updated. It includes S. Odarych, Mayor of Cherkasy, (responsible for housing and municipal utilities, urban economy and infrastructure issues) who was elected the Cherkasy Mayor on May 25.

The AUC web site provides the update list of experts (see the details in Table 2), as well as the contact information for the PR-coordinator to access AUC speakers.

Table 2. The team of AUC speakers who are authorised to present the position of the Association and provide explanations on decisions and documents approved by the AUC in the following areas:

Name	Position
------	----------

Current status and issues of local self-governance in Ukraine. AUC dialogue with central government agencies	
Yu. H. Vilkul	AUC President, Kryvyi Rih City Mayor
Myroslav V. Pittsyk	AUC Executive Vice President, DIALOGUE Project Senior Expert on Inter-Governmental Relations
Local Government Reform	
Myroslav V. Pittsyk	AUC Executive Vice President, DIALOGUE Senior Expert on Inter-Governmental Relations
Volodymyr H. Parkhomenko	DIALOGUE Project Analytical Center Director
Legal support to local government activities, AUC initiatives	
Volodymyr H. Parkhomenko	DIALOGUE Project Analytical Center Director
Victoria V. Sydorenko	DIALOGUE Project Senior Legal Expert
Local elections	
Volodymyr H. Parkhomenko	DIALOGUE Project Analytical Center Director
Local budget and finance	
Oleksandr Ch. Sin	Mayor of Zaporizzhya
Tetyana D. Taukesheva	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. Slobodzhan	DIALOGUE Project Legislation Monitoring Expert
Housing and utilities, city economy and infrastructure	
Serhiy V. Nadal	Mayor of Ternopil
Serhiy O. Odarych	Mayor of Cherkasy
Yaroslav O. Raboshuk	DIALOGUE Project Analyst
Local economic development	
Ivan I. Kulichenko	AUC Vice President, Dnipropetrovsk City Mayor
Big and medium-sized city issues	
Oleksandr O. Lukianchenko	AUC Vice President on Big Cities, Donetsk City Mayor
Anatoliy S. Fedorchuk	AUC Vice President on Medium-Sized Cities, Boryspil City Mayor, Kyiv oblast
Pavlo H. Kozyryev	AUC Vice President on Small Cities, Ukrainka City Mayor
Land relations	
Yaroslav O. Raboshuk	DIALOGUE Project Analyst
Public education, health care and culture	
Victoria V. Karabutova	DIALOGUE Project Analyst
Innovation development, introduction of effective management technologies	
Andriy I. Sadovyi	AUC Vice President, Mayor of Lviv
Volodymyr P. Udovychenko	AUC Board Member, Slavutyeh City Mayor

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, Ukrainian Municipal Forum and other AUC large-scale events.

<p>Topic: DIALOGUE Day as a forum for coordinating the position for resolving key problem issues local governments face.</p> <p>Date: June 25, 2014 Venue: city of Kyiv</p>	<p>Yu. Vilkul, President of the AUC, started the meeting of the Press Club saying that the Dialogue Day became a traditional event organised by the AUC to develop the common position of the state executive authorities and local governments concerning the potential ways to resolve problem issues territorial communities face every day.</p>
<p>AUC participants: V. Groisman, Vice Prime Minister, Minister of Regional Development, Construction, Housing and Municipal Utilities of Ukraine, Yu. Vilkul, President of the AUC and Mayor of Kryvyi Rih, V. Khomko, Mayor of Rivne, O. Sin, Mayor of Zaporizhya.</p>	<p>This was the fifth Dialogue Day and it was dedicated to the discussion of ways to reform local self-governance, as well as to resolve the problem issues identified by local governments in three sectors, such as: housing and municipal utilities, budget sufficiency, and administrative services.</p> <p>Yu. Vilkul informed that the President of Ukraine participated in the event thus expressing his firm intentions to promote decentralisation and local government reform. This gave hope that the reform, which was talked about for more than twenty years, will be logically accomplished.</p>
<p>Participants form media: The «Інтер», «5 канал», «Україна», «СТБ», «1+1», «УТР», «ТБІ», «ІСТV», «Бізнес», «Тоніс» «Рудана», «Криворіжжя» [<i>Kryvyi Rih region</i>], «КДР ТРК», «UBR», and «112» TV Channels; the «Громадське радіо» [<i>public radio</i>], «Вісті» [<i>news</i>], «Національне радіо» [<i>national radio</i>], «Ера», «УНІАН», «Українські новини» [<i>Ukrainian news</i>] News Agency, «РБК-Україна», «Інтерфакс-Україна», and «Блумберг» Radio Stations; the «Голос України» [<i>voice of Ukraine</i>], «Хрещатик», and «День» [<i>day</i>] newspapers; and, the «Тиждень» [<i>week</i>] and «Кореспондент» magazines.</p>	<p>V. Groisman mentioned that the Concept of the Local Government Reform and Reform of the Territorial Arrangement of Government Institutions in Ukraine was prepared with the participation of representatives of the AUC and reflects their position. The Ministry of Regional Development held numerous meetings with city mayors and AUC experts to coordinate certain provisions. The Ministry is planning to continue such cooperation during the preparation of legislative documents necessary for the implementation of the reform.</p> <p>The Vice Prime Minister also mentioned that the country has a unique situation where there is a political will and support from the top country leadership with regard to decentralisation and implementation of the reform. This combination of factors will give the opportunity to conduct the necessary reforms so much needed by the country.</p>
<p>Mentioning in the media after the event: The «Інтер», «5», «Україна», «СТБ», «1+1», «УТР», «ТБІ», «ІСТV», «Тоніс», «Бізнес», «Рудана», «Криворіжжя» [<i>Kryvyi Rih region</i>], «UBR», and «112» TV channels; the «Громадське радіо» [<i>public radio</i>], «Вісті» [<i>news</i>], «Національне радіо» [<i>national radio</i>], and «Ера» radio stations; the «УНІАН», «Українські новини» [<i>Ukrainian news</i>], «РБК-Україна», and «Інтерфакс-Україна» news agencies; the «Голос України» [<i>voice of Ukraine</i>], «Хрещатик», and «День» [<i>day</i>] newspapers, etc.</p>	<p>Yu. Vilkul informed that city mayors approved the text of the appeal to the country leadership where they expressed their support for the reform and readiness to participate in its preparation and implementation. The appeal also has a number of proposals about how to resolve key local government problem issues.</p> <p>In closing, the AUC president highly praised the dialogue with the central government and expressed his hope that the voice of Ukrainian communities will be heard.</p>

Working sessions of the Straight from the Source press-clubs

Working sessions of the regional press clubs are held in AUC Regional Offices twice a year based upon the outcomes meetings of Local Government Regional Advisory Boards.

