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ORIGINAL

Strategy for the development of Ukrainian communities in the post-war period

Estrategia para el desarrollo de las comunidades ucranianas en la posguerra

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ABSTRACT

The relevance of the stated research topic is due to the fact that Russia's full-scale invasion of Ukraine has led to the destruction of settlements, critical infrastructure and the forced migration of millions of citizens. Local governments have adapted to different types of shocks during the war, implementing unique programmes and policies. Studying this experience is valuable for formulating a plan for the further development of communities in the post-war period. The purpose of this paper is to develop a comprehensive strategy for the post-war recovery and development of Ukrainian communities. The study used a range of methods of cognition, including comparative, historical and genetic, structural and functional, legal analysis, forecasting, statistical data analysis, and institutional. The results of the research are the disclosure of the genesis of the powers of local self-government bodies in Ukraine, the identification of the advantages and disadvantages of decentralization, the assessment of the current state of communities, the study of grant opportunities for territories in war conditions, and the consideration of ways of interaction between business and territorial communities. In addition, proposals have been formulated to improve the exercise of local self-government powers by amending the legislation in the relevant area in the context of post-war reconstruction and the principles of strategic planning for the development of territories have been described. The materials can be used in research and applied fields: the work is of interest to researchers specializing in the study of decentralization and sustainable development of territorial communities.

Keywords: Local Self-Government; Armed Aggression; Decentralization Reform; Grant Support; The Legal Regime of Martial Law.

RESUMEN

La relevancia del tema de investigación planteado se debe a que la invasión a gran escala de Ucrania por parte de Rusia ha provocado la destrucción de asentamientos, infraestructuras críticas y la migración forzada de millones de ciudadanos. Los gobiernos locales se han adaptado a diferentes tipos de conmociones durante la guerra, aplicando programas y políticas únicos. Estudiar esta experiencia es valioso para formular un plan de desarrollo ulterior de las comunidades en la posguerra. El objetivo de este documento es formular una estrategia para el desarrollo de las comunidades ucranianas después de la guerra. En el estudio se han utilizado diversos métodos de cognición, como el comparativo, el histórico y genético, el estructural y funcional, el análisis jurídico, la previsión, el análisis de datos estadísticos y el institucional. Los resultados

de la investigación son la divulgación de la génesis de las competencias de los órganos de autogobierno local en Ucrania, la identificación de las ventajas e inconvenientes de la descentralización, la evaluación del estado actual de las comunidades, el estudio de las oportunidades de subvención para los territorios en condiciones de guerra y la consideración de las vías de interacción entre las empresas y las comunidades territoriales. Además, se han formulado propuestas para mejorar el ejercicio de las competencias de autogobierno local mediante la modificación de la legislación en la materia en el contexto de la reconstrucción de posguerra y se han descrito los principios de la planificación estratégica para el desarrollo de los territorios. Los materiales pueden utilizarse en la investigación y en campos aplicados: la obra es de interés para investigadores especializados en el estudio de la descentralización y el desarrollo sostenible de las comunidades territoriales.

Palabras clave: Autogobierno Local; Agresión Armada; Reforma de la Descentralización; Ayudas en Forma de Subvenciones; el Régimen Jurídico de la Ley Marcial.

INTRODUCTION

The fundamental goal of territorial community (TC) development is to improve the socio-economic and environmental situation of the territories, as well as the living and working conditions of all their residents. It's an organizational unit of administrative-territorial division consisting of people who permanently reside in a certain territory and have common interests. The TC determines the boundaries of its territory, elects representatives and manages local affairs. Such changes should be based on attracting additional finance, decentralization of powers, strengthening local capacity and public-private partnerships to improve infrastructure and social services and ensure their environmentally sound management, and broad participation of residents and NGOs in the decision-making process.⁽¹⁾

To achieve this goal, in 2014, Ukraine launched the reform of local self-government bodies (LSB) and territorial organization of power. It involves creating conditions for the formation of effective local authorities that can provide a comfortable and safe environment for citizens. Local self-government - a system of governance in which local governments at the level of territorial communities have the rights and responsibilities to manage local affairs, ensure the interests of the community and perform socio-economic functions.^(2,3) Decentralization took place in the face of severe external pressure from Russia, which at that time had annexed Crimea and occupied part of Donbas; a demographic crisis; staff shortages; and infrastructure degradation.^(4,5) Despite this, Ukraine managed to carry out administrative and territorial reform, fiscal decentralization and expanded the powers of local authorities. The state has begun to implement a new regional policy aimed at cohesion of the entire Ukrainian space, levelling out development asymmetries between regions and strengthening their competitiveness.

