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Administrative-territorial reform of Ukraine as part of the process of decentralisation of power**

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Summary: 1. Introduction. 2. Materials and Methods. 3. Results. 4. Discussion. 5. Conclusions.

1. Introduction

The issue of decentralisation and administrative-territorial reform in Ukraine is currently essential and relevant. The process of power decentralisation in Ukraine is a part of the European integration policy implemented in the country. Since its ratification in 1997, Ukraine has complied with the European Charter of Local Self-Government¹. Thus, in the period from 1997 to 1999, the Verkhovna Rada of Ukraine approved the following laws: Law of Ukraine No. 280/97-VR "On local self-government in Ukraine"², Law of Ukraine No. 401-XIV "On the capital of Ukraine – the hero city Kyiv"³, Constitution of the Autonomous Republic of Crimea⁴. On May 28, 1998, the Congress of Local and Regional Councils of Europe approved "Recommendations on local and regional democracy in Ukraine"⁵. Since 1981, the issues of the administrative and territorial structure were regulated by the Decree of the Presidium of the Supreme Council of the Ukrainian SSR No. 1654-X "On the procedure for resolving issues of the administrative and territorial system of the Ukrainian SSR"⁶. The main issue of this study is to determine the role of administrative-territorial reforms in the process of decentralisation, the reform process, its essence and its results. One of the main objectives of the study is an attempt to determine the economic and political success of the reform. Although decentralisation and related administrative-territorial changes started only in 2014, there were several early attempts to change the old

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¹ <https://rm.coe.int/168007a088>. 20.08.2023.

² <https://zakon.rada.gov.ua/laws/show/280/97-%D0%B2%D1%80#Text>. 20.08.2023.

³ <https://zakon.rada.gov.ua/laws/show/401-14#Text>. 20.08.2023.

⁴ <https://zakon.rada.gov.ua/krym/show/rb239k002-98#Text>. 20.08.2023.

⁵ A. Yu. Martynov, Recommendations on local and regional democracy in Ukraine, in a European social charter Encyclopedia of the history of Ukraine, Kyiv, 2005, pp. 94 ss.

⁶ <https://zakon.rada.gov.ua/laws/show/1654-10#Text>. 20.08.2023.

administrative structure inherited from the Union of Soviet Socialist Republics (in fact, since 1966)⁷. The first reform effort was implemented after the Orange Revolution of 2004. Then, the Vice Prime Minister of the new government, Roman Bezsmertnyi was in charge of this, the reform provided for the consolidation of districts, changing the names of administrative-territorial units, and some other improvements, but this reform was not implemented⁸. A reform attempt from line minister Anatoliy Bliznyuk in 2012 ended similarly⁹. Only in 2014, after the events of Euromaidan and with the arrival of the new government, the government started a reform project, which for the first time resulted in significant changes in the administrative system and local self-government. Thus, on April 1, 2014, the government of Arseniy Yatsenyuk approved the national project "decentralisation" – "On Approval of the Concept of Reforming Local Self-Government and Territorial Organization of Power in Ukraine"¹⁰, which provided greater financial and administrative independence to local authorities. However, most of the practical component of the reform was implemented during the government of Volodymyr Groysman (2016-2019), when this reform was identified as one of the priorities¹¹.

Although the subject of administrative-territorial reform in Ukraine is not well-known and recent (in fact, the reform was only completed in 2020). Thus, with the assistance of the Ukrainian-Swiss project DESPRO, a series of books "Decentralization and Governance" was published¹². Researcher A. Tkachuk¹³ developed his training module on a similar subject: "Local self-government and decentralization". The study of the specific features of decentralisation and administrative reform in Ukraine was also conducted by another modern researcher – Yu. Hanushchak¹⁴. However, all the above researchers regard the decentralisation reform as a positive initiative that, although not without some difficulties and shortcomings, is superior to previous attempts, namely that it has been carried to completion rather than being at a standstill at the design stage, helped precisely by both the

⁷ V. E. Nyzhnyk – D. O. Shelyagin. *Ukrainian SSR: Administrative-territorial division (as of April 1, 1967)*. Kyiv, 1969, p. 101 ss.

