

Political And Economic Tools to Support Decentralization Reform and Regional Development Policy in Ukraine

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Abstract

Decentralization is an effective mean of improving the efficiency of public authorities and regional policy development. The process of decentralization of public power, which has been relevant since independence, has been accompanied by complex economic and political processes. The article considers the political and economic tools to support the reform of territorial organization of authorities and local self-government in Ukraine on the basis of decentralization and subsidiarity. The influence of decentralization reform on the formation of regional development policy is analysed and systematic approaches to the integration of these areas of state policy are proposed.

Keywords: Decentralization, Regional Development, Euro Regions, Cross-Border Cooperation.

Introduction

Since Ukraine's independence in 1991, there has been a Soviet administrative system that has not effectively managed the territories. The management of territorial communities had an unregulated redistribution of powers between communities and administrative-territorial units at the regional and subregional levels. An objective condition for changing the division of powers was a managerial, organizational and material-financial strengthening of communities, which necessitates changes in legislation on local self-government and local executive power. Another important condition is the course of Ukraine on European integration and commitment to the implementation of the principles of local self-government, which leads to the adjustment of regional policy and the implementation of local self-government. The third objective reason is the need to respond to internal and external socio-political challenges for statehood, which necessitate to take into account features of decentralization reform in different regions.

A systematic reform of local self-government has been launched since 2014 and was ended after local elections in 2020. The experience of Central and Eastern European countries in combination with international standards and recommendations for the

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positioning of the institution of municipalities is entrusted to the development of relevant legislation and mechanisms for the practical implementation of change. The goal of uniting local communities to improve the quality of public services is achieved through the fact that larger communities have more potential to provide services of much higher quality for the local population. The updated legal framework has significantly contributed to the municipal consolidation in the country and created the appropriate legal conditions for the implementation of the reform and the effective functioning of delegated powers.

Main Research

Researchers of the practice of uniting territorial communities in different countries Ebinger, F., Kuhlmann, S., Bogumil, J. (2019) note that the amalgamation of communities into more affluent ones can be carried out in order to improving the quality of public services, improving management efficiency and promoting participatory democracy.

Polish researcher P. Rushkowski (1985) identifies three system-forming components of territorial decentralization:

1. Political decentralization. The public-legal status of local self-government bodies derives from the specific way of forming these bodies and their representative character. Relevant constitutional guarantees for the formation of the system of local self-government bodies, its content and organization testify to the independence of such bodies from the state.
2. Administrative decentralization means that local governments are entrusted with tasks, functions and powers to satisfy the public interest within the relevant territory.
3. Financial decentralization implies the availability of own financial and material resources and means the possession, use and disposal of financial resources owned by communities.

The combination of these three components allows a successful reform of territorial government. However, it is very important to take into account national and local characteristics, historical traditions and mentality for the organic implementation of change.

Strengthening local self-government institutions is an important factor in stability in countries that pursue their policies of democratic norms and principles. Transit countries that develop local governance structures and implement constituent legal changes and reforms receive significant support from intergovernmental organizations, ranging from recommendations for preparatory activities, training and consultations, to technical and financial support.

In this direction, the projects and programs implemented by the European Union for the countries of the Euroregion and a number of post-Soviet countries should be examined. In particular, the Eastern Partnership program was created to expand cooperation at the regional level and is aimed at the 27 member states of the European Union and a number of post-socialist countries. The goal of the Eastern Partnership is to unite European countries to ensure sustainable development and common security space.

The initiators of the cooperation were Sweden and Poland, which in 2008 put forward the idea of developing the direction of cooperation with the eastern neighbors. At the Prague Summit on May 7, 2009, the EU member states agreed on this direction of cooperation and defined the goals of the program to support the countries of Eastern Europe in their approach to European standards. Based on the common values of human rights and civil liberties, democracy and the unity of law and a sustainable market economy, the summit participants presented six areas of the program aimed at a joint program of border surveillance, development of tools for small and medium business development, electricity use and energy efficiency of energy sources, prevention of natural disasters, environmental management and improvement of energy supply. These areas were fixed in the Joint Declaration of the Prague Eastern Partnership Summit Prague (2009).

The strategic objectives of the Eastern Partnership also include 4 priority areas - strengthening governance systems, developing market relations, increasing population interaction, and mobilizing social groups. The first direction, that includes strengthening the position of local government institutions and creating a system of good governance on the ground, is one of the most analyzed in this research.

Ukraine has been involved in this area since 2011 by participating in the Thirteenth meeting of the Working Group (Panel) "Public Administration Reform" of the Thematic Platform № 1 "Democracy, Good Governance and Stability" of the EU initiative "Eastern Partnership" (Tallinn, Estonia). Within the framework Ukraine together with partner countries is working on the formation of democratic electoral, legislative, information and anti-corruption institutions, a system of quality and accessible state structures.

