



Ilko Kucheriv
Democratic Initiatives
Foundation

DECENTRALIZATION:

Analytical Report

RESULTS, CHALLENGES AND PROSPECTS

Oleksii SYDORCHUK,

Political Analyst

Ilko Kucheriv Democratic Initiatives Foundation



” DECENTRALIZATION: results, challenges and prospects

Within the framework of the project titled «Empowering Local Communities through Dialogue and Participation» with the financial support of the National Endowment for Democracy, the Ilko Kucheriv Democratic Initiatives Foundation con-

ducted research targeted at learning the opinions and positions of key participants and stakeholders of the decentralization reform. The research was composed of four sections:

RESPONDENTS POLLED

2040

INTERVIEWED

50

HEADS OF UNITED
TERRITORIAL
COMMUNITY

INTERVIEWED

27

REPRESENTATIVES
OF DISTRICT STATE
ADMINISTRATIONS

INTERVIEWED

21

REGIONAL EXPERTS ON
DECENTRALIZATION

1. Nationwide public opinion poll. The poll was conducted by the Democratic Initiatives Foundation and the Kyiv International Institute of Sociology from August 4–9, 2016. A total of 2,040 respondents were surveyed. The margin of error does not exceed 2.3%.

2. Survey of the heads of consolidated territorial communities. Over the period October–November 2016, the heads of 50 consolidated territorial communities (CTC) in different oblasts were surveyed through standardized questionnaire method.

3. Survey of representatives of district state administrations. Over November 2016, the representatives of 27 district state administrations in those regions where CTC have already been created in different oblasts were polled by the method of semi-structured interviews.

4. Survey of regional experts on decentralization. Over October 2016, 21 experts were polled by the method of semi-structured interviews. Coordinators of Local Self-government Development Centers and consultants of the Office of Reform of Associations of Ukrainian Cities in different oblasts belong to this category.

Based on the aforementioned polls conducted, an analytical report generalizing the attitudes of key participants of the decentralization process towards the main achievements, prospects and challenges of this reform was prepared. Given the critical importance of voluntary consolidation of communities for the success of decentralization, great attention was paid to this particular process. Besides that, the achievements of and challenges to the formed CTCs, their capacity to absorb new resources and powers, the relations of local

self-government bodies (LSB) with local state administrations (LSA), the problems of cooperation of communities, the process of communication about the essence of decentralization, the participation of citizens in the exercise of power in their communities and their assessment of the current results of reform were summarized in this report. At the end of the report, the key recommendations offered by participants of the polling are presented.

Introduction

On December 11 and December 18, 2016, elections were held in 41 of 143 CTCs, accordingly. From the start of the year 2017, CTCs will receive additional resources and will be given the opportunity and capacity to exercise their new powers. The consolidation of communities is the key element of the decentralization reform, which envisages the transfer of a significant part of resources and powers from bodies of state power to bodies of local self-government representing the interests of communities. Bringing the power closer to local residents, according to the plan of the reform initiators, will facilitate effective management of communities, improve the quality of services provided to citizens and stimulate the socio-economic development of territories.

Over a certain period, the decentralization and the initiatives associated with this process were the subject of broad consensus of the majority of political forces, which allowed for the implementation of budget and tax decentralization and the launching of the process of consolidation of communities in the period 2014–2015. However, with time reform became hostage to the political crisis the first signs of which appeared during the unsuccessful voting in favor of constitutional changes on August 31, 2015, and which reached its

peak with the breakdown of the coalition and the dismissal of the government of Arseniy Yatsenyuk in early 2016. As a result, over 2016 the parliament was unable to adopt a number of critically important «decentralization» laws, which would have considerably accelerated and simplified the consolidation of communities and the expansion of the rights of local self-government.

On the backdrop of the complicated political situation, the elections in CTCs showed that decentralization reform continues. The future prospects of decentralization depends to a great degree on how the newly formed CTCs and those consolidated communities that appeared earlier in 2015 will take advantage of their new capacities and opportunities. For this very reason, it is important to analyze the true progress of reform at this stage, what was achieved and not achieved and understand which prospects and challenges the process of decentralization faces. In order to get a comprehensive picture of the current state of decentralization it is important to learn the opinions of its key participants from different regions of the country.

In order to ensure reliable results it is imperative to pay attention to the positions of different stakeholders of reform, both those who will

indisputably win from such reform and those who risk incurring losses from the process. For this reason, both representatives of CTCs that gained new powers and resources and representatives of district state administrations (DSA) that are gradually losing them were surveyed within the framework of this research. Besides that, regional experts on decentralization capable of expressing

more unbiased positions on the processes of decentralization in different oblasts of Ukraine were involved in the polling. Finally, in order to draw preliminary conclusions regarding the influence of reform on the lives of average citizens and their attitudes towards the government's initiatives a public opinion poll was also conducted.

Voluntary consolidation of communities: what fosters this process and what obstacles stand before it?

Polled stakeholders agree that the process of voluntary consolidation of communities is facilitated by two important stimuli that the state gives to newly formed CTCs. First of all, these are additional financial resources that CTCs receive in their new status: both from the state in the form of direct subsidies, as well as from new sources of revenues to local budgets. Secondly, CTCs will have much greater independence in adopting decisions and the possibility to resolve problems of their communities using their own resources. In the opinions of many respondents, financial decentralization gave officials of CTCs the ability for the first time in years of independence to address the most urgent problems of their own communities for which in the past there was a constant shortage of funds.

The experience of the functioning of the first CTCs, which starting January 1, 2016, got access to new resources and powers became yet another important factor that fosters the consolidation of communities. In particular, some experts and representatives of district state administrations (DSA) pointed out that the capacity of newly

formed CTCs to effectively use new funds changed the opinions of many heads of village and town communities that initially opposed consolidation. For obvious reasons the effect of this factor became more pronounced towards the end of the year when residents of ordinary communities could see the first results of the work of neighboring CTCs.

