

# Advantages and Disadvantages of the Local Government Reform in Ukraine and Other Countries: A Comparative Legal Analysis

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## Abstract

Decentralisation in Ukraine is an important factor in the development of a democratic system of government. The reform of local self-government aims to create new relations between citizens, local authorities, and the state. The aim of the article is to conduct a comprehensive analysis of the local government reform in Ukraine and other countries in order to identify its main advantages and disadvantages as well as indicate ways to overcome the existing shortcomings in this area. The study determined that decentralisation in the country leads to democratic transformations of society based on civic initiative and responsibility, as well as provides a decent standard of living and quality services at the local level. The introduction of decentralisation can be observed in almost all areas, including administrative, political, financial, and social. This significantly affects the potential of the population and increases the responsibility of public authorities to the population. There is an increase in the level of public services with regard to economic, legal, political, social, and ethnic issues. Finally, proposals were made to make changes in the field of local self-government in order to overcome the existing problems in this area.

## Keywords

decentralisation, amalgamated territorial community, administrative-territorial system, public authorities, local development

## Introduction

Today, Ukraine is in a situation of a complex historical challenge, which manifests in the coincidence of external and internal circumstances: military, political, and information aggression by a neighbouring state as well as the encroachment on the sovereignty and territorial integrity of the country are complemented by shadowing and non-competitiveness. This state of affairs requires a quick and adequate response from public authorities, as only demonstrating the world's ability to consolidate in the face of threats and develop in spite of circumstances will help Ukrainians realise their desire to join the European civilisational space.

One of the most effective mechanisms for reforming the public administration system to ensure its efficiency and compliance with the requirements of the time is decentralisation – i.e. the transfer of managerial functions and powers of the central government to the local, regional level of government. In today's difficult environment, decentralisation, on the one hand, aims to give central authorities the ability to focus resources and attention on important external issues, while on the other hand, it allows local public authorities to effectively address local socio-economic problems, which will ultimately improve the general state of affairs in the state.

As can be seen in the example of European countries, the decentralisation of power entails the optimisation of local authorities, the strengthening of local self-governments, and the formation of united territorial communities in towns, urban villages, and villages (Lelechenko et al. 2017). The Government of Ukraine signed the Concept of Reforming Local Self-Government and Territorial Organisation of Power in Ukraine (Cabinet of Ministers of Ukraine 2014) (hereinafter the Concept) on April 1, 2014, in connection with current political processes and the state's course towards European integration. The concept underlines the importance of decentralisation in the country. Emphasis is placed on the need to create appropriate conditions in the field of ownership (land owned by amalgamated territorial communities) and finance (implementation of local self-governmental taxes and fees in a given administrative-territorial unit).

First of all, the decentralisation reform described in the article consists in establishing state power on the principles of universality and subsidiarity in accordance with modern canons that are in force in European countries, which provide decent living conditions and high-quality services to the population of amalgamated territorial communities. Moreover, decentralisation helps to involve citizens in decision-making. For example, the European Charter of Local Autonomy gives citizens the right to participate in local self-governments (Boryslavska 2018). Decentralisation is based on the principle of solidarity when the services provided to citizens meet their requirements and needs. Recognising the needs of citizens, local governments 'transfer' them to the central government, and therefore, citizens become participants in policy-making. When citizens control the most important local decisions and are free to contribute to the governance of their city, they become active actors in governance (Bratkovskyi 2018).

Decentralisation is a reform that involves the division of functions between central and local governments to make decisions close to the citizen. This approach avoids bureaucracy, which, in turn, makes it easier for citizens to participate in local self-government. Decentralisation can also be used to expand the means of communication available to citizens (Bakumenko 2021). In order to achieve the development of united territorial communities, local self-governmental bodies must have financial autonomy, which provides for the right to attract and spend income from the services for which they are responsible.

In addition, to improve public administration, some powers should be delegated to bodies that are not subordinate to the central government, but are elected or created by the community. Therefore, in order to create a perfect system of local self-governmental bodies, it is necessary to identify the advantages and disadvantages of the local self-government reform, taking into account the international experience. These provisions justify the relevance of the study.

The research aims at a comprehensive scientific and legal analysis of the advantages and disadvantages of the local government reform in Ukraine based on international best practices. In order to fully disclose the research topic, the following tasks were set: to describe the approaches to the concept of 'decentralisation' in Ukraine and abroad; to identify the main indicators of the amalgamated territorial communities in Ukraine and their state funding; to outline modern-world models of local self-government (in particular, to study the experience of Poland); to identify the main positive and negative aspects of the various stages of implementation of local government reform in Ukraine; to analyse the experience of other countries in reforming local self-governments; to provide scientifically-sound recommendations for improving the reform of local self-government in Ukraine.