One of the most significant factors in the international interest in the sustainability and development of local communities is the large number of programs and projects to support cross-border cooperation. The European integration processes that engulfed the countries of Central and Eastern Europe in the 1990s became a catalyst for providing international support for governmental changes in these countries. International funds of partnership programs, strategic developments and professional assistance of specialists played a significant role in building decentralization processes and creating effective and efficient systems of local self-government.

Ukraine's state policy in the field of local self-government is based on the interests of residents of territorial communities and provides the decentralization of power - ie the transfer of power, resources and responsibilities from local governments to local self-governments. This policy is based on the provisions of the European Charter of Local Self-Government and the best world standards of public relations in this area. The legal basis for radical change in the system of power and its territorial basis at all levels began to form in 2014 and started the decentralization reform.

One of the most important international projects in support of decentralization reform in Ukraine is U-LEAD with Europe (abbreviation of Ukraine – Local Empowerment, Accountability and Development Programme) – a multi-donor action of the European Union and its Member States Germany, Poland, Sweden, Denmark, Estonia and Slovenia. U-LEAD improves the capacities of municipalities to carry out the newly assigned tasks and promotes citizen and private sector engagement in local affairs. As the result of capacity development offered, 754 municipalities have adjusted, on average, 17 internal procedures, which included local fees and taxes, management of healthcare facilities and regulation of their education departments. The U-LEAD with Europe project started in 2016 and will last till the end of 2023. The estimated amount of financial aid is 152,3 million EUR according to U-LEAD official data.

Other important international project is USAID's "Decentralization Offering Better Results and Efficiency (DOBRE)" aimed to support the supply of good local governance by united territorial communities and assist citizens and civil society to constructively interact with government and demand transparency and services. DOBRE project started 8.06.2016 and will finish on 7.06.2021 with the total budget 50 million USD.

Swiss-Ukrainian Decentralization Support Project DESPRO is an other international assistance project working in the reform of local self-governance in Ukraine. DESPRO project was funded by the Swiss Confederation via the Swiss Cooperation Office and implemented by Skat - Swiss Resource Centre and Consultancies for Development. DESPRO project lasted from 24.12.2007 till 24.06.2020 with total budget of 9,3 million of CHF. The main objective was the advancement of local self-government development through optimisation of governance and support of effective local development in Ukraine. During 2007-2020 DESPRO has contributed to the development of the legislative basis of the decentralization reform, as well as the capacity building for representatives of local self-government and state bodies. The project supported public services development, in particular municipal waste management, as well as water supply and waste water treatment, in rural areas in Ukraine.

Since 2017, Ukraine has been involved in the implementation of the program "Participatory Democracy, Open Governance & Efficient eGovernment Services project" (PADOS) financed by the Ministry of Foreign Affairs of Finland. The aim of the project is to strengthen the transparency and openness of decision-making and public administration processes in the six Eastern Partnership countries (Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine), as well as to support democratic principles of governance. The beneficiary countries of this project are working together to increase the transparency and accessibility of mechanisms for development and decision-making at the level of public administration. In the same direction, the principles of democratic governance are being developed, which includes informational and advisory activities in the renewal of local governance structures. In Ukraine, the project consists of three components, the first of which provides for the introduction of new tools and methods to strengthen the direct participation of citizens, bottom-up innovation processes, openness of government, as well as the dissemination and use of new information technologies to support these processes. Second component provides for the support of the Eastern Partnership countries in the field of application of information technologies and development of e-government tools and e-government services with sufficient attention to cyber security issues and data protection by implementing the best models from EU countries. The third direction provides assistance to the Eastern Partnership countries to accelerate public administration reforms and build an open system of governance in these countries through capacity-building activities, exchange of experiences, seminars and platforms for mutual learning, as well as the introduction of new innovative models and approaches.

Cross-border cooperation is primarily aimed at regional self-governments and border territorial communities. Therefore, the creation of such programs stimulated the implementation of administrative-territorial reforms and the expansion of the powers of municipal authorities, including the conduct of independent issues in the field of international relations.

Regarding Ukraine's participation in cross-border cooperation processes, it should be noted that 19 out of 25 regions are border areas with 10 Euroregions. The concept of "Euroregion" as defined by D.Velychko (2013) should be understood as an

organizational form of cooperation of several administrative-territorial units of European countries on the basis of concluded multilateral cross-border cooperation agreements.

According to the AEBR Practical Guide to Cross-border Cooperation (EU, 2000), an Euroregion, in terms of its organization, can be:

- an amalgamation of regional and local authorities from both sides of the national border, sometimes with a parliamentary assembly;
- a cross-border organisation with a permanent secretariat and experts and administrative staff;
- according to private law based on national associations or foundations from both sides of the border according to the respective public law;
- according to public law based on international treaties which also regulate the membership of regional authorities.

