

ДЕРЖАВНЕ УПРАВЛІННЯ ТА ЕКОЛОГІЯ PUBLIC ADMINISTRATION AND ECOLOGY

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DECENTRALIZATION AS AN INSTRUMENT OF THE STATE POLICY FOR SUSTAINABLE DEVELOPMENT OF TERRITORIES

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Abstract. The place and role of the decentralization reform in implementing the state policy of sustainable development of the territories is well-grounded. The distribution of powers between different levels of local self-government is analyzed, the sources of the formation of the resource base of territorial communities in the conditions of decentralization. The problematic moments in the process of realization of the reform and the possibilities of sustainable development of territorial communities are presented.

Keywords: decentralization, sustainable development, territorial community, local government.

FORMULATION OF THE PROBLEM.

Sustainable development is one of the key areas in public administration both at the national and local levels. World experience proves that the dynamic development of territories and countries in general can't be ensured on a sustainable level without decentralization of power and without the capacity of local self-government. The most important question today is the economic and financial failure of the overwhelming majority of territorial communities, the lack of funds in development budgets and infrastructure investments.

The researchers admitted that, being the primary links of the administrative-territorial structure of the state, territorial communities are the driving force of any national system. Accordingly, the basis of balanced development at the macro level is a local development, because at the local level «the links are being recreated, on the basis of which the domestic national market is formed and the national economy is formed in general» [2].

ANALYSIS OF THE RESEARCH AND PUBLICATIONS.

The issue of decentralization is the subject of research by many scholars, including Bila S. O., O. Kozych, A. Matvienko, V. Melnychenko, O. Petrenko, B. Shevchuk, Y. Shemshuchenko and others.

THE PURPOSE OF THE ARTICLE.

The purpose of the article is to determine the place and role of decentralization reform in implementing the state policy of sustainable development of territorial communities as a prerequisite for the creation and development of self-sufficient territorial communities.

THE MAIN MATERIAL

At the heart of the decentralization reform is the creation of capable territorial communities, «which, after voluntary association, can independently or through appropriate local self-government bodies provide the appropriate level of services, in particular in the field of education, culture, health care, social protection, housing and communal services, taking into account human resources, financial support and infrastructure development of the respective administrative-territorial unit» [4].

In Ukraine, the process of decentralization began in 2014 with the adoption of the Concept of Reform of Local Self-Government and Territorial Organization of Power [1], the Laws of Ukraine «On Voluntary Association of Territorial Communities» [3], «On Cooperation of Territorial Communities» [2], Decrees of the Cabinet of

Ministers Ukraine «On Approval of the Methodology for the Formation of Capable Territorial Communities»[4] and introducing amendments to the Budget and Tax Codes - on financial decentralization [5,6]. These legal documents regulate the mechanisms of formation of capable territorial communities, the procedure for the development and approval of a long-term plan for the formation of community territories, functions and responsibilities, sources of financial resources for the implementation of the powers, organizational and legal principles, assigned to bodies of local self-government (LG) principles, forms and mechanisms of cooperation of territorial communities, etc.

In accordance with the current legislation, the voluntary association of territorial communities is carried out in compliance with the following principles: constitutionality and legality; voluntary economic efficiency; state support; widespread local self-government; transparency and openness; responsibility [3].

Subjects of voluntary association of territorial communities are adjacent territorial communities of villages and cities. The united territorial community (UTC), the administrative center of which the city is defined, is a city territorial community, the center of which is defined by the village, - the rural, the center of which is determined by the city, - the city united community. The administrative center of the united territorial community is defined by the settlement (village, city), which has a developed infrastructure and is usually located closest to the geographical center of the territory of the united territorial community.

The association of communities is carried out in accordance with the Methodology for the formation of capable communities, as well as the Prospective Plan for the formation of community territories, which specifies the conditions for voluntary unification [4].

In early 2014, there were 29 722 settlements in Ukraine, including 1,2068 urban and rural councils [10]. According to expert estimates, during the first half of 2014, almost 90% of Ukrainian territorial communities received state subsidies, including over 5,400 local budgets remaining subsidized at more than 70% of their actual needs (expenses), and more than 480 territorial communities were held at the expense of the state budget funds 90% and above. [1] Due to the chronic shortage of financial and material resources, the development of local self-government in Ukraine actually stopped at the level

of territorial communities of cities of oblast significance.

Decentralization of power involves the creation of a system of administrative-territorial organization of the country, which will include 27 regions, 120-150 districts and 1,500-1,800 communities. In turn, the united territorial communities will receive the same income resources and powers, as well as cities of regional significance (Table 1) [7].

