ANALYSIS OF BASIC CONDITIONS FOR IMPLEMENTATION OF DECENTRALIZATION REFORM IN UKRAINE AND POLAND

Abstract. The article examines the current state of implementation of the decentralization reform in Ukraine, which highlights the issues of the formation of the chosen European integration vector of development, the fundamental basis of which was the need to implement the decentralization reform of the administrative and territorial system of Ukraine and the institution of local self-government. By choosing foreign experience in conducting such a reform, the experience of Poland became a model. An analysis of the Polish form of decentralization and the election of Ukraine of a definite decentralization model is underway. The comparison of the main parameters of the economic development of Ukraine and Poland in the beginning of individual stages of the decentralization reform, which is taken as the main indicator of the dynamics of GDP, inflation.

The main factors that influence the process of decentralization, in particular the Ukrainian economy as a whole, are determined. Separate problems that the reformers face in the process of decentralization of the administrative-territorial system of Ukraine.

The prospects for developing the expediency of choosing a Polish decentralization experience for implementation in domestic conditions have been formed.

Keywords: local self-government, budget decentralization, financial support, local budget, intergovernmental relations.

GEL Classification P25, R58

Formulas: 0; fig.: 4; tabl.: 1; bibl.: 9.
АНАЛІЗ БАЗОВИХ УМОВ ЗДІЙСНЕННЯ РЕФОРМИ ДЕЦЕНТРАЛІЗАЦІЇ В УКРАЇНІ ТА ПОЛЬЩІ

Анотація. Досліджується сучасний стан здійснення реформи децентралізації в Україні, де висвітлюються питання становлення обраного євроінтеграційного вектору розвитку, фундаментальною основою якого стала необхідність здійснення реформи децентралізації адміністративно-територіального устрою України та інституту місцевого самоврядування. При обраний зарубіжний досвід проведення подібної реформи візцем став досвід Польщі. Проводиться аналіз польської форми децентралізації та обрання Україною визначеної моделі децентралізації. Здійснено порівняння основних параметрів розвитку економіки України і Польщі на початку окремих етапів реформи децентралізації, де взято за основний показник динаміки обсягу ВВП, інфляції.

Визначено основні фактори, які впливають на процес децентралізації, зокрема і на економіку України загалом. Відокремлено проблеми, з якими зітховуються реформатори у процесі децентралізації адміністративно-територіального устрою України.

Сформовано перспективи розвитку доцільності обрання польського досвіду децентралізації для впровадження у вітчизняних умовах.

Ключові слова: місцеве самоврядування, бюджетна децентралізація, фінансове забезпечення, місцевий бюджет, міжбюджетні відносини.

Формул: 0; рис.: 4; табл.: 1; бібл.: 9.
АНАЛИЗ БАЗОВЫХ УСЛОВИЙ ОСУЩЕСТВЛЕНИЯ РЕФОРМЫ ДЕЦЕНТРАЛИЗАЦИИ В УКРАИНЕ И ПОЛЬШЕ

Аннотация. Исследуются базовые условия осуществления реформы децентрализации в Украине на примере Польши. Проводится анализ польской формы децентрализации и избрание Украины определенной модели децентрализации. Проведено сравнение основных параметров развития экономики Украины и Польши в начале отдельных этапов реформы децентрализации, где взято за основной показатель динамика объема ВВП. Сформированы перспективы развития целесообразности избрания польского опыта децентрализации для внедрения в современных условиях.

Ключевые слова: местное самоуправление, бюджетная децентрализация, финансовое обеспечение, местный бюджет, межбюджетные отношения.

Формул: 0; рис.: 4; табл.: 1; библ.: 9.

Formulation of the problem. In the current context the decentralization reform is one of the most important conditions that Ukraine must fulfill in the way of the chosen European integration vector of development. The reform continues and has a great number of both adherers and opponents, who, in particular, dispute the use of the chosen model of its organization. This determines the topic relevancy of the article.

The purpose of the article is to study the basic conditions for the implementation of the decentralization reform in Ukraine and Poland in order to confirm or refute the expediency of choosing the Polish experience of decentralization for implementation in the context of Ukraine.

Analysis of recent studies and publications. The works of such scholars as A. Balyan, S. Belaya, A. Bogorad, V. Vorotin, Ye. Kish, M. Lendiel, S. Maksimenko, T. Mirzodayeva, T. Nikityuk, V. Padalka, V. Panova, M. Pidmogilny, A. Tevelev, V. Chuzhikov and others are devoted to studies of various aspects of the decentralization of local government and the implementation of local self-government reforms. Their works are aimed at studying the possibilities of using the European experience in Ukraine. Special attention is paid to the study of the features of the administrative and territorial division of foreign countries, the key directions in the development of these countries, and the like.

