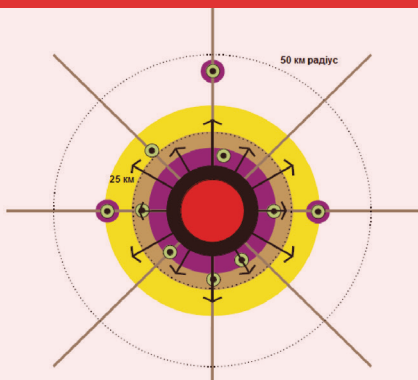


PEER REVIEW REPORT

DEMOCRATIC GOVERNANCE IN METROPOLITAN AREAS, FOCUSING ON KYIV REGION



Council of Europe 2019





Peer Review Report

Democratic governance in metropolitan areas, focusing on Kyiv Region

15 – 17 May 2019

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the Council of Europe Programme
“Decentralisation and local government reform in Ukraine”
in co-operation with
the European Committee on Democracy and Governance (CDDG)*

CONTENTS

1. Introduction	4
2. Background: democratic metropolitan governance in Europe	6
3. Governance of Kyiv and Kyiv Region	10
4. Population, development pressures and travel to work movements	15
5. Focus on thematic areas impacted by growing agglomeration of Kyiv	22
6. Budget	27
7. Progressing the system of metropolitan governance of Kyiv Region	30
8. Recommendations	34
APPENDIXES	37

1. INTRODUCTION

BACKGROUND

In 2018, the Council of Europe (CoE) was requested to provide advice to the Association of Ukrainian Cities and Kyiv City State Administration on the improvement of the governance, organisation and functioning of local government and public services within the agglomeration area of Kyiv. The Parliamentary Committee on State Building, Regional Policy and Local Self-Government also requested the CoE expertise of draft legislation on metropolitan areas in Ukraine.

In response and as part of the Programme “Decentralisation and Local Government Reform in Ukraine”, the following events were organised:

- a. A national workshop on “*co-operation of communities in metropolitan areas: challenges and possibilities of social and economic development of Kyiv Region*”, was held in Kyiv on 4 April 2019; and,

- b. An international Peer Review on “*democratic governance in metropolitan areas, focussing on Kyiv Region*” took place in Kyiv on 15-17 May 2019.

The objective of the national workshop and Peer Review was to provide Kyiv City State Administration, as well as the Parliamentary Committee on State Building, Regional Policy and Local Self-Government, the Ministry of Regional Development and the Association of Ukrainian Cities, with concrete recommendations for upgrading the current system, legislation and practice of governance for metropolitan areas, focusing on Kyiv Region.

THE CHALLENGE

Whilst the governance status of Kyiv has been discussed for a long time, it remains an urgent project for four inter-related reasons, which the Peer Review Team (PRT) took account of in their enquiry:

- a. There is urgent need to seek agreement on metropolitan governance arrangements for Kyiv Region to provide improved coordination of spatial planning, economic development, housing and infrastructure investment across the metropolitan area and into the expanding perimeter of the capital city.
- b. This is because the urban agglomeration of Kyiv and Region has grown considerably over the past 25 years. The present territorial organisation of the metropolitan area is no longer appropriate. The outcome is an imbalance between the capital city and its surrounding region with a large number of local self-governing units of various sizes, capacities and legal status.

- c. As a result, the existing legal status of the City of Kyiv is no longer fit for the purpose for a modern European metropolitan city. It is further challenged by the coexistence of **the Region** (*Oblast*, in Ukrainian) and **the City** of Kyiv, with no clear division of responsibilities within the metropolitan area between the two entities.
- d. And, as a consequence, this is a matter of national interest, for economic and political reasons, and not only for local self-government; so national authorities should give priority to the resolution of the challenges this report has identified.

METHODOLOGY

Following an introductory meeting with Kyiv City Mayor, Vitaliy KLITSCHKO, and Deputy Head of Kyiv City State Administration, Maryna KHONDA, the PRT held a series of interviews in Kyiv with:

- a. Officials from Kyiv City State Administration;
- b. Representatives of local self-governing bodies from Kyiv Region;
- c. Representatives of State Ministries;
- d. National experts on local self-government, regional development and spatial planning;
- e. District and regional authorities and business leaders.

To understand the impact and consequences of the growing agglomeration on the governance of Kyiv Region, the PRT focussed on four thematic areas where the provision and effectiveness of service delivery affects the quality of life of citizens beyond the administrative boundaries of the City of Kyiv, into the surrounding Kyiv Region:

- a. Economic development and urban planning;
- b. Transportation;
- c. Public utilities; and
- d. Healthcare.

The PRT valued the opportunity over two days to meet with different stakeholders in the future success of the City of Kyiv and Kyiv Region. The review team was left in no doubt about the commitment of the Ukrainian stakeholders and appreciated their seriousness and openness during discussions

on the challenges and possible solutions. The PRT considers there are reasons to be positive about the future, especially if actions to build trust, foster collaboration and cooperation are prioritised, reflecting principles defined in section 2.3 below, alongside governance reform.

The Peer Review report is organised around eight sections. Following this **Introduction**:

Section 2 summarises democratic metropolitan governance in Europe, including the three principal models in European metropolitan areas and the importance of building trust and collaboration going alongside organisational and legal change.

Section 3 gives background to the present arrangements for the governance of Kyiv and Kyiv Region.

Section 4 summarises population changes, the concentration of housing developments within Kyiv Region and travel to work movements daily, as well as the urban form of Kyiv Region.

Section 5 focuses on the thematic areas covered in the review.

Section 6 provides a short brief on the budgetary position for the City of Kyiv and Kyiv Region.

Section 7 sets out steps to progress the system of metropolitan governance of Kyiv Region.

Section 8 summarises the review team recommendations.

2. BACKGROUND: DEMOCRATIC METROPOLITAN GOVERNANCE IN EUROPE

CASE FOR METROPOLITAN GOVERNANCE

National governments in Europe increasingly recognise the significance of metropolitan areas as key places for national economic growth, sustainable development, good governance and service delivery. Metropolitan areas are defined by the OECD as a functional urban area with at least 500,000 inhabitants.¹ Larger European countries have different national models that reflect their own political, geographical, cultural, historical and social contexts. Countries, such as France, Greece, Italy and the UK define a national policy framework towards metropolitan areas. For France, Germany, Italy and the Netherlands, metropolitan governance is considered within a regional governance structure, where the respective functions and powers of a metropole and a region are made subject to thorough analysis.

The trend over the past ten years is for the spread of metropolitan governance arrangements in European countries. This is because there is a clear economic rationale for metropolitan governance, with a positive association of city size with higher productivity.² These benefits are explained through the agglomeration mechanisms of sharing, matching and learning operating within an urban context.³

At the same time such productivity benefits from size are likely to be offset by fragmentation of governance (measured by number of local municipalities within the metropolitan area). OECD evidence suggests

for a given population size, a metropolitan area with twice the number of municipalities is associated with around 6 per cent lower productivity. This is because administrative fragmentation can, by illustration, obstruct transport investments and effective land-use planning across the metropolitan area, and in doing so increase congestion and reduce the city's attractiveness to individuals and businesses. The establishment of a governance body at the metropolitan level may mitigate this effect by half.⁴

The expansion of metropolitan areas in recent decades is striking and within Europe has been most marked within Central and Eastern Europe.⁵ The physical expansion of urban areas and growing economic, environmental and social interaction between cities and their surrounding hinterland, requires adopting a more dynamic understanding of the city. This is one about connections and flows through the movements of people moving from home to work, home to shop, home to home in housing move, home to cultural entertainment, as well as how businesses relate to their customers, suppliers and workforce.⁶ This may only be addressed by collaboration across the different municipalities that form the metropolitan area.

To be effective, the OECD suggests that a metropolitan area governance body should meet four criteria:

- a. It should cover the central city and a large share of the remaining parts of the functional metropolitan area;
- b. National and regional governments should be important actors in the facilitation of and commitment to providing a supportive framework for the organisation of metropolitan area governance, or its organisation should have the status of sub-national governance;

1 Ahrend R., Gamper C., and Schuman A., 2014a. The OECD metropolitan governance survey. A quantitative description of governance structures in large urban agglomerations. OECD Regional Development Working Papers, 2014/04. Paris: OECD publishing. <http://dx.doi.org/10.1787/5jz43zldh08p-en>

2 Ahrend R., Frachy E., Kaplanis I. and Lembcke A. C., 2014b. What Makes Cities More Productive? Evidence on the Role of Urban Governance from Five OECD Countries. OECD Regional Development Working Papers, No. 2014/05. Paris: OECD publishing. http://www.oecd-ilibrary.org/urban-rural-and-regional-development/what-makes-cities-more-productive-evidence-on-the-role-of-urban-governance-from-five-oecd-countries_5jz432cf2d8p-en

3 Duranton G. and Puga D., Micro-foundations of urban agglomeration economies. Handbook of regional and urban economies, 4, pp. 2063-2117

4 Ahrend et al, 2014 a, b

5 Dijkstra L., Garcilazo E. and McCann P., 2013. The economic performance of European cities and city regions: Myths and realities. European Planning Studies, 21(3), pp. 334-354

6 Harding A., Marvin S. and Robson B., 2006. A framework for city-regions. London: Office of the Deputy Prime Minister

- c. The organisation should primarily focus on the governance of the whole of the metropolitan area e.g. strategic land use planning and transportation; and
- d. It should have a mandate that enables it to work on more than one spatially-strategic issue relating to metropolitan area governance.

As the capital city of Ukraine, the issues described above have significance, not just as a matter of effective local-self-governance at

the metropolitan and regional level, but also of national interest in a world of economic competition. Ukraine needs to develop its economy as well as improve the economic, social and environmental well-being of its citizens. The reform of the public governance of the City and Region of Kyiv is critical to that endeavour. It therefore needs to be owned not just by the City and Region of Kyiv, but also by the national Government and Parliament of Ukraine.

EUROPEAN MODELS OF METROPOLITAN GOVERNANCE

The purpose of metropolitan areas is to provide strategic coordination to enhance the economic growth, well-being and sustainable development of the city and its surroundings. This involves coordinating the strategic development of the metropolitan area, with the most common functions devolved to metropolitan areas being economic development, transportation and spatial planning. Other functions regularly devolved to metropolitan areas are housing policy, environmental policy, tourism, emergency services and power supply management.⁷ To ensure coherence and solidarity with surrounding territories (smaller cities and rural villages) these should become members of the metropolitan body.

There are different models for metropolitan governance. A framework for analysis of governance arrangements was provided by an OECD survey across 263 metropolitan areas in 21-member states. This reported that two-thirds of OECD metropolitan areas have a metropolitan area body.⁸ This study distinguished between four types of governance arrangement. Of these four, there are no examples of 'special status' metropolitan cities in Europe, where a municipality within a wider metropolitan area is 'upgraded' and given 'special status' and placed on a higher footing in relation to the other municipalities.

As a result, the PRT took into account the

following three potential governance models and variations within them. These draw on OECD survey research,⁹ a report to the Congress of Local and Regional Authorities of the Council of Europe,¹⁰ and report to the European Committee on Democracy and Governance (CDDG) on 'Seminar on Democratic Governance of Metropolitan Areas' (CDDG-Bu(2018)4),¹¹ with European examples under each model:

- a. **Informal collaborative arrangements subject to local agreement between participating municipalities and other local partners** – These are relatively straight forward to set up and undo. The OECD survey found that this category was the most common in 52 per cent of cases; Amsterdam Metropolitan Area is an example.
- b. **An inter-municipal authority/body or committee(s) established to manage inter-municipal co-operation and decision making across a single or range of responsibilities** – The most common responsibilities for such arrangements include economic development, spatial planning, transportation and waste management. A joint-body is likely to be established to manage cooperation and share decision making responsibilities. The OECD survey found this form of arrangement in 24 per cent of cases. All urban agglomerations in France are examples.

⁷ European Committee on Democracy and Governance (CDDG), 2018, Seminar on democratic governance of metropolitan areas: 17-18 October, 2017, Thessaloniki, CDDG-Bu(2018)4. Strasbourg: Council of Europe

⁸ OECD, 2015a. Governing the city. Paris: OECD publishing. Available at: <http://www.oecd.org/publications/governing-the-city-9789264226500-en.htm>

⁹ Ahrend et al, 2014b

¹⁰ Congress of Local and Regional Authorities of the Council of Europe, 2016: Good governance in metropolitan areas. Governance Committee, CG31(2016)17. 21 October 2016

¹¹ CDDG, 2018 op cit

- c. **Supra-municipal authority established as an additional layer of government created above existing municipalities** – This may include a directly elected Mayor and assembly, or a non-elected metropolitan tier, established by national law. Collaboration is reinforced by

legally defined differentiated roles and responsibilities for both the metropolitan and lower tier authorities. This was found by the OECD in 16 per cent of cases. Stuttgart Region, Brussels Capital-Region and London are examples.

BUILDING TRUST AND A COLLABORATION CULTURE AS A PRE-CONDITION FOR STRUCTURAL REFORM

The PRT acknowledge that experience from their own places (e.g. Hamburg, Warsaw, Turin and London), as well that of other successful European metropolitan areas,¹² demonstrates that **TRUST in relations – horizontally**, between self-governing authorities and – **vertically**, across national, regional and local governments – is an essential pre-condition for successful metropolitan governance reform. Building trust and a culture of collaboration requires:

- a. **Recognising that building successful metropolitan governance structures requires long-term and bottom-up commitment** – Successful illustrations of effective metropolitan governance in Europe, will initiate voluntary collaboration usually before formal structures are put in place. This is through a strong commitment to build trust incrementally among all stakeholders by collaboration across spatial, administrative and organisational boundaries. This may be achieved, for example by experimental cooperation on shared and technical projects, for example in the field of economic development. This has been a successful approach in many countries as a way to prepare for more integrated and stronger governance arrangements.
- b. **That people need to participate and contribute to creating added value in metropolitan institutions** – Citizen participation is a critical factor in the implementation of effective reforms.¹³ Organising opinion surveys, debates and open discussion are key to build a common understanding of metropolitan

governance and its implementation.¹⁴ The CoE's 12 principles of good governance¹⁵ and the CoE's guidelines on civil participation in political decision-making¹⁶ provide useful guidance on these issues. Above all, what is most needed is fair, concrete, understandable and honest information on the reasons and objectives of proposals for reform.

