

**Local and regional government in Ukraine
and the development of cooperation
between Ukraine and the EU**

**The report was written by
the Aston Centre for Europe - Aston University.
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Catalogue number: QG-31-12-226-EN-N
ISBN: 978-92-895-0627-4
DOI: 10.2863/59575

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1 PART ONE

1.1 Introduction

Ukraine is a country that has faced a double challenge since independence from the Soviet Union in 1991: the transformation from one party rule to democracy; and the transformation from a planned economy to a free market system. The difficulties that Ukraine has to a greater or lesser extent overcome have been made all the more complicated by a third factor in the shape of the fundamental need to build a Ukrainian nation from a Ukrainian state with little previous history of independence and within which the constituent parts do not necessarily agree about their overall direction of travel. Political, economic and cultural divisions between the thinly populated and rural Ukrainian-speaking West and the densely populated Russian-speaking industrialised East have been the source of considerable tension and political rivalry. Questions about the kind of local government Ukraine needs touch upon all the vital questions about Ukraine's future, including the quality of Ukrainian democracy, the ability of the Ukrainian public sector to provide essential services to citizens, and of course, the capacity of Ukraine to integrate with the European Union. That a redesign of the system of local government is so closely woven into all these conundrums of reform explains why the issue has proven so intractable over the past 20 years. Crucially, the legal framework for intergovernmental relations in Ukraine is still in the making (Maynzyuk and Dzhygyr 2008: 10).

It is highly likely that Ukraine's pattern of territorial governance stands on the cusp of change, making this an ideal moment to reflect on local and regional government in Ukraine and analyse its implications for European integration. President Yanukovich's government signalled its intention to begin local government reform in June 2011 and given the relative political stability that Ukraine is currently experiencing, it is more likely than not that the reform will proceed.¹

¹ See <http://www.kyivpost.com/news/politics/detail/105974/> and also last year's announcements of plans for economic reforms (in Ukrainian): http://www.president.gov.ua/docs/Programa_reform_FINAL_1.pdf.

1.2 Overview of local and regional government in Ukraine

In keeping with classical liberal theory, the balance of power between Ukraine's diverse regions and ethnic groups has ensured that neither the western nor the eastern side has been able to achieve political dominance. This does not make for rapid reform, but it has created a stable state (D'Anieri, 2007: 4). It comes as no surprise therefore that the current administrative and territorial structure has not changed greatly since independence in 1991; indeed, the current spatial division reflects political principles of territorial organisation inherited from Soviet times (Maynzyuk and Dzhygyr 2008: 12; see also below).

Currently, Ukraine is a unitary state with four tiers of sub-national government. In order of size, they are as follows: (1) oblasts, (2) rayons, (3) city councils and (4) rural councils. The top tier includes 24 oblasts, the Autonomous Republic of Crimea (ARC) and 2 cities with special oblast status – Kyiv and Sevastopol.

As the largest territorial unit in Ukraine, the oblast could be compared to a region within the European Union context. Ukraine's 24 regions vary considerably in terms of population size, ranging from Donetsk oblast with 4.4 million people to Sevastopol (a special status city treated as an oblast) with 380 000 inhabitants, although most oblasts are home to between 1 and 2 million people.

The rayon is a medium-sized territorial unit of typically 50 000 or so people of which there are 490. At the rayon level self-government is represented by rayon councils. However, according to the Ukrainian constitution, rayon councils do not have an executive structure (UNDP, 2008: 28). In addition to this, there are more than 12 000 councils governing urban areas and councils governing rural areas or villages, which are the smallest territorial unit for the governance of Ukraine.

In terms of global normative understandings of good governance, the present Ukrainian system of territorial sub-division is far from ideal. Some of the major problems associated with this current structure are recognised as including:

- Excessive variety among units of the same level;
- Mismatch between responsibilities and organisational capacities of various units;
- Administrative enclaves and exclaves and overlaps, when territorial units include other units of the same administrative level;

- Large number of local governments (over 12 000) and rayons (about 500) which can be criticised as being an obstacle to effective management and control.

Together, these problems make it difficult to divide governmental responsibilities effectively and achieve cooperation between different levels of government, as well as between legislative and executive authorities at the local level (Maynzyuk and Dzhygyr 2008: 12). The system also has problematic in-built tensions; political and administrative relations between levels of government remain ambiguous, ineffective and create conflicts of interest, especially at regional and sub-regional levels (Maynzyuk and Dzhygyr 2008: 13)

The present Ukrainian system of regional and local government is typical of post-Soviet states and mirrors (with some adjustments in the 1990s) the Soviet top-down means of local government administration via a vertically hierarchical line of Soviets (*Radas* in Ukrainian; Councils in English) from a village Soviet to the Supreme Soviet (or *Verkhovna Rada* in Ukrainian, the name given to the Ukrainian parliament).

Table 1: Oblasts of Ukraine

Oblast Council
Verkhovna Rada of the Autonomous Republic of Crimea
Cherkasy oblast
Chernihiv oblast
Chernivtsi oblast
Donetsk oblast
Dnipropetrovsk oblast
Ivano-Frankivsk oblast
Kharkiv oblast
Kherson oblast
Khmelnysky oblast
Kirovohrad oblast
Kyiv oblast
Luhansk oblast
Lviv oblast
Mykolajiv oblast
Odessa oblast
Poltava oblast
Rivne oblast
Sumy oblast
Ternopil oblast
Vinnytsia oblast
Volynska oblast
Zakarpatska oblast
Zaporizzhia oblast
Zhytomyr oblast

The Soviet legacy is still evident not simply in the structure of local governing arrangements, but also in citizens' expectations of their authorities. In essence, the notion of autonomous self-government as a form of local democracy is not well rooted in Ukraine. This reflects the strong Soviet expectations that *the state* rather than *the community* should take care of people's needs. As a result, citizens of Ukraine have little knowledge of and interest in local self-government, preferring either to passively wait for the resolution of their problems by local authorities with state support, or to solve the problems by themselves with no consideration for the wider community (UNDP, 2008: 29-30). **This is a key challenge for the effective delivery of all EU programmes and initiatives, and prohibits the adoption of EU norms within democratic life in Ukraine. The CoR and its members should actively support the launch of new schemes which can invigorate interest in the process of local self-government, starting with a large-scale education programme.**

