
16 Ukraine*

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16.1 THE NATIONAL AND HIGHER EDUCATION CONTEXTS

National Context

After gaining its independence in 1991 from the Soviet Union, Ukraine, like other post-Soviet republics, has implemented liberalization and modernization reforms. However, these reforms have been affected by demographic, economic, and political challenges. Its population of 51.9 million has fallen significantly to 41.5 million between 1990 and 2021 (State Statistics Service of Ukraine, 2021a) and it is projected to fall further to 35.1 million in 2050 (United Nations, 2015). The population has been declining in recent years due to falling fertility rates and emigration (OECD, 2017c).

The country has an important strategic geopolitical position as it is on the crossroads of major transportation routes from West to East. With an area of 603,628 km² (approximately 233,062 mi²), Ukraine is about the same geographic size as France. It borders Russia to the northeast, Belarus to the north, Poland, Slovakia and Hungary to the west, and Romania and Moldova to the south. It holds membership in the United Nations, the Council of Europe, the OSCE, and since 2005 the Bologna Process.

During the first decade of its independence, Ukraine underwent a fundamental transformation from totalitarian government toward a democracy and from command economy to market oriented one. The changes have impacted the role of individuals who became active actors and participants in national

* Editor's note: This case profile was written before the 2020 invasion of Ukraine by Russian forces. Reading this is a difficult reminder of how things were in more peaceful times.

and local development. All this led to concurrent changes in the country's priorities, of which education became one of the most important. More specifically, due to its significant role in facilitating the transition to an information economy, higher education (HE) became a substantial realm of social change. In other words, younger generations who acquired higher education in Ukraine have played major roles in instrumental social and economic reforms.

Ukraine has not shown steady economic growth because the country failed to enact key structural economic and institutional reforms, curb corruption, and decrease its dependency on external resources (OECD, 2017). Ukraine used to be one of the post-Soviet republics with the highest gross domestic product (GDP) but has become one of the republics with the lowest GDP (World Bank, 2021a) after independence. Currently, Ukraine's per capita GDP is approximately USD3,659 (World Bank, 2021a) and it is classified as a lower-middle-income country (World Bank, 2021b). After more than six years of political and economic tension, the Ukrainian economy has shown signs of stabilization since 2016. Based on the data from IMF, Ukraine recorded a growth of 3.2 percent of its GDP in 2019, slightly down from growth of 3.3 percent in 2018. Ukrainian GDP is still driven by domestic demand and household consumption representing about 70 percent of GDP.

The country has been in continual conflict with Russia, which has had an ongoing and negative impact on the economy. The budget deficit in 2019 was -2.7 percent and it was estimated to continue in 2020 and 2021 remaining at -2.5 percent (IMF, 2020). However, the country continues to undertake various economic reforms aimed at strengthening household consumption and consolidating public finances along other fiscal, monetary, and exchange rate reforms. The budget adopted for 2020 puts priority on security and defense to restore peace in the eastern part of the country. Other priorities include health, education, and infrastructure development.

Ukraine has an industrialized economy. Its main industries include coal, electric power, machinery and transport equipment, ferrous and nonferrous metals, food processing, and chemicals. The economy of Ukraine depends mainly on the services sector rather than on the industry and agriculture sectors. For instance, in 2017, services contributed about 60 percent, agriculture about 12.2 percent, and industry about 28.6 percent of the country's GDP (CIA, 2021). The country has fertile soil, it used to be known as the "breadbasket of the Soviet Union."

