

Problems of Territorial Self-Governance: International Experience and Prospects for Ukraine

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ABSTRACT. The article focuses on the key issues arising with regard to self-governance in the world, and in Ukraine, and in particular in conditions of martial law. The study shows that despite possible divergent outcomes and conflicts of decentralisation policies, territorial self-governance remains the most efficient form of self-organization of society even in times of crises or armed conflict. It is highlighted that territorial resilience depends heavily on human capital and managerial readiness. The importance of a clearer breakdown of subnational government responsibilities at the legislative level, as well as the design and implementation of a proper quantitative and qualitative framework for territorial resilience measurement are outlined among top priorities of the territorial self-governance and future management efficiency. The article also briefly examines the state of budget decentralisation reform in Ukraine and analyses the oblasts according to several indicators, namely: area, population, budget revenue and expenditure, and deficit/profit, and the number of regions/districts in the oblast. The author performs cluster analysis, which allows to develop the positioning of the oblasts of Ukraine based on the mentioned indicators, and concludes that the financial mechanisms of decentralisation in Ukraine are relatively immature up to date and require further improvement. The recommendations include the increased focus on human capital development and prioritisation of providing and implementing a sound legal framework to increase trust and reduce corruption, support education and civil society institutions, and promote local (i.e. municipal) investment. It is suggested to closely track the developments of educational and other human capital development factors in order to be able to address the issues arising in this area due to war promptly, as these are the ones which pose the threat to the long-term development of regions. The author outlines the possibilities regarding Ukrainian economy and infrastructure modernisation due to potential increase of incoming investment in the post-war period and stresses the importance of meeting the principles of sustainable development in this process.

KEY WORDS: public management, territorial management, land management system, sustainable development, territorial resilience, self-governance

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Introduction

The recent transfer of the majority of state lands to the ownership of communities appeared to be one of the most awaited and important events for Ukraine. This event allowed local communities to become one step closer in solving a number of urgent local issues while considering the interests of their residents. Prospectively, it may allow for effective management of land resources which is regarded as a key element of a country's economic development and wealth.

The opening of the land market in Ukraine has significantly stimulated scientific and practical developments to address a wide range of issues related to the formation of effective land management systems. One of the current directions of such developments is the formalization and implementation of mechanisms for the management of the territory of the united territorial communities, which makes a study of international approaches in this area highly valuable. Moreover, considering the commitment of most governments of the developed and developing countries, including Ukraine, to Paris 2015 goals and the urgency of their attainment, this study looks at the development of local self-governance and territorial resilience through the prism of sustainability issues, which become a foundation and prerequisite of further economic and societal development.

Furthermore, in the context of a full-scale war on the territory of Ukraine, the issue of the development of territorial management systems in general, and local self-government in particular, gains a new context and faces qualitatively new challenges. Given the urgency of both scientific and practical developments in the field of territorial planning and governance in Ukraine, there is still a lack of theoretical research and applicable frameworks to ensure that the decentralisation process is fulfilled smoothly and efficiently. These factors make it a necessity to perform a comprehensive study of international experience in territorial governance and spatial planning, and in particular – in the context of sustainable development goals. Therefore, the main purpose of this research is to study the key problems arising with regard to territorial governance in different countries and in Ukraine, and to outline some recommendations to further boost the decentralisation efficiency nationwide, especially taking into consideration the continuing Russian Federation's full-scale invasion of Ukraine.

Literature Review

Territorial management is an acute issue for many nations, thus the researchers from practically all over the world focus on its problems, methods and practices in numerous scientific publications. The overview of the recent papers allows to assume that the range of issues arising in connection to land use and planning is somewhat similar in many countries. Almost every paper

that has been written on territorial management over the last few years includes sections relating to the possible divergent outcomes and conflicts of decentralisation policies, differences in planning cultures, funding narratives, arbitrary geographies for decentralisation which may be competing against each other, etc.

A highly differential landscape of territorial management across the EU inherently reveals certain key common problematic issues such as governance culture, understanding and usage of terminology, concepts, applicable tools and practices³. Thus, the author studies and emphasises the importance of comprehensive evidence gathering and a structural shift towards values-led planning in order to obtain the desired results of decentralisation. In particular, it is suggested to focus on collaborative territorial governance, implementation of integrated assessment instruments, and active involvement of various stakeholders – if not in decision-making, then at least in terms of providing that their opinions are represented by experts and taken into consideration.

