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**STATE POLICY ON DECENTRALIZATION
PUBLIC AUTHORITIES OF UKRAINE**

The article reveals the essence of building effective public power at the national and regional levels in Ukraine. It is determined that an important element of the political system of society is local self-government. Decentralization can rightly be considered one of the most "humane" reforms carried out in Ukraine and which provides qualitative improvement of the living environment of people, the ability to realize their aspirations

for quality education, medicine, culture, social protection.

During the reform of local self-government in Ukraine, a new system of administrative-territorial organization was formed, which allowed to form 1470 united territorial communities (UTC) instead of 11250. At the same time, the most significant result of budget decentralization is an increase in local taxes % in 2012 to 30% in 2018, mainly due to the transfer of certain taxes and fees to local budgets. A positive assessment of decentralization of power in Ukraine is the growth of trust in local authorities more than doubled (from 13.8% to 27.9%) against the background of significant distrust of the President - 74.0%, the Verkhovna Rada - 83.5%, the Government of Ukraine - 80.3%.

Key words: *decentralization of power, local self-government, united territorial communities, taxes, local budgets, reforms.*

Formulation of the problem. The formation of real local self-government, which would be based on the principles of the European Charter of Local Self-Government, is one of the most important and difficult tasks of building Ukraine as a democratic state. Without reforming local self-government, decentralization processes, it is impossible to overcome the negative processes in the socio-economic and cultural development of territorial communities and regions, to ensure a significant increase in the level and quality of life of most citizens of Ukraine. Only a change in the paradigm of state governance, consistent reform of local self-government, territorial organization of power in Ukraine, improvement of the existing system of local government, expansion of powers of local self-government will help build local government on the basis of democracy.

Analysis of recent research and publications. A wide range of works by domestic scholars: V. Averyanov, M. Baimuratov, I. Balabanov, V. Bordenyuk, V. Kravchenko, M. Pukhtinsky, I. Pismenny, S. Seryogin are devoted to the problem of formation, development and reform of local self-government in Ukraine. etc. At the same time, the urgent task is to identify key areas for the formation of effective local government and territorial organization of government to meet the interests of citizens in all spheres of life in the territory, harmonizing the interests of the state and local communities.

Paper objective. The aim of the article is to analyze the theoretical foundations and main directions of reforming and decentralizing power in Ukraine.

Presentation of the main research material. Today, Ukraine is at the stage of implementing the European integration strategy. The goal of the Ukrainian state is to solve two interrelated tasks, on the one hand - integration into the European political and socio-economic space, and on the other – to build an effective model of public power at the national and regional levels.

An important element of the political system of society is local self-government, which, along with the interests of the individual and the interests of the state provides recognition and guarantee in society of local and regional interests, the interests of local communities.

The Constitution of independent Ukraine, adopted in 1996, established the general principles of local self-government (Articles 140–146), which, unlike the previous period, had already separated from state power [7]. These constitutional principles were detailed in the Law of Ukraine "On Local Self-Government in Ukraine" of May 21, 1997.

Adopted by the Cabinet of Ministers of Ukraine on April 1, 2014. The concept of reforming local self-government and territorial organization of power in Ukraine identifies the main ways to solve the problems of the local self-government system. The key issues that determine the essence of its changes are: determination of a reasonable territorial basis for the activities of local governments and executive authorities; creation of appropriate material, financial and organizational conditions to ensure the exercise by local governments of their own and delegated powers; separation of powers between local governments and executive authorities at different levels of administrative-territorial organization on the principles of decentralization; maximum involvement of the population in management decisions, promoting the development of forms of direct democracy [11].

After the approval of the Concept, the adoption of such Laws of Ukraine as “On Cooperation of Territorial Communities” of June 17, 2014 № 1508-VII, “On Voluntary Association of Territorial Communities” of February 5, 2015 was aimed at ensuring the

development of the local self-government system. № 157-VII, "On the principles of state regional policy" of February 5, 2015. № 156-VIII. The analysis of the current legislation and the practice of its application allows to single out some directions of development and improvement of local self-government.

The main problem in carrying out reforms is not to choose between decentralization and centralization, but to establish the necessary and appropriate balance between them, which would adequately correspond to the real socio-economic and political conditions of a particular country. An important trend in the development of local self-government in Europe is the consolidation of administrative-territorial units, the reduction of the number of local authorities, the creation of various regional forms of government. These processes are aimed at forming a sufficient territorial, demographic and material and financial base for the maintenance of modern utilities and other municipal services.

