

DECENTRALIZATION IN UKRAINE

This monthly newsletter is a brief overview of Ukrainian authorities' work on implementation of Reform #1 in Ukraine

AUGUST 2017



Budgets of the Amalgamated Communities Continue to be Growing

For the seven months of 2017, the 207 amalgamated communities which were established in 2016 and, therefore, transferred to direct inter-budgetary relations with the state budget only in this year have received three times more own resources. Prior to the amalgamation, that is, over the period from January to July 2016, that indicator totalled UAH 900 million, today it totals UAH 2.5 billion.

The 159 amalgamated communities which have been operating under the new budgetary and financial conditions for two years have increased the earned revenues by 38% (+ UAH 612 million). This indicator is higher than average in Ukraine (32%).

Consequently, the earned revenues of local budgets of the 366 amalgamated territorial communities have increased, in general, by almost twice and totalled UAH 4.7 billion (+ UAH 2.2 billion).

Inclusive of inter-budget transfers from the state budget, the revenues of the general fund of local budgets of the 366 amalgamated territorial communities totalled UAH 10.8 billion.

SOURCE: [DECENTRALIZATION OF POWER WEB-SITE](#)

The Central Election Commission Called the First Elections in 202 Amalgamated Communities to be Held on 29 October 2017

On 18 August 2017, the Central Election Commission called the first elections in 202 amalgamated communities of all Oblasts of Ukraine, without any exception, which elections are scheduled on 29 October this year.

The Commission has declared that the election process in those communities commences on 9 September.

Hence, in total, there already will be 615 amalgamated communities in Ukraine by the end of October. This number is not final so far, since the Central Election Commission may call elections in the communities that failed to get prepared for 29 October on any Sunday in December, save for the last one.

SOURCE: [DECENTRALIZATION OF POWER WEB-SITE](#)

The Government Support to Regions has Increased Thirtyfold

On 2 August 2017, there were published amendments to the State Budget of Ukraine for 2017.

The amounts of government financial support for the development of communities and local infrastructure have substantially increased. The aggregate amount of that support totals approximately UAH 15 billion:

- UAH 5.0 billion - the government grant for social and economic development;
- UAH 270 million - the funds for the construction of football fields with artificial turf in the regions of Ukraine;
- UAH 4.0 billion - the government grant from the state budget to local budgets for the implementation of measures aimed at the development of the health care system in rural areas;
- UAH 3.5 billion - the State Fund for Regional Development;
- UAH 1.5 billion - the government grant for the formation of infrastructure in the amalgamated territorial communities.

In addition, UAH 650 million is appropriated for the regional development projects to be implemented in 2017 for the account of funds of the state budget received from the EU under the Agreement on Financing the Sector Policy Support Programme - Support to Ukraine's Regional Policy.

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The Earned Revenues of Local Budgets are Increasing

For the seven months of 2017, UAH 102.8 billion was paid to the general fund of local budgets, which amount totals 63.3% of the planned annual targets approved by local councils.

The addition of revenues, in comparison with the same period of the previous year, totalled 32% or UAH 24.9 billion.

Experts call the financial decentralisation as the major factor for increased revenues of local budgets.

SOURCE: [DECENTRALIZATION OF POWER WEB-SITE](#)

The Amalgamated Communities Already Have 1219 Infrastructure Projects which will be Implemented This Year for the Account of a Government Grant

As of 31 August 2017, the Commission at the Ministry of Regional Development approved 320 applications for infrastructure development projects in the ATCs, in the total amount of approximately UAH 1 billion. Those projects will be implemented by the end of the current year for the account of the respective government grant.

In general, the State Budget for 2017 provides for a government grant in the amount of UAH 1.5 billion for the development of infrastructure in the ATCs. Those funds have been distributed among the 366 amalgamated communities established in 2015-2016.

SOURCE: [DECENTRALIZATION OF POWER WEB-SITE](#)

The Allocation of Funds of the State Fund for Regional Development is Actually Completed

As of 31 August, the Ministry of Regional Development approved 797 projects that will be co-financed from the State Fund for Regional Development, in the total amount of UAH 3.46 billion. Consequently, almost 99% of the funds of the State Fund for Regional Development allocated for 2017 have been distributed.

The total amount of financing of the State Fund for Regional Development for 2017 is UAH 3.5 billion.

SOURCE: [DECENTRALIZATION OF POWER WEB-SITE](#)

The Ministry of Regional Development has Presented the Monitoring of the Decentralisation Process

On 17 August 2017, the Ministry of Regional Development presented the monitoring of the decentralisation process in Ukraine.

As shown by the monitoring, the formation of the basic level of local self-government, that is, the amalgamated communities, as well as the substantial growth of local budgets has become an unquestionable success of the reform: from UAH 68.6 billion in 2014 up to UAH 170.7 billion anticipated in 2017.

In addition to the achievements in the reform, the government's monitoring allows determining its weak points, seeing what support and which areas of work are required to be improved by the bodies of local self-government and local state administrations.

"By analyzing the information provided by ministries and local state administrations, the Government is in a position to opportunely respond to any problems and facilitate the solution of any complex issues when an intervention on our part is required. We also monitor the progress of sectoral changes - in the area of education, health care, provision of public services, town development - and, based on those data, we can be engaged in a meaningful dialogue with the relevant bodies of executive power", Vice Prime Minister - Minister of Regional Development, Construction, and Housing and Communal Services of Ukraine Hennadii Zubko.

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German Envoy for Decentralisation will Work in Ukraine

Former Prime Minister of Saxony Georg Milbradt became a special envoy of the Government of Germany for the Ukrainian reform in the areas of governance and decentralisation.

He was appointed to that office at the invitation of the President of Ukraine Petro Poroshenko addressed to all G7 member states.

The Government of Germany approved Mr. Milbradt's mandate for one year.

Georg Milbradt is a Doctor of Economics; he headed the Government of Saxony from 2002 to 2008.

SOURCE: [DECENTRALIZATION OF POWER WEB-SITE](#)

Experts on Local Finance Begin to Work in Regions

In August, regional experts on local finance completed their training in Kyiv. Their functions will include giving advisory opinions and providing practical assistance to the amalgamated territorial communities on the matters of budget preparation and its fulfilment, carrying out an analysis and calculations of financial capacity of prospective communities intending to amalgamate with or accede to the already existing communities.

The experts on local finance will work at the regional Centres of Local Self-Government Development, that are opened in all regions with the assistance of the U-LEAD with Europe Programme.

SOURCE: [DECENTRALIZATION OF POWER WEB-SITE](#)

The Ministry of Regional Development Presented a Draft Law on the Broadening of Powers of Amalgamated Communities in the Area of Land Relations

On 15 August 2017, the Ministry of Regional Development presented a draft law on the broadening of powers of amalgamated communities in the area of land relations.

The Draft Law provides in general that all land matters, both within and outside the boundaries of settlements, in the amalgamated territorial communities shall be resolved subject to a decision of or approval by the council of the ATC.

The Draft Law expands powers of the bodies of local self-government in the area of land relations, it vests the councils of amalgamated communities with the powers to manage the state-owned lands within the boundaries of the entire community's territory.

Also, the Draft Law has determined the list of state-owned lands to which the powers of communities shall not extend.

SOURCE: [DECENTRALIZATION OF POWER WEB-SITE](#)

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Press center of Government Initiative "[Decentralization of Power](#)"

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