SCHEMATIC HANDBOOK
ON DECENTRALIZATION
Schematic Handbook on Decentralization
Edited by N. Iu. Kuzmychova – Zaporizhzhya
September 2016 – 72 pages

This Handbook is a part of the piloting project “School of Decentralization” under the auspices of the joint EU/UNDP Project “Community Based Approach to Local Development” within the territory of Orikhiv rayon of Zaporizhzhya oblast in May 2016. This edition systematizes information on basic components of decentralization formalized in respective regulatory legal acts (enacted and/or their drafts under discussion) as of the date of the piloting project realization as well as offered social and psychological techniques of interaction in problem situations, persuasion methods and methodology of personal potential fulfillment.

Schematic Handbook on Decentralization is targeted at representatives of communities at the stage of amalgamation as well as already amalgamated communities, local government authorities, public authorities, representatives of civil sector, journalists, students and other persons interested in the course of decentralization reform and study of problematic area subject to such reform.

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The CBA Project is focused on rehabilitation of social and communal infrastructure in the following high-priority areas: energy efficiency, health care, environmental protection, water supply along with development of small agribusiness. In the context of urban development the CBA Project promotes implementation of energy efficiency programs for blocks of flats in 25 Ukrainian towns and supports implementation of principles of “smart cities” and e-governance in urban management. The Project provides support to the Government of Ukraine with implementation of decentralization reform and outspread of innovative approaches regarding joint planning and promotion of sustainable social and economic growth at a local level via centers of knowledge management and course integration into curricula of 40 regional universities. The Project is funded by the European Union and co-funded and implemented by UNDP.

The European Union is union of 28 member states which have come to a decision to gradually join their innovations, resources and destinies. Jointly, during 50-year long period of expansion, they have built a zone of stability, democracy and gradual growth preserving cultural diversity, tolerance and individual freedoms.

The United Nations Organization Development Program (UNDP) is the UNO global network in the area of development; an organization promoting positive changes and ensuring countries with access to sources of knowledge, experience and resources in order to help people from all over the world to gain better life. UNDP cooperates with more than 177 countries assisting them with how to find personal ways to solve global and national problems of human development.
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INTRODUCTION

Decentralization and the formation of amalgamated communities are cornerstones of the unprecedented democratic governance reforms undertaken by the Government of Ukraine since 2014. Whereas decentralization reform as such also implies yet-to-be adopted changes to the Constitution and the fundamental restructuring of relations between the central, regional and local governments, the voluntary process of territorial amalgamation of the first level of local government has already begun across the country with almost 200 such amalgamated communities in place by the end of 2016. The new hromadas create new legal, economic, social and psychological conditions for the inhabitants of these communities. Together with the local authorities and businesses in their area, they will have to adapt to these new conditions.

As any major change process, this brings challenges and opportunities. The success of these reforms will depend on the pace and quality of this social adaptation process. Experience from other countries indicates that it will take time, concerted and persistent effort and flexibility to learn lessons throughout the process to ensure success of a territorial amalgamation process. Ukraine’s decentralization and local governance process is purely nationally-owned and driven by Ukraine’s own reform movement. However, international partners of Ukraine have been lending vital support to the process, sharing relevant experiences from abroad and making resources available where needed.

For UNDP, the joint EU/UNDP Project “Community Based Approach to Local Development” (CBA) has been one of the most successful efforts for the empowerment of local communities and thus the fostering of social cohesion and local development all across Ukraine. In operation in all regions and more than 422 rayons since 2008, it has promptly responded to the new challenges and opportunities connected with territorial amalgamation and decentralization reforms more broadly over the past two years. More recently, UNDP started up another project, funded by the EU, Switzerland and Sweden, that is aimed at “Restoration of Governance and Reconciliation in Conflict-Affected Areas of Eastern Ukraine”. It will provide i.a. enhanced capacity of regional and local authorities in Donetsk and Luhansk Oblasts for administrative and fiscal decentralization and managing the territorial amalgamation process; as well as strengthened capacity of regional and local governments in those areas to improve quality, delivery and access to public services.

In order to better understand the roles, expectations and capacity of all actors in the decentralization process and in order to neutralize resistance to the reform that is mainly based on lack of information, UNDP has collaborated with a number of partners (such as Ukrainian Association of District and Regional Councils (UADRC) and All-Ukrainian Association of Village and Settlement Councils (UAVSC) to study lessons-learnt from the process so far. This Handbook brings together such relevant experiences of the process to date and aims to serve as a roadmap for communities that find themselves in uncertainty. The objective of the underlying research was to study objectively the problems of local government reform in Ukraine, the targets of the reform, as well as challenges and risks, and where possible, solutions for effective decentralization reform. In order to disseminate the amalgamation experience of CBA communities more widely across the country, as well as for further study and optimization, all CBA networks (oblast/ rayon councils and administrations, rayon resource centres and community centres, universities/academia network, etc.) as well as channels available through other projects will be used as practical platforms. This will be done in close collaboration with the relevant Government counterparts as well as with other projects and programmes aimed at promoting decentralization reform in Ukraine.

The piloting of the “School of Decentralization” under the EU/UNDP CBA Project is one of the avenues used to pursue these objectives. Initiated by MLS Group, and in collaboration with the CBA partner Zaporizhzhya National University (ZNU), this pilot initiative addresses the overall level of preparedness of the population, businesses, NGOs and local authorities to the changes associated with the process of decentralization.

We sincerely hope that the present Handbook will serve as a practical guide and help to educate all those involved in the complex process of territorial amalgamation, which should ultimately lead to more effective local government, better services for citizens and ultimately more empowered, capable and resilient communities in all of Ukraine.
MODULE 1.
LEGAL AND FINANCIAL ASPECTS OF DECENTRALIZATION

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STAROSTA (VILLAGE HEADMAN)

Who is starosta?
A local government official elected in all villages except for a center of amalgamated territorial community where a village head has been previously elected.
By virtue of his position starosta is a member of an executive committee of a village amalgamated territorial community.

What are starosta’s responsibilities?
— Authorities assigned by the state;
— Assigned by a community council.

Starosta’s responsibilities include:

- Representation of interests of village local residents in executive bodies of village council;
- Providing assistance to local residents of villages, towns with preparation of documents to be submitted to local government bodies;
- Participation in preparation of budget for territorial community in part of financing of programs to be realized on the territory of a certain village;
- Making suggestions to an executive committee of a village council regarding functioning of executive bodies of village council, enterprises, institutions, organizations of communal type of ownership and their officials on the territory of a certain village;
- Fulfillments of other tasks specified by the Regulation on starosta.

Law of Ukraine “On local self-governance in Ukraine”
Law of Ukraine “On voluntary unification of territorial communities”
Charter of amalgamated territorial community
Regulation on starosta approved by a local council
Starosta is a member of an executive committee of amalgamated territorial community.

**Used to be:**
- Head of village, secretary of village council, deputies of village council

**Now:**
- Head of Preobrazhenka village, deputies of Preobrazhenka village council
- Starosta, deputies of Preobrazhenka village council

**What is it for?**
- A possibility to participate in decision making process of an executive committee, assert rights of local residents it represents etc.
**Who is a prefect?**

- A local executive authority;
- A public official;
- Does not belong to a political position;
- Is not replaced in case of President or Government replacement;
- Is not dependent on local political elite;
- Prefects function in every rayon and every oblast;
- Prefects are elected on the basis of open contest results;
- Prefects are appointed and dismissed by the President upon recommendation of the Government (nowadays a similar process exists for heads of state administrations);
- Prefects are responsible to the President, report to and controlled by the Government, report to them on an annual basis;
- Work in an oblast/rayon for about 3 years. Then they are rotated.

**What are the responsibilities in relationships with local government authorities (hereafter referred to as “LGA”)?**

- Supervises constitutionality and legitimacy of LGA resolutions;
- May not assess rationale and effectiveness of LGA resolutions;
- Terminates illegal LGA acts and therewith applies to court;
- Does not make final judgment regarding legitimacy of LGA acts, this judgment is made solely by court;
- May encourage a local council to bring its resolution in line with the Constitution and legislation;
- Makes a public notification on termination of LGA act;
- Has less powers than present day local state administrations.

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Institute of prefects appears upon entry into legal force of amendments to the Constitution regarding decentralization and, respectively, after liquidation of local state administrations.

Draft law “On prefects”
Now:
Zaporizhzhya regional state administration led by the head (governor) appointed by the President upon recommendation of the Government.

Orikhiv rayon state administration led by the Head of rayon appointed by the President upon recommendation of the Government.

Will be:
Secretariat of Zaporizhzhya oblast Prefect led by the head of Prefect secretariat and the Prefect itself appointed by the President upon recommendation of the Government.

