



Ministry for Communities and
Territories Development of Ukraine

STATE OF PLAY IN THE LSG AREA IN UKRAINE AND THE CURRENT NEEDS

Viacheslav NEHODA
Deputy Minister

PREREQUISITES FOR DECENTRALIZATION REFORM AS OF JANUARY 1, 2014



Ministry for Communities and Territories Development of Ukraine

IMPERFECT ADMINISTRATIVE AND TERRITORIAL STRUCTURE

Territorial structure was formed in the middle of the last century

❑ **Regional level:**

Autonomous Republic of Crimea, 24 regions, Kyiv City, Sevastopol City

❑ **Sub-regional level:**

490 districts, 178 cities of oblast significance

❑ **Basic level:**

11512 village, settlement, city (cities of district significance) communities, most of them are small

29 716 populated localities:

- 459 - cities
- 2050 - settlements
- 27207 - villages

LOCAL AUTHORITIES WITH LIMITED AUTONOMY

Limited rights of citizens to participate in local affairs

❑ **Regional level:**

Regional councils with no executive bodies

❑ **Sub-regional level:**

District councils with no executive bodies

❑ **Basic level:**

- Only 178 cities with administrative and fiscal autonomy
- 11512 communities subordinated to district councils and district state administrations
- The principle of ubiquity of local self-government not been implemented

INCAPABLE LOCAL AUTHORITIES

- ❑ **The vast majority of communities** were small in number of inhabitants
- ❑ **Not all local authorities'** competences had secured financial resources
- ❑ **Low share (5.1%) of local budgets'** own revenues in the GDP
- ❑ **Social, cultural and transport infrastructure** developed insufficiently at communities' level
- ❑ **Low level of availability and quality of public services**

LAUNCH - GOAL - STAGES - RESULTS OF 2014-2021



Ministry for Communities and
Territories Development of Ukraine

April 1, 2014

The Government approved the Concept of the Reform of Local Self-Government and Territorial Organization of Power in Ukraine

THE GOAL:

To establish effective and capable local self-government and territorial organization of power capable to provide high quality and accessible services to residents and serve the interests of people in all spheres of life

Reform stages and results:

1

2014-2019

- voluntary amalgamation of communities
- fiscal decentralization
- decentralisation of powers

2

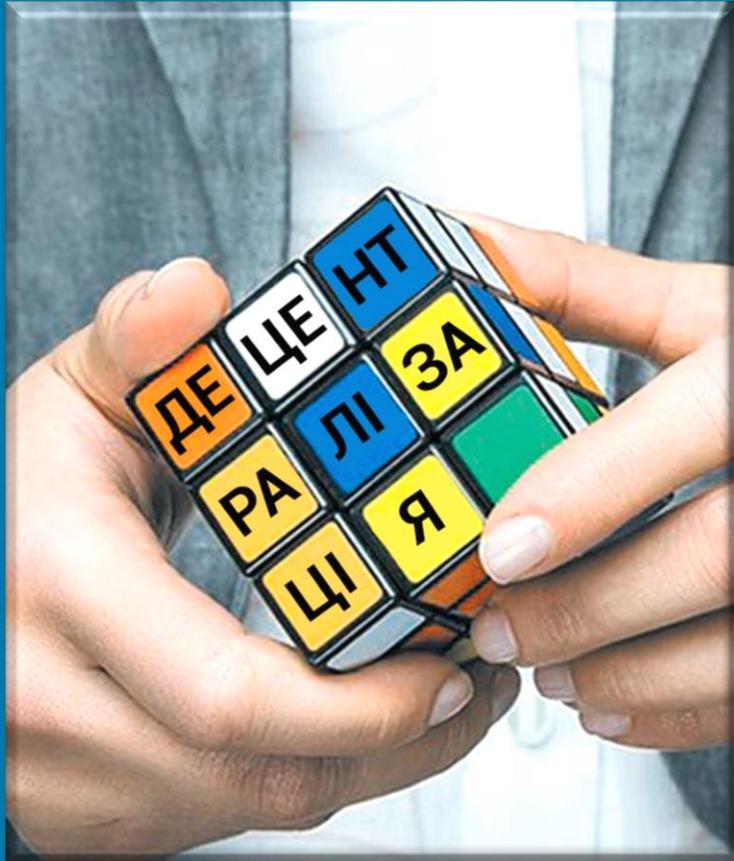
2020 – 2021

- establishment of new administrative and territorial structure of Ukraine is completed