⁸ <https://www.eurointegration.com.ua/rus/interview/2015/05/29/7034268/>. 20.08.2023.

⁹ Ya. V. Vermenych – O. V. Androschuk, *Changes in the Administrative and Territorial Structure of Ukraine in the 20th-21st Centuries*, Kyiv, 2014, pp. 65 ss.

¹⁰ <https://zakon.rada.gov.ua/laws/show/333-2014-%D1%80#n8>. 20.08.2023.

¹¹ <http://surl.li/ddxei>. 20.08.2023.

¹² <https://despro.org.ua/library/publication/decentralisation-and-governance-books/>. 20.08.2023.

¹³ A. Tkachuk, *Local self-government and decentralization*, Kyiv, 2016, pp. 43 ss.

¹⁴ Yu. Hanushchak, *Reform of the territorial organization of power*, Kyiv, 2013, pp. 69 ss.

domestic political situation in the country and popular demand for reforms.

The main purpose of this study is to define the role of the administrative-territorial reform of 2020 in Ukraine's decentralisation process and to resolve the insufficient historiographical exposure and research on this subject.

The objectives of the study were as follows:

1. Evaluate the impact of administrative-territorial reform on Ukraine's decentralization process, particularly the introduction of new administrative units (TC) and their effect on local budget autonomy and community development.
2. Examine the success of administrative-territorial reform in Ukraine and its contribution to decentralization, highlighted by significant increases in local budgets, expanded local government functions, and enhanced economic autonomy of communities, aligning the country with European governance norms.

2. Materials and Methods

The methodological approach in this research is based on a qualitative combination of several methods: systematic analysis of historiography, publications, documentation and other scientific sources connected with this or related subjects. Thus, using this method, scientific literature and publications were analysed, the conclusions of which provided the foundation for further research on the subject. The method of comparison used to compare the "new" and "old" administrative-territorial boundaries and the specific features of local government, their function and significance. In addition, the following methods were used: analysis and synthesis. In particular, through "analysis", the research subject was divided into several components, each of which was investigated, while at the same time, through "synthesis", based on previous knowledge, ways were identified to solve the main research problem. The theoretical base for this research is established by the results of work, research and publications by several researchers. In addition, the documents, acts, decrees and laws that were significant in establishing the administrative-territorial reform in the process of decentralisation were used in writing this research. In this research study, all available theoretical foundations have been processed using the systematic analysis method.

The research was performed in three main phases. The first stage of the academic research provided a theoretical foundation, which will later be implemented as the main foundation for further academic research. This stage of the academic research included a systematic analysis of the methods, sources, literature and other components of the research.

In the second stage of the research, an analytical study of the perspectives of this subject, namely administrative-territorial reforms in Ukraine, their

history, stages of reform, current state and prospects of changes and development, was performed. At this stage, a comparative analysis was performed on the results of the research with the results obtained by other academics in previous studies. It provides clarification and verification of the findings and potentially broadens the scientific perspectives of the study. At this stage, most of the scientific-theoretical methods that have been declared as the theoretical and methodological foundation of this study were applied. The second stage was the major one in the course of this scientific and technical work, as it was during this stage that most of the background and basic research material was processed and analysed, the results of which provided the foundation for this research.

At the final stage of the research, based on the results obtained during the research, the conclusions of this scientific study were developed, which are the final reflection of these results and generally determine the main trends of the decentralisation process in Ukraine and administrative-territorial reform as its component. In general, the results of this research and the conclusions based on them can be used in the future as an effective scientific foundation for research and study of a subject of modern Ukrainian history, namely the implementation of reforms in the years 2014 to 2019.