However, experts and representatives of DSAs also noted a number of problems that slow down and obstruct voluntary unification. First, resistance by different interested actors hampered this process. In this context, they most often nodded to village and small town heads, some of whom opposed consolidation not willing to risk losing their positions. The fact that nearly four years are left before the next regular local elections are held only complicates the situation, which is why such a trend could persist for an extended period. In the opinion of experts, resistance on the part of district authorities, district councils and DSAs, is also noticeable, as they fear losing resources and powers, as well as their positions in the event of amalgamation of districts or even liquidation of DSAs. Meanwhile, surveyed DSA representatives

denied working against the consolidation, but sometimes blamed the deputies of district councils instead.

Both categories of the polled also noted the unwillingness of some communities that have already benefited from financial decentralization to participate in the process of unification. This pertains either to large cities, which have extensive sources of budget income, or to communities in which profitable enterprises or gas stations are operating. Herewith, certain experts forewarned that such communities could end up in an awkward situation when the state will obligate LSBs through legislation to exercise new powers, meaning the funds received will be insufficient if they do not unite with neighboring communities.

Experts claim the lack of legislative acts that could significantly speed up this process is yet another obstacle to the voluntary consolidation. The surveyed stakeholders most often meant bills that simplify the process of communities joining already formed CTCs and a bill on changes to the district boundaries in the process of voluntary consolidation. Because of the incapacity of parliament to adopt the latter, the Central Election Commission (CEC) refused to hold elections in 28 CTCs, which include communities from different districts. Some experts noted that the impossibility of managing lands beyond the limits of settlements also discourages communities from the consolidation. Besides that, the plans of the Cabinet of Ministers in the state budget for 2017

to limit the financial support of CTCs and put the burden of additional expenses on them elicits fears in certain communities.

Furthermore, experts noted certain gaps in communication, which slow down the process of consolidation. In particular, some of the surveyed pointed out that residents of communities lack objective information about the process of consolidation leading to the feelings of rejection and fears that educational and medical institutions or other service providing bodies will be liquidated. The overall mistrust of citizens in reform initiatives of the Ukrainian government, one of which is decentralization, plays a major role as well.

On the other hand, some representatives of DSAs noted certain threats associated with the process of voluntary unification. In their opinion, in some cases small and poor communities could end up extremely dire straits after the finish of the process of consolidation. Indeed, funds that were earlier available in district budgets allowing regional authorities to compensate shortages in these communities have been shifted to CTCs. As a result, such communities can no longer place their hopes on the support from the district government and their financial standing is approaching catastrophic levels. Engagement in the process of consolidation is also sometimes problematic for these communities seeing as not all financially well-to-do communities have the desire to unify with them.

Consolidated communities and the new financial resources

USE OF NEW RESOURCES BY CTCs

ROAD REPAIRS **38** MENTIONS

INSTITUTIONS
EDUCATION **33** MENTIONS

IMPROVEMENT
AREAS **30** MENTIONS

ENERGY
CONSERVATION **27** MENTIONS

For the overwhelming majority of the polled heads of CTCs (25 of 46 that responded to this question), the key advantage of the new status of their communities is the tangible increase in financial resources at their disposal. The officials of CTCs saw capacity to resolve problems of their communities that had piled up over years and for which there was a constant shortage of funds as another privilege. The polling testified that the CTCs spent the greatest amounts of funds on the needs for repairs and construction of an infrastructure in their communities. In particular, most often money received as a result of financial decentralization was spent on road repairs (38 mentions), maintenance of education institutions (33), improvement of public welfare and repair and reconstruction of institutions in the socio-cultural sphere (both 30). Another fairly widespread practice of CTCs was taking energy-saving measures (27 mentions) dictated by the need to save money for the future.

Experts pointed out the rather efficient expenditure of funds by CTCs and their ability to quickly implement projects aimed at resolving specific problems of communities. At the same time, experts often noted that while the majority of expenses are aimed at resolving urgent short-term problems, there were not enough projects being implemented to stimulate long-term community development. Notwithstanding the fact that most experts advise communities to not simply spend funds, but also to invest them with the aim of increasing revenues to local budgets (opening new enterprises and creating new jobs, attracting private investors, etc.), and financing development projects in CTCs, such initiatives are so far merely an exception to the rule.

Participants of the polling noted both objective and subjective reasons for the current state of affairs. On the one hand, CTC officials need time and experience in order to not only to understand the importance of investment projects, but also to start bringing them to fruition. In the opinion of some experts, spreading of long-term projects among CTCs is only a matter of time.

On the other hand, CTC representatives initially give preference to resolving the most urgent problems that are often due to the unsatisfactory state of municipal organizations. Indeed, they not only strive to «patch holes», but also quickly demonstrate to local residents the specific benefits of their new status. Here experts warned that the use of funds to cover current expenses alone poses a threat to the financial wherewithal of the CTCs themselves. If they do not create additional sources

of revenues, there is a danger that they will not have sufficient funds to exercise the new powers that the state will transfer to them with time.

DSA representatives, in their turn, give different assessments of the use of funds by CTCs. A part of them observed the effectiveness of this process, while others, on the contrary, feel that the use of funds by CTC officials is ineffective. Certain employees of DSAs even complained about the lack of information about exactly on which needs CTCs formed in their districts spend their funds. Among the positive results of the use of new funds, DSA representatives noted the improvement of services provided to citizens and the resolving of urgent community development problems. On the negative side, the expenditure of money on inflating the administrative apparatus and salaries of CTC officials was noted.

Consolidated communities and the new powers

INTERVIEWED

50

HEADS OF CONSOLIDATED COMMUNITIES

NEW COMPETENCES

49 EDUCATION

Together with the additional financial resources, CTCs were given the opportunity to exercise new powers. All 50 polled heads of communities pointed out that their CTCs have already absorbed at least some new competences. In all cases, these are powers in the sphere of education, while the absorption of powers in other spheres varied. The overwhelming majority of the polled also pointed to the use of powers in the sphere of administrative services (39), slightly more than half – in the sphere of healthcare (31) and nearly half – in the sphere of social security (24). Very few surveyed CTCs were granted powers in the sphere of architectural-construction control (6). Responding to the question of what powers their CTCs lack, respondents noted the right to manage land beyond the settlement limits (25 of 37 respondents who answered this question).

