

ICPS newsletter[®]

Stakeholders have their say on local government reform

Together with the Center for Ukrainian Reform Education (CURE), ICPS has completed the first round of public consultations on local government reform in seven Ukrainian cities: Chernivtsi, Lutsk, Zhytomyr, Dnipropetrovsk, Kirovohrad, Mykolayiv, and Sumy. Phase 2 of the "Public Consultations on Reforming Local Government in Ukraine and Public Awareness Campaign" project is funded by the Westminster Foundation for Democracy (WFD). During these hearings, ICPS experts presented for discussion a Green Paper on reforming local government in Ukraine. These public consultations demonstrated how difficult it is to implement any reform effectively without prior consultations with stakeholders. Officials in the central government often do not know the entire scale of problems at the local level and specific regional factors that will affect the implementation of any reforms

The main goal of these consultations was to hear the opinions of stakeholders—representatives of central and local governments, specialists, and the media—on local government reform. The most hotly debated issues were the reform of administrative territories, budget decentralization, greater human resource capacities at the local government level, and changes to the local electoral system.

Territorial reform: Yes or no?

The most heated discussions with local communities focused on administrative territorial reform, which should be the cornerstone of the local government reform. The regions still remember the unsuccessful efforts of Vice Premier for Administrative Territorial Reform Roman Bezsmertnyy in 2005 and were quite cautious about new proposals in this area.

Participants were convinced that, when the borders of administrative territories were being changed it was necessary to be guided not so much by the "abstract logic of minimum population numbers" for each level of unit—for this is the principle being touted by the newly-formed coalition—as by specific regional political and socio-economic features.

A good example is Chernivtsi oblast, which has very small communities, population-wise. Yet, it is not realistic to consolidate neighboring

villages into a single community when they differ in terms of language, religion and ethnicity, said stakeholders from the Bukovyna region, as this kind of consolidation could lead to a worse situation and the emergence of conflicts.

The most that participants were prepared to support was a more intensive absorption of failing communities, mostly villages, into a single administrative unit. Other proposed consolidations, at the county or oblast level, received an openly negative reaction.

It has become obvious that, to implement this kind of reform, the positive impact of any changes needs to be brought to the awareness of the population concerned in a well-reasoned manner. According to participants in the consultations, underdeveloped road and transport infrastructure and the lack of family cars make the proximity of an oblast or county seat that can provide certain administrative or social services a very important factor. To consolidate counties or oblasts looks, at the local level, like a pointless distraction for Kyiv politicians, but not an urgent actual need.

In the end, project experts came to a number of conclusions: large-scale reform of administrative territories in Ukraine is impossible for many objective and subjective reasons. A more realistic concept is to simply consolidate failing administrative territories at the lowest level, villages and settled areas. But even this consolidation cannot be carried

out in a mechanical manner, but taking into account specific regional factors.

Local budgets: Who owns the land around settlements?

As to how to fill local budgets, participants immediately drew attention to the issue of lands adjoining administrative territories. This land, which, in principle, should serve the interests of local communities, is generally at the disposal of the central government. Thus, the principle of universal local government is violated in Ukraine. According to this principle, a country should not have territory that is not under the jurisdiction of a specific territorial community. Among others, this leads to frequent abuse of land resources.

Another issue that was raised by participants was the fact that local communities have absolutely no benefits from the current system for managing mineral deposits, forests and other resources that are at the disposal of the central government. Moreover, central bodies, as a rule, dispose of these resources in a very inefficient manner.

Participants also discussed the by now traditional issue of local taxes. They agreed that a land tax and a real estate tax could be good sources to significantly improve local budget revenues.

Local government HR: Where to find professionals

The problem of lack of professionalism among local deputies was one of the most urgent issues raised during these consultations. The coming of new deputies to local councils under the proportional system brought the lack of professionalism among local deputies to the fore. Closed party lists made it possible for party leaders to bring individuals into their factions who would not pass muster under a majority electoral system.

Strictly speaking, raising the professional level of deputies should be a matter for local party

organizations, but they do not currently have the capacity to undertake such activities. So this issue must become the focus of both international donors working to develop local government and, possibly, for the country's central government.

Local elections: The problems have just begun

Consultation participants thought the source of this lack of professionalism among local deputies is the change in the electoral system. The proportional electoral system with closed party lists raised many complaints among the participants. Stakeholders said that, despite some positive aspects for the development of political parties at the local level, the new electoral system had a very negative impact on the effectiveness of the work of locally elected representatives.

In addition to a decline in the professional level of deputies, other drawbacks include the fact that local elected councils represent interests of their communities less, while the link between a local deputy and a particular council is not very clear. Local councils have become excessively politicized as local deputies do what they are told to do by their headquarters, and not what is better for the community in which they were elected.

Unfortunately, consultation participants could not provide well-argued, consistent answers to the question, how this system should be changed. Some talked about returning to the majority system and others about switching to some kind of open party lists.