- c. **Establishing a place leadership culture** – There is a growing body of evidence that shows that effective leadership is an essential contributor to the success of cities, regions and metropolitan areas.¹⁷ Whilst traditional forms of leadership, centre on influence, power, followers, goals and objectives – **place leadership** stresses different priorities and characteristics. **In short, place leadership is about the way 'key individuals and agencies share responsibility to enact changes and span administrative, political and other structures'.**¹⁸ In doing so, the following key characteristics are emphasised:
- i. **Boundary spanning** – Openly reaching out to others across (administrative, political, geographical and sectoral) boundaries that are critical to drawing

¹² CDDG, 2018 op cit

¹³ Council of Europe, 2001. Recommendation on the participation of citizens in local public life. Adopted by the Committee of Ministers, 6 December 2001. Rec(2001)19. Available at: <https://rm.coe.int/CoERMPublicCommonSearchServices/DisplayDCTMContent?documentId=09000016804f513c>

¹⁴ European Charter of Local Self-Government and Additional Protocol to the European Charter of Local Self-Government on the right to participate in the affairs of a local authority

¹⁵ Available at: <https://www.coe.int/en/web/good-governance/12-principles-and-elope>

¹⁶ Council of Europe, 2017. Guidelines for civil participation in political decision making. Adopted by the Committee of Ministers, 27 September 2017. CM(2017)83-final. Available at: <https://rm.coe.int/guidelines-for-civil-participation-in-political-decision-making-en/>

¹⁷ Sotarauta M., 2016. Shared leadership and dynamic capabilities in regional development. In *Regionalism Contested* (pp. 63-82). Routledge

¹⁸ Beer A., Ayres S., Clower T., Faller F., Sancino A. and Sotarauta M., 2019. Place leadership and regional economic development: a framework for cross-regional analysis. *Regional Studies*, 53(2), pp.171-182 (p. 174)

in support to address metropolitan challenges and realise opportunities;

- II. **Promote social, economic and environmental wellbeing** – Place leaders collaboratively agreeing and holding each other to account in putting the social, economic and social wellbeing of the City and the Region and the health wellbeing and quality of life of citizens at the heart of their discussions, decisions and activities;
- III. **Referent power** (*i.e. organisational leadership that is based on collaboration rather than on command and control*) – Using strong inter-personal skills to demonstrate respect for, and make effective use of, the legitimacy of other key individuals (e.g. elected mayors) and organisations who have different positions and roles within the metropolitan area;

IV. **Mobilising expertise** – Valuing the expertise of contributions from different communities within the metropolitan area to generate informed decisions; and

V. **Context sensitive** – The system of place-leadership may be adapted within different national contexts.

In the light of these factors, the PRT sought to establish through interviews whether these pre-conditions of trust and a supportive culture of collaboration were sufficiently developed to enable structural reform of metropolitan governance arrangements of Kyiv to be successful. Or, if otherwise, to recommend practical steps to be taken to enabling the building of trust and a culture of collaboration to precede or coincide with governance reform.

The PRT considered in their recommendations how these three models might inform the appropriate design of metropolitan governance arrangements for Kyiv. In doing so, the PRT was concerned to establish whether essential pre-conditions for organisation reform of trust and a supportive culture of collaboration were present, in line with an appropriate style of place-leadership.

3. GOVERNANCE OF KYIV AND KYIV REGION

INTRODUCTION

This section introduces the present arrangements for the governance of Kyiv City and Kyiv Region, as presented to the PRT.

In this report we use the following terms:

- a. **Kyiv City** is the capital City of Ukraine (2.9 million inhabitants), which is governed by complicated structure: Kyiv Mayor (elected at direct elections), Kyiv City Council (elected body) and Kyiv City State Administration (state executive body, which is headed by the elected Mayor of the City).
- b. **Kyiv Region** is one of 27 administrative regions of Ukraine (24 oblasts, Autonomous

Republic of Crimea and two cities with special status: Kyiv and Sevastopol). Although it is surrounding Kyiv City, the City is not a part of the Kyiv Region.

- c. **Metropolitan area of Kyiv City de-jure** is not an administrative unit. As yet to be adopted, the Kyiv City Urban Plan identifies 6 neighbouring cities of oblast status and 10 administrative districts (Rayons) within 60-80 km outreach of the City (0.985 million inhabitants) as a *suburbs area of common interests*.

GOVERNANCE OF KYIV

Under the constitution of Ukraine (articles 118¹⁹ and 133²⁰), the City of Kyiv is simultaneously both a **Region** and a **City**:

- a. The **Region** level has a special arrangement of local self-governance and state executive powers, while the latter serves as an executive body of the oblast council. Oblast council (unlike city, town or village council) is a special category of a local self-governance body, which represents *joint* interests of village, town and city communities (basic level of the local self-governance). Oblast council is elected by oblast citizens, while its chairperson is elected by the council. The executive power is undertaken by a **governor** who is appointed by the President of Ukraine. Within this, what is unclear are the powers of the Oblast council.
- b. The **City** is a local self-government entity, with a council and mayor elected by the city's citizens. However, Kyiv City Council (unlike other city/town/village councils

throughout Ukraine) can not appoint its own executive body.

Figure 1 illustrates the complex interrelationship between the Region (Kyiv City State Administration) and the City of Kyiv (with the elected Kyiv City Mayor and City Council).

The Mayor of Kyiv is directly elected by the citizens of the City, whilst the President of Ukraine appoints the head of Kyiv City State Administration. In practice, due to an interpretation of the law by the Constitutional Court in 2003, the President of Ukraine may only appoint the elected mayor as the head of Kyiv City State Administration.²¹ Thus, the same person, currently Vitaliy KLITSCHKO, has since 2014 been both City Mayor and Head of Kyiv City Administration.

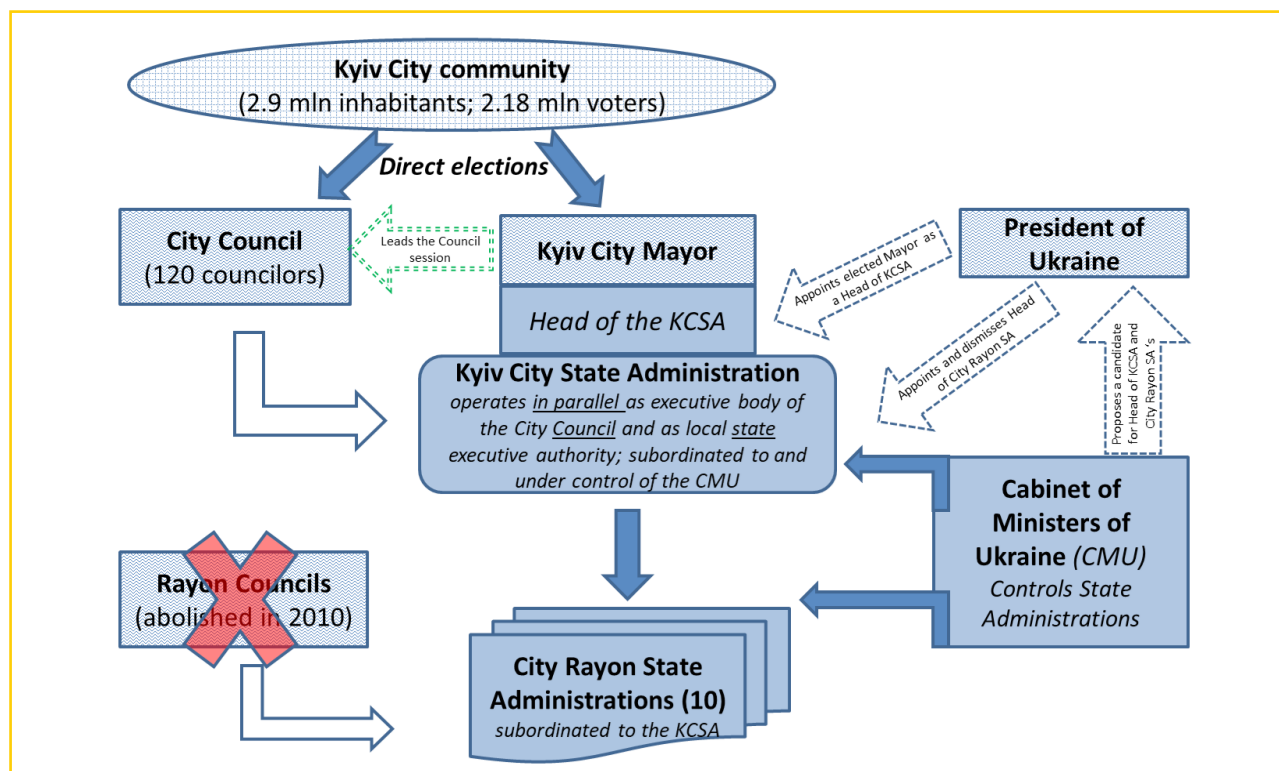
¹⁹ Article 118 provides: "The executive power in oblasts, rayons and in the Cities of Kyiv and Sevastopol is exercised by local state administration"

²⁰ Article 133 describes the territorial structure of Ukraine, names Kyiv Oblast (and city of Kyiv) within the full list of oblasts in Ukraine (state-run administrative division or region found in countries of the former Soviet Union). The article also provides: "The Cities of Kyiv and Sevastopol have special status which is determined by the laws of Ukraine"

²¹ During President Yanukovich Office the Law was amended (September 2010) to provide disputable legitimacy for the November 2010 decision to appoint the head of the Kyiv City State Administration another person than the elected mayor. After 2014 there were two Presidential decisions (2014, 2015) on appointment of the elected mayor as a Head of the Kyiv City State Administration

This dual public organisation on the same territory creates a lot of difficulties: it limits powers of local self-governance, as well is misunderstood by citizens and enterprises, generates complexity because respective competences are not sufficiently well delineated.

Figure 1 – Institutional governance framework of the City of Kyiv



Source: Adapted from Mrinska O., 2015²²

22 Mrinska O., 2015. Governance responses to the economic crisis. The case of Kyiv. Studia Regionalne i Lokalne, 16(60), pp.97-113

The PRT were surprised at the complexity of the situation for Kyiv City and Region, which had not been seen elsewhere by the Peers. There are important reasons to consider modifications to the present arrangements:

- a. The decision of the Constitutional Court may be seen as a tentative solution to avoid permanent competition and legal or bureaucratic disputes between the Mayor and City Council on one side and the Governor and its staff on the other. But it is not coherent with the spirit of the constitution of Ukraine, which gives discretionary power to the President to appoint the person, proposed by the national Government, to apply the policy of the State executive.
- b. It is directly contrary to the European Charter of Local Self-Government when it allows the President and the national Government to have under their direct authority a Mayor elected by citizens with the possibility to interfere in local self-governance matters, as the respective State and municipal competences are not clearly and precisely defined. For this reason alone, the law, constitution or the interpretation of the Constitutional Court should be modified. This should be with the modification of the status of Kyiv as a City and a Region.
- c. The fact that the Mayor/Governor is under the authority of the President and the national Government is a handicap in negotiations with the surrounding communes. They are from various political parties and may be reluctant to accept the authority of a Mayor/Governor who appears as a 'President's person'. This may be an unspoken obstacle for building trust in governance at a metropolitan level or even to establish representation

from the many local self-governing bodies in the Metropolitan Association “Kyiv Agglomeration” mentioned below.

As shown in Figure 2, the area of Kyiv City then is sub-divided into 10 administrative districts (Rayons), each of them with its Rayon State Administration. Although elected Rayon Councils were abolished in 2010, Kyiv City Council took a decision in 2015

to restore them and determined a list of devolved responsibilities,²³ a reform that is yet to be implemented. The ten Rayons differ considerably both in population (from 152 up to 365 thousand inhabitants) and in territory (from 27 up to 156 sq. km).