In addition, Schneider & Cottineau⁴ focus their study on territorial inequality in England, and highlight that the decentralisation quite often takes the form of city-region devolution policies there, with a high level of probability leading to a loss of deciding power by regions and to a potential increase of the spatial imbalance between regional economies. It is stipulated that the success of decentralized territorial units (which take the form of local enterprise partnerships (LPEs) in England) highly depends on national policies and political shifts (such as Brexit). The authors conclude that regions could benefit more from cooperation rather than competition (including that for talents, funding and investment opportunities).

Furthermore, Ioppolo et al.⁵ present a case of the adoption of a Strategic Plan of the Nebrodi area (Italy), which, as the study shows, stimulates a process of shared knowledge, which has made it possible to evolve towards an entirely new environmental governance approach that allows qualitative representation of a local system. Enhanced by an approach which allows to take into account the quality of natural environments (in line with ISO 14001), this case could be considered as starting point and a guideline for the other territorial communities which strive for a sustainable development.

A broader perspective has been adopted by Brunetta et al.⁶, who focus the research on fundamental principles of attaining a “territorial resilience”,

³ Auziņš, A. "Capitalising on the European Research Outcome for Improved Spatial Planning Practices and Territorial Governance." *Land* 8, no. 11 (2019): 163. doi:10.3390/land8110163

⁴ Schneider, and Cottineau. "Decentralisation versus Territorial Inequality: A Comparative Review of English City Region Policy Discourse." *Urban Science* 3, no. 3 (2019): 90. doi:10.3390/urbansci3030090.

⁵ Ioppolo, G., S. Cucurachi, R. Salomone, G. Saija, and L. Shi. "Sustainable Local Development and Environmental Governance: A Strategic Planning Experience." *Sustainability* 8, no. 2 (2016): 180. doi:10.3390/su8020180.

⁶ Brunetta, G., R. Ceravolo, C. A. Barbieri, A. Borghini, F. de Carlo, A. Mela, et al. "Territorial Resilience: Toward a Proactive Meaning for Spatial Planning." *Sustainability* 11, no. 8 (2019): 2286. doi:10.3390/su11082286

which is seen as a key emerging concept essential for an improved decision-making in terms of the development of territories. This concept provides a comprehensive managerial background for spatial planning and development as it considers inputs from multiple areas including engineering, climatology, urban planning, culture, history of a community etc., which is seen crucial in the context of sustainable development of the territories. The authors point out that resilience cannot be the result of a conventional top-down process. On contrary, it is rather the cumulative effect of a proactive vision and change in planning culture within socio-political and community systems which allows to implement “collective and individual actions, fostering self-adapting, innovation, learning capacity and the evolution of the system”. Moreover, the authors outline the key issue for further research and practical application of this concept, namely – the design and implementation of a proper quantitative and qualitative framework for territorial resilience measurement.

Furthermore, decentralisation and sustainability are studied from various specialised perspectives. In particular, with regard to environmental geography, Franch-Pardo et al.⁷ discuss how physical and human geography should be integrated in territorial and landscape studies and how the sustainable territorial management can benefit from such approach. The authors suggest that the methodological diversity allows better compliance with various contexts of the landscapes under study, and generally it leads to better results. Similar to the other researchers, they emphasise the importance of scientific integrity and “emotional non-neutrality” in order to properly and simultaneously address both environmental protection, social justice, and economic equality.

In addition, some articles focus on particular issues regarding the development of the tourism potential of regions. For example, a study of Azores Autonomous Region in Portugal⁸ presents an example of quite a successful case of an autonomous region development where sustainability issues have been taken as essential. This study focuses on relation between various aspects of decentralised territorial governance with tourism, outlining the key principles for a long-term regional sustainability, among which it's worth emphasizing the authors' suggestion to prioritize rural tourism over the mass one.

In terms of scientific works dedicated to particular issues of territorial development and management in conflict areas, there is quite a limited

⁷ Franch-Pardo, I., B. Napoletano, G. Bocco, S. Barrasa, and L. Cancer-Pomar. "The Role of Geographical Landscape Studies for Sustainable Territorial Planning." *Sustainability* 9, no. 11 (2017): 2123. doi:10.3390/su9112123

⁸ Castanho, R. A., G. Couto, P. Pimentel, C. B. Carvalho, and Á. Sousa. "Territorial Management and Governance, Regional Public Policies and their Relationship with Tourism. A Case Study of the Azores Autonomous Region." *Sustainability* 12, no. 15 (2020): 6059. doi:10.3390/su12156059

number thereof. F. Schulte⁹ considers the experience of the South Tyrol and the process of forming a multifaceted model of successful settlement of conflicts arising on the basis of ethnic self-determination. The author emphasizes that the more autonomy and leadership powers are entrusted to regional institutions, the greater is the "contribution" to a positive group identity, and as a result, more autonomous regions are more likely to consolidate and prevent separatist movements that undermine conflicts.