## Materials and methods

The research is based on the works of domestic and international scholars in the field of constitutional, administrative, and municipal law. Philosophical, general scientific, and special methods of scientific knowledge were used. The main philosophical methods were dialectical, which explored the main indicators of decentralisation in Ukraine and the world, and hermeneutics was used to interpret domestic and international documents on the local government reform and decentralisation of public power.

The logical, forecasting, and historical methods can be distinguished from general scientific methods. Thus, the concept of 'decentralisation' is analysed with logics, which made it possible to identify the objective patterns of the development of this phenomenon in legal science and state-building practice. It clarified the features inherent in decentralisation and specified the contemporary scientifically-justified concept of 'decentralisation'. The forecasting method was applied to substantiate the reforms necessary for public authorities and local self-governments. The historical method helped discuss the emergence and development of decentralisation as a legal phenomenon.

The special legal methods were of particular importance for the research. Using a formal-dogmatic method, the concepts of the decentralisation and reform of local self-government are defined. The problems regarding the implementation of constitutional and legal reforms of local self-government in Ukraine are singled out using a functional-legal method. In addition, the study of the advantages and disadvantages of the local government reform in Ukraine when compared to the international experience is carried out by the logical-legal and system-structural methods. These helped to identify ways to improve the current legislation in the field of local self-government and decentralisation. A comparative method was used to compare the local government reform in Ukraine and in other countries. Moreover, the method of legal modelling allowed the authors to formulate conclusions and proposals aimed at improving the current regulatory framework in Ukraine.

Regarding the theoretical basis, it should be said that many Ukrainian scholars have studied decentralisation processes in the context of local government reforms. In particular, much attention is paid to the theoretical and practical research on decentralisation and local self-government by authors such as I. I. Yurkevich (2017), O. M. Yaroshenko (Yaroshenko et al. 2018), V. Bakumenko (2021), O. Boryslavska (2018), M. Bratkovskiy (2018), B. Danylyshyn (2016), or A. Lelechenko (Lelechenko et al. 2017). Apart from that, O. Kyrylenko (2014), A. Melnyk (Melnyk and Vasina 2017), and A. Tkachuk (2015) have made a significant contribution to solving the problems of reforming the administrative-territorial system and ensuring the financial capacity of local self-governments.

## Results

The municipal reform, the reform of local self-government, the decentralisation of power, and the reform of amalgamated territorial communities are all legal names for transferring powers to local self-governmental bodies, and they can be found in scientific publications and legislation in Ukraine and other countries. V. Bureha (Kruhlyashov and Bureha 2021) notes that decentralisation is not a single or a separate reform, but a set of measures for the purposeful, systematic, and gradual transformation of the public administration system. Accordingly, the decentralisation of power is rightly called one of the most successful reforms in Ukraine. This success is due to the fact that the results of these reforms affect almost every citizen and have become particularly noticeable for residents of towns, urban villages, and villages. There are about 500 unofficial estimates of the concept of 'decentralisation' made by scientists, each of them having its scientific uniqueness. However, they all agree that decentralisation is a complex mechanism consisting of stages and a procedure for transferring all possible and necessary powers to local governments. This, for instance, includes the consolidation of territories based on administrative-territorial units. The main definitions of 'decentralisation' in different countries are presented in Table 1.

**Table 1.** Approaches to the concept of „decentralisation”

Scientist	State	The essence of decentralisation
Wedel J.	France	The process of delegating power and allocations from the central level to the local level (e.g. regions, districts, towns, urban villages, and villages). In such a way, the participation of the population in the development of their territorial community is directly traced. It also helps to increase the level of a society's democratisation (Wedel 2013).
Gibson D., Donnelly D., Ivanovich D.	the USA	The process of transferring decision-making powers from the highest to the lowest level within the country (Gibson et al. 1991).
Jean-Paul Faguet	the UK	Delegation of functions and powers by the government, with all the necessary administrative, political, and economic attributes. Local authorities act as separate units in the administrative-territorial and functional sense, according to the current regulations of the state (Faguet 1997).
Kalman Mizsei	Hungary	Decentralisation should be used for rapid economic growth and the reallocation of resources. To achieve effective development, local governments must have their own financial resources and tax base as well as the possibility to protect and use their share of central taxes (Swianiewicz 2002).
Lelechenko A.	Ukraine	Delegation of powers, resources, and responsibilities from central to local semi-autonomous public authorities, as well as to private business entities (Lelechenko et al. 2017).

Analysing the above definitions, it is worth highlighting that they differ only in administrative-territorial units characteristic of each country under scrutiny, while their essence is reduced to the process of delegating authority to the local level. The decentralisation of local self-governments is a very important process for the country's democratic development. Thus, decentralisation is defined as the process of the political devolution of fiscal policy and decision-making from the central level of the government to the local one. The decentralisation reform is taking place in almost all countries, especially in the developing ones and those undergoing significant political changes. It is carried out in order to challenge the monopoly of decision-making by the central government. Hence, this reform aims to:

- create a stable democratic system;
- increase the government's efficiency;
- stimulate the creation of a sustainable basis for economic development at the local and national levels;
- make the management more transparent;
- involve citizens in decision-making.