1.3 Ukraine's constitutional/legal frameworks for local and regional government

Chapter XI of the Ukrainian constitution² sets out the principles of local self-government. It defines local self-government as the right of a territorial community to independently resolve local issues within the limits of the constitution and the law. Local self-government is exercised by citizens both directly and through bodies of local self-government. However, Article 2 of the constitution also makes clear that Ukraine is a unitary state, which makes it easy for local government reforms to be challenged through the Constitutional Court. This is a problematic issue as will be explained later on. The development of Ukrainian local government in the 1990s and 2000s proceeded as follows:

- In 1992, Ukraine adopted its law on local administration.
- In 1993, Ukraine ratified the European Charter of Local Self-Government.
- The law of Ukraine on Local Self-Government in Ukraine (1997) determines the basic principles of the activity of local self-governmental bodies. However, this law does not require the mandatory development of city statutes or statutes for other types of communities. These would offer a form of local constitution that would define both the administrative structure and the mechanisms of public participation in decision-making and exercising control. Only a few dozen cities in Ukraine have developed and adopted such statutes (EEO Group, 2010).
- The 1998 Law on Local Government in Ukraine establishes the principles, functions and responsibilities of local governments and officials.
- In 2001, the Law on Local State Administrations was adopted and specifies the organisational arrangements to be followed by local executive bodies and their roles.

The Ukrainian constitution (Article 140) recognises the organisational, financial and legal autonomy of local self-governmental bodies, in accordance with the European Charter of Local Self-Government. Yet, these principles do not always find practical implementation.

² <http://www.rada.gov.ua/const/conengl.htm>.

A number of issues presently limit the effective functioning of local self-government in Ukraine, relating primarily to the political and administrative powers of local self-government, their financial system and their economic resources (UNDP, 2008: 27). These problems include:

- The relationship between political representation at the regional and local levels and public accountability;
- Financing of regional and local self-government initiatives and responsibilities related to the provision of goods and services that ensure human development;
- Ensuring effective and efficient public spending.

Furthermore, whilst many of its provisions have already been implemented in Ukrainian legislation, much remains to be done in order to achieve full compliance with the European Charter of Local Self-Government (UNDP, 2008: 49).

1.4 Competences of local and regional authorities

Ukrainian governance at the local and regional level is split between centrally appointed state administrators and locally elected councillors. In theory, the former hold executive authority and undertake the day-to-day governance of localities, whilst the latter elected councillors represent the views of their electorates.

In reality, however, the Ukrainian system for governing the localities is characterised by a high degree of duality and overlapping competences between elected local councils on the one hand and the administration of the central state on the other, eroding the development of strong self-government at the local and regional level, and undermining the effective provision of public services. Central state authorities in the regions are responsible for the implementation of state policy at the regional level, in accordance with the 1999 Law of Ukraine on Local State Administrations.³ In accordance with the 1997 Law of Ukraine on Local Self-Government,⁴ the district and regional councils are local self-government bodies representing the mutual interests of the territorial communities of villages, settlements and towns. However, rayon and regional state administrations do not have the tangible practical authority and resources to formulate and implement programme documents and strategic solutions regarding the development of rayons and regions (EEO Group, 2010: 22). This represents a significant problem both with regard to the delivery of key public services, but also the development of regional policy and as such, the implementation of the EU-Ukraine Dialogue on Regional Policy MoU.⁵

The confusion and ambiguity regarding the competences of local and regional authorities in Ukraine is the result of several factors.

First, the legal framework provided in the Ukrainian constitution and supplementary legislation does not clearly set out a division of competences between the different levels of government. Thus at the present time, local politicians are elected but do not have the executive authority to push through their agenda, nor indeed are they really held responsible for the delivery of key public services. The central government appointed state bureaucracy is charged with delivery of local services in many cases, but is largely unaccountable since it is accountable to central government ministries in Kyiv rather than to a local

3 For an English-language version, see <http://iupdp.org/legislation/66-48e-11-the-law-of-ukraine-on-local-state-administrations-of-april-9-1999>.

4 For an English version, see http://www.urban.org/PDF/ukr_locgov.pdf.

5 EU-Ukraine Dialogue on Regional Policy. Memorandum of Understanding for the Establishment of a Dialogue on Regional Policy and Development of Regional Cooperation between the Ministry of Regional Development and Construction of Ukraine and the European Commission. http://ec.europa.eu/regional_policy/international/pdf/mou_ukraine_en.pdf.

electorate. Consequently, local government tends to pursue a policy agenda that is aligned with the national government in Kyiv. This duality of competences is undemocratic, unresponsive and inefficient.

Second, local government in Ukraine is dependent on central government both for its resources and for career advancement at the senior grades (oblast governors, for example, are appointed by the president of Ukraine). Funding priorities and allocations are determined in Kyiv almost as an afterthought once the national budget has been settled and there is essentially no accountability or oversight at the local level.

Third, there are significant problems with local electoral democracy which bring into question the effectiveness of local self-government in Ukraine (see also below).

In its latest country assessment, the European Commission could identify only limited further progress towards a strengthening of local self-government (European Commission, 2011: 6). No steps have been taken to develop a modern legal framework on ensuring the rights of minorities and continuous efforts are needed to ensure implementation of the CoE Framework Convention for the Protection of National Minorities and the European Charter for Regional or Minority Languages (European Commission, 2011:11).

1.5 Electoral democracy at the local and regional level

Elections are held to appoint all city mayors, and heads of towns and villages, as well as village, town, city, rayon and oblast council deputies. However, the heads of rayon state administrations are appointed by the orders of the Ukrainian president, and the heads of oblast state administrations by the decrees of the Ukrainian president based on the submission of the Ukrainian Cabinet of Ministers. Therefore, citizens can only influence policy decisions through the election of the heads of their localities and of the local, rayon and oblast council deputies (UNDP, 2008: 28-29). However, except for those in the 176 so-called “cities of oblast significance”, the heads of council and council deputies have few decision-making powers. Thus the *actual* power in oblasts, rayons and towns of "rayon significance" belongs to the heads of oblast and rayon state administrations. This is reinforced through the fiscal arrangements for local and regional self-government (see below).