In 2020, the government approved the State Strategy of Regional Development for 2021-2027.⁽⁶⁾ However, the full-scale invasion of Ukraine by the Russian Federation in February 2022 has created new challenges for local governments in the form of terrible destruction, the destruction of critical infrastructure and millions of internally displaced persons (IDPs).^(7,8) The SSRD (the State Strategy for Regional Development) is of particular importance in a context where armed aggression and occupation of territories have widened the gap in regional development and caused the destruction of infrastructure facilities.⁽⁹⁾ In such circumstances, strategic planning using security and territorially oriented approaches is fundamental for the restoration and further development of the TCs. An analysis of these activities will allow formulating a strategy for community development in the post-war period. The issue of post-war community development in Ukraine is only gaining relevance now. Therefore, there are no fundamental works on this topic in both Ukrainian and European scholarship, which justifies the need for a detailed analysis. Thus, the administrative and legal prerequisites for the economic development of the united TC under martial law are studied by J.P. Pavlovysh-Seneta.⁽¹⁰⁾ The researcher concludes that during the war it is important to ensure the continuous execution of local budgets, which will contribute to the effective development of the territories. At the same time, the activities of local self-government bodies and military administrations should be aimed at ensuring the operation of the Constitution and laws of Ukraine, implementation of measures of the legal regime of martial law, civil protection and defence, protection of the rights and freedoms of citizens.

Ukrainian scholar I. Hrynychshyn studies the issue of ensuring the capacity of TCs.⁽¹¹⁾ In his opinion, community capacity determines the availability of financial, infrastructural and human resources tools, on the basis of which the ability to provide public services is determined in the process of functioning, as well as the ability to use unused and hidden potential (investment, economic, human, managerial and financial) for the reasonable and sustainable development of the community. Researchers M. Prymush and Yu. Okunovska characterize decentralization and changes in the structure of local self-government.⁽¹²⁾ They state that as a result of the reforms, communities have received a wide range of powers and have become the main link in

the administrative and territorial structure. Within TCs, citizens have a real opportunity to influence political processes. As stated in the European Charter of Local Self-Government, through the community, residents learn to manage real life and manage finances. It is in TCs that most of the socio-economic rights of citizens in a democratic society are realized. V. Koval pays attention to the financial self-sufficiency of Ukrainian communities.⁽¹³⁾ From his point of view, a self-sufficient community is a community whose financial system is characterized by self-sufficiency and which is able to maintain or improve the achieved level of development and ensure the normative level of provision of public goods to the population as a result of the effective use of financial instruments.

The purpose of the study is to formulate a strategy for the development of Ukraine's TC in the post-war period. In order to achieve this goal, the following tasks have been identified: to formulate the powers of local self-government bodies; to define the functions and characteristics of TC; to identify the advantages and disadvantages of the decentralization reform; to assess the ways in which communities interact with the business community; to characterize grant opportunities for Ukrainian communities during martial law and in peacetime. The object of the research is the territorial community as a central element of local self-government.

METHOD

The methodological basis of this research work was based on a qualitative combination of general theoretical and special methods of cognition. This allowed for a comprehensive analysis of the subject of the study. In particular, the historical and genetic method, structural and functional method, method of legal analysis, method of forecasting, comparative, statistical data analysis and institutional method were used. The historical and genetic method provided the foundation for examining the evolution and characteristics of local self-government in Ukraine since its independence in 1991. This approach allowed for a comprehensive analysis of the various stages of development and the unique features of local governance during this period. Particular focus was given to the challenges and reforms in local self-government following the Maidan events. By scrutinizing both past errors and achievements, this method facilitated the integration of modern scholarly insights to design and implement a more effective national system of local governance.

The legal analysis method was used to review the regulations on the functioning of local self-government in Ukraine. In particular, the Law of Ukraine No. 280/97-VR "On local self-government in Ukraine", the Law of Ukraine No. 2493-III "On service in local self-government bodies", the Law of Ukraine No. 2625-III "On bodies of self-organization of the population" and a number of articles of the Constitution of Ukraine were studied.⁽¹⁴⁻¹⁷⁾ In addition, the State Strategy of Regional Development for 2021-2027 approved by the government was considered.⁽⁶⁾ The structural-functional method was used to identify the main functions of a territorial community in a democratic state, i.e. the areas and types of municipal activities of the TC to exercise the right of citizens to participate in local self-government, expressing their will and interests. It also considered the need for strategic planning of community development in the context of the decentralization reform.

The forecasting method allowed for the exploration of future scenarios for the development of territorial communities once all territories have been liberated and hostilities have ended. This method facilitated the identification of potential strategies for reforming local self-government to address the evolving needs of these communities. By projecting future trends and challenges, it provided a framework for creating and sustaining a favorable living environment that supports the comprehensive development of citizens. The approach also emphasized the importance of strategic planning to ensure that local governance reforms align with long-term goals for community well-being and resilience. Various tools were considered that could ensure the quality of post-war recovery of TC. The method of statistical data analysis helped to study the indicators that allow central and local authorities to make decisions in the context of improving the efficiency of local self-government. These include demographics, financial support, infrastructure development, services, and governance. This information is available on the official website of the Ministry of Communities, Territories, and Infrastructure Development.⁽¹⁸⁾ The All-Ukrainian ranking of institutional capacity and sustainable development of Ukrainian communities, created by analysts of the Regional Centre for Economic Research and Business Support Foundation, was also considered.⁽¹⁹⁾