Decentralisation strengthens the principle of transparency and accountability. The principle of accountability works best at the local level, because the devolution of power makes the government more accountable for performing its functions. Moreover, decentralisation increases citizens' participation in basic decision-making, which has a direct impact on the community. The principle of sub-solidarity of the government closer with the citizens is the basic concept of decentralisation. It is also necessary to emphasise that decentralisation includes the following:

- deconcentration reduces the workload of the centre and brings the government closer to the citizens;
- there is a delegation of certain responsibilities and powers to administrative-territorial units;
- the central government transfers political, financial, and administrative powers to local authorities (Bratkovskiy 2018).

Decentralisation can be classified into the following types: administrative, political, budgetary, and market. The essence of administrative decentralisation is to maintain subordination to central authorities. Political decentralisation presupposes making management-related decisions. Budget decentralisation consists of the decentralisation of financial and material resources, which ensures the economic independence of administrative-territorial units. Market decentralisation is the division of analysis and managerial functions between public and private structures. These types reinforce the general trend and complement each other. It is interesting to note that most countries have already passed all stages of decentralisation.

Today, democracy is the most popular form of political organisation in society, which allows people not only to elect leaders, but also to control power. Despite all the problems that arise within the democratic form of the organisation of society, its state, and its political system, it is the power of the people that best copes with the challenges of today. The prolonged lack of political will to fully decentralise public administration has been one of the reasons for the intensification of separatist movements in the east of Ukraine. The consequences of the policy of total centralisation of power in the country include a considerable dependence of territories on the centre; low level of investment attractiveness of regions; vulnerable communities in terms of infrastructure, finance, and personnel; rural degradation; a difficult demographic situation; low quality of public services; low trust in government; high level of corruption; and low efficiency of management-related decisions.

The essence of the decentralisation reform in Ukraine is to unite territorial communities in order to preserve the administrative apparatus and implement far-reaching local development projects. The reform envisages the obligatory unification (consolidation) of territorial communities, taking into account other countries' positive experiences and historical development. Ukraine's state policy in the field of local self-government is based on the interests of residents of territorial communities. It provides for the decentralisation of power, i.e. the transfer of power, resources, and responsibilities from central government to local governments. This policy is based on the European Charter of Local Self-Government provisions and the best world standards of public relations in this area.

Voluntary association of territorial communities allowed the newly formed local governments to obtain the appropriate powers and resources that had been previously held by cities of regional importance. The interests of citizens living in the amalgamated community are now represented by the elected chairperson, deputies, and executive bodies of the community council, which ensure the exercise of statutory powers in the interests of the community. In the settlements that are part of the amalgamated community, the right of residents to local self-government and the provision of services to citizens is guaranteed by their elected elders (Malinovsky 2019).

According to the Law of Ukraine "On Voluntary Association of Territorial Communities", the increase and association of communities were carried out through voluntary association, taking into account the views of citizens. When planning for the creation of communities, it is mandatory to identify the potential resource opportunities of the community for economic and social development, as well as the ability to provide high-quality services to residents (Verkhovna Rada of Ukraine 2015).

The decentralisation reform, which began in 2014, has from the outset been aimed at strengthening the grassroots (territorial community), which has been given the greatest transfer of management of the social sphere, as well as the ownership of education and healthcare objects. The legislative basis for a radical change in the system of government and its territorial basis at all levels began to take shape in 2014. In April 2014, the Government approved the main conceptual document – the Concept of Reforming Local Self-Government and Territorial Organization of Power. After that, the Action Plan for its implementation was approved, which launched the reform (Verkhovna Rada of Ukraine 2014).

In order to implement the provisions of the Concept and the tasks of the Action Plan, it was necessary, first of all, to make appropriate changes to the Constitution of Ukraine (Verkhovna Rada of Ukraine 1996), as well as to form a package of new legislation. Amendments to the Constitution were primarily intended to address the formation of executive bodies of regional and district councils, the reorganisation of local state administrations into control and supervisory bodies, and determine a clear definition of the administrative-territorial unit – the community. Through the efforts of domestic specialists, practitioners, scientists, and experts, the draft amendments to the Constitution were developed and submitted for wide public discussion. The proposed changes were supported by the society and praised by the Venice Commission (International Centre for Policy Studies 2015).

