



CABINET OF MINISTERS OF UKRAINE

MINISTRY OF REGIONAL DEVELOPMENT, CONSTRUCTION, HOUSING  
AND COMMUNAL SERVICES OF UKRAINE

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# FISCAL DECENTRALISATION IN UKRAINE

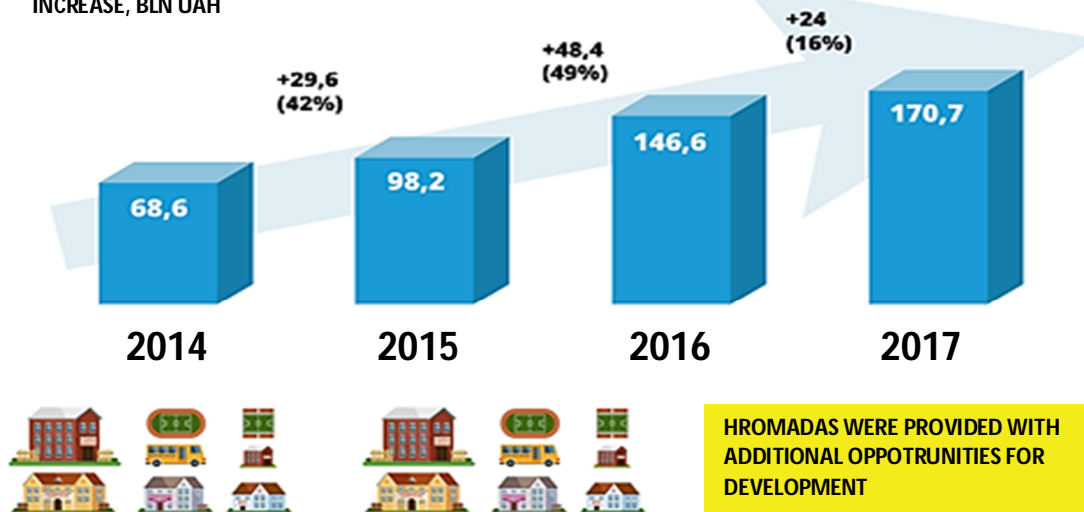
RESULTS AND FURTHER OBJECTIVES





## FISCAL DECENTRALISATION RESULTS

LOCAL BUDGET  
INCREASE, BLN UAH

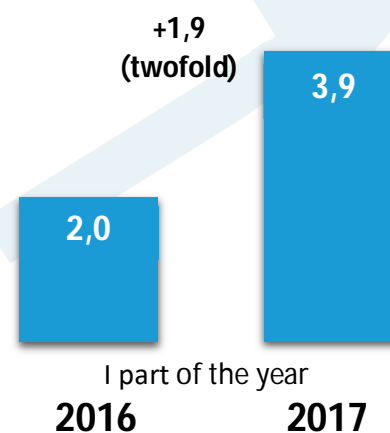
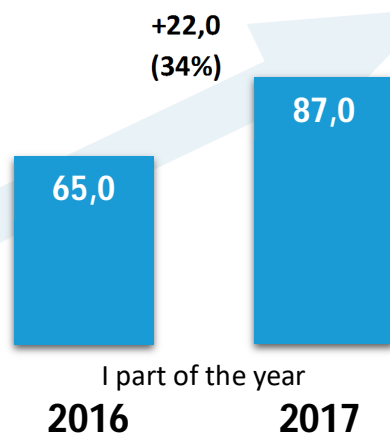


