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**DIRECTORATE OF DEMOCRATIC
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**National Strategy of Decentralisation
and Local Self-Government Reform in Ukraine
2010-2013**

The present policy advice document was prepared by the Directorate of Democratic Institutions, Directorate General of Democracy and Political Affairs in co-operation with the Working Group of Experts of the CoE Programme to Strengthen Local Democracy in Ukraine, and Prof Gérard Marcou, University Paris 1 Panthéon-Sorbonne, Director of GRALE, France.

Introduction

The creation of modern, democratic and efficient local self-government (LSG) system requires a constant political will and a strategic vision. The Council of Europe's Recommendation (2004) 12 and the 2009 Explanatory Note on how to prepare national work programmes for major LSG reforms would be useful to consider when designing the National Strategy.

The present document is a policy advice prepared as a result of the National Expert Round Table (27 April 2010, Kyiv) on the basis of methodological recommendations of the Council of Europe. It also takes into account the ordinances of the Cabinet of Ministers of Ukraine of 23 September 2009 No. 1134-p, of 29 July 2009 No. 900, of 2 December 2009 No. № 1456-p, the Law of Ukraine "On the State Programme for Reform and Development of the Housing and the Municipal Economy for 2009-2014", and the Presidential Programme of Economic Reforms for 2010-2014, "Prosperous society, competitive economy, efficient state."

The Strategy defines main directions of the LSG and decentralisation reform for the years of 2010 – 2013. Its aim is to define the medium-term vision of the reform to ensure establishment of effective local governance system meeting requirements of the European Charter of Local Self-government. The policy directions defined by the document cover the following areas:

- Institutional Reform of local self-governance;
- Administrative-territorial reform;
- Decentralisation and delegation of powers;
- Fiscal decentralisation;
- State supervision over the work of local self-governing entities;
- Municipal public service reform;
- Incorporation of LSG reform into a larger public administration reform;
- Local infrastructure and communal services;
- Inter-municipal and trans-border cooperation;
- Citizen participation, raising awareness and support for LSG.

It should be noted that in the framework of the CoE-Ukraine Action Plan, and in particular, of the CoE Programme to Strengthen Local Democracy in Ukraine (2010-2012), the CoE assistance, policy advice, and legal expertise is available on every piece of legislation that needs to be drafted or revised.

NATIONAL STRATEGY (ROADMAP) OF DECENTRALISATION AND LOCAL SELF- GOVERNMENT REFORM IN UKRAINE

I. MEDIUM-TERM PRIORITIES OF THE GOVERNMENT

<p>PRIORITY 1 Strengthen local and regional democracy Lead authorities: Ministry of Regional Development and Construction of Ukraine, Council of Regions under the President of Ukraine, State Foundation for Local Self-Government in Ukraine</p>
<p>PRIORITY 2 Provide resources adequate to the level of responsibilities performed by local authorities at every level (hromada, rayon, oblast) Lead authorities: Ministry of Finance of Ukraine, Ministry of Regional Development and Construction of Ukraine, Committee on Economic reforms under the President of Ukraine.</p>
<p>PRIORITY 3 Upgrade (improve) territorial organisation of Ukraine on the basis of three tiers of local government Lead authorities: Ministry of Regional Development and Construction of Ukraine, Council of Regions under the President of Ukraine</p>
<p>PRIORITY 4 Improve the capacity of the local government institutions and administration Lead authorities: Ministry of Regional Development and Construction of Ukraine, Ministry of Housing and Municipal Economy of Ukraine, State Foundation for Local Self-Government in Ukraine</p>
<p>PRIORITY 5 Increase efficiency in the delivery of public services to the population Lead authorities: Ministry of Regional Development and Construction of Ukraine, Ministry of Housing and Municipal Economy of Ukraine.</p>

II. ACTION PLAN

Priorities	Improvement targets	Measures and activities	Time table	Remarks
1. Strengthen local and regional democracy	1. Separate local State administration and executive functions of district and regional councils	Prepare constitutional amendments to be included in the on-going constitutional review, or as a separate draft law; Prepare a draft Law on the Local State Administrations	October 2010	The 2010 CoE Report on compliance of the Ukrainian legislation with the European Charter of Local self-Government is available
	2. Improve the electoral system for local elections in order to establish closer relations between voters and local elected representatives as well as to ensure the codification of the Ukrainian legislation on the organisation of the elections	Prepare a revised version of the draft Election Code (local elections part);	October 2010	The 2010 CoE appraisal of the draft Election Code (local elections part) is available. The CoE was not consulted on the preparation of the new law on local elections which was adopted by the Parliament in July 2010
	3. Improve the information to citizens and the instruments for citizen participation; support citizens' commitment in local public affairs	Take stock of the following instruments of the Council of Europe in order to prepare detailed measures for their implementation: <ul style="list-style-type: none"> - Ratify the additional protocol to the Charter of Local Self-Government - CLEAR: diagnostic of citizen participation - Utrecht resolution on transparency: implement principles of good administration and on the information of citizens - Charter on the participation of young 	September - December 2010	

		people to local and regional public life - Organize the week of local democracy - Consider the ratification by Ukraine of the European Convention on the participation of foreigners in public life at local level	October 2010	
	4. Increase the participation of local councils and of citizens in the preparation of local budgets	Create the mechanism for monitoring implementation of the new Budget Code which was adopted by the Parliament in July 2010		CoE expertise is available and can be requested to revise and improve the local budgets' provisions of the Budget Code