The comparative method was employed to analyze and contrast grant opportunities available to Ukrainian communities during wartime and peacetime. This approach was essential as grant instruments, including those provided by international donors, play a crucial role in financing diverse local development projects across various sectors such as culture, education, urbanism, and ecology. By comparing the availability, types, and impact of grants in different periods, the method highlighted how shifting conditions—such as wartime constraints versus peacetime stability—affect the accessibility and effectiveness of funding. This comparative analysis was important to understand how grant opportunities can be optimized to support community development under varying circumstances and for identifying best practices in securing and utilizing financial resources for local advancement. The institutional method allowed considering local self-government in modern Ukraine as

an institution mandatory for a democratic state, which functions on the principles of organizational, legal, material and financial independence. In addition, this method of cognition was used to examine the interaction of local self-government with civil society and the business environment in the context of the post-war recovery of the TC.

RESULTS

The system of local self-government bodies of Ukraine, the concept and functions of the territorial community

In Ukraine, one of the most important institutions of democracy and the basis of the constitutional order is local self-government. Its effective functioning is mandatory for any democratic country. This is because there is a theoretical possibility of discrepancies between the interests of the state and the interests of a particular community, which local authorities are called upon to eliminate. The need for the existence of the institution of local self-government is also determined by the fact that the central government cannot solve all the problems that arise at the local level. Local self-government is exercised by citizens in various organizational and legal forms. In their integrity, they form the system of local self-government within certain territorial entities. According to Ukrainian legislation, it includes: a territorial community; a village, settlement, city council and their executive bodies; a village, settlement, city mayor; district and regional councils; and bodies of self-organization of the population.⁽²⁰⁾

The Constitution of Ukraine⁽¹⁷⁾ and the Law of Ukraine No. 280/97-VR "On local self-government in Ukraine"⁽¹⁴⁾ enshrine several groups of organizational forms through which local self-government is exercised. The first of them includes forms of direct local democracy used by the TC as the primary subject of local self-government, the main bearer of its powers and functions. Another group of organizational forms of local self-government is formed by elected and other local self-government bodies that are responsible for the implementation of local self-government. A separate group is made up of bodies of self-organization of the population at the place of residence (house, street, quarter councils or committees of public self-government).

Residents of a village, town, city or several settlements are the relevant local TG. In Ukraine, there are about 1500 communities formed as a result of the amalgamation of villages, towns, and cities as part of the decentralization reform. The urban communities of Kyiv and Sevastopol, as well as the Chernobyl Exclusion Zone, have a special status and are not part of any rayon or oblast. The Autonomous Republic of Crimea (ARC) is not currently divided into communities, as it has been under Russian occupation since 2014. The main features of TC are the territory of existence, the existence of common interests of local importance and social interaction of residents in the process of ensuring them, psychological self-identification of each member with the community, common communal property and payment of taxes.^(21,22)

As a subject of regulation of the socio-economic development of the territory, the TC is endowed with the following functions: rule-making function (creation of community charters, adoption of regulations); planning, programming of the development of a basic level administrative-territorial unit (formation of a TC development strategy); management of resource potential; development of local infrastructure; management of communal property; budgetary and financial function (approval of budgets and control over their implementation); management of a network of social institutions; attraction of investments in the development of territories; information function.^(23,24) The regulation of TC development should be understood as the provision of favourable conditions by authorities of various levels to ensure the socio-economic development of TC through the use of various instruments and methods of influence (economic, organizational, financial, legal).

Following Russia's full-scale invasion, Ukrainian territorial communities (TCs) are categorized as temporarily occupied, surrounded, or areas of active conflict. This list, updated regularly, included TCs in nine regions at the start of 2023. Despite military challenges and occupation, local authorities at all levels continue to collaborate with the military and administrations, coordinating their efforts effectively. In the face of the need to solve complex problems, the effectiveness of interaction between the state authorities, the leadership of the TCs and representatives of civil society organizations has been improved. This is evidence of the effectiveness of such self-organization of society as local self-government. The experience gained during the war will help communities organize the post-war reconstruction process.

Problems and successes of the implementation of decentralization, the impact of the reform on the development of TC

Attempts to reform local governments were made in the first years after independence, but they did not have visible results. The most favourable conditions for decentralization emerged immediately after the Revolution of Dignity, when Ukrainians rallied around the idea of European integration, an integral part of which was the organization of democratic local authorities focused on serving citizens.^(24,25,26) It is worth noting that, despite a number of miscalculations, the implementation of the reform has become one of the greatest achievements of the post-Maidan authorities. Decentralization was aimed at building a qualitatively new system of local

self-government, based on a change in the basic level of the administrative-territorial structure through the creation of amalgamated territorial communities. They received much broader powers and financial resources that previously had only been available to cities of oblast significance.^(27,28,29) The reform also resulted in increased interest of local authorities in increasing revenues to local budgets and finding additional sources of their filling, strengthening the material and financial basis of settlements, and the emergence of new centres of economic activity. TCs have been able to improve the quality of public services, implement social and infrastructure projects, and create conditions for attracting investment and developing local businesses.