Secretariat of Orikhiv rayon Prefect led by the head of Prefect Secretariat and the Prefect itself appointed by the President upon recommendation of the Government.

For notes:

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What is the goal of voluntary amalgamation of territorial communities?

To create a capable territorial community, i.e. a community which will be self-reliant and will have whatever is required to guarantee personal sustainability.

In real life, complete self-sufficiency of a sound territorial community is limited.

For example:

According to the profile of Preobrazhenka territorial community it has no hospitals and physical education establishments.

Let’s assume that Preobrazhenka territorial community becomes so capable that it is able to initiate a project on organization of a sports center for children.

But there is neither rationale nor enough funds to realize this project independently. At the same time there is another capable territorial community, for example, Orikhiv (after its creation), which is also ready to take part in implementation of a project on organization of sports center for children but cannot afford it independently.

For these very cases there exists an idea of cooperation.
Cooperation is done in the following forms:

Delegation of fulfillment of one or more tasks along with transfer of respective resources to one of cooperation parties by other cooperation parties.

For example:

On the territory of Community-1 there is no communal emergency rescue service. Within cooperation by means of delegation of powers, tasks which are to be fulfilled by local emergency rescue service may be delegated to Community-2 where such service has already been created. Specific volumes of tasks should be set forth in an agreement on cooperation. If this is the case, Community-1 provides Community-2 with all material resources required to cover costs resulting from workload increase (purchase of additional equipment, staff increase etc.). As a rule, such delegation will be more cost-efficient than creation and upkeep of a respective institution on its territory. Another examples may be functions of removal, disposal, recycling of household solid waste, arrangements of funerals of lonely people, veterans of war and labor as well as other disadvantaged categories; providing assistance with arrangement of funerals of people in other cases set forth by the law etc.

Implementation of joint projects which envisages coordination of activity of cooperation parties and their accumulation of resources for a certain period of time with the aim of joint implementation of respective measures.

For example:

When cooperating with the aim to implement a joint project, e.g. dedicated to recycling of household solid waste, territorial communities elaborate a plan of actions and their financing, one per each community.

For example, Community-1 purchases vehicles, waste containers; Community-2 allocates land plots for waste site location and establishes waste protection line. In this case material resources of communities are not aggregated, each party independently fulfills and finances activities assigned to it within a project, and results of its implementation can be used by all cooperating communities. Also, this form of cooperation may apply to organization of contests, festivals, fairs, other cultural and social events.
Joint financing (maintenance) of enterprises, institutions and organizations of communal type of ownership – infrastructure facilities by cooperation parties.

*For example:*

Basic provisions of such form of cooperation as joint financing are similar to the provisions of delegation. The difference of joint financing consists in permanent financing of infrastructure facility but not allocating funds for a specific activity, a possibility to gain a share of enterprise’s profit, to have a free of charge benefit from services of an enterprise, while in case of delegation, a cost of a specific activity is paid and only those services set forth in an agreement are provided.

Organizing of joint communal enterprises, institutions and organizations – joint infrastructure facilities by cooperation parties

*For example:*

A joint enterprise is created by means of aggregation of material assets belonging to several communities; both are owners of this enterprise and can gain its operating profit as well as split expenses for its maintenance which is more cost effective than to maintain an independent enterprise by one community. For example, organizing of communal enterprise which will have functions of installation, surveillance, repairs of outdoor illumination networks and equipment – it is not reasonable to organize such entity on the territory of small settlement as problems do not arise quite often, but it is rather cost effective to organize and maintain an enterprise in cooperation with other settlements, and in this case local residents are able to solve the arising problems quite fast. Also, this form of cooperation is reasonable for creation of cultural, social, sports establishments, development centers etc.

Organizing of joint governing body by cooperation parties with the aim to execute powers set forth by the law

*For example:*

Cooperation parties organize a joint governing body, or as a separate executive body of one of the councils – cooperation parties, or as a structural unit within an executive body of a council – one of cooperation parties. A joint body may undertake realization of respective sector-wide functions and powers on behalf of and for the benefit of cooperation parties. However, this body will be located on the territory of one of the communities. Expenses for functioning of this body will be borne by all cooperation parties on contractual
terms. For example, this may be a legal unit, law enforcement coordination unit, logistics and communications unit, amenities inspection, culture and tourism unit etc., i.e. those authorities and structural units which in the course of their activity are able to combine management of legal matters on several territories. In this case a problem of insufficiency of staff or material basis (work place, office equipment etc.) is solved.

For notes:

Law of Ukraine “On cooperation of territorial communities”
TYPICAL FORM OF AGREEMENT
ON COOPERATION OF TERRITORIAL COMMUNITIES
IN THE FORM OF DELEGATION OF CERTAIN TASKS

Territorial community of ____________________________ (name of village, town, city)
through _______________ council represented by its head ______________________
(first name, last name)
hereinafter referred to as “Party-1”, and territorial community of ___________________
(name of village, town, city)
through _______________ council represented by its head ______________________
(first name, last name)
hereinafter referred to as “Party-2”, hereinafter collectively referred to as “the Parties” or
“cooperation parties”, have entered into this agreement as follows.

1. GENERAL PROVISIONS OF AGREEMENT
1.1. Pre-requisite to signing of this Agreement shall constitute the fact that in the course
of its drafting the Parties followed the requirements specified in Articles 5-9 of the
Law of Ukraine “On cooperation of territorial communities”.
1.2. By signing this Agreement the Parties confirm that joint and negotiated cooperation
in the form of delegation of certain tasks along with transfer of respective resources
meets interests of both Parties.
1.3. The Parties undertake to build their relationships on the basis of principles of
legitimacy, voluntarism, equality, transparency and openness, reciprocity and
responsibility for cooperation results throughout the cooperation.

2. SUBJECT OF AGREEMENT
2.1. Aiming at fulfillment of powers pursuant to the laws of Ukraine “On local self-
governance in Ukraine”, “On cooperation of territorial communities”,
as well as resolution of issues of local importance and improvement of efficiency of
local budget funds use, the Party-1 shall delegate to the Party-2 fulfillment of the
following tasks:
2.1.1. ______________________________________________________________
(a list of powers delegation to the cooperation party pursuant to the Law of Ukraine “On local self-
governance in Ukraine”, other laws with reference to a respective article, clause)

2.2. Fulfillment of tasks specified in clause 2.1. hereof shall be delegated for the period
of _________________, starting from _________________, year of 20_____.
(period of delegation in years) (start date of this Agreement)
3. REQUIREMENTS TO FULFILLMENT OF DELEGATED TASKS, THEIR FINANCING AND REPORTING

3.1. Requirements to the Party-2 regarding fulfillment of tasks specified in clause 2.1. hereof:

3.1.1. _________________________________________________________________

3.2. Financing for fulfillment of delegated tasks shall be done pursuant to the Budgetary Code of Ukraine.

3.3. Amount of funds from local budget of the Party-1 allocated to local budget of the Party-2 for fulfillment of tasks specified in clause 2.1. hereof shall constitute ____________________________

3.4. The Party-2 ______________________ shall report to the Party-1 on the course of fulfillment of tasks specified in clause 2.1. hereof, and on the use of funds allocated for their fulfillment, by means of submission of form set forth in the Appendix hereto to the Party-1.

3.5. Pursuant to Article 17 of the Law of Ukraine “On cooperation of territorial communities” ______________________ council shall submit to the Ministry of Regional Development, Building and Housing of Ukraine a report on cooperation specified herein.

4. PROCEDURE OF ENTERING INTO FORCE, AMENDING AND SUPPLEMENTING OF AGREEMENT

4.1. This Agreement shall enter into force ____________________________.

4.2. Amendments and/or supplements hereto shall be acceptable only upon mutual consent of the Parties and formalized in a supplement agreement which constitutes an integral party hereof.

4.3. Amendments and/or supplements hereto shall be made by means of the same procedure as signing.

5. TERMINATION OF AGREEMENT

5.1. This Agreement shall be terminated in case of

5.1.1. Expiration of this Agreement;
5.1.2. Reaching of cooperation goals;
5.1.3. Non-fulfillment of undertaken responsibilities by the Parties;
5.1.4. Refusal from cooperation by one of the Parties pursuant to the terms hereof, rendering it impossible to pursue cooperation;
5.1.5. Bankruptcy of enterprises, institutions and organizations of communal type of ownership established in view of cooperation;
5.1.6. Non-fulfillment of cooperation during a year from the start date of this Agreement;
5.1.7. Court ruling on termination of cooperation.

5.2. Cooperation shall be terminated upon consent of the Parties in the order set forth by the Law of Ukraine “On cooperation of territorial communities” and shall not cause decrease of scope and degradation of services quality.
5.3. The Parties shall formalize termination of cooperation in a respective agreement made in ___________________ copies, equally authentic.