Figure 2 – Map of City of Kyiv and its administrative Rayons



Source: Website Wikipedia <https://www.wikipedia.org/>

²³ Devolved responsibilities would include primary health care, retail market trade, housing and communal property management and local urban planning

TERRITORIAL ORGANISATION AROUND CITY OF KYIV

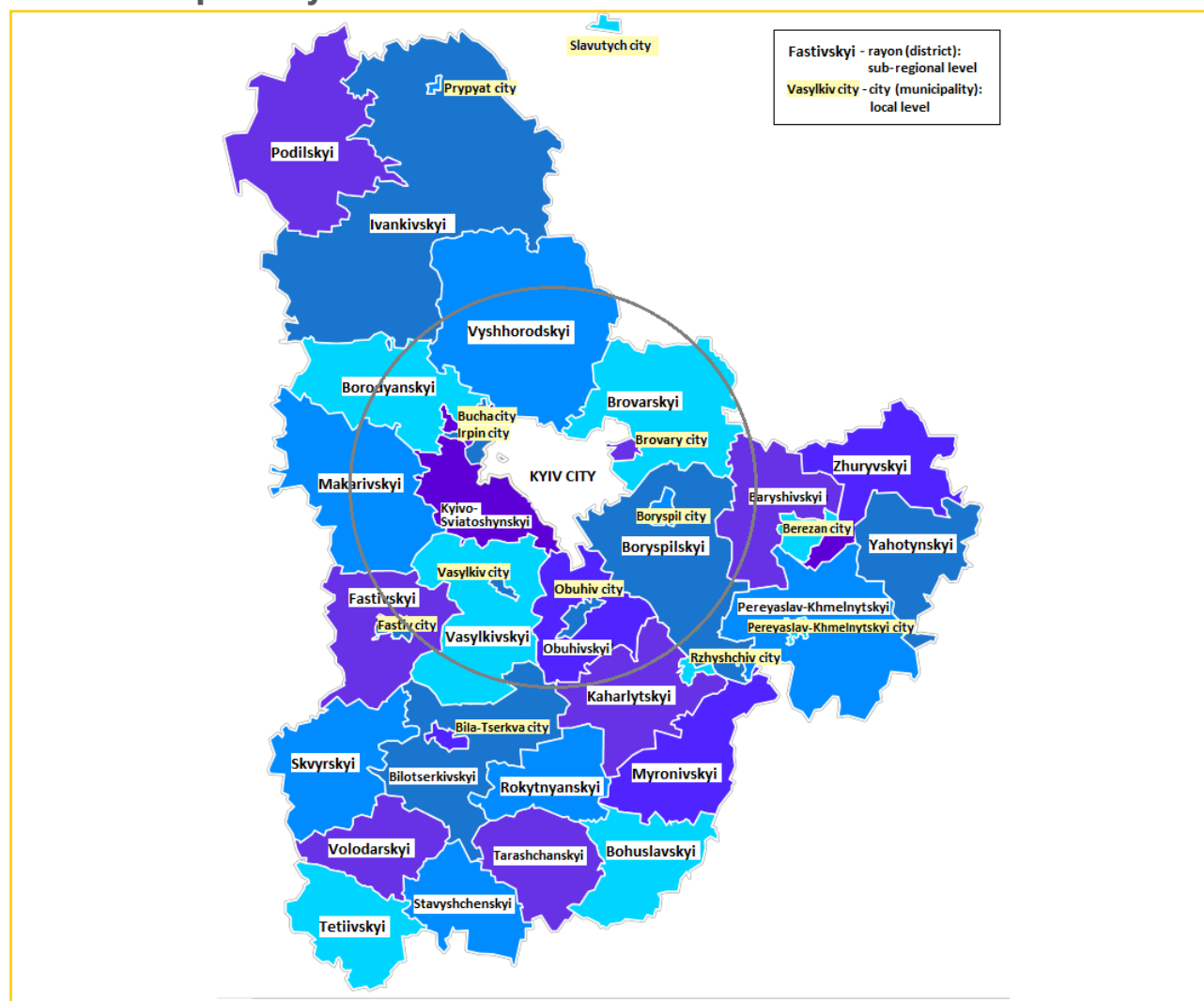
Beyond the administrative boundaries of Kyiv, but within the agglomeration of the city (i.e. Kyiv Region), the territorial organisation is common to local self-government elsewhere in Ukraine. This is as described in the constitution as: *“A village, settlement, city, rayon and oblast council is composed of deputies elected for a five-year term by residents of a village, settlement, city, rayon and oblast”*. There are 25 Rayons in the Oblast, which have councils and state-devolved administrations.

The result is a fragmented territory with many local self-government authorities of various sizes, with different resources and staff capabilities. Figure 3 illustrates how Kyiv Oblast (outside the City of Kyiv) is divided

into 25 administrative Rayons and 12 cities of Oblast significance. Kyiv City borders with 2 cities of Oblast significance (Brovary on the East and Irpin on the North) and 5 Rayons (Vyshgorod, Brovary, Boryspil, Obukhiv and Kyiv-Sviatoshyn).

Kyiv-Sviatoshyn Rayon on the western and southern west borders of the Kyiv City is the richest rayon of Kyiv Oblast, which creates imbalances in the spatial distribution of building construction, new housing, population distribution, provision of public services and facilities (schools, social and health services etc.). This is a handicap to conceiving and implementing rational metropolitan policies.

Figure 3 – Kyiv Oblast Map (a circle equals 60 km outreach area). Kyiv City is not an administrative part of Kyiv Oblast

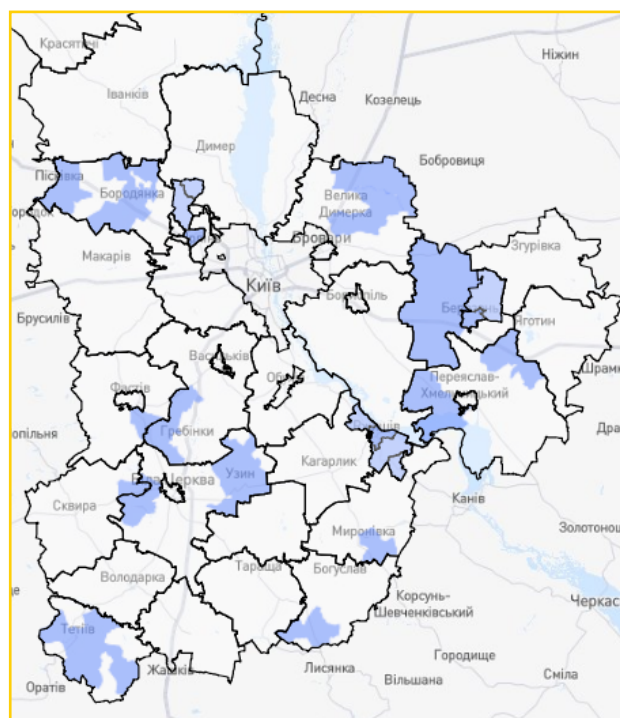


Source: Adapted from Wikipedia website <https://www.wikipedia.org/>

Since 2015 there has been a process of voluntary amalgamation of local self-government authorities as a part of national decentralisation reform in Ukraine targeted at empowering local self-government. The rationalisation of the current Rayons of Ukraine from a total of 490 to 100 and downsizing their functions is part of the Government reform plan due to be implemented before local elections in autumn 2020.

Compared with other Ukrainian regions, Kyiv Oblast lags behind with only 18 voluntary amalgamated communities (shown in blue on Figure 4). So far, no amalgamations have taken place on the borders of Kyiv City, reinforcing the fragmented nature of governance of Kyiv Region.

Figure 4 – Voluntary amalgamated communities



Source: Website Info-Vybory <http://info-vybory.in.ua>

CONCLUSION

This section illustrates the complex nature of the present governance of the City of Kyiv and Kyiv Region. This demonstrates that the existing legal status of the City of Kyiv is too complicated due to the coexistence of an Oblast and City of Kyiv. And that outside the City there is an imbalance in governance between the large capital city and its surrounding Kyiv Region, with a large number of local self-governing units of various sizes,

capacities and legal status. There is also an absence of effective governance mechanisms to provide coordination across the City of Kyiv and Kyiv Region as a whole. In short, there is considerable fragmentation of governance. As a consequence, there is need for the reorganisation of the governance system of this large area which has both dense settlements and sparsely populated areas.

4. POPULATION, DEVELOPMENT PRESSURES AND TRAVEL TO WORK MOVEMENTS

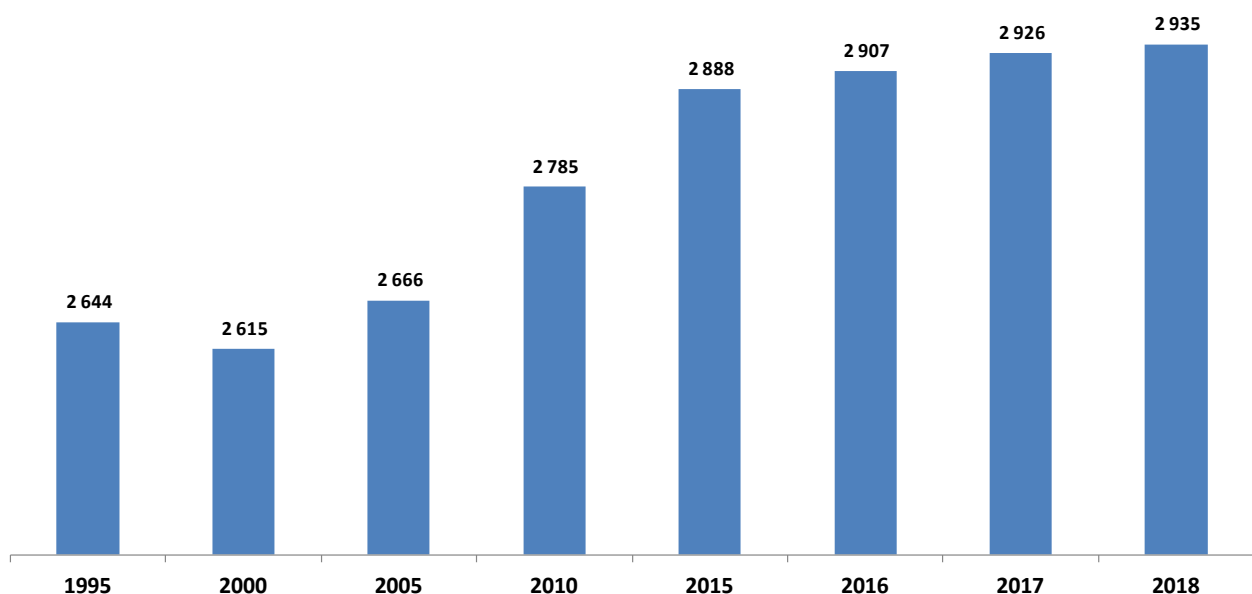
INTRODUCTION

This section summarises population changes, the concentration of housing developments within Kyiv Region and travel to work movements. It finally comments on the urban structure of the City of Kyiv. The PRT took this background information into account in their deliberations.

POPULATION OF KYIV AND KYIV REGION

The estimated population of the City of Kyiv is a minimum of 2.9 million,²⁴ which has expanded by around 8 per cent over the past decade. In addition, the estimated population of Kyiv Oblast outside of the City of Kyiv is 1.77 million, having grown by around 2 per cent over the past decade. More than ½ of the oblast population is located within 60-80 km outreach of the Kyiv City.

Figure 5 – Kyiv City population



Source: Kyiv City State Statistics Service

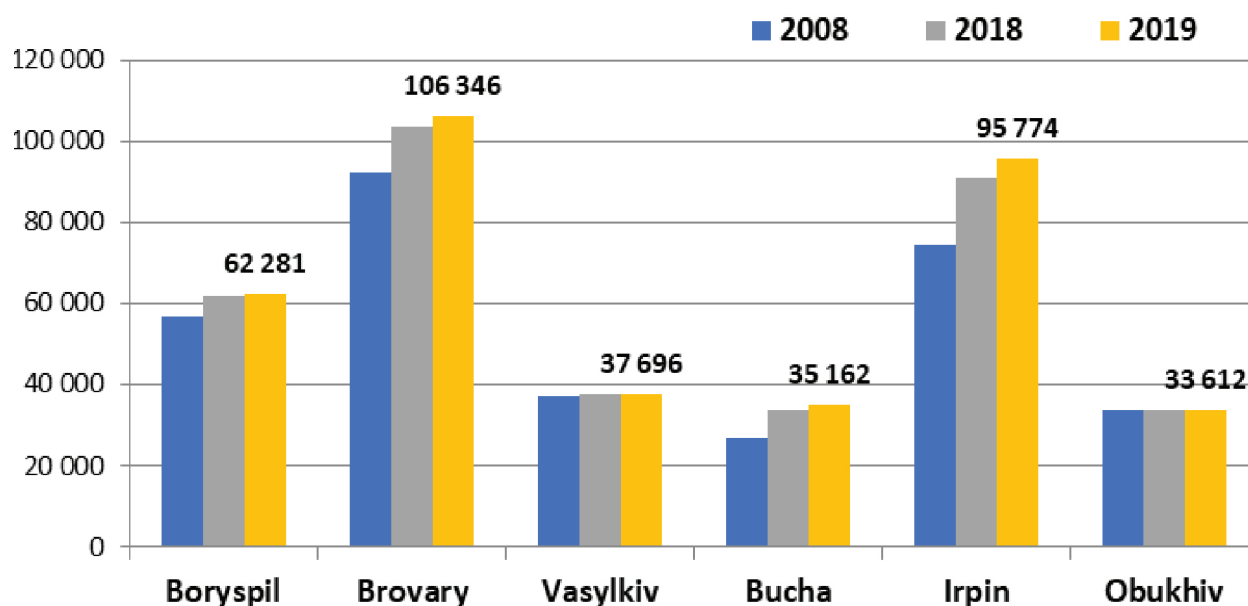
The key locations of population growth in Kyiv Region are found within in the north-west (Irpin and Bucha towns) and west (Kyiv-Sviatoshyn rayon) boundary of the Kyiv City. Each of these increased in population by around 30% (or +76,000 inhabitants in total) over the past decade. Meanwhile the largest city in the metropolitan area is located on the east (Brovary – 106,000 inhabitants; 12 km from the Kyiv City closest metro station).