Determination of previously unsolved parts of a general problem. Despite the significant contribution of abovementioned scholars to the development of theoretical and practical aspects of the implementation of the decentralization reform, a number of issues on the substantiation of feasibility of choosing a particular decentralization model in Ukraine, based on international experience, remain unresolved.

Statement of basic material. Decentralization has gained popularity over the past decades, but this idea is not new. It attracted attention in the 1950s and 60s, when German and French colonial administrations were preparing the colonies to gain independence, transferring control to local authorities [1].

In 2014, Ukraine proclaimed a course for the implementation of full-scale reforms relating in all spheres of public life of the Ukrainian nation. With this objective in view, the Sustainable Development Strategy "Ukraine - 2020" [2] was adopted, the fundamental basis of which was the need to implement the reform of decentralization of the administrative and territorial division of Ukraine and the institution of local self-government, the announced goal of which is to change fundamentally the economic situation in the country and overcome corruption as one of the most complicated Ukrainian problem.

When choosing a foreign experience of conducting such a reform, the experience of Poland was taken as a model, since, in the opinion of the government reformers, its decentralization model was the most successful and most closely approximate to domestic realias, and that was exactly the reason why the experience of introducing Polish reforms was considered to be quite suitable for its successful implementation in Ukraine.

The signing of a Memorandum of Cooperation between Ukraine and Poland to support the reform of local self-government [3] at the end of 2014 has become the starting point of the process.
of interaction between Ukrainian reformers and their Polish colleagues. In accordance with the Agreement, a group of experts from Poland was involved in the decentralization process in Ukraine. However, the results of the reform obtained so far such as the slow process of community unification, the lack of capacity of local budgets, the imbalance of powers and income sources, show convincingly that the decentralization reform is not as successful as it is declared. That is why there is a view that the decision on the Polish experience was not a sufficiently substantiated choice, since the basic administrative, legislative, social and economic conditions for the implementation of the decentralization reform in Poland and Ukraine are quite different.

Thus, experts from the public organization “European Dialogue”, having researched the materials from Ukrainian and Polish sources, including official websites of state structures, international funds and programs, analytical materials from Polish and Ukrainian experts, highlight that the Polish model of decentralization does not correspond to Ukrainian realias, since the basic preconditions at the beginning of the reform in Ukraine and Poland are different [4].

For another thing, the Polish way of decentralization is not a “benchmark of impeccability”, it also has significant drawbacks. Of course, both in Poland and in Ukraine it is considered that the Polish county is the weakest level of self-government, and is not sufficiently secured either with powers or with appropriate resources. Moreover, there is still a problem of interaction in Poland: on the one hand, between strong gminas and weak counties, and on the other hand, between cities with county status and counties that are situated close by.

After 1998, according to the Law of July 24, 1998 On the Territorial Division of the State into Three Levels and the Law of June 5, 1998 On Regional Self-Government and State Management in the Województwo, a dual system of governance in the region (Województwo) was also adopted: this means self-government bodies headed by the Marshal of the Województwo and government administration led by the Governor. These two representatives of public authority have the same territorial "sphere of ownership" and, as practice shows, they solve not entirely separate tasks. It is sometimes difficult to determine the role of the Wojewoda (governor) as the representative of the government in a region. Opposition parties endeavour to increase the powers of regional self-government and introduce some elements of a public administration model of Germany and the UK. G. Schetyna, for example, on behalf of the party PO (Platforma Obywatelska), proposed to liquidate the administration of Wojewoda and transfer these powers to the Marshal of Województwo.

Taking into consideration the above, it is expedient to analyze the basic conditions for the implementation of the decentralization reform according to the appropriate criteria (Figure 1).

Fig. 1. Attributes of the basic conditions for the implementation of the decentralization reform.
Source: compiled by the authors

| Administrative and territorial division and structure of local self-government |
| Key parameters of economic development at the start of reform implementation |
| Declared principles of reform |

406
Despite some problematic aspects, the systemic reforms implemented by the Polish government in the 1990s finally allowed this country to become an integrated part of the European Union. The Republic of Poland was one of the first countries in the world that expressed its willingness to help Ukraine on the path of conducting complex reforms; already at the end of March 2014 its leading experts arrived in Ukraine. After the signing of the Memorandum of Cooperation in December 2014 to support the reform of local self-government at the level of the Ministry of Regional Development, Construction, Housing and Communal Services of Ukraine, a special advisory group which included Ukrainian and Polish experts started its work.

The concept of reforming local self-government and the territorial organization of power in Ukraine [5] has become the basis for the approval of relevant legal acts and the large-scale implementation of the decentralization reform in Ukraine.

Experts of the Council of Europe have recognized that Poland was considered a model of a number of administrative reforms in Central and Eastern Europe. The transformation carried out by Poland resulted in a new type of state that serves citizens. Such a state enables its civil society to form and control public authorities [6].