(Number of copies)

Council shall send one copy of agreement on cooperation termination to the Ministry of Regional Development, Building and Housing of Ukraine within ______________ business days upon its signing by the Parties.

6. RESPONSIBILITIES OF PARTIES AND SETTLEMENT OF DISPUTES

6.1. All disputes arising between the Parties under this Agreement or relating to it shall be settled by means of negotiation between the Parties, and in case of failure to reach consensus – through a legal proceeding.

6.2. The Parties shall be liable to each other pursuant to the acting legislation of Ukraine.

6.3. The Parties shall be discharged from liability for breach of obligations hereunder if it proves that such breach was a result of a force majeure event.

6.4. If events specified in clause 6.3. hereof arise, the Party failing to fulfill its obligations hereunder shall notify the other Party on arising, expected duration and termination of the aforementioned events no later than _______ days upon their arising and termination. Failure to notify or make timely notification shall deprive the Party of a right to be discharged from its obligations due to arising of events specified in clause 6.3. hereof.

7. FINAL PROVISIONS

7.1. All legal issues arising from fulfillment hereof and not regulated hereby shall be regulated by norms of acting legislation of Ukraine.

7.2. This Agreement is made on ___ pages in ___ copies, each copy for either Party and one copy for the Ministry of Regional Development, Building and Housing of Ukraine, equally authentic.

7.3. ______________ council shall send one copy hereof to the Ministry of Regional Development, Building and Housing of Ukraine to record it in the register on cooperation of territorial communities within ____ business days upon its signing by the Parties.

8. LEGAL ADDRESSES, BANK DETAILS AND SIGNATURES OF PARTIES

The Party-1:
Legal Address:
Bank details:
Head __________
________ year of ___
Place for seal

The Party-2:
Legal Address:
Bank details:
Head __________
________ year of ___
Place for seal
TYPICAL FORM OF AGREEMENT
ON COOPERATION OF TERRITORIAL COMMUNITIES
IN THE FORM OF IMPLEMENTATION OF JOINT PROJECTS

_________________________                                 ___  ____________, year of_____
(place of agreement)

Territorial community of __________________________________________________
(name of village, town, city)
through _______________ council represented by its head ______________________
(name of village, town, city council) (first name, last name)
hereinafter referred to as “Party-1”, and territorial community of ___________________
(name of village, town, city)
through ______________council represented by its head _______________________
(name of village, town, city council) (first name, last name)
hereinafter referred to as “Party-2”, hereinafter collectively referred to as “the Parties” or
“cooperation parties”, have entered into this agreement as follows.

1. GENERAL PROVISIONS OF AGREEMENT

1.1. Pre-requisite to signing of this Agreement shall constitute the fact that in the course
of its drafting the Parties _________ the requirements specified in Articles 5-9
(followed or did not follow)
of the Law of Ukraine “On cooperation of territorial communities”.

1.2. By signing this Agreement the Parties confirm that joint and negotiated cooperation
in the form of implementation of joint projects anticipating coordination of activity of
cooperation parties and their accumulation of resources for a certain period of time
with the aim of joint implementation of respective measures meets interests of both
Parties.

1.3. The Parties undertake to build their relationships on the basis of principles of
legitimacy, voluntarism, equality, transparency and openness, reciprocity and
responsibility for cooperation results throughout the cooperation.

2. SUBJECT OF AGREEMENT

2.1. Pursuant to the laws of Ukraine “On local self-governance in Ukraine”, “On
cooporation of territorial communities”, ___________________
(name of regulatory act(s) in a respective area, if available)
and aimed at resolution of issues of local importance, the Parties have agreed
upon implementation of a joint project “______________________________”
(project name)

(hereinafter referred to as “the Project”)

2.2. The aim of the Project implementation is ________________________________
(aim of the Project implementation)
2.3. The Project shall be implemented within ____________, starting from ____________,
(year of 20___.
(start date of this Agreement)

3. TERMS OF PROJECT IMPLEMENTATION,
ITS FINANCING AND REPORTING

3.1. List of activities within implementation of the Project:
3.1.1. ________________________________________________________________
(names of Project activities)

3.2. Cooperation party shall participate in implementation of Project activities in the
form of:
3.2.1. ________________________________________________________________
(name of cooperation party and form of its participation in Project implementation)

3.3. Terms of Project activities implementation:
3.3.1. ________________________________________________________________
(terms of Project activities implementation)

3.4. The Project shall be financed pursuant to the Budgetary Code of Ukraine by
means of funds from local budgets of the Parties amounting to: for the Party-1 -
____________________________ and for the Party-2 - ____________________.
(amount for Project implementation)

3.5. Activity of cooperation parties shall be coordinated via ____________________.
(mechanism of activity coordination)

3.6. Pursuant to Article 17 of the Law of Ukraine “On cooperation of territorial
communities” ____________________ council shall submit to the Ministry of
(name of cooperation entity)
Regional Development, Building and Housing of Ukraine a report on cooperation
specified herein.

4. PROCEDURE OF ENTERING INTO FORCE,
AMENDING AND SUPPLEMENTING OF AGREEMENT

4.1. This Agreement shall enter into force ________________.
(date of entry into force of the Agreement, pursuant Article 9 of the Law of Ukraine “On cooperation of territorial communities”)

4.2. Amendments and/or supplements hereto shall be acceptable only upon mutual
consent of the Parties and formalized in a supplement agreement which constitutes
an integral party hereof.

4.3. Amendments and/or supplements hereto shall be made by means of the same
procedure as signing.

5. TERMINATION OF AGREEMENT

5.1. This Agreement shall be terminated in case of
5.1.1. Expiration of this Agreement;
5.1.2. Reaching of cooperation goals;
5.1.3. Non-fulfillment of undertaken responsibilities by the Parties;
5.1.4. Refusal from cooperation by one of the Parties pursuant to the terms hereof,
rendering it impossible to pursue cooperation;
5.1.5. Bankruptcy of enterprises, institutions and organizations of communal type of
ownership established in view of cooperation;
5.1.6. Non-fulfillment of cooperation during a year from the start date of this Agreement;
5.1.7. Court ruling on termination of cooperation.
5.2. Cooperation shall be terminated upon consent of the Parties in the order set forth by the Law of Ukraine “On cooperation of territorial communities” and shall not cause decrease of scope and degradation of services quality.

5.3. The Parties shall formalize termination of cooperation in a respective agreement made in ______ copies, equally authentic. _________council shall send one copy of agreement on cooperation termination to the Ministry of Regional Development, Building and Housing of Ukraine within ____________ business days upon its signing by the Parties.

6. RESPONSIBILITIES OF PARTIES AND SETTLEMENT OF DISPUTES

6.1. All disputes arising between the Parties under this Agreement or relating to it shall be settled by means of negotiation between the Parties, and in case of failure to reach consensus – through a legal proceeding.

6.2. The Parties shall be liable to each other pursuant to the acting legislation of Ukraine.

6.3. The Parties shall be discharged from liability for breach of obligations hereunder if it proves that such breach was a result of a force majeure event.

6.4. If events specified in clause 6.3. hereof arise, the Party failing to fulfill its obligations hereunder shall notify the other Party on arising, expected duration and termination of the aforementioned events no later than ___ days upon their arising and termination. Failure to notify or make timely notification shall deprive the Party of a right to be discharged from its obligations due to arising of events specified in clause 6.3. hereof.

7. FINAL PROVISIONS

7.1. All legal issues arising from fulfillment hereof and not regulated hereby shall be regulated by norms of acting legislation of Ukraine.

7.2. This Agreement is made on ___ pages in ___ copies, each copy for either Party and one copy for the Ministry of Regional Development, Building and Housing of Ukraine, equally authentic.

7.3. ______ council shall send one copy hereof to the Ministry of Regional Development, Building and Housing of Ukraine to record it in the register on cooperation of territorial communities within __ business days upon its signing by the Parties.

8. LEGAL ADDRESSES, BANK DETAILS AND SIGNATURES OF PARTIES

The Party-1:
Legal Address: ____________________________
Bank details: ____________________________
Head __________
_______ year of _____
Place for seal ____________________________

The Party-2:
Legal Address: ____________________________
Bank details: ____________________________
Head __________
_______ year of _____
Place for seal ____________________________
TYPICAL FORM OF AGREEMENT
ON COOPERATION OF TERRITORIAL COMMUNITIES
IN THE FORM OF JOINT FINANCING (MAINTENANCE) OF ENTERPRISES,
INSTITUTIONS AND ORGANIZATIONS OF COMMUNAL TYPE OF OWNERSHIP

Territorial community of ________________________________
(place of agreement)

through ______________________ council represented by its head ____________________
(name of village, town, city council) (first name, last name)
hereinafter referred to as “Party-1”, and territorial community of _______________________
(name of village, town, city)

through ______________________ council represented by its head ____________________
(name of village, town, city council) (first name, last name)
hereinafter referred to as “Party-2”, hereinafter collectively referred to as “the Parties” or
“cooperation parties”, have entered into this agreement as follows.