In the initial years of decentralization, its positive impacts became evident, including expanded local government powers, direct intergovernmental relations, clear tax and fee divisions among budget levels, introduction of infrastructure subsidies, and increased interest from international donors in supporting newly formed communities. And this, in turn, has become a guarantee of the ability of local authorities to address the main issues of socio-economic development of communities and provide quality services to their residents.⁽³⁰⁾ At the same time, the risks of decentralization in the context of the development of border areas have been identified. They are related to the peculiarities of their geographical location, development potential and intensification of European integration processes.

Challenges include insolvent communities, increasing territorial disparities, rising shadow sectors, and worsening ethnic tensions in areas with significant national minorities, particularly in border TCs.⁽³¹⁾ Despite the above factors, the full-scale invasion of Russia demonstrated the effectiveness and strength of local self-government, which became the basis for territorial defence and organizational measures to ensure the life of TC under martial law. The activities of local authorities have been adjusted in this regard. But, in addition to restrictions on the exercise of certain functions, local self-government has also received additional opportunities for the effective exercise of its powers. In particular, the list of powers of city, town and village mayors was expanded, the conditions for the functioning of military administrations of settlements were changed, and the procedure for adopting acts by local authorities was simplified.

During martial law, village, town, and city mayors are authorized to make some decisions on several matters. These include releasing communal land plots from illegally placed temporary structures, inspecting structures damaged by hostilities, and dismantling buildings declared as emergency. They are also responsible for transferring local budget funds to the Defence Forces, establishing institutions for free primary legal aid, and managing disaster response.

Territorial community development planning

In the context of decentralization, which involves the transfer of powers and resources to the local level, the economic freedom of local authorities is increasing. They need to make decisions on their own to address the development problems of the territories under their jurisdiction. This includes services such as water and heat supply, solid waste disposal, building maintenance, and modernization of social services, including school and kindergarten management, medical care, and upkeep of cultural and sports facilities. To do so, local authorities should use the opportunities offered by local development planning to clearly define the priorities to be addressed. Planning also allows determining the capacity of local budgets to finance the implementation of planned strategic tasks, and in case of their limited capacity, to seek grants from governmental organizations or international donors.

In Ukraine, as part of the reform, planning has become a tool for increasing the competitiveness of communities and a means of uniting different actors in territorial development around long-term priorities. The intensification of planning activities is a natural stage in the development of TCs and an attempt to find effective tools that would help respond to current challenges.^(32,33,34) As a result of decentralization, local authorities have become responsible to their residents for creating a comfortable and safe living environment and providing equal access to public services. To fulfil these tasks, it is necessary to carry out rational strategic planning. A well-designed process helps to consolidate the assets of a community, identify development priorities and identify people who can become human resource donors. Participatory development plans are more valued at all levels and by all structures that support their implementation, whether it is a city council, governmental organization or charitable foundation. They also have more value than those developed by outsiders on behalf of the community, because only residents know their own problems and are able to solve them. Therefore, local authorities need to involve citizens in identifying local development needs.

A community development strategy is a document that contains a vision of the future and potential directions for its development. This document was prepared with the participation of representatives of all administrative units, deputies, employees of local enterprises, the business community, public activists and experts. During and after the war, a development strategy is essential for several reasons. It unites residents and focuses on specific goals. It also makes the community unique and attractive to investors. Additionally, it promotes the efficient use of new resources and simplifies decision-making. It ensures the community's sustainability in its development. Despite the variety of strategic planning methods, they all have three blocks that are inherent

in any project cycle. These are analysis, planning, and implementation. When formulating a development strategy for Ukrainian communities after the war, it is essential to use a structured methodology. This includes organizing strategic planning work, analyzing the environment and factors influencing territorial community development, and identifying potential scenarios and directions for growth. It involves developing a clear action plan for implementing the strategy, discussing the document and adopting it, and finally, implementing the strategy while monitoring the process.

Prospects for the development of TC in the post-war period, tools of cooperation between local authorities and business

In February 2022, Russia’s invasion of Ukraine interrupted reform processes, including in the area of decentralization. The authorities at all levels faced a more important challenge - the protection of state sovereignty.⁽³⁵⁾ Prime Minister D. Shmyhal said that continuing the reform remains a priority, as decentralization has helped to implement more than 10 thousand infrastructure and social projects in communities in previous years.⁽³⁶⁾

Russian aggression has seriously affected all spheres of public life. Analysts estimate that more than 3 thousand educational institutions and more than 1 thousand medical facilities have been destroyed or damaged as a result of shelling in Ukraine. According to rough estimates, about a trillion dollars is needed to rebuild the country.^(37,38) It is worth not forgetting about the destruction of the electricity infrastructure. Thermal power plants (TPPs), combined heat and power plants (CHPs) and hydroelectric power plants (HPPs), hundreds of transformers, substations, heating stations and boiler houses came under fire. The responsibility for their restoration lies largely with local authorities. At the same time, 2022 showed how resilient local self-government is, able to withstand any challenges, including financial ones, even under martial law. Since the beginning of the Russian invasion, local governments have been involved in organizing and maintaining territorial defense and assisting the army. They have also engaged foreign partners for additional support. At the local level, they provide various forms of assistance to citizens, including help for internally displaced persons (IDPs), support for businesses, organization of shelters, and the continuation of essential services.