Piriashvili, O. (2011) defines Euroregions in Ukraine as the Carpathian Euroregion, which included the territory of Ukraine, Slovakia, Hungary, Romania and Poland and was established in 1993. Then in 1995 was created “Bug” (Ukraine, Poland, Belarus), 1998 – “Lower Danube” (Ukraine, Moldova, Romania), 2000 – “Upper Prut” (Ukraine, Moldova, Romania), 2003 – “Slobozhanschyna” (Ukraine, Russia), “Dnipro” (Ukraine, Russia, Belarus), 2007 – “Yaroslavna” (Ukraine, Russia), 2008 – “Black Sea” (Ukraine, Russia, Romania, Azebyardzhan, Turkey, Greece, Bulgaria, Armenia, Georgia, Moldova), 2010 – “Donbass” (Ukraine, Russia).

Cooperation within the framework of such Euroregional cooperation associations is designed to promote the development of integration processes in the fields of culture, education, economy and communication. Such cross-border projects also influence the processes of local self-government reform and directs funds to the quality development of local communities. It is important here to empower municipalities with direct international cooperation with border territorial units of the same level without the mediation of central government agencies.

International organizations, which primarily initiate and promote cross-border cooperation between countries and their administrative units, understand the purpose of establishing such links to stimulate relations at the local level in the field of socio-economic, cultural and managerial development. As for the regions, the establishment of cross-border connections has a positive effect on the mobilization and effective use of the potential of local communities of several border regions, optimizes the combination of resources and efforts of such communities to solve common problems within existing Euroregions.

The intensification of cross-border relations between municipalities is also a potential attempt to offset the negative effects of globalization and integration processes on the territorial units of the basic level. Direct cooperation between inter-municipal administrations can be a prerequisite for high-quality economic growth of such communities.

The growing importance of the role of municipalities, which has intensified since the middle of the twentieth century, has initiated international cooperation between municipalities. This process is logical due to the inevitable changes in the structures of society at the national and regional levels, and it can be considered as a tool for sustainable development.

Gerrit Jan Schep, Frank Angenent, Jeroen Wismans, Michiel Hillenius (1995) explain reasons for the global level, which led to interstate cooperation of local governments include significant changes in transport systems and communication networks, large-scale and accelerated urbanization, democratic change and decentralization processes, the development of post-socialist countries on the basis of European principles.

On 11 February, 2021 the European Parliament approved the Report on implementation of the Association Agenda and the Association Agreement between the European Union and Ukraine. The document reports on the progress made in the field of reforms and implementation of the Agreement, as well as provides recommendations for further areas of cooperation. Emphasis is placed on the effectiveness of the implementation of decentralization reform, which the European Union identifies as one of the most successful in Ukraine and calls for its completion through an open dialogue between central and local authorities. The European Parliament welcomes Ukraine's achievements in decentralization reform and local government empowerment, which is one of the most successful reforms to date; recognizes the support of U-LEAD and the formation of more than 1,000 territorial communities; positively assesses the steps taken to decentralize state power and budgets through the approval of regulations and their practical implementation; Calls on the European Commission to carefully examine the successful practices of decentralization reform in Ukraine and to consider their practical implementation in other countries.

Conclusions

The factor of international assistance to the processes of local self-government renovation is essential for countries that are in the phase of active decentralization changes. Member countries of international organizations receive both technical assistance in the form of additional financial resources and additional regulatory developments to implement qualitative changes in the organization of governance at the local level and their effective and efficient implementation. It should be noted the value of the achievements of European countries and international organizations in the region in the field of building the institution of local self-government was used during the decentralization reform in Ukraine. Having laid a solid foundation of legal standards, which are reflected in the legislation of leading democracies, decentralization has become almost the only effective and efficient way to strengthen municipal governance structures. The achievements of decentralization processes in the form of new local authorities receive stable support for improvement through stable and well-established cooperation with reputable international programs and projects.

Carrying out a large-scale decentralization reform in Ukraine has been made possible by the financial and institutional support of international donors. Such financial assistance is extremely important for a young democracy, which lives in a state of undeclared war since 2014. The value of this type of international support also consists in the mutual exchange of experience in the field of practical skills in implementing various management mechanisms and innovations, including development of a strategic urban development plan, introduction of local quality management systems, marketing programs and measures to attract tourism, projects and grants, applications for additional financial resources, training of local government officials and development of exchange programs to improve their professional skills. Another important issue is the development of Euroregions and Ukraine's cooperation with neighboring countries and strengthening regional development policy.

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