The European Commission has identified a number of issues with regard to the strength of local and regional democracy in Ukraine, something which future programmes and action from the EU institutions should address (European Commission, 2011). For instance, whilst electoral democracy was praised at the national (presidential) level in 2010, by contrast, local elections, held in October 2010, were found to have been lacking in democratic robustness.⁶

The Commission noted that the electoral process had been heavily criticised by international and domestic observers, in particular with regard to the legal framework and the poor administration of the electoral process. As a point of action, the Commission notes that the adoption of an election code which meets European standards and which is supported across the main political groupings is crucial to the democratic legitimacy of future elections in Ukraine. This particular issue has now been placed at the top of the EU’s agenda in Ukraine. **Any system of multi-level governance must be based on the principles and practice of good governance at all levels of public accountability.**

What little local accountability there is to local electorates has been worsened by the use of proportional representation (PR) for local elections. PR was introduced as a system for electing local, rayon and oblast councils in 2006. However, this system was widely criticised in the international community for having significantly impaired citizens’ ability to elect accountable local self-government bodies. In many rayons and oblasts the pre-election party lists, and indeed the resulting councils, were filled with non-residents of the respective

⁶ See also the Report of the Election Observation Mission to Ukraine’s Local Elections, EOM Pool of the Committee of the Regions. The full report is available from: <http://www.coe.int/t/congress/files/themes/observation>.

communities, especially businessmen anchoring their interests in politically and economically powerful cities (Maynzyuk and Dzhygyr 2008: 13).

The system was improved somewhat for the most recent local elections, held in 2010, when only half of the local councillors were elected on the basis of their position on the party list. This system was introduced by a new law on local elections, passed by the Ukrainian parliament in August 2010. However, this new law, which was supposed to enhance the concept of local democracy, was in itself widely criticised by both domestic and international election experts. The United States administration, for instance, stated openly that the conduct of local elections in the Ukraine “did not meet standards for openness and fairness”⁷. The Election Observation Mission of the Congress of Local and Regional authorities of the CoE highlighted a number of weaknesses and noted in particular that the local elections were ‘not of a standard [we would have] wished to see’ (European Commission, 2011: 4). In addition, the local elections of 2010 suffered from a very low turnout of 50% (the lowest since 1991). Overall, most election observers criticised the conduct of the local elections as being a step backwards compared with other post-2005 elections (European Commission, 2011: 4).

The current low standard of electoral democracy at the local and regional level is significant for moves to establish the EU-Ukraine Dialogue on Regional Policy and Development of Regional Cooperation. The Committee of the Regions can use its position to reinforce the development of robust democratic electoral procedures at the local and regional level as a necessary component of all cooperation with the EU, in line with the Commission’s agenda. Democratic legitimacy and transparency are core values supported by the CoR and as representatives of the EU’s local and regional level, there is an imperative on the CoR and its members to promote solid democratic standards as a cornerstone of all relationships with developing countries. **An emphasis on the creation of a strong legal framework and robust administration of the electoral process for all local elections should form a core element of all of the CoR’s interactions with its Ukrainian partners.**

The politics of local government reform in Ukraine is further complicated by the fact that control of local government has been used both by the central state to boost support for the ruling national government of the day - usually to shore up a president - and to improve turnout at election time. This is done by the use of

⁷ Wall Street Journal , 4 November 2010
<http://online.wsj.com/article/SB10001424052748703506904575592431134922388.html>.

so-called ‘administrative resources’, which are worthy of a paragraph of their own given their central importance in the Ukrainian context.⁸

Administrative Resources: the Link between National and Local Sources of Power in Ukraine

“Administrative resources” is the term used to describe the way in which central government uses the vertical command structure for the government of Ukraine to order local officials and politicians to boost the vote for the ruling party. Votes may be increased in a number of ways. First, pressure may be applied to all state employees and those dependent on receipt of an income from the state, such as pensioners. Secondly, those who are in institutions controlled by the state may be ordered to vote in given way (for example, prisoners, soldiers living in barracks or even patients in hospitals). Thirdly, the electoral roll may be manipulated by adding extra names, often of the recently deceased, the so-called ‘dead souls’ whose votes are cast by someone else.

It must also be noted that the public accountability of self-government bodies is limited by the lack of mechanisms and tools to hold the authorities to account, apart from periodic and ultimately flawed elections. For instance, public hearings, general meetings of citizens, or local initiatives, are used very rarely and only in a few communities (UNDP, 2008: 29). **The CoR should urge its Ukrainian counterparts to undertake more of these informal consultation exercises as a means of improving the quality of local democracy.**

⁸ On administrative resources in more depth and detail and the notion of managed democracy, see Wilson, A. (2005) *Virtual Politics: Faking Democracy in the Post-Soviet World* (New Haven: Yale University Press).

1.6 The extent and nature of fiscal decentralisation in Ukraine

The Ukrainian system of local self-government is characterised by a high degree of financial and administrative dependence on central government, confusion over competences, conflicts between local state administrations and local self-government bodies, as well as by territorial limitations on the jurisdiction of local self-government bodies (UNDP, 2008: 28).

Local government in Ukraine is more or less completely dependent on funding allocated by the Ukrainian national parliament in the state budget each year. Direct revenues form only a small part of local governments' budget at around 10% of their overall income; the remaining 90% comes as a grant from central government. Given that local government struggles to find enough revenue to perform its core duties, there is no funding left over to stimulate local economic development in such a way as to grow the tax base of a given rayon, much less a smaller rural or urban council district. The proportion of local government income accrued from local taxation is insignificant, at around 1 per cent of total revenues.

This disconnect between the national and local level means that funding for the provision of services devolved by the parliament is simply inadequate and that when the responsibilities of local government increase, there is seldom enough funding to meet the new obligations. Most local government expenditure relates to the execution of state functions such as education, healthcare, social protection and so on.

Budgeting for local government in Ukraine is carried out through state fiscal authorities at the oblast and rayon level; smaller units of local self government, such as small cities, rural settlements and villages, lack the administrative capacity to define and subsequently to administer their budgets. In practice, real self-government only exists in the 176 so-called "cities of oblast significance", as only cities and towns of national and oblast significance have real budget powers. Each of these has a separate budget expenditure line in the State Budget of Ukraine, to determine its financial needs for the relevant fiscal year (UNDP, 2008: 28).

All other communities depend on budget allocations from their respective rayon, of which there are 490 in Ukraine. The rayon budget is part of the (national) State Budget of Ukraine. Thus, the actual power at the rayon level belongs not to the locally-elected rayon councils, but rather to the decentralised central state administration in the localities – the rayon state administrations (UNDP, 2008:

28). At the oblast level the situation is similar, that is to say, the regionally-elected oblast councils represent local self-government, whereas an oblast state administration represents the central state authorities in the region. However, it is the rayon and oblast **councils** that approve the relevant rayon or oblast budgets (UNDP, 2008: 28).

