



Council of Europe Centre of Expertise for Local Government Reform Peer Review – Ukraine

Peer Review Team Report

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1. INTRODUCTION

1.1. Background

The Ukrainian government intends to plan and implement an ambitious reform leading to municipal amalgamation and inter-municipal co-operation aimed at reducing the number and consolidating its local authorities.

On 1 April 2014, the Ukrainian Government adopted the Concept of Reform of Local Self-Government and the Territorial Organisation of Power in Ukraine, according to which the key task of the indicated reform process is attaining an optimal distribution of powers between local self-government authorities and executive authorities. The priority issue is amalgamation and transfer of powers from central executive authorities and their territorial units to regional and local levels. The process of inter-municipal co-operation (law adopted and came into force) and voluntary amalgamation of local communities (law voted in the first reading) has yet to be started.

The draft Law of Ukraine on *Voluntary Amalgamation of Local Communities* and the Law on *Co-operation of Local Communities* was developed with the participation of the Ukrainian and international experts and has been widely discussed and appraised by the Council of Europe experts in 2012-13 respectively. However, unlike the Local Communities Co-operation Bill, the draft Law on Voluntary Amalgamation of Local Communities has undergone major changes after its submission to the Cabinet of Ministers of Ukraine (CMU), which may complicate the establishment of united communities. Nevertheless, the Bill, if enacted, will establish a mechanism for exercising the right of local communities to unite, since it contains the necessary procedural rules to initiate the integration process, preparation of the necessary papers, public debates and identifies local authorities and executive bodies involved in the implementation of these procedures. However, the Bill was not passed in the second hearing on 14 August 2014 due to a lack of support and the second attempt to pass the bill has been postponed.

Such reforms are being implemented or are envisaged by a large number of European countries. At its first meeting (Strasbourg, 3-4 April 2014), the European Committee on Democracy and Governance (CDDG) decided to create a “cluster” of states interested in municipal amalgamation, which could meet and exchange in order to learn from each other.

In Ukraine there is a complicated and multi-tiered structure creating a total of 12,087 councils and 29,739 territorial units.

Territorial organisation of power in Ukraine

Ukraine includes state executive authorities and local self-government authorities operating at the regional and district (districts and city districts in regional significance cities) levels.

At the regional level (*oblast*), there exist:

- Regional councils - representative bodies of local self-government
- Regional state administrations
- Territorial bodies/units of central state executive authorities (ministries, agencies, and inspectorates)

In districts (*rayons*), there exist:

- District councils - representative bodies of local self-government
- District state administrations
- Some territorial bodies/units of central state executive authorities (ministries, agencies, and inspectorates)

In cities of regional significance, there exist:

- City councils - representative bodies of local self-government and city mayors
- Executive committees of city councils
- Some territorial bodies/units of central state executive authorities (ministries, agencies, and inspectorates)

Therefore according to the provision of national legislation the Ukraine has the following territorial structure:

- (1) Autonomous Republic of Crimea
- (2) oblasts (24 oblasts / 24 oblasts councils)
- (3) districts (490 districts / 488 districts councils)
- (4) cities (460 cities / 458 cities councils)
- (5) districts in the city (55 city district councils in the 25 cities)
- (6) settlements (1180 settlements / 783 settlements councils) and
- (7) villages (27214 villages / 10279 villages councils)

The organisational structure of individual territorial authorities is disordered. Thus, at the regional level territorial authorities function within three different mandates - as an independent legal entity, as a structural unit of the central office of the respective central executive authority, and as a structural unit exercising powers of other central executive authorities. The above affects efficiency of interaction with local state administrations. A similar situation is observed at the district and municipal levels, where both independent territorial authorities and structural units in the composition of regional territorial administration operate.

Certain central state executive authorities have multiple territorial units (among them, the Ministry of Justice, the State Veterinary and Phyto Service, and others). Since these territorial units coordinate their activities through the same central executive authority, it would be viable to explore the option of their merging.

Powers of local state authorities and local self-government authorities

The State allocates powers to different types of local branches of central executive authorities and local self-government authorities. Article 140 of the Constitution remains vague, stating that “local self-government is the right of a territorial community – i.e. residents of a village or a voluntary amalgamation of residents of several villages forming one village community, residents of a settlement or of a city - to independently resolve issues of a local nature within the limits of the Constitution and the laws of Ukraine”.

Given that the Constitution leaves it to the legislator to define the notion of “issues of a local level”, the law attempts to cover this vast area by the copious listing of powers, instead of limiting this list of powers to a minimum and proceeding on the principle of general competence at local level.

Local authorities in Ukraine account for a significant share of the public sector employment and spending. They play a major role in the provision of social services, notably education, and primary

responsibility for urban housekeeping functions, including water supply, waste-related policies, infrastructure construction and maintenance.