Working session of the Khmelnytskyi Regional Press Club

<p>Topic: Local government reform. Problem issues with the financial support for the implementation of the delegated authority by local councils.</p> <p>Date: April 10, 2014</p>	<p>V. Adamskyi mentioned the main purpose of the reform of the local government system and reform of the territorial arrangement of government institutions, namely: the establishment of viable territorial communities and ensuring high living standards for the population. He mentioned that to avoid mistakes one should clearly specify in the legislation the following: status of communities as administrative and territorial units at the basic level, mechanism for resolving issues in the sphere of administrative and territorial arrangement; clear criteria of their classification, as well as criteria for rendering populated areas to the category of villages, towns and cities; and mechanisms for establishing communities and the legal status of oblasts and rayons.</p> <p>S. Panyushkevych mentioned that according to the Constitution of Ukraine, should be accompanied with the transfer of the necessary material and financial resources to enable exercising this authority. As of today, the country has the situation where local governments are under-financed and do get the proper financial resources from the National Budget to support their authority. This is why this issue represents a priority to be resolved by the local government reform.</p>
<p>Participants: V. Adamskyi, First Deputy Chairman of the Khmelnytskyi Oblast Council, S. Penyushkevych, Head of the Department of Finance of the Khmelnytskyi Oblast State Administration.</p> <p>Media representatives: The "Поділля-центр" Khmelnytskyi Oblast State TV and Radio Company, Khmelnytskyi Oblast Radio Station and the "Подільські вісті" [<i>Podillya news</i>], «Голос України» [<i>voice of Ukraine</i>], «Всім» [<i>for all</i>], and «Пульс» newspapers.</p>	

Working session of the Rivne Regional Press Club

<p>Topic: Key issues of the cooperation of local offices of the state executive and local governments.</p> <p>Date: May 14, 2014</p>	<p>T. Hreschul informed the media representatives about the resumption of activities of the Local Government Regional Advisory Board in the oblast and expressed her hope for fruitful cooperation between the new oblast authorities and local councils. She briefly outlined the scope of issues discussed at the meeting, including: reforms of government authorities at the local level and optimisation of structural departments of the corresponding executive committees, lack of proper financial support for city and town councils, the current situation with the Treasury administration of local budgets, etc.</p> <p>T. Pustovit answered the questions about the financial support for territorial communities. He also spoke about the draft program for the Strategy of Economic and Social Development of the Rivne Oblast for the Period till 2020 and mentioned that city councils were involved in its preparation.</p> <p>V. Makotera focused the attention of journalists on the situation with the solid waste processing plant, which operates under its design capacity, because the contracts with the adjacent cities and towns for solid waste removal were not enforced for unknown reasons. He addressed the journalists with the proposal to get involved in resolving this issue through regular publications and coverage of this problem on TV and in the printed media.</p>
<p>Participants: T. Pustovit, Deputy Head of the Rivne Oblast State Administration, v. Makotera, Town Mayor of Hoscha, T. Hreschuk, Executive Director of the Rivne AUC Regional Office.</p> <p>Media representatives: The «Рівне вечірнє» [<i>evening Rivne</i>] and «Новини Рівного» [<i>Rivne news</i>] newspapers; the «7днів» [<i>7 days</i>] weekly; and the «Рівне1» TV Channel.</p>	

Working session of the Zakarpattia Regional Press Club

<p>Topic: Local government reform and decentralisation in Ukraine. Role of local governments in improving the</p>	<p>The participants of the press club meeting answered the questions from media representatives about the stages and the timeframe of the implementation of the reform in Ukraine;</p>
--	--

<p>environmental situation in the region.</p> <p>Date: May 15, 2014</p>	<p>scope of authority local governments at various levels will be vested with; and mechanisms and instruments for the voluntary consolidation of territorial communities.</p>
<p>Participants: M. Rivis, Deputy Head of the Zakarpattia Oblast State Administration, I. Kovach, City Mayor of Tyachiv and Head of the Zakarpattia AUC Regional Office, O. Stankevych, President of the «Екоцентр» Regional Environmental Association.</p> <p>Media representatives: Press service of the Zakarpattia Oblast State Administration, the «Тиса1» TV Channel, the «Калейдоскоп» oblast newspaper, and the «ПІО» newspaper.</p>	<p>M. Rivis informed that the proposals prepared by the participants will be generalised and sent to the Ministry of Regional Development, Construction, Housing and Municipal Utilities of Ukraine for consideration. He also expressed his hope that the local government reform will be effective and the performance of local governments will improve for better development of territorial communities.</p> <p>I. Kovach commented on the legislative initiatives in the sphere of solid waste management and highly praised the Concept for Solid Waste Management in the Zakarpattia oblast, which was presented during the meeting of the Advisory Board. He mentioned that solid waste management represents a very important issue in the region, because due to the mountainous location of the oblast, no landfill in the region has a potential to expand, nor there is opportunity to open new ones. There is no possibility to treat filtered waters collected there.</p> <p>O. Stankevych, in her turn, expressed her hope that after the local government reform and delineation of authority, there will be the proper environment for the implementation of the Concept for Solid Waste Management. This would promote the environment to support the complete resolution of solid waste problem issues in the oblast.</p>