Although Ukraine faced some political challenges such as the Orange Revolution (see Kuzio, 2010) and the Maidan events (see Diuk, 2014), it achieved some successes on its way to democracy. Ukraine has elected five presidents,

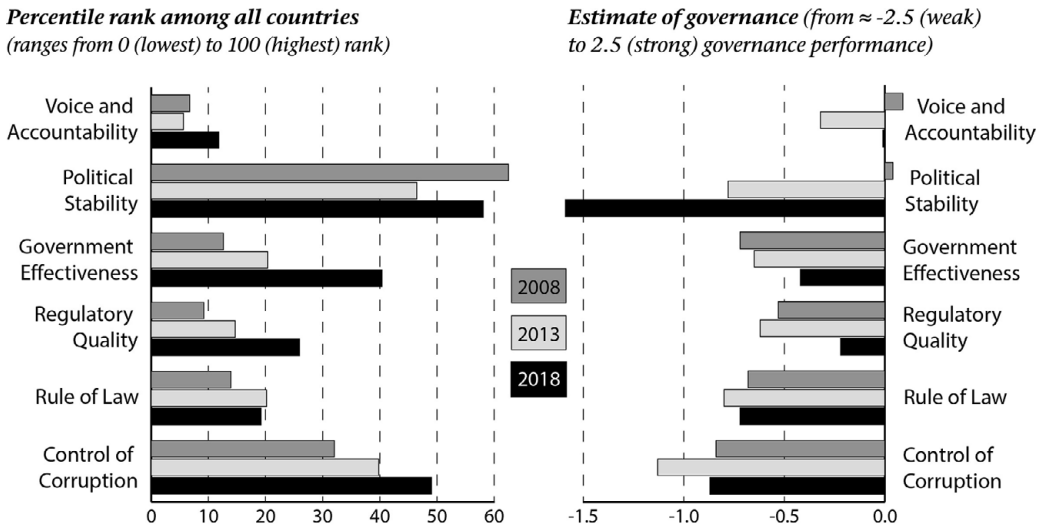
showing some key elements of democracy. The constitutional reforms following the presidential election in 2004 gave greater authority to the prime minister and the parliament, making Ukraine a semi-presidential republic. Also, the country is a multiparty democracy. At least eight parties are being presented in the parliament. Most of these parties are either center, center-right, or right. At least three of these parties are pro-Russian. Like its Moldovan neighbor, the country is in a constant negotiation of moving toward the West or toward Russia.

The president is the head of the state elected for five years. He is the commander in chief. He appoints the prime minister. The executive power is shared between the president and the prime minister. The latter is the head of the government and can form his government except for the minister of defence and the minister of foreign affairs who are appointed by the president. The legislative power is the parliament consists of 450 seats chosen on a proportional basis from parties that gain 3 percent or more of the national electoral vote. The president has the power to dissolve the parliament.

Fundamental transformations in the economic and social arenas have surfaced significant distrust between the population and the government. This distressed climate is fueled by an increase in corruption and a decrease in serious reforms. However, the presidential election of 2019, which led Volodymyr Zelensky to the presidency with more than 73 percent of popular vote has changed the political environment in the country. With the former president Petro Poroshenko being harshly criticized for his poor record of reforms mandated by IMF and less or no effort to combat corruption, Zelensky has had an ample opportunity to change the country's trajectory. Many developments took place after Zelensky's election. The issue of Russia-Ukraine tension was mediated by Germany and France leading to the meeting of the Russian and Ukrainian presidents to meet and discuss tensions over the Donbass. The tripartite meeting of Russia, Ukraine, and the European Union (EU) in Minsk led to solving the riddle of renewing the contract of governing gas control to EU from Russia via Ukraine with approximately 3 billion dollars pledged to the gas company in Ukraine in this deal. The impeachment of US president Trump has also marked the success of Ukrainian government capacity to deal with complex foreign issues and the ability of the current Ukrainian government to deal with abuse of power and obstruction of justice. Hence, the Ukrainian government drew on the priority of restoring peace in Donbass and avoiding being drawn into American partisan politics.

The national governing context according to the World Bank's Governance Indicators project is high on political stability (at approximately the 60th percentile). Its control of corruption and governance effectiveness,

Figure 16.1 Worldwide governance indicators for Ukraine



while below the international median, both improved continually over the decade between 2008 and 2018. Voice and accountability remain low (less than the 10th percentile) (Figure 16.1).