1. GENERAL PROVISIONS OF AGREEMENT

1.1. Pre-requisite to signing of this Agreement shall constitute the fact that in the course
of its drafting the Parties followed the requirements specified in Articles 5-9 of the
Law of Ukraine “On cooperation of territorial communities”.

1.2. By signing this Agreement the Parties confirm that joint and negotiated cooperation in
the form of joint financing (maintenance) of enterprises, institutions and organizations
of communal type of ownership – infrastructure facilities meets interests of both
Parties.

1.3. The Parties undertake to build their relationships on the basis of principles of
legitimacy, voluntarism, equality, transparency and openness, reciprocity and
responsibility for cooperation results throughout the cooperation.

2. SUBJECT OF AGREEMENT

2.1. Aiming at fulfillment of powers pursuant to the laws of Ukraine “On local self-governance
in Ukraine”, “On cooperation of territorial communities”,
(name of regulatory legal act(s) in a respective area, if available)
and ensuring effective use of resources of territorial communities on the basis of joint
use of a communal infrastructure facility owed by one of cooperation parties, pursuant to
this Agreement the Parties have agreed to realize joint financing (maintenance) of _______
(name of enterprise, institution or organization, State registration code)
(hereinafter referred to as “the Facility”) communal ownership right to which belongs to
the Party-1.

as well as resolution of issues of local importance and improvement of efficiency of local
budget funds use, the Party-1 shall delegate to the Party-2 fulfillment of the following tasks:
3. FINANCING (MAINTENANCE) OF FACILITY

3.1. The Facility shall be financed (maintained) pursuant to the Budgetary Code of Ukraine in the order of ________________________________________________

(procedure of funds allocation for financing (maintenance) of the Facility)

and by means of funds from local budgets of the Parties amounting to: for the Party-1 - ________________________________________________ and for the Party-2 - ____________________.

(amount for Facility financing)

4. RENDERING (PRODUCTION) OF SERVICES (GOODS)

FOR COOPERATION PARTIES BY FACILITY

4.1. Terms of rendering (production) of services (goods) for cooperation parties by the Facility: _________________________________________________________________

(terms of rendering (production) of services (goods))

5. DISTRIBUTION OF GAINED PROFITS AND POSSIBLE RISKS

RELATED TO FACILITY OPERATION BY COOPERATION PARTIES

5.1. Profits gained upon results of the Facility operation shall be distributed: _________________________________________________________________

(procedure of profits distribution is specified)

5.2. Risks related to the Facility operation shall be distributed: _________________________________________________________________

(procedure of risks distribution is specified)

6. REPORTING ON RESULTS OF FACILITY OPERATION

6.1. The Facility shall report to cooperation parties on results of its operation and use of resources, including financial ones, pursuant to the form set forth in the Appendix hereto.

(procedure and period of reporting)

7. PROCEDURE OF ENTERING INTO FORCE, AMENDING AND SUPPLEMENTING OF AGREEMENT

7.1. This Agreement shall enter into force ____________________________________.

(date of entry into force of the Agreement, pursuant Article 9 of the Law of Ukraine “On cooperation of territorial communities”).

7.2. Amendments and/or supplements hereto shall be acceptable only upon mutual consent of the Parties and formalized in a supplement agreement which constitutes an integral part hereof.

7.3. Amendments and/or supplements hereto shall be made by means of the same procedure as signing.

8. TERMINATION OF AGREEMENT

8.1. This Agreement shall be terminated in case of

8.1.1. Expiration of this Agreement;

8.1.2. Reaching of cooperation goals;

8.1.3. Non-fulfillment of undertaken responsibilities by the Parties;

8.1.4. Refusal from cooperation by one of the Parties pursuant to the terms hereof, rendering it impossible to pursue cooperation;

8.1.5. Bankruptcy of enterprises, institutions and organizations of communal type of ownership established in view of cooperation;
8.1.6. Non-fulfillment of cooperation during a year from the start date of this Agreement;
8.1.7. Court ruling on termination of cooperation.
8.2. Cooperation shall be terminated upon consent of the Parties in the order set forth by
the Law of Ukraine “On cooperation of territorial communities” and shall not cause
decrease of scope and degradation of services quality.
8.3. The Parties shall formalize termination of cooperation in a respective agreement
made in ________ copies, equally authentic.
_________ council shall send one copy of agreement on cooperation termination
to the Ministry of Regional Development, Building and Housing of Ukraine within
___________ business days upon its signing by the Parties.
8.4. In the event of termination of participation in the cooperation by one of the Parties, its
rights and obligations, property share shall be transferred to ____________________
(name of cooperation entity)

9. RESPONSIBILITIES OF PARTIES AND SETTLEMENT OF DISPUTES

9.1. All disputes arising between the Parties under this Agreement or relating to it shall be
settled by means of negotiation between the Parties, and in case of failure to reach
consensus – through a legal proceeding.
1.1. The Parties shall be liable to each other pursuant to the acting legislation of Ukraine.
1.2. The Parties shall be discharged from liability for breach of obligations hereunder if it
proves that such breach was a result of a force majeure event.
1.3. If events specified in clause 9.3. hereof arise, the Party failing to fulfill its obligations
hereunder shall notify the other Party on arising, expected duration and termination of
the aforementioned events no later than ___ days upon their arising and termination.
Failure to notify or make timely notification shall deprive the Party of a right to be
discharged from its obligations due to arising of events specified in clause 9.3. hereof.

10. FINAL PROVISIONS

10.1. All legal issues arising from fulfillment hereof and not regulated hereby shall be
regulated by norms of acting legislation of Ukraine.
10.2. This Agreement is made on ___ pages in ___ copies, each copy for either Party
and one copy for the Ministry of Regional Development, Building and Housing of
Ukraine, equally authentic.
10.3. __________ council shall send one copy hereof to the Ministry of Regional
(name of cooperation party)
10.4. Development, Building and Housing of Ukraine to record it in the register on cooperation
of territorial communities within _____ business days upon its signing by the Parties.
Pursuant to Article 17 of the Law of Ukraine “On cooperation of territorial communities”
__________ council shall submit a report of realization of cooperation set
forth herein to the Ministry of Regional Development, Building and Housing of Ukraine.

11. LEGAL ADDRESSES, BANK DETAILS AND SIGNATURES OF PARTIES

The Party-1:
Legal Address:
Bank details:
Head __________
_______ year of ___
Place for seal

The Party-2:
Legal Address:
Bank details:
Head __________
_______ year of ___
Place for seal
TYPICAL FORM OF AGREEMENT
ON COOPERATION OF TERRITORIAL COMMUNITIES
IN THE FORM OF ORGANIZING OF JOINT COMMUNAL ENTERPRISES,
INSTITUTIONS AND ORGANIZATIONS

_________________________                                           ___  ____________, year of_____
(place of agreement)
Territorial community of ______________________________________
(name of village, town, city)
through __________________ council represented by its head ______________________
(name of village, town, city council) (first name, last name)
hereinafter referred to as “Party-1”, and territorial community of ___________________
(name of village, town, city)
through _________________________ council represented by its head ______________
(name of village, town, city council) (first name, last name)
hereinafter referred to as “Party-2”, hereinafter collectively referred to as “the Parties” or
“cooperation parties”, have entered into this agreement as follows.

1. GENERAL PROVISIONS OF AGREEMENT

1.1. Pre-requisite to signing of this Agreement shall constitute the fact that in the course
of its drafting the Parties followed the requirements specified in Articles 5-9 of the
Law of Ukraine “On cooperation of territorial communities”.

1.2. By signing this Agreement the Parties confirm that joint and negotiated cooperation
in the form of organizing of joint communal enterprise, institution and organization –
joint infrastructure facility meets interests of both Parties.

1.3. The Parties undertake to build their relationships on the basis of principles of
legitimacy, voluntarism, equality, transparency and openness, reciprocity and
responsibility for cooperation results throughout the cooperation.

2. SUBJECT OF AGREEMENT

2.1. Pursuant to the laws of Ukraine “On local self-governance in Ukraine”, “On
cooperation of territorial communities”, ___________________________________
(name of regulatory legal act(s) in a respective area, if available)
and aimed at realization of joint infrastructure project and fulfillment of functions
subject to joint interests, the Parties have agreed to organize a joint communal
enterprise (institution, organization) ___________________________ (hereinafter
(name of communal enterprise, institution or organization)
referred to as “the Facility”) and maintain it jointly.

