THE PRESENT STATE AND DIRECTIONS OF LOCAL SELF-GOVERNMENT AND DECENTRALISATION OF POWER REFORM IN UKRAINE

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Abstract. The article is devoted to the peculiarities of a new administrative-territorial system formation as well as to the current state and directions of local self-government and decentralization of power reform in Ukraine. The authors explored the processes of finding the optimal format to provide local self-government functions. The regularities of the management levels strengthening according to different schemes are determined. The key aspects of practical experience of unification and the local management level strengthening in the amalgamated territorial communities are discovered. The prospects of realization of a wide range of powers by local self-government bodies are determined. The peculiarities of local and regional administrative-territorial transformations led to the different levels of management strengthening characterised. The authors underlined that local self-government reform is to be carried out on the basis of the Constitution of Ukraine and regulatory acts, the provisions of the European Charter of Local Self-Government. The following principles are to be adhered: the rule of law; openness, transparency and civic participation; subsidiarity; availability of public services.

Key words: administrative and territorial units; decentralization; inter-municipal cooperation; local governments; local self-government.
INTRODUCTION. PROBLEM STATEMENT

The formation of Ukraine as a democratic state is impossible without a developed system of local self-government (LSG) and amalgamated territorial communities (ATCs). Today under the decentralisation reform, the reform of LSG is implemented in Ukraine. However, the LSG system still does not meet the needs of the Ukrainian society in terms of the provision of high quality services for people and proper protection of them and their territories.

LITERATURE REVIEW

The importance of the problem of decentralisation of power is of great interest of home and foreign scholars. In particular, the works of such Ukrainian and foreign scholars as I. Butko (Butko, 1999), O. Harnets (Harnets et al., 2013), N. Honcharuk (Honcharuk & Prokopenko, 2014), Yu. Kovbasiuk (Kovbasiuk (ed.) et al., 2014), N. Nyzhnyk (Nyzhnyk, 2009), S. Serohin (Serohin & Honcharuk, 2015), A. Tkachuk (Harnets et al., 2013), V. Tolkovanov, K. Vashchenko (Kovbasiuk (ed.), Vashchenko, Tolkovanov et al., 2014) are devoted to the issues of decentralization of public authorities and LSG.

METHODOLOGY

The models of decentralization can be different, as evidenced by the empirical experience of European countries. Therefore, the purpose of the article is to identify the common factors of the transformation of the LSG system in Ukraine and to substantiate the system elements of the decentralization process of governance.

MAIN RESULTS

The development of LSG as effective and as close to the people of local authorities is one of the key priorities of the administrative reform aimed at the formation of Ukraine as a democratic state. Without reforming LSG, the implementation of decentralization processes it is impossible to overcome negative processes in the socio-economic and cultural development of the territorial communities and oblasts, to provide a significant increase in the level and quality of life of the majority of the Ukrainian citizens. Only the change of the paradigm of state governance, the consistent implementation of the LSG reform and the decentralization of power in Ukraine, the improvement of the existing system of local governance, the expansion of powers of LSG will facilitate the construction of local authorities on the basis of democracy (Danylyshyn, 2015; Harnets et al., 2013).

Nowadays, there is a number of systemic problems in the area of LSG that have been successfully solved in the EU countries. It necessitates the reformation of LSG in Ukraine, its adaptation to EU standards. The following problems can be classified as the main ones in the sector of LSG:

- rational administrative and territorial structure (about half of the districts have a population less than 40 thousand, more than half of the communities have a population of less than 3 thousand people);
- excessive centralization of the executive power bodies powers and financial and material resources (according to the functional survey of central authorities data, almost 1.5 thousand functions should be transferred to the LSG bodies level);
- local taxes and fees represent a very small share; low quality and affordability of public services (Ukraine ranks 62th out of 183 countries by providing online services);
lack of effective division of powers between executive authorities and LSG bodies on the basis of decentralization of power; problems of housing and communal services: wear of thermal, sewage, water supply networks and housing stock;

undeveloped forms of direct democracy, the inability of members of the community to take joint actions aimed at protecting their rights and interests (in particular, local referendums and citizens’ meetings at their place of residence – the forms prescribed in the Law of Ukraine “On Local Self-Government in Ukraine”, but no mechanisms for their implementation);

complex demographic situation in most of the territorial communities; insufficient effectiveness of service in LSG bodies;

insufficiently effective LSG (more than 70% of territorial communities are held at the expense of the state budget);

as a consequence – insufficiently effective LSG (more than 70 percent of territorial communities are held at the expense of the state budget) (Nyzhnyk & Honcharuk (eds.), 2009; Kovbasiuk (ed.) et al., 2014; Pro dobrovolne obiednannia…, 2015).