Working session of the Lviv Regional Press Club

<p>Topic: Decentralisation of governance and local government reform</p> <p>Date: May 16, 2014</p>	<p>P. Kolodiy mentioned that the necessity of the long overdue reforms in the local governance sphere is the top priority. Decentralisation, deconcentration, subsidiarity, partner relationships between the state authorities and local governments, cooperation of government agencies, political parties, non-governmental organisations and business community should serve as the main principles of the reform of public administration and local governments. The development and implementation of the balanced national policy towards regions, especially with regard to the financial support for their social and economic development and coordination of authority and actions of regional management authorities and local governments should be the prerequisite for such reforms, - stressed P. Kolodiy.</p>
<p>Participants: P. Kolodiy, Chairman of the Lviv Oblast Council, M. Savka, Mayor of Horodok, P. Mohylyak, Head of the Main Department of the State Treasury Service of Ukraine in the Lviv Oblast</p> <p>Media representatives: The «Львів» TVRC, the "Галінфо" web site, the "ЗІК" and «Львівські новини» [Lviv news] news agencies, the "Експрес" and "Вголос" [aloud] and «Іпресс» newspapers, and the "Львів - ТБ" TV channel</p>	<p>M. Savka informed the media representatives about the approval of the Concept of the Local Government Reform and Reform of the Territorial Arrangement of Government Institutions in Ukraine by the Cabinet of Ministers. He mentioned the Concept reflects the suggestions and comments of the AUC. Experts of the Association of Ukrainian Cities were involved in the preparation of the legislative framework necessary for its implementation. He emphasised that the reform will provide a way out of the difficult situation each city faces at the moment. This is why the reform should be implemented as soon as possible.</p> <p>The event participants also provided answers to the questions from the journalists about the implementation of local budgets in 2014 and the treasury administration of local budgets and city</p>

	government economic activities.
--	---------------------------------

Working session of the Ivano-Frankivsk Regional Press Club

<p>Topic: Concept of the local government reform and reform of the territorial arrangement of government institutions in Ukraine</p> <p>Date: May 16, 2014</p>	<p>I. Tukalo stressed the importance of establishing a clear mechanism for cooperation of state executive agencies and local governments at the local level and promoting democratisation of social activities in the country. He also provided answers to the questions from media representatives about the distribution of authority between local agencies of the state executive and local governments, as well as with the state representative offices.</p> <p>V. Korzhenyovskyi expressed his vision of the ways for the future development of territorial communities and the system of local self-governance as a whole. He stressed the priority task to decentralise the authority and provide resources for local governments, introduction of effective mechanisms to enable territorial communities to exercise control of the executive activities of local governments, as well as the need for the state to provide the financial support for the implementation of the delegated authority.</p> <p>M. Krasnyak mentioned the need to reform the land legislation framework to facilitate the implementation of the reform in villages and towns.</p>
<p>Participants: I. Tykalo, Head of the Department for Interaction with local governments of the Ivano-Frankivsk Oblast State Administration, V. Korzhenyovskyi, City Mayor of Tlumach, and M. Krasnyak, Village Mayor of Viknyany</p> <p>Media representatives: The «Галичина» [<i>Galicia</i>] TVRC, the «Вежа» [<i>tower</i>], «З студія», and «24 канал» TV channels, the «Галичина» [<i>Galicia</i>], «Західний кур'єр» [<i>western courier</i>], «Репортер», and «Вперед» [<i>forward</i>] newspapers, the «Фіртка» [<i>gate</i>] and «Правда.іф.уа» Internet publications</p>	

2.4. Component 4: Legal Assistance and Protection

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

In the reporting period, DIALOGUE City Legal Assistance Center consultants provided 153 consultations to local government officials. Since its inception, the Project provided 2,594 consultations to local governments, their officials and local council members.

City Legal Assistance Center consultants provided **153** legal consultations through the mobile telephone line, mail, and AUC and DIALOGUE web-sites in the following areas:

- local elections – 3;
- local budgets and inter-budget relations – 10;
- land relations – 14;
- housing, municipal utilities and communally-owned property – 38;
- organisational and legal foundations of local self-governance – 81;
- social protection – 3;
- public education – 3; and,
- health care – 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 April – June of 2014, the Project conducted 24 expert workshops with the participation of 500 local government officials.

Date and venue	Topic	Description of the event
Rivne AUC RO, city of Rivne April 03, 2014 29 participants – city and town mayors and secretaries of local councils	Local government reform as an important step towards the European Union	The expert workshop moderator pointed the attention of the participants on the need of the local government reform, and focused on the system of arrangement of government agencies in the countries neighbouring Ukraine: Poland, Czech Republic, and Slovakia. The event participants discussed the Concept of the Local Government Reform, draft Laws of Ukraine “On Cooperation of Territorial Communities” and “On the Right of Communities to Consolidate”, and draft amendments to the Constitution of Ukraine.
Kirovohrad AUC RO city of Kirovohrad April 08, 2014 20 participants – city and town mayors, chief specialists of local councils	Reforms of in the housing and municipal utilities sector. Establishing the single client service using the experience of the city of Oleksandriya	The expert workshop moderator presented the experience of the Oleksandriya City Council in the sphere of reforming the housing and municipal utilities sector. The event participants familiarised with the steps the city took to reform the sector, in particular, with the establishment of the single client service. They discussed problem issues in the housing and municipal utilities sector and prepared and submitted to the AUC their suggestions concerning the abolishment of the