Different aspects of rural development in the context of spatial planning and decentralisation are also quite often discussed in the scientific publications, especially in Ukraine^{10, 11}. They all highlight the key problems of rural areas development, including reactive planning culture, complexity of rural land planning itself together with deteriorating human resource of management in rural areas, and the lack of the central government's attention to the rural areas' management issues. Malchykova¹² particularly highlights the importance of multidisciplinary cooperation and connection of various specialists in order to achieve the admired rural development goals.

This view is supported by a further study¹³, which stresses the importance of switching to a better appreciation of scientific and social creativity of citizens in terms of local governance, which still can be named among the key problems of public policy making in Ukraine. Focusing primarily on legislative and administrative aspects of budgetary decentralization, the authors conclude: "The development of a successful territorial development strategy requires the modernization of civil society, business and the state at the same time"¹⁴. This approach, however, fails to take into account such aspects as inherent Ukrainian planning culture, possibility of raising competition among regions and its probable outcomes, the necessity of methodological framework development based on value led planning, proper performance indicators and monitoring procedures.

⁹ Schulte, F. "Toward a Multi-Causal Model of Successful Conflict Regulation through Territorial Self-Government: Lessons from South Tyrol." *Austrian Journal of Political Science* 47, no. 4 (2019): 33-43. doi:10.15203/ozp.2660.vol47iss4

¹⁰ Malchykova, D. "Territorial planning for Ukrainian rural regions: methodological approaches, problems and prospects." *Naukovyi visnyk KhDU Serii Heohrafichni nauky* 3 (2016): 11-15

¹¹ Rossokha, V., and M. Plotnikova. "Development of rural regions of Ukraine in conditions of decentralization of management: state, problems, perspectives." *The Economic Discourse* 4 (2018): 41-53. Accessed May 31, 2022. URL: http://ir.znau.edu.ua/bitstream/123456789/9594/1/ED_2018_4_41-53.pdf. [In Ukrainian]

¹² Malchykova, D. "Territorial planning for Ukrainian rural regions: methodological approaches, problems and prospects." *Naukovyi visnyk KhDU Serii Heohrafichni nauky* 3 (2016): 11-15

¹³ Osaulenko, O., T. Bondaruk, and L. Momotiuk. "Ukraine's State Regulation of the Economic Development of Territories in the Context of Budgetary Decentralisation." *Statistics in Transition. New Series* 21, no. 3 (2020): 129-148. doi:10.21307/stattrans-2020-048

¹⁴ Ibid.

More broadly, M. Getzner and S. Moroz¹⁵ focus on different components of territorial capital and conclude that human capital is of paramount importance as a factor with the highest positive impact on the efficiency of the economy of the regions of Ukraine. The same view is highlighted by Kravtsiv V. S., Storonianska I. Z. et al. (*ed.*)¹⁶: “decentralization should not be seen as an end purpose, but as a mechanism for achieving strategic goals ... through efficient use of their own socio-economic resources, the main of which is human potential”.

At the same time, M. Getzner and S. Moroz¹⁷ indicate that components such as transport infrastructure and entrepreneurial capital, had the least significant impact on the economic development of the territories. This statement can also be criticised, as the experience from the EU counties (Greece, in particular¹⁸) shows that inability to provide local businesses with the proper logistics infrastructure leads to less incentives and slower economic development of territorial communities and localities, while the opposite approach significantly boosts the opportunities of creation of the local enterprises and brands and marketing them globally, giving entrepreneurs the quick and cost-saving access to international marketplaces (such as Amazon, Etsy etc.).

The authors also consider the impact of military conflicts in Ukraine on regional development, and emphasize the priority of providing and implementing a sound legal framework to increase trust and reduce corruption, support education and civil society institutions, and promote local (i.e. municipal) investment. In general, the brief analysis of publications of Ukrainian authors on territorial governance allows to assume that our scientific community is still advancing in its research dedicated to this issue, and there is an urgent need for further comprehensive studies of the matter especially in the context of the latest land reforms in Ukraine and war implications. Practical application of the results and conclusions of the article refers primarily to their relevance in the process of preparing the strategy, programs, and plans of the development of oblasts of Ukraine. It may also be used in further research dedicated to territorial development and competitiveness, especially given the high relevance of the issues under study.