²⁴ Because the last complete national population census was in 2001, the total population number is based on the State Statistic Service estimations

PRESSURES ON HOUSING GROWTH

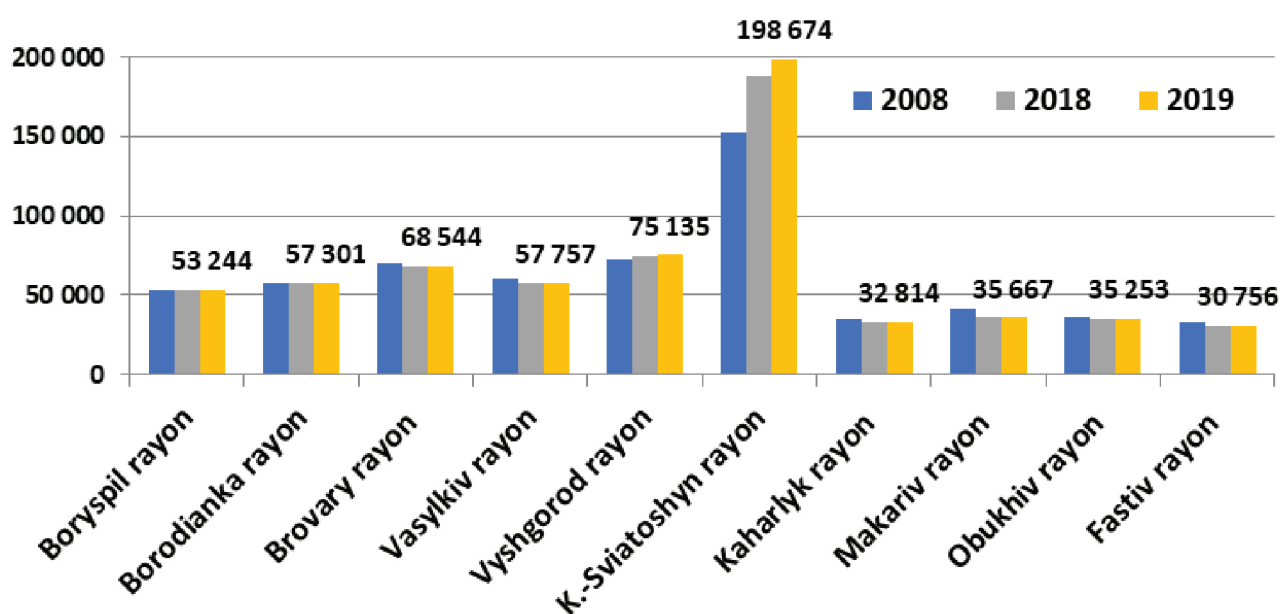
Residential house building has been booming in these same locations outside the City of Kyiv. More than 60% of all new buildings in Kyiv Oblast are found in the same locations as illustrated in Figure 6 to 9. During 2010-2017 the total area of residential houses increased by 58% in Kyiv-Sviatoshyn rayon, by 49% in Bucha town and by 31% in Irpin town.

Figure 6 – Population of cities of oblast status in the metropolitan area, excluding Kyiv City

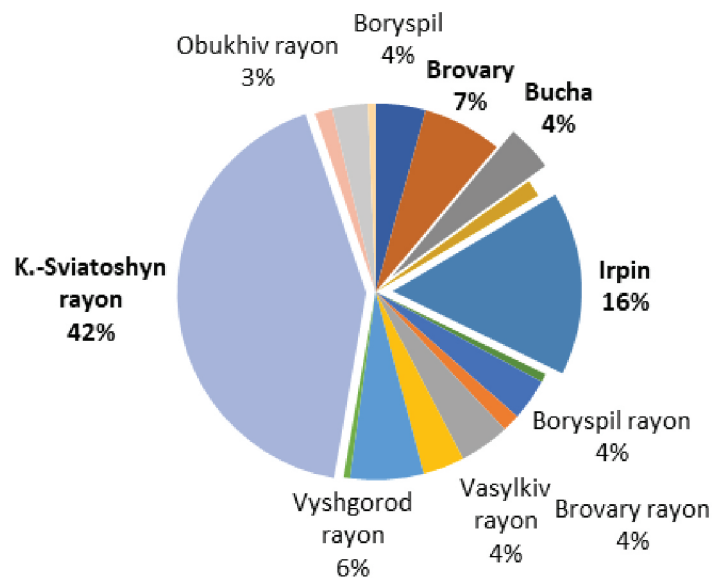


Source: Kyiv Oblast State Statistics Service

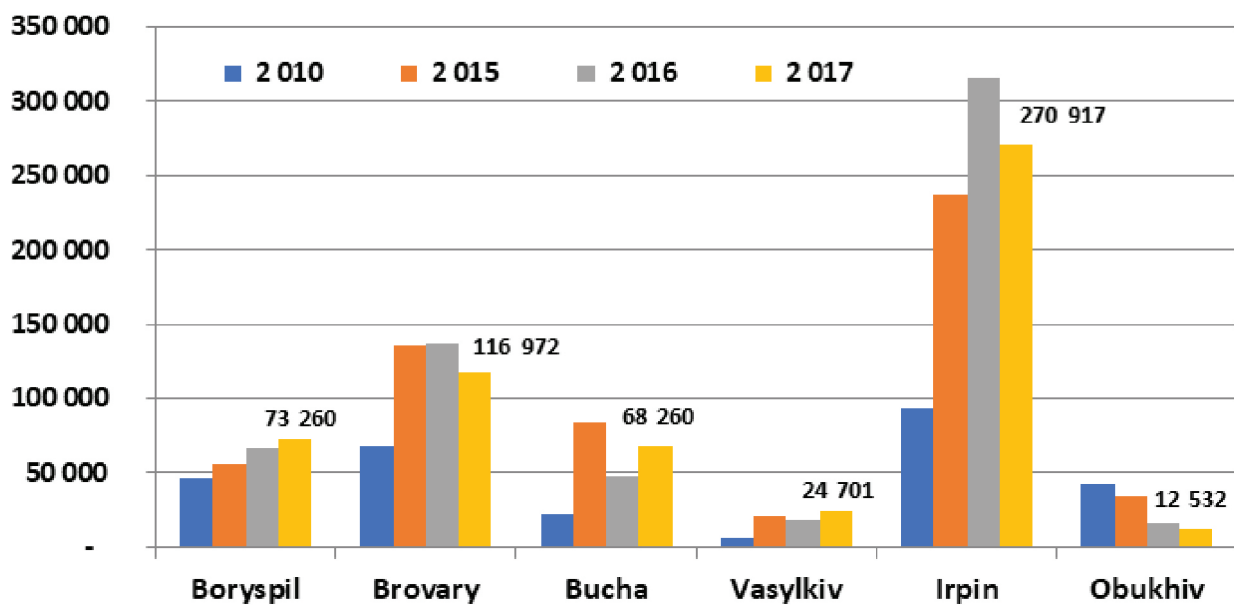
Figure 7 – Populations of rayons in the metropolitan area



Source: Kyiv Oblast State Statistics Service

Figure 8 – New residential buildings in Kyiv Oblast completed in 2017

Source: Kyiv Oblast State Statistics Service

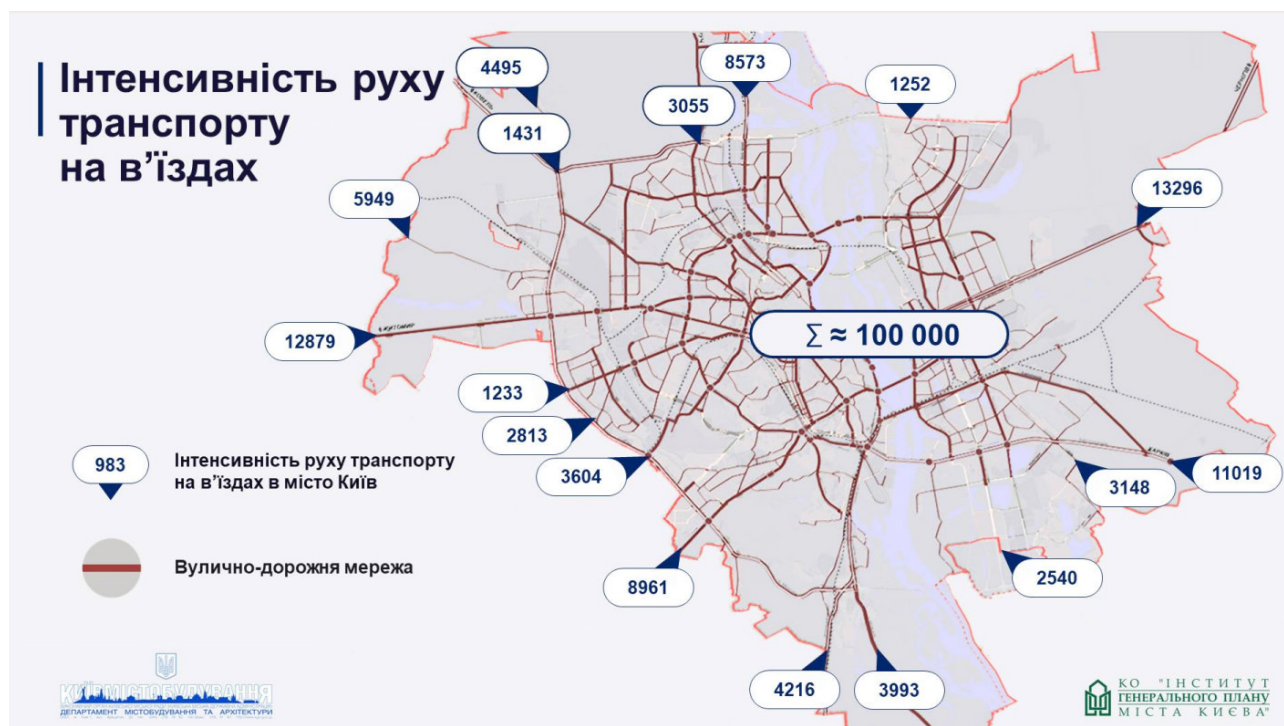
Figure 9 – New residential housing (sq m) in the metropolitan area (outside Kyiv City)

Source: Kyiv Oblast State Statistics Service

TRAVEL TO WORK MOVEMENTS

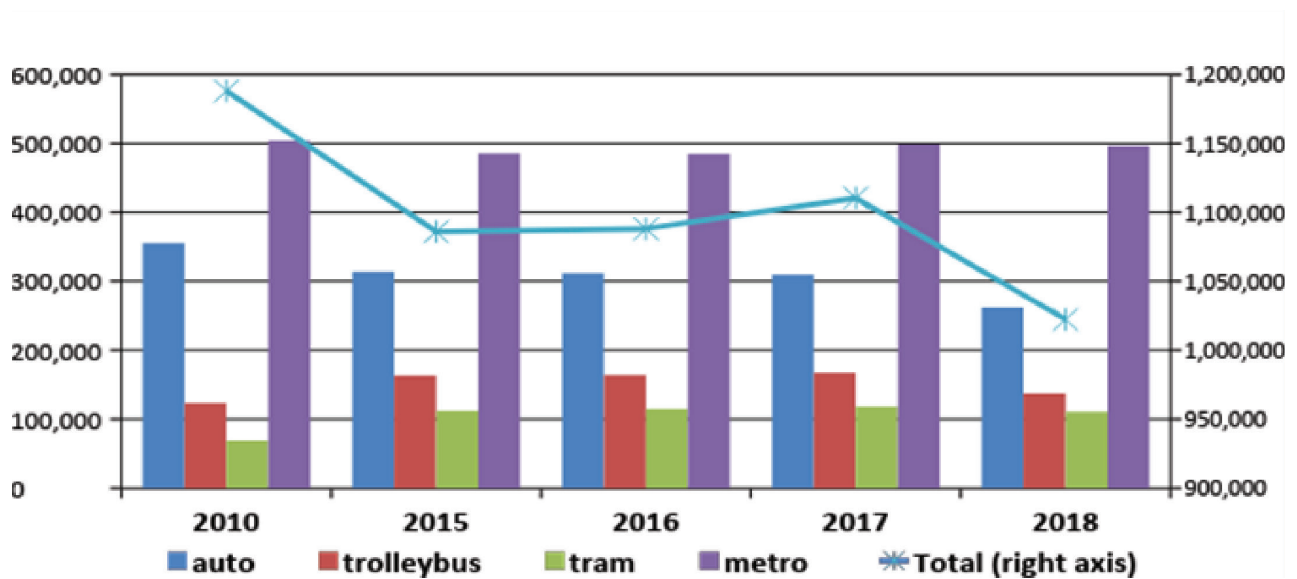
According to the Kyiv City State Administration, more than 300,000 people travel every day into and out from the City of Kyiv, out of which around 45-50% go by private cars, 35-40% by public buses and 15-20% by suburban railway. Figure 10 illustrates the daily traffic movements heading into the City from Kyiv Region (around 100,000 vehicles per day). These show that the largest movements come from the east (24,300 vehicles daily) and west (26,500 vehicles daily), confirming the picture illustrated earlier regarding population and housing growth pressures.

Figure 10 – Daily road traffic movements into the City of Kyiv



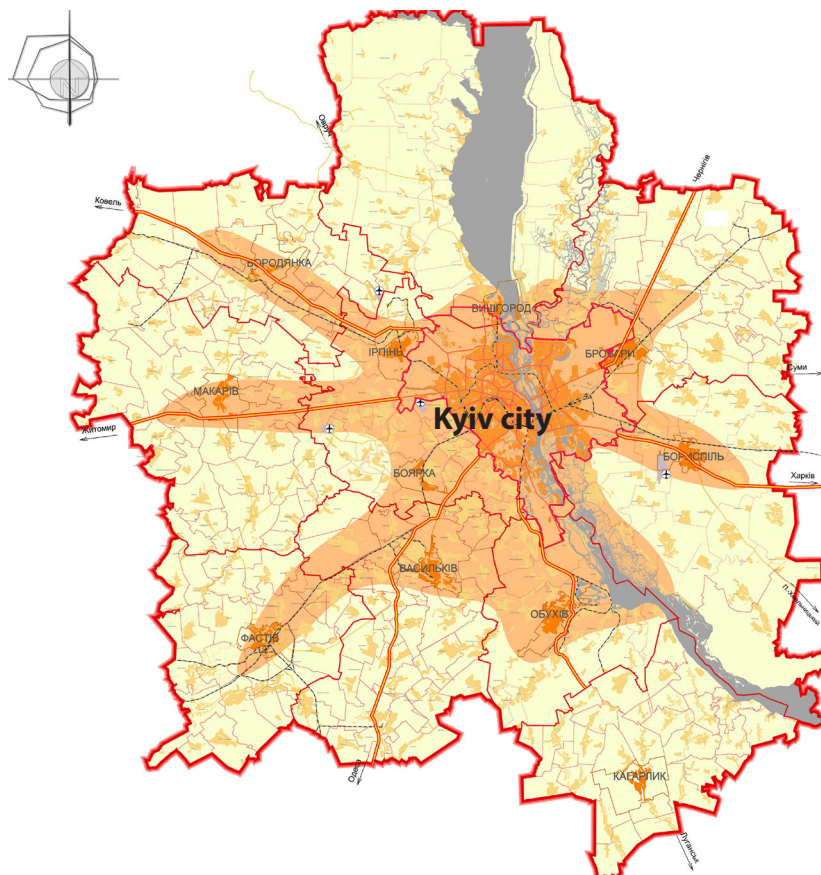
Source: Kyiv City Urban Plan Institute

Figure 11 summarises the public transportation movements within the City of Kyiv. The left axis summarises movements by the different passenger transport modes of auto (buses and mini-buses so called 'marshrutka'), trolleybus, tram and metro. The right axis and line are total movements. The figure excludes private car movements.