3. Results

Administrative-territorial reform and the establishment of new administrative-territorial units were essential for the decentralisation reform. The purpose of the reform, according to the Cabinet of Ministers, was to establish a new, efficient local government apparatus that would correspond to European standards and would be more efficient and effective in providing services and establishing institutions of direct government than the previous one^{15, 16}. In April 2014, the Government of Ukraine adopted the "On Approval of the Concept of Reforming Local Self-Government and Territorial Organization of Power in Ukraine"¹⁷. This document actually started the reform. Nevertheless, the administrative-territorial reform project could not be implemented immediately as constitutional amendments were required, which were only adopted by the Verkhovna Rada of Ukraine on 31 August 2015¹⁸. According to the original reform plan, there were plans to replace the current "three-tier system" of local government (village councils, district councils, regional councils). Thus, the first level of local government would be the amalgamation of several villages or town-type settlements, and new districts would be established based on such amalgamations, which would become part of the

¹⁵ <https://cutt.ly/9VHmctE>. 20.08.2023.

¹⁶ <https://www.kmu.gov.ua/diyalnist/reformi/efektivne-vryaduvannya/reforma-decentralizaciyi>. 20.08.2023.

¹⁷ <https://zakon.rada.gov.ua/laws/show/333-2014-%D1%80#n8>. 20.08.2023.

¹⁸ <https://zakon.rada.gov.ua/laws/show/656-19#Text>. 20.08.2023.

regions. The highest level of local government would be the regions, the Autonomous Republic of Crimea and the cities of special significance Kyiv and Sevastopol¹⁹.

In the course of the reform, a new administrative-territorial unit, the territorial community (TC), was established. A TC – an amalgamation of several villages, most often around a large village or urban-type settlement. A few TCs developed a "new" district and a few districts respectively, a region, while at the same time, the TCs included several headmen, the new lowest administrative-territorial body, which effectively replaced the village councils. It reduced the districts, which, in turn, were allowed more powers and financial and economic independence. Thus, while previously the region had an average of 10-12 districts, after the reform, the national regional average was 4-5. After the merger of several communities into one, the TC acquired full legal succession to the property, duties and rights of the communities that had merged, and had to conduct wills in which rural, town and city councils were to be reorganised, in particular new heads, deputies and executive bodies were to be elected^{20, 21}.

A critical assessment of the advantages and disadvantages of the administrative-territorial reform is important for understanding its impact on Ukraine. Despite some positive aspects, the reform also has a number of negative consequences. One of the main drawbacks is the emergence of "gaps" in the legislation. After the formation of territorial communities in some regions, a situation of "power vacuum" arose, when it was not clear which functions of the former rayon councils were taken over by the newly formed territorial communities and which remained the responsibility of the expanded rayons. In addition, there were problems in the interaction between regional and district state administrations and their relations with territorial communities.

Another drawback is the insufficient powers of the heads of territorial communities. Many local leaders feel that their powers to manage land resources, public order and other aspects are insufficient. This complicates the effective management of territorial communities and can lead to conflicts and dissatisfaction among local residents. The reform has caused some practical difficulties, in particular with regard to the mobility of emergency services. The amalgamation of rayons has led to a situation where residents of some villages now have to wait for services to arrive from remote towns in the rayon. In addition, the cost of replacing documentation and road signs has increased due to changes in place names.

¹⁹ <http://surl.li/ddxei>. 20.08.2023.

²⁰ <https://cutt.ly/1VHWUpd>. 20.08.2023.

²¹ M. Berdar, *Legal challenges and innovations in executive proceedings in Ukraine and the world: A comparative aspect*, in *Scientific Journal of the National Academy of Internal Affairs*, 28(4) (2023), pp. 47-57.