		payment of the VAT tax by the single client service companies.
Ivano-Frankivsk AUC RO city of Ivano-Frankivsk April 23, 2014 20 participants – deputy city mayors, chief specialists of departments for tourism and social and economic development of local councils	Ways for the development and improving the tourism industry in the Ivano-Frankivsk region	The expert workshop participants discussed the main aspects for the development of tourism in the Prykarpattia region, because tourism has a big potential for development of the region. The moderator pointed the attention to the regulatory and legal regulation of the tourism sphere and the changes happening over the last two years. A separate topic of the discussion was dedicated to the activities of tourism companies and organisations including “green” and “wild” tourism, owners of cottages and private mountainous hotels. The event participants were involved in the discussion about the necessity of conducting parliamentary hearings on these issues to provide the support from the state in these spheres. The participants prepared their proposals on how to improve the regulatory and legal framework for tourism.
Kharkiv AUC RO city of Kharkiv April 23, 2014 23 participants – city and town mayors, their deputies, and secretaries of local councils	Territorial community planning and development strategy	The expert workshop moderator discussed with the participants the most promising ways for the development of their territorial communities and provided examples of the strategies ensuring successful development of cities. The event participants discussed mechanisms for the preparation of the action plan to raise additional funds for their territorial communities. The participants also became familiar with international practices and exchanged their work experience.
Dnipropetrovsk AUC RO city of Dnipropetrovsk April 24, 2014 22 participants – heads of city/town financial departments of local councils	Ways to improve the financial sufficiency of territorial communities	The expert workshop moderator focused the attention of the participants on the peculiarities of local budgeting in 2014. The event participants discussed amendments to the Budget Code and Tax Code of Ukraine. The also participated in the discussion of the non-proportional distribution of funds from rayon budgets to local governments; peculiarities of treasury administration of local budgets in 2014; and, delineation of local budgets expenditures. The participants prepared their proposals on how to improve the financial sufficiency of territorial communities.
Chernihiv AUC RO city of Chernihiv April 24, 2014 20 participants – secretaries of local councils and city clerks	Cooperation of territorial communities: implementation experience, conditions and opportunities for development, and the need for legal regulation	The expert workshop moderator presented for the discussion the Concept of the Local Government Reform and Reform of the Territorial Arrangement of Government Institutions in Ukraine and its main principles. The event participants became familiar with the following draft Laws of Ukraine, such as: “On Cooperation of Territorial Communities” and “On the Right of Territorial Communities for Consolidation”. The event participants emphasised the necessity to take the corresponding actions and sent their appeal to the Ministry of Regional Development to support its actions in this area.
Chernivtsi AUC RO	Role of local	The expert workshop moderator focused a

<p>city of Chernivtsi April 25, 2014</p> <p>20 participants – city clerks, heads of departments for social protection of local councils</p>	<p>governments in increasing effectiveness and quality of the provision of administrative and social services for citizens</p>	<p>particular attention on the explanation of the essence of the social protection of citizens and the provision of administrative services in the context of international and European standards. The event participants reviewed the main components of the social protection, such as: social insurance, social assistance and pension provision. The participants learned about the essence of the social assistance provided at the local level; expressed their proposals concerning the organisational support for the activities of social services at the local level; and exchanged their work experience.</p>
<p>Lviv AUC RO city of Lviv May 07, 2014</p> <p>26 participants – city mayors, heads of centers for administrative services of local councils</p>	<p>Improving the quality of the provision of administrative services in local governments</p>	<p>The expert workshop took place in the format of the lecture, discussion, hands-on class and Q&A. The expert workshop moderator reviewed the requirements of the Ukrainian legislation concerning the provision of administrative services. The event participants discussed the practical steps for the formation of a new system of administrative services provided by local governments. The event participants expressed their own view concerning improvements in the quality of the provision of administrative services and exchanged their experience in this sphere.</p>
<p>Kherson AUC RO city of Kherson May 14, 2014</p> <p>20 participants – deputy city mayors, secretaries of local councils, heads and specialists of departments responsible for public procurement</p>	<p>Amendments to the legislation on public procurement</p>	<p>The expert workshop was held in the Q&A format. This allowed the moderator and the participants to better describe the topic both theoretically and from the practical point of view and enabled the participants to learn hands-on experience in planning and organising public procurement. The event participants believe that the proposed amendments to the legislation on public procurement will further promote the effective use of budget funds, as well as savings of such funds, and will promote the environment to prevent the opportunities for corruption in this sphere. The participants also presented their suggestions on how to conduct hands-on classes on public procurement for specialists for the public sector institutions, who are directly involved in the organisation of competitive bidding.</p>
<p>Khmelnyskyi AUC RO city of Khmelnytskyi May 14, 2014</p> <p>20 participants – city and town mayors, deputy mayors, heads and specialists of legal departments</p>	<p>Requirements of the local government legislation for Ukraine accession to the European Union</p>	<p>The expert workshop moderator presented the approaches and the system of governance in various European countries. The event participants discussed problem issues in local self-governance in Ukraine and the necessary changes, which need to take place in the course of the planned local government reform (fiscal decentralisation, clear delineation of authority, preparation and coordination with the EU agencies of the European plan for Ukraine, and ensuring viability of territorial communities).</p>
<p>Poltava AUC RO city of Khorol May 15, 2014</p>	<p>Reforms in the system of local self-governance: implementation stages</p>	<p>The first part of the expert workshop was conducted in the lecture format, with the second one being in the form of a dialogue. This provided an opportunity to expound the training topic from</p>