¹⁵ Getzner, M., and S. Moroz. "The economic development of regions in Ukraine: with tests on the territorial capital approach." *Empirica* 49 (2022): 225-251. doi:10.1007/s10663-021-09521-w

¹⁶ Kravtsiv, V. S., I. Z. Storonianska, et al. (eds.). "Territorial communities in the conditions of decentralization: risks and mechanisms of development." Lviv: DU «Instytut rehionalnykh doslidzhen imeni M. I. Dolishnoho NAN Ukrainy» (Seriiia «Problemy rehionalnoho rozvytku»), 2020. Accessed June 12, 2022. URL: <https://ird.gov.ua/irdp/p20200001.pdf>. [In Ukrainian].

¹⁷ Getzner, M., and S. Moroz. "The economic development of regions in Ukraine: with tests on the territorial capital approach." *Empirica* 49 (2022): 225-251. doi:10.1007/s10663-021-09521-w

¹⁸ GFCC (2022). Building Competitiveness 2022 Online Conversation Series, 2022. thegfcc.org. URL: <https://www.thegfcc.org/>.

Methods

In order to make the recommendations on how to boost the development of territories and decentralisation efficiency more adjusted to specificity of various oblasts of Ukraine, a group of indicators was identified that characterise the basic aspects of the regional development of Ukraine as of the beginning of 2022 (Appendix). Namely, area (square kilometres), population, number of regions (districts) inside an oblast, and budgetary indicators (budget revenues, budget spending, and budget deficit or profit, in UAH thousand). Those indicators were used to perform the cluster analysis to assess the fundamental differences among regions (using software STATISTICA 10.0, hierarchical clustering method, complete linkage, Euclidean distance). The method used to group oblasts according to their similarities has its limitations due to the nature of the selected indicators and the variability of some of them over time, especially population, in conditions of on-going war. The data taken for the study mainly represents the pre-war statistics of the beginning of 2022, which may considerably change even by the beginning of 2023. This imposes the challenges for the further studies on the topic and highlights the importance of forecasting analyses of these issues.

Results

One of the key risks of decentralization is the increasing income inequality and differentiation of regions due to changes in the structure of government spending, although, the evidence from some countries shows the opposite results over time¹⁹. In addition, there is a strong evidence of the reverse effect of macroeconomic stability and decentralization, which is also illustrated by increasing centralisation in times of crises in many European countries.

In Ukraine, in 2016-2021, the resource base of local governments increased at least 1.4 times, with 90 per cent of revenues coming from nationwide taxes²⁰. In 2021, as compared with 2020, total subsidies from state budget increased by 18,2%.

Budget decentralisation reform in Ukraine still continues. Every year, local budgets receive additional funds from the state budget for regional development, construction, educational and medical projects, salaries and other expenditures. From the public administration approach, one of the valuable international comparative tools to assess the level of decentralisation is the "OECD Fiscal Decentralisation Database" and a set of publications on fiscal decentralisation,

¹⁹ Kravtsiv, V. S., I. Z. Storonianska, et al. (eds.). "Territorial communities in the conditions of decentralization: risks and mechanisms of development." Lviv: DU «Instytut rehionalnykh doslidzhen imeni M. I. Dolishnoho NAN Ukrainy» (Seriia «Problemy rehionalnoho rozvytku»), 2020, p. 13. Accessed June 12, 2022. URL: <https://ird.gov.ua/irdp/p20200001.pdf>. [In Ukrainian]

²⁰ Bulavynets, V. "Budgetary decentralization in Ukraine: essence and specific of realization are in Ukraine." *Efektivna ekonomika*, vol. 12 (2021). Accessed June 16, 2022. doi:10.32702/2307-2105-2021.12.96

infrastructure investment etc. (OECD, 2021). It suggests the breakdown of responsibilities at 3 levels across subnational government levels: municipal, intermediary and regional (OECD, 2019) (table 2).

Table 2

BREAKDOWN OF SUBNATIONAL GOVERNMENT RESPONSIBILITIES ACCORDING TO OECD APPROACH

Municipal level	Intermediary level	Regional level
- Education - Urban planning - Local utilities - Local roads and public transport - Primary and preventive healthcare - Recreation - Culture centres - Public order and safety - Environment - Local economic development	<i>Specialised and more limited responsibilities of supra-municipal interest with an important role to assist small municipalities</i> - Education (secondary or specialised) - Social and youth - Welfare - Secondary healthcare - Waste collection and treatment - Secondary roads and public transport - Environment	- Educations (secondary and higher) - Spatial planning - Regional economic development - Health (secondary care and hospitals) - Regional roads and public transport - Culture, heritage and tourism - Environmental protection - Social housing - Public order and safety (regional police)

Source: ²¹.

In Ukraine, at the local level, there is the coexistence of two key actors in the system of public authority – the state, represented by local state administrations, and local self-government, which represents the interests of the local (territorial) communities. The process of the proper subnational government responsibilities breakdown continues, but may still be characterized by the lack of clear, unambiguous and legally established delimitation, duplication of powers and areas of competence, and clearly requires further work on the proper breakdown of responsibilities²².