The establishment of village councils and the role of the headman is notable. Although originally designed to replace village councils and their heads, the final version of the reform allocated slightly different responsibilities to them. Until July 2020, the leader was elected by villagers and served as an official for the duration of the local council's term. Since July 2020, following amendments to the Law of Ukraine No. 280/97-VR "On local self-government in Ukraine"²², the village, town or city council approves the mayor for the term of their office. The headman is the representative of the executive board, and all TC headmen are members of the community's executive committee. According to the legislation in force, the village head has the following powers: as a representative of the interests of villagers in the local community council; to assist and help villagers or settlers prepare documents to be submitted to local authorities; to participate in preparing draft budgets and financial programmes to be implemented on the territory of the village or settlement; to present proposals to the executive committee of the community, in matters of activities on the territory of the village or settlement. In addition, it is the responsibility of the headman to report on their activities to the Council of the TC at least once a year. Before the reform, the powers of the village council chairmen were extremely restricted, and apart from official functions, they had the same rights as the deputies of local councils. Therefore, while the headman remained a representative of the lowest level of local government, their duties and powers were considerably expanded as compared to the village council chairman^{23, 24}.

In addition to the post of the headman, there were other plans to establish prefects. According to the overriding plan, prefects were to be the local counterparts to the old positions of heads of regional state administrations (sometimes colloquially referred to as "governor"). It is still unclear whether the reform plan specified the position of prefect as an elected position or whether prefects were to be appointed by the highest levels of government. The prefect is the official who was supposed to perform monitoring and coordinating functions after the implementation of decentralisation reform, in particular, the prefect's responsibilities include supervising the observance of the constitution and laws of Ukraine by local self-government authorities. Currently, however, the post of prefect has not been introduced, as in addition to everything else, there are plans to divide it into separate districts for the prefecture's activities. Though the necessary constitutional amendments have been completed, the

²² <https://zakon.rada.gov.ua/laws/show/280/97-%D0%B2%D1%80#Text>. 20.08.2023.

²³ A. O. Chemerys – P. I. Shevchuk – P. F. Gural – A. Y. Serant – A. V. Lipentsev, *Local self-government. Organization of the work of the village head*, Lviv, 1999, pp. 103 ss.

²⁴ B. Yakymenko, *Formation of the institute of personal data protection and experience of its implementation in the countries of the EU*, in *Scientific Journal of the National Academy of Internal Affairs*, 28(4) (2023), pp. 68-79.

introduction of the post itself is only being planned²⁵. The TC development process was gradual, the unification process was voluntary, communities decided independently how they should unite, and sometimes surveys were conducted on the issue. However, in 2015, the first merged territorial communities emerged: 2015 – 159 communities; 2016 – 206 communities (365 in total); 2017 – 299 communities (664 in total); 2018 – 140 communities (804 in total); 2019 – 197 communities (1001 in total). In general, according to the government, at the beginning of 2020, the number of TCs in Ukraine was 1070 communities²⁶. As of 2019, the number of people living in TC has reached 11.2 million, which is approximately one-third of the population of entire Ukraine²⁷.

The administrative centre of the amalgamated territorial community most often became a settlement that had already developed infrastructure, a full range of public order services and the proper functioning of public utilities (police and fire stations, hospitals, administration). Priority in the selection of the administrative centre and the establishment of the community was based on the geographical location of the settlement, preferably in the centre of the newly established TC (all settlements in the community should be equidistant from the centre of the community). The newly established community was named after its administrative centre. In the process of reform, local communities were provided with more rights and powers. In addition, legislative developments have provided local communities with access to a wide range of administrative services, as community centres have initiated the process of opening CASPs that operate according to modern European standards and operate on a "one-stop-shop" approach, i.e. allowing convenient and quick access to services in one place²⁸. In addition to administrative and managerial reforms, the new territorial communities gained more financial and economic freedoms. In particular, with the implementation of the reform, most of the taxes gathered in the territory of the community remained in the community rather than going to the centre. Thus, 100% of the incomes from property tax, single tax, corporate income tax, fees for administrative services, 25% of the ecological tax, 5% of the excise tax, and 60% of the personal income tax were left in the community. For some communities, the implementation of this reform has multiplied local budgets, and the administrative reform has greatly facilitated the mechanisms for applying the budget, allowing many bureaucratic procedures to be avoided and the finances to be managed straight by the community.