## INCREASE IN THE OWN REVENUES OF THE LOCAL BUDGETS

UKRAINE

Bln UAH

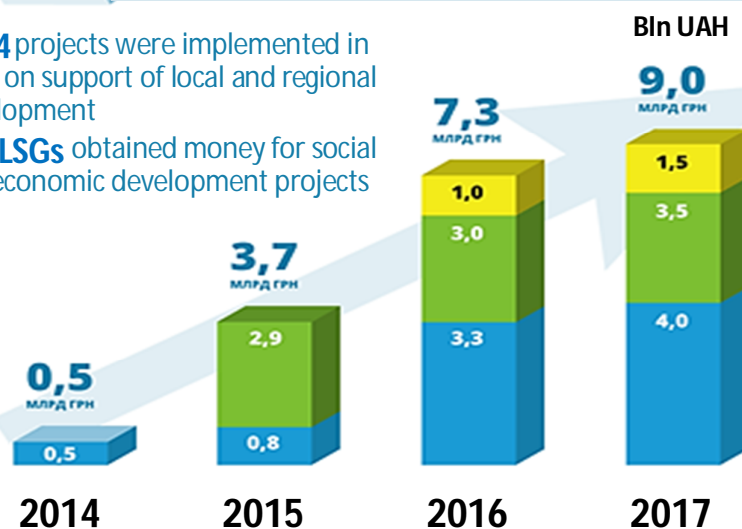
366 AHs



## STATE SUPPORT FOR HROMADAS' DEVELOPMENT AND INFRASTRUCTURE BUILDUP

**5904** projects were implemented in 2016 on support of local and regional development

**523** LSGs obtained money for social and economic development projects



- Subvention for infrastructure of amalgamated hromadas
- State Fund for Regional Development
- Subvention for social and economic development

New schools and nursery schools are built, roads are repaired, hospitals and CASPs are opened



# TASKS IN THE AREA OF LOCAL FINANCES

## 1. Improvement of legislation

- Strengthening resource base of local budgets – review of tax base
- Expansion of LGS powers on administration and control over payment of taxes and fees
- Reducing imbalance between local budgets
- Separation of spending powers
- Establishing social standards and norms by the areas of expenditures
- Development of the formula for calculation of educational subvention
- Development of the formula for calculation of healthcare subvention (separately for primary and secondary healthcare)
- Improvement of the system of state support of regional and local development (State Fund for regional development, subventions, subventions for Ahs)
- Ensuring medium-term planning of expenditures (in particular, of investment character)

## 2. Strengthening LSG capacity in budget resource management

- Organization of training for LSG officials and councilors
- Elaboration of training manuals, booklets, information materials
- Preparation of guidelines
- Provision of methodological explanations and consultations

## 3. Improvement of the system of monitoring and analysis of LSG budgets

- Establishment of automated system of calculating financial capacity of hromadas
- creation (accumulation) of a database of available financial indicators of local budgets for carrying out the monitoring
- development of a software for monitoring performance
- monitoring financial capacity and development of hromadas
- monitoring financial capacity and development of rayons
- monitoring financial indicators of regional development
- monitoring of the functioning of budget system of Ukraine and local budgets (dynamics and structure)
- improving local budgets' transparency level, elaboration of easy reporting forms for the public

# AMALGAMATED HROMADAS – 2015 AND 2016



**366**

- amalgamated hromadas where first local elections were held in 2015 and 2016

**(1740)**

- number of village, settlement and town councils which voluntarily amalgamated into 366 hromadas

In 2015-2016 1740 village, settlement and town councils voluntarily amalgamated into 366 hromadas (hereinafter – AHs).

All 366 AHs received appropriate resources and expenditure powers in 2017 and established direct interbudgetary relations with state budget. Also state budget for 2017 envisages state support for all AHs in the form of a subsidy for infrastructure development amounting to UAH 1,5 bln.

Apart from that, the State Regional Development Fund is set to provide state aid to local budgets amounting to UAH 3.5 bln in 2017. Also, there is a subsidy for social and economic development of territories in 2017 amounting to UAH 4 bln.

As of 7<sup>th</sup> July 2017:

- the first local elections were held in 47 newly established hromadas, which comprise 232 local councils with population 470 thous. persons (elections were held on 30<sup>th</sup> April 2017);
- 123 hromadas, which comprise 583 local councils with population over 1,1 mln persons are waiting for decision of the Central Election Commission regarding setting first local elections.

Fiscal Monitoring Group of Central Reform Office under Minregion  
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