However, in the first months of the war, the financial foundations of local government deteriorated significantly. The state had to ensure a stable economic environment for business, so it introduced certain tax privileges, to which LGBs (local government bodies) also had to adapt. In March and April, tax revenues to local budgets dropped significantly, but in May, they resumed their previous pace and began to increase (figure 1). Local governments were able to adapt to the new conditions, as in the following months they used their own funds to support businesses and create programmes to support them. With these resources, they continue to be able to provide funding for priority needs at the local level.

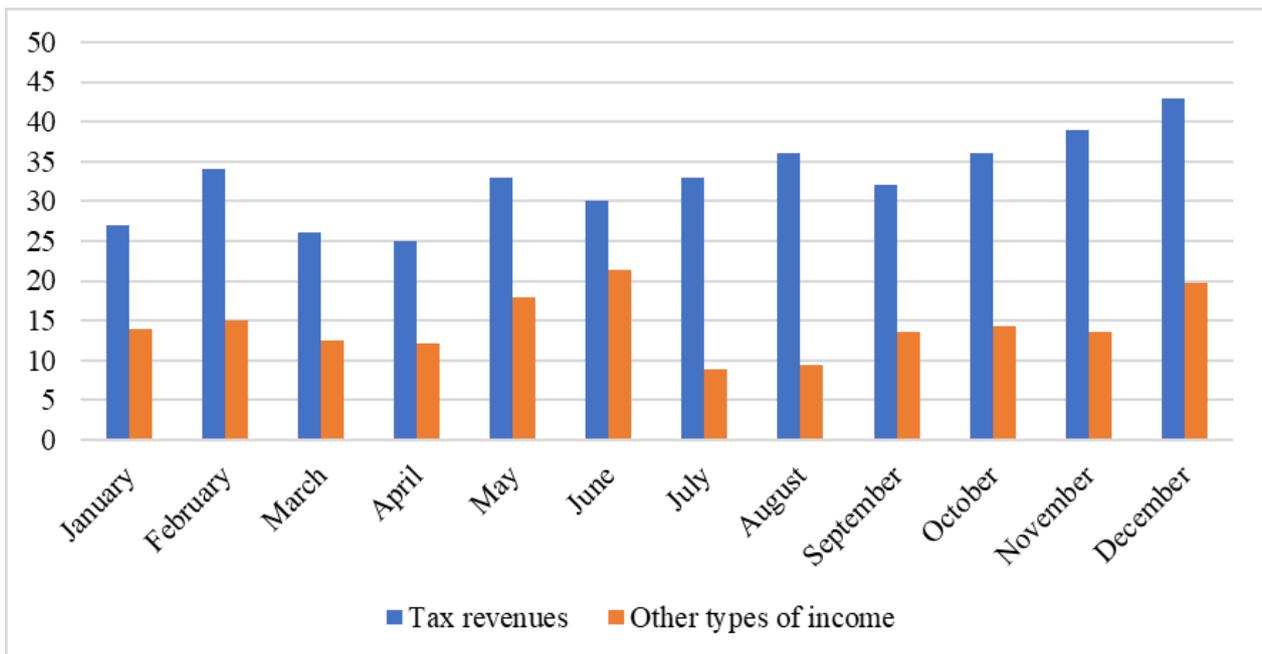


Figure 1. Revenues of local budgets in 2022 (monthly) by main types of revenue, billion UAH
Source: Monitoring of the reform of local self-government and territorial organization of power; 2023.

That is why the process of post-war development of TC should be accompanied by a new stage of

redistribution of functions and finances from the centre to the regions. In July 2023, the government approved the procedure for determining the areas of recovery, as well as the procedures for developing, implementing and monitoring recovery and development plans for regions and individual communities.⁽³⁹⁾ This will accelerate the reconstruction of TCs affected by military aggression and help rebuild transport, communal and social infrastructure, as well as housing. The Vice Prime Minister for Reconstruction of Ukraine, Minister of Community, Territorial, and Infrastructure Development O. Kubrakov notes that policy updates in this area are being made from the bottom up, based on the requests of the TCs of the regions.⁽⁴⁰⁾ The state has to develop a general format, define fundamental mechanisms and principles of restoration, but local authorities are the main initiators of projects. According to O. Kubrakov, the key to success in the recovery process is capable TCs. According to the document, a community belongs to the recovery area if at least one of the following criteria is met: hostilities were conducted on its territory; the community was under occupation; there is destruction of infrastructure or housing on the territory; the territory is characterized by significant population displacement and deterioration of socio-economic development.

