

SUMMARY

of Local and Regional Development Policies

in Ukraine

Implementation period:
October 2019 - December 2019

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ABOUT THE PROJECT

The current summary was developed within the project "Promoting transparency and implementation of anti-corruption measures in state-owned enterprises and local governments in Ukraine". The initiative is being implemented by the International Centre for Policy Studies (ICPS) in partnership with the Institute for Economic and Social Reforms in Slovakia (INEKO) and is financially supported by the Official Development Assistance of the Slovak Republic (SlovakAid). The project aims to improve the efficiency of the state administration, self-government and civil society in the area of creation and oversight of regional policies, administration of state-owned enterprises, and monitoring of budgets and information openness of local authorities in Ukraine.

The publication represents the fourth and final edition of the series of assessment of policies at the local and regional level, implemented in October 2019 - December 2019¹. Altogether, 26 regulations were gathered and ranked on a quarterly basis at the end of the project.

The main objective of the initiative is to improve the quality of regional and/or municipal regulation and legislation through publishing a regular expert assessment of the socio-economic measures proposed or implemented by local governments in Ukraine. The purpose of the evaluation is to describe practices that can be transferred to other localities as well.

The policies included in the current summary were identified and analyzed with the support of Evaluation Council experts that were selected by the International Centre for Policy Studies on the basis of their experience. 13 experts with sufficient experience were asked to assess the chosen local measures and policies, adopted by local and regional authorities.

As a result, six local and regional measures are described in this publication, one of which is innovative and may have positive significant impact on the development of the city.

In addition, this publication summarizes the policy evaluation results for 2019.

We hope that these practices can promote good ideas and inspire their implementation throughout Ukraine.

¹ The first publication can be found by the link:

http://icps.com.ua/assets/uploads/images/images/eu/local_measures_ukraine_march_2019_.pdf

The second publication can be found by the link:

http://icps.com.ua/assets/uploads/images/files/ineko/local_measures_ukraine_june_2019_ukr_1_.pdf

The third publication can be found by the link:

http://icps.com.ua/assets/uploads/images/files/ineko/local_measures_ukraine_september_2019_ukr_1_.pdf

SUMMARY

Among the six local and regional events provided to the evaluation experts, five projects received a positive assessment.

In particular, the approval of the Safe City Program for 2020-2022, which is being implemented in Zhytomyr, was highly assessed. This measure received almost unanimous expert approval (+2.2 points out of 3.0 possible). According to it, additional 356 CCTV cameras will be installed in the city. Experts believe that such a project will provide a comfortable and safe life for the residents of the city.

Second by the importance and expert approval is a project on completion of 2 new checkpoints and reconstruction of the existing one at the Ukrainian border in Chernivtsi region. This, according to expert opinion, will prevent queues and reduce corruption risks at customs.

The measure for selection of the winners of the Participation Budget 2019 in the Poltava region is in the third place. It should involve residents in active participation in various areas of the region's development.

In turn, the measures of accession to the International Open Data Charter (Uzhgorod) and the approval of the socio-economic development plan for 2020 (Chernihiv) are positioned in the middle of the ranking without receiving sufficiently high scores from the experts. It was noted that although these measures are positive, they can be declarative and the practical implementation of the authorities' intentions may not be successful.

The decision on increasing the tariffs for heating and repayment of debts of the municipal heating company at the expense of the city budget in Odessa received the lowest and, moreover, negative expert evaluation. The analysis showed that the authorities used the simplest way instead of finding the effective alternatives to solve the problems of the utility company and the district heating. Therefore, this measure has received the lowest ranking points and was ranked the last.