Apart from distribution of powers, the financial aspect of decentralisation process has also to be paid attention to. Given the regional disproportions, some oblasts account for higher budget and territorial communities' revenues than the others. Even in 2014, Kharkiv oblast, which produces oil and gas, Dnipropetrovsk, with iron ore mined, and Poltava, which developed production of both and provide the state budget with significant amounts of rent and subsoil use fees, were the ones with the highest revenue side of

²¹ OECD. A policy Maker's guide to Privatisation, Corporate Governance. Paris: OECD Publishing, 2019. Accessed June 20, 2023. doi:10.1787/ea4eff68-en

²² Buglak, Yu. "Problems of distribution of powers between executive authorities and local government bodies in Ukraine." *Pidpruyemnytstvo, hospodarstvo y parvo, Series: Administrative Law and Process*, No. 11 (2018): 70-75. Accessed June 9, 2022. URL: <http://pgp-journal.kiev.ua/archive/2018/11/15.pdf>. [In Ukrainian]

budget. Thus, the disproportions between Ukrainian oblasts' financial resources have always been quite considerable.

More broadly, the oblasts of Ukraine as assessed by their area, population, number of regions and budget (income and spending) differ mainly by the financial features of the size of budgets (figure 1). The cluster analysis based on the above-mentioned indicators allowed to form 4 groups of oblasts (table 1, figure 2). The top 10 oblasts of Ukraine which have the highest budget revenues as of 2022 form the clusters 1-3.

Table 1

UKRAINIAN OBLASTS' POSITIONING: CLUSTERS

Cluster	Number of oblasts	Member oblasts
1	5	Kyiv Oblast, Poltava Oblast, Zaporizhzhia Oblast, Vinnytsia Oblast, Zhytomyr Oblast
2	1	Dnipropetrovsk Oblast
3	4	Donetsk Oblast, Kharkiv Oblast, Lviv Oblast, Odesa Oblast
4	14	Cherkasy Oblast, Chernihiv Oblast, Chernivtsi Oblast, Ivano-Frankivsk Oblast, Kherson Oblast, Khmelnytskyi Oblast, Kirovohrad Oblast, Luhansk Oblast, Mykolaiv Oblast, Rivne Oblast, Sumy Oblast, Ternopil Oblast, Volyn Oblast, Zakarpattia Oblast

Source: author's findings

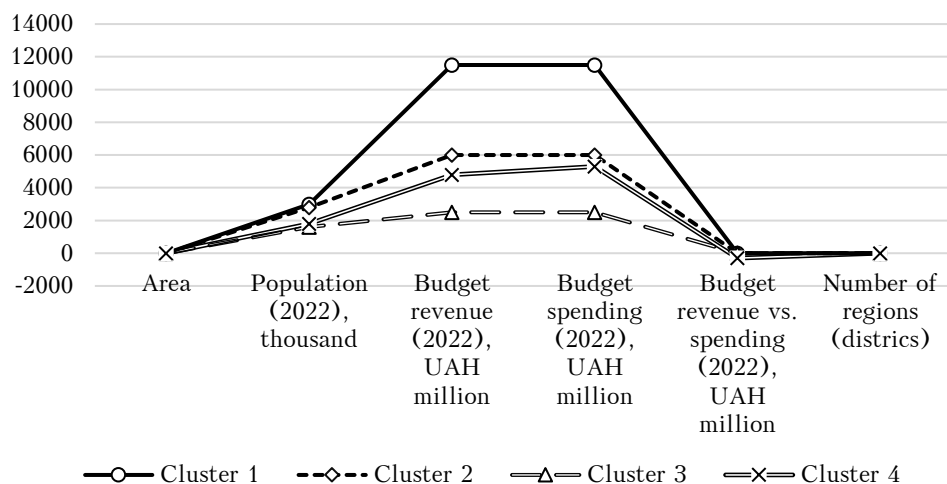


Figure 1. Plot of means for each cluster

Source: author's findings



Figure 2. Cluster mapping of Ukrainian oblasts as based on the classification criteria²³

Source: author's findings

The size of oblasts' budget income and spending stays comparatively similar for the last decade. The largest budget in 2022 remains in the Dnipropetrovsk Oblast with the revenues at UAH 11 217.8 million, and expenditures – UAH 11 215.7 million.

The budget of Kharkiv Oblast is almost twice smaller. For 2022, revenues and expenditures are set at UAH 6 824.9 million. In particular, expenditures on education amount to UAH 2.3 billion, on health care – UAH 925.8 million, on social protection and security - UAH 694 million.