As a result of the reform, the following levels of local self-government were created in Poland:
- Województwo is the highest administrative unit in Poland. Since 1999, it has been the basic unit of local self-government. The total number of województwo is 16;
- counties (powiat) are integral parts of Województwo, divided into rural and urban; their total number is 380 rural and 66 urban (towns on the rights of the county). Moreover, the town on the rights of a county must have more than 100,000 inhabitants;
- A municipality (gmina) is a small administrative unit, the number of which is 479. In turn, gminas can be divided into even smaller units: settlement (osiedle) or district (dzielnica) in cities, and also Soletstvo (sołectwa) in rural areas.

Table 1 presents the structure of self-government in Poland after the integration with the EU.

<table>
<thead>
<tr>
<th>Województwo</th>
<th>Gmina</th>
<th>Towns on the rights of the county</th>
<th>County</th>
<th>Population [in thousands]</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dolnośląskie</td>
<td>169</td>
<td>3</td>
<td>26</td>
<td>2878,6</td>
</tr>
<tr>
<td>Kujawsko-pomorskie</td>
<td>144</td>
<td>4</td>
<td>19</td>
<td>2066,1</td>
</tr>
<tr>
<td>Lubelskie</td>
<td>213</td>
<td>4</td>
<td>20</td>
<td>2166,2</td>
</tr>
<tr>
<td>Lubuskie</td>
<td>83</td>
<td>2</td>
<td>12</td>
<td>1008,2</td>
</tr>
<tr>
<td>Łódzkie</td>
<td>177</td>
<td>3</td>
<td>21</td>
<td>2555,9</td>
</tr>
<tr>
<td>Małopolskie</td>
<td>182</td>
<td>3</td>
<td>19</td>
<td>3279,0</td>
</tr>
<tr>
<td>Mazowieckie</td>
<td>314</td>
<td>5</td>
<td>37</td>
<td>5188,5</td>
</tr>
<tr>
<td>Opolskie</td>
<td>71</td>
<td>1</td>
<td>11</td>
<td>1037,1</td>
</tr>
<tr>
<td>Podkarpackie</td>
<td>159</td>
<td>4</td>
<td>21</td>
<td>2097,3</td>
</tr>
<tr>
<td>Podlaskie</td>
<td>118</td>
<td>3</td>
<td>14</td>
<td>1192,7</td>
</tr>
<tr>
<td>Pomorskie</td>
<td>123</td>
<td>4</td>
<td>16</td>
<td>2210,9</td>
</tr>
<tr>
<td>Śląskie</td>
<td>167</td>
<td>19</td>
<td>17</td>
<td>4654,1</td>
</tr>
<tr>
<td>Świętokrzyskie</td>
<td>102</td>
<td>1</td>
<td>13</td>
<td>1275,6</td>
</tr>
<tr>
<td>Warmińsko-mazurskie</td>
<td>116</td>
<td>2</td>
<td>19</td>
<td>1426,2</td>
</tr>
<tr>
<td>Wielkopolskie</td>
<td>226</td>
<td>4</td>
<td>31</td>
<td>3386,9</td>
</tr>
<tr>
<td>Zachodnio-pomorskie</td>
<td>114</td>
<td>3</td>
<td>18</td>
<td>1692,3</td>
</tr>
<tr>
<td></td>
<td>2478</td>
<td>65</td>
<td>314</td>
<td>38115,6</td>
</tr>
</tbody>
</table>

Source: Mały Rocznik Statystyczny Polski 2008, GUS, Warszawa 2008, s.83, s. 646

At the same time, the system of administrative and territorial division of Ukraine is characterized by the following constituent elements:
- “oblast” represents the territorial basis for the functioning of the executive authorities and the regional council, which is a body of local self-government and a representative of the interests of the communities that belong to the administrative division,
- “rayon” (region) includes a certain number of communities. In turn, the region is the basis for the functioning of the Regional Council, the local self-government of this level;
- “hromada” (community) includes several settlements, it is the territorial basis for organization of local self-government by residents of settlements within the territory of the community.

Thus, we come to the conclusion that the administrative and territorial division of Ukraine and Poland is similar in structure and consist of three levels, with the communities: “hromadas” in Ukraine and “gminas” in Poland being the basic level of local self-government.

It is also necessary to compare the main parameters of the development of the economy of Ukraine and Poland, which took place at the beginning of certain stages of the decentralization reform, first of all, the dynamics of the GDP volume in the first years of the reform implementation (fig. 2).

Comparative graphs of inflation rates are presented in Figure 3.

Fig. 2 Dynamics of GDP volume in Poland (at the beginning of the first and second stages of the implementation of the decentralization reform) and in Ukraine.
Source: compiled by the authors on the basis of [4]; [7].