RANKING OF BEST AND WORST MEASURES

Case	Quality [-3; +3]	Relevance [0%; 100%]	Final score [-300; 300]	Ranks
Approval of the Safe City Program for 2020-2022 (Zhytomyr)	+2,2	78	+171,6	I
Completion of 2 new checkpoints and reconstruction of the existing one at the Ukrainian border (Chernivtsi region)	+1,8	55	+99	II
Selected winners of the Participation Budget 2019 (Poltava Region)	+2,0	35	+70	III
Accession to the International Open Data Charter (Uzhgorod)	+1,8	29	+52,2	IV
Approval of the plan for socio-economic development for 2020 (Chernihiv)	+0,4	13	+5,2	V
Increase of tariffs for heating and repayment of debts of the municipal heating company at the expense of the city budget (Odesa)	-1,2	82	-98,4	VI

The final rating of the 2019 measures is as follows:

Ranks	Case	Final score [-300; 300]	Summary edition
1	Adoption of a New Edition of the Statute on Territorial Community (Kropyvnytskyi)	185,7	1 edition
2	Implementation of a comprehensive city lighting program (Mukachevo city)	180	3 edition
3	Approval of the Safe City Program for 2020-2022 (Zhytomyr)	171,6	4 edition
4	Acceptance of purchase of new trolleybuses for the money of the EBRD (Poltava)	160,3	2 edition
5	Approval of "Sustainable mobility plan of the city" (Zhytomyr)	158,4	2 edition
6	Contest of Social Projects of Civil Society Institutions (Odessa)	134	2 edition
7	Creation of the Online Map on the Realized Purchases for Schools and Households (Uzhgorod)	104,1	1 edition
8	Project "Teacher+" (Odessa)	100,8	1 edition
9	Completion of 2 new checkpoints and reconstruction of the existing one at the Ukrainian border (Chernivtsi region)	99	4 edition
10	Joining the CoST Initiative (Khmelnyskyi oblast)	72,2	3 edition
11	Selected winners of the Participation Budget 2019 (Poltava Region)	70	4 edition
12	Accession to the International Open Data Charter (Uzhgorod)	52,2	4 edition
13	Business projects contest for start-up entrepreneurs (Transcarpathian region)	49	2 edition
14	Combining efforts of the city authorities and the police to prevent and counteracting ill-treatment with children (Dnipro)	27,2	2 edition
15	Towards equal opportunities - Accession to the Charter of equality between women and men (Zhytomyr city)	22	3 edition
16	Adopting the Complex Target Program of Environmental Welfare for 2019-2021 (Kyiv)	18,4	1 edition
17	Approval of the decree "On the inadmissibility of trading alcoholic, low alcohol drinks and beer in temporary buildings" (Lviv)	12	2 edition
18	The planned opening of the business support centers (Chernihiv oblast)	9,6	3 edition
19	Approval of the plan for socio-economic development for 2020 (Chernihiv)	5,2	4 edition
20	The city council approved the logo of the city (Ivano-Frankivsk)	4,8	2 edition
21	Transferring the Functions of the Local Road Service for Repairing the Local Roads (Khmelnyskyi)	0	1 edition
22	Permission for construction of a private road to the port (Odesa city)	-28	3 edition
23	Struggle between Regional State Administration and JSC "Ukrzaliznytsya" which closes non-profit stations (Chernivtsi oblast)	-37	3 edition
24	Reconstruction of the Perinatal Centre (Chernivtsi)	-52,7	1 edition
25	Reconstruction of the "Peremohy" Park (Kropyvnytskyi)	-64,7	2 edition
26	Increase of tariffs for heating and repayment of debts of the municipal heating company at the expense of the city budget (Odesa)	-98,4	4 edition

Members of the Evaluation Council:

- 1. Bereza Alyona** - Head of the NGO “ZhAR”.
- 2. Blinov Oleh** - Analyst of the NGO “Center for Public Monitoring and Research”.
- 3. Katolyk Iaroslav** - Regional coordinator of the projects, assistant to the people’s deputy of Ukraine.
- 4. Kuzko Yuriy** - Regional coach of the Odessa region of the International Development Law Organization (ILDO) and State Enterprise “ProZorro”.
- 5. Markevych Kateryna** - Expert of Economic Programs of the Ukrainian Centre for Economic and Political Studies named after O. Razumkov.
- 6. Pototsky Sergii** - Co-founder of anti-corruption NGO “The Center of Monitoring of State”.
- 7. Piontkovsky Kostyantyn** - Head of the NGO “The Center of Monitoring of State”.
- 8. Rozlutska Anastasiya** - Chief Editor of Mind lab magazine.
- 9. Simka Myroslav** - NGO “Center for public monitoring and research” - Chairman of the board.
- 10. Sinchenko Dmytro** - Head of the NGO “Association of Political Sciences”.
- 11. Solovyova Zhanna** - Head of the Regional HUB of CSO’s development (UNDP program), expert of a regional development, U-LEAD with Europe Program.
- 12. Subochev Alexei** - Associate Professor of the International Finance Department, Kyiv National Economic University.
- 13. Ziuzin Vitalii** - Project Manager in Operative Sociology LLC, Head of NGO "Local Strategies".

