

DECENTRALIZATION OF PUBLIC POWER IN UKRAINE TAKING INTO ACCOUNT THE EXPERIENCE OF EU STATES

DESCENTRALIZAÇÃO DO PODER PÚBLICO NA UCRÂNIA LEVANDO EM CONTA A EXPERIÊNCIA DOS ESTADOS DA UE

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Abstract: The purpose of the academic paper is to highlight the key aspects of decentralization in EU countries and the potential of their consideration in the conditions of reforming state governance in Ukraine. The research methodology is based on statistical and regression analysis of EU states according to fiscal, administrative and political decentralization indicators. Average annual GDP growth rates of EU countries and Decentralization Index components contained in the database of the European Committee of the Regions (2023) were used for the regression assessment. The results demonstrate several differences between EU countries in terms of fiscal, administrative, political decentralization and economic growth rates for 2017-2021. Based on the analysis of decentralization in certain sectors of the economy of the most developed countries in Europe, differences in distributing powers between public authorities at the central, regional and local levels have been revealed, depending on the basic ability to manage social-economic development. The practical value of the scientific work lies in developing recommendations on decentralization for Ukraine, taking into account the experience of EU states.

Keywords: Decentralization. EU Decentralization Index. Political Decentralization. Administrative Decentralization. Fiscal Decentralization.

Resumo: O objetivo do trabalho acadêmico é destacar os principais aspectos da descentralização nos países da UE e o potencial de sua consideração nas condições de reforma da governança estatal na Ucrânia. A metodologia de pesquisa é baseada na análise estatística e de regressão dos estados da UE de acordo com indicadores de descentralização fiscal, administrativa e política. As taxas médias anuais de crescimento do PIB dos países da UE e os componentes do Índice de Descentralização contidos na base de dados do Comitê Europeu das Regiões (2023) foram usados para a avaliação da regressão. Os resultados demonstram várias diferenças entre os países da UE em termos de descentralização fiscal, administrativa, política e taxas de crescimento econômico para 2017-2021. Com base na análise da descentralização em determinados setores da economia dos países mais desenvolvidos da Europa, revelaram-se diferenças na distribuição de poderes entre autoridades públicas nos níveis central, regional e local, dependendo da

capacidade básica de gerir o desenvolvimento socioeconômico. O valor prático do trabalho científico reside no desenvolvimento de recomendações sobre descentralização para a Ucrânia, levando em consideração a experiência dos estados da UE.

Palavras-chave: Descentralização. Índice de Descentralização da UE. Descentralização Política. Descentralização Administrativa. Descentralização Fiscal.

1. Introduction

Theoretical and practical aspects of decentralization of power have been studied since the beginning and development of this concept of public administration since the early 1970s (Rondinelli, 2017). During 1970 - 2020, more than 95% of countries worldwide moved to decentralized management (Burnać, 2021). The activation of delegation and transfer of powers to local and regional authorities in European countries took place in the 1990s in order to ensure stable economic growth (Rondinelli, 2017). The third stage of decentralization in Ukraine began in 2022. It includes, in particular, the continuation of fiscal, administrative, and political reforms in the sphere of state governance. The Ukrainian context of reforming state governance primarily involves promoting social-economic regional development, and reducing the level of corruption in the context of European integration. The above-mentioned indicates the relevance of studying the specifics of delegating powers to local self-government bodies in the EU countries.

The purpose of the academic paper is to highlight the key aspects of decentralization in EU countries and the potential of their consideration in the conditions of reforming state governance in Ukraine.

2. Theoretical framework and literature review

Theoretical and empirical results of studies on decentralization contain various conclusions regarding the effectiveness of local self-government, in particular, through a number of differences in fiscal, administrative, political decentralization (Mookherjee, 2015; Wagana & Iravo, 2017; Chygryn et al., 2018). In particular, theoretical and practical aspects of decentralization study the effectiveness and theories of the first and second generations of federalism: accountability, corruption, decentralization and its impact on democracy, comparison with other organizational alternatives, political economy (Mookherjee, 2015), achievement of “good governance”, productivity of subnational levels (Kuhlmann & Wayenberg, 2016), impact

of fiscal decentralization reforms on political institutions and public policy (Köppl Turyna et al., 2016; Martínez-Vázquez, Lago-Peñas & Sacchi, 2017). Therefore, the issues about new decentralization strategies are raised in the scientific literature. The key positive consequences of fiscal decentralization include an increase in the transparency and accountability of the financial policy of the sub-central government and a change in the quality of public services. Scientists also identify primary risks of decentralization processes, in particular, as follows: an increase in macroeconomic instability due to the lack of centralized control, a high dependence on fiscal decentralization measures, a decrease in the financing of large-scale social projects, the effectiveness of the competence of sub-central authorities, etc. (Chygryn et al., 2018).