20 participants – city mayors		the theoretical perspective and to discuss the Concept of the Local Government Reform and Reform of the Territorial Arrangement of Government Institutions proposed by the Cabinet of Ministers, as well as amendments to the Constitution of Ukraine. The expert workshop participants reviewed the key problem issues related to local self-governance, outlined the main approaches to resolve them, as well as legal, organisation and financial factors to resolve them.
Zhytomyr AUC RO city of Zhytomyr May 16, 2014 20 participants – deputy city mayors, local council secretaries, heads of departments of local councils	Peculiarities of the personnel policy in the context of the amendments to the legislation on service in local governments	The event participants became familiar with the main provisions of the Law of Ukraine “On Service in Local Governments”, discussed issues relate to declaring taxes, establishing authorised departments to fight corruption, special inspections and competitions, provision of pensions, and exchanged their work experience. Working in the Q&A format, the expert workshop participants discussed important issues of the personnel policy. The event participants believe that the suggested amendments to the legislation on service in local governments will improve local government performance.
Dnipropetrovsk AUC RO city of Dnipropetrovsk May 22, 2014 20 participants – deputy city mayors on economic issues, heads of departments responsible for working with business entities	Promoting the cooperation of local governments with business entities	The expert workshop moderator presented the tendencies for the business development in the region, actions the local authorities take to resolve self-employment issues, opening new jobs, and promoting successful investment and innovation activities. The event participants became familiar with local government experience in this sphere in the Dnipropetrovsk and Kirovohrad oblasts, as well as discussed suggestions on how to increase the effectiveness of cooperation between the local authorities and the business community. The participants were also given practical advice and consultations.
Luhansk AUC RO city of Luhansk 29 May 2014 20 participants – heads of city and town departments for economy and investment promotion department	Investment activities of local governments: mechanisms and instruments	The expert workshop participants discussed approaches and experience in implementing an effective investment policy, became familiar with the legal framework for investment activities and preparation of investment projects, as well as preparation of regulatory and legal documents to regulate investment promotion. Working in the hands-on class, the event participants learned how to conduct negotiations with the investor; exchanged their experience in preparing the Investor Road Map and Regulations on Investment Activities; and made a decision to send such model documents from other towns and cities to those communities, which do not have such documents.
Kirovohrad AUC RO city of Kirovohrad May 30, 2014 20 participants – city, town and village	Looking for opportunities for the financial support for local economic development	While presenting the topic, the expert workshop moderator described the sources of the financial support for local economic development, such as: financial resources of local land central government authorities, private business entities, non-governmental organisations, physical

<p>mayors, specialists of economic departments of local councils</p>		<p>persons, as well as grants of international organisations. The event participants discussed opportunities to use rent proceeds, lease payments, investments and loans to support the development of territorial communities. In the course of the hands-on class, the participants learned how to prepare projects, and independently chose the topic and aspects for the preparation of the project application using specific case studies, as well as discussed openness and transparency of using grant funds.</p>
<p>Vinnytsya AUC RO city of Vinnytsya June 03, 2014</p> <p>20 participants – city and town mayors and secretaries of local councils</p>	<p>Preparation by local governments of applications for grant projects and programs of international technical assistance organisations</p>	<p>The expert moderator familiarised the participants with the availability of regional, national and international grant programs working in Ukraine. The event participants were given practical advice about how to prepare project proposals according to the European Commission Main Steps to Prepare High Quality Concept Note and exchanged their own experience in preparing projects and implementing them in their cities. During the hands-on class, the expert workshop participants worked on their own to choose the topic and components of the project proposal using a case study. The event participants became familiar with the experience of the Regional Vinnytsya Oblast Communities Resource and information Center for the Development of Communities.</p>
<p>Kyiv AUC RO city of Bucha June 03, 2014</p> <p>20 participants – city and town mayors, secretaries of local councils</p>	<p>Opportunities for cooperation: experience of the Kyiv AUC RO in cooperating with international non-governmental organisations</p>	<p>The expert workshop participants became familiar with the experience in cooperation with international non-government organisations. They discussed the role of the civil society in the cooperation with businesses; the role of European Union funds earmarked for the development of local governments; preparation of development projects, etc. The event participants discussed the investment attractiveness of the Kyiv region and willingness of cities to implement ideas in the public education and cultural sectors, which can be partially or completely financed by investors or international financial organisations.</p>
<p>Kherson AUC RO city of Kherson June 04, 2014</p> <p>20 participants – secretaries of local councils, heads of legal departments and city lawyers</p>	<p>Legal support for local government activities</p>	<p>The expert workshop participants became familiar with work experience of the Commercial Court and Administrative Court of the general jurisdiction in the context of protecting the interests of territorial communities. The expert workshop moderator discussed with the participants such topics as: experience in preventing corruption offenses in city halls and local council executive committees; necessary steps to be taken to obtain from the office of the State Agency for Land Resources the document on pecuniary valuation of the land parcel in case the technical documentation on transferring the land parcel to the leaser has been approved by the session of the local council, etc. The expert workshop participants believe that the theoretical</p>

		and hands-on knowledge they received about the current Laws of Ukraine and regulatory and legal documents, as well as the future amendments to the current legislation will ensure the development of territorial communities.
Volyn AUC RO city of Lutsk June 05 2014 20 participants – city and town mayors, deputy mayors, heads of centers for administrative services	New approaches in the provision of administrative services by local governments	The expert workshop was conducted in the form of a discussion. The main attention was dedicated to the discussion of Instruction of the Cabinet of Ministers of Ukraine # 523-p of May 16, 2014 “On Some Issues Related to the Provision of Administrative Services of State Executive Agencies through Centers for Administrative Services”. In the course of the discussion of the items on the agenda, the event participants received individual consultations on how to resolve hands-on issues related to the provision of administrative services, exchanged their work experience and prepared general recommendations on how to implement the Instruction of the Cabinet of Ministers of Ukraine mentioned above.
Ternopil AUC RO city of Ternopil June 11, 2014 20 participants – city and town mayors and their deputies, specialists of departments for economy of city and town councils	Fundraising by local governments for resources to support the implementation of local investment projects. Increasing investment attractiveness of cities	The expert workshop moderator familiarised the participants with the tools to improve the investment attractiveness of cities, interactive methods to search for financial and grant assistance for the development of territories, peculiarities of the preparation and presentation of investment sites to attract investors, and experience in participating in investment forums. The event participants received answers to their questions about the mechanisms to submit information to investment site database, working with delegations of investors on site, and opportunities to raise the level of professional qualifications of local government officials in the sphere of investment and marketing activities.
Zakarpattia AUC RO city of Uzhgorod June 11, 2014 20 participants – city, town and village mayors	Most effective ways to involve communities and citizens to resolving environmental problem issues of cities, towns and villages	The expert workshop moderator outlined the local government authority in the area of using natural resources, solid waste management, urban beautifications and environmental protection. The event participants discussed the most effective forms to involve citizens to resolving environmental issues and reducing the level of environmental pollution. The participants exchanged their experience in organising environmental preservation activities and protecting the environment to enable high living standards in local communities, such as: best practices in solid waste management including waste collection, removal and disposal in cities and villages in the Zakarpattia region.
Mykolaiv AUC RO city of Mykolaiv June 12, 2014 20 participants – city	Promotion of citizen self-organisation entities and their cooperation with local governments	The expert workshop moderator familiarised the participants with the regulatory and legislative aspects of activities of citizen self-organisation entities. In the course of discussions, the event participants focused their attention on the financial aspects of activities of citizen self-