However, it has now been decided that it is the government that will distribute funds for reconstruction manually. The heads of regional administrations will determine the reconstruction objects in their region, and the position of local authorities in this context is not discussed. The approved procedure will lead to the centralization of financial resources, diminishing the role of the TC and local authorities, excluding them from the reconstruction process. In fact, local self-government is deprived of subjectivity in it. This creates corruption risks of abuse by officials of regional state administrations when creating a list of facilities that need to be restored. Therefore, it is necessary to enable the executive committees of city, village, and settlement councils to submit requests for funds, and to approve a methodology with clear criteria for prioritizing projects. It is the local authorities that should act as leaders in ensuring recovery and sustainable development. After all, they should formulate local policies aimed at ensuring balanced socio-economic development, establish the principles of social justice within the TCs, and build and effectively implement the competitive advantages of the territories.

Grant support also plays an important role in community development. Grant activities and the attraction of extra-budgetary funds have become a significant source of additional finance for the implementation of territorial development projects. In particular, funds are provided by international donors and Ukrainian government organizations in the areas of green energy, culture, education, healthcare, support for small and medium-sized enterprises (SMEs), restoration of artistic activities, and many others.^(41,42,43) It is expected that the number of grant programmes will only increase after the end of hostilities. Already, the world's leading countries have announced their intention to participate in the restoration of Ukrainian communities. In particular, in 2022, President of Ukraine V. Zelenskyy proposed a new model of recovery to international partners - patronage over a particular region, city, community, or industry. Austria, the United States, Finland, Greece, the Czech Republic, Denmark, Turkey, Poland, Latvia, France, Estonia, Lithuania, Canada, Belgium, and others have already agreed to help with the reconstruction (table 1). It should be noted that in most cases, communities do not receive funds directly from international donors. At the same time, there are programmes that provide financial resources to TCs on a competitive basis. Therefore, local self-government needs to work on developing practical skills in attracting grant funds, analysing the capabilities of communities and getting acquainted with information and analytical resources that allow them to attract grant funding.

A region in need of reconstruction	States that will become donors
Donetsk region	Greece, Italy, Poland
Dnipro region	Czech Republic
Zaporizhzhia region	Austria
Kyiv	United Kingdom
Kyiv region	Great Britain, Lithuania
Kropyvnytskyi region	Norway
Luhansk region	Czech Republic, Sweden, Finland
Mykolaiv region	Denmark, Belgium
Odesa region	Greece, France, Switzerland
Sumy region	Canada
Rivne region	Ireland
Kharkiv region	USA, Turkey
Chernihiv region	France, Latvia, Germany
Zhytomyr region	Estonia, Latvia, Lithuania
Kherson region	The Netherlands, Sweden

Source: Post-war reconstruction of Ukraine⁽³⁷⁾

Despite the active phase of the war, the process of rebuilding communities has already begun. In July 2023, the government decided to distribute almost 5,3 billion hryvnias of subventions among the TCs of ten oblasts: Vinnytsia, Dnipro, Zhytomyr, Kyiv, Kropyvnytskyi, Odesa, Poltava, Sumy, Cherkasy, and Chernihiv (figure 2). The source of the subvention is the funds allocated by the European Investment Bank (EIB). They will be directed to the restoration of 109 facilities, including educational and health care facilities, critical infrastructure facilities, and administrative service centres. When distributing funds, priority was given to those areas that suffered the most as a result of armed aggression or experienced the greatest burden due to the influx of IDPs.