Unfortunately, political circumstances did not allow the Verkhovna Rada of Ukraine to adopt the amendments to the Constitution on decentralisation, submitted by the President of Ukraine. Therefore, in 2014, the Government launched a reform within the current Constitution. During this time, the main package of new legislation had already been formed and is in force, and priority legislative initiatives are being implemented. This concerns Laws on Amendments to the Budget

and Tax Codes of Ukraine. Due to these changes, financial decentralisation took place, and local budgets increased by UAH 206.4 billion (from UAH 68.6 billion in 2014 to UAH 275 billion in 2019). It made it possible to start forming a capable basic level of local self-governments.

In April 2014, the Cabinet of Ministers of Ukraine approved the concept of reforming local self-government, which consists of three areas. The fundament lies in the formation of amalgamated communities at the basic level of the administrative-territorial structure of Ukraine. The second area is the creation of new districts, which will determine only what is within the competence of the district: communal property, secondary medicine, boarding schools, etc. The rest of the district's powers will be transferred to the amalgamated communities. The third direction concerns the region. In fact, the boundaries of the regions will not change; they will be renamed into regions, i.e. the number of regional centres will remain the same (Orlovskaya and Kiryukhin 2021).

Only the form of government is changing. The community is becoming the main territorial unit and has a chairperson and an executive committee that perform all community managerial functions. The villages that are part of the amalgamated community elect elders, who are members of the executive committee of the amalgamated community and perform the same functions as in the village council. The next level is the district and the region. District and regional councils will be elected here and there, which should create executive committees instead of the district and regional administrations. In 2015–2019, 982 amalgamated territorial communities (ATCs) were voluntarily established in Ukraine. These ATCs included about 4,500 former local councils (out of almost 12,000). Such rates of inter-municipal consolidation have been rated as very high by international experts (Kyiv City Council 2017).

The law also introduced the institution of elders in the ATCs, who represent the interests of rural residents in the community council. In 2018, the amalgamated communities received almost 1.5 million hectares of agricultural land outside the settlements. They created a mechanism for solving common problems of communities: waste disposal and recycling, development of common infrastructure, etc. Hundreds of communities have already used this mechanism. State support for regional development and community infrastructure development during the reform increased by 41.5 times: from 0.5 billion in 2014 to 20.75 billion UAH in 2019. Due to this support, more than 12,000 projects were implemented in the regions and communities in 2015–2019.

In a further step, a package of laws on expanding the powers of local governments and optimising the provision of administrative services was introduced. This made it possible to delegate to local governments the appropriate level of authority to provide basic administrative services: registration of residence; issuance of passports; state registration of legal entities and individuals, entrepreneurs, associations of citizens; registration of civil status; property rights; land issues, etc. The amalgamated territorial communities will be able to make external borrowings, independently choose institutions for servicing local budgets in terms of development budget, and own revenues of budget institutions. With the adoption of the law on the decentralisation of powers in the field of architectural and construction control, and the improvement of urban planning legislation, local governments have the right to determine their own urban policy.

Communities will have the right to dispose of land outside settlements. Four bills have already passed the first reading, which will decentralise the provision of basic administrative services and return to local governments the powers they had had, namely in terms of the registration of real estate, business, and the authority to register residents. The main novelty is the prescribed procedure for recalling a deputy. This is a very important feature of the law; the total number of deputies of local councils is significantly reduced (Storonyanska and Belya 2020).

The new legal framework has significantly strengthened the motivation for inter-municipal consolidation in the country and created the appropriate legal conditions and mechanisms for the formation of viable territorial communities of towns, urban villages, and villages, which unite their efforts to solve urgent problems. The new model of financial support for local budgets, which have gained some autonomy and independence from the central budget, has also proved its value. As a result, during the first phase of the reform by 2020, communities had significantly strengthened their finances and powers in the organisation and regulation of the social sphere, in particular subordinate preschool, primary, and basic (gymnasium) school as well as primary healthcare institutions (Kruglashov 2018).

The second stage of the reform was marked first by the decision in June–July 2020 on the consolidation of administrative districts from 490 to 136 (Government Portal 2021), and then the adoption of a number of legislative acts, including amendments to the Budget Code of Ukraine in terms of education and healthcare, as of July 1, 2021. On the balance of districts, there are no institutions that provide relevant services (Verkhovna Rada of Ukraine 2010); such institutions are transferred to the newly created territorial communities and a small part of them passes to the regional subordination. Launched in 2020, when district powers were delegated to communities, *oblasts*, and even the central government, this model raises a number of issues (The Verkhovna Rada of Ukraine 2020).

Ukraine's international policy is aimed at European integration. Thus, in our opinion, there is an urgent need for a constructive use of international experience in carrying out democratic reforms, including the development of an independent and effective system of local self-governments. When studying the international experience of implementing decentralisation mechanisms, a number of differences can be identified. Some successful projects have not become widespread in Ukraine, while others are only now being prepared for implementation. The phrasing "a complete decentralisation of power" is often used in the local law. This process is quite complex and long, but necessary for the formation of independent and capable territorial communities. Today, Ukraine is facing the task of creating its own model of decentralisation. The system of governance that has developed in Ukraine, i.e. the government–region–district–village–council, has deprived local authorities of the opportunity to pursue effective policies in the interests of residents.