Figure 11 – Kyiv City transportation

Source: City State Statistics Service

Overall, travel to work patterns are spreading outwards from the City of Kyiv into Kyiv Region, reflecting the pattern shown in Figure 12 below.

Figure 12 – Kyiv metropolitan area map based on travel-to-work patterns (60-80 km distance)

Source: Draft Kyiv City Urban Plan (2015)

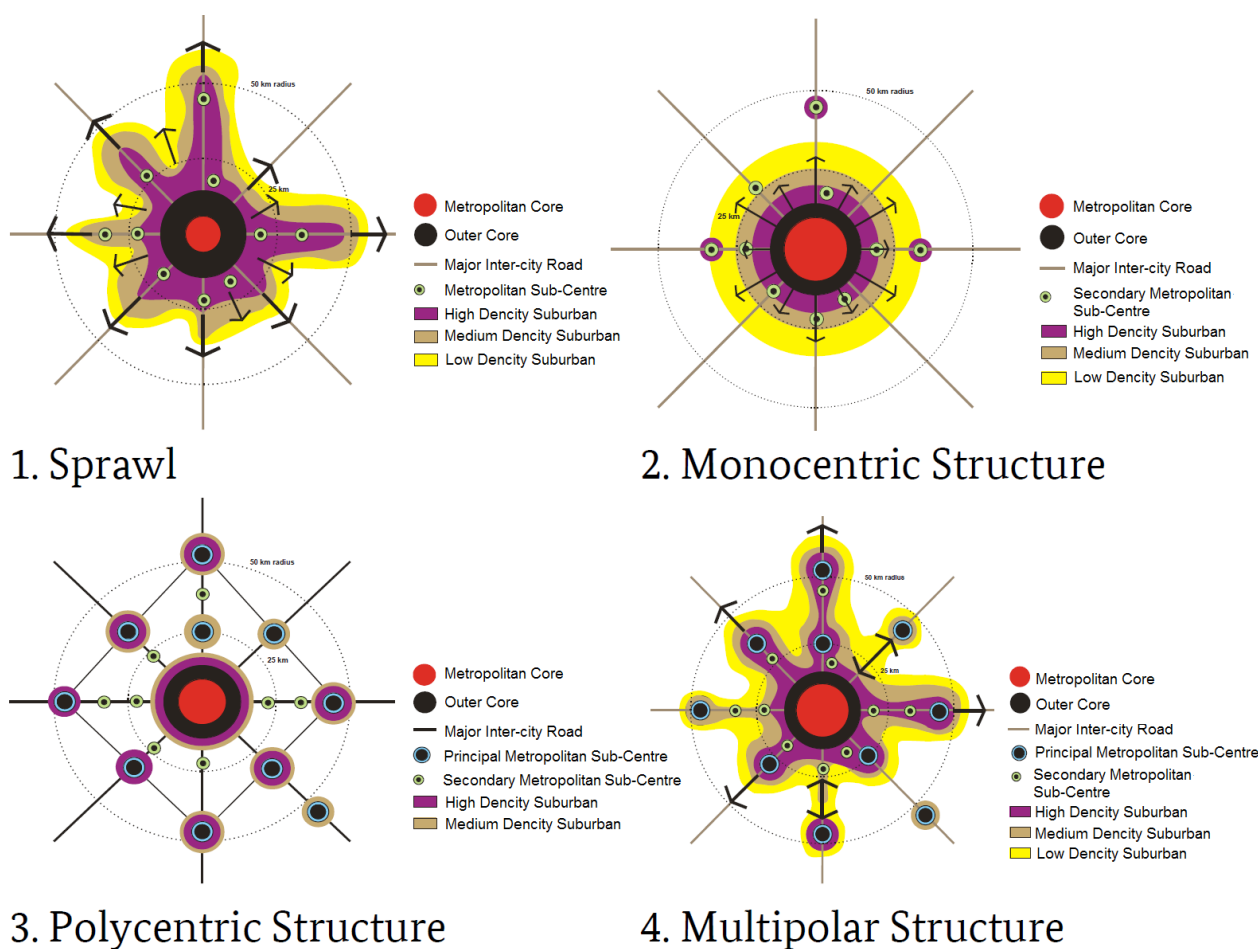
URBAN STRUCTURE

In the context of the evidence presented above, **the PRT reflected on how the consequent development pressures are impacting on the urban structure of Kyiv Region.**

The GIZ and UNHABITAT guide to evaluating metropolitan governance suggest distinguishing between the four common forms of urban development, illustrated in Figure 13:

- Monocentric** – A metropolitan area with a single dominant centre;
- Polycentric** – A metropolitan area with more than one centre of different sizes;
- Multi-polar** – A metropolitan area with no dominant central city with urban centres of a similar size; and,
- Sprawl** – Spread of urban development in an uncoordinated form.²⁵

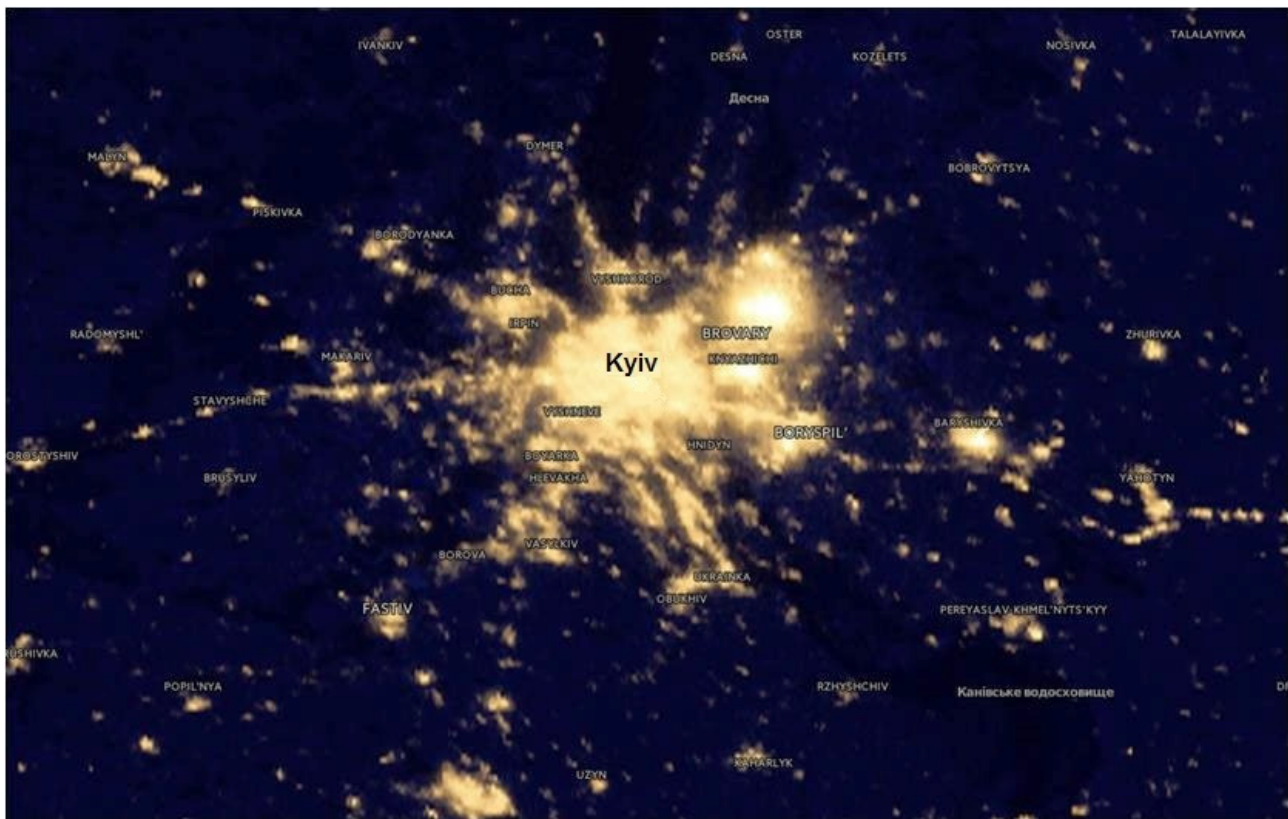
Figure 13 – Monocentric, polycentric, multi-polar and sprawl forms of urban development



Source: Edward Leman, Chreod Ltd, 2001

Considering the evidence presented in this section the nature of development of Kyiv Region as indicated in Figure 12 above and a night-time visualisation of Kyiv Region, as shown in Figure 14 suggests Kyiv is evolving a sprawl form of development most likely illustrated along development corridors, to the east and the west of the City.

²⁵ Source: Edward Leman, Chreod Ltd, 2001, reproduced in: Pearson, J, 2016. Metropolitan governance: a framework for capacity assessment. GIZ and UNHABITAT

Figure 14 – Night-time visualisation of Kyiv City and Kyiv Region

Source: <https://earth.google.com>

CONCLUSIONS

This section provides background on population growth, housing development pressures, travel to work movements and reflection on urban structure. Overall, it indicates that the City of Kyiv's economic success is creating unplanned development pressures on the City suburbs and Kyiv Region, particularly along east and west corridors. If not properly managed, these will undermine the quality of life for residents and workers through

traffic congestion, uncontrolled development and result in inefficient distribution of services (e.g. health) care and infrastructure (e.g. public transport, waste management, water supply). This evidence shows the urgency to find governance solutions across the City of Kyiv and Kyiv Region that provide for better coordination of spatial planning, economic development, housing and infrastructure investment across the metropolitan area.

5. FOCUS ON THEMATIC AREAS IMPACTED BY GROWING AGGLOMERATION OF KYIV

INTRODUCTION

To enhance their understanding of the operation of governance of the City of Kyiv and Kyiv Regions, the PRT asked questions about four thematic areas:

- a. Urban planning and economic development;
- b. Transportation;
- c. Public utilities; and
- d. Healthcare.

These were chosen for enquiry because in each case the quality of planning and service delivery impacts directly on the quality of life for people living and working within the whole metropolitan area. This thematic focus also followed on from discussions at the April 4, 2019 event, held by the CoE programme in

Kyiv and a subsequent *suburbs cities and towns questionnaire*, conducted by the team with support from the Association of the Ukrainian Cities in April 2019. Out of 6 cities of oblast status 4 responded (namely Boryspil, Brovary, Irpin, Obukhiv) accompanied with all 4 city neighbouring towns (Boiarka, Vyshhorod, Vyshneve, Ukrayinka).

The rest of this section both supplements the analysis provided in sections 3 and 4 above and summarises what the PRT learned about each of these four thematic areas and considers their implications for the overall review of the practice of metropolitan governance for Kyiv Region.

URBAN PLANNING AND ECONOMIC DEVELOPMENT

Urban planning – The PRT were informed that Ukrainian legislation identifies three major categories of urban/spatial planning documents:

- a. The strategic framework is provided by the General (Comprehensive) Urban Plan (which is obligatory for municipalities) and Spatial Planning Scheme (at Oblast and Rayon level);
- b. Functional zoning of a territory is given by a Zoning Plan, which should be based on the relevant Urban Plan/Spatial Planning Scheme; and
- c. Operationally, a detailed Plan of a Territory, that covers only a fragment of a territory of interest to a developer, should be consistent with the General Urban Plan.

As a consequence, a comprehensive urban/spatial plan is an important requirement for Kyiv City and suburbs development. However, both the Kyiv City and Kyiv Oblast's General Urban Plan/Spatial Planning Scheme are out of date (adopted in 2002 and in 1988 respectively). Also, only a limited number of cities and towns in the wider metropolitan area have updated their Urban Plans over

the past decade. The PRT learned that efforts to approve new versions of urban plans may be blocked by corrupted local and regional officials and building companies, who are interested in chaotic and uncontrolled mode of new building plots allocation. Or, there may be local self-interest to prevent development, with one example given, where a local authority opposed the proposal for a new River Bridge in the draft Kyiv city urban plan.

The Urban Plan for until 2020 was adopted by Kyiv City Council in 2002 but was not agreed to by neighbouring communities (as required by the Law). The Plan proposed almost a two-fold enlargement of the City's territory by merging with 28 towns, villages and settlements in Kyiv Region. This never happened, but it was reported to the PRT that the circumstances surrounding this proposed plan created long-lasting deep-seated suspicion that the City of Kyiv was trying to 'take over' surrounding territories. This has undermined trust in relations and cooperation.

A new draft Urban Plan to run until 2025 was prepared in 2015 but is yet to be formally

approved. The draft 2025 Urban Plan does not envisage any increase of territory, but rather focuses on the concentration of buildings and revitalisation of former industrial areas. The PRT concluded that the absence of an Urban Plan/Spatial Planning Scheme for the City of Kyiv and Kyiv Oblast is a barrier to an agreed overall strategic framework for the development of the metropolitan area.

The legal status of the Urban Plan appears particularly weak because, on the one hand, it is indicated as mandatory for each municipality, but on the other hand the “2020 Kyiv City Urban Plan” appears to be subject to the agreement of neighbouring municipalities in order to come into force. Furthermore, no competences are established at the higher levels of government that can automatically remedy this situation, even by the State.

This is such a crucial issue that a solution must be found. It would be a limited achievement if progress could be made in changing the governance of the metropolitan area, but without it still unable to issue a strategic urban plan with some compulsory provisions. To address this, a two-step process is followed.

As the first step, if no decision is taken within a certain time limit, and after due procedure, the Plan is considered as adopted by the City Council if there is not a majority of the total number of members *against* the adoption, in a public nominal vote. And as the second step, if there is a majority of members against adoption, the Plan is adopted by decree of Cabinet.