NEW COMPETENCES

39 PROVIDING
ADMINISTRATIVE SERVICES

31 HEALTH

24 SOCIAL PROTECTION

6 ARCHITECTURAL CONTROL

Herewith, representatives of all groups polled agreed that there are two main obstacles to CTC officials effectively learning how to exercise their new powers. First, experts, representatives of DSAs and even certain head of CTCs pointed to the insufficiency of qualified personnel in the newly formed CTCs. In the opinion of the overwhelming majority of them, this problem is totally objective in nature given the lack of experience of many CTC officials necessary working with considerably greater resources, powers and responsibilities. The lack of personnel is most acutely manifested in those spheres in which the new powers are more complicated and need higher specialization, in particular in the sphere of architectural-construction control. Smaller CTCs and communities with centers in the villages and small towns also have harder time finding qualified personnel. Meanwhile, certain experts and DSA representatives noted that the state and some international organizations offer trainings for CTC officials and that many of the latter have already improved their qualifications.

The second most widely spread problem, in the opinion of surveyed stakeholders, is the gaps in legislation and the unregulated process of transfer of powers and property from district authorities to CTC bodies. In this context, the respondents recalled the problems with the distribution of educational and medical subventions between the regions and the CTCs, in particular the uncertainty as to who should finance medical institutions of the secondary link. DSA representatives in some cases pointed to the absence of procedures for CTCs returning a part of medical subventions to the district budget to support secondary healthcare institutions, while others even complained that CTCs simply refuse to do so. Due to such gaps in the legislation, some of the polled DSA representatives noted that they are transferring powers and property of CTCs on ad hoc basis.

Despite the aforementioned problems, the majority of DSA representatives noted that the division of powers between the regions and the CTC is gradually being systematized and routinized. At the same time, far from all DSA representatives fell that CTCs are ready to effectively exercise the powers they have been granted, predominantly due to the already mentioned shortage of personnel. Some respondents also noted the unwillingness

of CTC officials to cooperate with DSAs and even full severance of relations between them. However, such cases, as polling showed, are rather exceptions than the rule. In their turn, certain regional experts pointed to the unwillingness of district authorities to surrender their powers to newly formed CTCs.

Certain DSA representatives also warned that some CTC managers in their new status feel permissiveness and in the absence of state control

over the decisions of local councils may transcend the limits permitted by the law. A part of the polled CTC representatives, by-turn, expressed concerns about their mutual relations with DSAs and regional councils. Nearly half of the polled heads of CTCs (21) admitted the worsening of relations with district authorities after the consolidation process ended and virtually none of the polled noted an improvement in relations.

Cooperation of communities: an underestimated instrument

Polling of regional experts testified to an extremely low level of the use of instruments of cooperation between communities: the absolute majority of them admitted that the communities in their oblasts do not cooperate or almost do not cooperate with one another. The respondents gave a fair amount of reasons for such a state of affairs. However, among them the most often heard was the lack of information about the essence and mechanisms of cooperation and the unpreparedness of the communities for this. Some of the experts noted that cooperation is more suitable for CTCs seeing as they have sufficient funds for this, while ordinary communities often are short of resources even to cover current expenses. One expert noted that stimulating communities to cooperate could even be detrimental to the process of consolidation, as some communities will not see the need to unite with their neighbors if they can just engage in cooperation with them.

Nevertheless, experts in those oblasts where communities have already taken advantage of cooperation are convinced that this mechanism, on the contrary, could prepare communities for the consolidation and enrich them with experience necessary for the successful functioning in the new status of CTCs. In these oblasts, the

application of instruments of cooperation became possible thanks to the active positions of different interested actors, in particular the oblast state administrations (OSAs) and councils of different levels. In some cases, communities that for different reasons could not become part of a CTC or did not want to applied instruments of cooperation with neighboring communities as a unique substitute for unification.¹

Indeed, the situation with intra-community cooperation is somewhat better among CTCs. More than half of the polled representatives of CTCs (29) responded that they have already engaged in cooperation with other communities. Most often such cooperation took on the form of realization of joint projects. CTCs collaborated much less frequently with the aim of joint funding of enterprises and institutions or delegation of powers and resources to other communities. Other possible forms of the cooperation, creation of joint enterprises or joint administrative bodies, were virtually never used. Those CTCs that do not yet have the experience of cooperation with other communities most often said the reason for this was once again the lack of information about the particular features of cooperation and the absence of communities with which they could cooperate.

Communication about the reform: influence on the public opinions and existing gaps

DECENTRALIZATION REFORM



In August 2016, more than two years after the official start of decentralization reform, a third of Ukrainians knew nothing about it. 12% were well aware of it, while 54% heard something about it. At the same time, among those that are aware of it slightly more supported it (31%), while 23% did not support it. The responses to the question regarding the process of consolidation of communities paint a similar picture: 12% were well informed about it and 46% heard something about it. Proponents and opponents of this initiative were divided in their opinions almost equally: 30% supported it, while 28% did not.

12% KNOW WELL ABOUT
DECENTRALIZATION

54% HEARD SOMETHING
ABOUT IT

31% SUPPORT

23% DO NOT SUPPORT

PROCESS OF COMMUNITY CONSOLIDATION

12% KNOW WELL ABOUT
COMMUNITY CONSOLIDATION

46% HEARD SOMETHING
ABOUT IT

30% SUPPORT

28% DO NOT SUPPORT

At first glance, such an insignificant predominance of proponents of reform is not too convincing. However, these figures can be viewed in the context of the high level of public distrust in the reform efforts of the Ukrainian leadership.² Accordingly, even a slight advantage of proponents of reform is fairly encouraging and testifies to the preservation of the public credit of trust in the further steps of the state in this sphere.

According to the responses of regional experts, communication of local and regional authorities with residents of their territories is transpiring for the most part through two channels: by organization of a diversity of meetings and discussions directly in the communities and by publications in the mass media. The first method, in the opinion of experts, is quite effective and in some cases allows officials to convince community residents of the benefits of the process of consolidation. However, the success is not always guaranteed, as the heads of communities, some of whom as was noted earlier resist consolidation, have a great influence on citizens in villages and small towns.

Besides that, much depends on specific individuals that participate in similar meetings: residents of communities do not always trust representatives of DSAs and OSAs or experts from oblast centers.