The expediency of decentralisation is evidenced by the practice of other countries. International experience shows the importance of decentralisation for countries in the process of profound changes in the system of the regulation of social relations. Moreover, decentralisation is an effective way to change the essential characteristics of a society. For example, in Poland, 85% of local-community budgets are used without the consent of the central government, while in Switzerland, each local community decides what percentage of taxes it will pay to the centre (Zhuravel 2007).

In addition, the successful implementation of local government reforms can be confirmed by Sweden, Denmark, and Finland. In Sweden, for example, the association of municipalities with a centre in neighbouring cities is enshrined in law. In Finland, attempts were made to reduce the number of municipalities "from above", as was done in Sweden and Denmark. After much discussion about territorial reform, the principle of voluntary unification prevailed. State subsidies have been introduced to fulfil the tasks and powers provided by the state in the fields of education and the social protection of children. In addition, to further unite territorial units, the state was guided not by administrative, but by financial and economic methods, and provided additional allocations and subsidies. However, voluntary reforms have yielded positive results. Therefore, they need to be adapted to the reform in Ukraine (Ruzhetska 2017).

It is also worth mentioning that in implementing the reform, France was primarily concerned with increasing subnational autonomy, creating regional autonomy, and reducing the weight of the state and prefects in the local government. It is interesting to note that France had previously been considered as the most centralised government. Today, it is a country with more than 36,000 territorial communities and one of the five countries with the greatest economic potential. France passed a law on the formation of agglomerations, namely the formation of communes from several settlements. This will solve the problems of the community, save state material resources, and help the territory to earn money on its own. The policy of this country is the transfer of powers from the state to municipalities and the transfer of administrative functions of the state to local governments (Arkhyenko 2018).

Similarly, Sweden has not avoided a broad reorganisation of local government due to the "paradox of numbers" (Demchak 2015). There was a need to reconsider the number and size of local units, as by the mid-1940s there were more than 2,000 communes with a population of only a few hundred inhabitants. Such communes were constantly short of funds and, therefore, could not perform their functions effectively. During the reforms in Sweden, a number of legislative and organisational measures were implemented to reduce the number of municipal units by maximising their size. As a result, the number of municipalities decreased by almost ten times, i.e. in 2003, there were only 290 municipalities with an average population of 30 thousand people. At the same time,

the functions and responsibilities between the central, regional, and local levels of government were reviewed and redistributed. Their main goal is to strengthen decentralisation in management and expand the capacity of local authorities to address all issues related to the lives of the population under their jurisdiction (Tkachuk 2015).

Accordingly, the highest level of decentralisation of local self-governments is observed in Sweden. Alongside Norway and Denmark, this country is introducing the “free local self-government”, which increases the level of local autonomy and independence from the centre. It aims to improve the sphere of public administration as well as controls various aspects of transformation and activation of local self-governmental bodies. At the same time, local conditions are taken into account, and local communities and governing bodies are endowed with significant powers and opportunities for local management. Municipalities participating in the experiment (only voluntarily) receive considerable freedom from the authorities. Moderate pressure and some time constraints on the voluntary reunification period in Sweden are prompting Ukraine to look for similar methods. Given the public’s complete distrust in public authorities, Sweden’s reforms are useful in terms of understanding the reality (or the lack thereof) of voluntary association (Demchak 2015).

One of the most striking examples of successful municipal reforms of this type is the reform carried out in Poland, which is a country particularly close to Ukraine in terms of its geopolitical and cultural-historical features. The idea of self-government in Poland is not to manage local affairs in general and to represent the interests of the state, but to represent the interests of the community which chooses its government. At the same time, local governments operate under the supervision of state bodies that monitor the implementation of laws.

After the first free elections on May 27, 1990, Poland embarked on the path of a complete reform of local self-government, decentralisation, and the creation of conditions and opportunities for direct democratic influence of citizens (Osypenko 2019). There are three levels of territorial self-government in this country: voivodeship (Pol. *województwo*), county (Pol. *powiat*), and municipality (Pol. *gmina*). At the voivodeship level, as in Ukraine, there is a government administration headed by a voivode appointed by the prime minister, and a self-governing administration with a legislative body (Pol. *sejmik*), whose members are elected in regional elections, as well as an executive body headed by the marshal, who is appointed by the legislative body.

A voivodeship is a unit of administrative division of the highest degree, consisting of counties. Local self-governmental bodies of the voivodeship perform tasks in the field of healthcare, culture and the protection of monuments, social assistance, family policy, the modernisation of agricultural lands, spatial planning, environmental protection, water management and flood control, public transport and public roads, physical culture and tourism, and consumer protection. A county is a self-governing administrative-territorial unit of the second level. A typical county consists of several neighbouring municipalities. The tasks of the county administration include, *inter alia*, the provision of secondary education, the maintenance of county roads, and the maintaining of health-care facilities. It is also responsible for labour market policies. Legislative power in a county belongs to an elected council. The council appoints the mayor, who is the leader of the county executive.