Table 1

The distribution of powers between different levels of the LG

Levels of administrative-territorial organization	Powers of the LG
United Territorial Community	Local economic development
	Development and maintenance of local infrastructure
	Planning of community development, its improvement and development
	Social assistance
	Social assistance
	Emergency medical care, primary health care
	Culture and physical culture
	Municipal law enforcement agencies
District	Housing and communal services, maintenance of communal property objects
	Passenger transportation on the territory of the community
	Maintenance of objects of joint ownership of territorial communities of the district
	Nursing and education of children in general-boarding schools
	Transport infrastructure of district significance
Region	Provision of secondary medical care
	Maintenance of joint property objects of territorial communities of the region
	Specialized secondary education
	Development of culture, sports and tourism
	Specialized health care (tertiary level)
	Transport structure of regional significance
	Planning of regional development

The distribution of powers in accordance with the principle of subsidiarity is one of the main principles of decentralization, according to which most authorities should have the authorities that are closest to people and at which level tasks and services are the most effective and least cost-effective (Table 2) [1].

Table 2

Powers of local governments in united territorial communities

Types of authority	Content of authority
Own	development planning, investment attraction, business development
	management of land resources
	urban infrastructure development: maintenance and construction of roads
	provision of housing and communal services (water, heat, gas, drainage, waste management)
	organization of public transport
	public security
	fire protection
Delegates	social assistance
	provision of administrative services
	pre-school and secondary education
	primary health care
	culture and sports

According to the provisions of the Concept, liquidation of regional and district state administrations is envisaged. And their managerial functions and powers should go to the executive committees of local councils of

regions and districts. State control over the activity of the LG should be implemented by the Institute of Prefectures (Presidential representatives in the regions) in the process of decentralization.

Prefectures (administrations) should carry out the function of state supervision over the activities of local authorities, act as guarantors of the observance of the Constitution of Ukraine, ensure control over the legality of the decisions of the LG, control over compliance with law, compliance with norms and standards for the provision of public services to the population and legal entities, to coordinate the activities of territorial executive bodies authorities (including in the process of making decisions related to interregional, intermunicipal cooperation of communities); to ensure the coordination of the work of local units of central authorities and to coordinate all basic issues concerning the provision of national security at the local and regional level [8, p. 65].

On 10.11.2018, 705 united territorial communities were created in Ukraine. Another 123 communities are assigned the first election. The leaders in the creation of UTC in the regions of Ukraine are the following: Zhytomyrska - 63.9%, Zaporizhzhya - 61.9%, Khmelnytsky - 57.5%, Chernihiv - 57.3%, Dnipropetrovsk - 54.3%, Volynsk - 53, 9%. The lowest indicators of the association of territorial communities are observed in the Transcarpathian region - 5.9%, Kirovograd region - 14.9%, Kyiv region - 17.4%, Vinnytsia region - 17.4%.

Today, all united territorial communities are in direct budgetary relations with the state budget of the country, independently collect and distribute a significant part of taxes and duties, namely: 60% of personal income tax (the main tax, due to which own revenues in UTC increased 2 - 2,5 times); 25% of environmental tax; 25% excise tax on the sale of excisable goods; 100% of the single tax; 100% profit tax on communal enterprises (new tax on OTG, which is still not received); 100% tax on property (real estate, land, transport); State Duty; payment for the provision of administrative services; parking fee; tourist tax; rent for the use of property in communal ownership; rent for the use of subsoil; 50% of money for environmental damage; 75% of the cost of compensation for losses of agricultural and forestry production.

Another powerful financial resource of UTCs is agricultural land. According to the changes made to the legislation of Ukraine, agricultural land of state-owned property is transferred to communal ownership of UTCs. Also, LG acquire powers in relation to the lease of unallocated land plots and unused shares (shares) both within and outside settlements. Now the technical documentation on soil propagation, economic evaluation of land and normative monetary valuation of land plots will now be approved by the relevant village / town / city council (previously indicated documentation on land plots located outside settlements, approved by district councils) [10].

Other revenues of newly formed UTCs include: various transfers (basic grants, educational and medical subventions, capital transfers) of the highest interest for UTCs; target and voluntary contributions of institutions to local environmental funds; receipt of international technical assistance programs; funds of share participation in infrastructure development; funds from the alienation of communal property; funds from the sale of ownerless property; local borrowing.

The state provides financial support to the voluntary association of territorial communities of villages, towns, cities by providing funds to the united territorial communities in the form of subventions for the formation of the appropriate infrastructure in accordance with the plan of social and economic development of the respective

territorial community and, if its borders are fully in line with the boundaries defined by the prospective plan for the formation of territories (Table 3) [9].