2.2. The Parties have defined the following:

2.2.1. Form of business of the Facility shall be ____________________________
(business form of the Facility is specified)

2.2.2. Location of the Facility shall be ______________________________
(postal code, oblast, rayon, town, street, building number)

2.2.1. Domain of the Facility shall be ______________________________
(domain of the Facility is specified)
Module 1. LEGAL AND FINANCIAL ASPECTS OF DECENTRALIZATION

2.2.2. Stages of the Facility’s incorporation shall be ___________________________
(list of stages of the Facility’s incorporation)

2.2.3. Realization of managing powers and responsibility for the Facility’s operation shall
be laid on ______________________________________________________
(name of cooperation entity)

3. FACILITY MANAGEMENT

3.1. The Facility shall be managed pursuant to its statutory documents.
3.2. Economic activity of the Facility shall be managed by the manager of the Facility
who ______________________________________________________________
(procedure of appointment, dismissal of a manager of the Facility is specified)

3.3. Managing bodies of the Facility shall be __________________________________
(structure of managing bodies and services of the Facility and
procedure of their appointment, termination and organization of activity are specified)

4. FINANCING (MAINTENANCE) OF THE FACILITY

4.1. The Facility shall be financed (maintained) pursuant to the Budgetary Code of Ukraine
in the order of ______________________________________ and by means of
(funds from local budgets of the Parties amounting to: for the Party-1 -
(amount for Facility financing) and for the Party-2 - ____________________.
(amount for Facility financing)

4.2. Losses, funds deficit resulting from the Facility’s activity shall be reimbursed:
4.2.1. _________________________________________________________________
(ways of possible risks, funds deficit coverage)

4.3. Profits gained upon results of the Facility operation shall be distributed:
4.3.1. _________________________________________________________________
(procedure of profits distribution is specified)

5. TERMINATION OF FACILITY FUNCTIONING

5.1. The Facility shall terminate its functioning on the basis of and in the order set forth
by the acting legislation of Ukraine.
5.2. Property left upon termination of the Facility’s functioning shall be transferred ___
(procedure of property distribution shall be specified)

6. PROCEDURE OF ENTERING INTO FORCE, AMENDING
AND SUPPLEMENTING OF AGREEMENT

6.1. This Agreement shall enter into force ____________________________________.
(date of entry into force of the Agreement, pursuant to Article 9 of the Law of Ukraine
“On cooperation of territorial communities”).

6.2. Amendments and/or supplements hereto shall be acceptable only upon mutual
consent of the Parties and formalized in a supplement agreement which constitutes
an integral party hereof.

6.3. Amendments and/or supplements hereto shall be made by means of the same
procedure as signing.
7. TERMINATION OF AGREEMENT

7.1. This Agreement shall be terminated in case of
7.1.1. Expiration of this Agreement;
7.1.2. Reaching of cooperation goals;
7.1.3. Non-fulfillment of undertaken responsibilities by the Parties;
7.1.4. Refusal from cooperation by one of the Parties pursuant to the terms hereof, rendering it impossible to pursue cooperation;
7.1.5. Bankruptcy of enterprises, institutions and organizations of communal type of ownership established in view of cooperation;
7.1.6. Non-fulfillment of cooperation during a year from the start date of this Agreement;
7.1.7. Court ruling on termination of cooperation.

7.2. Cooperation shall be terminated upon consent of the Parties in the order set forth by the Law of Ukraine “On cooperation of territorial communities” and shall not cause decrease of scope and degradation of services quality.

7.3. The Parties shall formalize termination of cooperation in a respective agreement made in __________ copies, equally authentic.

____________ council shall send one copy of agreement on cooperation termination to the Ministry of Regional Development, Building and Housing of Ukraine within __________ business days upon its signing by the Parties.

7.4. In the event of termination of participation in the cooperation by one of the Parties, its rights and obligations, property share shall be transferred to ________________.

8. RESPONSIBILITIES OF PARTIES AND SETTLEMENT OF DISPUTES

8.1. All disputes arising between the Parties under this Agreement or relating to it shall be settled by means of negotiation between the Parties, and in case of failure to reach consensus – through a legal proceeding.

8.2. The Parties shall be liable to each other pursuant to the acting legislation of Ukraine.

8.3. The Parties shall be discharged from liability for breach of obligations hereunder if it proves that such breach was a result of a force majeure event.

8.4. If events specified in clause 8.3. hereof arise, the Party failing to fulfill its obligations hereunder shall notify the other Party on arising, expected duration and termination of the aforementioned events no later than ___ days upon their arising and termination. Failure to notify or make timely notification shall deprive the Party of a right to be discharged from its obligations due to arising of events specified in clause 8.3. hereof.

9. FINAL PROVISIONS

9.1. All legal issues arising from fulfillment hereof and not regulated hereby shall be regulated by norms of acting legislation of Ukraine.

9.2. This Agreement is made on ___ pages in ___ copies, each copy for either Party and one copy for the Ministry of Regional Development, Building and Housing of Ukraine, equally authentic.

9.3. ______________ council shall send one copy hereof to the Ministry of Regional Development, Building and Housing of Ukraine to record it in the register on cooperation of territorial communities within __ business days upon its signing by the Parties.

10. LEGAL ADDRESSES, BANK DETAILS AND SIGNATURES OF PARTIES

The Party-1:
Legal Address:
Bank details:
Head __________
_______ year of ____
Place for seal

The Party-2:
Legal Address:
Bank details:
Head __________
_______ year of ____
Place for seal
1. GENERAL PROVISIONS OF AGREEMENT

1.1. Pre-requisite to signing of this Agreement shall constitute the fact that in the course of its drafting the Parties followed the requirements specified in Articles 5-9 of the Law of Ukraine “On cooperation of territorial communities”.

1.2. By signing this Agreement the Parties confirm that joint and negotiated cooperation in the form of organizing of joint communal enterprise, institution and organization – joint infrastructure facility meets interests of both Parties.

1.3. The Parties undertake to build their relationships on the basis of principles of legitimacy, voluntarism, equality, transparency and openness, reciprocity and responsibility for cooperation results throughout the cooperation.

2. SUBJECT OF AGREEMENT

2.1. Pursuant to the laws of Ukraine “On local self-governance in Ukraine”, “On cooperation of territorial communities”, and aimed at realization of joint infrastructure project and fulfillment of functions subject to joint interests, the Parties have agreed to organize a joint communal enterprise (institution, organization) and maintain it jointly.

2.2. The Parties have defined the following:

2.2.1. Form of business of the Facility shall be

2.2.2. Location of the Facility shall be

2.2.3. Goal of Management body organization shall be
Module 1. LEGAL AND FINANCIAL ASPECTS OF DECENTRALIZATION

2.2.3. Management body and its property shall be organized by means of ___________

________________________________________________________________

(way of organization of Management body and its property is specified pursuant to Article 14 of the Law of Ukraine “On cooperation of territorial communities”)

3. POWERS AND FUNCTIONS OF MANAGEMENT BODY

3.1. Management body shall: ________________________________

(a list of powers and functions of Management body is specified pursuant to laws of Ukraine)

4. OFFICIALS OF MANAGEMENT BODY

4.1. Head of Management body shall be appointed (elected) and dismissed

________________________________________________________________

(procedure of appointment (election) and dismissal of head of Management body is specified)

4.2. Officials of Management body shall be appointed and dismissed _____________

________________________________________________________________

(procedure of appointment (election) and dismissal of Management body officials is specified)

4.3. Head of Management body shall bear personal responsibility for functioning of Management body pursuant to laws of Ukraine.

5. FINANCING OF MANAGEMENT BODY AND REPORTING ON ITS FUNCTIONING

5.1. Management body shall be financed pursuant to the Budgetary Code of Ukraine in the order of ___________________________ and by means of funds from local funds from local budgets of the Parties amounting to: for the Party-1 - _____________

(amount of financing)

and for the Party-2 - ________________.

(amount of financing)

5.2. Management body shall ___________ report on its functioning to cooperation parties.

(procedure and period of reporting is specified)

6. PROCEDURE OF MANAGEMENT BODY TERMINATION

6.1. Management body shall terminate its functioning on the basis of and in the order set forth by the acting legislation of Ukraine.

6.2. Property left upon termination of the Facility’s functioning shall be transferred ___________

________________________________________________________________

(procedure of property distribution shall be specified)

6.3. Powers and functions of Management body specified in clause 3.1. herein upon termination of Management body functioning shall be performed by ___________

________________________________________________________________

(name of local government authority fulfilling functions of Management body)

7. PROCEDURE OF ENTERING INTO FORCE, AMENDING AND SUPPLEMENTING OF AGREEMENT

7.1. This Agreement shall enter into force __________________________________________________________________________

(date of entry into force of the Agreement, pursuant to Article 9 of the Law of Ukraine “On cooperation of territorial communities”).
7.2. Amendments and/or supplements hereto shall be acceptable only upon mutual consent of the Parties and formalized in a supplement agreement which constitutes an integral party hereof.