Municipalities are the main unit of territorial self-government in Poland. Their crucial role in the system comes from the subsidiarity rule, according to which all public tasks are by default performed by municipalities unless they are assigned to other institutions by specific legal acts. The main task of a municipality is to meet the community’s needs, in particular in terms of landscaping, public order, education, utilities, social assistance, and more. The true managerial independence of the commune is ensured, first of all, by its financial independence, the availability of property, and own sources of income. Polish legislation provides the commune with a fairly wide list, including tax revenues (agricultural tax, real estate tax, vehicle tax, stamp duty, market fees, municipal income tax on individuals and legal entities, etc.), income from municipal property, interest on commune funds accumulated in bank accounts, or subventions and grants from the state budget (Dolnicki 2001).

Poland has a system in which grassroots territorial units have much more financial, economic, and administrative capacity than they do in Ukraine. Moreover, regions have much more responsibility and are accountable to the community (Novikovas et al. 2017). In case of violating by local self-governmental bodies the legislation which is in force in the country – and in other cases



determined by law – the voivode has the right to dissolve the local self-governmental body and call new elections.

To maintain the balance and establish a certain control in the field of local self-government, the function of overseeing the legality of the activities of Polish local self-governmental bodies has been established. The specificity of the whole system of local self-governments in Poland is that the construction of their levels was based on the principle of complementarity, not absorption. That is, each subsequent level of a self-government performs only those functions that cannot be performed at a lower level. They are also based on clear and understandable criteria for the division of territories, functions, and responsibilities. Owing to such measures and to competent delimitation of competencies, the Polish authorities managed to establish the work of the government at the local level.

As a result, the division of powers between central and local authorities has changed in the country. The reform process also reduced the number of civil servants, which positively affected the reduction of budget expenditures on management. In addition, the mechanism for the redistribution of tax revenues between state and local budgets was reformed. Today, communities' budgets account for about 40% of income taxes, almost 7% of corporate tax revenues, and 100% of real estate taxes. In the process of centralisation in Poland, the cooperation of the regions was chosen as a basis, which included the creation of free economic zones and the provision of assistance from one region to another in conditions of surplus and budget deficit. An important consequence of the administrative-territorial reform was the separation of government and business, which guaranteed every citizen the right to freely conduct business under favourable conditions.

The result of decentralisation was a clear division of functions and powers between the state and the local authorities. Thus, the main goals of the Polish government included international policy, national security and defence, and the development of strategic directions for the advancement of the state. The local authorities were tasked with managing their affairs, in particular: the economic development of the regions, the disposal of budget funds and property of the local community, independent financial management, as well as bringing the service system closer to the population. Decentralisation-related changes in Poland have had a significantly positive impact on the development of local communities and the country as a whole. Thus, according to experts, the Poland of today is the most attractive country for investment among Eastern European countries, and its main investors include the European Union as well as companies from the United States, Germany, and France (Kyiv City Council 2017).

Despite the great success of Polish reform, there is a big problem with the distribution of public finances. Self-governmental units are financed by means of direct transfers from the state budget (general subventions), limiting the territorial communities' independence in solving local problems, which they received under the Constitution. Most of the property transferred by the state to communal ownership belongs to the commune, and counties and voivodeships depend on the central budget. Another negative consequence of the Polish territorial reform, which our state must take into account, is the large difference between rural and urban mines and counties in the amount of resources that these self-governing units can dispose of. Nevertheless, the Polish experience shows that making public administration effective without decentralisation is not realistic in modern Europe.

In choosing the decentralisation model, Ukrainian reformers, based on the successful experience of similar reforms in developed countries, have agreed that the Polish decentralisation model is closest to the Ukrainian reality, and the experience of Polish reforms can be most helpful in reforming Ukraine. Following the signing in Warsaw on December 7, 2014, of the Memorandum of Cooperation between Ukraine and Poland in support of the local government reform, a team of Polish experts and prominent reformers was involved in the decentralisation process.

However, the current results of the decentralisation reform suggest that the reform is not as successful as the authorities declare it to be. The main reasons for the problem include the principle of voluntariness, which is the basis of administrative and territorial reform in Ukraine, which does not allow for simultaneous changes (as it happened in Poland), which, in turn, delays the decentralisation process and causes some frustration in a society and strengthens its opponents. Moreover, in Ukraine, there are a significant number of poorly-managed reforms in the central administration

and an insufficient level of governance at the regional level; this is in contrast to Poland, where there was a single “reform headquarters”, which dramatically reduces the efficiency of the process, the inconsistency of decentralisation, and sectoral reforms.