<p>mayors and members of citizen initiative groups and residential block committees</p>		<p>organisation entities, tax risks, and public financial reporting. The expert workshop participants share the opinion that the local level is becoming increasingly important today, because the current legislation regulating citizen self-organisation entities envision a very complicated mechanism to initiate the establishment of such organisations, while a number of issues have not been regulated at all and this fact makes serious complications for the introduction of this very important democratic institute into the municipal practice in Ukraine.</p>
<p>Khmelnyskyi AUC RO city of Khmelnytskyi June 12, 2014</p> <p>20 participants – city, town and village mayors, their deputies and secretaries of local councils</p>	<p>Development planning strategies for territorial communities in the Khmelnytskyi region</p>	<p>During the expert workshop, the participants discussed the role of the strategic planning as a real instrument for the effective development of territorial communities in the Khmelnytskyi region, namely: issues related to planning the social and economic development and financial and legal support for local government activities in this context. The moderator provided the example of the territorial community of the city of Kamianets-Podilskyi and its efforts to learn how to organise the planning of community form its nearest neighbouring countries in the European Union. The village of Makiv was very successful in this sphere and mobilised all its village community to contribute to the development of the strategy.</p>
<p>Chernivtsi AUC RO city of Chernivtsi June 13, 2014</p> <p>20 participants – city and town mayors, specialists of local government agencies</p>	<p>Local government activities in the sphere of attracting investments for the social and economic development of territorial communities</p>	<p>The expert workshop moderator familiarised the participants with the current status, problem issues and prospects for attracting direct investments in economies of cities in the oblast. The event participants discussed the conditions for the formation of the municipal securities market as a tool to regulate inter-budget relations in the country and to promote foreign investments. The participants were interested in learning about how to get additional financial resources for the regional development through issuing municipal bonds. In the course of the event, the participants got engaged in discussions and received consultations and answers to their questions.</p>

Activity 2.4.2. Legal protection services

In the reporting period, the attorney services were provided to 8 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 (Oleksandrivsk City Mayor, Luhansk oblast (3));
- legal assistance to local governments and their officials (Kalynivka Town Mayor, Luhansk oblast (1)).

Monitoring of cases of harassment of local governments and their officials

In the reporting period, the Project identified 18 such cases with regard to:

- city mayors – 5;

- village and town mayors – 4;
- members of local councils - 3;
- other local government officials – 6.

The most serious, numerous and gross violations of rights of local government officials were recorded in the Luhansk and Donetsk oblasts. These rights were violated by separatists active in these regions of Ukraine. In particular, the Project learned about the following cases:

- assassination of O. Rybak, member of the Horlivka City Council;
- detention and isolation of N. Shtepa, Mayor of Sloviansk;
- beating of A. Bessonnyi, Deputy Mayor of Kramatorsk; and,
- capture and torturing of Ye. Klep, Deputy Mayor of Horlivka.

Monitoring pre-term local government elections

On May 25, 2014, Ukraine conducted elections of: 1) members of 2 city councils (cities of Kyiv and Cherkasy); 35 city mayors of 40 planned, except for the following cities: Antratsyt (Luhansk oblast), Lysychansk (Luhansk oblast), Rovenky (Luhansk oblast), Saky (Autonomous Republic of Crimea), and Snizhne (Donetsk oblast).

The following mayors enjoyed the best support from their voters (more than 50% of votes): L. Dusha (city of Baturyn – 67%), V. Klychko (city of Kyiv – 56.7% and the UDAR Party), O. Kaspruk (city of Chernivtsi – 55.38% and the Batkivschyna Party), D. Barnash (city of Pryluky – 53% and the Svoboda Party), V. Tiron (city of Kamianka – 51% and the Batkivschyna Party), I. Alekseev (city of Okhtyrka – 50,6% and the Batkivschyna Party), M. Holovlyov (city of Khotyn – 50.2% and the UDAR Party), and M. Nakonechnyi (city of Khrystynivka 50.0%).

The political affiliations of the newly-elected city mayors are the following:

- The UDAR Party – 5;
- The Batkivschyna Party - 6;
- The Party of Regions – 2;
- The Svoboda Party - 2;
- The Front Zmin Party – 1;
- The Party of Defenders of the Motherland – 1;
- The Party of Free Democrats – 1;
- The Communist Party of Ukraine – 1;
- The Democratic Party of Ukraine – 1;
- The Civil Position Party - 1; and,
- self-nominated – 14.

Local Government Lawyer School

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

Chapter 3. IMPLEMENTATION PROBLEMS AND WAYS TO RESOLVE THEM

Due to the annexation of Crimea, the Project stopped its activities on the peninsula.

Due to the military conflict, the Project suspended its activities in the Luhansk and Donetsk oblasts.

Due to the change of the leadership of the oblast state administrations and oblast councils in almost all oblasts of Ukraine, the Project faced with the necessity to resume the activities of Local Government Regional Advisory Boards. The project faces problems with the Local Government Regional Advisory Boards in the east and south of Ukraine (due to military activities in the east and potential military conflict in the south).

Chapter 4. SUCCESS STORIES

LOCAL GOVERNMENT REFORM STARTS!