However, a combination of several factors and adverse conditions contribute to the fact that the services provided at the local level are of variable quality. Such factors include:

- administrative and political fragmentation;
- the often too small size of local government units;
- fragile basis for revenue-raising at local level;
- ambiguous assignments of responsibilities (inadequately / underfunded mandates related to LG responsibilities); and
- poor capacity to fulfil responsibilities and implement services.

As a result, economies of scale are not achieved and effective local development strategies are not elaborated and implemented. The case for reform and amalgamation is clearly proven.

1.2. The Council of Europe Peer Review exercise

The Centre of Expertise for Local Government Reform (CELGR) of the Council of Europe (CoE) organised a Conference and Peer Review Exercise upon invitation of the Ukrainian Government.

The Conference and Peer Review sought to pursue a number of objectives:

- to assist the Government and stakeholders by sharing experience from other member states with experiences of decentralisation and territorial administration reforms;
- to take stock of progress so far in implementation of reform;
- to facilitate mutual understanding and dialogue regarding the reform; and
- to propose ways forward to consolidate and further progress according to the government strategy of reform.

A Peer Review mission took place in Kiev on 26th September, 2014. The detailed mission programme and list of participants are attached as Appendix I to this report.

1.3. Nature and purpose of the report

The Peer Review report is addressed to the Ukrainian Government. It does not include minutes of the discussions held during the meetings and it does not include direct statements by specific stakeholders. Rather the report seeks to provide recommendations which will support the goals articulated by the Government and the many partners we spoke to, in order to support delivery of the reforms.

This report has been compiled and approved by the Centre of Expertise for Local Government Reform of the Council of Europe on the basis of exchanges and contributions from members of the Peer Review Team.

This report is focused mostly on municipal amalgamation. As the high-level Conference of 25 September 2014 stressed, there are two solutions to the problem of excessive municipal fragmentation: amalgamation (solution adopted by all but one Nordic countries) and co-operation (adopted by most Southern countries). Both are covered by the notion of municipal territorial co-operation.

Account is taken of the difficult situation of local authorities and the limited window of opportunity in Ukraine. Therefore, the peers considered that efforts should rapidly be made in order to obtain a significant level of municipal amalgamation. Co-operation can supplement amalgamation (where its level is still considered to be sub-optimum) or can replace it (where amalgamation fails, for various reasons).

While the process of amalgamation is organically different from that of co-operation, most of recommendations included in this report can apply to both territorial consolidation solutions.

If the Ukrainian government is serious in tackling the issue of excessive municipal fragmentation, the peers recommend that a dual amalgamation-co-operation programme be launched, with most efforts dedicated to amalgamation in the first phase (around two years) and to co-operation in the second.

2. PEER REVIEW TEAM - MAIN FINDINGS

As previously stated, the Ukrainian government intends to implement ambitious reforms leading to municipal amalgamation and inter-municipal co-operation aimed at reducing the number and consolidating its local authorities. On 1 April 2014, the Government adopted the Concept of Reform of Local Self-Government and the Territorial Organisation of Power. The priority issue is amalgamation and transfer of powers from the central executive authorities and their territorial units to the regional and local levels.

All participants recognised that now is a window of opportunity and an exceptional chance for the Ukraine to make fundamental changes to the structure of local government and achieve significant improvements and consistency in public services. There is likely to be European and international aid to support and assist in achieving significant changes. Internally, the range of authority representatives and partners all recognised the need to make changes to the structures and improve services. The amalgamation of authorities will also be the opportunity for enhanced wider community unity, better democratic representation and the opportunity to deliver consistent services across communities.

In order to achieve the outcome articulated by the Government and the many partners we spoke to, the Peer team has identified recommendations to support delivery of the reforms. These have been grouped into six main themes and are aimed at addressing issues highlighted and achieving amalgamations and improvements of services which this can bring.

1. Vision
2. Clarity of proposal
3. Reform package
 - a. Finance
 - b. Law
 - c. Staffing
 - d. Power & responsibilities
4. Resources for delivery
5. Communication and Engagement
6. Timetable for delivery

2.1 Vision

R1. The Government needs to establish a clear vision for the amalgamation of municipalities and what it will look like. It needs to be clear about the benefits which will be achieved including;

- ***Stronger democratic representation***
- ***Improved and consistent public services***
- ***Improved economy and efficiency in public services***

The Government needs to clearly spell out other gains for amalgamated municipalities. The vision must be supported by an open and transparent process which will be implemented free from corruption

The vision also needs to identify the time frame for the reform, which will re-enforce the commitment to the vision and give all tiers of government a focus for delivery.

A strong and clear vision is required. It needs to provide stakeholders with a clear understanding of what amalgamation will achieve, supported and complemented by statistics and financial figures that would eliminate speculation. The peer review identified a consistent message that there is little understanding of reform, what is being proposed and what it will achieve. There is a lack of understanding of the form, such as whether the amalgamations will be solely voluntary, semi-voluntary, compulsory, or combinations in different reform stages.