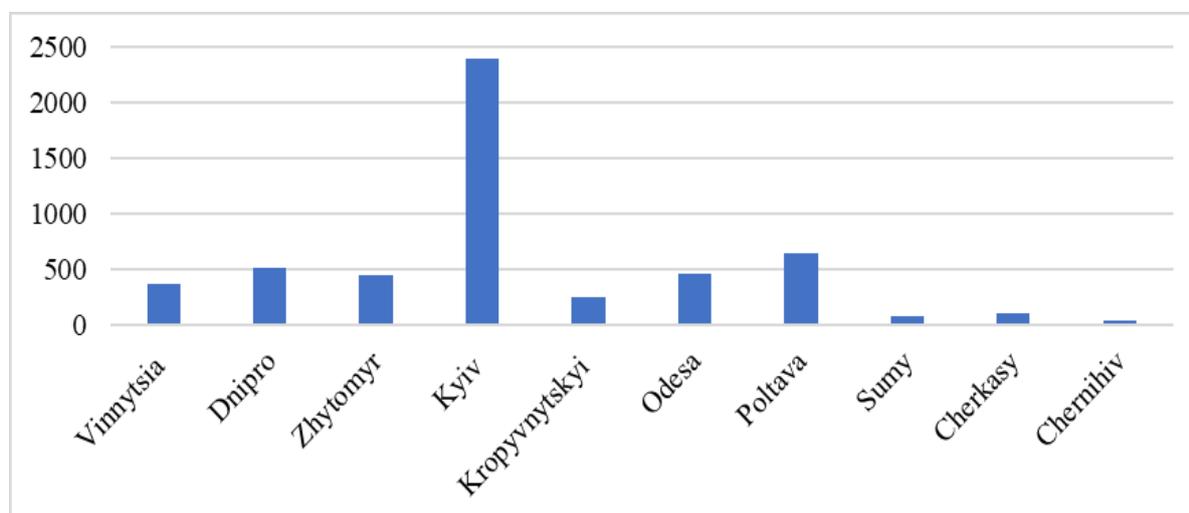


Figure 2. Distribution of subventions between regions for infrastructure restoration (million hryvnias)
Source: Monitoring of the reform of local self-government and territorial organization of power; 2023.

Local businesses should also contribute to the post-war reconstruction of the TC. Only through joint efforts of the state, communities, and business representatives can progress be achieved. Businesses should finance projects aimed at ensuring sustainable development, act as sponsors and patrons.^(44,45,46) In addition, they need to make rational use of the natural resource potential of the TC, use treatment facilities, dispose of and recycle waste, actively introduce innovations necessary to create socially and environmentally efficient production, and increase the competitiveness of enterprises. The war has shown that in crisis situations, the business environment is ready to mobilize its resources to defend the state and support local authorities.^(47,48,49) Established cooperation, trust, and support will also be a powerful resource for future recovery and development.

DISCUSSION

The study of the institution of local self-government has a long history and is related to the study of democracy at the local level, as it is the basis for the exercise of power by the people at the local level. The primary actor in addressing local issues is the TC. Globalization has led to an increase in the importance of communities in the economic prosperity of territories. Ukrainian society has realized that the development of the entire country and its individual regions depends on the capabilities and interest of the TCs. As a result of the decentralization reform, Ukrainian communities have been given the opportunity to ensure their own capacity and take responsibility for planning their development and the well-being of their residents. In addition, only the community determines the priorities that will form the basis of its perspective plan. This is especially important at a time when TCs need to restore infrastructure destroyed as a result of the Russian invasion, return relocated businesses and evacuated enterprises, and attract foreign investment.^(50,51,52,53,54)

The topic of decentralization is important when studying the development of Ukrainian communities in the post-war period. Western scholars have studied the reform of local self-government in Ukraine in different contexts. Namely, researcher W. Dudley considers decentralization as an important component for achieving a balance between the development of the country's regions and administrative capabilities that would allow for movement towards the EU.⁽⁵¹⁾ At the same time, he points out that decentralization has not led to a reduction in corruption or improved public services. The lack of qualified personnel and the persistence of patrimonial relations between business and political elites at the local level have significantly reduced the potential of the reform. Therefore, for decentralization to be truly successful, more comprehensive reforms of municipal governance and the civil service need to be implemented, as well as a systematic fight against corruption at all levels.

E. Dolan-Evans,⁽⁵⁵⁾ in turn, focuses on the failures of decentralization in Ukraine. He believes that political, administrative and fiscal reforms have strengthened oligarchic power, which may create difficulties for post-war reconstruction. The researcher cites examples of investigations by Ukrainian journalists who have revealed corruption in the implementation of infrastructure projects. Namely, the construction of roads or other facilities in some regions is given to front companies backed by oligarchs. They carry out work at inflated prices, causing losses to the budget. At the same time, the author does not study this problem from a historical perspective and does not investigate the root causes of the current situation. Also, E. Dolan-Evans also suggests that decentralization has had a negative impact on the ability of some groups of Ukrainians, such as internally displaced persons (IDPs) from the temporarily occupied territories, to participate in the political process. They were only able to participate in local elections in October 2020 after changes to the electoral law were made.

The issue of financial support for Ukrainian communities in the context of decentralization is studied by a group of researchers P. Fuhelo et al.⁽⁵⁶⁾ They conclude that the socio-economic development of TCs depends primarily on financial security. As a result of reforms to tax and budget legislation, communities have received the financial resources necessary to ensure sustainable development of their territories. At the same time, it is necessary to work on increasing the own revenues of the budgets of the communities. In the context of addressing development issues, the activities of local self-government bodies should be aimed at finding investors and providing support to enterprises that create new jobs. At the same time, scholars do not address the issue of grant instruments, which during the war and budget shortages became an opportunity to implement various projects in the areas of security, medicine, education, culture and post-war reconstruction of the territories affected by hostilities.