²⁵ <https://decentralization.gov.ua/news/11755>. 20.08.2023.

²⁶ <https://cutt.ly/2VHRnnL>. 20.08.2023.

²⁷ <https://decentralization.gov.ua/uploads/library/file/494/10.11.2019.pdf>. 20.08.2023.

²⁸

<https://web.archive.org/web/20171222051834/http://decentralization.gov.ua/cnap#main-info>. 20.08.2023.

In addition, during the reform, the central government encouraged communities to unite, including by helping communities by providing financial support to loss-making and subsidised regions. In particular, subsidies were allocated from the state budget for the development of medicine, education and infrastructure in the communities. Thus, in 2019, subsidies for infrastructure development in the regions were allocated 1.9 billion UAH. In addition, after the merger, the territorial communities moved to establish direct inter-budgetary relations with the state budget (previously, only the regional and district budgets and the budgets of cities of regional significance were able to do this). Thus, the procedure for allocating subventions to communities rather than regions or districts was simplified, which not only accelerated the implementation and financing of projects but enhanced the transparency of budgetary financial transactions²⁹. In general, according to the first data obtained after the implementation of the reform, domestic incomes to local budgets increased by 124 billion UAH between 2014 and 2017. In 2018, incomes increased by a further 34.2 billion UAH, and in 2019, the increase in incomes reached 15% (294 billion UAH)³⁰. Thus, the establishment of the TC has had a positive impact on the provision of local budgets, which subsequently resulted both in improved quality of public services and in the development of local infrastructure, public space, tourism and other sectors that had previously been financed on a leftover principle from the centre or were unprofitable³¹.

Thus, during the reform, educational and medical developments were implemented. The main development in terms of education is the change in the funding system. In particular, with the implementation of the changes, funds are not allocated to the entire school but are transferred to each pupil separately. With the implementation of the reform, pupils in towns, villages or townships can have the same quality of education, as the amount per pupil is the same, irrespective of their place of residence. Before the reform, school funding depended, among other things, on the number of pupils attending the school, and consequently, urban schools were practically always in priority³². In medicine, the decentralisation reform had the same purpose as in education: to improve the quality of service provision through budget reallocation. Thus, instead of paying for a "bed", it was offered to introduce payment only for services provided and available. In addition, in the reform, there were plans to abandon "fully free" medicine and make it partially fee-based. Thus, according to the

²⁹ <https://cutt.ly/ZVHTV4s>. 20.08.2023.

³⁰ https://cost.ua/637-local_budgets_2019/. 20.08.2023.

³¹ <https://forsal.pl/gospodarka/inwestycje/artykuly/8232796,decentralizacja-jest-najwiekszym-sukcesem-niepodleglej-ukrainy.html>. 20.08.2023.

³² <https://cutt.ly/8VHYtBP>. 20.08.2023.

original plan, only emergency, primary and palliative care was to remain free of charge³³.

In general, local budget incomes have more than doubled since the administrative-territorial and decentralisation reforms: from 68.6 billion UAH to 146.6 billion UAH only in 2016. In addition, between 2015 and 2017, when old districts and TCs existed in parallel, TCs were observed to be more involved in the budget establishment process, in addition, the percentage of local budget expenditure per person increased, in 2015, compared to 2016, by 225%³⁴. It demonstrates the efficiency of the reform, both in financial and economic and administrative terms. Administrative-territorial reform in the process of decentralisation has exclusively promoted positive changes, namely the establishment of new administrative units (TC), which has decentralised local government by giving it more powers, and financial and administrative autonomy, resulting in a more efficient usage of available resources, shifting them to priority areas. Administrative-territorial reform has been an integral part of Ukraine's decentralisation process, as granting powers without changing the administrative division and establishing new communities and districts would not have had the desired effect due to the often outdated and Soviet-era administrative division into districts. Thus, in general, the role of administrative-territorial reform in the process of decentralisation can be defined as extremely significant and crucial.