Participants identified that too many areas have poor or no public services because of a lack of population to be able to provide services. The vision needs to be clear so that amalgamated municipalities can support improved and consistent services, whilst delivering more economic and efficient public services. This would incentivise local support for the amalgamations.

The peer review discussions also identified that as there were so many authorities it meant that their individual voices were lost and the issues of small areas were not represented. Larger authorities would give a louder voice for combined areas and the opportunity to represent a balanced picture of issues facing a wider community or having the ability and mass to be able procure services to deliver solutions.

The vision needs to include an overarching timeframe to address concerns as to ‘if’ and ‘how’ the reform will happen, for instance concerning the transfer of functions and funding.

What also emerged during the peer review was a lack of trust amongst the different stakeholders, particularly toward Government initiatives. There are a number of reasons that were mentioned to us during the technical meeting; however, the most relevant and common is the issue of corruption and corrupt practices. The vision needs to include a commitment to an open and transparent process which will be free from corruption.

Some representatives considered that the reforms were not a priority whilst there were wider challenges facing the Ukraine. The vision needs to be clear as to why reform is important at this stage and the associated benefits. Some also felt that the Government system was not sufficiently developed to make such wholesale changes to the basic structure of tiers of government.

2.2 Clarity of Proposal

R2 The details for the implementation of the existing and future legislation must be made clear. It needs to clarify the format of the changes and the extent and numbers of authorities it could affect. This guidance must be in clear language and unambiguous in interpretation. It must be clear for all sectors including local and national government and widely disseminated.

Among participants there was a widespread appetite for local government reform. However, all participants from various sectors felt that the actual format for the reform is unclear. Whilst some participants felt proposals were not clear, others interpreted the reforms differently, for example the

size of amalgamations and the compulsory aspect for authorities. Some participants also had different perceptions of the numbers of authorities which would be affected by the legislation.

Therefore, there is some resistance to aspects of the reforms or people's perceptions of the content and extent of the reform. Clarity of the proposals is key as this would reduce resistance and may garner support. Often resistance is due to lack of appreciation of benefits, and fear of the misunderstood or unknown proposals. Resistance is stronger at local level and is partly because there is little understanding of the reform and why it is essential for Ukraine. Although strengthening support at local level is generally thought of as being of secondary importance, it should be one of the top priorities since it would legitimize implementation efforts. The real issue is clarity of detail and implementation rather than passing the laws.

At the regional (Oblast) level there appears to be less opposition and more understanding. Such a relatively positive attitude towards reforms provides opportunities for effectively communicating the reform plans to local communities, thus ameliorating misunderstanding. The government may consider making regions (or districts) responsible for amalgamation and seek to ensure that no communities remain outside of proposals for any amalgamation or reform. Since there is a risk of internal government lack of ownership one ministry should coordinate these efforts to ensure policy clarity and consistency but all need to support it.

International experience suggests that decentralisation reforms greatly benefit from institutionalised coordination with all levels of authorities and a close dialogue between the central government and local government and representative associations.

2.3 Reform package

R3 Ensure that there is clarity and scrutiny around the whole reform package. Recommendations 1 and 2 focus on having a vision and the specific implementation of the reforms; however, the reforms will only be successful if an holistic approach is taken and there is a whole package around the reforms which are robust, transparent and deliverable. Therefore the supporting arrangements in the reform package will need to include:

- Finance: clear financial information as to the allocation of funding for the new amalgamated authorities needs to be available. Compensation and funding to deliver the reforms will need to be in place along with a clear position about the decentralization of budgets and responsibilities.***
- Law: clear legislation which ensures the democratic position of each authority and decision making structure.***
- Staffing and resources: clearly identify how staff will be transferred from the existing organisations to the new amalgamated authorities. Ensure that training is in place and experiences from international colleagues are shared to ensure that existing and new staff are able to fulfil their new roles and make the amalgamations a success and skills are not lost.***

- *Power and responsibilities: The reform package needs to clarify where respective power and responsibilities lies for services and authority administration. All stakeholders need to understand the role of central government and degree of decentralisation. This will allay fears of both local and national politicians.*

The success of the future reforms and amalgamations will be dependent upon all the supporting arrangements being in place and clear for all stakeholders. The vision and improved services, along with clarity about outcomes, will only be successful if the supporting arrangements of key areas such as finance, staffing and legal framework are delivered. All stakeholders will only believe that the changes and amalgamations can be delivered if they can see that these issues have been thought through with mechanisms and solutions in place.

The reform package will need to not only include how this fundamental change for Ukraine can be delivered, but will also need to be clear of the incentives to authorities for successful delivery or the disincentives if they are not successful.

