

Meeting of the Monitoring Committee, Remote meeting, 17 September 2020

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Check against delivery - Seul le prononcé fait foi

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decentralisation and local self-government reform in Ukraine is incredibly substantial.

And we think that it is exactly what the country needs. Only wide-scale and irreversible transformational changes can help Ukraine to achieve, at last, a modern system of local self-government and to meet the European standards of local democracy laid down in the Charter.

Amending the constitution will not only help to disentangle overlapping structures and competences of different tiers of local authorities, but more importantly it will guarantee that there is no going back on what has been accomplished.

Despite visible progress of decentralisation reform, there are still several sources of concern that the Ukrainian authorities need to address to achieve the conformity with the Charter.

Overall fiscal autonomy of local governments in Ukraine remains low. They continue to strongly depend on mostly earmarked upper-level grants. The existing equalization system is not sufficient to smooth out the disparities in revenue among various types of authorities in different regions. Some tasks are delegated without matching funds.

We call on the Ukrainian government to continue and advance the systematic financial decentralisation and promote regional development.

In this respect, the Tax and Budget Code should be amended to transfer additional resources to all communities through allocating to them 60% of the personal income tax. This measure contributes to strengthening local financial autonomy.

Our next point of concern – is consultation. Despite all efforts invested in improving this process, consultation procedures are still carried out on an ad hoc basis and do not ways have a visible impact on decision outcomes. This is particularly true with regard to changes to local boundaries adopted under the administrative and territorial reform.

As a result of the reform, the number of rayons was reduced from 490 to 136. The communities united in 1469 amalgamated territorial communities. The next October local elections will be held to those bodies instead of around 11 000 local authorities that existed before.

Obviously, these changes did not come easy.... By 2020, the voluntary phase of mergers, which had lasted for almost 6 years, transited to the mergers by the government decree.

The Congress has received several complaints from local authorities across different regions, who criticized the consultation process and claimed that their opinion was not heard.

The government also faced local resentment against the reform in some places, notably in the communities that opposed mergers.

In this respect, I would like to remind you that the Charter does not require governments to follow the opinion of local authorities and does not envisage any veto powers of communities.

But the main principle of the Charter - “no boundary change without consultation” must be respected. Consultation does not mean information. Consultation requires more steps from national authorities towards local and regional level.

We recommend that Ukraine ensure a comprehensive and stable system of consultation with local authorities and their associations on all matters that concern them, including on changes to local boundaries.

A positive moment is that civil society participation in matters of local community interest has become much more effective than before, in particular in amalgamated territorial communities.

Another major point of concern is the existence in the Ukrainian legislation of local recall procedures of local councillors and mayors. The legal possibility to recall councillors violates the principle of free mandate enshrined in Article 7 of the Charter and, in our view, needs to be abolished.

As for electoral legislation, in January 2020 the Verkhovna Rada of Ukraine amended the law on local elections, and then revised it again, in July 2020. The new rules will be applied to the local elections scheduled for 25 October 2020.

In this respect, we must say that amending the electoral legislation less than three months before the elections is not in line with European standards and good practice.

We are also concerned with some novelties that this legislative change has introduced, such as “imperative mandate” for local councillors.

The amount of money deposits for candidates to the post of mayors and local councillors was also disproportionately raised to the limit that it has become a financial hurdle for candidates to the mayoral posts in bigger cities. And although the rule of the money deposits was revisited in July 2020 to reduce their amount almost nine times, in our view, this decrease is still not sufficient taking into account the average monthly wage in Ukraine of around 360 euros. We consider that the current amount of money deposits can still prevent some potential candidates from standing for local elections because of their financial status.

Among positive changes to the electoral code – the law has enabled internally displaced people to vote in local elections in the places where they currently live and set a 40% quota for women’s representation.

I now come to our final point of concern - the shortage in specialized and well-trained staff at local level. Apart from the big cities, it is extremely hard for local authorities to attract specialist, quality staff as they lack financial and training incentives. We recommend that the Ukrainian government provide training opportunities to the staff of local authorities to ensure high quality and customer-focused service delivery.

To conclude, we have supported, and we will continue to support the reform efforts in Ukraine that are in line with the Charter not because the respect of the Charter is an end in itself, but because it is the only way to achieve democratic local self-government and well-being.

Strengthening local democracy is a pre-condition of building a better life in dignity and in a prosperous democratic society based on European values.

We hope you will support this draft report and preliminary draft recommendation.

Thank you.