Number 3 in terms of budget is Lviv Oblast (6 268.3 million UAH in revenues, and 6 339.9 million UAH – expenditures). In the Kyiv Oblast, the revenues in the draft budget for 2022 amounted to UAH 5 631.1 million, expenditures – UAH 5 633.1 million. Odesa Oblast has the fifth largest regional budget: revenues – UAH 5 557.2 million, expenditures – UAH

²³ The highlighted regions in same shading represent members of one cluster, and underlined – those which generated most reverse subsidies in 2021. Asterisk (*) marks the oblasts with budget deficit (negative budget income vs. spending), 2022.

5 billion 432.9 million. The lowest estimated budget in 2022 is in Chernivtsi Oblast: revenues – UAH 1 817.7 million, expenditures – UAH 1 815.7 million²⁴.

But in fact, 75% of all territorial communities receive basic subsidies from the state budget, and only slightly above 14% of communities pay reverse subsidies. Another 11% are non-subsidized. The largest share of territorial communities that receive basic subsidies are among rural and settlement communities and amounts to about 80%²⁵. Communities of Zakarpattia, Ivano-Frankivsk, Donetsk, Lviv and Odesa Oblasts receive the most basic subsidies. In the Ternopil, Chernivtsi, and Volyn oblasts, the share of communities receiving state aid is more than 90%. At the same time, communities of Dnipropetrovsk, Zaporizhzhia, and Kyiv oblasts list the largest number of reverse subsidies. And the richest territorial communities are those located in Kyiv Oblast, where 48% of communities transfer what they have earned to the budget.

This in part illustrates the acute issue of territorial communities' "capacity". According to different researchers, the approach currently used in Ukraine to evaluate "capable" communities has its significant drawbacks. In particular, according to P. Ostapenko, the methodology has to be revised and improved²⁶, and I. Hrynychshyn²⁷ points out the necessity to formulate a clearer understanding of the concept of "territorial communities' capacity". In addition, it would be highly desirable to tie this concept to the wider evaluation methodology and incorporate it into the holistic power, authority and funding distribution system of the decentralisation process.

Another aspect to consider is the investment attractiveness of the territories. In fact, the general conclusion which can be made from the international experience (in particular, as evidenced by success from Portugal²⁸, and Greece), is that there should be the focus on investment cooperation instead of fierce competition to attain the best results, and, which is even more important in our view, that the local governments have to establish own tailored approach to develop peculiar strengths and

²⁴ Word and Action. "Budgets of regions of Ukraine: what revenues and expenditures were approved for 2022." Word and Action (ukr. Slovo y Dilo): Analytical Portal. Accessed June 10, 2022. URL: <https://www.slovoidilo.ua/2022/01/07/infografika/finansy/byudzhety-oblastej-ukrayiny-yaki-doxody-ta-vytraty-zatverdily-2022-rik>. [In Ukrainian]

²⁵ Glavcom. "Which hromadas are feeding Ukraine, and which receive dotations". Accessed June 10, 2022. URL: <https://glavcom.ua/publications/decentralizaciya-yaki-gromadi-goduyut-ukrajinu-a-yaki-dotaciyni-817171.html> [In Ukrainian].

²⁶ Ostapenko, P. "Criteria of a capable community: the experience of Ukraine". Accessed June 10, 2022. URL: https://decentralization.gov.ua/news/13922#_ftnref2 [In Ukrainian].

²⁷ Grynchshyn, I. "Capacity of Territorial Communities: Theoretical Discourse", *Socio-economic problems of the modern period of Ukraine* Issue 6 (134), 2018. URL: [https://ird.gov.ua/sep/sep20186\(134\)/sep20186\(134\)_051_HrynychshynI.pdf](https://ird.gov.ua/sep/sep20186(134)/sep20186(134)_051_HrynychshynI.pdf) [In Ukrainian].

²⁸ Castanho, R. A., G. Couto, P. Pimentel, C. B. Carvalho, and Á. Sousa. "Territorial Management and Governance, Regional Public Policies and their Relationship with Tourism. A Case Study of the Azores Autonomous Region." *Sustainability* 12, no. 15 (2020): 6059. doi:10.3390/su12156059

opportunities of the territorial community. These strengths derive from local peculiarities, which normally are well known to local authorities (and not necessarily obvious or even visible to those ones working at the regional and/or state level). Nobody knows local needs better than the local community. This information asymmetry highlights that the only way possible to develop resilience in local communities is to provide the local administrations with enough guidance, skills, decisive power and, somewhat, trust together with the responsibility, to perform actions aimed at strengthening territorial communities. That is why it is absolutely crucial to know the assets that a territorial community, and an oblast have, and therefore educating, involving and empowering local communities to become active participants of resilience building process. In order to know the exact features and peculiarities of a community and a region, as simple tool as a SWOT analysis may be used to find opportunities that will drive revenues and positive issues.