In 2001, Ukraine's legislation on decentralised fiscal competence, the so-called "Budget Code", was introduced. This brought in rules and principles of public expenditure management which demanded a highly decentralised government system, without bringing in the necessary concomitant significant autonomy for oblasts, rayons and cities. The Budget Code has also served to further confuse governmental responsibilities at the local and regional level, since despite the fact that local governments were given more power with regard to expenditure for public services, no clear separation between central government's and local governments' responsibilities has been made.

This is a result of the fact that budget reforms were designed in a political environment which was highly hostile to the idea of decentralisation. There was a lack of clear political vision and motivation for these reforms, and the political debate was centred on zero sum issues of losing political and financial influence. As a result, there was a great deal of political uncertainty around the division of responsibilities among levels of government (Schneider, 2009).

Ukraine has successfully introduced a fiscal equalisation system to correct the effects of varying levels of income amongst local governments, but it is deficient in many ways and local governments have no say in deciding how it operates (UNDP, 2008: 49). In essence, it is a fiscal equalisation scheme without defined expenditure responsibilities, hampering further the development of strong, local and regional self-government in Ukraine. The current transfer formula is found to be inefficient, open to manipulation and promotes inefficient budget spending (Schneider, 2009). There is a need therefore to clarify and improve the division of functions between governmental levels. The current taxation and revenue-sharing situation is understood as "difficult" at best.

The key outstanding issues in the area of fiscal decentralisation remain as follows:

- Mismatch between centrally-imposed input norms and budget allocation rules
- Insufficient local revenue autonomy
- Insufficient administrative autonomy of decision-making at sub-national level

Added to this, the intergovernmental division of responsibilities is unclear; the revenue sharing scheme is insufficient, as it does not adequately compensate local governments for central policies; local governments depend totally on central budget transfers and they have very few possibilities to raise local taxes.

Challenges for the future and improving the situation of fiscal decentralisation in Ukraine include a lack of a comprehensive vision for decentralisation, a lack of political decision on the desired degree of decentralisation, including the place, size and role of local self-government and regional levels. The matter is further complicated by the politics of local government reform, to which this report will now turn.

1.7 The extent and nature of territorial reform

Local government reform has become something of a political football, with Ukrainian politicians and political parties shifting positions on the desirability of a proposed reform to territorial governance, which gives the impression that short-term political advantage is being sought from the implementation of a given measure. In 1992, President Kravchuk consolidated support in the regions by introducing presidentially-appointed representatives and state administrations in the regions. This was reversed in 1994 by the Ukrainian parliament seeking to weaken the president which put power back in the hands of locally-elected politicians. The 1996 constitution once again re-centralised power around the president, restoring the power to appoint local government executives to him. More recently, in 2004, the pro- Kuchma Presidential Party of the Regions (then part of the United Ukraine electoral bloc) was in favour of centralising powers and the opposition *Our Ukraine* was against centralisation. After the victory of *Our Ukraine*'s Viktor Yushchenko in 2004, these positions were reversed. Between 2004 and the presidential elections of 2009, reform of local government with a view to making it more independent, representative and responsible was often debated but ultimately the chronic instability of the period made any true reform an impossibility.

What cannot be overlooked is that **a reform of local government to make it independent of central government interference is not simply desirable for Ukrainian democracy, but absolutely essential.** Only democratic local government reform can bring an end to the temptation for central government to use administrative resources in order to rig elections. And only local government reform can end the Soviet-era direct chain of command from the centre to the smallest locality that frustrates local democracy, local economic development and the advance of Ukrainian society.

For the 60% of Ukrainians who live outside of larger towns and cities, however, the political problems of local government are of secondary importance: what matters to them is that public services are adequately supplied. The basic problem of local government in Ukraine is that **many smaller local authorities, particularly rural councils and smaller town councils are simply incapable of providing key services** due to a basic lack of resources. Their tax base is negligible and the resources received from central government are simply inadequate to meet their demands. This is worrying for human development in Ukraine and serves to create barriers to equality of opportunity, with rural Ukrainians unable to access basic education and healthcare.

This does not mean, however, that public services are of uniformly poor quality since within larger towns and cities local government has resources that are

more or less adequate to perform their core functions. The structure of funding for local government is such that funds tend to be concentrated in larger territorial units.

1.8 The politics of Ukrainian administrative reform plans

By the late 2000s, the majority of political parties in Ukraine had come to support some degree of political decentralisation. Even national democrats, who favoured unitary agendas in the 1990s, had come to suggest a strengthening of regional assemblies. For example, “Our Ukraine–Peoples’ Self Defence”, proposed cancelling regional state administrations, allowing more taxation in the regions and returning a lower degree of taxation revenue to the national budget under the fiscal equalisation system.

That said, plans to reform Ukraine’s system of territorial governance suffered a setback in 2010, when constitutional reform proposals were rejected by the Constitutional Court. As mentioned above, the constitution and laws of Ukraine relating to local government are opaque and do not really set out what the principle of a ‘unitary state’ means for local government autonomy. The situation is further exacerbated by the politicisation of the Constitutional Court which Ukrainian governments of all political colours have sought to control by packing the court with their appointees and sacking judges not to their liking. Ukraine’s constitutional arrangements are not above politics; rather they are a key element of the cutthroat political competition that could be called ‘hyper pluralism’. As a result, self-rule in the regions has followed largely the same pattern, as the 1996 constitution has entered into force again following the controversial decision of the Constitutional Court to overturn the constitutional settlement that brought an end to the orange revolution and return to a presidential system.

There have been some further steps towards reform, however, and these deserve to be acknowledged. Shortly after his election in early 2010, President Yanukovich established the Council of Regions, an advisory body. Its task was to improve the regional economies and prepare the ground for territorial-administrative reform. Alongside the president himself and ministers from the central government, the Council’s members included the heads of the regional state administration. On the one hand, the Council provided a strong platform from which regional leaders could make decisions on crucial issues for regions and address them to the central government for implementation. On the other hand, the Council excluded the heads of regional assemblies. Thus, increased shared rule in this case refers only to regional executives.