DECENTRALISATION OF POWERS



Ministry for Communities and
Territories Development of Ukraine



Competences transferred to local authorities in the following areas:

- education
- health care
- social services
- administrative services
- urban development, architectural and construction supervision
- maintenance of local roads
- start of transfer of state-owned lands

NEW ADMINISTRATIVE AND TERRITORIAL STRUCTURE BASIC LEVEL



Ministry for Communities and
Territories Development of Ukraine



1470

communities approved by
the Governmental
decision



11520



communities

IN THE PAST

October 25, 2020 local elections were
called on a new territorial basis
in 1420 newly established communities



1470

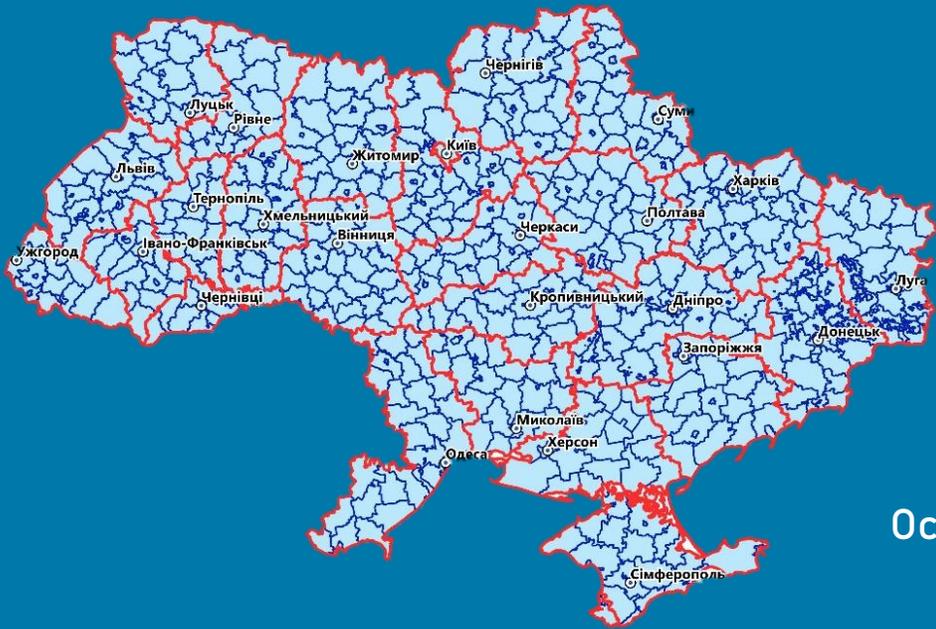
communities

NOW

NEW ADMINISTRATIVE AND TERRITORIAL STRUCTURE SUB-REGIONAL LEVEL



Ministry for Communities and Territories Development of Ukraine



490 districts

➤ 6,000-180,000 residents

IN THE PAST



136 districts created by the decision of the Parliament

October 25, 2020 local elections to **119** newly established district councils were held



136 districts

➤ 150,000 residents. EU NUTS 3 standard. Out of them 36 districts with population below 150,000 residents

NOW

STRENGTHENING FISCAL AUTONOMY AND CAPACITY OF LOCAL SELF-GOVERNMENT



Ministry for Communities and Territories Development of Ukraine

➤ Fiscal autonomy of communities

1438

Communities from January 1, 2021 received funds directly from the state budget

➤ Formation of communities' infrastructure

23 530

educational, cultural, health care and other facilities transferred from district level to communities



➤ Strengthening communities' material basis

1329

Communities received from the state property to communal one

2306,44 thousand hectares of agricultural lands

➤ State financial support for development of communities and infrastructure for 2021

81,8 billion UAH, including:

49,6 – roads infrastructure

15,5 – regional development projects

4,5 – rural territories development

4,1 – education

3,5 – health care

0,3 – culture

0,8 – sport's infrastructure

1,5 – transport infrastructure

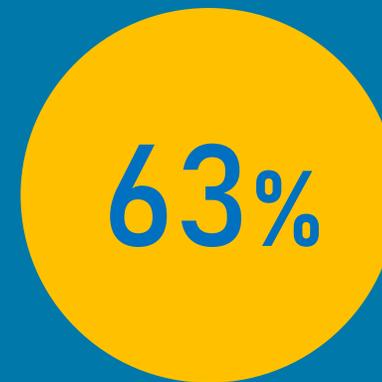
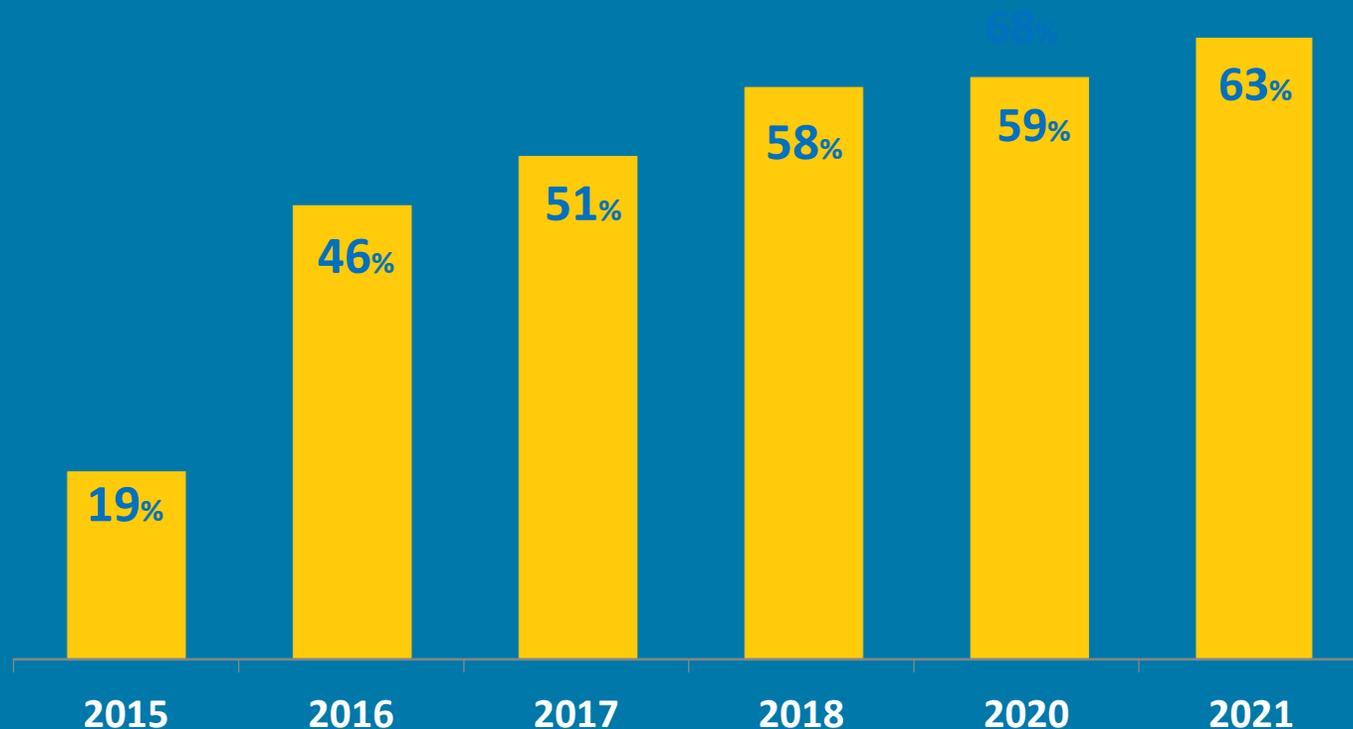
1,7 – infrastructure in the area of social protection

0,3 – other areas of territories' development

SUPPORT FOR THE REFORM FINDINGS OF OPINION POLLS



Ministry for Communities and
Territories Development of Ukraine



of Ukraine's population believe
the local self-government reform is
necessary

As of December 2021

83% of residents of Ukraine, among
those who are aware of the
decentralisation reform, believe that the
reform is needed

Survey commissioned by the Council of Europe in Ukraine

INTERNATIONAL RECOGNITION OF THE RESULTS OF THE REFORM



Ministry for Communities and
Territories Development of Ukraine



On February 11, 2021, the European Parliament recognised the decentralisation as one of the most successful reforms in Ukraine

« *The European Parliament welcomes the achievements of the reform on decentralisation and the empowerment of municipalities, which has proven to be one of the most successful reforms so far...; assesses positively the steps taken so far with a view to decentralising public authority and public finances through a package of legal acts and their practical implementation; calls on the Commission to study the details of the decentralisation reform closely and to potentially use it as a successful case study for other countries*



INTERNATIONAL RECOGNITION OF THE RESULTS OF THE REFORM



Ministry for Communities and Territories Development of Ukraine

June 9, 2021 G7 Ambassadors called for legislative and constitutional changes to make decentralization in Ukraine inevitable



G7 AMBASSADORS' SUPPORT GROUP FOR UKRAINE

STATEMENT

G7 Ambassadors follow closely the implementation of decentralisation in Ukraine, a reform process which G7 members continue to support practically and financially. Ambassadors welcome the proposed amendments to the Constitution of Ukraine relating to decentralisation, as a positive basis for consultation on the final version.