2. Provide resources adequate to the level of responsibilities performed by local authorities at every level (hromada, rayon, oblast)	1. Transfer local power to municipal, district and regional council	Prepare proposals and recommendations to the new Tax Code on tax revenues of local authorities	September 2010	Current draft Tax Code needs to be improved: the profit tax is inadequate as a source of local tax revenue; it is necessary to establish the property tax as a true local tax and for this purpose the tax basis has to be enlarged and the cadastre completed; the land tax has to be based on land values. CoE expertise is available. The new Budget Code was adopted in July 2010. It has to be revised: increasing the part of local tax yield in local government revenues makes it impossible to keep
	2. Improve the system of inter-budgetary transfers to make it adequate with the evolution of local government expenditure	Prepare amendments to the Budget Code which was adopted by the Parliament in July 2010	October 2010	

	<p>3. Organise the monitoring of the local finance system, in order to ensure the adjustment of resources to the tasks and to support the territorial reform</p> <p>4. Make municipal property an economic basis for the development of the territory and ensure the public interest in the use of public properties</p>	<p>Improve the monitoring of local government expenditure through auditing and the control of the National Treasury on local public accountants</p> <p>Take stock of the instruments of the Council of Europe on local finance diagnostic and indicators</p> <p>Prepare a new law on municipal property; coordinate this draft with the Budget Code (for rents, users fees, capital incomes), the Law on concession agreements and the Planning Law</p>	<p>October 2010</p> <p>October 2010</p>	<p>the existing separation between resources of the 1st and the 2nd basket. Equalisation system has to be improved. Adopted in the amended Budget Code. Nevertheless, it should be improved: control of accountants does not amount to a supervision of local expenditure CoE assistance and expertise is available.</p>
<p>3. Upgrade (improve) territorial organisation of Ukraine on the basis of three tiers of local government</p>	<p>1. Prepare new enlarged hromadas (enabled to implement the main competences themselves) as basic administrative territorial units (ATU).</p>	<p>Cooperate with national associations of local and regional authorities on all levels in order to prepare the administrative and territorial reform implementation.</p> <p>Organise consultations with local elected officials, mayors, other representatives of the local population as stakeholders in the local life</p> <p>Organise methodological support for voluntary mergers into new hromadas; offer</p>	<p>During 2010</p>	<p>The Council of Europe has already provided (following the request of the Ministry of Regional Development and Construction of Ukraine) an appraisal of a concept paper and of a first draft law on the administrative territorial reform in Ukraine (2009)</p>

	<p>2. Ensure the creation of the new enlarged districts (rayons)</p>	<p>the alternative possibility of inter-municipal cooperation, for example in a wider area, and with obligatory delegation of tasks and resources to the inter-municipal level</p> <p>Take stock of the instruments of the Council of Europe on inter-municipal cooperation</p> <p>Link the territorial reform with a development plan making clear the benefits of the reform at local level, with increased financial support (see foreign experiences)</p> <p>In drawing up specifications for the ATU centre care should be taken to concentrate services and administrative services and a municipal authority has to be maintained locally</p> <p>Prepare a new draft law on local self-government based on the unified concept of a basic administrative territorial unit</p> <p>Cooperate with national associations of local and regional authorities on all levels in order to prepare the creation of the new rayons.</p> <p>Organise consultations with local elected</p>	<p>December 2010</p> <p>November 2010</p> <p>December 2010</p> <p>December 2010</p> <p>2011</p> <p>2011</p>	<p>Need to set up national platform of stakeholders and to ensure the preparation and further implementation of the National plan on IMC.</p> <p>Need to analyse the state of the implementation of the Law “On General Scheme of the Development and Spatial Planning of Ukraine” and draw up recommendations on this point.</p> <p>The CoE has already received the request from the Ministry of RDCU on the preparation of the new version of the basic law on LSG</p>
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	<p>3. Reconsider the distribution of tasks among the various levels of local government in order to favour an increased decentralisation of tasks on the new municipal level, and taking into account that district and regional councils remain representative of joint interests of municipalities, according to the Constitution of Ukraine</p>	<p>officials, mayors, other representatives of the local population as stakeholders in the local life</p> <p>The new design of the districts can be discussed jointly with the municipal reform</p> <p>Check possible adjustments with regional territories in order to take into account the municipal reform</p> <p>Check sector by sector the tasks that could be devolved upon stronger municipalities, instead of the district</p> <p>Check sector by sector the tasks that could be devolved upon the district councils, from the State and regional levels</p> <p>Organise consultations with the professional sector concerned</p> <p>Estimate the capacities and resources needed for such transfer of tasks</p> <p>Establish a time plan to organise the transfers in good conditions (possibly over several years)</p> <p>Prepare a draft law on the transfer of tasks to the municipal level and to the district and regional councils</p>	<p>2011</p> <p>2011</p> <p>2011</p> <p>2010-2011</p> <p>2010-2011</p> <p>2011</p> <p>2011</p> <p>January 2011</p>	<p>All-Ukrainian Municipal Hearings represent an excellent platform for the consultations</p> <p>The preliminary analysis should be prepared and agreed by the relevant authorities.</p> <p>Ukraine has already</p>
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	4. Support the development of cross-border cooperation on all borders of Ukraine, in order to benefit from the mutualisation of services in border areas; this shall include municipalities, district and regional councils	<p>Take stock of the instruments of the Council of Europe on the subject and consider preparing implementation measures:</p> <ul style="list-style-type: none"> - CEMAT/ Council of Europe Guiding on Sustainable Spatial Development of the European continent <p>Carry out the Work Plan to implement the Memorandum of Understanding between the Ministry of Regional Development and European Commission in the field of regional policy issues.</p> <p>Prepare the ratification by Ukraine of the third additional protocol to the European Convention on Transborder Cooperation</p> <p>Devise new (innovative) forms (tools) for developing transborder cooperation and ensure their further implementation</p>	<p>2010-2012</p> <p>2010-2012</p> <p>December 2010</p> <p>December 2010</p>	<p>identified the pilot regions for promoting CEMAT/ Council of Europe Guidelines (in particular, Chernguiv oblast, Tisza river area)</p> <p>MOU was signed in July 2009</p> <p>This new legal instrument of the CoE was opened for ratification in November 2009</p> <p>Draft National report which should be prepared by December 2010 should contain the recommendations for promoting new forms of transborder cooperation.</p>
4. Improve the capacity of the local government institutions and administration	1. Improve the organisation and functioning of municipal, district and regional councils	Prepare a new law on local self-government: this law should clarify the rights and duties of the mayor and of the councillors, and to establish elected executive bodies of the district and regional councils; this includes the organisation of State supervision on local self-government bodies and their decisions or	December 2010	The CoE has already received the request from the Ministry of RDCU on the preparation of the new version of the basic law on LSG