The problem of post-war restoration of the TC is mainly in the field of view of Ukrainian scholars. However, there are also works by Western European and American authors. In particular, a group of researchers H. Shatz et al. suggest that the post-war reconstruction of Ukraine will be the largest in modern history.⁽⁵⁷⁾ They tend to believe that the United States will provide the security component in this process, while the EU will help restore the Ukrainian economy. At the same time, reconstruction efforts (demining of territories, construction of schools, kindergartens, and hospitals) should be entrusted to local authorities with the involvement of funds from international donors, business and the state budget. In addition, the authors believe that while the fighting is ongoing, Ukraine needs to agree on reconstruction-related reforms at all levels. This includes adopting legislation to allocate financial assistance, establishing relevant institutions, strengthening anti-corruption efforts, and strengthening the rule of law. But researchers do not take into account the first results in this area. In particular, legal acts and governmental resolutions were adopted in the field of post-war restoration of the territories affected by Russia's armed aggression against Ukraine.⁽⁵⁸⁾

The issue of Ukraine's post-war development is also in the field of view of Y. Gorodnichenko and V. Rashkovan.⁽⁵⁹⁾ The researchers state that the cost of post-war reconstruction could be three to five times higher than the country's GDP in 2021, so the help of international donors will be needed. Much of the foreign aid, in their view, should be allocated for use by local authorities to support and promote the development of local communities. At the same time, the authors believe that if the reforms are successful, it will bring Kyiv closer to Brussels and increase the capacity of local authorities to serve their communities. The researchers also note the positive effect of decentralization. As a result, Ukrainian communities have received leaders elected in democratic elections. They have real powers and are even able to organize the fight against aggression at the local level. Therefore, it is community leaders who should develop and implement a post-war development plan.

The process of rebuilding critical infrastructure can contribute to the development of the capacity of local authorities to serve their communities, which is essential for the successful democratic development of Ukraine. This point of view is supported by Ukrainian researchers R. Halhash et al.⁽⁶⁰⁾ They state that decentralization has intensified the processes of citizen participation in the management of sustainable development of regions and communities. The analysis of the financial reform showed positive dynamics of local budget revenues. However, the authors draw attention to the need to broadly involve civil society in the management and distribution of finances and to adopt amendments to legislation on the transfer of powers to the local level, as this slows down the development of territories. However, the researchers do not take into account the factor of government corruption, which may contribute to the slowdown of the post-war reconstruction process.

Scientists T. Bogdan and C. Jovanovic place the responsibility for Ukraine's post-war recovery on the state authorities.⁽⁶¹⁾ They believe that overcoming the devastating consequences of the war and creating conditions for sustainable socio-economic development is possible only through the implementation of balanced government programmes. However, in the face of the economic crisis, Ukraine needs grant support and external debt restructuring. Given the shortage of domestic resources and the war-torn economy, external assistance is vital for successful reconstruction and further development. The researchers state that there is a need to regulate the structure of aid from international donors and the national recovery plan developed by the Ukrainian government. As the war is still ongoing, and the timeframe is not clear, this is difficult to do. However, in their study, the authors do not take into account the role of local authorities in the post-war recovery process, since

in a democratic state, responsibility for socio-economic development should lie with local authorities and residents of individual communities.

This leads to the conclusion that there is currently no clear vision of Ukraine's post-war development strategy. However, scholars believe that TCs should play a central role in this process. In addition, to promote sustainable development, civil society and representatives of the business community should be involved in the management of territories at the local level. This will contribute to the post-war recovery and socio-economic development of communities after the war.

CONCLUSIONS

As a result of the decentralization reform launched in 2014, Ukrainian communities have been given additional powers and the ability to solve local problems using their own resources. The positive effects of the reform became apparent in the first years of its implementation. Russia's military aggression, which caused serious damage to Ukraine, also triggered a number of significant changes in the local government sector. These include an increase in the effectiveness of interaction between the state authorities and the leadership of TCs. This resulted in the establishment of an effective mechanism of economic support for the army, the relocation of some enterprises from the areas where hostilities are taking place, and the evacuation of civilians. The authors provides evidence in favour of building a rigid centralized vertical of power, and, on the other hand, argues for the need to preserve the real independence of TCs in managing economic potential and human resources for their effective use. The experience gained by Ukrainian communities during the war demonstrates the advantage of self-organization of the population over centralized management. The principles that laid the foundation for decentralization in Ukraine should not only be preserved, but also developed further in the current war conditions.

The authors argue that the post-war strategy for community development in Ukraine should focus on strengthening financial independence by expanding local taxation rights and access to credit from both state and commercial banks. The state should also create a targeted program to finance integrated community development projects, covering infrastructure, social and environmental initiatives. In addition, it is important to support small and medium-sized businesses through tax incentives, simplified registration and reporting, as well as grants and soft loans. It is also necessary to strengthen public participation in decision-making on post-war reconstruction through the creation of advisory bodies, surveys and general meetings of residents. And it is extremely important to introduce a system of continuous training and professional development for local government personnel.

The prospect of further research on this topic is a detailed consideration of the post-war development strategy on the example of individual regions and communities. In addition, this research paper can serve as a starting point for assessing the performance of local authorities before and after the decentralization reform.

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