In particular, Ambassadors welcome the efforts made to align the new text with the European Charter of Local Self-Government, including on safeguarding the role of municipalities, providing adequate funding for delivering their responsibilities, defining their rights and powers, and introducing a structured system of supervision.

G7 Ambassadors take this opportunity to reiterate their position that, in line with European best practice, and in order to harness the full potential of decentralisation and reduce opportunities for corruption, municipalities should be granted the status of legal entities.

Ambassadors further suggest that the issue of “double subordination” of the Prefect to both the Cabinet of Ministers and the President needs to be considered carefully. Given the administrative nature of the tasks carried out by municipalities, we support the Council of Europe recommendation, from its 2020 opinion, that the Prefect be accountable only to the Cabinet of Ministers.

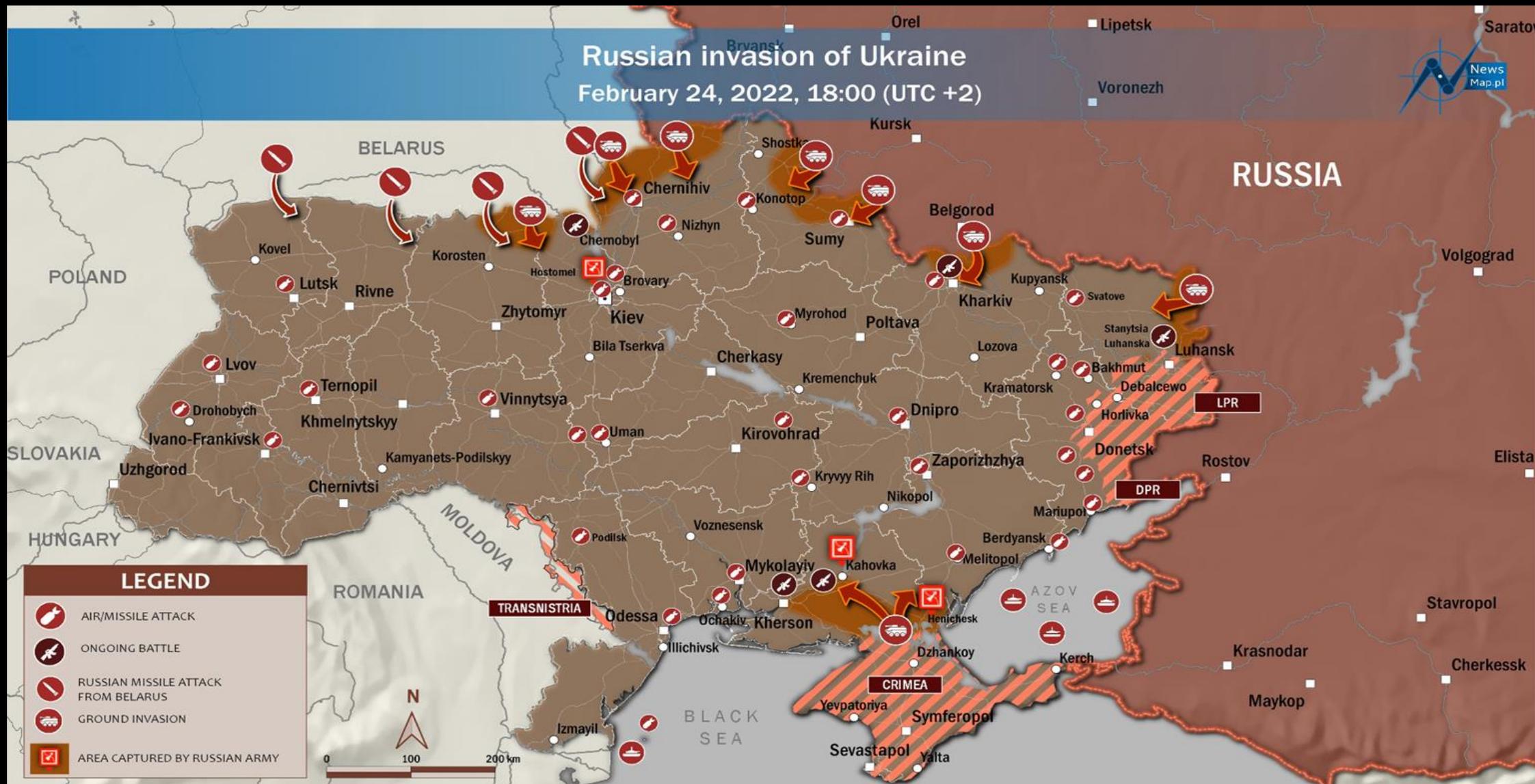
We encourage the central government, all political parties, local government associations, civil society and other stakeholders to engage constructively in consultations on the basis of the latest submitted text.