TRANSPORTATION

As reflected by the analysis in section 4, the PRT was informed that Kyiv City has the following transportation problems:

Road congestion – With over 100,000 cars entering Kyiv during weekdays almost all of the highways of the entire City and its outskirts, are overrun by cars. This often results in a deadlock in traffic movements through over congestion, especially during mornings and evening rush hours.

Roads infrastructure – The PRT was informed that the roads ownership and maintenance

Kyiv economy – The PRT recognise that unlike the majority of Ukrainian regions and cities, the Kyiv City economy, has diversified in its structure since the 1990s. The service sector (mostly financial) accounts for almost 90% of Gross Regional Product, while industry accounts for only 6% of GRP and about 11% in total employment. The once significant construction sector is seeking to recover after the global 2008 financial crises, by focusing on development opportunities in the suburbs of the City.

Kyiv has become a hub linking the national economy to global markets through its share in national foreign direct investment (59% of national total), exports (24% of national total) and a growing number of international companies' offices. The City was ranked 71st in the 2018 Doing Business ranking; the 3rd – in the Most Profitable *European Cities of the Future* category according to the European Cities and Regions of the Future 2018/2019 ranking table.

The primary employment locations are in the central and northern part of the City (on the right bank of the river – Figure 15). The average monthly wage in the city grew to UAH 16,207 (523 Euro or 160% of average wage in Ukraine) in March 2019. However, Kyiv's relative economic success and provision of employment opportunity is also a source of its growth pressures. Without appropriate planning, infrastructure investment and controls on development, uncontrolled growth will continue to impact adversely on the quality of life of citizens and workers within the metropolitan area and the attractiveness of its business environment.

system is chaotic. There are a number of state-owned, regional and municipal companies in charge of road maintenance paid for out of relevant local budgets. Fragmented ownership of public roads has resulted in some parts of the Kyiv City Half-Ring Highway being owned by neighbouring rayons and Kyiv Oblast. As a result, Kyiv City cannot repair some parts of the key highway critical for traffic movements into the City.

Public transport – The Municipal Kyiv Metro, a key passenger transport carrier with

500 million-person movements per year, or almost half of the city total, is reaching its maximum capacity with its most overloaded three stations being used by travel-to-work passengers. Suburbs railways, managed by state-owned railway company 'UkrZaliznycia', are outdated and uncomfortable with large intervals (15-30 minutes) during rush hours. The PRT understood that recently the Government of Ukraine commissioned 'UkrZaliznycia' and Kyiv City State Administration to develop ambitious project of Kyiv suburban railway (S-bahn) to connect Kyiv with 5 largest cities of the Kyiv oblast.

Not surprisingly, transport and commuting problems were raised as key issues by almost every city and town questioned within the metropolitan area. The PRT received feedback that transport problems faced within the metropolitan area cannot be resolved by relying on road use alone. There is clearly a need for a coordinated metropolitan area plan and programme for public transport investment.

The problem appears particularly critical, given the national capital city role of the City of Kyiv, whose infrastructure serves the interests of the entire State and not just of its inhabitants. Possible solutions to the problem must therefore consider the necessity of spending compensation from the State.

In a predominantly centralized administrative system, state financial investment policies play a decisive role in the management of infrastructures. In some big European countries like Ukraine, the State periodically issues "call for projects" in order to incentivize the maintenance of existing roads or the construction of new strategic infrastructures for the whole nation. Regional and local governments usually respond to the "call for projects" by negotiating with the state the co-financing of the works. In the logic of "horizontal" territorial cooperation, local governments are incentivized to establish mutual agreements to win the tenders and give greater strategic importance to their territories.

The PRT learnt that in Ukraine a role comparable to the one just described is played by the so called "State Fund for Regional Development" (SFRD), which however appears to be inadequately consistent and negotiated at levels higher than those of citizens' proximity. The instrument could therefore be subject to a review in order to give greater effectiveness to local investment policies.

Furthermore, the financial incentive system appears to lack a specific focus in the metropolitan area. In this sense, a Metropolitan Development Fund could be set up similarly and alongside the SFRD, in order to establish bilateral negotiations between the State and the City of Kyiv.

Figure 15 – Employment locations allocation in the Kyiv City (the darker colour is the biggest number of employees are located in the area)



Source: Adapted from Kyiv Urban Plan Institute

PUBLIC UTILITIES

The PRT learnt that public utilities sector management arrangements in the metropolitan area are complicated and fragmented with significant private stakeholder involvement.

Water supply and sewage – A number of municipal companies are in charge of cold-water supply and sewage services in the metropolitan area. The largest 'KyivVodoKanal' company delivers services for the City and to almost 20 adjacent towns and villages, almost half of the city's total. Although 'KyivVodoKanal' recently became a private company, water supply and sewage infrastructure is partly funded from the City and state budgets. In 2015, the Japanese Government, under the guarantees of the Government of Ukraine, signed 1 billion USD loan for the ambitious renovation project at the aeration station in Bortnychi. However, chaotic development of new residential building neighbourhoods in the suburbs is not accompanied by appropriate development of water supply and sewage infrastructure.

Solid waste – Collection services are provided by a number of private and municipal companies. Solid waste from the City (total 1.2-1.4 million tons per annum and is growing by 8-10% a year) is taken to a waste incineration plant 'Energiya' (burns about 20% of the city total waste) and to landfill, which is overloaded and planned for closure. There are also four smaller landfill sites in the Oblast, while much of the solid waste from oblast settlements are taken

to illegal scrapyards. Solid waste management is therefore one of the most important challenges for the metropolitan area. This is to address changes in system of waste collection and recycling and construction of garbage processing plants and landfills. The problem is complicated by the fact that the Spatial Planning Scheme of the Kyiv Oblast has not yet been approved.

District heating – Heating and hot water supply is provided within local heating districts and in-house boilers. In Kyiv City, the key service provider is the municipal company 'KyivTeploEnergo' and a private company 'Euro-Reconstruction' (to 300,000 households). In some towns the local heating system includes communal heating facilities.

Telecommunications, gas and electricity supply – These do not come within the competences of local authorities (neither the Kyiv City State Administration nor the executive bodies of city, village and settlement councils). Electricity supply is provided by private companies: 'DTEK Kyiv Electricity Grids' and 'Euro-Reconstruction' (for the City) and Kyivoblenergo (the Oblast). Municipal company 'KyivTeploEnergo' (since May, 2018) runs two heating and electric power generating plants: CHP-5 (capacity of 1874 GCal per hour; 700 MWt) and CHP-6 (1740 GCal per hour; 500 MWt). Electric energy market reform in 2019 will enable the municipal company to enter the market.

HEALTHCARE

The PRT learnt that health care reform is ongoing in Ukrainian outpatient and inpatient sectors to address poor access and quality of services. Primary healthcare service providers are contracted and funded by the National Health Care Service based on the number of their clients, who signed in at local centres. In 2019-2020 changes in hospital sector budget funding and restructuring of the hospital sector facilities will be launched through the establishment of sub-regional hospital districts (4 in Kyiv oblast and 1 in the City).

Primary healthcare (PHC) – This comes within the responsibility of the City State

Administration, Cities of oblast status, amalgamated communities and rayon state administrations. Service providers are mostly municipal PHC centres. The ability to access PHC is a key problem for around 500,000 residents living within suburbs areas of up to 60 km from the City centre. Many of these residents do not register at their place of residence (in suburbs settlements). As a result, the official statistical data used to establish the range of PHC facilities underestimates resident suburban population. The true number may be greater by several fold. For example, the official population of the city border village of Petropavlivska Borshchahivka is 13,000

residents whilst the real population is 35,000 (according to the village authority calculations). In addition, PHC providers in town of Vorzel are organised on the basis of 6,000 of registered residents, whilst the PHC have signed service contracts with 9,000 persons. This resulted in the shortage of outpatient clinics and PHC doctors.

Hospitals – These are run separately by the City State Administration, Oblast State Administration, cities of oblast status and Rayon State Administrations. There are 105 municipal hospital care establishments only in the City. In 2018 city budget expenditures on hospitals were 187 mln Euro or 10% of total local budget.

Emergency health care – This is concentrated at the level of oblast EHC centre and the City EHC centre. Boundaries of the catchment areas of municipal and oblast EMC centres follow the city boundaries of Kyiv, which results

in delays in the arrival of EMC (the EMC is selected depending on the catchment area of the caller and not on the closest available EMC vehicle). In the need for hospitalisation, the regional EMC may transport the patient not to the closest medical care facility (Kyiv municipal hospitals in case of suburbs) but to the regional facilities in distant cities (Bila Tserkva, Brovary, Irpin, Boiarka). The PRT heard about initiatives to address cross-boundary issues but were unable to conclude that the changes planned or in progress were addressing these issues across the Kyiv regional health system.

It was clear from the information received by the PRT that there is work underway in all parts of the health system; primary care, community health, social care, acute hospital provision, outpatients and emergency response but could not ascertain that there was a comprehensive and consistent strategy and/or deliver plans to deliver the transformation needed.

CONCLUSIONS

This review, when combined with the analysis in sections 3 and 4 above, demonstrates that despite the successful role of the City of Kyiv as Ukraine's capital city and key driver of economic growth, governance fragmentation within the metropolitan area is undermining these benefits for residents, workers and businesses. The lack of an agreed Urban Plan/Spatial Planning Scheme for the City of Kyiv and Kyiv Oblast undermines capacity to provide a strategic overview of the pressures and opportunities facing the metropolitan area. The PRT was given illustrations of the inadequacy of both public and private transport systems to meet the growing congestion for much of the City. Weaknesses in coordination, demarcation of responsibilities and communication were also evident in meeting challenges for the effective provision of public utilities and health services. These identified problems are reinforced by local authority and state fragmentation of planning, organisation

and service delivery responsibilities across administrative boundaries.

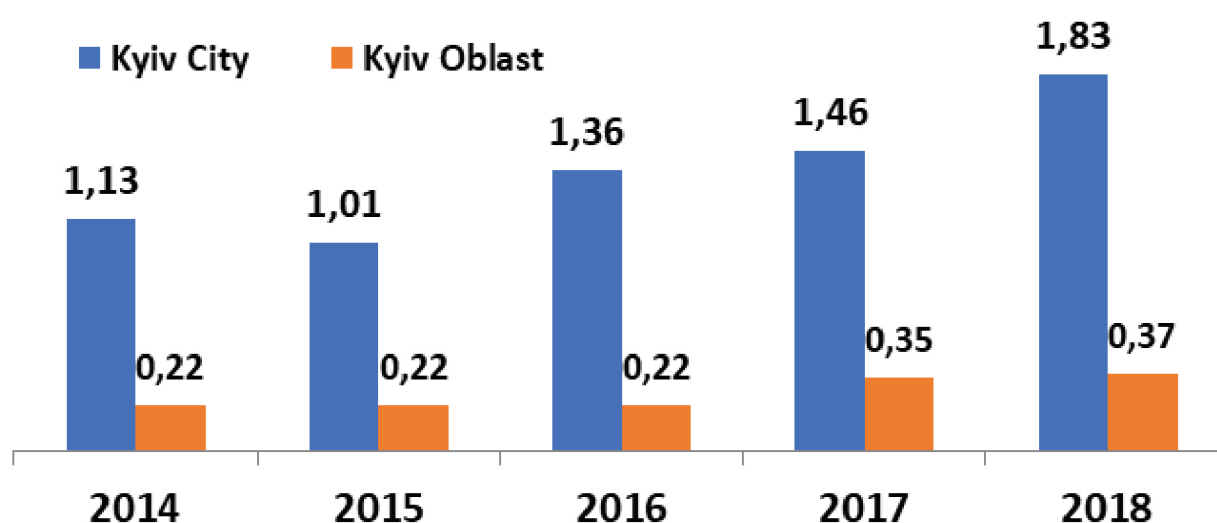
Having considered the above issues, the PRT consider that it is important to focus on potential solutions. One option is the formation of inter-municipal bodies (or agencies) for each kind of utility. Whilst this might not prevent mismanagement and corruption, they can be a learning form of cooperation that works to create confidence between the participating authorities that can be extended into other areas of cooperation. They may also provide effective administrative controls on contracts and on financial supervision. The other approach is to progress the development of a process of metropolitan governance reform that provides a precise definition of powers and responsibilities for metropolitan governance and provides for capacity of planning, programming and coordinating services that is accountable to both customers and citizens.

6. BUDGET

Due to fiscal decentralisation and economic recovery local budgets in Ukraine recorded significant growth during recent years. Kyiv City budget has almost doubled during 2015-2018 reaching record high 1.83 bln Euro

despite the UAH depreciation (Figure 16). The oblast (as well as and other cities in the metropolitan area) dynamic was slightly less impressive (+168% growth).

Figure 16 – Kyiv City and Kyiv Oblast Budgets' Revenues during 2015-2018, bln Euro



Source: Ministry of Finance

Bordering Kyiv City on the West, the Kyiv-Sviatoshyn rayon is the richest in the metropolitan area (2.06 bln UAH or 66 mln Euro – Figure 17) or twice bigger than the largest city in the metropolitan area Brovary. Among the reasons is that there is no city of oblast status within the rayon territory, so it consolidates major tax revenues in rayon budget.