METHODOLOGY

Selected Measures for Evaluation

The measures were identified based on:

- media monitoring.
- advice from local activists and experts.
- direct addressing to local governments.

ICPS made final selection about which measures to evaluate. Emphasis was laid on measures widely discussed in the public as well as on measures, which are, according to ICPS, rare, innovative and/or important for the economic and social development of the country.

Evaluation Criteria

Experts evaluated all selected measures in two categories: quality (i.e. experts' acceptance) of the measure and importance/significance of the measure for the society and economy at local level.

Quality of the Measure [-3; +3]

Experts evaluated the effect of a given measure and gave it a grade. Range:

- 3 expert's absolute disapproval of the measure*
- 2 expert's moderate disapproval of the measure*
- 1 expert's minor disapproval of the measure*
- 0 status quo, no change, no effect of the measure*
- +1 expert's minor approval of the measure*
- +2 expert's moderate approval of the measure*
- +3 expert's absolute approval of the measure*

Importance of the Measure for the Society and Economy (%)

Experts expressed opinion how essential and necessary a given measure was for the society and economy, for the economic and social development at local level. This category highlights the importance of reforming a given feature of a system in the city or region. The higher the score, the more important the measure is.

Rating of the Measure

To get the Rating of the measure, the average quality grade of the measure was multiplied by a coefficient expressing the average value of the measure's importance/significance for the local society and economy. Thus, the rating valued of the evaluated measures come in range [-300; +300]. According to these rating values, all measures are ranked in a chart. The Rating of the measure indicates the contribution of an evaluated measure to the economic and social development of the city or region.

I. Approval of the Safe City Program for 2020-2022 (Zhytomyr)²

Features of the measure:

During 2016-2019 in Zhytomyr, a city-specific Safe City program was implemented, which resulted in the creation of an effective urban video surveillance system. The system includes 356 CCTV cameras around the city.

On December 18, deputies of the city council approved the Program of the Zhytomyr City United Territorial Community "Safe City" for 2020-2022.

The aim of the Zhytomyr United Territorial Community Program "Safe City" for 2020-2022 is to promote the creation of safe and comfortable living conditions, personal and collective safety for children, women and men of different age and social groups, ensuring timely and effective response to accidents (events) and emergencies, prevention and prompt detection of offenses. In particular, this Program will provide:

- timely and effective response to accidents (events) and emergencies;
- safe and comfortable living conditions, personal and collective safety of children, women and men of different age and social groups;
- increasing the level of control over the observance of the rules of public order and traffic, improvement, movement of public transport;
- control over the efficient operation of life support services.

It is important that the implementation of such programs allows, in accordance with European standards, to provide security in the city and to create a system of rapid response through video capture.

² Investigated by: Markevych Kateryna - Expert of Economic Programs of the Ukrainian Centre for Economic and Political Studies named after O. Razumkov.

Remarks:

Experts noted that such practice in Zhytomyr is positive, because it facilitates the realization of a number of tasks within the framework of the strategic development of the city, namely:

- visual and automatic monitoring of public order;
- control of public transport stops, their maintenance and technical condition, safety of boarding and boarding of passengers;
- ensuring control over the traffic of public transport, the state of the road situation, the road surface in difficult weather conditions;
- identification of the facts of unauthorized trade and violation of city improvement;
- maintaining road safety and overseeing the organization of parking areas;
- protection of cultural monuments, buildings, communal property, monitoring of their condition and technogenic safety.