Decentralization requires implementing multiple reforms simultaneously (i.e. a package deal: legal, taxation, budget, competencies). It should be clear to what extent amalgamation is (or should be) a prerequisite for the decentralization of budgets and responsibilities. The package needs to establish the criteria for local authorities to receive the necessary budgets for providing services and extent to which central government will allow for differentiation of responsibilities among local governments. The answers help constructing the vision which is currently lacking. Without a properly communicated structure for delivery (that includes prospects of expected benefits, and the process on how to get there) the number of voluntary amalgamations may be small due to vested interests and fear of change, especially in small communities.

In the United Kingdom, recent reforms in local government have sought to encourage greater rationalisation of services, promote efficiency savings and encourage economies of scale in the delivery of local public services. The Localism Act 2011 introduced concepts such as a Duty to Cooperate where neighbouring local authorities are obliged to work together on planning issues reflecting genuine shared interests. Authorities have incentives for shared arrangements which are not available to others. Incentives to encourage greater Inter-municipal cooperation in the Ukraine should be considered.

Since voluntary amalgamations take time (i.e. the experience in Netherlands), and local government reform in Ukraine is urgent, it may be necessary to think of an approach like in Latvia or Finland: First incentivize voluntary amalgamation as much as possible, but then push forward with non-voluntary territorial and functional reforms.

All successful cases of municipal amalgamation in Europe have been achieved where the central government has not relied solely on voluntary schemes. Incentives and disincentives work but only up to a point. The Ukrainian Government should develop them but it should show clear and courageous leadership in order to achieve its vision. It should announce amalgamation targets and criteria, encourage and help voluntary initiatives but, at a certain point intervene in order to bring amalgamation to the needed level.

Finance

Whilst many authorities and stakeholders may be supportive of reforms, they will not want to see their area which they represent be disadvantaged by the amalgamations and will, therefore, want to understand the financial position first. It may be that there will be joint control of larger budgets which will be a joint responsibility rather than sole ownership; however, the proposals and how they work need to be made clear.

Whilst participants were supportive of the changes there was some concern about both the cost of changes and the future responsibility. Affordability is an ongoing debate in Norway. Therefore economic incentives are central in the debate in Norway. Among these:

- Necessary costs of amalgamation will be compensated, through a standardized model: (€ 2.5 - 8 mill. to the new municipality, related to how many municipalities are amalgamated, and the number of inhabitants which is covered by this);
- Reform support will be given (€0.6 - 3.7 mill., same conditions as above)

The issue of compatibility of new financing systems and old municipal structures needs to be explored in order to not expose authorities and government to financial risk or impropriety.

Law

Confidence in the success of amalgamations will only be achieved if the associated timetable for legislation is clear to all stakeholders. In reality this will be after the forthcoming election but should be clarified as soon as possible. The timetable should include the length of time from passing the legislation to implementation. It should identify any other legislation required to achieve the whole reform package, as identified earlier. The legislation needs to be clear about roles and responsibilities at respective levels and degree of decentralisation.

The legislation also needs to address the concerns of stakeholders in relation to corruption. Many stakeholders felt that the changes could be undermined because of a culture of corruption and nepotism in local authorities. As part of the introduction of the legislation for amalgamations, codes of conducts for different tiers of government for both officers and politicians should be introduced. Not only should codes be introduced but prior to signing up to the code, there should be training for all and an ability to hold to account those who contravene the codes.

Staffing

In order for the reforms to be successful and the quality of services to be maintained and enhanced, there will need to be clarity of the future of staffing and resources. Participants were concerned that there was no clear approach as to if and how staff will be transferred from the existing organisations to the new amalgamated authorities.

There will need to be a programme to train staff for their new roles and the responsibilities of the larger organisations. There have been no discussions as to what training would be needed to operate the new style of amalgamated authorities and address the inconsistency of public services.

Therefore, the reform package will need to ensure that training is in place and experiences from international colleagues are shared to ensure that existing and new staff are able to fulfil their new roles and make the amalgamations a success and skills are not lost.

Many authorities will not have the capacity or resources to deliver the change without support. Participants recognised that changes in legislation will have a significant and immediate impact upon the delivery and development of service provision. Training will be required to ensure that staff are skilled to deliver the new services to the quality and scale of delivery which in many cases has not been experienced before.

The legislation and supporting materials have so far not identified if staff will be transferred from the smaller organisations into the new larger authorities. Therefore, in the run up to amalgamations of authorities, staff will be concerned about whether they will retain their jobs and how it will affect their lives. Every authority will grapple with the scale of change and implications of the legislation and this would be undermined with the loss of skilled staff. Therefore, the transfer of staff to the new larger amalgamated authorities needs to be considered. If not it could cause a disaffected workforce with low morale. If there is not provision to transfer existing staff into the new roles there is a strong chance of losing skills and resources. In the UK there is legislation which will automatically transfer staff during amalgamations and take overs in both public and private sector. This legislation is known as TUPE. It refers to the "Transfer of Undertakings (Protection of Employment) Regulations 2006" as amended by the "Collective Redundancies and Transfer of Undertakings (Protection of Employment) (Amendment) Regulations 2014". The TUPE rules apply to organisations of all sizes and protect employees' rights when the organisation or service they work for transfers to a new employer.