4. Discussion

Administrative-territorial reform through decentralisation is an essential part of Ukraine's modern history. However, the subject has been under-researched, at least due to its novelty, as the reform has not yet been fully implemented and has only recently started to work in its entirety. Even though the decentralisation reform and administrative-territorial amendments have been accepted positively by the majority of the population³⁵, some Ukrainian researchers and journalists are criticising the reform changes. In particular, one of the main drawbacks and remarks of the reform, critics noted the inability of the newly established communities to dispose of land that belongs to the community but is outside the settlement. This remark can be explained by the fact that decentralisation reform was under preparation and implemented even before land reform and the lifting of the moratorium on land sales in Ukraine. Therefore, formally, all land that was outside the settlement belonged to the state and

³³ <https://cutt.ly/3VHYfxY>. 20.08.2023.

³⁴ <https://decentralization.gov.ua/uploads/library/file/494/10.11.2019.pdf>. 20.08.2023.

³⁵ <https://www.slg-coe.org.ua/p16423/>. 20.08.2023.

did not come under the jurisdiction of the newly established communities^{36, 37}.

Furthermore, one of the identified drawbacks pertained to "gaps" in legislation. Consequently, during the initial phase following the establishment of TCs, certain regions experienced a form of "power vacuum." It remained unclear which functions of the former district councils were assumed by the newly formed TCs and which were taken up by the administration of the expanded districts. Additionally, challenges arose in the interactions between regional and district state administrations and their dealings with TCs. According to a survey conducted among TC heads, only 27% of communities reported receiving assistance from district state administrations, while 29% acknowledged receiving assistance from regional councils. Meanwhile, the greatest assistance in the establishment of TC, the heads of communities experienced from the regional state administrations – 70% and the Cabinet of Ministers of Ukraine – 49%³⁸. In general, the vast majority of the surveyed mayors, heads of TCs and other representatives of local authorities, namely 95%, identified the insufficiency of their powers in the area of land management as the main problem of the reform, 25% of those surveyed described their lack of powers in the area of public order protection, 24% – in the area of water management and forest belt management, only 2% of respondents are fully satisfied with the number of their powers. The problem of insufficient authority is precisely the main one for most local government authorities^{39, 40}.

On the other hand, some researchers, in particular, M. Karmazina et al.⁴¹ in their study "Regional political regimes in Ukraine: foundations of development, specifics of functioning, peculiarities of transformation", are cautious and alert to the expansion of the powers of the so-called "local elites". According to the researchers working on this study, Ukrainian regional peculiarities, developed corruption, oligarchy and other adverse

³⁶ <https://decentralization.gov.ua/uploads/library/file/494/10.11.2019.pdf>. 20.08.2023.

³⁷ N. Albalawee – V. Franchuk – H. M. Balas – H. J. M. Shakhathreh – D. Yosyfovych, *Public administration of the economic security system through the prism of human rights protection in a changing political and legal environment*, in *Social and Legal Studios*, 6(4) (2023), pp. 9-17.

³⁸ <https://decentralization.gov.ua/uploads/library/file/494/10.11.2019.pdf>. 20.08.2023.

³⁹ https://web.archive.org/web/20171010183618/http://decentralization.gov.ua/pics/attachments/decentralization_report_2017.pdf. 20.08.2023.

⁴⁰ V. Bozhyk – G. Vlasova – A. Stryzhevskaya – P. Tsymbal, *Business criminal investigation: Foreign experience and legal regulation in Ukraine*, in *Social and Legal Studios*, 6(4) (2023) pp. 48-57.