The implementation of such a Program over the years 2020-2022 will allow to supervise public order fairly quickly and effectively and will contribute to increasing the level of security in the city as a whole. This positive event can be an example for the implementation of similar programs in other cities.

Such a program functions in many cities of Ukraine and, in fact, has proven its effectiveness.

However, this measure requires additional clarification, such as the technical parameters of the cameras and the quality of the software, the ability of citizens to obtain the records (on a paid or free basis), etc. Accordingly, this may affect the final result and assessment.

Scores: Quality [+2,2] Relevance [78%]

II. Completion of 2 new checkpoints and reconstruction of the existing one at the Ukrainian border (Chernivtsi region)³

Features of the measure:

In the Chernivtsi region, only one checkpoint is functioning normally - "Porubne". This leads to significant queues and logistical problems. Local residents complain about miles queuing at the entrance to the border. Herewith, the construction of "Krasnoilsk" and "Dyakivtsi" checkpoints started in 2014 at the expense of the European Union, but due to a number of delays, mistakes and cost overruns with the involvement of local officials and contractors, in February 2018 funding was suspended and projects closed. Six checkpoints were planned to be built for € 29.2 million, but none were completed by 2017.

The point of the project of development of priority checkpoints infrastructure of the State Customs Service (SCS) of Ukraine is that the border crossing will be reconstructed and the "Krasnoilsk" and "Dyakivtsi" checkpoints will be completed by the end of 2020. In total, by 2020, the State Customs Service has planned a major overhaul at 16 checkpoints on the Ukrainian border, while planning to spend 488 million allocated in the budget.

The construction of new checkpoints in the Chernivtsi region should significantly unload the existing ones. In addition to upgrading the checkpoints, it is also planned to install modern equipment that will significantly complicate the transportation of contraband on both sides of the border. Also, customs officers are being recertified, and a new head of service promises that honest customs officers will work at new checkpoints in Chernivtsi region.

³ Investigated by: Blinov Oleh - Analyst of the NGO "Center for Public Monitoring and Research".

Remarks:

Experts say that the construction of new checkpoints, the reconstruction of old ones, the installation of modern equipment, as well as the renovation of customs workers had to be implemented a long time ago due to corruption and smuggling at customs has flourished since 1991, causing the state budget to suffer billion losses every year.

On the other hand, having a measure in the program does not mean that it will be funded and implemented. In addition, experts have doubts that installing better equipment will reduce the level of smuggling at the checkpoints - only a very small percentage of smuggling passes through the checkpoints without the knowledge of the customs officers.

Scores: Quality [+1,8] Relevance [55%]

III. Selected winners of the Participation Budget 2019 (Poltava Region)⁴

Features of the measure:

The working group of the Poltava Regional Council considered the results of the Budget of participation of the Poltava region in 2019, as well as the prospects of holding the contest next year.

According to the department of investment activity and project management of the executive apparatus of the regional council, in 2019, residents of the region submitted 205 projects, of which 200 met the requirements and were allowed to vote. During these online and offline voting projects, nearly 330,000 votes were cast. According to the results of voting, 71 projects from 17 districts of the region won. Currently, the members of the working group have approved the results of the vote to determine the winning projects. Therefore, about six million hryvnias from the regional budget and the same amount from local budgets will be used for the implementation of these public initiatives. In particular, among the winners projects in the field of infrastructure, security, tourism development - a complete list can be found at <https://poltava-obl-budget.e-dem.in.ua/#/projects>.

Also during the meeting, the implementation of the School Public Budget of Poltava Region in 2019 was considered. The Working Group proposed to the oblast council to increase the funding of School Public Budget projects from the regional budget in 2020 to UAH 2 million, encouraging the residents of the region to participate actively in the life of their community from a young age.

Remarks:

Experts noted that, in general, the participation budget is a positive tool for interaction between local self-government bodies and the public, aimed at involving the residents of the region in active participation in the spheres of economic, social, humanitarian and cultural development. Another positive thing here is that the regional council is the initiator of the measure.

⁴ Investigated by: Markevych Kateryna - Expert of Economic Programs of the Ukrainian Centre for Economic and Political Studies named after O. Razumkov.