1.8.1 Position of ruling government

The incumbent Party of Regions under President Viktor Yanukovich and Prime Minister Azarov fought an electoral campaign in 2010 which did not explicitly promote a 2008 constitutional draft put forward by the party. This had suggested the abolition of central state administrations in the regions, and a strengthening of local and regional self-government, to take on the former functions of these state-controlled bodies. Whilst this proposal had been put forward in the 2008 constitutional draft of the Party of Regions (Ukrainian Draft Law No. 2722, 2008), since taking office, Yanukovich has instead promoted a watered-down version of these proposals. He has declared his intention to strengthen self-rule in the regions by means of introducing executive committees to regional assemblies, and transferring some functions of regional administrations to them (Yanukovich, 2010: 13; Yermolayev, 2010: 55). However, this has not yet happened, despite a parliamentary majority which is pro-presidential. Moreover, the president has also stated that “Ukraine is a unitary state – full stop”. It appears, therefore, that the strongest political party in Ukraine, which has the best representation in national and in regional offices, may not now wish to implement its own regionalist agenda. This U-turn will come as no surprise to seasoned Ukraine-watchers, since having taken control of the central government, the incentive for Ukraine’s Party of Regions to devolve power is limited. When the regions capture the centre, there is simply no need to increase the power of the regions. Thus far under the presidency of Yanukovich, no laws on regional languages have been introduced – not least because this is a hugely sensitive political issue in a country when Russian remains the lingua franca of most Ukrainians despite the monopoly of Ukrainian in public life and education. A policy of ‘no change’ on the status of the Russian language in Ukraine is no bad thing. Russian is no more a minority language in Ukraine than English is in Ireland. Unfortunately, fiscal centralisation has, if anything, become more pronounced.

In the summer of 2011, the Ukrainian President Viktor Yanukovich announced his intention to carry out reforms to improve the efficiency of local government in Ukraine. Yanukovich has argued that under the European Charter for Local Self-Government, local authorities represent one of the main pillars of democracy and such reforms will form part of the deepening of democratisation in Ukraine. **To date, however, the detail of this plan has not been spelt out.**

1.8.2 Position of opposition parties in Ukraine

At present there is a lack of a comprehensive vision for decentralisation; this is compounded by the fact there are conflicting views on the role of the regional tier (Maynzyuk and Dzhygyr 2008: 24) and by the fact that President Yanukovych's government has not yet set out its plans for local government reform.

Political parties are divided on the role for local self-government in addressing the risks of political regionalisation (Maynzyuk and Dzhygyr 2008: 18). The 2009 constitutional draft of the leader of the national democratic "Our Ukraine-People's Self Defence", former President Yushchenko, proposed strengthening self-rule in the regions, by abolishing sub-regional and regional state administrations, transferring their functions instead to the executive committees of sub-regional and regional assemblies (see the Ukrainian Draft Law on Changing the constitution of Ukraine, 2009). The same point had been made previously in the 2008 constitutional draft **regarding the role** of the regions (Ukrainian Draft Law No. 2722, 2008). This document is important because its proposers now form part of the Ukrainian opposition.

The prime minister of Ukraine in 2009 Yulia Tymoshenko (leader of the Bloc Yulia Tymoshenko or BYUT) asked the Ministry of Regional Development and Building to develop a new, improved legal basis for the further development of local self-government in Ukraine. Ukraine's Cabinet of Ministers accepted this document in December 2009. As part of this programme, a state project, 'The Concept of Reforms of Local Self-Government' was published in August 2010, once the new government had taken power. The results from this project were intended to feed into improving the existing Law on the Administrative-Territorial Make-Up of Ukraine. The overall aim of these reforms was to improve the quality of life of Ukraine's population by introducing an effective system of local self-government as a pillar of public power, which seeks to provide quality services for Ukraine's citizens in their local communities. The ministry aimed to provide, within its revised regional policy, an effective platform for the dialogue between national associations of local self-government bodies and communities, aimed at developing local and regional democracy.

The political opposition in Ukraine thus far has remained quiet on the issue of reforms to local self-government in Ukraine apart from recent calls from a prominent BYUT deputy, Tomenko, calling for members of local organs of power to be invited to take part in the consultation on Ukraine's national budget⁹. The silence of the opposition is unsurprising for a number of reasons.

⁹Оппозиция надеется перекроить бюджет. Обозреватель. 21.09.2011
<http://obozrevatel.com/politics/oppozitsiya-nadeetsya-perekroit-byudzhet.htm>

First, the government has not yet published the detail of its reform agenda, so the opposition can hardly object to it before it has had a chance to work out how its own regional power bases will be affected. Second, Ukrainian political life tends to be of a rather reactive than pro-active nature. What tends to matter is the politics of power, i.e. who has the power, rather than what might productively be done with power. Thirdly, and crucially, the leader of the main opposition grouping BYUT, Yulia Tymoshenko, has been placed on trial and imprisoned. This has completely dominated the domestic political scene in recent months as the drama of the trial is played out.

1.9 Strengthening multi-level governance in the country: an agenda for CoR action

Amidst the fearsome complexity of Ukrainian politics, what can the CoR do to encourage local democracy in Ukraine? In the very first place, there must be direct engagement with all of Ukraine's political parties that are committed to European integration, essentially Our Ukraine–Peoples' Self Defence, the Bloc Yulia Tymoshenko and the ruling Party of Regions. CoR members need to travel to Ukraine, both to Kyiv as well as the principal cities of Ukraine to meet and make personal connections with their Ukrainian counterparts and make the case persuasively for real change.

Second, the CoR should recommend to the Commission that a core part of the 'more-for-more' element of the Eastern Partnership and Association Agreement with Ukraine must be rooted in insisting that local government reforms are fully implemented, including a change to the constitution of Ukraine, if need be. The CoR should also advise the Commission to take a dim view of the continued attempts of Ukrainian politicians to interfere in the functioning of the Ukrainian Constitutional Court. The CoR must also push the External Action Service, the parliament and the Member State governments to engage more fully with the Ukrainian authorities in response to irregularities in recent local elections and to condemn the use of administrative resources to force a particular result.

Third, the CoR should pressure the Commission to fund a local-government training programme for Ukrainians, which should include two elements. First, the establishment of a Local Government Training College in Ukraine, bringing together not only Ukrainian local government officials but also participants from other Eastern Partnership countries and from within the EU Member States themselves for the purpose of short courses. This would be an invaluable institution and need not be expensive to set up and run. The college should also organise month-long summer schools for promising Ukrainian local government officials to receive both additional English and French language training and to undertake a serious of study visits to institutions of local and regional government in the EU. This will have a number of beneficial effects. In the first place, it will empower Ukrainian local government officials to become sources of pressure within the localities pushing Ukraine's national government towards more European integration. Second, it will give Ukrainian local government officials a taste of how local democracy works within the EU. Here again, the cost of such summer schools could be as low as €60 000 for 20 participants for two weeks.