FEBRUARY 24, 2022 FULL-SCALE INVASION OF RUSSIA



Ministry for Communities and Territories Development of Ukraine

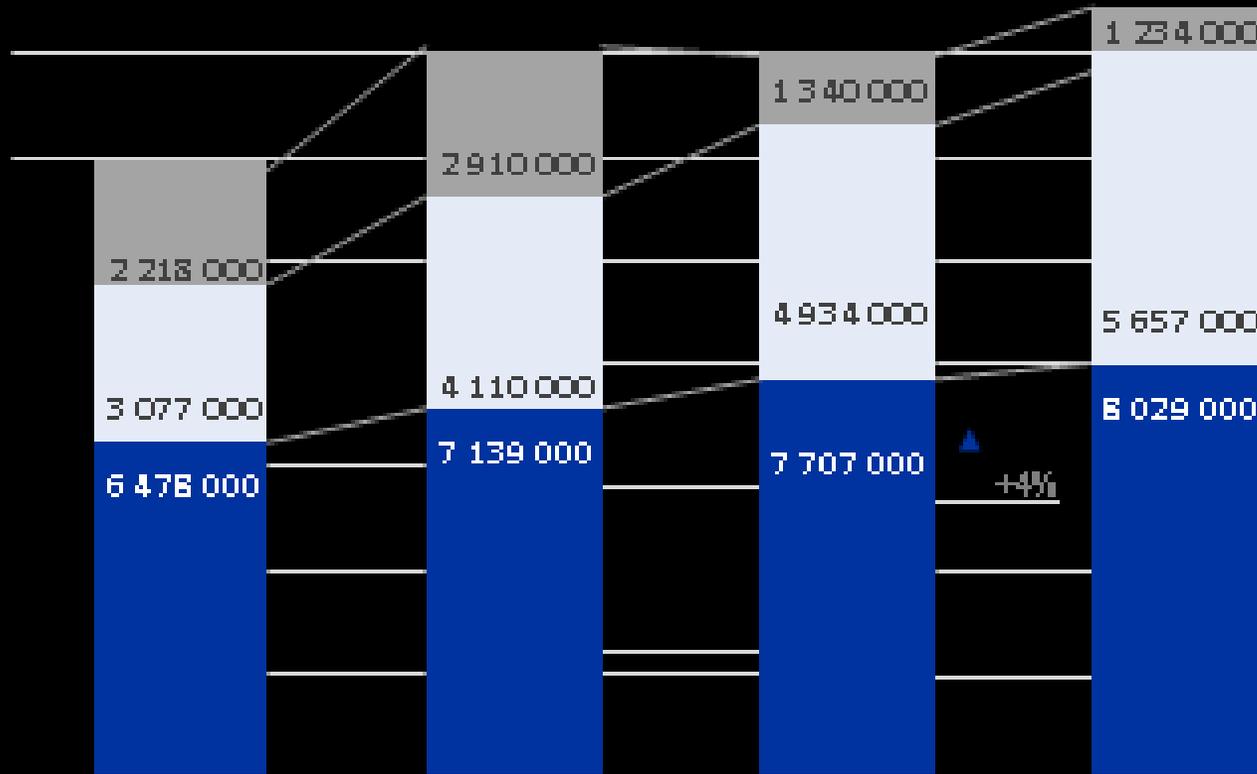


INTERNALLY DISPLACED PERSONS AND REFUGEES



Ministry for Communities and Territories Development of Ukraine

13,686,000 - TOTAL OF DISPLACED PERSONS (*IDPs + refugees leaving the country*)



ACTIVELY CONSIDERING DEPARTURE FROM THE PLACE OF USUAL RESIDENCE AS A RESULT OF WAR (only among non-displaced persons)

REFUGEES LEAVING UKRAINE (excluding returns to Ukraine from abroad)

8 029 000 - ESTIMATION OF THE NUMBER OF INTERNALLY DISPLACED PERSONS WITHIN UKRAINE (AS OF MAY 3, 2022)

16 березня 2022 р. 1 квітня 2022 р. 17 квітня 2022 р. 3 травня 2022 р.