7.3. Amendments and/or supplements hereto shall be made by means of the same procedure as signing.

8. TERMINATION OF AGREEMENT

8.1. This Agreement shall be terminated in case of
8.1.2. Expiration of this Agreement;
8.1.3. Reaching of cooperation goals;
8.1.4. Non-fulfillment of undertaken responsibilities by the Parties;
8.1.5. Refusal from cooperation by one of the Parties pursuant to the terms hereof, rendering it impossible to pursue cooperation;
8.1.6. Bankruptcy of enterprises, institutions and organizations of communal type of ownership established in view of cooperation;
8.1.7. Non-fulfillment of cooperation during a year from the start date of this Agreement;
8.1.8. Court ruling on termination of cooperation.

8.2. Cooperation shall be terminated upon consent of the Parties in the order set forth by the Law of Ukraine “On cooperation of territorial communities” and shall not cause decrease of scope and degradation of services quality.

8.3. The Parties shall formalize termination of cooperation in a respective agreement made in _____________ copies, equally authentic.

(name of copies)

council shall send one copy of agreement on cooperation termination to the Ministry of Regional Development, Building and Housing of Ukraine within ________ business days upon its signing by the Parties.

8.4. In the event of termination of participation in the cooperation by one of the Parties, its rights and obligations, property share shall be transferred to ________________.

(name of cooperation entity)

9. RESPONSIBILITIES OF PARTIES AND SETTLEMENT OF DISPUTES

9.1. All disputes arising between the Parties under this Agreement or relating to it shall be settled by means of negotiation between the Parties, and in case of failure to reach consensus – through a legal proceeding.

9.2. The Parties shall be liable to each other pursuant to the acting legislation of Ukraine.

9.3. The Parties shall be discharged from liability for breach of obligations hereunder if it proves that such breach was a result of a force majeure event.

9.4. If events specified in clause 9.3. hereof arise, the Party failing to fulfill its obligations hereunder shall notify the other Party on arising, expected duration and termination of the aforementioned events no later than ___ days upon their arising and termination. Failure to notify or make timely notification shall deprive the Party of a right to be discharged from its obligations due to arising of events specified in clause 9.3. hereof.

10. FINAL PROVISIONS

10.1. All legal issues arising from fulfillment hereof and not regulated hereby shall be regulated by norms of acting legislation of Ukraine.
10.2. This Agreement is made on ___ pages in ___ copies, each copy for either Party and one copy for the Ministry of Regional Development, Building and Housing of Ukraine, equally authentic.

10.3. __________ council shall send one copy hereof to the Ministry of Regional Development, Building and Housing of Ukraine to record it in the register on cooperation of territorial communities within ___ business days upon its signing by the Parties.


11. LEGAL ADDRESSES, BANK DETAILS AND SIGNATURES OF PARTIES

The Party-1: The Party-2:
Legal Address: Legal Address:
Bank details: Bank details:
Head __________ Head __________
______ year of ___ _______ year of ___
Place for seal Place for seal
Mechanism of cooperation:

- Needs of community
- Initiation of cooperation

**Who is entitled to initiate?**

Head of village, town, city council, deputies of village, town, city council, members of territorial community

- Drafting of offer by initiator
- Submission of drafted offer for village, town, city council consideration
- Resolution on permission/non-permission to organize cooperation made by village, town, city council

**If there is a permission:**

- A village, town, city head initiates negotiations with prospective cooperation parties and organization of a committee on drafting of cooperation agreement
- A village, town, city head sends offers on initiation of negotiations regarding organization of cooperation to village, town, city heads representing respective territorial communities – prospective cooperation parties
- Analysis of received offer
- Public discussion of received offer
- Making decision on permission/non-permission to organize cooperation by village, town, city council

**If there is no permission:**
If there is a permission:

- Delegation to the committee of a community representative

If there is no permission:

Committees:

- The committee consists of equal number of representatives from all cooperation entities
- The committee is approved by a general assignment of village, town, city heads representing territorial communities – cooperation parties
- Representatives of cooperation parties take chair during meetings of the committee on a rotating basis
- Organizational support of committee functioning is provided by executive bodies of village, town, city councils – cooperation parties

Drafting of cooperation agreement by the committee
Discussion of a draft within communities
Approval of a draft by village, town, city councils
Signing of agreement by village, town, city heads
Entry into force of cooperation agreement
Realization of cooperation

For notes:
GOVERNMENT GRANT TO LOCAL BUDGETS FOR CREATION OF AMALGAMATED TERRITORIAL COMMUNITIES INFRASTRUCTURE

**What is the aim of government grant allocation?**

- **Improvement of administrative services quality**: establishment of centers of administrative services, up-to-date systems community management organization – communication networks, databases, alerting services;

- **Reconstruction, re-equipment, re-profiling of buildings of state-financed institutions** with the aim of their use according to powers and needs of amalgamated territorial communities with mandatory application of energy-efficient technologies;

- **Construction, reconstruction, full repairs of roads, bridges, cross-walks** of communal type of ownership which ensure access of residents to facilities and institutions where administrative, social and other services are provided;

- **Purchase of vehicles** to drop children to educational establishments, vehicles of special purpose for communal enterprises, fir-fighting and special rescue equipment and fire and rescue machinery;

- **Construction of water carriers, water disposal systems, new locations of sites for solid household wastes and restoration of waste deposit sites** etc.;

- **Construction, reconstruction, full repairs of other facilities** which are important to enhance capability and ensure territorial solidarity of a community, adequate level of safety and civil protection.

Regulation of the Cabinet of Ministers of Ukraine dd. 16.03.2016 # 200 on Procedure and rules of government grant allocation from state budget to local budgets for creation of amalgamated territorial communities infrastructure
What are the rules of government grant allocation for creation of amalgamated territorial communities infrastructure?

Investment of grants to financing of projects according to a plan of social and economic development of an amalgamated territorial community

Preparation of project application pursuant to the form approved by the Ministry of Regional Development, Building and Housing of Ukraine

Submission of project application to Zaporizhzhya regional state administration

Receiving of judgment regarding project application issued by Zaporizhzhya regional state administration

Submission of application to the committee established within the Ministry of Regional Development, Building and Housing of Ukraine

Project applications submitted by executive committees of city, town, village councils of amalgamated territorial communities are approved by the committee established within the Ministry of Regional Development, Building and Housing of Ukraine

If approved,

- Projects are developed on the basis of approved application

If not approved,

- Receipt of remarks from the committee established within the Ministry of Regional Development, Building and Housing of Ukraine
- Fine tuning of project application; Start over with…
FORM OF PROJECT APPLICATION

APPROVED
Order of the Ministry of Regional Development,
Building and Housing of Ukraine
dd. 05.04.2016 #82

FORM of project application for a project which can be implemented
at the cost of grants allocation from state budget to local budgets
for creation of amalgamated territorial communities infrastructure

1. CONTENT OF PROJECT APPLICATION

1. Content of project application
2. General overview of project application
3. Project
   3.1. Project annotation
   3.2. Detailed description of project
   Description of issue project is dedicated to
   Project aim and tasks
   Main project activities
   Schedule of project activities realization
   Expected qualitative and quantitative results of project implementation
4. Project budget
   4.1. Overall project budget
   4.2. Distribution of budget with regard to budget items
   4.3. Expected sources of financing
   4.4. Local budget estimate
5. Information on participants of project implementation
6. Annexes (if required)

2. GENERAL OVERVIEW OF PROJECT APPLICATION

<table>
<thead>
<tr>
<th>Name of a project which can be implemented at the cost of grants allocation from state budget to local budgets for creation of amalgamated territorial communities infrastructure (hereinafter referred to as “the Project”)</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Applicant (name of executive committee of a village, town, city council of amalgamated territorial community)</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Number and name of task from a plan of social and economic development of amalgamated territorial community (specifying the date of approval and number of resolution on approval of such plan issued by a council) referring to the project</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Deployment of grants pursuant to item 4 of the Procedure and rules of government grant allocation from state budget to local budgets for creation of amalgamated territorial communities infrastructure approved by Regulation of the Cabinet of Ministers of Ukraine dd. 16.03.2016 # 200</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Project aim and tasks</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Number of people the project refers to</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Period of project implementation (from (month / year) to (month / year))</th>
</tr>
</thead>
</table>
Module 1. LEGAL AND FINANCIAL ASPECTS OF DECENTRALIZATION

Expected amount of project financing at the cost of grants allocation from state budget to local budgets for creation of amalgamated territorial communities infrastructure (hereinafter referred to as “the Grant”), kUAH