2 PART TWO

2.1 The role of local and regional authorities in EU-Ukrainian relations

There is great potential for local and regional authorities to play a substantial role in meeting the global aims of the European Neighbourhood Policy. As the European Commissioner for Enlargement and European Neighbourhood Policy Štefan Füle noted at the inaugural meeting of the CORLEAP initiative in September 2011, the EU “has always emphasised the importance of involvement of local and regional authorities in shaping its policies. We also apply the same approach to our relations with Eastern partners”¹⁰.

The most significant manner in which local and regional authorities foster strong EU-Ukrainian relations is through partnership and transnational project work. These are supported, in particular, through EU funding programmes which facilitate contact-building between local and regional actors within Ukraine and within the 27 EU Member States. Such partnership activities allow for the development of good governing practices at the local and regional level through the exchange of experience, ideas and know-how.

Cross-border projects are further means by which these contacts are developed and governance structures are enhanced at the local and regional level. Local and regional authorities are key actors in the current set of cross-border projects which are carried out under the umbrella of ENPI funding.

In 2010, the EU gave Ukraine €126 million under the ENPI. €17 million was directed towards community-based approaches to local development (European Commission, 2011: 22). Ukraine participates in four ENPI CBC programmes with an overall allocation of €401 163 million for programmes over the 2007-2013 period.

In addition to this bilateral funding, in 2010 Ukraine benefitted from cooperation measures financed under the ENPI cross-border, inter-regional and regional

10 Štefan Füle, European Commissioner for Enlargement and European Neighbourhood Policy, speech at the inaugural session of the Conference of the Regional and Local Authorities of the Eastern Partnership (CORLEAP), Poznan, Poland, 8 September 2011. Available at: <http://europa.eu/rapid/pressReleasesAction.do?reference=SPEECH/11/564&format=HTML&aged=0&language=EN&guiLanguage=en> Accessed 22 September 2011

programmes. Ukraine took part in four ENPI Cross-Border Cooperation (CBC) programmes¹¹:

- 1) Poland-Belarus-Ukraine (€186.2 million for the whole programme, running from 2007-13). The priorities are increasing competitiveness of the border area, improving quality of life, networking and people-to-people cooperation.
- 2) Hungary-Slovakia-Romania-Ukraine (€68.6 million for the whole programme, running 2007-2013). The priorities are to promote economic and social development, enhance environmental quality, increase border efficiency and support people-to-people cooperation.
- 3) Romania-Ukraine-Republic of Moldova (€126.7 million for the whole programme, running 2007-2013). The priorities are competitiveness of the border economy, environment, emergencies and interaction between people and communities living in the border areas.
- 4) Black Sea Basin (€21.3 million for the whole programme in 2007-2013). The main priorities are to support cross-border partnerships for economic and social development based on combined resources, to share resources and competencies for environmental protection and conservation, and to support cultural and educational initiatives for the establishment of a common cultural environment in the basin.

Ukraine also participates in the “Central Europe” and “South-East Europe” Transnational Cooperation Programmes developed under the ERDF, to which the country was admitted in May 2008.

Collectively, these programmes are expected to make a substantial impact on the degree of cross-border cooperation in Ukraine and generate benefits that extend beyond the life cycle of the programmes themselves. The ENPI CBC programmes will increase the linkages between the level of understanding between LRA actors in the EU27 and the ENP area (Ukraine), fostering learning, administrative capacity-building and facilitating dialogue and exchange of best practice across the EU’s boundaries. Not only do these CBC initiatives provide for stronger institutional contacts, which is significant given the identified need for enhanced learning at LRA level in Ukraine (European Commission, 2011: 6), CBC schemes, particularly those which are relatively small in scale, are also part of the multi-level governance structure of EU policy-

¹¹ Note that as these programmes are all still ongoing, there is limited evaluation available to date of their impact and effectiveness. The CoR should continue to monitor the output and evaluation of these programmes with a view to contributing to their effectiveness.

making (Perkmann, 2003: 168). **The CoR should thus seek to foster these exchanges as a cornerstone of any future framework agreement on cooperation between local and regional authorities in Ukraine and EU Member States, as proposed in the CoR Opinion on ‘Local and Regional Government in Ukraine and the Development of Cooperation between Ukraine and the EU’ (CdR 173/2010).**

CBC also has a significant role to play in the facilitation of a robust regional policy, as advanced by the MoU¹². This is due to two main factors which are prerequisites for the roll-out and subsequent successful delivery of a regional policy: 1) CBC is concerned primarily with *practical problem-solving* in a broad range of fields of everyday administrative life; 2) CBC involves a certain *stabilisation* of cross-border contacts, i.e. institution-building, over time (Perkmann, 2003: 156). This cross-border interaction can facilitate the necessary institutional learning and administrative capacity-building which can supply the basis on which a regional policy can be delivered successfully and can lead to regional development in the cross-border space. Two of the EU’s newest Member States have land or maritime borders with Ukraine; there are therefore significant resources to use CBC as a means to facilitate learning at the local and regional level on the basis of their accession and experiences as new Member States.

It is also recognised that CBC is more likely to be effective in countries with a strong tradition of communal autonomy (Perkmann, 2003: 165). Thus, democratic institution-building in Ukraine must go hand in hand with the development of CBC such as those rolled out under the framework of the ENPI for the 2007-2013 programming period. **The CoR must therefore prioritise political and constitutional reform as well as institution-building as a key element of its interaction with and support for local and regional government in Ukraine.**

The CoR has called for a “territorial” approach to be added to the Eastern Partnership¹³. The weight of evidence supports the CoR’s call for potential partners to reach a multilateral agreement¹⁴ which would enable the EGTC to function in Ukraine as it does in the EU, and also to enable the Council of Europe’s Euroregional Cooperation Groupings (ECG) to function in Ukraine. **To that end, CBC initiatives are to be welcomed, and the extension of EGTC spaces to Ukraine in the future should be encouraged by the CoR as a means of meeting the aims of the MoU, as well as those of the ENP itself.**

12 EU-Ukraine Dialogue on Regional Policy. Memorandum of Understanding, see footnote 5. Hereafter referred to simply as “MoU”.