At the same time, the effectiveness of communication through the mass media is quite difficult to measure. The majority of experts and representatives of DSAs noted that bodies of power explain the essence and advantages of decentralization in local newspapers and on the websites of state administrations and CTCs. Be that as it may, some experts noted that communication is not enough, which negatively influences the awareness of community residents. One expert pointed out that information disseminated through state and municipal mass media is usually formalized and does not incite the interest of average citizens. In this context, polled experts noted the important role of the non-government sector, whose representatives are capable of providing information in a more accessible format and supplementing the communication efforts of the state.

Influence of decentralization on citizen participation in the decision-making processes

15%

UKRAINIANS ARE SATISFIED WITH THEIR INFLUENCE ON LOCAL AUTHORITIES

The enhanced ability of citizens to influence the decision-making process in their communities was one of the key tasks of decentralization. Given the relatively short period from the start of this process one should not be surprised that in August 2016 only 15% of Ukrainians were satisfied with how they can influence the authorities of their city, town or village. At the same time, the overall readiness of citizens to take part in resolving the problems of their communities is not that high: only 32% of the polled expressed their willingness to do so in the event that the rights of local authorities are expanded. Moreover, among them the majority

32%

UKRAINIANS EXPRESSED WILLINGNESS
TO PARTICIPATE IN SOLVING PROBLEMS
OF THEIR COMMUNITIES

29%

READY TO VOTE

24%

READY TO PARTICIPATE
IN PUBLIC WORKS

gives preference to a passive or indirect instruments of influence: 29% are ready to vote in the elections, 24% – to take part in public works. The popularity of more direct mechanisms – participation in public hearings, public self-organizing bodies or civil councils – is much lower.

The situation in CTCs, in the opinion of polled experts, is better. The majority of them noted that residents of CTCs have begun exerting stricter control over the actions of local authorities and are trying to more actively participate in the decision-making process. In some cases, the activity of citizens, according to the responses of the polled, led to changes in the initial decisions of CTC officials in accordance with the desires of the majority of community residents. The most popular mechanisms of participation of the people in community management are public hearings and citizens' meetings at which they discuss the resolution of urgent problems. Even in those cases when the strengthening of influence of community residents on their CTCs was not observed, experts noted their increased interest in the available mechanisms of control over the actions of the local authorities.

Certain experts also noted the desire of CTC officials to be more open to their citizens. In particular, officials in some CTCs are trying to make their activity as transparent as possible by publicly announcing their daily agenda and making all adopted decisions available on their websites. Besides that, the participatory budget model thanks to which CTC representatives are trying to engage citizens in the formation of the local budget and defining the priority spheres for the use of its funds is quickly gaining popularity.

At the same time, in the opinions of some experts, while decentralization did not offer citizens any new instruments of influence on CTCs, it convinced them that such influence makes perfect sense. If previously CTC officials could justify their incapacity to resolve problems of their own communities by the shortage of resources and powers, now residents of CTCs are beginning to realize that they can demand from their local authorities much more than earlier. Accordingly, much will depend on the activeness of average residents of communities and their desire to control the actions of CTC officials and if necessary influence their decisions.

Public assessment of the current results of decentralization

67%

UKRAINIANS FELT NO NOTICEABLE CHANGES FROM THE USE OF NEW FUNDS

16%

UKRAINIANS FELT CHANGES FOR BETTER

57%

POINTED TO IMPROVEMENT OF THE STATE OF SANITATION AROUND BUILDINGS

8%

UKRAINIANS FELT CHANGES FOR WORSE

63%

POINTED TO DETERIORATION OF MEDICAL SERVICE

According to the results of public opinion poll, a year and a half after the start of financial decentralization the majority of Ukrainians – 67% – did not feel notable changes from the use of new funds. Meanwhile, 16% felt changes for the better, and 8% – changes for the worse. Clearly, such figures can be explained by the relatively short period of life under new conditions. At the same time, some predominance of those who noticed positive changes is an encouraging signal. Once again, these figures are worth considering in the overall context of public opinion over the most recent times, which points to the fact that citizens assess the transformations in the state and changes in their own living conditions as negative for the most part.³ Clearly, the attitudes of citizens towards decentralization are a unique exception to the rule in this trend.

The responses of those citizens that felt changes for the better confirm that most CTC officials spend money for achieving quick results. In particular, the absolute majority (57%) of those who saw positive changes gave as an example the improvement in the state of sanitation around buildings. Meanwhile, those who pointed to negative changes assigned first place to the worsening of the quality of medical services (63%), which could testify to the problematic state of reform in this sector. At the same time, the majority of responses of those who observed negative trends mentioned the spheres under the jurisdiction of state, not local authorities: the fight against unemployment, concerns about socially vulnerable groups of citizens, etc.

Similarly, the majority (66%) of CTC residents feel that after the completion of the process of consolidation their living conditions did not

66%

FELT NO CHANGES

16%

FELT CHANGES FOR BETTER

9%

FELT CHANGES FOR WORSE

radically change. At the same time, 16% noted an improvement in living conditions and 9% noted a worsening. Notably, among the Village population of CTCs predominance of those who experienced changes for the better was more pronounced – 14% versus 5%, though the majority (68%) did not feel any changes. In this context, a large part of those who saw no changes should also come as no surprise given that the polling was conducted slightly more than half a year after the start of functioning of CTCs in new conditions. However, here the fact that slightly more residents of CTCs felt changes for the better is worthy of attention. Clearly, a fuller picture of how CTC residents evaluate their living conditions could be seen somewhat later.

RURAL POPULATION OF CTCs

68%

FELT NO CHANGES

14%

FELT CHANGES FOR BETTER

5%

FELT CHANGES FOR WORSE

» Main recommendations

All participants of the surveys turned the greatest attention in their recommendations to the need for improvement of the legislative base. In particular, the majority of regional experts and many CTC heads stressed the need to adopt so-called «decentralization» laws. Most often this pertained to bills № 4772 and 4773, which could simplify the process of ordinary communities joining the already formed CTCs and will give those CTCs that were not formed fully in correspondence to drafted prospective plans the opportunity to be granted new powers and allocated the necessary resources. Experts also recommended the adoption of bill № 4676, which will allow the forming of CTCs made up of communities located in different districts.