However, the specifics of this competition may remain out of the focus, namely: who assesses the submitted projects, what the maximum sum from the budget the winning project receives, and whether voting is protected from possible external interference to distort the voting results, whether the previous winners have been sufficiently funded and whom they were (whether they were well-known former officials or business partners of current politicians or officials).

Scores: Quality [+2,0] Relevance [35%]

IV. Accession to the International Open Data Charter (Uzhgorod)⁵

Features of the measure:

The decision on joining the city of Uzhgorod to the International Open Data Charter was made at a meeting of the Executive Committee of the Uzhgorod City Council on September 25, 2019, and already on October 9, the Executive Committee approved the Action Plan for implementation of the principles of the International Open Data Charter in the Uzhgorod city council for 2019-2020 and the List of data sets to be disclosed in the form of open data, managed by Uzhgorod city council (<https://rada-uzhgorod.gov.ua/post/uzhgorod-priednaetsia-do-mizhnarodnoi-khartii-vidkrytykh-danykh>, https://rada-uzhgorod.gov.ua/media/1/%D0%A0%D0%92_333.pdf, <https://rada-uzhgorod.gov.ua/media/1/377.pdf>).

The open data will thus be published both on the Unified State Open Data Web Portal <http://data.gov.ua> and on the official site of the Uzhgorod City Council.

The decision also promotes the creation of new data sets that are of considerable public interest and increase the efficiency of the activity of executive bodies of the city council, as well as the promotion of open data through publications on the official site of Uzhgorod city council, organization of round tables, speeches in mass media, online polls, etc.

Publication of all public information will promote even more transparency and accountability of Uzhgorod City Council activities. Also, the availability of public information on the portal of open data will help attract potential investors, which will have a positive impact on the economic development of the community, and information on health, education, local transport will facilitate access to such information for residents.

Remarks:

Experts note that this decision is positive because it promotes even more transparency and accountability of Uzhgorod City Council. At the city level, the procedure for public information disclosure is regulated and a clear list of data sets managed by the Uzhgorod City Council to be disclosed in the form of open data is approved.

⁵ Investigated by: Kuzko Yuriy - Regional coach of the Odessa region of the International Development Law Organization (ILDO) and State Enterprise "ProZorro".

Accordingly, by joining the International Open Data Charter, Uzhgorod will become part of a single European information space and will become even closer to integration with the European Union. This decision will facilitate the access of residents of the city and other interested parties to public information held by the Uzhgorod City Council. In addition, Uzhgorod data, as well as EU countries data, will be automatically published on the European Data Portal. This will help to improve Uzhgorod's image, as the publication of datasets on the European Data Portal is a powerful signal for openness of city activity at the level of European cities, and secondly, it enhances investment attractiveness. European companies will be able to use open data to obtain more detailed information to analyze the business potential of the city.

On the other hand, such a step can hardly be considered significant for community residents and investors. Moreover, the signing of the memorandum does not indicate a practical realization of intentions – thus, it is too early to talk about investors and the convenience of the residents.

Scores: Quality [+1,8] Relevance [29%]

V. Approval of the plan for socio-economic development for 2020 (Chernihiv)⁶

Features of the measure:

In November, a session of the Chernihiv City Council approved the Program of socio-economic development for the city of Chernihiv for 2020. In particular, similar to last year, the Program is formed on the basis of the City Development Strategy, and envisages achievement of 4 strategic goals:

1. A competitive and innovative city.
2. Development of housing and communal services and infrastructure of Chernihiv. Comfortable city.
3. Development of human potential. People are above all.
4. Tourism development. Chernihiv is a tourist city.

In the area of competitiveness improvement next year, it is planned to keep the rating positions of the city on investment attractiveness and creditworthiness. The work to improve the business climate in the city and to present its economic potential will be continued. In the field of housing and communal services, it is planned to focus on ensuring the quality of work of all utilities and updating the infrastructure and landscaping. In the field of culture and tourism, the main activities will focus on promoting the tourism potential of the city. It is planned to hold brand festivals, create information infrastructure for tourists, reconstruction and arrangement of leisure and green areas. The Program also states that the main purpose is to create comfortable living conditions, providing quality services in various fields (education, health care, transport, etc.) for each resident of Chernihiv.