Powers & responsibilities

The legislation in respect of amalgamations will need to clarify where respective powers and responsibilities lies for services and authority administration. All stakeholders need to understand the role of central government and degree of decentralisation. This will allay fears of both local and national politicians.

Participants and stakeholders were concerned that there would be resistance to reforms if there was not clarity of where decision making was vested following amalgamations and whether government would have a stronger role in directing local services. There will be a lack of willingness to give up power and autonomy which will lead to potential supporters becoming opposition and blocking the reforms, unless there is clarity about respective roles and responsibilities.

As part of the introduction of the reforms and amalgamations there should be training and workshops for politicians at all levels and local elected representatives to understand the changes. The content will need to include: the structure of the amalgamations; where power and responsibilities lie within the overall structure; the degree of centralisation / decentralisation; and the importance of the associated codes of conduct to ensure to address concerns about corruption and nepotism.

Local politicians will be concerned as to whether they will lose power and status in their communities. The role of local politicians and the additional power and influence they will have needs to be made clear in both the legislation and supporting training. As part of the future role in the power and responsibilities it will also be important to draw out the scrutiny role for elected representatives. Monitoring of the new arrangements, local government performance of existing and new services and good data collection will be important to ensure the effectiveness of the new arrangements and to make future conscious and wise policy choices.

The Government should draw from international experiences on both developing respective roles and responsibilities and the role of elected in setting policies and reviewing their effectiveness and that of services to local people.

2.4 Communication and Engagement

R4 The success of the reforms and amalgamations will need to have all the components as outlined in the previous recommendations; however, key to actually delivering the reforms will be excellent communications and engagement with all stakeholders and the public. The communication programme needs to listen to people's concerns; address the issues raised; and outline the benefits for all tiers of government and local residents.

Specific actions will need to include:

- *Identify key stakeholders for focused communication*
- *Workshops with tiers of local and national Government to understand concerns*
- *Proactive communication about the benefits of reforms*
- *Strategy to provide means for a dialogue, not only a one way information flow*
- *Clear messages to address key concerns*
- *A communications plan with actions timed appropriately*
- *Different formats of communications need to be employed in order to access the maximum number of people*
- *There needs to be visible senior political leadership supporting the communications and engagement package*
- *Ensure that there are the relevant skills and expertise to manage the communications programme at a national and local level.*

The communication strategy needs to both promote all the virtues and benefits of the reforms and also focus towards the local population on eliminating fears and unfounded myths. As rightly mentioned to the review team by various stakeholders, what matters more to citizens is that an efficient and effective public service is provided to them irrespective of whether that service is provided by central, regional or the local government, provided that such service is ensured and is of good quality.

The most important success criterion is how communication takes place. Good communication is needed to establish a common understanding of the need for reforms, the goals and gains, and how to get there. Stakeholders on all levels have to be involved (inhabitants, local authorities,

associations, media, etc.). Locally, both the leading politicians and the opposition should also be involved.

Different formats of communications need to be employed in order to access the maximum number of people. It also needs to be clear what is to be communicated and to whom. The goals need to be as clear as possible, to enable precise communication to different target groups. A communication strategy which also focuses on citizens and their need to get relevant information is necessary.

Focus should be given to achieving and re-enforcing joint ownership of the reforms by stakeholders. Time and energy will also be needed to frequently go back and revisit shared aims and objectives with the amalgamations.

Equally important is intra-governmental communication. Stakeholders identified that there was mixed commitment and priority to the reforms across Government departments. Communication and dissemination of information about the reforms and their benefits are key to ensure a consistent buy in across government. This will also require an understanding of the improvements for communities and the long term benefits for the Ukraine as a whole.

Issues were brought to the attention of the review team regarding a lack of expertise to deliver a national communications plan, historical resistance and a reluctance to change due to local power bases. Investing in communicating the importance and role of the reforms accompanied with more close everyday communication is therefore a pressing necessity. A significant burden of responsibility in this respect falls upon the political leaders within Government.

Communication on the objectives should be in a "people-oriented" language and should include key messages, such as:

- Good, equal services for inhabitants
- Comprehensive and coordinated community development
- Sustainable and financially robust municipalities
- Strengthened local democracy

In addition to broad communications, there also needs to be support communications arrangements to ensure that at a local level the meaning of the reforms is understood. For example, Norway launched a website, (www.nykommune.no), for amalgamating municipalities, providing a standardised fact kit, based on the criteria prepared by an expert commission and other relevant available information. Such a collection facts provided municipalities with reliable information concerning challenges and development trends for each individual municipality.