Fig. 3 Dynamics of inflation rates in Poland (at the beginning of the first and second stages of the implementation of the decentralization reform) and in Ukraine.
Source: compiled by the authors on the basis of [4]; [7].
Comparative graphs of the size of the government debt as a percentage of GDP are presented in Figure 4.

![Graphs showing government debt as a percentage of GDP for Poland and Ukraine](image)

Fig. 4. Dynamics of the size of government debt as a percentage of GDP in Poland (at the beginning of the first and second stages of the implementation of the decentralization reform) and in Ukraine.

Source: compiled by the authors on the basis of [4]; [7].

Thus, we arrive to the conclusion that the first stage of the implementation of the decentralization reform in Poland took place in the same difficult economic conditions as in Ukraine and was characterized by a sharp drop in GDP and significant inflation rates. The difference between the basic economic conditions of conducting reforms was only in the fact that the first stage of decentralization in Poland took place in the absence of debt pressure on the state budget. But the second stage of reforms (1998-1999) in Poland took place already in the presence of a significant amount of state debt.

In determining the principles of conducting the reform of the territorial division and the reform of local self-government of Ukraine, it should be noted that the draft law On Amending the Constitution of Ukraine on the Decentralization of Power stipulates [8]:

- rejection of a centralized model of government;
- implementation of the provisions of the European Charter of Local Self-Government [9];
- ensuring the financial viability of all levels of local self-government and the creation of conditions for an effective system of territorial division of power.

Thus, the following principles of local self-government reform in Ukraine have been declared:

- the principle of the capability of local self-government, which envisages the provision of sufficient resources for the execution of powers. In addition, in order to ensure the sustainable development of administrative and territorial units, historical, economic, ecological, geographical, demographic, ethnic and cultural traditions are taken into account.
  At the regional and district levels of local self-government, an institute of prefects is introduced, which are endowed with rather controlling than administrative powers, which becomes a key feature of the local self-government system in Ukraine, since in Poland only at the level of Województwo there is an institution of Wojewoda;
- the principle of omnipresence, which means getting at the disposal of local self-government the land outside the settlements, that is, its distribution throughout the country;
- the principle of subsidiarity, which means that the highest level of authorities (in this case, regional and” oblast” councils) are delegated only those powers that cannot be exercised at the lowest level or which are more expedient to carry out at the highest level. Such a transfer

409
of authority may be carried out by approving special decisions by local self-government bodies of the basic level, but certain powers may be attributed to the competence of local government bodies of the regional and “oblast” levels directly by a regulatory and legal act. At the same time, the fundamentals of the material and financial basis of local self-government were formed, in particular, a list of local taxes and fees, as well as part of national taxes and other revenues of local budgets for exercising their own and delegated powers is determined. All objects located within the community like land, movable and immovable property, natural resources, other objects within the relevant territory, are under the jurisdiction of the territorial communities, no issue of the local level can be resolved without the consent of local authorities.

At the same time, it should be noted that the experience of Polish decentralization is based on the declaration of the following principles of the administrative and territorial division of the reform and territorial self-government [4]:
- building a civil society, introducing new levels of government, which should involve every citizen in the governance process, and simultaneously making them responsible for the results of their activities;
- subsidiarity i.e. the transfer / delegation by the central government of a number of functions to local authorities;
- effectiveness i.e. the ability of local and regional communities to use successfully their potential for their own development;
- transparency, openness and accountability, the elimination of unnecessary administrative and bureaucratic structures, a radical reform of the public finance system;
- flexibility that means the ability to quickly respond to changes in external and internal factors and the establishment of effective feedback from public authority.

Conclusions. So, the basic conditions for the implementation of the decentralization reform, which, for the purpose of analysis, were grouped into three units (administrative and territorial division and local government structure, the key parameters of economic development at the start of the reform implementation and the declared principles of the reform) are identical in Ukraine and Poland, which turn, completely refutes the view of the inexpediency of considering the Polish experience on decentralization in Ukrainian realias.

Summing up the abovementioned, it is also necessary to note the following. The effective implementation of the decentralization reform in Ukraine will definitely take place. It is essential to create the necessary conditions for this: shifting away from the voluntariness in the processes of community unification, which is the basis of the administrative and territorial reform in Ukraine, which does not allow the necessary changes to be made simultaneously (as it happened in Poland), which leads to a slowdown in the decentralization process, causes public disappointment and strengthens the position of its opponents; the improving of the efficiency of legislative power in the direction of adopting the necessary regulations; an adequate level of provision of management at the regional level, and the like.


References


The article is recommended for printing 06.05.2019 © Savastieieva O. N., Butenko V. V., Zhuravlova T. O., Fic Daniel