Most social and economic problems have accumulated in the countryside. Since 1991, the number of rural population has decreased by 2.5 mln persons, almost a third of which are pensioners. The number of rural settlements decreased by 348 units, however, the number of village councils increased by 1067 units. The most severe problems in the countryside are unemployment and poverty, which cause the increasing development of the rural population labor migration. The level of average monthly wages in agriculture is almost 35% lower than the wage level in Ukraine in general (Kovbasiuk (ed.) et al., 2014). As a result, the able-bodied population and rural youth move to large cities or abroad.

According to the data of the Ministry of Regional Development, Construction and Housing and Communal Services (now – Ministry for Communities and Territories Development of Ukraine), the majority of rural settlements have an unsatisfactory network of social infrastructure objects. In rural areas there is no necessary network of medical facilities, and the level of provision of medical equipment is low. There are no pre-school educational institutions in 70 % of rural settlements; no clubs and cultural buildings – in 42% of such settlements. In half of them, there are no secondary education institutions, in 78% of them – no water pipes, in 57% – no gas pipelines. Only 58% of the villages have hardcover roads, 33% – road lighting, and 3% – are equipped with sewerage. This situation is largely due to the inability of the overwhelming majority of rural communities to provide elementary development of the corresponding settlements and territories (Nyzhnyk & Honcharuk (eds.), 2009).

The Concept of Reforming Local Self-Government and Territorial Organization of Power in Ukraine states that among almost 12 thousand territorial communities more than half have a population of less than 3 thousand persons, among which 4809 communities have less than 1 thousand persons, and 1129 communities have less than 500 people. In communities with fewer than 500 inhabitants executive bodies of local councils are not formed in accordance with the legislation, there are no budget institutions, utility companies, etc., and local government bodies of such communities can not actually exercise their powers of law and according to calculations of the Ministry of Finance, the subsidy of 5419 local budgets is more than 70%; 483 territorial communities are 90 % held at the expense of the state budget (Kovbasiuk (ed.) et al., 2014).

There is a tendency towards deterioration of the quality and accessibility of public services due to the resource insolvency of the vast majority of LSG bodies for exercising their own and delegated powers and reducing the qualification level of LSG officials, in particular due to the lack of competitiveness of LSG bodies in the labor market, a decrease in the prestige of positions leading to the low effectiveness of management decisions that are adopted by LSG bodies (Kovbasiuk (ed.) et al., 2014).

It should be noted that above all, the problems of legal and institutional nature need effective
and rapid solution. To solve the problems at the village level, it is necessary to unite the efforts of the communities and their territories, and also financial support of the state is needed.

In accordance with the Law of Ukraine “On Voluntary Association of Territorial Communities”, residents of villages of Ukraine are given the right to unite into a single territorial community on a voluntary basis, to form LSG bodies (Honcharuk & Prokopenko, 2014).

The most difficult problem of LSG development is the problem of financial support of LSG bodies and their officials. The presence in local governments of financial resources sufficient to clarify issues of local importance, largely determines the reality of local government in one or another country. The clear division on a stable basis of financial resources of the state is one of the main principles for the formation of fair relations between state power and LSG. However, during many years of Ukraine’s independence there were a number of shortcomings in the policy of forming local budgets and intergovernmental fiscal relations. Local government functions were not provided with adequate revenue sources. Revenues secured by local budgets were insufficient to fulfill the functions entrusted to local authorities, and they almost did not have the authority to fill their budgets. Practice shows that the financial autonomy of LSG bodies, despite budgetary decentralization processes that took place in Ukraine in the course of 2015, has not yet been ensured.

Territorial communities have not become the sovereign masters in their territories, the budgets of self-government do not ensure the proper development of territorial communities and oblasts, and the crisis of communal networks is approaching. The Article 9 of the European Charter of Local Self-Government stipulates that at least part of LSG funds must come from local taxes and fees, but this part of the funds is very small in Ukraine. The share of own revenues in local budgets ranges from 20 to 60% in the the European states. At the same time, in nine European countries, only local taxes account for more than 30% of the total amount of municipal financing, for example; in Denmark – 51%, Sweden – 61%, Norway – 42%, France – 36% (Honcharuk & Prokopenko, 2014).