2.5 Resources for delivery

R5 To underpin delivering all the recommendations identified, the Government will need to ensure that the financial and skills resources are available. It needs to maximise the use of international partners and NGOs along with many supportive stakeholders to support the delivery of reforms. To ensure the coordination of the support there will need to be strong project management, supported by the highest level of visible political support.

Stakeholders were concerned that the Government lacked the skills and resources to follow through delivering the vision of reform and would therefore be unable to implement the changes. It was identified that there was also a lack experience in national and local communications and so the Government would need to seek coordinated support for the programme of change. It will also need to invest in local people and facilities resources to support the amalgamations and incentives which will need to be put in place. However, such resourcing should be seen as investment to achieve future savings and improved services.

As evidenced by the Conference on the 24th September, 2014, there is strong international support for the reforms and amalgamations proposed by the Ukraine government. The Ukraine needs to maximise the offers of support and work closely with external support. The review also identified strong support from many internal stakeholders and a recognition of the need for reform. In order to harness and coordinate these various support mechanisms, there needs to be strong project management, which will need to be supported by the highest level of visible political support.

The interface with the international partners is crucial. For example, Moldova has over the past years benefitted from several development projects supported by the donor community in the widest range of policy areas – from education to agriculture, from health care to environment protection, from human rights to gender equality etc. Government might invite donors to provide assistance in crystallising progress achieved so far on all those fronts and help craft communication so as to reinforce the rationale for decentralisation.

The peers recommend that the Ukraine takes inspiration from the experiences of other countries. It also considers that inviting the Council of Europe to support any amalgamation process would be a definite advantage. The Council of Europe has the only international standards in the field of amalgamation, in-house expertise, access to excellent experts and, last but not least, a direct link to all governments who have implemented, are implementing or are planning to implement such reforms, i.e. a vast majority of its 47 members.

2.6 Timetable for delivery

R6 In addition to identifying a timetable for delivery in the vision, there also needs to be a specific timetable which details key actions to deliver amalgamations. This timetable should include:

- ***Timeline to deliver the constitutional and legal changes required***
- ***Actions for all tiers of government***
- ***Creation and training of regional support teams***
- ***An associated timetable for delivery of an effective communications plan***
- ***External support can be offered for the delivery of an effective performance management programme which would support the delivery of the whole programme of amalgamation.***
- ***Experience and expertise of European governments and the Council of Europe should be tapped into.***

There needs to be a time frame for the reforms, which will then allow setting timescales in the timetable to ensure delivery. A performance framework should identify actions and clear outcomes, along with clearly spelled out gains for amalgamated municipalities. The previously discussed vision and clarity of proposal will also inform the approach to amalgamations which will give a clear understanding on whether the amalgamations will be solely voluntary (although it is the opinion of the peers that major success would be unlikely in this case), semi-voluntary, compulsory, or combinations in different reform stages (recommended). The process from resolution to actual amalgamation should be spelled out in detail and all roles made clear within the framework.

The recommendations and timetable for delivery need to be underpinned by a clear timetable with specific actions to ensure that the relevant legislation is put in place along with all associated aspects of the reform. The programme for reform also needs to be underpinned with milestones and realistic goals in order to ensure that the various aspects of delivery identified in this report are all delivered to time and on budget. The delivery plan should include a SMART (*Specific, Measurable, Achievable, Relevant and Timely*) approach.

There will need to be various strands to the timetable for delivery to ensure that the many aspects needed to deliver the reforms and supporting mechanisms such as legal, staffing and finance are all outlined. There will also need to be a clear allocation of tasks so that all agencies, Government departments and all tiers of local authorities along with staff are aware of their respective roles to deliver the reforms and how each of their tasks plays a part in delivering the amalgamations along with the associated benefits to local people.

In order to ensure the successful delivery of the ambitions in the reforms, it is vital to manage performance and give appropriate resources, including people and budgets. The management of the performance is key to ensuring that everyone understands what is trying to be achieved. This requires establishing a systematic approach towards identifying, collecting and using performance information to monitor the achievement of targets and milestones in the reforms and making people individually responsible for delivery.

Account taken of the size of Ukraine, of its excessive territorial fragmentation and the need for a speedy reform, it is recommended that regional reform teams be created, involved in all phases of the reform conception and specifically trained. These teams should subsequently be able to provide advice and practical support to the newly amalgamated local authorities. The quality of this support is pivotal in the successful implementation of the reform and in obtaining rapidly a significant improvement in the quality and value for money of public services offered by the new municipalities.