Experts and DSA representatives often recalled the need to grant local communities the right to manage land beyond the settlements limits, while some emphasized the need to establish effective state control over the exercising of such powers. Besides that, some experts insisted on the importance of a law that would regulate the administrative-territorial system in the country. Finally, notwithstanding the slim chances of success of this initiative, certain representatives of all groups of respondents pointed to the importance of adoption of changes to the constitution in the final reading.

Clearer legal regulation and delimitation of the powers among district and local authorities is also important for representatives of DSAs and heads

of CTCs. In the opinion of certain representatives of DSAs, state administrations must be granted the right to control the exercise at least some of the powers of LSB. Otherwise, DSA representatives warned, CTC representatives will feel their impunity. Certain heads of CTCs, in their turn, pointed to the need to resolve specific problems, which their communities currently face. Among them, for example, are simplifying the process of receiving and using infrastructural subventions, training CTC officials and even granting CTCs additional financial resources and offering new sources of revenues to local budgets.

Certain representatives of all groups of respondents stressed that different branches of power should better coordinate their steps within the framework of decentralization. In particular, some regional experts forewarned that curtailment of state support and putting additional expenses on the shoulders of CTCs in the budget for 2017 goes against the grain of reform, which is why they recommended the government to review its position on this issue. Some also talked about the need to devise a concise plan of action and a timetable for the completion of the main stages of reform. Moreover, the polled representatives of DSAs on more than one occasion stressed the need to finish the process of voluntary consolidation at a certain stage and make it obligatory after that. Few heads of CTCs and one regional expert supported such an opinion.

Conclusions

- Additional financial resources and independence in the decision-making, which communities receive as in the status of CTCs, are the main driving forces behind the process of voluntary consolidation. Resistance on the part of certain interested actors (some heads of villages and small towns, representatives of district authorities), the unwillingness of certain communities that were enriched as a result of financial decentralization to unite, the imperfect legislative base, the lack of information and the overall distrust of citizens in the reform initiatives are all obstacles to unification. Meanwhile, in the opinion of certain representatives of DSAs, worsening of the socio-economic status of small communities that could not unite is a hidden danger of consolidation.

- Additional financial resources and the capacity to resolve problems of communities are the key advantages for the heads of CTCs in their new status. They spend new resources mainly on repair and construction works, while investment projects targeted at increasing revenues of communities are lacking due to the shortage of experience of CTC officials and their desire to show quick benefits from consolidation. DSAs evaluate the effectiveness of the spending of funds by officials of CTCs differently and some even complain about the lack of information about this issue.

- All polled CTCs obtained new powers in the sphere of education; the majority of them also learned how to exercise their powers in providing administrative services and healthcare. Approximately half of the respondents noted the granting of powers in the sphere of social security, while so far the exercising of powers of architectural-construction control has practically not been mastered. What the heads of CTCs lack

the most are the rights to manage lands beyond the settlement zones. The main obstacles to the effective exercise of powers are first the shortage of qualified personnel at CTCs and the fact that legislation does not regulate this process clearly enough.

- According to expert assessments, communities mainly do not use the instruments of cooperation between one another. The lack of information about this mechanism and the unpreparedness of communities are main obstacle to this. At the same time, cooperation could be an effective preparatory stage for the process of consolidation. Cooperation instruments are more widely applied by CTCs thanks to their additional resources. However, representatives of those CTCs that do not use this instrument also complain about the lack of information about this mechanism.

- The majority of Ukrainians know at least something about decentralization reform. The number of those who support such reform is slightly higher than those that do not. Communication about reform on the part of the leadership is executed through two channels: thanks to personal meetings of public officials with residents of different communities and through state and municipal mass media. Non-government experts play an important role in the dissemination of information about decentralization and the consolidation of communities.

- Ukrainians are mainly dissatisfied with their ability to influence the decision-making process at the local level. However, not many of them are ready to participate in active forms of influencing local authorities in the event that the powers of the latter are expanded. According to the responses of experts polled, the involvement of average citizens of CTCs in the decision-

making inside their communities has grown, while some CTCs are trying to become as transparent as possible and stimulate more active civic engagement, in particular thanks to instruments of budget participation.

- The majority of citizens so far have not felt the influence of decentralization on living conditions in their communities. Among those that felt such impact, slightly more note its positive nature. Given the short period from the start of reform, credible assessment of the public attitudes towards its results will be possible with time.

- Among the recommendations, the surveyed stakeholders most often recalled the need to adopt “decentralization” bills (on simplifying the process of joining CTCs, the change of district boundaries in the process of consolidation and the management of lands beyond the settlement limits), more clearly regulate of the transfer of powers regional to local authorities, better coordinate efforts of different branches of power and set concise terms of completion of the main stages of reform.

Results of the nationwide public opinion poll

1. Do you know about the government initiative on decentralization of power in Ukraine?

Yes, I know it well	12
I heard something about it	54,1
No, I know nothing about it	30,8
Difficult to say	3,1

2. Do you support the steps the government is taking regarding decentralization of power?

Yes	31,4
No	23
I know nothing about it	27,4
Difficult to say	18,3

3. Over 2015, the revenues of local budgets significantly grew. Did you feel any results of the spending of such funds compared with the past several years?

Yes, I felt certain changes for the better	16,2
No, I did not feel any changes	67,2
I only felt changes for the worse	8,4
Difficult to say	8,2

3.1. IF you felt changes for the better, then what were they related to? (respondents could choose several options)

Improvement of the state of sanitation around buildings	57,3
Public services	23,3
Functioning of public transport	23
Improvement of conditions for spending leisure time	22,1
Maintaining law and order	15,5
Attraction of investments	11,8
Fight against traffic jams on the streets	9,7
Providing security in case of attacks	6,7
Pre-school education	6,7
Material assistance for the poor	7,3
Care for socially vulnerable groups (pensioners, the handicapped)	7
School education	6,4
Salaries of employees on the state budget payroll (teachers, doctors, etc.)	5,2
Creation of conditions for business development	4,5
Fight against corruption in bodies of local government	4,5
Improvement of the environment	4,2
Healthcare	3,3
Illegal construction works	3,3
Job security and the fight against unemployment	1,8
Housing security	1,2
Other	18,2
Difficult to say	2,1