The Global Competitiveness Index of the World Economic Forum (WEF) ranks Ukraine 72nd out of 141 countries regarding public sector performance. The burden of regulations ranked 68th with a score of 43.9 for 2018–2019 (Schwab, 2019). It scored the future orientation of the government at 48.7 out of 100, which ranked it 94th. Its Skills pillar scored 54.5 for the skillset of graduates and a rank of 54th. WEF granted a score of 56.7 on the ease of finding skilled employees indicators, which ranked it 53rd. WEF's corporate governance score was ranked 91st. Overall, the governance context is challenging given its low scores by the World Bank as well as by WEF. The burden of regulations is middling comparatively, as is its education outcomes indicators, however, its corporate governance score, while not the same as higher education, was low on a global scale.

Shape and Structure of Higher Education

Ukraine implemented several market-oriented reforms to align its higher education sector with the national needs. These reforms resulted in the

expansion of public HE and the emergence of private HEIs, the introduction of tuition fees, and the diversified HE system.

Ukraine expanded its HE sector in response to the rising demand for higher education. There was an increase in the number of tertiary enrollments by 185 percent between 2000 and 2009, as well as in the enrollment percentage of the eligible age group from 47 percent to 79 percent between 1999 and 2008 (Shaw, Chapman & Rumyantseva, 2011). Consequently, the number of universities, academies, and institutes that offer long-cycle degree programs increased from 149 to 281 between 1990–1991 and 2019–2020, while the number of other tertiary institutions (secondary specialized educational institutions that offer short-cycle degree programs) decreased from 742 to 338 during the same period (SSSU, 2021c). Approximately 75 percent of students study at universities, academies, and institutes, while 25 percent of students receive education at specialized educational institutions (World Bank, 2021b). As for the private institutions, they account for more than 20 percent of all the HEIs. For instance, there were 162 operating private institutions in the 2015–2016 academic year (Rumyantseva & Logvynenko, 2018).

Apart from being state or private (non-state), Ukrainian tertiary institutions can be classified based on their level of accreditation at one of four levels. Ukraine merged some elements of vocational education with higher education (Rumyantseva & Logvynenko, 2018). As a result, secondary specialized educational institutions (colleges, technical and vocational schools) became part of tertiary education and were reclassified as HEIs of I and II levels of accreditation. More established HEIs (universities, academies, and institutes) received III and IV levels of accreditation. HEIs of I and II levels of accreditation appear to be equivalent to the short cycle higher education (e.g., community college in the United States) because they award junior specialist degrees to students, prepare them for jobs, or to transfer to level III and IV institutions. HEIs of I and II levels of accreditation offer undergraduate, graduate, and doctoral programs.

Also, Ukrainian institutions can be classified based on their status, focus, and range of programs. Given that, institutions can be comprehensive and specialized. The former has higher status, focuses on teaching and research, and offers a wide range of programs, whereas the latter focuses mainly on teaching within their chosen fields. Another feature of the specialized HEIs is that they are accountable not only to the Ministry of Education like their counterparts but also to the corresponding sectoral ministry (e.g., Ministry of Healthcare). Within this classification, HEIs can be classified further.

Specifically, there are flagship universities, national and regional universities, academies, and institutes (see Rumyantseva & Logvynenko, 2018).

In response to the scarceness of public funds, both state and non-state HEIs are allowed to diversify their funding sources. HEIs generate revenue mainly through student tuition fees and the public budget. Students at state HEIs are either funded by the state through state grants or self-funded via tuition fees. Statistics have shown a somewhat steady rate of 50 percent of students who pay tuition for studies in public universities (Rumyantseva & Logvynenko, 2018). Private HEIs do not receive any direct or indirect public funding. Hence, all students in these HEIs are expected to pay tuition fees that are overall higher than those in public HEIs. This funding arrangement provides private HEIs with absolute financial autonomy and control of the resources without any intervention of the state. That said, private HEIs that wish to grow the culture of research activity need to autonomously provide funds for these activities as well as educational activities.