For sure, there must be a state-wide vision and leadership, and the needs of local governments have to be somehow aligned with that vision. Therefore, dialogue platforms to connect various stakeholders is also a need. Another connected focus area has to be on creating programs and structures to enhance and facilitate cooperation between various structures – as separate institutions tend to be reluctant to cooperate. This is incredibly complex task but it is as well the foundation of innovation boost within the triple helix (universities-business-government). And moreover, at the higher levels of governance, oblasts have to be held strictly accountable for the implementation of the state policies in the field of infrastructure development, health care and education, which is significantly tied to the funding and budgetary process.

As of now, budgetary process during the state of war focuses primarily on ensuring prompt, proper and continuous execution of local budgets with a bunch of orders and amendments to the existing legislation coming in place²⁹. To make it easier for territorial communities to address priority issues, the Ministry of Regional Development of Ukraine has prepared legislative proposals that provide for the possibility of transferring funds from the special to the general fund of the local budget and their use according to generally established rules, which was further supported by the Cabinet of Ministers³⁰.

It is still too early to assess the level of decentralisation or whether these actions will help prevent overall budgetary decentralisation deterioration

²⁹ Decentralization Initiative Press Center. "Features of the budget process in martial law (updated)." Accessed June 9, 2022. URL: <https://decentralization.gov.ua/news/14654>. [In Ukrainian]

³⁰ Decentralization Initiative Press Center. "Use of special fund funds by local governments: Government approves legislative initiative of the Ministry of Regional Development." Accessed June 9, 2022. URL: <https://decentralization.gov.ua/news/15012>. [In Ukrainian]

during war, although even in these conditions one may observe the country's determination to proceed with the decentralisation policies. It is even more difficult to forecast future changes to the human capital development in the regions of Ukraine. To some extent, this may be observed via tracking current development in education.

According to the latest survey entitled "Rapid Needs Assessment" (RNA), which was conducted in cooperation of the Ministry of Education and Science of Ukraine (MESU) and Education Cluster, an estimated 5.7 million school-aged children in Ukraine have been affected by the war (MESU, 2022), as of end of May, 2022, there were 164 thousand internally displaced persons (IDP) learners. And according to MESU findings, oblasts with the highest numbers of IDP learners are Vinnytsia oblast (15333), Ivano-Frankivsk oblast (12684), Kyiv oblast (11964), Lviv oblast (11796), Zhytomyr oblast (11682), and Khmelnytsk oblast (11511). Oblasts with the highest teacher outflow rates due to evacuation are Kharkiv (10675), Zaporizhzhya (4342), and Kyiv (3918) oblasts. Some of hromadas were forced to suspend educational process due to security reasons. And those which continued it, identify certain issues they faced in summer 2022 semester. Key problems as reported by hromadas are the lack of digital equipment and infrastructure (high-speed internet, gadgets etc.) including the equipment for children with disabilities; considerable deterioration of the students' ability to study due to war and a need for psychological support for both teachers and learners. Despite these problems, 75% of hromadas identified that 76-100 per cent of students of general secondary education resumed their studies³¹. And as it has been evidenced by the end of 2022, the motivation to continue succeeding with the education process remains high among the stakeholders and students, thus even electricity shortages due to significant damage to the Ukrainian energy infrastructure did not stop the advancements in this area, although it obviously poses a threat to education quality and slows down the scientific progress.

On the other hand, the crisis management skills attained during the war period are to become a significant asset of managers of various levels and sectors countrywide. And the extremely important role of managerial readiness of local self-government for national security has been repeatedly demonstrated in practice. Prerequisite for the readiness of communities to unforeseen situations, according to the experience of some of the Ukrainian regions³², is the early formation of teams and their training in accordance

³¹ MESU. "Ukraine Education Needs Assessment Survey – Initial Report on Key Findings – 10 Jun 2022." Ministry of Education and Science of Ukraine, Ukraine Education Cluster, Institute of Education analytics. Accessed June 15, 2022. URL: https://www.humanitarianresponse.info/sites/www.humanitarianresponse.info/files/documents/files/ukraine_education_rna_initial_report_2022_06_08_mr_al_final.pdf.