At the end of the 1980s and the beginning of the 1990s, there were 25 regions, 469 districts, and 434 cities in Ukraine, including 2 cities (Kyiv, Sevastopol) of republican subordination, 820 urban-type settlements, and 8805 village councils.

Since 1991, the rural population has decreased by 2.5 million people, and the number of rural settlements - by 348 units. At the same time, the number of village councils increased by 1,067 units. In Ukraine, about 12 thousand territorial communities are formed, in more than 6 thousand communities the population is less than 3 thousand people, of which in 4809 communities - less than 1 thousand people, and in 1129 communities - less than 500 people, in most of which are not formed in accordance with the legislation of the executive bodies of local councils, there are no budget institutions, utilities, etc. The local governments of such communities cannot, in fact, exercise the powers conferred on them by law.

By adopting the Law of Ukraine "On Voluntary Association of Territorial Communities" of February 5, 2015 № 157-VII, the parliament paved the way for the consolidation of communities capable of providing their own taxes and fees to provide utilities and administrative services needed by community members, and qualitatively perform the powers delegated by the state at public expense [10].

Today, after six years of active implementation of decentralization reform, it is rightly considered one of the most successful reforms in Ukraine since 2014. The success was based

on the clarity of the intentions proclaimed by the authorities and the interest of communities in gaining greater authority, resources and the ability to implement their own self-government development initiatives. Changing the management system of territories, decentralization in the fields of medicine, education, provision of services show significant rates and, most importantly, real positive changes.

During the 6 years of the reform, out of the planned 1,470, 1,070 united territorial communities (UTC) were formed, in which 4,882 communities voluntarily joined. Of these, the first local elections took place in 936 UTC (Fig. 1). The government has approved long-term plans for the formation of communities in 24 oblasts, which 100% cover the territory of oblasts. The area of formed UTC is almost 47% of the total area of Ukraine. More than 70% of the population of Ukraine live in UTC and cities of regional significance [8].