Table 3

State financial support for UTC in Ukraine, UAH billions

№	Types of state support	2014	2015	2016	2017	2018 (10.11)
1	Number of UTC	-	159	366	665	705
2	Subvention for social and economic development	0,5	0,8	3,3	6,2	5,0
3	State Fund for Regional Development	-	3,5	3,0	2,9	6,0
4	Infrastructure subvention	-	-	1,0	1,5	1,9
5	EU funds in support of sectoral regional policy	-	-	-	0,65	1,1*
6	The funds for the construction of football fields	-	-	-	0,27	0,37
7	Subvention for the development of medicine in the countryside	-	-	-	4,0	5,0**

* - incl. 0.6 billion UAH - transitional balance from 2017 ** - incl. 4.0 billion UAH - transitional balance from 2017

In addition to subventions, financial support for the UTCs may be provided at the expense of the State Fund for Regional Development allocated to investment programs and regional development projects aimed at supporting such an association and in line with the priorities defined in the State Strategy for Regional Development till 2020 and the relevant strategies socio-economic development of the regions.

However, the rapid increase in the number of UTCs without a proportional increase in the amount of subvention for infrastructure development reduces the motivation of communities to unite and their opportunities for social and economic development. If in 2016 the state subvention for the development of the infrastructure of the united communities amounted to 1 billion UAH and distributed between 159 UTCs, in 2017 - UAH 1.5 billion for 366 UTC, by 2018 the state subvention amounted to UAH 1.9 billion for 705 communities [9, p.10].

However, with the implementation of the decentralization reform, a number of problematic issues arise that slowly down the implementation of reform.

1. According to the legislation, the UTCs are created in accordance with the prospective plans for the formation of community territories. However, today, such Plans are not yet fully implemented due to non-compliance with the territorial boundaries defined in the preparation of the association's projects. Only in 11 regions of the country they are approved more than 90%, in the Transcarpathian region - 0%. The prospective plan has evolved from the planned mechanism of influence of the central government on the really approximate plan of the association. This is evidenced by the procedure for substituting the UTC for the formation of infrastructure, for which, by 2018, it was necessary to be united within the limits planned by the long-term plan. In practice, this rule acted specifically because, for example, UTCs of the Transcarpathian region also received a subvention without creating a long-term plan. In April 2018 it was excluded [13, p. 94].

2. Lack of skilled personnel resources that would be able to work in conditions of expansion of local self-government powers and to solve tasks that were not previously inherent in local self-government. In the UTCs, formed around settlements, which are district centers and have well-trained human resources, as a rule, employees of rayon state administrations move to newly formed local self-government bodies. Thus, the problem of managerial personnel at the local level is solved by itself. Instead, UTCs, which include only rural settlements, immediately raise the issue of qualitative staffing of LG.

3. Low level of interest and participation of community members in the work of local authorities and planning of the development of their community. Nowadays, civil society is forming actively in Ukraine, which wants and

prevents actively influencing processes within its own city and country. However, such democratic changes occur only in cities and newly established UTCs. In rural areas there is a low level of participation of people in community development.

4. Low level of cooperation of territorial communities, as well as low level of attraction of both external and internal investments. Today, most of the united territorial communities do not use the opportunities that appeared before them as a result of voluntary association. Local authorities should be interested in attracting investors to develop their territory, especially in those communities where there is a lack of financial resources.

Cooperation of territorial communities is the basis of sustainable development of their territories. It enables communities to save resources, increase the efficiency of their use, and attract investment in the territory. From the point of view of the partnership approach to planning, while defining the prospects for economic growth of the territorial community, local self-government bodies should work with partners from the non-governmental sector: business, academia, and the public. The direct benefits of such cooperation include: combining the intellectual potential of a group of expert experts with the potential of the territorial community; pool of financial, material and technical resources of partners; introduction of innovative technologies into the management process; increase of transparency of power, development of public relations, formation of civil society [11, p.132].

To attract potential investors, local authorities should use the following measures: creation of investment maps of territories (constantly updated); application of the «brand» of the city, which gives additional advantages to business structures during the marketing (including advertising) of products produced in one or another locality; openness and publicity should become the norm in the process of making decisions by local authorities on the allocation of land for business structures, the issuance of permit documents for the beginning of business; introduction of e-governance and «electronic public receptions» serving investors, business structures, population, etc. [12, p.15]

Solving these problem points will not only accelerate the process of decentralization in Ukraine, but will also provide greater effectiveness from its implementation. After all, the goal of the reform is the creation of the most capable communities, municipalities in which they can independently solve issues of local importance and provide quality services to people.

CONCLUSIONS AND SUGGESTIONS.

Consequently, decentralization covers a huge range of activities: from the development of political consciousness of citizens, the formation of a civil society to address the economic issues of sustainable development of a certain territory (territorial community). Reforming local self-government and territorial organization of power in

Ukraine, through delegation of seats, strengthens the economic freedom of LG in terms of finding possible ways to solve the current problems of the development of territorial communities. The state, speaking as an arbiter of socio-economic development of the UTCs, and, with the aim of stimulating sustainable development

of the state, actively contributes to the implementation of management decisions on the ground, including financially. However, LG should be aware that budget funds can't be the only financial resource for community development and seek other sources of capacity building for their community in the form of investments.

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