A significant problem in the spheres of LSG is the low efficiency of service in LSG bodies. In particular, a certain part of staff in LSG bodies, unfortunately, has failed to work effectively, to make optimal and timely management decisions, to ensure and monitor the implementation of adopted plans and programs. There is a high staff turnover (up to 20% during the local elections) and its transition from local governments into the private sector. The ineffectiveness of the classification of posts of local government officials does not reflect the differences in their work and consequently leads to inconsistencies in wages. Cadre work is not yet sufficiently aimed at using transparent competitive recruitment principles, forming an effective staff reserve, does not give clearing and clear perspectives of the personnel of LSG bodies the development of a professional career, does not sufficiently stimulate its professional training and effective activity. The assessment procedures have a low impact on the service and do not contribute to improving its performance. The reason for these contradictions is both objective and subjective factors.

At the same time, it should be noted that during the years of independence in Ukraine as a whole, a system of LSG has been created and a service has been formed in LSG bodies. The system of LSG as of 01.01.2015 included 24 regional councils, 490 district councils, 457 city councils, 80 district councils in cities, 783 settlement and 10278 village councils, in total more than 12 thousand bodies of LSG. 97.9 thousand officials of LSG worked in the sphere of service in the bodies of LSG, and by the beginning of 2015 – 85.5 thousand officials of LSG.

In 2019, the Government of Ukraine approved a plan for the formation of 1311 amalgamated communities in 23 regions of Ukraine.

As of May 2019 899 amalgamated territorial communities have been created in Ukraine, of which 66 are waiting for the decision of the CEC to appoint an election.

The number of inhabitants in the amalgamated territorial communities is 9.5 million people,
which accounts for 27% of the total population of Ukraine, excluding the temporarily occupied territory.

The area of amalgamated territorial communities is 217.5 thousand square kilometers, which is 38.9% of the total area of Ukraine, excluding the temporarily occupied territory.

The average number of people in one community for the period from 2015 to 2019 is 10563 people, and it has increased to 12656 people in 2019.

According to the rating of regions for the formation of joint territorial communities, conducted by the Ministry of Regional Development, Construction and Housing and Communal Services (now – Ministry for Communities and Territories Development of Ukraine), as of May 2019, the first five places are Zhytomyr, Khmelnytsky, Chernigiv, Zaporizhzhya and Volyn oblasts.

In 2019, in comparison with 2014, the state support for the development of territorial communities and the development of their infrastructure has grown 41 times to UAH 20.7537 billion. In addition, there is a subvention in 2019 for the construction of local roads in the amount of 14.7 billion UAH, of which 5.0 billion UAH was transferred to local budgets, provided a subvention for the socio-economic development of individual territories in the amount of 50 billion UAH, as well as on the development of medicine in the amount of 5.0 billion UAH (Monitorynh prohresu reform..., 2018).

According to the data of the Ministry of Regional Development, Construction and Housing and Communal Services (now – Ministry for Communities and Territories Development of Ukraine) as of 10.05.2019, Ukraine has established 787 centers for the provision of administrative services (hereinafter referred to as the CNPC), of which 456 are organized by orynh prohresu reform, 2018); local state administrations; 207 by cities of oblast significance; 148 by the ATCs (Monitorynh prohresu reform..., 2018).

A legal and regulatory framework regulating the activities of local government bodies and officials has also been created. Currently, issues that fall within the competence of LSG are regulated by the Constitution of Ukraine (Art 5, 7, 38, 140-146 and others), about 700 laws, as well as more than 3 thousand normative legal acts, although some of them contain norms that give rise to collisions both in the middle of these legal acts and between the acts itself (Danylyshyn, 2015; Harnets et al., 2013).

According to the information provided in the “Monitoring of the Progress of Reforms for 2019” published by the Project Office of the National Council for Reforms, the legal and normative bases for the voluntary amalgamation of territorial communities have been formed in the area of reforming LSG and territorial organization of the state. In particular, the Concept of Reform of Local Self-Government and Territorial Organization Authorities in Ukraine has been approved as well as Plan of measures for its implementation; the law of Ukraine: “On Voluntary Amalgamation of Territorial Communities” that creates legal bases for improving the financial and economic capacity of the communities adopted; the Government of Ukraine developed and approved the Methodology for the Formation of Capable Territorial Communities (the Resolution of the Cabinet of Ministers of Ukraine as of 08.2015, № 214).

Besides, the Regional Offices for Reform were opened in each region with the assistance of the donor community; Regional state administrations, with the support of the Regional Offices for Reform and the Association of the Ukrainian Cities, with the active participation of the communities, developed the perspective plans for the formation of territories of communities of oblasts.