Public HEIs are primarily funded from the State budget. The financing of higher education is within the responsibility of the Ministry of Education and Science. Other ministries, such as the Ministry of Health and Culture, etc., to which some HEIs are attached, allocate funds directly to the public higher education institutions and control their budgets. Public University funding is input-based, which means that the allocation of funds is based on the real costs of the institution in relation to the number of students due to be enrolled in the next academic year and the number and structure of the academic staff. In addition to the public funding, universities generate resources from tuition fees, projects (national and international), real estate, endowments, grants, consultancy services, and other diversified revenue similar sources. The Law of Higher Education (2014) has entitled funding to public universities that covers building and infrastructure, salaries, purchase of equipment, library and information systems, scientific research, international cooperation, publishing, students' extracurricular activities, and special needs programs.

The public funding is mainly provided through line-item budgets, while other diversified sources of income are at the discretion of the institution's spending according to its strategic goals. Although the ratio between the self-provided income and the public budget differs from one institution to another, on average no budget allocated for public HE from the State exceeds 50 percent of the total budget. Moreover, it is important to note that the diversified revenue that HEIs are free to generate from multiple sources must follow the Budget Code of Ukraine and the Decree of the Cabinet of Ministers

(Education, Audiovisual and Culture Executive Agency, 2017). Such laws and regulations define how self-generated revenues are to be spent and the State treasury is in control of assuring HEIs follow those defined procedures.

Higher Education Governing Context

Although Ukraine implemented market-oriented reforms to revamp its HE system, it is still in the process of transitioning from a highly centralized system to a more democratic and self-governing one. During the Soviet Union, HEIs in Ukraine were characterized as institutions with “weak University self-governance” and high “strong state control” (Osipian, 2008, p. 15). For instance, the main top managers, such as the rector, the vice-rector and the chief accountant, were all appointed by the Ministry of Education of the Soviet Union. Strong state regulations prevented the development of managerial self-governance, which qualified top leadership of the universities to perform primarily administrative functions. All these realities of governance in Soviet Ukraine did not leave any room for academic self-governance.

After joining the Bologna Process in 2005, Ukraine committed to an effort to align its higher education governance system with the international standards. Consequently, the government introduced several changes such as the creation of Supervisory Boards, the election of the rector, increased levels of University autonomy, and the establishment of autonomous universities (flagship universities). However, these changes are not systemwide and the majority of HEIs in Ukraine adhere to a state-centered model (Shaw, Chapman & Rumyantseva, 2013). These HEIs do not enjoy a high level of autonomy over their financial and academic activities or their structure (Shaw et al., 2013). Only some autonomous state universities (e.g., Kiyv National University of Taras) enjoy a higher level of autonomy over their budgets and educational programs.

HEIs are still dependent on the state in relation to the management of administrative, academic research, and financial activities. The government aims to increase the degree of financial autonomy of institutions. It revised the legislation on higher education funding to implement performance-based funding. However, HEIs submit their budget to their “parent” ministries for approval. As for administrative activities, institutions have the right to interact with external bodies (e.g., foreign universities) and shape their structure and the structure of the governing bodies (e.g., Academic Board). The composition of the governing bodies still needs to be approved by the ministry. Regarding the academic activities, HEIs are entitled to choose the

directions of programs and modify them to some extent. All changes must be in accordance with the national legislation and programs must include some obligatory components. Also, Ukraine seems to retain the divide between higher education and research. The vast majority of HEIs focuses on teaching, whereas academies of science produce most research and scientific innovation (World Bank, 2021b). This divided structure may limit the ability of HEIs to improve the quality and relevance of their programs.