Burnač (2021) empirically investigates the consequences of the influence of fiscal and political decentralization on state governance's quality in seventeen Central and Eastern European (CEE) countries for the period 1998-2012. The author comes to the conclusion that fiscal decentralization has a positive effect on state governance, while political decentralization is characterized by an insignificant effect. The features of the decentralization of the CEE countries have also been outlined, namely: higher quality of governance in more developed countries with a higher level of welfare; the number of government personnel leads to a higher level of corruption and negatively affects the governance quality; a higher level of democracy in the country ensures greater accountability and responsibility of the government, and, as a result, reduces the corruption level. In addition, political decentralization may have a negative impact on fiscal outcomes due to less development of local CEE institutions (Burnač, 2021). Visković, Burnač & Herman (2021) study the influence of decentralization's different levels in the EU on citizens' perception of European integration in the period 1973–2002. The authors have revealed the importance of fiscal decentralization as the foundation of citizens' support for European integration, compared to political decentralization, which is more related to economic costs (Visković, Burnač & Herman, 2021). Slavinskaite, Novotny & Gedvilaitė (2020) claim three key effects of fiscal decentralization: effective and adequate public services at the local level thanks to citizens' mobility, electoral power and competition between local authorities in the created ecosystem. The research has also revealed a positive and significant impact of fiscal decentralization on the economic development of the EU-13 countries.

Trusova et al. (2019) present the empirical results of fiscal decentralization of the EU countries and Ukraine as a process of restructuring and balancing the specific interests of the subjects of redistributive relations, improving and optimizing the structure of the revenue part of local budgets. Based on the analysis of the fiscal decentralization of EU countries (fiscal

autonomy and the importance of local self-government), the authors propose measures to increase the role of fiscal consolidation and fill local budgets in Ukraine. In particular, it is proposed to implement budget and tax reforms in a timely manner, significantly influencing the social-economic development of the state. In the context of the proposal, the authors claim that the decentralization fiscal rules of the EU countries form the system-forming elements of income tax models, provide a favorable fiscal space for business, and motivate territorial communities to use budget funds effectively.

Pasichnyi et al. (2019) empirically assess the relationship between the level of fiscal decentralization and economic growth for 27 developed European economies for the period 1992-2017. The authors have found a higher significance level of decentralization of expenditures compared to revenues in the EU, Belarus, Georgia, and Ukraine. Most CEE countries have increased the level of fiscal decentralization since 1992. The authors have also revealed the interrelationship between revenue decentralization and lower growth rates, while expenditure decentralization somewhat stimulated economic development. At the same time, the overall indicator of decentralization negatively affected growth, but the estimated relationship was not statistically reliable. The empirical research also demonstrates the strong role of sustainability and demographic structure in ensuring economic development.

Malah Kuete, Mignamissi & Nguimo Kuete, (2022) study the principal measures of political decentralization (local autonomy and federalism) in 143 countries of the world, concluding that people are more satisfied with life in more decentralized states. Based on analyzing the opinions of 160 000 people in 31 European countries, Diaz-Serrano & Rodríguez-Pose (2015) revealed a positive impact of fiscal decentralization on the perception of the health and education system. Along with this, the authors found that political decentralization has different effects on citizens' satisfaction with the healthcare and education sectors. At the same time, the impact of political decentralization is significantly dependent on the ability of local and regional governments to exercise power at the relevant levels and influence politics at the national level (joint governance).

Thus, the scientific literature investigates theoretical and practical features, processes, and effects of decentralization in European countries, and their impact on economic growth, well-being, and social-economic development. At the same time, few studies are focused on the possibility of taking into account the experience of EU decentralization in the context of intensifying the state governance reform in Ukraine.

3. Research design and methods

The methodology includes a statistical analysis of European countries according to indicators of fiscal, administrative and political decentralization based on the database of the European Committee of the Regions (2023), which evaluates the Decentralization Index.