3.2. IF you felt changes for the worse, then what were they related to? (respondents could choose several options)

Healthcare	63,2
Job security and the fight against unemployment	56,7
Concern about socially vulnerable groups (pensioners, the handicapped)	52,6
Fight against corruption in bodies of local government	46,2
Material assistance for the poor	41,5
Public services	35,1
Salaries of employees on the state budget payroll (teachers, doctors, etc.)	27,5
School education	20,5
Maintaining law and order	17
Improvement of the environment	17
Pre-school education	15,8
Housing security	15,2
Creating conditions for business development	15,2
Improvement of the state of sanitation around buildings	14,6
Providing security in case of attacks	9,9
Functioning of public transport	8,8
Fight against traffic jams on streets	7,6
Illegal construction works	7
Attraction of investments	5,8
Improving conditions for spending leisure time	3,5
Other	4,1
Difficult to say	2,3

4. Do you know about the process of voluntary consolidation of territorial communities currently under way in Ukraine?

Yes, I know it well	12,1
I heard something about it	46,4
No, I know nothing about it	37,9
Difficult to say	3,6

5. Do you support the process of voluntary consolidation of territorial communities?

Yes	30,5
No	28
Difficult to say	41,5

6. Does your city/town/village take part in the process of voluntary consolidation of communities?

My city/town/village is already part of a consolidated community	5,7
Yes, my city/town/village takes part in this process	13,5
My city/town/village does not take part in this process	18,3
I don't know	51,3
Difficult to say	11,1

7. Did the process of consolidation of communities have an impact on living conditions in your city/town/village?

Living conditions improved	15,6
Living conditions did not change	66,4
Living conditions became worse	8,6
Difficult to say	9,5

8. Are you satisfied with the degree to which you can influence the decisions of the local government in your city/town/village?

Absolutely, yes	2,7
Mostly, yes	12
Mostly, no	34,2
Absolutely, no	30,2
Difficult to say	20,9

9. Are you ready to take part in the management of your city/town/village in the event of expansion of powers of local government?

Absolutely, yes	8,7
Most likely, yes	22,8
Most likely, no	28
Absolutely, no	19,2
Difficult to say	21,3

10. In what forms of citizen participation in management of your community are you ready to participate? (respondents could choose several options)

Elections to local government bodies as a voter	29,2
Participation in public works	24
Participation in public hearings	17,1
Participation in bodies of self-organization of the population (street, block committees)	10,4
Participation as a volunteer in different forms of public assistance (orphanages, multi-children families, shelters, etc.)	10,4
Participation in meetings of local government bodies	9,1
Participation in non-government organizations engaged in problems of local self-government	8,9
Participation in protests, picketing, rallies	6,9
Participation in public councils at the government bodies	5,7
Elections to local government bodies as a candidate	4,5
Giving financial contributions for the needs of the community	4
Other	0,4
Not ready to participate in any of the above forms of activity	35,3
Difficult to say	11,4

Results of the survey of heads of consolidated communities

1. In your opinion, does Ukraine need decentralization?

	Responses
Absolutely necessary	45
Most likely necessary	3
Most likely not necessary	0
Totally unnecessary	0
Difficult to say	1

2. Do you support the decentralization reform implemented by the Ukrainian government?

	Responses
I fully support it	29
I mostly support it	10
Some steps I support, some steps I don't support	11
I mostly do not support it	0
I totally do not support it	0
Difficult to say	0

3. On what needs does your community spend additional funds received in the course of decentralization? (respondents could choose several options)

	Responses
Road repairs	38
Maintenance of education institutions	33
Public welfare	30
Repair and reconstruction of institutions in the socio-cultural sphere	30
Implementation of energy-saving projects	27
Capital construction	22
Improvement of public services	21
Maintenance of healthcare institutions	17
Social payments to vulnerable groups	16
Opening and maintenance of centers for administrative services	13
Paying of salaries of employees on the budget payroll	12
Maintenance of social security institutions	9
Recycling of hard domestic waste	5
Cooperation with other communities	5
Strategic planning and training of personnel	1
Other	1

4. Did your community receive new powers as a result of decentralization?

	Responses
Yes	50
No	0

4.1. If your community received new powers, in which spheres? (respondents could choose several options)

	Responses
Education	49
Provision of administrative services	39
Healthcare	31
Social security	24
Architectural-construction control	6
Registration of place of residence	1
Sports	1

4.2. Which powers does your community lack? (37 respondents answered)

	Responses
Management of land beyond the settlement limits	25
In the sphere of architectural-construction control	6
Protection of public order	4
Social security	4
Healthcare	3
Administration of local taxes	3
Management of water objects	2
Management of forest belts	2
Provision of notarial services	2
Management of mineral resources of local significance	1
Management of roads within the limits of communities	1
Education	1
Public welfare	1
We have enough powers	1
Other	6

5. What positive results did you get from consolidation? (46 respondents answered)

	Responses
Increase in financial resources (new sources of budget revenues, state assistance)	25
Possibility to resolve community development issues	20
Greater independence in decision-making and use of resources	7
Possibility to provide high-quality and affordable services to citizens	7
Obtainment of new powers	5
Increase in responsibility for adopted decisions	3
Reinforced ties with community population	2
Possibility of participation in regional development projects	2
Other	6

6. What problems were you forced to deal with? (44 respondents answered)

	Responses
Imperfect normative-legal base	18
Problems in relations with district state administrations and district councils	9
Shortage of qualified personnel	7
Impossibility to use and manage land beyond settlement limits	6
Additional burden on local self-government bodies in the 2017 budget	3
Resistance by some state administrations	2
Depreciation of municipal institutions	2
Refusal of district authorities to transfer communal institutions to CTCs	2
Distrust of the population in reforms	2
Problems of licensing healthcare institutions	2
Flawed system of treasury servicing	2
Unfair distribution of education subventions	1
Lack of incentives for community development (reverse subsidization)	1
Manual distribution of funds from the State Fund for Regional Development	1
Resistance by representatives of agrarian businesses	1
Resistance by some heads of village	1
Cumbersome volume of reporting on paper and via electronic means	1
Other	6

7. Does your community use instruments of cooperation with other communities as envisaged by the law «On Cooperation with Territorial Communities»?

	Responses
Yes	29
No	20

7.1. If your community uses the instruments of cooperation with other communities, in what form is such cooperation realized?