The Concept of the Local Government Reform and Reform of the Territorial Arrangement of Government Institutions, which has been prepared with participation of DIALOGUE Project experts since 2012, was widely discussed during April – September of 2013, and was quickly finalised in March of 2014, and was finally approved by the Resolution of the Cabinet of Ministers of Ukraine on April 01. On June 17, the Cabinet of Ministers issued Instruction # 591 and an Action Plan to Implement the Concept. In June, the Verkhovna Rada enacted the Cabinet of Ministers draft law in the context of the concept the Law of Ukraine “On Cooperation of Territorial Communities”. On June 13, 2014, a draft law under # 4070a “On Voluntary Consolidation of Territorial Communities” was registered.

AUC EXPERTS CONVINCED AUTHORITIES START BUDGET DECENTRALIZATION

Due to the efforts of DIALOGUE Project experts, the government was able to draft a string of laws aimed at budget decentralization and strengthening the financial foundations of local governments: 1) the Concept of the Local Government Reform and Reform of the Territorial Arrangement of Government Institutions (# 333-p of April 01, 2014), which stipulates an equalisation subsidy calculation based on the unified standard of public services provision; direct inter-budget relations; increased local government own resources secured through increased effectiveness of local taxes and fees, with a portion of national taxes transferred to local government budgets; a limited authority of the central government to set benefits on taxes transferred to local budgets; and, simplified mechanisms of access to credit for local governments; 2) an action plan to implement the Concept that stipulates the preparation of amendments to both the Budget and Tax Codes as early as in 2014 in the part dealing with the budget decentralization, and an approval of the updated national standards of public services quality and the cost schedule thereof (June 18, 2014, # 591-p). Additionally, The President of Ukraine registered amendments to the constitution of Ukraine in the parliament (Registration # 4178a of June 26, 2014), which are conducive for the implementation of the administrative and territorial reform, and endorses the requirements of the European Charter of Local Self-Governance concerning the financial capacity of local councils to exercise their authority.

MAIN DIRECTIONS FOR THE BUDGET POLICY FOR 2015 ENVISION THE REFORM OF INTER-BUDGET RELATIONS AND A BIGGER SHARE LOCAL GOVERNMENT OWN RESOURCES

To implement the Concept of the Local Government Reform, DIALOGUE Project experts managed to specify in the Main Directions for the Budget Policy for 2015 (approved by the Cabinet of Ministers on April 16, 2014, # 385-p) the following provisions: 1) a streamlined formula based distribution of inter-budget transfers between the National Budget and local budgets; 2) ensure that local budgets get into their budget accounts some collections from the profits tax and income tax; 3) delineation of authority within the system of local self-governance and state executive agencies at different levels and based on the subsidiarity principle; 4) delineation of authority between local agencies of the state executive and local governments based on the principle of decentralisation, etc.

DIALOGUE AFFECTS PREPARATION OF THE NATIONAL POLICY ON REFORMING LOCAL BUDGETS AND INTER-BUDGET RELATIONS

In April 2014 the project initiated a working group at the Ministry of Regional Development on financial decentralization, and strengthening the financial foundations of local governments. The First Deputy Minister heads the works of the group while a representative of the AUC serves as his deputy and a DIALOGUE Project expert is the secretary. The membership of the working group consists of representatives of the Ministry of Regional Development and all line

ministries, local governments and their Ukraine-wide associations, oblast state administrations academia and research institutions, international and Ukrainian experts. The working group held nine meetings also attended by the deputy Vice Prime Minister of Ukraine. This working group compiled and prepared the roadmap for reforms and a draft law on the Budget Code amendments (concerning budget decentralisation), which drew heavily on the findings and materials prepared by DIALOGUE Project experts.

DIALOGUE MANAGED TO IMPROVE ADMINISTRATION OF LOCAL BUDGETS

Thanks to DIALOGUE Project experts, local governments managed succeeded to: 1) force the central authorities in the face of the Prime Minister and Minister of Finance to acknowledge there had been a problem issues with the treasury administration of local budgets: greater than 3 billion UAH of local government funds had been blocked in their accounts; 2) ensure that the government back up the Treasury with 2.5 billion UAH to fund unprotected (non-earmarked) local.

EARLY LOCAL ELECTIONS ON MAY 25 WERE HELD BASED ON THE AMENDED LAW

Long awaited early local government elections in dozens of city, town and village councils whose terms of office had expired were finally held on May 25. To rectify the legislation on local elections, which became evident during the regular local government elections in 2010, the parliament approved amendments to the Law of Ukraine “On Elections of Deputies of the Verkhovna Rada of the Autonomous Republic of Crimea, Members of Local Councils and Village, Town and City Mayors” on April 08. The law incorporated a string of novelties elaborated in the law on local government elections prepared upon the request of the DIALOGUE Project in 2013 incorporating the findings of the city council survey conducted in the same year. In particular, the draft law envisions the right of citizens for self-nomination for the position of the mayor; the candidate name position, or party position on the ballot to be set by drawing lots; enough time for a candidate to rectify mistakes in the candidate registration documents; exemption of local budgets to pay candidates tv/radio air time; a possible eviction of a representative of a non-governmental organisation out of the election commission meeting based only on the commission two thirds voting results; etc.

POSITIVE PROSPECTS FOR RESOLVING THE ISSUE OF PAYING FOR PUBLIC WORKS

In May 2014 the Cabinet of Ministers endorsed the draft law “On Introducing Amendments to the Law of Ukraine “On Public Employment” Concerning the Optimisation of Budget Expenditures on Social Insurance Against Unemployment”, which stipulates an amended funding of public works, namely cancelation of proportional payments. Local governments started to face the problem issue with the payment for public works since July of 2012 when the Law of Ukraine “On Public Employment” was approved. Under the new provisions, the financial support for public works is to be provided from local budgets and the funds of the National Mandatory Social Insurance Fund against unemployment with the proportional sharing of the payments in case the registered unemployed are hired to do such works. However, given the poor shape of local budgets they have actually not allocated any money for public works, which lead to the deterioration of the social protection of the unemployed.

The draft law approved by the Cabinet of Ministers was registered in the Verkhovna Rada of Ukraine on May 29, 2014, which it makes feasible its speedy consideration and adoption. According to the estimates, the changes in funding mechanisms will enable temporary employment of around 45 thousand persons, whereas city councils will be able to redistribute the funds aimed to pay for public works for other purposes. Local governments are expected to receive a transfer of at least 60 million UAH from the National Budget to pay for public works.