The state still plays a major role in the governance of HE. It is represented by the Ministry of Education, the Cabinet of Ministers, and the National Agency for Higher Education Quality Assurance (NAHEQA). To operate, the governance structure in Ukraine “requires Parliament to set legislation, the Cabinet of Ministers to develop secondary legislation and implement policy, and other ministries and agencies to oversee their subordinated HEIs” (World Bank, 2021b, p. 4). As for NAHEQA, it is an autonomous body that accredits HEIs and certifies the quality of their programs. The state determines the curriculum and regulates the admission procedures, limiting the institutions’ academic autonomy. It plays different roles for state and non-state HEIs regarding funding. As the latter does not receive direct or indirect public funding, non-state HEIs appear to enjoy a higher level of financial autonomy than their counterparts. All HEIs are accountable to the Ministry of Education (also to the corresponding sectoral ministry if it is a specialized institution).

16.2 GOVERNING BODY PROFILE

Structure-wise, both state and non-state HEIs seem to have a similar governance structure. It comprises the rector, Academic Board, Supervisory Board, the General Meeting (Conference) of Labor Collective, and student government. The focus of this discussion is on the two primary decision making bodies, a bi-cameral approach.

The two authoritative bodies in public universities are the Academic Board, a collegial body of an HEI set up every five years. It is involved in all key aspects of institutional management. The Supervisory Board exists to oversee the institution’s assets management and adherence to its original purpose.

The rector is the highest official of the University, who is elected by the General Meeting of Labor Collective every five years (for no more than two terms) by secret ballot. Then, the Ministry of Education or HEI’s founder

contracts with the elected rector depending on the University's type of ownership (public or private). Sometimes, this position is called the president. It is expected to function in its name and represents it in relation to other actors. The rector is involved in recruitment and disciplinary, economic, and position assignments (e.g., promotions). The rector of an HEI in Ukraine is accountable for the development of educational activities, financial management, and maintenance. In exercising these activities, the rector relies on the Academic Board, which consists of the heads of the institutional subdivisions, outstanding members of its teaching and research staff, and representatives of the student community.

Each University also has a General Meeting (Conference) of Labor Collective, which is the supreme collegial body of public self-governance of an HEI. The final body is student government, which constitutes an inseparable part of public self-governance of a HEI. It comprises all students of the institution and is responsible for addressing academic issues, the protection of rights, and interests of students.

Body Structure

The two primary decision-making bodies described below are the Academic Board and the Supervisory Board.

The Academic Board includes the chair, the rector, vice-rectors, deans, director of the library, chief accountant, heads of self-government bodies, elected representatives from trade union organizations, faculty members, students, and representatives from industry. The Board must include at least 75 percent faculty members and 10 percent students. The quotas are determined by the institution's charter.

The Supervisory Board is composed of a chairman, deputy chairman, the rector, and representatives of state bodies and industry. It shall not include employees of the institution except for the rector.

Scope of Work

The Academic Board has the following functions:

- (1) The Board determines development strategies for the educational, scientific and innovative activities of the institution.
- (2) It approves the changes in the institution's structure.

- (3) It develops and submits the charter of the institution to the highest collegial body of public self-governance (Conference of Labor Collective).
- (4) The Board adopts the financial plan and annual financial statements of the institution of higher education.
- (5) It also defines the system and the procedures for internal quality assurance, approves the academic programs and curricula, makes decisions on the organization of the educational process, determines the academic programs' duration, and approves diploma templates.
- (6) The Board evaluates the educational and scientific activity of the institution's units. It confers the academic titles (professor, associate professor, and senior researcher) and submits respective decisions for approval by the certification board of the central executive authority in the field of education and science.
- (7) It has the right to submit a proposal for the recall of the head of the HEI in accordance with the legislation, the institution's charter, and a contract. The proposal is considered by the highest collegial body of public self-government of the institution.
- (8) It makes the final decision on the recognition of documents on higher education issued by foreign and local religious HEIs.