These discussions showed that, at the moment, analytical work and consultations with stakeholders are needed at the local level so that people can form their own opinions about what kind of electoral system is needed and begin to lobby for it in Kyiv.

Not all regions are equal

Another factor that became evident during these consultations was the uneven development of a political culture of local government in different regions. This means that local government reform might not produce equally good results across all regions.

First of all, these differences manifested themselves in the attitude of local deputies in different regions to local government reform and to the idea of expanded powers and responsibilities with its implementation.

For example, representatives of political parties in Chernivtsi and Lutsk showed their readiness to take on more powers and responsibilities. Local politicians view local governments as the field of their own professional activity and, therefore, see local government reform as an opportunity to expand the scope of their responsibilities.

In other oblasts, like Dnipropetrovsk, participants expressed frank doubts that local deputies would rejoice at the implementation of this reform and the resulting expansion of powers and responsibilities. They argued that political parties in these oblasts are not sufficiently developed, while the interests of local deputies are limited exclusively to

issues of land distribution, which they can easily resolve for their own gain and benefits under the existing system. This is the main reason why such deputies do not need local government reform. Even if their powers are significantly expanded, chances are they will not know what to do with them anyway, while the quality of local services in these oblasts will not improve because of this reform.

Local changes are impossible without judiciary reform

A key reform that must be implemented along with local government reform is reform of the judiciary. A change in the regulatory environment in which local governments operate will not bring any results, if local governments cannot defend those rights that they have in a court of law. According to consultation participants, if their opponents are government bodies or medium and large businesses interests, local government bodies cannot defend their own rights in court right now.

Based on the results of these consultations, a report will be published and disseminated in the central government. ICPS and CURE intend to offer the knowledge obtained through these consultations to the politicians who are developing and implementing local government reform to make this reform more effective and realistic. ■

For additional information, contact ICPS specialist Ivan Presniakov by telephone at (380-44) 484-4400 or via e-mail at ipresniakov@icps.kiev.ua.

Spain and Ukraine: Prospects for partnership

The International Centre for Policy Studies is currently involved in developing relations between Ukraine and Spain. Over 3–4 December, a conference called “Spain and Ukraine: Prospects for Partnership” was held in Barcelona on the initiative of ICPS in Kyiv, the CIDOB Foundation—the Center for Studying International Relations and Development—in Barcelona, Spain, and the Friedrich Ebert Stiftung in Madrid, Spain.

Organizers set the objective, first of all, of raising awareness about each country's political and economic development issues, to exchange experiences in transformation from totalitarian systems to democracy, and to identify potential areas of bilateral co-operation between government and non-government institutions in both Ukraine and Spain.

The Ukrainian side was represented by: Mykhailo Honchar, Director for Energy Programs, NOMOS; Hanna Derevyanko, Executive Director, European Business Association (EBA); Oksana Diakuh, First Secretary for Political Affairs, Embassy of Ukraine in Spain; Thomas Eymond-Laritz, President, Victor Pinchuk Foundation; Olena Zerkal, Director of the State Department for the Approximation of the Legislation, Ministry of Justice;

Yuriy Klymenko, General Consul of Ukraine in Barcelona; Orysia Lutsevych, Executive Director, Open Ukraine Foundation; Volodymyr Nikitin, Director, International Centre for Policy Studies; Ivan Poltavets, economist, BEST, an analytical center; Iryna Sushko, researcher, Centre for Peace, Conversion and Foreign Policy of Ukraine (CPCFPU); Oleksandr Sushko, Deputy Director, CPCFPU; Maryna Cherenkova, Head of the Working Group on CSR (Corporate Social Responsibility), Donetsk Oblast Council; Olha Shumylo, Director of European Integration, International Centre for Policy Studies; Anatoliy Shcherba, Ambassador of Ukraine in Spain; and Prof. Valentyn Yakushyk, Political Science Chair, National University of Kyiv-Mohyla Academy.

During this forum, participants developed proposals for further cooperation between Ukraine and Spain. The results will be used to draft a report containing recommendations and will be disseminated among key players in Ukraine and Spain.

For additional information, contact the directors of this initiative: ICPS Director for European Integration Olha Shumylo by telephone at (380-44) 484-4444 or via e-mail at oshumylo@icps.kiev.ua or CIDOB Deputy Director Carmen Claudin by e-mail at cclaudin@cidob.org.

icps newsletter is a weekly publication of the International Centre for Policy Studies, delivered by electronic mail.

To be included in the distribution list, contact the ICPS publications department at marketing@icps.kiev.ua or call (380-44) 484-4400.

icps newsletter editor Olha Lvova (olvova@icps.kiev.ua). Phone: (380-44) 484-4400.

English text editor L.A. Wolanskyj. Articles may be reprinted with ICPS consent. **icps newsletter** on the web: <http://icps.com.ua/eng/publications/nl.html>