Amount of probable project co-financing from a local budget, kUAH

Names of towns where the project is under implementation

Last name, first name, patronymic of applicant’s manager

Applicant’s telephone, fax, e-mail

Position, last name, first name, patronymic of a party responsible for project implementation

Telephone, fax, e-mail of a party responsible for project implementation

Applicant’s manager             ______________                       _______________
   (date, signature)                            (initials, last name)

Place for seal

3. PROJECT

1. Project annotation (no more than 2 pages on separate pages)
2. Detailed description of project
   2.1. Description of issue project is dedicated to (no more than 2 pages)
   2.2. Project aim and tasks (no more than 1 page)
   2.3. Main project activities (no more than 4 pages)
   2.4. Schedules of project activities realization (no more than 2 pages)
   2.5. Expected qualitative and quantitative results of project implementation (no more than 1 page)

4. PROJECT BUDGET

4.1. OVERALL PROJECT BUDGET

<table>
<thead>
<tr>
<th>#</th>
<th>Name of project activities to be realized</th>
<th>Total cost (kUAH)</th>
<th>Sources of financing (kUAH)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Grants</td>
</tr>
<tr>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL:</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
4.2. DISTRIBUTION OF BUDGET WITH REGARD TO BUDGET ITEMS

<table>
<thead>
<tr>
<th>#</th>
<th>Budget items</th>
<th>Total cost (kUAH)</th>
<th>Sources of financing (kUAH)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Grants</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Local budget (in case of co-financing)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Other project participants (in case of co-financing)</td>
</tr>
<tr>
<td>1</td>
<td>Consumption expenditures</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Development expenditures</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>TOTAL:</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

4.3. EXPECTED SOURCES OF FINANCING

<table>
<thead>
<tr>
<th>#</th>
<th>Sources of financing</th>
<th>Total cost (kUAH)</th>
<th>Share (%) of overall amount of project financing</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Financing at the cost of grants</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Financing from local budget (if available)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Financing at the cost of other project participants</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total amount of financing</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

4.4. LOCAL BUDGET ESTIMATE

Local budget estimate is made up in case of deployment of grants to construction works, full repairs, purchase of equipment, development of software and other activities the initial cost of which can be estimated if respective indicators approved by state building norms are taken into account.

5. INFORMATION ON PARTICIPANTS OF PROJECT IMPLEMENTATION

Information on full name of project implementation participant, its location, contact information as well as participant’s functions in project implementation are specified.

6. ANNEXES

Additional information is specified (if required).
FINANCIAL DECENTRALIZATION

**The revenues:**

1. 100% property tax
2. 100% single tax
3. 100% profit of private companies and public institutions
4. 80% environmental tax
5. 60% tax on personal income
6. 5% tax on the retail sale of excisable goods
7. Fee for administrative services, state fees

**Autonomy:**

- In the formation of local budgets
- In choice of service provider
- In the procedure of borrowing from international financial institutions

**For notes:**

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*The Law of Ukraine “On Amendments to the Budgetary Code of Ukraine (regarding reform of intergovernmental fiscal relations)”*
**EDUCATION**

**What changes will take place in the amalgamated communities in regard to organization of the education system?**

Education Network will be established, consisting of hub schools and branch schools, which will improve the quality of secondary education in rural areas, improve the material and technical equipment of secondary education institutions and staff hub schools with highly professional specialists.

<table>
<thead>
<tr>
<th><strong>Hub school:</strong></th>
<th><strong>Branch school</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate status</td>
<td>No corporate status</td>
</tr>
<tr>
<td>Accounts in the Treasury</td>
<td>No accounts in the Treasury</td>
</tr>
<tr>
<td>At least 3 branch schools</td>
<td>Included into educational network of the Hub school</td>
</tr>
<tr>
<td>Typically, at least 360 students excluding the number of students in branch schools</td>
<td>Not specified</td>
</tr>
<tr>
<td>Physical infrastructure (sports facilities, specialized rooms, laboratories, etc.)</td>
<td>Typically, these are initial (І degree) or primary (І-ІІ degree) schools not requiring specialized room</td>
</tr>
<tr>
<td>The head is the director</td>
<td>The head is the branch director</td>
</tr>
</tbody>
</table>

All teaching staff shall be employed in the hub educational institution. Organization of students and teachers transportation to hub school shall be assigned to local or rayon authorities of amalgamated communities, taking into account the duration of the transportation in one direction is not more than 45 minutes.
Scheme to the topic “EDUCATION”

— Now;
— Will be.

Village school (I-II degree)

Village school (I-III degree)

Village school (I degree)

Branch school

May be closed

Hub school

Branch school

Branch school
POWERS IN THE AREA OF HEALTH CARE

Under elaboration. Respective draft laws have not been enacted yet.

What will be the level of health care provision?

Primary health care (community level):

Village, town, city head of the amalgamated community elected by people will be responsible for health care services provision and will be entitled to decide in which manner to organize the provision of health care services in the community. Outpatient clinics, medical and obstetrical stations in each community.

Secondary health care (rayon level):

Will be provided at the level of medical rayons. The minimum number of rayon population shall not be less than 150 thousand people. From 3 to 4 hospital district in each Oblast.

Tertiary health care (region level):

Will be provided specialized medical care - cancer centers, cardio centers etc.

According to the Concept of Reform of the local self-governance and territorial organization of power in Ukraine approved by Government
MODULE 2.
SOCIAL AND PHYSIOLOGICAL ASPECTS OF DECENTRALIZATION

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MY PERSONAL POTENTIAL

The proposed exercises aimed at the development of personal communication skills on contacts establishment and development, prevention and effective communication in problem situations; search resources for communication problem solving in such a way that it would solve not only the problem, but would also contribute to the relations development.

Exercise: a systematic approach to problem situations.

Find good that at first glance is just bad. This approach enables to maintain a balanced position in relation to problem situations. When we face a problem the negative characteristics of the situation (what’s wrong with it?) immediately attract our attention.

In order to balance our attitude to the problem it is offered to find what is good (although sometimes it can look even senseless, what may be good?), because what is bad we define automatically.

This exercise may be mentioned and used effectively when we feel that we are strongly impressed by the problem situation and we lose the opportunity to make decisions and act effectively as a result of negative emotions influence.

The essence of the exercise:

Below are the situations that should be evaluated by training participants in terms of what is good about them. Assessments of the participants should be recorded on the sheet of paper followed by a group discussion.

The situation for the assessment:

It is raining outdoor and you have to go to work ...

What is good in that?

You missed the bus and now running late to work ...

What is good in that?

You went on holiday but were not given vacation allowance ...

What is good in that?
INTERACTION IN PROBLEM SITUATIONS

Exercise: a systematic approach to problem situations.

Based on the theory of S. Rozentsveyh we can analyze our responses to problem situations. On the one hand, we are looking for answers to one of three issues:

What happened?

The emotional reaction to negative emotions caused by unfortunate situation.

Who is to blame?

The basic idea of response is associated with attempt to cope with feeling of guilt: take upon oneself or pass on to others.

What is to be done?

It is this kind of responses aimed at problems solving.

On the other hand, responses may be directed in three different directions: on themselves, on others, nowhere. It should be noted that response in the direction of “nowhere” reflects the individual efforts to reduce the importance of problem and resulting situation. The defensive option that does not contribute to problem solving.

<table>
<thead>
<tr>
<th>What happened?</th>
<th>Who is to blame?</th>
<th>What is to be done?</th>
</tr>
</thead>
<tbody>
<tr>
<td>On themselves</td>
<td>How horrible! I fail again!</td>
<td>I’ve got into trouble again! Sorry!</td>
</tr>
<tr>
<td>On others</td>
<td>How horrible! How will we get through it!</td>
<td>It’s not my fault! It’s your fault!</td>
</tr>
<tr>
<td>Nowhere</td>
<td>Nothing horrible happens...</td>
<td>It’s noone’s fault!</td>
</tr>
</tbody>
</table>

According to the theory of S. Rozentsveyh the most effective is option of the response that provides answers to the question what to do? Such responses contribute to solving the problem by sharing the responsibility between themselves and the other party. It establishes cooperation between the parties to the situation and helps resolve their problems through joint activities.
The essence of the exercise:

Please see below Hanna Boiko's version of a series of 18 pictures based on methodology of S. Rozentsveyh. Each picture depicts communication of two persons, with the words of one person already written in and the response of second one is offered to write in by the training participants on their own. Following that discussion and analysis of the proposed answers according to the classification of response direction in terms of conflict shall be carried out.

Unfortunately I failed to bring you a favorable answer.
I’ve already told you that it is not allowed to bring through the checkpoint items of such size.

In accordance with the recently approved rules such documents shall be submitted in 3 copies.
Once again your employees violate fire safety rules.

It is outrageous that project management is entrusted to another person since main ideas belong to you.
It's terrible, you have lost the outcome of our work.