The Supervisory Board has the following functions:

- (1) to ensure effective interaction between the institution and external actors such as state organizations, research community,
- (2) to oversee the institution's assets management,
- (3) to exercise public control over the institution's activities,
- (4) to attract additional financial sources of funding,
- (5) to contribute to the development of the institution,
- (6) to submit a proposal to recall the head of the institution on the grounds specified by the laws and the charter of the institution,
- (7) to participate in the work of the General Meeting of Labor Collective and make suggestions, and
- (8) to exercise other rights determined by the charter of the institution.

Membership and Appointment Process

The Academic Board includes permanent and elected members. Examples of permanent members are the rector, vice-rectors, and deans. Examples of elected members are representatives from faculty members and students. The representatives elected from among faculty members are approved by the supreme collegial body of public self-governance. As for the student representatives, they are elected by secret ballot by students. The election process starts thirty calendar days before the end of the term of the previous Board. The composition of the Board is approved by the order of the institution's head within five working days from the end of the term of the previous Board.

The Supervisory Board is formed and approved by the Ministry of Education on the proposal of University's senior leadership for five years. Members of the Supervisory Board perform their duties on a voluntary basis.

Chair Appointment and Process

The Academic Board is governed by a chair who is elected by secret ballot from the members of the Board for the duration of the Academic Board, which is five years. To qualify for the position, the candidate must have a research degree and/or academic (honorary) title.

The chairman of the Supervisory Board is appointed and approved by the Ministry of Education based on the proposal of institution for five years.

Board Accountability

The Academic Board is accountable to the supreme collegial body of public self-governance (the General Meeting of Labor Collective). The charter of the institution specifies the accountability of the Supervisory Board.

National Technical University of Ukraine Igor Sikorsky Kyiv Polytechnic Institute

To describe the governing process of HEIs in Ukraine, we selected National Technical University of Ukraine Igor Sikorsky Kyiv Polytechnic Institute as an example. With its history that goes back to the late nineteenth century, the institution has a strong reputation for its dedication to knowledge, science, and education. It is the largest institution of higher education in Ukraine and it is well known for its preparation of engineering and scientific personnel.

Due to that vital role, it was elevated from being Kyiv Polytechnic Institute to the status of National Technical University of Ukraine in 1995. Further status was allocated to the University in 2007 by the Committee of the Board of Education as a research University. It was named after its former student, Igor Sikorsky, who became an outstanding aircraft designer of the twentieth century. The Institution gained its autonomous status through policy reforms in the early 2000s. The section below will cover the structure of the University. Description in this section stems from the statute of the University (National Technical University of Ukraine, n.d.).

The Ministry of Education and Science of Ukraine is the central executive body whose authority is determined by law and the statute. It has the authority (1) to approve the University's statute, (2) to conclude and terminate a labor contract with the rector through competition, (3) to supervise the financial activities of the institution, and (4) to delegate some of its powers to the rector.

The rector is the chief executive officer of the University. They are responsible for (1) direct management of the University according to law and statute; (2) representation of the University in relations with both local and international, state, and non-state actors; (3) issuing orders, decrees, and directions; (4) the recruitment and dismissal of employees; (5) management of funds and assets; and (6) organization and monitoring of the implementation of curricula and programs. The rector is elected via a secret ballot for five years and can be dismissed by the ministry. One candidate can be elected as rector for no more than two terms.

The Academic Board is the collegial body of the institution formed for a five-year period. Its composition is approved by the rector. The chairman of the Board is elected by secret ballot from its members who have a research degree or an academic (honorary) title. The Academic Board includes permanent members such as the rector, vice-rectors, deans, heads of institutes, librarian, chief accountant, the chair of trade union, the head of student trade union, and two heads of student government. It may also include elected members such as representatives from faculties (one per faculty), ten representatives from other staff, two delegates from graduate students, and representatives from students (one per school). Delegates from teaching and research staff are elected at the meeting of the General Conference of Labor Collective, drawing on the proposals from units. Representatives from the student body are elected by secret ballot. The Academic Board includes at least 75 percent teaching and research staff and 10 percent student representatives. It may also include representatives from industry upon the decision of the Academic Board.