⁴¹ M. Karmazina – T. Bevz – N. Rotar, *Regional political regimes in Ukraine: foundations of formation, specifics of functioning, features of transformation*, Kyiv, 2018, pp. 56 ss.

factors can contribute to the development of "local elites" in the regions, who will be the sole holders of power, which can in such a situation lead to even greater corruption, usurpation of local power by a certain closed circle of individuals, budget plundering, etc. The researchers warn that in the current Ukrainian reality, with weak institutions of power, some TCs could theoretically turn into "personal fiefdoms" of local politicians. However, although such a scenario is not excluded, it is quite improbable, as, in recent years, the level of tolerance towards corruption among Ukrainians has decreased noticeably, anti-corruption and corruption prevention authorities have started to function, and independent media (including regional media) objectively cover local events and incidents, including investigative journalism, concerning corruption⁴².

Regarding administrative-territorial developments, in particular, much of the criticism has centred on purely practical issues. For example, due to the enlargement of districts, when several districts were merged into one, the problem of emergency response mobility emerged. Thus, as an example, if previously villagers in the Borodianka district called a service (ambulance, fire brigade, police patrol) and expected it to come from their district centre, now they have to wait for services to arrive from remote towns in the district (Makarov or Bucha). A similar situation can occur if the duty office of a particular service is not in the district centre but a village in a neighbouring TC. Toponymic issues are frequently criticised in the administrative-territorial reform, as the enlargement of districts, the replacement of old districts by TCs and of village councils by headmen, entails several budgetary expenses for the replacement of documentation, signage, road signs, etc. A similar criticism has previously been expressed about the "decommunisation" law. However, if consideration is given to the growth of community budgets through this reform, it can be concluded that all of the incidental costs will soon be recovered by budgetary replenishment⁴³.

Regarding foreign publications on Ukraine's administrative-territorial reforms and decentralisation, the subject is underdeveloped among researchers, but there are studies on the subject. For example, Polish journalist and researcher M. Potocki⁴⁴ notes the positive aspects of decentralisation in Ukraine, citing the example of Chernihiv, where the researcher was based. As a relatively small city, over the last few years, Chernihiv has increased its budget income, and the city authorities have developed infrastructure, public space, tourism etc. Another researcher D. Szeligowski⁴⁵ positively evaluates the decentralisation reform, in particular, they noted that only after ex-President Yanukovich fled,

⁴² <https://ti-ukraine.org/>. 20.08.2023.

⁴³ Ya. V. Vermenych – O. V. Androschuk, *Changes in the Administrative*, cit., pp. 65 ss.

⁴⁴ <https://forsal.pl/gospodarka/inwestycje/artykuly/8232796,decentralizacja-jest-najwiekszym-sukcesem-niepodleglej-ukrainy.html>. 20.08.2023.

⁴⁵ <https://cutt.ly/yVHnXej>. 20.08.2023.

Ukraine abandoned the "vertical power structure", in which the President could "manually" control political and economic processes literally at the district level. According to the researcher, this has had a positive effect in preventing usurpation of power in the country and has given more powers to the regions. The decentralisation reform was positively evaluated by the researcher from the University of Dallas Ye. Marynychak⁴⁶, in particular, notes the Ukrainian experience of replenishing public funds from economically unattractive territories by establishing local tax jurisdictions with a special taxation regime. The study refers to initiatives to establish free economic trade zones in different regions of Ukraine (in particular in Donbas) as part of the decentralisation policy, but due to the actual lack of implementation, this experience is recognised by the researcher as a failure. In work, they question, in general, the possibility of establishing economic autonomy in a single region as an economically viable project and insists that all regions of the country should be in equal economic conditions for equal development.

In general, despite the existing criticism, this research confirms the opinion of most Ukrainian researchers and publicists that decentralisation reform was required in Ukraine as of 2014, and unlike some other reforms of that period, it can be described as successful, as it produced quite visible results. Administrative-territorial reform was required for the qualitative and efficient implementation of the decentralisation process⁴⁷⁴⁸. Thus, research findings of several authors provide evidence of mainly positive indicators of decentralisation reform in Ukraine and of administrative-territorial reform, such as an increase of political and economic independence of regions and higher incomes to local budgets, etc. However, most researchers do not idealise the reform, highlighting its drawbacks. The results of this research correspond with much of the research of the above-mentioned authors, however, demonstrating the validity of the research. Further development of research on decentralisation and administrative reforms will contribute to the development of local government in the future.