THE CABINET OF MINISTERS SUGGESTS WAYS TO RESOLVE THE ISSUE OF SHORTAGE OF PREMISES TO ACCOMMODATE PRE-SCHOOL EDUCATIONAL ESTABLISHMENTS

To resolve the local government issue of shortage of premises to accommodate pre-school educational establishments the Cabinet of Ministers of Ukraine on June 11 adopted a draft law prepared by the Ministry of Economic Development and Trade of Ukraine “On Introducing Amendments to Article 4 of the Law of Ukraine “On Transferring of State-Owned and Communally-Owned Property Items”. The draft law envisions a simplified decision-making mechanism to transfer state owned buildings or facilities into communal property to accommodate pre-school education establishments.

Previously, the Association has repeatedly stressed the need to address the shortage of facilities to accommodate pre-school educational establishments and as one of the ways out it was suggested to transfer premises not used at their full capacity from state to municipal ownership (e.g. premises of vocational schools).

INTERESTS OF LOCAL GOVERNMENTS IN PUBLIC PROCUREMENT WERE TAKEN INTO ACCOUNT

In April, the parliament approved a new Law of Ukraine “On Public Procurement”. Due to the consistent lobbying of local government interests with the Ministry of Economic Development and Trade by representatives of the AUC and due to the Dialogue Days it became possible to achieve certain positive changes: 1) abolishment of announcements through publication in print media, which significantly delayed the procedures and did not actually impact access to the corresponding information easily available on the Internet; 2) mandatory training of tender committee members was abolished as such that did not bring the intended outcomes and required funding from local budgets.

ADMINISTRATIVE ACCOUNTABILITY WAS INTRODUCED FOR VIOLATION OF PARKING RULES

On May 29, 2014, the Verkhovna Rada of Ukraine approved the Law of Ukraine “On Introducing Amendments to Certain Ukrainian Legislation on Rules of Parking Transportation Vehicles and on Imposing Accountability for Violation of Parking Rules”. The Law establishes a mechanism of administrative accountability for violation of parking rules, in particular for the failure to pay for the services received. The cases of administrative offenses like failure of the driver to pay for using a paid parking space will be considered by the administrative commissions of local governments. The lack of administrative tool to control the offenders restrained the development of h network of parking lots equipped with parking meters in cities. Experts of the Association participated in the preparation of the draft law.

ECONOMICALLY JUSTIFIED TARIFFS HAVE BEEN SET FOR HEATING SUPPLY

In April of 2014, the National Commission for the State Regulation of Municipal Utilities established economically sound rates for heating supply. Failure to review the tariff for years while the main components of the tariff (the minimum salary, energy costs) were rising in cost, where the state failed to abide by its obligation to compensate municipal enterprises for the losses incurred, has resulted in a critical financial situation of municipal utility companies. City councils regularly addressed agencies of the state executive at the annual Ukrainian Municipal Forums with regard to the need to bring the utility service tariffs to economically justified levels.

ZAKARPATTYA OBLAST. DUE TO DIALOGUE THE POPULATED AREAS OF THE REGION WILL BE ABLE TO CERTIFY LANDFILLS TO PROCESS AND RECYCLE SOLID HOUSEHOLD WASTE

Since the issue of processing and recycling solid waste is currently one of the highest priorities in the Zakarpattya oblast aggravated even more by the lack of certified landfills, the Local

Government Regional Advisory Board at its meeting on May 14, 2014 decided to provide for allocation of 200,000 UAH in local budget on co-funding for manufacture of landfills passports.

LVIV REGION. THANKS TO CITIES' EFFORTS THE BUDGET OF THE OBLAST COMPETITION OF PROJECTS AND PROGRAMS HAS BEEN INCREASED

Pursuant to the protocol the Regional Advisory Board of May 16, 2014 and taking into account the numerous requests from mayors to increase the budget of the regional competition of projects and programs, in 2015 this budget will be increased by 100,000 UAH. The total amount of funds that will be allocated to fund the projects will amount to 600,000 UAH.

RIVNE REGION. THE DIALOGUE WILL FACILITATE THE ELIMINATION OF PROBLEM ISSUES IN OPERATION OF THE CITY COUNCILS

Pursuant to the protocol decision of the Local Government Regional Advisory Board of April 14, 2014 and taking into account the numerous complaints of city mayors on continuous and unjustified prosecution inquiries filed to local governments that hinder working process of the understaffed apparatuses it was decided to commission the Rivne AUC RO cities with monthly analysis of such inquiries to local councils to transfer it to oblast council to then be heard at the oblast council session in the presence of the oblast prosecutor.

Chapter 5. ESTIMATED SCHEDULE FOR THE NEXT QUARTER

Legislation Group	<ul style="list-style-type: none"> - Legislation drafting; - Legislation monitoring; - Participation in the work of parliamentary committees and advisory boards set by ministries; - Preparation and dissemination of the Legislation News electronic publication; - Preparation and dissemination of the Sectoral Monitoring; - Conducting a public opinion poll concerning the support for decentralisation
Dialogue Group	<ul style="list-style-type: none"> - Consultations with ministries; - Participation in working sessions of the Cabinet of Ministers - Support for the activities of the inter-faction parliamentary group (local government caucus); - Working meetings of Local Government Regional Advisory Boards; - Conducting the Day of Reforms during the 10th Municipal Forum
Information Group	<ul style="list-style-type: none"> - Shooting and broadcasting TV programs; - Holding meetings of national and regional press clubs; - Publication of the AUC Herald, Press News, and Dialogue Newsletter
Legal Assistance Center	<ul style="list-style-type: none"> - Consultations, legal assistance and protection of local governments and officials; - Expert workshops in AUC ROs; - Monitoring of pressure on local government officials; - Preparation and dissemination of the Legal Consultations electronic publication;