³² Syniak, D. "The war makes us fairer and takes away a lot of extra." Interview with Andriy Sadovy. Decentralization: government portal. Accessed June 4, 2022. URL: <https://decentralization.gov.ua/news/14777>. [In Ukrainian]

with the needs of the region; formation of active international relations with city administrations, organizations and educational institutions, as well as early establishment of contacts and communication with government and self-government bodies of various levels within the country. Numerous examples of community resistance in the temporarily occupied territories are no less striking. Therefore, local self-government, as proven in practice in crisis situations, is an outstandingly effective form of self-organization of society, which far outweighs centralized management³³.

Equally important in the development of plans and investment proposals for the restoration of territories is the focus of local government on current global trends, because those technologies and projects that meet the principles of sustainable development will be able to attract investment from abroad. For example, the plan adopted on 22.05.2022 in the EU to reduce Europe's dependence on fossil fuels and the "green transition" may be an important benchmark for the restoration and modernization of Ukraine's energy system in the post-war period.

In conclusion, it is worth emphasizing the paramount importance of strengthening human capital of Ukraine's regions in the post-war period, legal support for preserving and expanding local government autonomy, expanding networks of cooperation with foreign partners and educational institutions, and following the principles of sustainable development and modernization of territories.

Conclusion

Considering the urgency of establishing the efficient territorial communities' management frameworks, it is suggested to enhance this process by paying attention to most common issues that may arise, namely: spatial imbalances, regions' competition, reactive planning culture, lack of decisive power and dependence on macro-level policies, emergence of the incoherent local policies, and lack of common understanding of terminology, applicable tools and practises. Studies show the regions, which focus on human capital development and make the priority of providing and implementing a sound legal framework to increase trust and reduce corruption, support education and civil society institutions, and promote local (i.e. municipal) investment, attain the best results in terms of the speed and quality of their economic development.

Moreover, the successful case studies show the necessity to ensure a creation of a level playing field for a broad, deep and multidisciplinary

³³ Myroshnyk, O. "Local self-government in wartime: results for the period from February 24 to April 30." UPLAN. Accessed June 4, 2022. URL: <https://uplan.org.ua/analytics/mistseve-samovriaduvannia-v-umovakh-viiny-pidsumky-za-period-vid-24-liutoho-do-30-kvitnia/>. [In Ukrainian]

cooperation between various stakeholders, experts and communities, to generate and share the best experiences of territorial governance and land development, to master, implement and spread the best managerial skills (together with a quality-oriented, performance-based approach in line with value-led planning) in order to achieve the highly desirable goals of decentralisation, sustainability and resilience-building in Ukraine.

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APPENDIX

Oblast	Area	Population (2022)	Budget Income (2022), UAH million	Budget Spending (2022), UAH million	Budget income vs. spending (2022)	Regions / Districts
Cherkasy Oblast	20,891	1,198	3152,5	3150,4	2,1	20
Chernihiv Oblast	31,851	994	2881,4	2876,4	5	22
Chernivtsi Oblast	8,093	897	1817,7	1815,7	2	11
Dnipropetrovsk Oblast	31,9	3,214	11217,8	11215,7	2,1	22
Donetsk Oblast	26,505	4,157	5449,1	5449,1	0	18
Ivano-Frankivsk Oblast	13,894	1,382	2853,5	2847,3	6,2	14
Kharkiv Oblast	31,401	2,683	6824,9	6824,9	0	27
Kherson Oblast	28,449	1,026	2484,6	3003	-518,4	18
Khmelnitskyi Oblast	20,636	1,274	3234,5	3234,5	0	20
Kirovohrad Oblast	24,577	958	2782,9	2782,9	0	21
Kyiv Oblast	28,119	1,775	5631,1	5633,1	-2	25
Luhansk Oblast	26,672	2,145	2316,6	2316,6	0	18
Lviv Oblast	21,824	2,515	6268,3	6339,9	-71,6	20
Mykolaiv Oblast	24,587	1,126	2904,1	2899,1	5	19
Odesa Oblast	33,296	2,395	5557,2	5432,9	124,3	26
Poltava Oblast	28,736	1,392	5284,1	5272,6	11,5	25
Rivne Oblast	20,038	1,146	2680	2678	2	16
Sumy Oblast	23,824	1,094	3036,7	3036,8	-0,1	18
Ternopil Oblast	13,817	1,035	2403,2	2403,7	-0,5	17
Vinnitsia Oblast	26,502	1,566	4567,2	4572	-4,8	27
Volyn Oblast	20,135	1,046	2666,2	2665,7	0,5	16
Zakarpattia Oblast	12,771	1,247	2302,5	2291,7	10,8	13
Zaporizhzhia Oblast	27,168	1,699	5215,6	5847,9	-632,3	20
Zhytomyr Oblast	29,819	1,213	3449,9	4447	-997,1	23

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