5. Conclusions

Administrative-territorial reform has been an integral part of Ukraine's power decentralisation process, the main function of administrative-territorial reform has been to ensure the functioning of reform throughout the country through the introduction of new administrative units. The

⁴⁶ Ye. Marynychak, *Theoretical and methodological approaches to the formation of a modern system of enterprises, organizations and institutions' development*, Dallas, 2019, pp. 79 ss.

⁴⁷ <https://zakon.rada.gov.ua/laws/show/333-2014-%D1%80#n8>. 20.08.2023.

⁴⁸ A. Tkachuk, *Local self-government and decentralization*, Kyiv, 2016, pp. 43 ss.

enlargement of districts, therefore, provided greater autonomy to local budgets, which resulted in the rapid growth of community incomes. The introduction of headmen positions and the establishment of headmen instead of township councils increased the autonomy and empowerment of local village and township communities (the lower authorities of local self-government), which facilitated their development. The local budgets were enriched due to the implementation of the reform, most of the taxes and incomes obtained in the community went to the community budget, rather than being transferred to the centre, where these funds established the general budget from which other regions were subsidised, and often profitable communities received significantly less than they were contributing.

In general, the new administrative-territorial division replaced the old Soviet system of local government. The new division is noted for its greater practicality, both for citizens, who have received administrative and service delivery centres closer to them, and from the standpoint of governance, economic viability and the like. The new communities performed well compared to the "old" districts, as the reform was implemented gradually; between 2015 and 2017, the administrative entities of the Soviet three-tier system operated in parallel with the newly established territorial communities in the territory of Ukraine. As a result, income to local budgets was 2-3 times higher in the territorial community's than in the districts, even with identical budgeting conditions and identical production sectors on which the local budget was based. Thus, the majority of researchers, publicists and journalists who have studied the subject of the decentralisation process describe the administrative-territorial reform as a successful solution and the reform itself as a success, which in practice is proved by the increase in local budgets, the expansion of local government functions and the increase in the economic autonomy of communities. The reform brings Ukraine closer to European provisions and standards of local self-government, where regions are financially independent of the administrative centre.

Based on the findings of the study, here are some recommendations for policymakers and decision-makers. Given the positive impact observed, policymakers should continue the administrative-territorial reform process in Ukraine. This should involve further enlargement of districts and the introduction of new administrative units to enhance local budget autonomy and foster community development. The establishment of headmen positions and the shift towards empowering local village and township communities have proven effective. Policymakers should further empower these local entities by providing them with adequate resources, training, and decision-making authority to drive local development initiatives. To maintain financial stability and fairness across regions, it's crucial to ensure transparent fiscal transfers from the central government to local budgets. This will prevent profitable communities from receiving

disproportionately less than they contribute and promote equity in resource allocation.

Abstract: The purpose of research is to highlight the administrative-territorial reform in Ukraine (2014-2020), to study its impact and significance in the process of decentralisation, to determine its financial and political efficiency, and to identify all the features and aspects of the reform. The scientific approach in study is based on the methods of systematic analysis of other scientific works and the method of analysis of work with documents, in particular laws, regulations, etc. The main accomplishment of scientific research should be considered the definition of the main results of the administrative-territorial reform, the definition of its role and significance in the process of decentralisation, the features of the decentralisation process in Ukraine, its main causes, economic, political and social impact, consequences, etc. The research findings can be practically applied to address key issues in Ukraine's administrative-territorial system and decentralization, including enhancing local self-governance, funding local budgets, and supporting regional projects.

Key Words: local self-government; territorial community; local authorities; financing of regions; consolidation of districts.