FUNCTIONING UNDER CONDITIONS OF MARTIAL LAW



Ministry for Communities and
Territories Development of Ukraine

TRANSFORMATION OF LOCAL STATE ADMINISTRATIONS, EXPANSION OF POWERS OF LOCAL GOVERNMENT BODIES:

- Changes in the legislation on the activities of the authorities in martial law
- Amendments to budget legislation to strengthen the financial capacity of communities
- Addressing the issue of subsidies to communities affected by hostilities

COMMUNICATION OF PROBLEMS AND NEEDS OF UKRAINIAN COMMUNITIES

- Establishment of an online Platform for providing consultations for representatives of local self-government bodies, including on budgetary and financial activities in martial law
- Conducting interviews with the heads of communities where hostilities took place
- International Marathon of Local Self-Government (more than 1,000 municipalities from 35 countries involved)
- Direct broadcasts of community leaders on international TV and radio channels: Austria, Great Britain, Germany, France, Turkey, Norway, India, Italy and others (~ 20 inclusions)
- Organization of press conferences of community leaders from the territories where the hostilities took place for the international media (about 100 foreign media and 200 accredited journalists)

INVOLVEMENT OF ITA PROJECTS WORKING IN THE FIELD OF DECENTRALIZATION

- Clarification of legislative changes for local self-government
- Organization for Humanitarian Support of Communities (U-LEAD)
- Involvement of IDPs in forced work in Community Centers, where the population has increased dramatically due to IDPs (PROSTO project)



RECONSTRUCTION AFTER THE WAR



Ministry for Communities and
Territories Development of Ukraine

I. RESUMPTION OF TERRITORIAL AUTHORITIES (LPA, LSG Bodies, TB CEB)

II. FOR THE TRANSITIONAL PERIOD, BEFORE AMENDING THE CONSTITUTION OF UKRAINE: - *within six months after the cessation of martial law*

2.1. OVERVIEW OF THE ADMINISTRATIVE-TERRITORIAL STRUCTURE (communities, districts - taking into account the consequences of the war)

2.2. ADOPTION OF A NEW EDITION OF THE LAW ON LPA – *bill strengthens local public administrations, brings them closer to prefectures*

2.3. ADOPTION OF LAWS ON DISTRIBUTION OF POWERS OF LOCAL GOVERNMENT AND EXECUTIVE AUTHORITIES:

- Draft Law on Amendments to the Law of Ukraine “On Local Self-Government in Ukraine” on the Distribution of Powers of Local Self-Government Bodies in Connection with a Change in the Administrative-Territorial Structure
- Draft Law on Amendments to 28 Sectoral Legislative Acts on Decentralization of Powers of Local Self-Government Bodies and Executive Bodies, In particular in the Fields of Education, Health Care, Social Protection, Culture, Sports, Youth Policy, Civil Protection, etc.

III. ADOPTION OF AMENDMENTS TO THE CONSTITUTION OF UKRAINE

KEY CHANGES:

- *consolidation of the new system of administrative-territorial structure of Ukraine*
- *guaranteeing the material and financial basis of local self-government*
- *establishment of executive bodies at all levels of local government*
- *introduction of the prefect's institute*
- *consolidation of administrative supervision*



IMPLEMENTATION OF THE "MARSHALL PLAN"



Ministry for Communities and
Territories Development of Ukraine

TRANSFORMATION OF THE SYSTEM OF TERRITORIAL ORGANIZATION OF POWER IN ACCORDANCE WITH THE ADOPTED CHANGES TO THE CONSTITUTION:

- ❑ Adoption of a new version of the Law on Local Self-Government in Ukraine (version of the Municipal Code), which will define the new system of local self-government, delimit the powers of local self-government bodies and executive bodies on the principle of subsidiarity, the ability of local governments to provide quality and affordable public services to residents, strengthened forms of participation of residents in addressing issues of local importance (local referendum, etc.)
- ❑ Introduction of the institution of a prefect and an effective balanced mechanism for ensuring legality (administrative supervision)
- ❑ Amendments to the Budget and Tax Codes in order to finance the new powers of local self-government
- ❑ Holding local elections (*regular ones in 2025 or in another term determined by amendments to the Constitution*)