		regulations		
	2. Improve the organisation and capacities of the local government service	Set up the new system of training and retraining of local servants and elected representatives	2010	The new State Concept of Training and Retraining of local servants and elected representatives was adopted by the Government of Ukraine in 2009
		Establish an electronic register of local government employees, according to level and specialisation, making possible a monitoring of the staff	2011	
		Raise the classification level of local government employees according to the needs of the local government administration at all levels	2011	
		Improve and streamline the recruitment of the local government service, on the basis of merits and transparent procedures, in order to attract best candidates	2011	
	3. Prepare and train public servants to the new context that will result from the reform	Organise a training system of municipal employees before and after their integration in the local government service to raise them at the level of responsibility of local government bodies	2011	This component should be implemented in coordination with other components of the decentralisation reform. The separate action plan should be drawn up.
		Organise the training of the State civil servants at the regional and district levels in relation to changes in their tasks during and after the reform , and in relation to the likely	2011	This component should be implemented in coordination with other components of the decentralisation reform.

	4. Raise the level of public ethics in local government institutions and State administration.	transfer of a number of them under the authority of the district council Prepare and implement measures derived from the toolkits of the Council of Europe on initiative models to increase and set standards of public ethics in local government.	October 2010	The separate action plan should be drawn up
5. Increase efficiency in the delivery of public services to the population	1. Improve the allocation of tasks among the various government levels 2. Determine clear responsibilities and increase accountability 3. Facilitate the choice of the best organisation and management solution for service delivery with consideration given to the technical, economical and social constraints of the service	Prepare the draft law on transferring tasks to municipalities, and when exceeding their capacities to district councils Improve distribution of tasks between the political executive and the chief executives: check provisions in the draft law on local self-government Monitor the implementation of competitive procedures for contracting out Improve supervision on contractors Develop the capacity to compare the constraints and advantages of the various delivery solutions Improve the management of public enterprises and of budgetary establishments; pass the law on corporatisation of municipal enterprises	December 2010 2011 2011 2011 2011	The CoE has already received the request from the Ministry of RDCU on the preparation of the new version of the basic law on LSG OECD Territorial Review could be used as an important tool

	<p>3. Support innovation in the performance of tasks</p>	<p>Support projects to develop electronic administration for management and for contact with citizens (information, simplification of procedures...), taking care to maintain accessibility for all citizens, as well as personal contact</p> <p>Ensure the implementation of the European Strategy for Innovation and Good Governance at Local Level and its 12 principles</p> <p>Prepare an adapted Ukrainian Handbook on Performance Management at Local Level</p>	<p>2011</p> <p>2010-2011</p> <p>February 2011</p>	<p>Some Ukrainian cities are going to develop e-governance tools for the improvement of the municipal management.</p> <p>Ukraine expressed the readiness to be come a pilot country for the implementation of the Strategy. The national working plan on the Strategy implementation was prepared and approved by the Ministry of RDCU in 2009.</p> <p>CoE has already prepared European Handbook on Performance Management at Local Level which should be adapted to the Ukrainian practice</p>
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