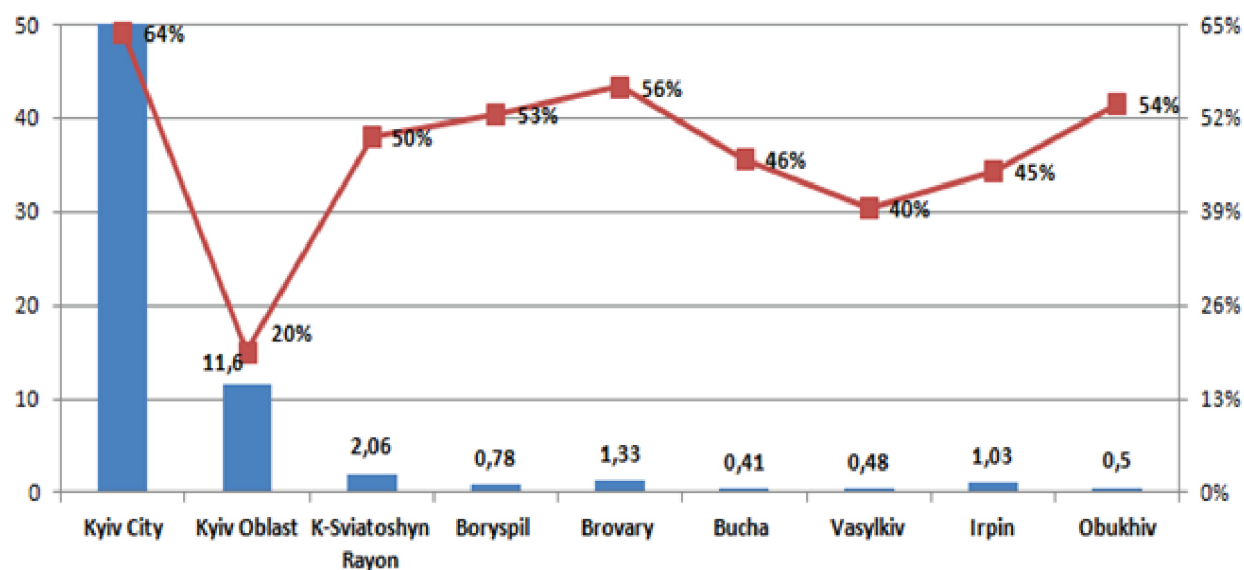
Almost 2/3 of the Kyiv City budget revenues are taxes, esp. personal income tax (51% of total tax revenues). National Government transfers (mostly for school education and health care) provide 27% of the revenues. Kyiv Oblast is highly dependent on state budget transfers, which provides 77% of total revenues, while tax revenues are only 20% (Figure 17).

Major expenditures of local budgets are operational costs (salaries and maintenance) in education (mostly on school and preschool), health care (PHC and hospitals), and social care. Average share of these allocations in

budgets of cities and rayon are comparable (Figure 18). The breakdown of the oblast budget expenditures is different: the larger share (57%) represents the transfers to the lower level of local budgets, 13% accounts for transportation, 13% – for health care (mostly hospital care), and only 8% – for education.

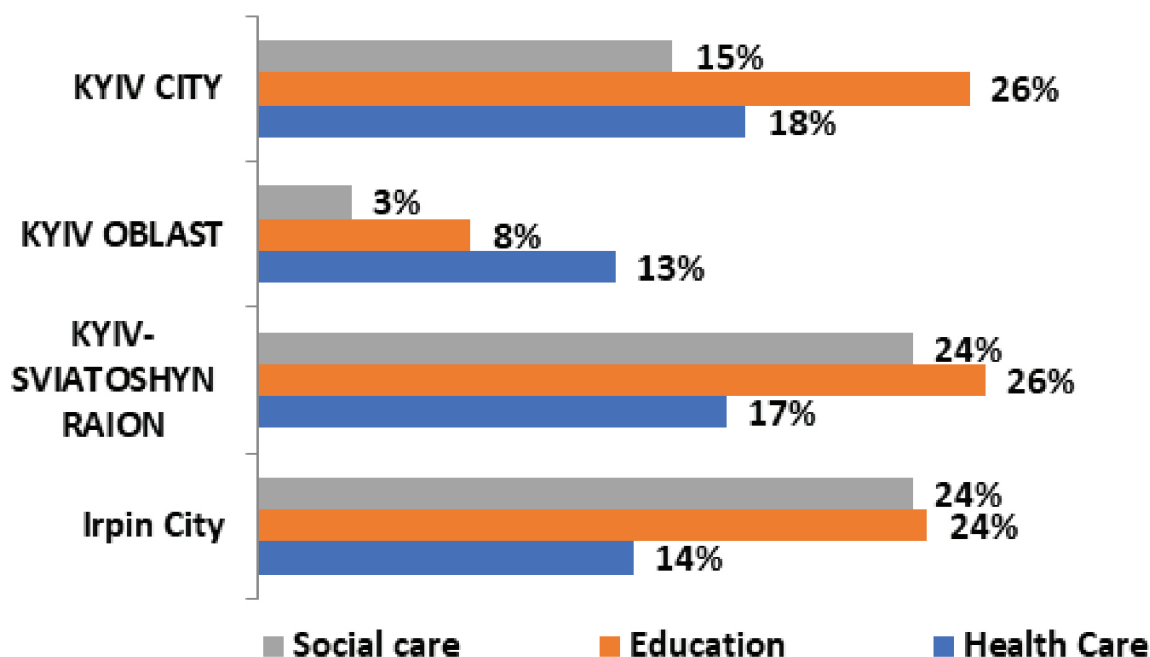
During the interviews, the PRT listened to numerous critical issues concerning the level of fiscal autonomy of the territories and the equalization mechanisms in favour of communities with the lowest fiscal capacity. Both the mechanisms for negotiating financial resources and the applications of “purpose taxation” in local public services appeared to be inadequate. Given the fact that the largest source of tax revenue comes from PIT, there is no doubt that there are evident distortions in tax revenues on a territorial basis, which are not compensated by adequate instruments of dialogue between the local, regional and state levels of government.

Figure 17 – Kyiv City, Kyiv Oblast and metropolitan area cities' Budgets in 2018: total budget (bln UAH - left axis) and taxes' revenues share in local budget (% of total budget – right axis)



Source: Ministry of Finance

Figure 18 – Major Expenditures of some local budgets in 2018, % of total local budget



Source: Ministry of Finance

Moreover, there is no particular fiscal autonomy of the City of Kyiv, which would instead be appropriate with respect to its status as national capital. There do not seem to be legislative instruments (or even administrative practices) in the concurrence of local autonomies in the fight against tax evasion, which in some European states are instead an effective tool for empowering local governments and also entail significant increases in local tax revenue.

Special attention should be given to the existence of fiscal resources on which the City Council can really decide. This is important because there is a need for huge investment expenditures. These may be financed partly by loans and the guarantees banks ask to require fiscal capacity by the borrower. Additionally, new facilities generate current expenditures

for running services; this requires some flexibility in tax resources.

In considering possible solutions to such infrastructural problems outlined above, consideration would need to be given to the necessity of spending compensation from the State. As the first step, however, the financial situation of Kyiv and the other municipalities in the metropolitan area as a whole would need to be analysed and compared with the situation of other municipalities. Here, mechanisms of financial equalisation would need to be considered. Only on this basis could it be decided whether and to what extent Kyiv as the capital should receive additional funds. In order to justify its better financial position, the additional challenges that Kyiv has to face due to its role as capital must be carefully justified.

7. PROGRESSING THE SYSTEM OF METROPOLITAN GOVERNANCE OF KYIV REGION

INTRODUCTION

As stated in section 1, the PRT is grateful to all the participants from the City of Kyiv, Kyiv City State Administration, state ministries, district and regional authorities, national experts and business leaders for responding positively and openly to the Peer Review. Over 15-17 May 2019, the PRT collected a lot of information and listened to different perspectives regarding the future metropolitan governance of Kyiv. Overall, they learnt and observed the significance of Kyiv as a successful European City and as a key economic centre within Ukraine.

On the other hand, the PRT observed much that reinforces evidence from OECD studies²⁶ about how fragmentation of governance systems will undermine the achievement of quality of life improvements for citizens living and working in the city and to the quality of the business environment. In the case of the City of Kyiv and Kyiv Region, these were evidenced, for example, through growing transportation congestion, speculative land use development, inadequate and poorly targeted investment in public utilities and challenges to health care. Each of these challenges is further undermined by the absence of approved Urban Plan/Spatial Planning Scheme for the City of Kyiv and Kyiv Oblast. As a result, the PRT consider that:

- a. The organisation of governance of the City of Kyiv and Kyiv Region is too fragmented, both territorially and functionally considering the different public policies, and endorse the key challenge as identified on page 4 in section 1;
- b. There is at present a consistent picture of parochialism, mistrust and poor communication between self-governing and state institutions across the metropolitan area; and
- c. As a result, there is little evidence at present of an effective culture of collaboration, cooperation, open communication and above all, trust essential for effective metropolitan governance;
- d. The consequences are reduced efficiency of services to populations and a loss of competitiveness in the global economy of the City of Kyiv and its surrounding region and even a negative impact on the national level of GDP.

The PRT acknowledge that consideration is being given to the application of metropolitan governance models for Kyiv, including through CoE advice regarding updating present structures and changes in legislation. However, from experience of their own locations (e.g. Warsaw, Hamburg, Turin and London) and other successful metropolitan areas in Europe, the PRT recommend that working together to establish an effective culture of trust and collaboration should be a priority for all Kyiv Region stakeholders. This should both precede and underpin implementation of any legal and structural reform in the metropolitan governance of Kyiv.

METROPOLITAN ASSOCIATION OF KYIV

In 2017, a decision was taken by Kyiv City Council to establish the "Local government association "Kyiv Agglomeration" (Association) to work on developing solutions for the metropolitan area. Invitations to join this association were sent out to six cities of Oblast status and to 33 villages and towns in the

Kyiv Region. As of April 2019, only three cities of Oblast status and four villages and towns had positively responded to the invitation. At present, the association is yet to be formally established and there is no timetable for completion of its task. The PRT listened to concerns that the Association is not yet

²⁶ Ahrend et al, 2014 a, b

sufficiently widely owned across Kyiv Region to be effective in meeting its commission.

However, the PRT was given an illustration from the City of Warsaw of how progress may be made by forming a voluntary association, focusing on building trust and confidence in working together through shared projects. The success of the Hamburg Metropolitan Region showed the importance of using soft leadership skills, by respecting different municipality positions and exploring the possibility of win-win solutions. Even language is important. For example, in using the term 'rural areas and city' rather 'city and rural areas', to show sensitivity to concerns about city dominance.

In the light of this European experience, the PRT recognise that as an established initiative, the Association should be developed to form the basis of a forum to involve the City of Kyiv, Kyiv Region, state institutions and local self-governing bodies as a place to discuss issues affecting the well-being of the metropolitan area.

The work to make the Metropolitan Association work should be given high importance. If such informal cooperation cannot be established, there is little probability that a more institutional and integrated approach will be established. To make progress, practical steps should be taken to enhance its effectiveness and widen engagement across Kyiv Region:

- a. **European best practice in place leadership** – Participants in the Association should learn from and implement best practice of successful European metropolitan areas, where effective place leadership involves cultivating skills and a culture of:
 - I. Openly reaching out to others across (administrative, political, geographical and sectoral boundaries) that are critical to finding common approaches to resolving metropolitan challenges and opportunities;
 - II. Place leaders collaboratively agreeing and holding each other to account in putting the social, economic and social wellbeing of the City and the Region and the health wellbeing and quality of life of citizens at the heart of their discussions, decisions and activities;
 - III. Leadership centred on collaboration rather than on command and control, showing respect for and making effective

use of the legitimacy of other key players and organisations in different places and roles within the metropolitan area; and

- IV. Valuing the expertise and contributions for different communities within the metropolitan area to generate informed decisions.
- b. **Place leadership training** – To address (a) steps could be taken by Ukrainian partners with the CoE to develop place-leadership skills within the Metropolitan Association by prioritising a programme of leadership training and facilitation of partners, as part of the Programme *"Decentralisation and Local Government Reform in Ukraine"*.
- c. **Establishing a culture of trust and collaboration** – That to further implement (a), take practical and proactive steps forward working towards building a culture of collaboration and trust centred on a practical and agreed agenda to improve the quality of life for citizens living and working within the metropolitan area of Kyiv. Action could be taken to systematically identify, commune by commune, reasons for mistrust and how this might be overcome. A parallel list could be identified of problems that municipalities suffer due to the absence of planning and cooperative development policy and to explain how improvement in economic, social and environmental wellbeing could be achieved through adopting collaborative solutions.
- d. **Take practical steps in collaboration through projects** – Make progress in building trust, by identifying and working collaboratively on projects across organisational and place boundaries with potential win-win outcomes that offer potential provide the possibility to improve the quality of life for citizens in the metropolitan area. In doing so, start with small projects and build upwards by growing confidence and trust. Also, be open to the possibility that projects may succeed or fail as part of the trust building process.
- e. **Break down organisational, spatial and service silos** – Focus on opportunities that break down the present silos and poor community that operate between different units of governance, spatially

between places within the metropolitan area and across areas of policy, such as spatial planning, transportation, housing, waste and health.

- f. **Cabinet of Ministers to take ownership**
– For the Cabinet of Ministers to accept ownership for progress of the Metropolitan Association. On the one hand, reform requires a lasting national commitment, which might be comparatively intensive during the first five years or so. At the

same time, the State should focus on the overall design of a good framework metropolitan governance. This could be by amending the law, to make participation compulsory. This could also be by appointing an ‘ambassador’ who has full-time responsibility for negotiating the participation of representatives of the different local self-governing authorities, recognising that it will be challenging as well as important to find a person who has the trust of all stakeholders.

COMPLETE APPROVAL OF URBAN PLAN/SPATIAL PLANNING SCHEME FOR THE CITY OF KYIV AND KYIV OBLAST

The evidence presented in sections 3 and 4 illustrate how the lack of approved Urban Plan/Spatial Planning Scheme for the City of Kyiv and Kyiv Oblast remain a barrier to achieving an overall spatial framework to plan the development of the City and the metropolitan area. The PRT recommend that

urgent attention is given to completing and the approval of these plans by the City of Kyiv and Kyiv Oblast. This is to provide a strategic framework through which transport, economic development, infrastructure, waste, healthcare and housing policy issues can be planned for and addressed at metropolitan level.

