

Kurysh T.

Institute of Geography of the National Academy of Sciences of Ukraine, Kyiv, Ukraine.

E-mail: kurysh.taras@gmail.com

SPATIAL AND FINANCIAL ASPECTS OF LOCAL GOVERNMENT MODERNIZATION: FOREIGN BEST PRACTICES

The modern administrative-territorial system of Ukraine is currently in a transitional stage, undergoing the reform of decentralization of management. This reform opens the way for further progressive transformations of our society. The experience of EU countries shows that the driving force behind their social and economic development is local self-government. In Ukraine, it is the territorial communities whose development prospects are shaped by the needs and positions of their residents. In this process, the state should only perform a protective and regulatory function.

Local self-government, as defined by the European Charter of Local Self-Government approved by the Council of Europe on October 15, 1985. It refers to the right and capacity of local governing bodies to regulate and manage a significant portion of public affairs within the boundaries of the law, in the interests of the local population [2]. Accordingly, capability is a key characteristic of local self-government. Therefore, capable territorial communities are defined as communities of villages (villages, towns) that, through voluntary association, have the ability to independently or through relevant local governing bodies ensure the appropriate level of service provision. This includes areas such as education, culture, healthcare, social protection, and housing and communal services, taking into account human resources, financial support, and infrastructure development within the corresponding administrative-territorial unit [3]. The formation of communities occurred through voluntary association, with consideration given to the opinions of citizens. Additionally, during the planning process for community creation, the potential resource capabilities of the community for economic and social development were determined, and opportunities to provide quality services to citizens were taken into account.

The method of forming capable territorial communities, as defined by the authors of the reform, includes criteria concerning the size, population, accessibility zones of new administrative centers, as well as the presence of social, educational, and household infrastructure. Simultaneously, the financial capacity and infrastructural security of the territorial community depend on various spatial aspects, including socio-geographical factors such as favorable geographical location, effective utilization of the socio-economic and demographic potential of community centers, development of transport links, and availability of natural resources, etc.

During the implementation of the decentralization process of local self-government in Ukraine, the experience of reform processes in European countries was utilized. Specifically, the decentralization of state power in Poland primarily involved the transfer of tasks, competences, powers, financial assets, and funds from the central (higher) level to the territorial (self-government) level. Consequently, communities were granted independent legal status, and property rights were transferred. At the same time, the sources of income for the gminas were identified, ensuring their financial sustainability, and a new differentiated system of subsidies and social protection for the population was established. It's noteworthy that as a result, local government revenues in Poland increased from 150 billion zlotys to 195 billion zlotys between 2011 and 2016, indicating a significant annual growth of local budgets by 5.39% [6]. The positive growth trend in local budgets, particularly in large cities, continues to the present day.

In addition, the Law on Territorial Self-Government was adopted, which defines provincial assemblies representing the communities of residents within those provinces. These assemblies serve three main functions: 1) representing communities in their relations with central state administration bodies; 2) providing platforms for sharing experiences in self-government and, if necessary, serving as mediators between communities and the central government; 3) overseeing and auditing the activities of executive committees, communal enterprises, and organizations. Additionally, in collaboration with these assemblies, communities can form intercommuned associations to address certain tasks delegated to them.

We can agree with A. Chirkin that '... the process of reforming local self-government bodies in Poland is not yet complete. The tendency towards decentralization leads to the fact that the state entrusts gminas with regular tasks, without providing them with budget funds, which significantly complicates the functioning of municipalities. ... Proposals to create another Voivodeship, to unite or even liquidate individual gminas and counties, to change the scope of competence approved for the relevant levels of municipal administration, etc., are being heard more and more often' [6].

Over the past five years, Poland has seen a successful modernization of its local self-government system, evidenced by the strengthening of gminas and counties. This is attributed to numerous state

programs aimed at developing small farming, as well as state support of 500 zlotys per month for each child, among others. Furthermore, local self-government bodies, while analyzing the spatial aspects of community development, increasingly seek additional finances for the development of depressed counties and gminas by engaging them in various grant projects or international programs [7]. Concurrently, the financial decentralization of local self-government has contributed to the rapid development of cities in Poland, particularly in cities like Warsaw, Krakow, Wroclaw, Gdansk, Poznan, Katowice, Sopot, Kielce, and others. Clearly, the implementation of the principle of "supporting depressed gminas and not interfering in the development of large cities," given the strengthening trend of uncontrolled urbanization worldwide, now warrants attention in Ukraine as well.