It appears that you are a careerist
I'll manage to register your letter only tomorrow.

Your order has been made in a wrong way, so you are not provided with any supplies.
You have promised the accountant position to me and decided upon N.N.

You will blush for such a decision at the general meeting.
After such a report you can hardly expect any further support of administration!

But your proposal goes contrary to the opinion of experts!
Sorry, could you please personally come to the department concerning my case once again tomorrow.

According to our experts, your plan does not comply with filing rules.
The person you offended yesterday got into trouble and is in hospital now.

All employees of the team do not agree with your proposal.
What a shame, we almost defended our offer, but because of my fault, we probably have to start over.

For notes:
**Exercise: interaction with “difficult people.”**

Typology of difficult person developed in the psychology and the basic techniques of interaction with different types of difficult people in problem, conflict situations are proposed to discussion.

It should be noted that the features of our personality depend on which type of difficult person will be difficult for us.

**Behavior model: “Steam boiler” or “Sherman tank.”**

Active people, who openly accuse, attack, hurt, humiliate. They are characterized by the position of attack and conquest. They feel comfortable in situations of acute confrontation and able to outshout in order to provoke aggression in response.

**The most effective response:**

Blow off steam, let shout, emotionally react. Further it is important to involve perception contrast: it is necessary to determine how a person behaves. Usually they talk loud and fast. Accordingly, effectively created contrast involves presenting our arguments slowly and quietly. This is what creates the effect of surprise.

**Behavior model: “Sniper”**

In case of imaginable agreement there eventually follow attempts to distort information and present it in an unfavorable light. It seems that we all agree upon but in fact it appears to be a complete misunderstanding, complaints, cavil ...

**The most effective response:**

Involve witnesses. The most effective communication with sniper shall be realized in the presence of your colleagues and employees. This greatly reduces the desire of sniper to distort facts. Another important method is recording information in documents and records. In case of possibility to visualize agreements with a “sniper” in official papers, documents agreements, use business notebooks and inform “sniper” on information recording. At the very least, risk it all and, find out facts of information distortion by sniper publicly, but in the presence of “witnesses”.

**Behavior model: “Complainant”**

These are people who constantly complain. Their stories are long, time-consuming and might run in a circle.

**The most effective response:**

Important methods: switch the conversation from “What happened? Who to blame?” to “What to be done?”. But do not give advices until you make sure what person has already done for solving the problem and what he is going to do and then find the limits of your intervention.
Try to **control the time**. Be sure to tell how much time you may devote to the conversation. And do not be tempted to listen to “a little more.” Summarize the conversation and plan specific actions on time or transfer conversation to the future.

**Model behavior: “Angry child”**

This type is characterized by the need for attention and rapid emergence of feelings of guilt.

**The most effective response:**

**Offer the person something pleasant** and appropriate, to sit down and take a breath, to drink a cup of tea ... **Take care** and angry child will calm down quite quickly and will show you his appreciation.

**Behavior Model: “Silent”**

A person who is a laconic and at first glance does not cause complications and attract attention. But over time it may create a feeling of guilt due to the fact that we could help, but didn’t do this.

**The most effective response:**

To find out the assistance we may provide, so we need to use techniques to “get talking”: ask open questions suggesting detailed answers and not short “Yes” or “No.” Try to get information about the situation, the problem to determine the limits of your competence.

**Exercise: techniques of persuasion.**

These techniques are applied in order to convince person in specific situations. It involves the use of a manipulation. Therefore it is important to apply it with caution. Manipulation may be a useful tactic, but should not become a strategy for dealing with people.

The advantage of these techniques is that they increase the effectiveness of the impact on others.

**Technique “Foot in the door.”**

Ask for more than you need. It is offered to apply in situations where we address with the request.
Initially put demand or requests more serious in terms of the effort to perform.

Put the main request, which compared to the first does not seem so burdensome.

For example (we need funds to be allocated for publishing):

We need office equipment for publishing, it should be purchased.

It is very expensive, we can not do it.

Then allocate the funds to pay for publication of materials in printing agency.

Fine.

**Technique “Method of arguments distribution.”**

Allows you to reject, but not to offend the partner and not to spoil relations with him.

**This method involves the distribution of partner arguments in:**

- faithful
- doubtful
- false

With their further practicing.

**To implement this method, it is important:**

- To agree initially with the argument that is not in doubt (faithful argument). This allows the partner to understand that you listen to him, speak the same language and ready for positive cooperation.

- Express doubts concerning the second argument (a doubtful argument) allowing to understand that we are not going to argue just for the debate and ready to assess soberly the validity of partner arguments.

- The cause of refusal we provide by defining the third argument as false. Phase refusal may soften it.

**WARNING! It only works when the first request is possible for execution**
WARNING! It is important that one who refuses to use only those arguments expressed by the other party and with no addition of his own. This makes it possible for other party to understand that you listen and consider him, respect his opinion, but could not fulfill his request.

Example:

The request:

Svitlana, make some coffee, please, lunch was quite long and we would be more than happy to have some coffee, and you know how to make it delicious!

Yes, the lunch was quite long, although I’m not sure that everyone drinks coffee, as it increases the pressure, and I do not know how to make delicious coffee, so I would rather not make it in order not to disappoint you.
APPENDIX 1

Questionnaire

The “School of Decentralization” Project Zaporizhzhya Oblast, 2016

QUESTIONNAIRE

The MLS Group agency on the initiative and support of Zaporizhzhya Community Resource Oblast Centers conducts study of the community awareness on implementation of decentralization reform as well as major problem issues that have already emerged in the pilot communities.

Please take 10 minutes of your time and answer a questionnaire.

Please note that your opinion is very important for us seeing since it enables to understand the real situation, so we expect your honest and complete answers to the proposed questions. Questionnaire is anonymous and results obtained in this study will form the basis for the development of training programs, auxiliary guides to promote implementation of reforms in this area.

Thank you for your cooperation!

1. How would you rate the overall awareness and understanding of the essence of decentralization reform among representatives of local authorities in general?
______________________________________________________________________________
______________________________________________________________________________
______________________________________________________________________________

2. And among population of amalgamated community?
______________________________________________________________________________
______________________________________________________________________________
______________________________________________________________________________

3. What questions regarding the amalgamation of territorial communities remain the most problematic in your community?
1. ___________________________________________________________________________
2. ___________________________________________________________________________
3. ___________________________________________________________________________

4. What risks do you personally see in the implementation of decentralization reform specifically in your local community?
______________________________________________________________________________
______________________________________________________________________________
______________________________________________________________________________
______________________________________________________________________________

5. What informational events were conducted in your local community on issues of decentralization? (Please, list the events, their organizing parties and their target audience - for whom the event was conducted)
1. ___________________________________________________________________________
2. ___________________________________________________________________________
3. ___________________________________________________________________________
4. ___________________________________________________________________________
5. ___________________________________________________________________________

6. What other measures, initiatives, actions etc., in your opinion, may be useful in the implementation of decentralization reform?
______________________________________________________________________________
______________________________________________________________________________
The “School of Decentralization” Project Zaporizhzhya Oblast, 2016

7. Note please, how well you are personally informed on each of the below listed aspects of decentralization reforms. (One answer for each line)

<table>
<thead>
<tr>
<th>Aspect</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Mechanisms of capable community forming</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>2. Features to determine the capacity of communities</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>3. Legal barriers to establishment and functioning of amalgamated community</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>4. The benefits of establishment of amalgamated communities</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>5. The redistribution of administrative functions and powers between state and local authorities.</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>6. Prefect: general description of position, rights, duties and powers.</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>7. Changes in the structure of public authorities and its impact on the interaction with capable local communities</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>8. Practical value of changes implemented to the Budget and Tax Codes at the level of amalgamated communities</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>9. Examples of changes effect in reality (experience of other amalgamated local communities)</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>10. Effect of capable local communities on the quality of administrative services and the establishment of bodies providing it.</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>11. Responsibility to the local community for inadequate provision of administrative services</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>12. Forms of communities cooperation</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>13. Cooperation organization, procedure and timing of preparatory actions for contract conclusion</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>14. Terms and procedure for state stimulation of communities’ cooperation</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>15. Grounds and procedure for termination of communities’ cooperation</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>16. Features of overcoming inhabitants’ psychological resistance to implement decentralization reform</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>17. Organization of effective information campaign to increase the readiness of the inhabitants to real community amalgamation</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>18. Mechanisms for establishing communication between the population of communities, authorities and local business</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
</tbody>
</table>

Your additional comments on issues related to the implementation of the decentralization reform in our region:

______________________________________________________________________________
______________________________________________________________________________
______________________________________________________________________________

Thank you for full answers and time to fill in the questionnaire!
Appendix 2

Certificates delivery ceremony