(respondents could choose several options)

	Responses
Implementation of joint projects	16
Joint financing of enterprises, institutions and organizations	9
Delegation of powers and resources to other communities	6
Creation of new joint municipal enterprises, institutions and organizations	3
Creation of joint administrative bodies	1
Other	1

7.2. If your community does not use the instruments of cooperation with other communities, what are the reasons for this?

(respondents could choose several options)

	Responses
Lack of information about the features of the cooperation process	11
There are no communities with which our community could cooperate	7
Lack of information about resources/possibilities of other communities	3
Shortage of funds/resources for the implementation of cooperation projects	3
We have no need for cooperation with other communities	2
Other	1

8. How did the relations of your community with district councils and state administrations change after the start of decentralization?

	Responses
Vastly improved	2
Mostly improved	2
Did not change	18
Mostly worsened	13
Heavily worsened	8
Difficult to say	7

9. In your opinion, what must the central government do in the sphere of decentralization in the near future? (42 respondents answered)

	Responses
Improve the normative-legal base, approve bills on «decentralization»	26
Speed up the process of consolidation of communities	6
Adopt a law that will simplify the process of communities joining CTCs	4
Grant local councils the right to manage land beyond the settlement limits	4
Adopt changes to the constitution on decentralization	2
Increase financial aid to CTCs	2
Train CTC officials to enhance their qualifications	2
Widen the revenues sources of local budgets	2
Simplify the process of receiving and using infrastructural subventions	2
Not interfere	2
Liquidate local state administrations	1
Adopt a law on the administrative-territorial regime	1
Coordinate the steps regarding reform of education and healthcare with the process of community consolidation	1
Adopt a law on the municipal guard	1
Grant local councils the rights to manage roads within the limits of communities	1
Other	5

Consolidated communities whose representatives participated in the survey

1. **Skala-Podilska Town Community**
(Ternopil oblast)
2. **Bobrynetska City Community**
(Kirovohrad oblast)
3. **Zavodska Town Community**
(Ternopil oblast)
4. **Pidvolochyska Town Community**
(Ternopil oblast)
5. **Novosilska Village Community**
(Ternopil oblast)
6. **Yerkivska Town Community**
(Cherkasy oblast)
7. **Bilozirska Village Community**
(Cherkasy oblast)
8. **Krupnetska Village Community**
(Rivne oblast)
9. **Tuzilska Village Community**
(Odesa oblast)
10. **Irshanska Town Community**
(Zhytomyr oblast)
11. **Bilotserkivska Village Community**
(Poltava oblast)
12. **Vysokivska Village Council**
(Zhytomyr oblast)
13. **Baikovetska Village Community**
(Ternopil oblast)
14. **Chornoosrivska Town Community**
(Khmelnyskyi oblast)
15. **Narodytska Town Community**
(Zhytomyr oblast)
16. **Kytaihorodska Village Community**
(Khmelnyskyi oblast)
17. **Baltska City Community**
(Odesa oblast)
18. **Nedoharkivska Village Community**
(Poltava oblast)
19. **Velytska Village Community**
(Volyn oblast)
20. **Rukshynska Village Community**
(Chernivtsi oblast)
21. **Novoukrainska City Community**
(Kirovohrad oblast)
22. **Novokalynivska City Community**
(Lviv oblast)
23. **Novooleksandrivska Village Community**
(Dnipropetrovsk oblast)
24. **Pyriatynska City Community**
(Poltava oblast)
25. **Novoushytska Town Community**
(Khmelnyskyi oblast)
26. **Letychivska Town Community**
(Khmelnyskyi oblast)
27. **Kiptivska Village Community**
(Chernivtsi oblast)
28. **Hlybotska Town Community**
(Chernivtsi oblast)
29. **Smolyhivska Village Community**
(Volyn oblast)
30. **Sokyryanska City Community**
(Chernivtsi oblast)
31. **Studenianska Village Community**
(Vinnytsia oblast)
32. **Vilkhovetska Village Community**
(Zakarpattia oblast)
33. **Kutsurubka Village Community**
(Mykolayiv oblast)
34. **Vakulivska Village Community**
(Dnipropetrovsk oblast)
35. **Komysh-Zoryanska Town Community**
(Zaporizhzhia oblast)
36. **Novostrilyshchanska Town Community**
(Lviv oblast)

- | | |
|--|--|
| 37. Vertiyivska Village Community
(Chernivtsi oblast) | 44. Voskresenska Village Community
(Zaporizhzhia oblast) |
| 38. Berezivska Village Community
(Sumy oblast) | 45. Veselivska Town Community
(Zaporizhzhia oblast) |
| 39. Svyatovasylivska Village Community
(Dnipropetrovsk oblast) | 46. Zabolotsivska Village Community
(Lviv oblast) |
| 40. Bilokurakynska Town Community
(Luhansk oblast) | 47. Dublyanska Town Community
(Lviv oblast) |
| 41. Ustyluzka City Community
(Volyn oblast) | 48. Marazliyivska Village Community
(Odesa oblast) |
| 42. Kalytyanska Town Community
(Kyiv oblast) | 49. Kalynivska Local Community
(Vinnytsia oblast) |
| 43. Novomiska Village Community
(Lviv oblast) | 50. Pechenizhenska Town Community
(Ivano-Frankivsk oblast) |

Questionnaire for the representatives of district state administrations

1. What impact did decentralization reform have on district budget revenues? How did the capacity of the district state administration to perform its functions change?
2. How do you evaluate the process of consolidation of communities in your district? What advantages and drawbacks do you see in it?
3. In your opinion, how effectively does the consolidated community (communities) in your district spend the new funds obtained in the course of decentralization?
4. How does the process of division of powers between the district state administration and consolidated community (communities) take place? Are local self-government bodies ready to learn how to effectively exercise newly obtained powers?
5. How did the relations between district state administrations and communities that have not yet completed the process of consolidation or do not take part in it change?
6. How is the process of communication between the authorities and residents of your district regarding the essence and prospects of decentralization managed?
7. What further steps in the process of decentralization do you expect from the central government? What should be done in the nearest future?