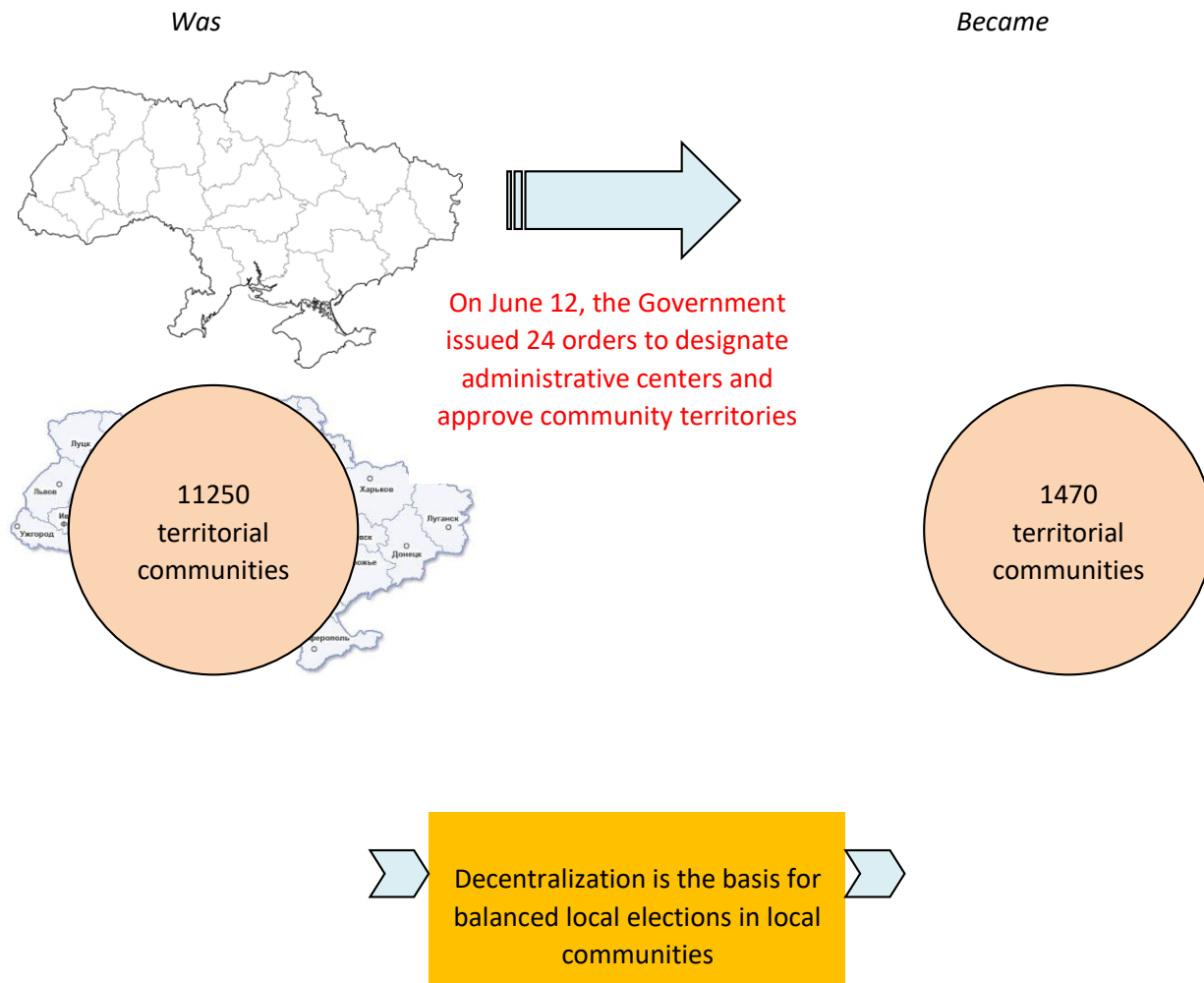


Fig. 1. A new system of administrative-territorial organization

In accordance with the adopted Law of Ukraine of 16.04.2020 № 562-IX "On

Amendments to Certain Laws of Ukraine Concerning the Definition of Territories and Administrative Centers of Territorial Communities", the Cabinet of Ministers of Ukraine has identified administrative centers and approved the territories of 1470 able-bodied territorial communities elections in 2020 on a new territorial basis. Thanks to the introduction of inter-municipal cooperation, communities have been able to consolidate their efforts and implement joint projects. In particular, 1354 territorial communities concluded 604 cooperation agreements [12; 13].

The basis of community capacity in the long run should be the formation of sustainable own sources of income based on the realization of local natural, economic, human and social potential, attracting investment resources, promoting the development of a network of local utilities and private enterprises, creating a sufficient number of jobs. is a means of inclusion of community members, and hence - the formation of cohesion of the latter.

It should be noted that the component of decentralization in the field of budgetary relations, which consists, in particular, in strengthening the income capacity of territorial communities, has acquired the greatest regulatory and legal development. It laid the groundwork for the next stages of decentralization, as since the beginning of the reform in 2015 it has affected all (not just united) territorial communities [14].

Reform of inter-budgetary relations in the context of decentralization reform is an incentive for local communities to fill their budgets more efficiently, move to self-sufficiency and carefully plan their expenditures. Since 2015, the sources of local budgets have been expanded by transferring a number of taxes, fees and non-tax payments from the state to local budgets. Such changes have led to the strengthening of the revenue side of local budgets [12].

The most significant result of budget decentralization is the increase in the share of local taxes and fees in local budget revenues from 2.5% in 2012-2014 to 30% in 2018, mainly due to the transfer of certain taxes and fees to local budgets. In 2018, the volume of local budgets for the first time exceeded the volume of the state budget and amounted to 52% of the consolidated budget of Ukraine. For comparison, in 2014 this share was

42%. The standard of the ratio of state and local budget revenues of most EU countries - 50:50 - can be considered achieved. Over 15% of GDP is redistributed through local budgets in Ukraine [3].

The share of own revenues of local budgets (general fund) in GDP in 2018 was 7.1% (in 2014 - 5.1%), in 2019 it will be 6.8% (forecast), and own revenues of local budgets increased from UAH 68.6 billion in 2014 to UAH 234.1 billion. in 2018, and up to UAH 267 billion. in 2019. Own income per capita increased from UAH 203.4. in 2016 to UAH 415.4. in 2018 (+31.5%), and in 2019 – to UAH 503.9 (+ 23.1%) [6].