3. SUMMARY OF RECOMMENDATIONS

R1. The Government needs to establish a clear vision for the amalgamation of municipalities and what it will look like. It needs to be clear about the benefits which will be achieved including;

- *Stronger democratic representation*
- *Improved and consistent public services*
- *Improved economy and efficiency in public services*
- *Clearly spell out other gains for amalgamated municipalities.*
- *A vision supported by an open and transparent process which will be implemented free from corruption*

The vision also needs to identify the time frame for the reform, which will re-enforce the commitment to the vision and give all tiers of government a focus for delivery.

R2 The details for the implementation of the existing and future legislation must be made clear. It needs to clarify the format of the changes and the extent and numbers of authorities it could affect. This guidance must be in clear language and unambiguous in interpretation. It must be clear for all sectors including local and national government and widely disseminated.

R3 Ensure that there is clarity and scrutiny around the whole reform package. Recommendations 1 and 2 focus on having a vision and the specific implementation of the reforms; however, the reforms will only be successful if an holistic approach is taken and there is a whole package around the reforms which are robust, transparent and deliverable. Therefore the supporting arrangements in the reform package will need to include:

- *Finance: clear financial information as to the allocation of funding for the new amalgamated authorities needs to be available. Compensation and funding to deliver the reforms will need to be in place along with a clear position about the decentralization of budgets and responsibilities.*
- *Law: clear legislation which ensures the democratic position of each authority and decision making structure.*
- *Staffing and resources: clearly identify how staff will be transferred from the existing organisations to the new amalgamated authorities. Ensure that training is in place and experiences from international colleagues are shared to ensure that existing and new staff are able to fulfil their new roles and make the amalgamations a success and skills are not lost.*
- *Power and responsibilities: The reform package needs to clarify where respective power and responsibilities lies for services and authority administration. All stakeholders need to understand the role of central government and degree of decentralisation. This will allay fears of both local and national politicians.*

R4 *The success of the reforms and amalgamations will need to have all the components as outlined in the previous recommendations; however, key to actually delivering the reforms will be excellent communications and engagement with all stakeholders and the public. The communication programme needs to listen to people's concerns; address the issues raised; and outline the benefits for all tiers of government and local residents.*

Specific actions will need to include:

- *Identify key stakeholders for focused communication*
- *Workshops with tiers of Government to understand concerns*
- *Proactive communication about the benefits of reforms*
- *Strategy to provide means for a dialogue, not only one way information flow*
- *Clear messages to address key concerns*
- *A communications plan with actions timed appropriately*
- *Different formats of communications need to be employed in order to access the maximum number of people*
- *There needs to be visible senior political leadership supporting the communications and engagement package*
- *Ensure that there are the relevant skills and expertise to manage the communications programme at a national and local level.*

R5 *To underpin delivering all the recommendations identified, the Government will need to ensure that the financial and skills resources are available. It needs to maximise the use of international partners and NGOs along with many supportive stakeholders to support the delivery of reforms. To ensure the coordination of the support there will need to be strong project management, supported by the highest level of visible political support.*

R6 *In addition to identifying a timetable for delivery in the vision, there also needs to be a specific timetable which details key actions to deliver amalgamations. This timetable should include:*

- *Timeline to deliver the constitutional and legal changes required*
- *Actions for all tiers of government*
- *Creation and training of regional reform teams*
- *An associated timetable for delivery of an effective communications plan*

External support can be offered for the delivery of an effective performance management programme which would support the delivery of the whole programme of amalgamation.

Experience and expertise of European governments and the Council of Europe should be tapped into.

4. EXTERNAL EXPERIENCES

There have been many experiences in countries for amalgamations of local authorities. These experiences have had mixed success but all the lessons learned are valid to help structure future successful amalgamations.

There have been many successful amalgamations.

- In 1950-1980
 - Sweden, Denmark, Finland,
 - Netherlands,
 - United Kingdom,
 - Poland (1973),
 - Some Laender of Germany
- Even around the turn of the millennium and after 2000:
 - Greece 1999
 - “the Former Yugoslav Republic of Macedonia” 2002
 - Georgia 2006
 - Denmark 2006
 - Ongoing changes in United Kingdom
 - “Silent revolution” in Netherlands
 - Continuing reform in Finland

Countries have found that "reforms" proposed must be supported by:

- A body of law and constitutional amendments
- A popular movement and clear senior political support
- A communication on the objectives.

Some specific examples of practices have included:

In Latvia, amalgamation of local government has been chosen as one of the main methods to increase resource capacities, administrative capacities and also political capacities of local governments, because it allowed concentrating resources and increase competition for political and administrative posts. This was coupled by an intensive training support and methodological work on the part of the ministry in order to help local authorities to emerge as much stronger players and leaders of local development.