13 CoR Opinion 78/2009 on “The Role of Local and Regional Authorities within the Eastern Partnership”

14 CdR 173/2010

CBC programmes are widely recognised as fostering social cohesion through economic interdependence and harmonisation, as well as serving to improve competitiveness by encouraging coherent, viable regions (Deas and Lord, 2006: 1848). However, as the European Commission's country report on Ukraine for 2010 also notes that there is as yet no specific national legislation to promote cross-border and regional cooperation (European Commission, 2011: 23), **the CoR should highlight the relevance of strong CBC partnerships and programmes as a cornerstone of strengthening the EU's future relations with Ukraine and enhancing multi-level governance in that country.**

Finally, the creation of cross-border governance capacity requires different institutional innovations: the development of social practices for policy development; the mobilisation of resources and the implementation of policies (Pikner, 2008: 214). Cross-border interactive frameworks can thus encourage new spaces for the development of policy solutions to policy challenges, irrespective of national territorial boundaries. It is within this context that more appropriate solutions to the challenges of regional economic development can be developed. **The CoR and its members should thus look to support innovation in the form of new governing practices to meet regional challenges across borders, such as those promoted through the CBC programmes funded through the ENPI. These can begin to deliver real solutions to the issues outlined in the MoU.**

In short, the benefits of CBC have wide implications for the development of multi-level governance in Ukraine and can facilitate the objectives of the MoU. That the Euro 2012 football championships are to be held jointly by Poland and Ukraine is an opportunity. As the CoR has noted, this event will see a significant cross-border cooperation programme between the EU and one of its neighbours, offering major opportunities for regional cooperation¹⁵. **The CoR and its members should work to ensure a substantial legacy from the cross-border partnerships at the local and regional level which are established in the course of hosting this event.**

15 CdR 173/2010 p. 4

2.2 Implementation of the Memorandum of Understanding for the Establishment of a Dialogue on Regional Policy and Development of Regional Cooperation

As is well-known, regional policy needs to offer a balanced programmatic approach to broader social advances, and offer inclusive, sustainable solutions to Ukraine's long-term regional development. "Economic development itself will not solve all the social problems of Ukraine. Experience elsewhere, as well as in Ukraine, shows that economic growth is accompanied by growing disparities in regional development as well as increasing income inequality, and they both need to be addressed by effective government policy" (UNDP, 2008: 18). The CoR can work to facilitate the implementation of the MoU in a number of ways.

2.2.1 Establishing the infrastructure for a strong regional policy in Ukraine

One of the main challenges in Ukraine with respect to the development of a robust policy to support regional development is the number of structures responsible for regional development and the lack of a clear institutional system for decision-making, alongside the lack of united coordination and managerial division of responsibility (EEO Group, 2010: 20).

Notably, however, an evaluation of a number of regions in Ukraine, which was supported by the European Commission's DG REGIO, found that further technical assistance would be necessary to support fully the implementation of the MoU between Ukraine and DG REGIO (EEO Group, 2010: 26). Equally, increased technical assistance in the form of support for concept development, project preparation or financial management, would be needed in order to assist the regions of Ukraine in maximising the impact of Cross-Border Co-Operation and other EU and international funding agencies' programmes (EEO Group, 2010: 26). **The CoR and its members have the expertise and the capacity to offer enhanced technical assistance of this kind to Ukraine's regions; opportunities to deliver these skills and knowledge to partners in Ukraine should be sought actively.**

Finally, the DG REGIO expert evaluation found an urgent need to introduce a regional development function based on sound partnership principles and recommended that there be further development of strong regional development structures in Ukraine and its regions. These need to be well-staffed, well-resourced and connected in a practical way to provide a network of regional development structures. Furthermore, clear support to help partners in Ukraine

understand these basic concepts at both the national and the regional level is critical (EEO Group, 2010: 26). All of these aspects are areas where the expertise of the CoR and its members could be particularly useful. The COTER Commission in particular has a skills set and expertise that should be drawn upon to lend assistance in these developmental areas. **The CoR and its members should develop a forum for interaction that lends support to the development of the infrastructure necessary for the successful delivery of a sound regional policy in Ukraine, in the principal areas outlined above.** The CORLEAP framework of interaction could, in particular, facilitate this aim, allowing for a new set of twinning exchanges and cross-border cooperation between local and regional authorities in Ukraine and the EU, with these particular infrastructural aims as their primary goal. The CoR and its members should also drive forward cooperation in areas conducive to the fulfilment of these aims through their engagement in the Eastern Partnership ‘Platforms’ organised by the European Commission, notably the EaP Platform on Democracy, Good Governance and Stability, where the Committee of the Regions is a permanent participant, and the forum where the regional development aspects of the EaP initiative are discussed.

2.2.2 Developing multi-level governance in Ukraine: a role for EU LRAs

A core aspect of the MoU is to facilitate the exchange of “views and practices on forms of multi-level governance, and the partnership in regional policies, including the principles of good governance at regional and local level”. The CoR can, as stated previously, act as a multiplier in order to foster contacts between local and regional authorities in both Ukraine and the EU Member States, as a means of spreading awareness of best practice and of multi-level governance in action. One key indicator of good multi-level governance is in the manner in which local and regional authorities in Ukraine engage with their stakeholder community (Dahl, 1989; Kaufmann and Kraay, 2002). There are some very harsh statistics concerning the extent to which that interaction in Ukraine operates appropriately at the present time. For instance, the interaction between NGOs and national, regional and local governments is considered to be of a relatively low level; in a recent survey, only 7% of NGOs considered the level of contact between NGOs and state structures, at all levels of political authority, to be high; 47-50% of organisations, by contrast, felt that those relations were on a low level. The study found that there has been little change in opinion on these interactions since 2002, indicating that the Orange Revolution, in the view of leading NGO activists, did not bring about meaningful change in the potential for cooperation between non-governmental organisations and the state (Stewart, 2009: 185). **These statistics highlight the low level of NGO engagement with local and regional governments. This is**

an area which the CoR and its members can help to address through continued awareness-raising activities which showcase best practice on stakeholder community engagement from the EU27.

Whilst a high percentage of funding for NGOs in Ukraine continues to come from foreign sources, these sources are disappearing or are under threat (Stewart, 2009: 187). There is less foreign funding available for the civil society sector. Nonetheless, activists working within the NGOs operational in Ukraine hope that the EU will become more active in its support for civil society, for instance, by using the opportunities presented by ENP (Stewart, 2009: 187-188). **Through its dialogue with other EU institutions, the CoR could press for enhanced funding of NGOs in order to support better stakeholder interaction with all levels of governmental authority in Ukraine.**

In her analysis, Stewart notes that the role of government structures as donors and therefore as *supporters* of the growth and sustained vitality of civil society in Ukraine, remains rather limited. She finds that cooperation between NGOs and local government has improved in Ukraine; nonetheless, the amount of funding available from local government sources to support NGO activity remains low. (Stewart, 2009: 188). As good practice in this area sustains not only multi-level governance but also underpins the partnership principle, which is fundamental for regional policy, **this is one area which the CoR should consider a priority within the framework of the Memorandum of Understanding for the Establishment of a Dialogue on Regional Policy and Development of Regional Cooperation.**