The reform of local self-government bodies is currently one of the most crucial aspects of the transformation period for the Baltic republics. For both Ukraine and the Baltic republics, the main principles of this reform include democratization and decentralization of management, independence of local self-government bodies from the central government, freedom of action within the law, independence of local budgets, and the application of economic management methods rather than command-based approaches. Further implementation of these reforms is necessary to strengthen local communities and provide a wide range of high-quality public services to local residents.

For the Baltic republics, the strategic tasks of reforming local self-government are defined as:

- Introduction of EU and Council of Europe democratic standards in the field of territorial organization of public authorities.
- Liberalization of electoral legislation and widespread implementation of participatory forms of democracy utilizing the potential of "e-democracy."
- Strengthening integration among local communities, considering spatial aspects.
- Development of the local budget system and provision of financial decentralization for local communities.
- Enhancement of the system for equalizing financing for local communities.
- Development of the territorial statistical system.
- Improvement of socio-economic planning methods.
- Implementation of strategic management principles.
- Enhancement of local public services, etc. [4].

Some of the above tasks are being successfully implemented in the Baltic countries already today. In particular, the task of forming powerful territorial communities through their voluntary association and the introduction of financial decentralization. For example, in Estonia, since 2004, the Act "On Support of Voluntary Association" has been in force, and grants for OTG are also provided for. The latter assumes that:

- Each community receives funds in the amount of 50 euros per person.
- The development fund of the newly created OTG ranges from 150,000 to 400,000 euros.
- OTG receives a grant at the end of the year in which the merger was completed.
- Former elected officials of local self-government receive compensation in case of job loss as a result of community unification, etc. [5]."

In most cases, the given stimulating mechanisms catalyzed the unification of territorial communities - cities and volosts. At the same time, the formation of "centers of gravity" is observed - both in Poland and in Estonia, these are large cities.

Ukraine observes the practice of some member states of the Council of Europe regarding a significant share of the population living in the rural areas. Accordingly, when forming rural territorial communities, in order to avoid unwanted mass emigration from these territories, it is necessary to develop effective rural development programs. Their goal should be to diversify the employment structure and create new partnerships between the city and the countryside. Attention should be paid to the development of the agricultural sector, supported by subsidies, and in the private sector it is necessary to develop production and other types of activities that would serve as generators of employment, for example, in the tourism industry. It is important to establish partnership interaction and exchange of experience.

Considering the spatial location of individual territorial communities in mountainous areas of Ukraine, their exceptional potential can be identified as they fulfill ecological, economic, social, cultural, and agricultural functions. Accordingly, the Parliamentary Assembly and the Congress of Local and Regional Authorities of the Council of Europe pay attention to mountain regions in the context of implementing the strategy of social unity. In mountainous regions, many measures of spatial development designed for urban and rural areas can be implemented. At the same time, the comprehensive program for mountain regions should become an independent part of the pan-European program of spatial development, which includes measures of economic and social development, protection and the use of natural resources and takes into account the local traditions and cultural features. The program of spatial development of mountainous regions should also take into account the circumstances that borders separate some regions, so development programs on both sides of the borders should be mutually agreed upon [1].

When creating territorial communities in mountain areas, it is crucial to acknowledge that despite their diversity, which must be preserved and supported, mountain regions face similar economic, social, and

environmental challenges due to altitude, topography, and climate. An important aspect to consider is that the natural conditions of mountainous regions not only pose obstacles to their development but also offer opportunities for the local population and the generation of financial resources, ensuring the capacity of the territories. Therefore, achieving a balance between economic and social development and environmental protection is essential in such communities.

The conducted research has identified specific spatial aspects related to the formation of financial resources of territorial communities in Ukraine. Additionally, best practices from European countries have been analyzed to ensure the success of modernizing the system of local self-government and management. These practices serve as examples of the proper implementation of EU values and principles regarding the development of strong local self-government and effective territorial organization of public power through decentralization.

The analysis has revealed that Poland, the Baltic states, and other countries with conditions similar to Ukraine's have achieved significant success in implementing decentralization reforms. These reforms have led to the creation of strong regions with considerable autonomy and adequate financial resources. As Ukraine pursues candidacy for EU membership, there is an urgent need to effectively utilize the experience of aligning the administrative-territorial system with European standards.

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