Remarks:

According to experts, the presence of such programs allows to determine priority directions in the development of the city.

⁶ Investigated by: Markevych Kateryna - Expert of Economic Programs of the Ukrainian Centre for Economic and Political Studies named after O. Razumkov.

However, an important aspect for the implementation of this Program is the availability of funding for the implementation of all items of the Program. For this reason, a final assessment can be made by comparing the Programme's activities with the relevant city budget items.

In general, from the experience of experts, such programs can (usually) be a simple formality, with little or no change from year to year, and, in fact, with no effect. They do not contain truly thoughtful plans or long-term development strategies. That is why the program of socio-economic development is useful, first of all, for the statistical information and analysis of the real state of things included there. Accordingly, this measure cannot be highly assessed.

Scores: Quality [+0,4] Relevance [13%]

VI. Increase of tariffs for heating and repayment of debts of the municipal heating company at the expense of the city budget (Odesa)⁷

Features of the measure:

On December 11th 2019, members of the Odesa City Council allocated 15 million hryvnias from the city budget to the municipal enterprise (*further - ME*) "District Heating Supply of Odesa" in order to offset the costs associated with providing services of centralized heating and heat supply for the population. As a whole, over a half of a billion hryvnias were allocated from the budget of Odesa for repayment of debts of ME on salaries, received gas and utilities.

It's not the first time this happened - the city council allocates hundreds of millions of hryvnias to this utility company every year in order to start heating season in time. Therefore, it isn't surprising that at the same December session, the deputies voted to compensate the enterprise with expenses for 2020 in the amount of UAH 450 million. Herewith, the City Council spent over UAH 1.6 billion in support of the enterprise during 2016-2018.

At the same time, the mayor's office sent a draft of tariff increase for approval to the National Energy Regulatory Commission. The tariff for the population from the new year, including VAT, will increase by 34% (up to UAH 1628,86 per Gcal), for budget organizations - by about 40% (up to 1719,4 UAH), and for religious organizations the tariff will be doubled - from UAH 853,2 to UAH 1714,82 per 1 Gcal. Wherein for commercial enterprises, they want to even lower the tariff a little - to UAH 1714,03 per 1 Gcal unlike the current UAH 1718,48.

City Council's step for heating tariff increase looks like economically logical and adequate step, but also the simplest one.

Remarks:

Experts note that the reasons for this situation are many: outdated capacity of the enterprise (from the Soviet era), insufficient level of payment for the population for district heating services (only about 80% of the inhabitants of Odessa pay for it), outdated networks resulting in heat losses, rising gas prices and demand for its prepayment. But even in such a situation, there was an alternative. After all, simply raising the price for district heating to cover

⁷ Investigated by: Katolyk Iaroslav - Regional coordinator of the projects, assistant to the people's deputy of Ukraine.

utility costs can hardly be considered an effective solution to the problem. Especially considering that the tariff increase will automatically reduce the level of payment of the population.

Accordingly, it is noted that the Odesa City Council should concentrate its efforts, its own and loaned resources on solving the problem of district heating, which annually absorbs hundreds of millions of hryvnias of the city budget. It is possible that provided the city council develops a clear and realistic plan for solving this problem, as well as detailed calculations, assistance could also be obtained from European and international financial institutions.

But this was not done. At the same time, the company has huge debts and significant penalties for their non-payment, which are repaid annually at the expense of the city budget. Every year, the main facilities of heat supply ME and engineering communications wear out. Employees have several months of wage arrears, which is why the company loses its best specialists. The billion hryvnia loans involved are being spent to solve the current problems that the city has to repay with hundreds of millions of hryvnias as a percentage.

Based on the aforementioned, the policy in this vital sphere for the city could be assessed even lower.

However, on the other hand, this approach can also solve the problem. Setting high tariffs will allow the utility company to operate without losses and, gradually, to accumulate money to modernize itself.

Scores: Quality [-1,2] Relevance [82%]