A strong and active civil-society sector in Ukraine is necessary to deliver many of the goals of the ENP, and by contributing to its development, the CoR can play a large part in fulfilling the ambitions of both the ENP and the MoU. It is noted that since the Orange Revolution, civil society–government dialogue in Ukraine had not intensified to the degree that most NGO activists had expected. Despite an increase in the number of advisory organs and forums for dialogue being established at both national and regional levels in Ukraine, views on their functioning and added value have been mixed. Reported problems include a lack of experience on both the part of governments and on the part of NGO activists in organising these kind of dialogues, poor policy and opinion-drafting skills amongst NGO staffers as well as a perceived lack of interest on the part of some political actors (Stewart, 2009: 188-9). A lack of transparency in the interaction between governments and NGOs, particularly with regard to project-funding opportunities, is also regarded as a key problem in the development of civil society in Ukraine (Stewart, 2009: 189).

The CoR can work to foster good relations between NGOs and other civil society actors at the local and regional level, by supporting the work of these cooperation forums, and disseminating an understanding of how similar actions operate in EU Member States. A wide-scale education programme could support the growth of these models within a wider context of developing a robust multi-level governance framework in Ukraine.

An initial step could be to establish CoR exchanges with local and regional politicians from Ukraine and to arrange fact-finding missions for these Ukrainian leaders with their counterparts from EU Member States.

Stewart recommends that “the EU and other foreign donors need to play a stronger role as lobbyists for improved political and legal conditions for the development of Ukrainian civil society” (Stewart, 2009: 189), an ambition which the CoR can help to fulfil. Without the further, future development of a strong civil-society sector in the Ukraine, the EU’s expectation that Ukrainian NGOs will serve both as democratising agents and as supporting actors to achieve ENP goals could remain overly ambitious (Stewart, 2009: 192).

The CoR should promote EU project support which includes a stronger focus on local and regional capacity-building

In order to meet the aims of the MoU, there needs to be a sustained focus on institutional capacity-building at the local and regional level in Ukraine. As has been outlined above, this is at the heart of a robust system of multi-level governance and at the core of the creation of an effective institutional framework for the development and delivery of regional policy in Ukraine. **The CoR should work with its EU institutional partners in order to reinforce the focus on institutional capacity-building at the local and regional level, a cornerstone of the MoU.**

2.3 More targeted project assistance to support local and regional capacity-building

There are a number of EU financial support programmes with the potential to be used to support the aims of the MoU, which should be managed in a joined-up way to offer complementary support and assistance, avoiding duplication.

Through its EuropeAid budget for international development, the EU supports a major project in Ukraine which can help strengthen local and regional governance in that country, and help develop a more robust system of multi-level governance for Ukraine.

Funded outside of the ENPI budgetary framework, this project could have wider implications for the implementation of the MoU. **“Support to Sustainable Regional Development in Ukraine¹⁶”**, is geared to regional development and the creation of the National Regional Development Fund which could become the future instrument for EU direct budget support (Maynzyuk and Dzhygyr 2008: 20).

The aim of this project is to assist the Ukrainian Government to build a regional development system in line with international best practice¹⁷. In Ukraine, until 2000, there was no central government body responsible for regional development. In accordance with a Presidential Decree of October 23, 2000, the Ministry of Economy was tasked with regional development functions related to increasing participation in state regional policy formulation, and with the organisation of activities connected with implementation of this policy. From March 2007, the lead role in regional development and regional policy implementation was assigned to a newly established Ministry of Regional Development and Construction (MRDC). The Ministry of Economy (MoE) retained significant aspects of RD implementation, including responsibility for implementing the State Strategy of Regional Development. The MRDC is playing a leading role in the most recent reform to develop more effective approaches to regional development, including considerable changes to the political, administrative, structural and organisational framework of regions.

The CoR could also work to raise awareness of projects which have been successful in enhancing good governance at the local and regional level in Ukraine. Between August 2008 and August 2010, a cross-border cooperation project under the TACIS and PHARE programmes (2006) “Cross-border

¹⁶ EuropeAid/125234/C/SER/UA.

¹⁷ <http://www.ssr.org.ua/index.php?lang=eng&page=main>.

partnership for sustainable development of community” was implemented by the Small Business and Innovation Development Association “Uzhgorod – XXIst Century”, in partnership with CREST resource centre.

The main objective of the project was to support the development of sustainable, balanced and cohesive local communities in the Romania-Ukraine border region, through:

- Developing the institutional capacity of local communities from the Zakarpatska oblast, with the establishment of four pilot resource centres, modelled on existing resource centres in Romania.
- Human resource development in the target local communities.
- Developing and promoting the information channels between the localities situated in the Romania-Ukraine cross-border region.

These actions should be highlighted as examples of good practice by the CoR and its members.

2.4 Technical Assistance

The EU has also been significant in shaping local governance developments in Ukraine through co-financing of technical assistance programmes. These can help to provide the conditions under which the aims of the MoU can be realised. By way of example, it is useful to note one significant project, the Community Based Approach to Local Development project (CBA). The project is funded by the European Commission within the framework of the TACIS technical assistance programme and is co-financed and implemented by the United Nations Development Programme (UNDP).

Given that this project focuses primarily on technical assistance, its aims are domestic rather than trans-border; the programme has focused on capacity-building at the local and regional level in Ukraine, through projects such as rolling out seminars in localities to public officials, councillors, active citizens, NGOs and local businesses, drawing the attention of these local representatives to the importance of a community-based approach to local development, and explaining the relevant procedures and conditions required to achieve concrete results (CBA 2010: 13). The programme targets development in 5 priority areas: health, the environment, energy, water supply and transport.

There is no specific programming strand within the CBA programme which relates to the exchange of experience at the local and regional level, an area where the CoR could contribute significantly to long-term capacity-building in Ukraine, and in the building of an effective multi-level governance system for Ukraine.

Its overarching objective is to create an “enabling environment for long-term self-sustaining social-economic and environmental development at the local level throughout Ukraine” (CBA 2010: 9). Mainstreaming the founding principles of local participatory and democratic governance, which are the major strands of this programme, are necessary prerequisites for strengthening the institutions that will be required to deliver a stable regional policy in Ukraine. Therefore EU-financed programmes such as these, which are internal to Ukraine rather than cross-border, do play a role in providing the conditions which will ensure the successful implementation of the MoU.

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