As of 10.05.2019 the number of territorial communities that formed the ATCs for the period from 2015 to 2019 is: 4187 territorial communities that amalgamated into 899 amalgamated territorial communities; the number of not amalgamated territorial communities that are not still amalgamated for this period is 6774, remained and remain unincorporated (61.8% of the total number of bases as of 01.01.2015).
The dynamics of the formation of amalgamated territorial communities, the average number of territorial communities amalgamated in one ATC in 2015 amounted to 5.1 communities, in 2016 - 4.6 communities, 2017 – 4.6 communities, 2018 – 4.1 communities, 2019 – 4.8 communities, on average, in the period from 2015 to 2019 – 4.7 communities.


Measures to implement financial and budgetary decentralization were important for improving the efficiency of LSG bodies and their self-sufficiency. Amendments to the Budget and Tax Code were introduced, which allowed the local governments to allocate additional budgetary powers and identify stable sources of income for their implementation.

As a result, the volume of own resources of LSG bodies as of 10.05.2019 increased. Local government revenues in 2014 totaled 68.4 UAH billion, in 2015 – UAH 98.2 billion, in 2016 – UAH 146.6 billion, in 2017 – UAH 192.7 billion, in 2018 –234.1, in 2019 forecast is 267 billion UAH:

– Ukraine’s own incomes in 2017 amounted to 120.8 billion UAH, and in 2018 – 148.9 billion UAH, an increase of +28.1 billion USD (+ 23.0%);

– in 665 ATCs – their own incomes in 2017 amounted to UAH 7.7 billion, and in 2018 – UAH 12.7 billion, an increase of UAH 5.0 billion (65.0%).

These are the means by which local governments, in conjunction with territorial communities, manage themselves. Since the system ensures autonomy in the adoption of local budgets and decentralization, in the future such changes will give a synergistic effect and local budget revenues will grow and local authorities will have the resources to identify issues of local importance and community development (Monitorynh prohresu reform…, 2018).

Thus, the analysis shows a number of systemic problems of legal, organizational, financial and personnel provision of the reform of LSG in Ukraine and the need for more effective measures for their elimination.

The very existence of these systemic problems is the basis for defining the main directions of reforming LSG and decentralizing power in Ukraine in line with EU standards.

Through decentralization, the European states in one way or another faced with the problem of improving their administrative-territorial system, but in different ways approached its solution. Thus, some of them carried out appropriate reforms of the administrative-territorial system, others only partially changed some of its elements or did not make any changes at all. As many European states that envisaged the decentralization or autonomy of the communities were characterized by the lack of sufficient territorial, demographic and material resources for local governments to provide the appropriate level of public services and the maintenance of modern communities, numerous reforms of public administration in such countries began with the consolidation of administrative – territorial units, creation of various regional forms of management (Pro ratyfikatsiu Yevropeiskoi Khartii…, 1997).

Local government, which is an important feature of the democracy of any state, has a specific form in each of them. It is through LSG that the idea of exercising power directly by the people can be realized in the most complete way, ascertaining the question of interaction between a person, a territorial community, and authorities. It is impossible to fulfill the tasks that arise before the bodies of LSG without the coordination of their activities.

At the same time, it should be noted active changes in the part of decentralization of power in Ukraine, created the legal framework for the voluntary association and cooperation of territorial communities and the definition of the conceptual framework for the reform of LSG.

Consequently, the reform of LSG is a complex of problems, the readiness for it is still insufficient, and some issues are currently being processed at a simplified level. At the same
time, there is a wealth of positive experience in identifying a number of issues, the considerable potential of constructive approaches, modeling and tools for ensuring effective and effective LSG activity, and reform, on the one hand, should use this potential, and open up wide opportunities for its realization with one another in updated conditions (Kontseptsiia reformuvannia…, 2014).

CONCLUSIONS

LSG reform is aimed at overcoming negative processes in the social, economic and cultural development of the territorial communities, to ensure the creation and maintenance of a favorable living environment necessary for the full development of a personality, providing residents of the territorial communities with high-quality and accessible administrative and social services on the basis of sustainable development of a capable community, which will significantly increase the level and quality of life of Ukrainian citizens.

Ukraine, in essence, today needs a new paradigm of LSG that integrates elements of many approaches and paradigms. However, it is to be consistent with the Ukrainian peculiarities and to clearly identify the significance, role and functions of LSG both in the life of territorial communities and the state as a whole.

The reform of LSG and territorial organization of power is to be carried out on the basis of the Constitution of Ukraine and regulatory acts, the provisions of the European Charter of Local Self-Government. The following principles are to be adhered: the rule of law; openness, transparency and civic participation; subsidiarity; availability of public services.

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