Also, the successful implementation of Polish reforms was largely due to the clear “division of labour” between the parliament, the government, experts, and non-governmental organisations, which acted as the above-mentioned single “reform headquarters”. In Ukraine, there are numerous reforms of management offices in the central administration – under the President, the Verkhovna Rada, the Cabinet of Ministers, and the Ministry for communities and territorial development in Ukraine, which is responsible for the process of decentralisation reforms. At the same time, the lack of coordination and coherence in the work of these bodies and the lack of a single centre of government at the national level complicates the reform process considerably. With a significant number of reforms at the central level, there is an insufficient level of governance and coordination of processes at the regional level.

## Discussion

The purpose of the amalgamated territorial community is to improve the quality of public services. It is worth noting that larger communities can provide relevant services more efficiently, especially in view of economies of scale (Swianiewicz 2002). The results of a comparative analysis of associations of territorial communities in different countries show that local governments in communities with a population of 25–250 thousand are considered to be the most effective (Ebinger et al. 2018). Obviously, this conclusion is not universal, as public services can differ greatly between small and large communities. For example, patrol police will work more effectively in small communities, and large communities will be able to provide better-specialised health services.

Large communities have become more able to provide their residents with a wide range of specialised and capital-intensive public services. At the same time, researchers are warning against the risks of simultaneous growth in their value. In this way, the amalgamation of local communities strengthens the capacity of local governments to provide more diverse and high-quality services to community residents. An analysis of the practical implementation of the reform in European countries shows that in the vast majority of cases, the ability of self-governing bodies of the amalgamated territorial community to provide high-quality public services is growing (OECD 2014).

A competent financial decentralisation naturally directs the national economy towards reducing corruption and towards stable economic growth while at the same time promoting the democratisation of regional governance and improving the efficiency of public administration in general, thus achieving the main managerial goal, namely ensuring the rights and legitimate interests of the population (Kozlovskiy et al. 2019). It is these expected consequences that make decentralisation a crucial tool for reforming Ukraine’s public administration system.

The results of the reform, which was aimed at building a qualitatively new system of local self-government – which was based on changing the basic level of administrative-territorial organisation by creating a territorial community – included the following: giving local governments more rights at their disposal; strengthening their interest in increasing revenues to local budgets and finding additional sources of their contents; strengthening the material and financial basis of settlements; initiating the emergence of new centres of economic activity; and others. As a result of these innovations, local communities have the opportunity to improve the quality of public services, implement social and infrastructure-related projects, create conditions for attracting investment and local business development, develop and implement local development programmes, etc. (Khrebtii 2019).

The success of the reform in improving the material security of towns, urban villages, and villages, as well as expanding their powers to use available resources contributes to the creation of economic centres at the local level and conditions for unlocking the internal potential of communities. Among the most important achievements are the completion of the unification of territorial communities, the consolidation of districts, budget decentralisation, and the improvement of mechanisms for uniting communities without holding new elections to local self-government bodies.

The achievements include increasing local budget revenues as a result of budget decentralisation, completing the process of community unification, approving a new administrative-territorial

division of Ukraine due to the consolidation of districts, reviving economic activity in the ATC, developing forms of cooperation between communities, and increasing the involvement of residents in the social and political life of their communities. In general, decentralisation already at the first stage of its implementation provided the citizens with more opportunities to influence direct changes in their community. After all, it is easier to influence the government in the community, and not, for example, the district and regional councils at once.

Despite the fact that decentralisation processes have led to many positive changes at both the national and local levels, they are accompanied by the emergence of many problematic issues and are characterised by contradictions that need to be resolved. In particular, regional and district councils still do not have fully-fledged executive bodies (executive committees), which is a violation of the European Charter of Local Self-Government.

Also, critical problems in this area include the lack of constitutional consolidation of reforms related to decentralisation, the lack of legal regulation of the communities' ability to dispose of agricultural land, and a significant increase in tensions between the centre and the regions. The problem of the politicisation of local self-governmental activities due to the peculiarities of the electoral system also needs to be solved. In addition, certain dangers of the possible "enclavisation" of ATCs on linguistic or ethnic grounds should not be underestimated (Kruhlashov and Bureha 2021).

A significant disadvantage also comes in the form of the low qualification of specialists in community management, taxation, investment, innovation, and project financing, which leads to an inefficient use of financial resources, or the inability to absorb government subsidies by amalgamated territorial communities. This is due to the fact that the vast majority of amalgamated communities live and are formed exclusively in rural settlements, while young and highly-qualified working professionals prefer cities (Osipenko 2019).