District state administrations whose representatives participated in the survey

1. Bohorodchanska District State Administration (Ivano-Frankivsk oblast)
2. Sofiyivska District State Administration (Dnipropetrovsk oblast)
3. Volochyska District State Administration (Khmelnysk oblast)
4. Pyriatynska District State Administration (Poltava oblast)
5. Kalynivska District State Administration (Vinnytsia oblast)
6. Berezivska District State Administration (Odesa oblast)
7. Storozhynetska District State Administration (Chernivtsi oblast)
8. Zhydachivska District State Administration (Lviv oblast)
9. Zhytomyrska District State Administration (Zhytomyr oblast)
10. Novoselivska District State Administration (Chernivtsi oblast)
11. Illinetska District State Administration (Vinnytsia oblast)
12. Lutsk District State Administration (Volyn oblast)
13. Apostolivska District State Administration (Dnipropetrovsk oblast)
14. Kamyanets-Podilska District State Administration (Khmelnysk oblast)
15. Volodymyr-Volynska District State Administration (Volyn oblast)
16. Kozeletska District State Administration (Chernivtsi oblast)
17. Dobropilska District State Administration (Donetsk oblast)
18. Dubrovytska District State Administration (Rivne oblast)
19. Malovyskivska District State Administration (Kirovohrad oblast)
20. Sambirska District State Administration (Lviv oblast)
21. Dunayevska District State Administration (Khmelnysk oblast)
22. Sarnenska District State Administration (Rivne oblast)
23. Pavlohradska District State Administration (Dnipropetrovsk oblast)
24. Ochakivska District State Administration (Mykolayiv oblast)
25. Vysokopilska District State Administration (Kherson oblast)
26. Sokyryanska District State Administration (Chernivtsi oblast)
27. Brovarska District State Administration (Kyiv oblast)



Questionnaire for the regional experts

1. How do you assess the current state of decentralization in your oblast? Are you satisfied with its pace?
2. How did financial decentralization influence the development of communities in your oblast? To what extent did the financial capacity of the local self-government bodies improve?
3. In your opinion, how effectively do local self-government bodies spend the new funds?
4. How effectively do the local self-government bodies in your oblast exercise new powers obtained in the course of decentralization? What are the main obstacles?
5. What results have the newly created consolidated communities already achieved? What problems and obstacles stand in the way of the consolidation of communities?
6. Do communities use new possibilities of cooperation between one another? If not, why?
7. How have the relations between the local self-government bodies and state administrations changed? What fosters and what obstructs the transfer of powers to local self-government bodies?
8. How well is the process of communication between the authorities and residents of your oblast regarding the essence and prospects of decentralization organized?
9. Did the processes of decentralization have an impact on the capacity of residents of your oblast to control the actions of the government? Did it offer new instruments for this?
10. What further steps in the process of decentralization do you expect from the central government? What should be done in the nearest future?

Regional experts who participated in the survey

1. **Ihor Agibalov** – Coordinator of the Luhansk Center for the Development of Local Self-government
2. **Andriy Bryn** – Coordinator of the Lviv Center for the Development of Local Self-government
3. **Anatoliy Parkhomiuk** – Coordinator of the Volyn Center for the Development of Local Self-government
4. **Valentyn Boiko** – Coordinator of the Mykolayiv Center for the Development of Local Self-government
5. **Artem Vivdych** – Coordinator of the Donetsk Center for the Development of Local Self-government
6. **Volodymyr Nyzhnyk** – Consultant on Legal Issues of the Kirovohrad Reform Office
7. **Volodymyr Udovychenko** – Consultant on Legal Issues of the Kyiv Reform Office
8. **Ivan Demyanchuk** – Coordinator of the Zakarpattya Center for the Development of Local Self-government
9. **Iryna Balybina** – Coordinator of the Poltava Center for the Development of Local Self-government
10. **Vasyl Kurylas** – Consultant on Legal Issues of the Rivne Reform Office
11. **Viktor Lytvynchuk** – Coordinator of the Ternopil Center for the Development of Local Self-government
12. **Maria Baran** – Consultant on Legal Issues of the Ivano-Frankivsk Reform Office
13. **Mykola Sylenko** – Consultant on Budget Issues of the Chernihiv Reform Office
14. **Nina Melnyk** – Consultant on Legal Issues of the Sumy Reform Office
15. **Oksana Silyukova** – Coordinator of the Kherson Center for the Development of Local Self-government
16. **Oleh Levchenko** – Coordinator of the Vinnytsia Center for the Development of Local Self-government
17. **Oleksandr Svystun** – Coordinator of the Zaporizhzhia Center for the Development of Local Self-government
18. **Olha Chepel** – Consultant on Legal Issues of the Chernivtsi Reform Office
19. **Tetyana Tatarчук** – Coordinator of the Zaporizhzhia Center for the Development of Local Self-government
20. **Serhiy Slynyko** – Coordinator of the Cherkasy Center for the Development of Local Self-government
21. **Yulia Molodozhen** – Coordinator of the Odesa Center for the Development of Local Self-government

1 An example of this is the city of Slavutych, which, although located on the territory of the Chernihiv oblast, is a part of the Kyiv oblast. Since the city cannot unite with its neighboring communities of the Chernihiv oblast, its local council actively uses instruments of cooperation with them in the sphere of education and healthcare.

2 In particular, in May 2016, according to the results of public opinion poll conducted by the Ilko Kucheriv Democratic Initiatives Foundation and the Razumkov Center, 65% of Ukrainians totally or mostly did not believe in the success of reform and only 29% totally or mostly believed in such success. The results of the poll are available at: <http://dif.org.ua/article/reformi-v-ukraini-gromadska-dumka-naselennya>.

3 In September 2016, 74% of Ukrainians felt that over the past 12 months the economic situation in Ukraine became worse, 73% – over the same period their economic status worsened. The results of the poll conducted by the Rating Sociological Group are available at: http://ratinggroup.ua/getfile/230/2016_september_survey_of_residents_of_ukraine_ua_press.pdf



Ilko Kucheriv
Democratic Initiatives
Foundation

Author of the Analytical Report:

Oleksii Sydorчук,

Political Analyst

Ilko Kucheriv Democratic Initiatives Foundation

Reviewers:

Yuriy Hanushchak

Volodymyr Vakulenko