The amalgamation achieved in many countries was as a result of clear incentives being put in place. Examples of this included:

- In Latvia initially it was a 5% grant from the total budget of amalgamated local municipalities, which was later supplemented by a special grant for developing local municipality infrastructure (EUR 280 000) for each amalgamated local municipality. This type of subsidies to local municipalities should be granted only after the actual amalgamation, so that the newly elected local municipality council can decide on its efficient use, viewing the whole newly developed local area. But motivating local governments for amalgamation is not only a matter of additional resources that may become available but should also be about more competences and powers, more discretion, different status and respect.
- In the Netherlands a newly formed municipality is eligible for a benefit from the so called Municipalities Fund. It means that compensation is provided to balance out costs that originate

from amalgamation in the first few years. These are expenses that would not have been incurred without amalgamation and that are additional and temporary by definition.

The Ministry of the Interior in the Netherlands makes ‘good practices’ and other amalgamation experiences widely available for anyone, especially for those officials at municipalities that contemplate amalgamation. They have published a ‘Guide to Amalgamation’ containing do’s and don’ts and a detailed description of all steps of the formal process.

Since 2013, the policy framework for amalgamations in the Netherlands has been changed to strengthen the role of provinces. Although bottom-up and voluntary amalgamations are preferred, it is no longer necessary to have consent of all local authorities. If discussions on amalgamation seem to have reached a stalemate (or when urgent problems occur), the regional (provincial) authority is expected to step in and take over the initiative to start the formal amalgamation process.

For communities that do not wish to amalgamate, there is the option of formalizing inter-municipal cooperation, so as to establish trust among actors. In the Netherlands, cooperation sometimes precedes amalgamation. Also, the pooling of funds makes it possible to deliver a higher service level and minimize organizational costs.

In general, capacity-building measures are very important both during and after the reform process since more competences and discretion require adequate performance and accountability on the part of local government. If decentralisation of power to the local level is envisioned as a way for empowering local government adequate capacity is of utmost importance.

In Georgia, the rayons became first-level local authorities in the territorial consolidation reform. In Albania, the new municipalities were practically created by splitting the 36 rrethe (of comparative size with rayons in Ukraine) into 61 new first-level municipalities (although these were not local authorities but administrative districts).

In France and Italy, the future of the departments and provinces (far larger than Ukrainian rayons, e.g. the average French department is about 7 times larger in terms of population) is being debated. There are official proposals to dissolve them, merge them or even practically empty them of their substance by transferring (most of) their competencies to regions and/or to bodies of inter-municipal co-operation.

In France, regions (currently around 50% larger than Ukrainian oblasts) are being merged. Several German Laender have also put their Landkreise under scrutiny. Polish powiat (which in terms of territory is very similar to Ukrainian rayon) is the most debated tier of sub-national government in Poland. Some of the experts contest the necessity of powiat's existence at all. However it should be added that in Poland (opposite to Ukraine) the lowest tier controls the largest share of sub-national finance and functions, while the intermediate tier's (powiat) accumulated budget is several times lower than of the municipal level

In Norway, the following were suggested by an expert commission:

- Sufficient capacity
- Relevant competence

- Adequate distance (not geographical, but related to impartiality)
- Efficiency
- Economic solidity
- Freedom of choice
- Functional areas of community development
- High political participation
- Local political control
- Local identity

In **Hungary**, forms of Inter-Municipal Cooperation are voluntary but may also be prompted by law, as the case of so-called Joint Municipal Offices (JMO) illustrates. According to law, the local body of representatives shall establish a mayor's office or a JMO to attend to preparing for matters relating to the duties and powers of mayors and notaries for decision-making and to executing decisions. Such an office shall contribute to coordinating the cooperation of local governments with each other and with governmental bodies. The state shall finance the operating costs of such offices to the degree determined in the act on the central budget each year and in proportion to the duties attended to by self-governments and shall credit the funds to the dedicated accounts of seat municipalities and counties.

Village self-governments with fewer than two thousand residents within county and geographically separated by no more than one other municipality set up JMOs. Also villages with more residents can join. The settlements affiliated to a JMO shall have at least two thousand residents in total or a JMO shall cover at least seven municipalities. In case one of the municipalities operating a JMO is a town, the town will serve as the seat settlement. In other cases, the bodies of representatives of self-governments affiliated to a JMO determine the seat municipality.

The headcount of JMO established by village self-governments shall be determined in an agreement.

Towns and municipalities with over two thousand residents may not refuse to conclude an agreement on establishing a JMO if the initiative comes from an adjacent municipality.

The bodies of representatives of self-governments operating a JMO may agree that a permanent or provisional sub-office or a customer service agent accessible via electronic network should be available to receive citizens in municipalities where no JMO is seated.

Municipal self-governments have sixty days after the date of general elections to agree on creating or terminating a JMO. If a JMO is not established before deadline, the head of the government office assigns municipalities to the JMO. The body of representatives of the affected self-government may contest the decision on assignment at court with reference to legal violation.