However, the consolidation of the decentralisation reform needs the biggest amount of attention. Due to political reasons, the necessary amendments to the Constitution could not be adopted, which is why it was decided that decentralisation should be implemented through the adoption of new – and by amending the existing – regulations within the current Basic Law. Another rather serious and complex problem related to the financial resources of communities is the lack of a mechanism for differentiating the budget associated with the creation of territorial communities. According to the current regulations, there is currently no mechanism that would regulate the redistribution of the county budget in connection with the creation of a community on its territory. As a result, community associations must function according to the budget approved by the district council by the end of the budget year (Shevchenko et al. 2020).

In our opinion, the priority of reforms is to amend the Constitution of Ukraine. Without solving this problem, it is impossible to fully continue the reform of decentralisation and ensure the proper functioning of the state as a state body and public institution. It is necessary to create a new administrative-territorial system, compile a new list of competencies of local authorities, and define the competencies of the regional and subregional levels of government. The decentralisation of the fiscal sector has become one of the main drivers of community integration. However, the imperfection of the legal framework and the inadequate management of the decentralisation process have both led to the emergence of communities with very large disparities in resources. Accordingly, the state should take additional measures for financial equalisation in order to ensure the implementation of the guarantee to citizens in the context of social function.

Based on this, we propose the following scientific and practical recommendations to address the identified problems:

- for the Verkhovna Rada of Ukraine – to adopt amendments to the Constitution, draft laws on decentralisation, and amend the Law on Local Self-Government;
- for the Cabinet of Ministers of Ukraine – on this basis to develop and adopt relevant bylaws;
- the Verkhovna Rada and the Cabinet of Ministers, together with relevant experts and associations of local self-government in Ukraine – to analyse the new zoning and correct its shortcomings and inconsistencies with current conceptual and regulatory documents.

Other than this, care should be taken to ensure the formulation of personnel policies at the national level, aimed at direct the training of highly-qualified managers and their reserves for work in amalgamated communities, including rural areas. It is also important to establish a clear and

transparent mechanism for delimiting community budgets and the existing district budgets by central authorities, i.e. the Cabinet of Ministers of Ukraine.

## **Conclusion**

Decentralisation as a process of transferring part of the powers of the central government to local governments has long been considered in Ukraine as an important element in providing real power directly to citizens, bringing democracy in this country to the Western democratic standards. After all, according to international experience, especially in the European Union, more and more cases that concern citizens the most are resolved at the local level, without the need for state involvement. At the same time, such an opportunity exists only where affluent communities had been formed that have both the appropriate authority and the proper material and financial resources to meet the needs of their residents.

During this study, a thorough analysis of the advantages and disadvantages of the decentralisation reform in Ukraine was conducted. Over the years of the decentralisation of power in Ukraine, it has been possible to identify certain achievements and problems that still need to be addressed. The significant achievements of this process include the completion of the unification of territorial communities, the consolidation of districts, budget decentralisation, and the improvement of the mechanism for uniting communities without holding new elections throughout the ATCs. These positive achievements should also include the revival of economic activity in the ATCs and the formation of new opportunities for cooperation between communities with the aim of solving common problems.

At the same time, there are still unresolved issues that require a considerable amount of effort and attention of the authorities. These include, for example, the lack of the constitutional consolidation of reforms related to decentralisation processes, the lack of legal regulation of the ability of communities to manage agricultural lands as they are outside them, and the significant increase in tensions between the centre and the regions. The problem of the politicisation of local self-governmental institutions due to the peculiarities of the electoral system needs to be solved, too. Other dangers which should not be underestimated include the indirect election of elders and the possible 'enclavisation' of ATCs on linguistic or ethnic grounds. Most of these problems require proper legislative regulation and political will on the part of the state leadership. Their successful solution requires public discussions, consultations with experts and scientists, and, of course, broad involvement of the residents of the communities themselves in solving these problems.

The use of international experience is quite important. Reforms in other countries show that decentralisation plays an important role in the transformation of society and in the transition to democracy. In general, its implementation is observed in the administrative, political, financial, and social spheres. In addition, it significantly contributes to the development of human potential, government accountability, the quality of public services, and the democratisation of society, as well as it facilitates solving economic, legal, political, social, and ethnic problems. This study analysed the reforms of local self-governments in other countries, in particular in Poland, which in its geopolitical and cultural-historical features is particularly close to Ukraine. A comparative analysis of the Polish and Ukrainian models of decentralisation and the reform process helped to identify the factors that hinder the effective use of the Polish reform experience in Ukraine.

It should be noted that international experience has made it possible to identify the following aspects that will aid the implementation of decentralisation in Ukraine: increasing the level of responsibility of local authorities for their activities; expanding the responsibilities, powers, and rights of municipalities to address local issues and make decisions; implementing the decentralisation reform while preserving territorial integrity; establishing the principle of subsidiarity to overcome problems and conflicts of interest between state executive bodies and local governments; introducing regional policy to ensure regional development; and distributing rights, responsibilities, and powers of different levels of government to achieve a balance of interests between them.

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