Meanwhile, the practical dependence of local budgets on transfers from the state budget remains a problem. In the Law of Ukraine "On the State Budget for 2018" the amount of intergovernmental transfers for local budgets amounted to 314 billion UAH. Of these, intergovernmental transfers from the general fund - UAH 300 billion, from the special - UAH 14 billion. The Law of Ukraine "On the State Budget for 2019" provides for a total of 40 different types of grants and subventions to local budgets, including 29 subventions and 5 types of grants - from the general fund of the state budget.

This creates a potential opportunity for "manual" intervention in the fiscal sphere of UTC, including - with various non-economic (and corruption) motivations. In turn, there is a risk of financial unreliability of UTC as economic counterparties. In particular, in 2017-2018 there were many situations when the main managers of local budgets could not timely reimburse the cost of subsidies and benefits provided to the population. This was due to the untimely recalculation of subventions by the state. According to expert estimates, the potential losses of local budgets for the untimely recalculation of the subvention by the state in 2017-2018 in the case of lawsuits by enterprises across Ukraine may amount to about 7 billion hryvnias [1].

The total amount of financial resources of local budgets in 2019 will amount to UAH 588.9 billion, which is UAH 35.6 billion or 6.4% more than in 2018. In order to increase the resource of local budgets, revenues from: personal income tax on income from land lease remain on the ground; 5% rent for hydrocarbon production; land tax for forest lands; 13.44% excise tax on fuel. In total, for 2019, an additional resource in the amount of UAH

44.6 billion was attracted for all territorial communities. [3]. According to the Ministry of Finance of Ukraine, local budget revenues in 2019 will increase compared to 2018 by UAH 41.4 billion. (by 16.6%) to UAH 291.1 billion. [2].

Decentralization can rightly be considered one of the most "humane" reforms in Ukraine. On the basis of strengthening the capacity of communities in a short time there is a qualitative improvement of the immediate living environment of people, the ability to realize their aspirations for quality education, medicine, culture, social protection. Such improvement plays an important systemic role in consolidating society. Since in the age of pragmatism people tend to trust their own assessments, the quality of basic public services will be the main criterion for assessing the quality of local government (self-government), and through it - the quality of government in the country as a whole. Quality public services strengthen the legitimacy of the policy pursued by the state, and therefore are the basis for systemic reforms, including those that are "unpopular" in nature [4].

The annual monitoring of social changes in Ukrainian society, conducted by the Institute of Sociology of the National Academy of Sciences of Ukraine, demonstrates the complexity and contradictions of the process of restoring trust in local communities. Thus, in 2018, against the background of significant distrust in the main bodies representing the state (71.7% of respondents did not trust the prosecutor's office at all, 75.1% - the courts, 74.0% - the President, 83.5% - the Supreme Rada, 80.3% - the Government of Ukraine), the level of distrust in local authorities (according to the survey method, they include local governments) was "only" 51.5% [9].

Compared to 2013, the level of trust in most political structures, as well as in the media, has significantly decreased, while trust in local authorities has more than doubled (from 13.8% to 27.9%). The practical launch of decentralization reform in 2015 has had a significant impact on accelerating confidence in local government. However, the persistence of high mistrust in communities, due to which the "balance" of trust still remains negative, indicates, in our opinion, the low level of local identity and lack of inclusiveness of territorial development, due to which many community members maintain high distrust of government [9] .

According to the Fourth All-Ukrainian Municipal Survey conducted by the International Republican Institute (IRI) among residents of regional centers of Ukraine in January-February 2018, the share of people who believe that things are going in the right direction in their city has grown rapidly. In 2018, it reached 38% against 30% in 2017. Meanwhile, the share of those who believe that things are going in the right direction in Ukraine remained critically low - up to 16%, although it increased from 13% a year ago. Despite the ongoing economic growth for two years at that time, the vast majority of respondents believed that the economic situation in the country in 2017 deteriorated [4].

Conclusions. Thus, the effect of economic growth and decentralization reforms are naturally reflected in changes in the living environment of citizens, improving their mood, but this does not yet fit into the holistic picture of change in the country. Enhancing the effectiveness of communities in creating endogenous mechanisms of territorial development encourages cooperation between local authorities and local governments, the business community and business associations, residents, civil society organizations, contributes to the formation of a common vision of their community as the basis of local identity.

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