POOR RELIABILITY OF ECONOMIC, SOCIAL, ENVIRONMENTAL AND DEMOGRAPHIC STATISTICAL DATA TO ENABLE DEVELOPING A SHARED AND INFORMED UNDERSTANDING OF THE CHALLENGES AND OPPORTUNITIES FACING KYIV CITY AND KYIV REGION

The PRT recognise that if the City of Kyiv, Kyiv Oblast and state institutions to collaborate effectively, there is a need for the provision of up-to-date and common set of economic, environmental, social and demographic statistical data for Kyiv City and Kyiv Region. This should be rooted in a common sense of purpose and ambition of place that is rooted in real insight and intelligence about what

is happening in communities at City Region through to the local neighbourhood level. This would in turn contribute to enabling a shared and informed understanding of the challenges and opportunities facing the metropolitan area. A part of any plan to provide updated data, consideration could be given to the adoption of the European spatial framework of NUTS regions and localities.

LEGAL AND STRUCTURAL REFORM TOWARDS METROPOLITAN GOVERNANCE

As indicated above, the PRT endorse the key challenges for the reform of metropolitan governance of Kyiv as summarised on page 4 in section 1. They further acknowledge that over the past decade there have been numerous attempts to update the Law about issues regarding the governance status of Kyiv.

In 2017 a draft law of Ukraine on *urban agglomerations* was submitted by members of Parliament. This gave preference to a model of inter-municipal co-operation, based on

agreement between local government entities, for managing the functional area of cities. It would also provide a common definition of agglomeration, which was welcomed by some Ukrainian experts giving evidence. However, advice presented by the CoE²⁷ questions

²⁷ Council of Europe report “Analysis and recommendations on the draft law of Ukraine on urban agglomerations, in the light of Council of Europe norms and standards, and good European practice”, CELGR/LEX(2017)3 dd. 16 November 2017: http://www.slg-coe.org.ua/wp-content/uploads/2018/03/CoEAnalysis_draftlawOnUrbanagglomerations_CELGRLEX20173.pdf

whether as the law is presently drafted, may result in a complicated and weak system, for both political organisation and in the distribution of competences.

Going forward, it is recognised that due to the special constitutional status of Kyiv as a Capital City, the re-design of metropolitan governance arrangements would need to be undertaken within the existing constitutional framework of Ukraine. In doing so, the PRT recognise that reforms to the metropolitan of Kyiv would need to address the following interconnected issues, which could be undertaken on a step by step process with (a), (b), and (d) possibly preceding (e), (f) and (g):

- a. **City of Kyiv** – Address the divided status of the City of Kyiv (see Figure 1 on page 11).
- b. **Review of boundaries** – Consider the relevance of existing boundaries (frontier, perimeters) of the territorial divisions within Kyiv Region by reviewing the size and number of districts (rayons) and the number of small municipalities.
- c. **Reform of territorial organisation** – In the light of (b) seeking reform to the territorial organisation of self-governing bodies around the City of Kyiv, through further amalgamations of self-governing bodies, within the existing law, and/or application of some form of inter-municipal co-operation. In this context, the law of amalgamation should be reviewed to consider whether it contains sufficient incentives to realise self-governing bodies coming together.
- d. **Review of distribution of competences** – Review the appropriateness of the present distribution of competences between the various territorial entities. Whilst the different categories are named in the constitution, the competences of each one could be modified. The legal question to be addressed is about the possibility of having specific rules or to conceive a model that is applicable all over the country, or that could be specific only for agglomerations with the status of 'metropole'. To simplify the political process a way forward might be a special law on Kyiv, which has by constitution a special status. It can freely decide the most appropriate distribution of competences for this special City without facing contradictory pressures to find a compromise that would be acceptable for all large Ukrainian cities. However, there would need to be careful justification to do so, demonstrating the value of such an approach against that of generalised model for major agglomerations across the whole country.
- e. **Inter-municipal cooperation** – Consider the establishment of a form of inter-municipal collaboration. This would involve organising local self-governance on two territorial levels; the municipal and the metropolitan levels. Strategic or metropolitan functions should then be transferred to the metropolitan level; economic development, environmental protection, urban planning, transportation and costly public services (water supply, energy and waste).
- f. **Democratic metropolitan governance** – As a further step from inter-municipal cooperation, consider the creation of democratic metropolitan governance institutions covering the area of the urban agglomeration that must have oversight of strategic planning and the management of infrastructure investments.
- g. **Create special agencies** – As an intermediate step between (e) and (f) consider establishing special agencies or public enterprises for particular strategic functions e.g. urban planning, environmental protection, transport and waste. A particularly valuable field for collaboration across Kyiv Region is to enable economic development, including the promotion of innovation and practical research, through the creation of a special vehicle or agency for this purpose.

8. RECOMMENDATIONS

In response to their commission, the PRT provide the following recommendations to the Kyiv City State Administration, as well as the Parliamentary Committee on State Building, Regional Policy and Local Self-Government, the Ministry of Regional Development and the Association of Ukrainian Cities for upgrading the current system, legislation and practice of governance for metropolitan areas, focussing on Kyiv Region:

1. **Key challenges** – Recognise that the four key challenges for the future governance of Kyiv are (as summarised on page 4) to:

- a. Seek agreement on the future metropolitan governance arrangements for Kyiv Region to provide improved coordination of spatial planning, economic development, housing and infrastructure investment across the metropolitan area and to take account of the possibility of citizens democratic participation;
- b. Recognise that the present territorial organisation for the metropolitan area is no longer appropriate, with an imbalance between the large capital city and its surrounding region with a large number of local self-governing units of various sizes, capacities and legal status; and,
- c. Acknowledge that the existing legal status of the City of Kyiv is no longer fit for purpose for a modern metropolitan city due to the coexistence of the **Region** (*oblast*) and the **City** of Kyiv, with no clear division of responsibilities between the two entities;
- d. Underline that this is a matter of national interest, for economic and political reasons, and not only pure local self-government; so national authorities should take ownership to help facilitate and create good framework conditions of support to enable resolution of the challenges identified in this PRR report.

2. **Metropolitan Association of Kyiv** – Recognise that as the first step towards building trust and collaboration, a forum to involve the City of Kyiv, Kyiv Region, state institutions

and local self-governing authorities should be developed as a place to discuss issues affecting the well-being of the metropolitan area. This should be developed from the 'Local government association of Kyiv Agglomeration' initiative, but with further thought given to practical steps to widen engagement and ownership from across Kyiv Region. These would include recommendations 3 to 7 below.

3. **European best practice in place leadership** – Learn from and implement best practice of successful European metropolitan areas, where effective place leadership involves cultivating skills and a culture of:

- a. Openly reaching out to others across (administrative, political, geographical and sectoral boundaries) that are critical to finding common approaches to resolving metropolitan challenges and opportunities;
- b. Leadership centred on collaboration rather than on command and control, showing respect for and making effective use of the legitimacy of other key players and organisations in different places and roles within the metropolitan area;
- c. Place leaders collaboratively agreeing and holding each other to account in putting the social, economic and social wellbeing of the City and the Region and the health wellbeing and quality of life of citizens at the heart of their discussions, decisions and activities; and
- d. Valuing the expertise and contributions for different communities within the metropolitan area to generate informed decisions.

4. **Place leadership training** – That Ukrainian partners with the CoE prioritise the development and implementation of place leadership training and facilitation of the Metropolitan Association as part of the Programme *"Decentralisation and Local Government Reform in Ukraine"*.

5. **Establishing a culture of trust and collaboration** – That as a consequence of 3 take practical and proactive steps towards building a culture of collaboration and trust centred on working together towards improving the quality of life for citizens living and working within the metropolitan area of Kyiv. Give citizens opportunities to express their complaints about the existing situation and to make suggestions for better public services in order to have democratic pressure on policymakers.
6. **Create a 'National fund for consolidation of the Kyiv Metropole'** – This will give additional resources to implement European best practice in improving the structures and strategic policies (urban planning, information and statistical analysis), to be managed after consultation with the Metropolitan Association, but in doing so, considering the necessity of spending compensation from the State (see page 29 above).
7. **Take practical steps in collaboration through projects** – Make progress towards addressing 3 and 4 above to build trust, by identifying and working collaboratively on projects across organisational and place boundaries. Potential win-win outcomes provide the possibility of improving the quality of life for citizens in the metropolitan area, whilst being open to the possibility that projects may succeed or fail. Working together on shared economic development projects is one possible field of value for building trust.
8. **Break down organisational, spatial and service silos** – Focus on opportunities to break down the present silos and poor community that operate between different units of governance, spatially between places within the metropolitan area and across areas of policy, such as spatial planning, transportation, housing, waste and health.
9. **Statistical data sets** – For the City of Kyiv, Kyiv Oblast and state institutions to collaborate in developing up-to-date and common set of economic, environmental, social and demographic statistical data for Kyiv City and Kyiv Region to enable a shared and informed understanding of the challenges and opportunities facing the metropolitan area.
10. **Spatial plan for the City of Kyiv and Kyiv Oblast** – Give urgent attention to completing and gaining approval to the spatial planning process in both the City of Kyiv and Kyiv Oblast to provide an overriding strategic framework through which transport, economic development, infrastructure, waste management, healthcare and housing policy issues can be planned for and coordinated at a metropolitan level.
11. **Review law on inter-municipal cooperation** – Since inter-municipal cooperation projects are not among the winners of the competition on resources, the law on cooperation should be able to reinforce the provision of (at least initially) time-limited funds exclusively dedicated to inter-municipal cooperation projects and, in particular, to the cooperation between the City of Kyiv and the metropolitan area municipalities belonging to the Kyiv oblast.
12. **Process of metropolitan governance reform** – If the ambition of achieving a modern European model of metropolitan governance is to be realised, recognise that a process of reform to the governance of the metropolitan area of Kyiv would involve addressing the following inter-connected issues on a step by step basis, as reflected in the steps described on page 31 to:
 - a. Address the divided status of the City of Kyiv;
 - b. Address the issue of demarcation of administrative boundaries of the City and neighbouring communities and review existing territorial division of Kyiv Oblast's Rayons in line with the national decentralisation reform;
 - c. Review the territorial organisation of self-governing bodies around Kyiv, particularly to achieve further amalgamation of self-governing bodies and a stronger form of

- inter-municipal cooperation;
- d. Seek reform of the division of competences across the different territorial entities;
- e. Establish a forum to involve the City of Kyiv, Kyiv Region, state institutions and local self-governing bodies to start a process of organising local self-governance on two territorial levels; the municipal and the metropolitan levels;
- f. Envisage the creation of democratic metropolitan governance institutions covering the area of the urban agglomeration with oversight of strategic planning and the management of infrastructure investments; and
- g. As an intermediate stage, consider the potential of establishing a special agency of public enterprise to oversee particular strategic functions e.g. transport planning.

APPENDICES

PEER REVIEW ON DEMOCRATIC GOVERNANCE IN METROPOLITAN AREAS, FOCUSING ON KYIV REGION

15 – 17 May 2019

Council of Europe Programme “Decentralisation and Local Government Reform in Ukraine”²⁸

PROGRAMME

Day 1, 15 May		
<ul style="list-style-type: none"> - Briefing of the peers and experts about the methodology and aims of the review, main themes and national context (by the Programme team and experts) - Working dinner 		
Day 2, 16 May 9.30 – 18.00		
09.30 – 10.30	Meeting with the Kyiv City mayor Vitaliy KLITSCHKO and deputy Head of Kyiv City State Administration Maryna KHONDA - Curtsey	
11.30 – 18.00	Two parallel focus groups on selected topics with the national stakeholders - each group to explore the sectors	
	GROUP I <ul style="list-style-type: none"> - Economic development and urban planning - Transport (Jakob RICHTER, Marco ORLANDO, Paul HILDRETH)	GROUP II <ul style="list-style-type: none"> - Public utilities - Healthcare (Charlotte ADAN, Artur TUSINSKI, Markiyan DACYSHYN)

²⁸ In co-operation with the European Committee on Democracy and Governance (CDDG)

11.30 – 13.00	Meeting with relevant officials/ specialists/heads of Dep/Dir of the Kyiv City State Administration, communal enterprises, service suppliers, etc.) to understand how services are organised in the Kyiv City; how it works, challenges, etc.	Meeting with relevant officials/ specialists/heads of Dep/Dir of the Kyiv City State Administration, communal enterprises, service suppliers, etc.) to understand how services are organised; how it works, challenges, etc.
13.00 – 14.00	Lunch	
	Meeting with representatives of the selected local communities from the Kyiv region (mayors/ deputy mayors of small villages and cities of rayon/regional status) - to understand how services are organised in these communities; how it works, challenges, their vision of possible improvement etc.	Meeting with representatives of the selected local communities from the Kyiv region (mayors/ deputy mayors of small villages and cities of rayon/regional status) - to understand how services are organised in these communities; how it works, challenges, their vision of possible improvement etc.
15.45 – 16.00	Coffee	
	Meeting with representatives of the sectoral ministries, specialists/heads of Dep/Dir: - Ministry of economic development - Ministry of regional development (regional and spatial development wing) - Ministry of infrastructure (transport) - Ministry of finance	Meeting with representatives of the sectoral ministries, specialists/heads of Dep/Dir: - Ministry of regional development (public utilities wing) - Ministry of healthcare - Ministry of ecology and natural resources
17.30 – 18.00	Conclusion of the Day 1	
Day 3, 17 May 9.00 – 17.00		
09.00 – 10.45	Meeting with the national experts on local self-government, regional development and spatial planning	
10.45 – 11.00	Coffee	
11.00 – 12.30	Meeting with representatives of selected district and regional authorities	
12.30 – 13.30	Lunch	
13.30 – 15.00	Meeting with key business (or other economic development) representatives/stakeholders	
15.00 – 15.45	Debriefing	
16.00 – 17.00	Feed-back and draft recommendations of the peers (in camera, to the Kyiv City)	
Day 4, 18 May Check out, departure from Kyiv		

LIST OF PARTICIPANTS

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Peer Review Report

Democratic governance in metropolitan areas, focusing on Kyiv Region

*The present report was prepared in the framework of
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in co-operation with
the European Committee on Democracy and Governance (CDDG)*

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