Its main responsibilities are to (1) determine the strategic direction of academic and research activities of the universities, (2) approve the financial and annual reports of the institution, (3) shape the University's internal quality assurance mechanisms, (4) approve changes by the rector in the structure of the University, (5) approve the content of education provided, (6) approve and evaluate the activities of the University, (7) award academic titles, (8) submit a proposal for the recall of the rector, and (9) determine the staff recruitment procedures.

The Supervisory Board is approved by the ministry and may not include the employees of the University. The members of the Board are appointed for five years on a voluntary basis. The body has the authority (1) to consider the ways of future development on strategic matters, (2) to consider the financing of the University, (3) to make proposals regarding different activities of the institution, (4) to oversee the management of the University, (5) to attract additional financial sources of funding, (6) to assist in the development of the institution, and (7) to facilitate the interaction of the institution with external actors such as state and local authorities, research institutes and industry. In its activities, the Supervisory Board is guided by the Constitution of Ukraine and the Law on Higher Education (2014). The Board exercises its activities guided by the principles of collegiality and publicity in decision making.

The General Meeting (Conference) of Labor Collective is the highest collegial body of public self-governance. It must represent all groups of participants. The meeting includes the rector, vice-rectors, heads of institutes, deans, chief accountant, and heads from trade union and student trade union. It also comprises at least 75 percent delegates from teaching and research staff and at least 15 percent student representatives and other staff. Delegates from teaching and research staff are elected at the meetings of trade unions and units. Student representatives are elected by secret ballot. This body has the following functions: (1) agrees to amendments (additions) to the institution's charter, (2) hears the rector's annual report, (3) creates a commission to solve labor disputes, (4) considers the proposals of Academic Board or Supervisory Board for the recall of the rector, (5) approves the internal regulations of the institution, and (6) considers other issues.

Commentary

Although Ukraine implemented changes to its HE system to meet the international standards, these changes are not systemwide and limited and institutional governance culture is not fully established. HEIs were given a

greater degree of academic and financial autonomy (EACEA, 2017; World Bank, b). The current legislative framework allows HEIs to align some elements (e.g., electives, major specializations) of their programs in accordance with the international standards and labor market needs. However, all changes to programs are regulated by the state. Also, all academic programs must have obligatory courses prescribed by the Ministry of Education and Science of Ukraine. As for financial autonomy, private institutions appear to have greater degree of freedom than public institutions. Non-state institutions do not receive direct or indirect public funding, whereas state institutions receive public funding up to 50 percent of their total budget. In addition, many HEIs are not well-equipped to operate according to a more autonomous set-up and Ukraine lacks “the means in terms of information and steering mechanisms to orient newly autonomous HEIs towards competitiveness and performance” (World Bank, 2021b, p. 4).

Also, the governance structure of HEIs has changed in response to the degree of academic and financial autonomy they have. The structure comprises the rector, the Academic Board, the Supervisory Board, and the General Meeting of Labor Collective. The Academic Board seems to be the most important decision-making body that focuses mainly on academic issues. As for financial issues, they are concern of the Supervisory Board. Based on the descriptions of the functions of these bodies, there is still room for increasing the degree of their autonomy.

The funding system requires a huge reform because the existing model of cost distribution spreads out the funds around many HEIs employees and students, which leaves faculty with small uncompetitive salaries. Even worse, the current funding system does not allow any upgrades in infrastructure, equipment, and resources to keep the quality on a proper level. The current funding model allows for covering minimum expenditures leaving a large share of cost to be borne by HEIs through cost sharing via tuition fees paid by students and families. Compared to per-student cost, even tuition fees earnings are not enough to close the funding problems because the tuition fees are low.

Hence, Ukraine needs urgent governance reforms that take quality enhancement seriously and decrease corruptive acts that have been one of the main hurdles toward the prosperity of HEIs institutions. With boards and some autonomy in place, Ukraine is taking the right step toward fixing higher education challenges, but that requires serious steps in increasing governance reform and decreasing the level of centralization.