Table 1. Overall decentralization based on average scores of three key dimensions, 2022

Dimension of decentralization	Evaluation index	Classification of decentralization
1 – Fiscal decentralization	1.1. Expenditure level (expenditure ratio) – the relative share of total subnational expenditures compared to total state expenditures 1.2. Income level (income ratio) – the relative share of subnational income (excluding grants) compared to total government income 1.3. Income autonomy	1.1. High level of decentralization: cost ratio is 35-100% 1.2. Intermediate decentralization: cost ratio is 27-34% 1.3. Low decentralization: cost ratio is 20-26% 1.4. Very low/nearly no decentralization cost factor is 0-19% The assessment is based on the highest and lowest 25% values for all Member States (that is, quartiles)
2 – Administrative decentralization	1.1. Overall assessment 1.2. Delegation of authority 1.3. Availability of human resources 1.4. Level of autonomy / control	Each Member State is assigned an assessment between 0 and 3 for each indicator at both local and regional levels.
3 – Political decentralization	1.1. Overall assessment 1.2. Legal fundamentals of self-government 1.3. Representation 1.4. The ability to influence political decision-making 1.5. Direct relations with the EU 1.6. Subsidiarity	

Source: compiled by the author based on European Committee of the Regions (2023)

The level of administrative decentralization was assessed using the following indicators:

1. Delegation of powers to subnational authorities: extensive (development, implementation of strategies at the local, regional level without or with minimal intervention), medium (implementation of strategies, sometimes development), limited (mainly policy implementation), absent.

2. Availability of human resources: high (over 42%), medium (19-42%), low (2-18%) and very low (less than 2%) share of local government employment relative to total employment.

3. Extent to which subnational authorities are controlled by the central level: quasi-total oversight of local governments (0), extensive oversight (1), legislative oversight (2), limited/absent (3).

The level of political decentralization was assessed using 5 indicators:

1. Legal principles of self-government: absent (0), legislative (1), general constitutional (2), detailed constitutional (3).

2. Representation of authorities of sub-national levels at the national level: neither formal nor unofficial representation (0); informal representation through an assembly of subnational authorities (1); official representation through the assembly of subnational authorities (2); direct formal representation (3).

3. The ability of sub-national authorities to influence legislative initiatives and policies of higher-level governments: absent (0); very limited influence of informal consultations (1); certain influence on decision-making (not prescribed by law, but applied systematically) (2); direct influence on decision-making (requires official consultation (3)).

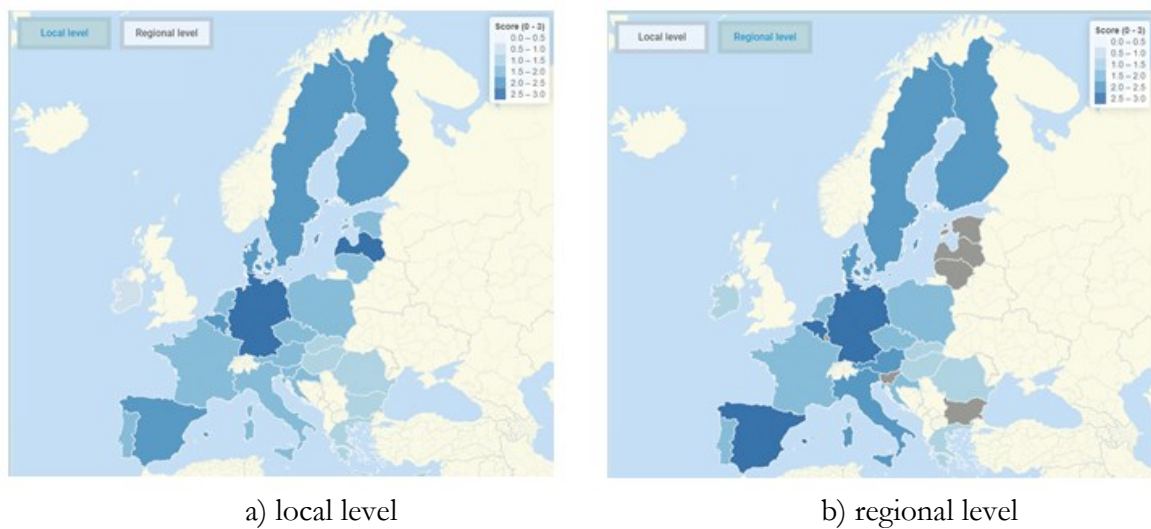
4. The level of support for direct relations of subnational authorities with EU institutions: 1 point for each of the following types of participation: membership in the CoR; permanent representation through an office in Brussels (for example, for some regional governments); representation through associations of regional authorities.

5. Subsidiarity, taking into account local, regional aspects of solving problems at the national level: lack of legislative powers in the parliament (0); established Subsidiarity scrutiny is well-defined (EWS) system, limited consultations with regional authorities (1); EWS subsidiarity review is clearly defined at national level, consultations are informal (2); subsidiarity control is clearly defined and systematic consultations are conducted (3).

At the second stage of the research, an analysis of decentralization was carried out in the economy's certain sectors of the most developed European countries and the most effective in terms of decentralization indicators from the perspective of their experience for public authorities in Ukraine. Germany, Spain, Belgium, and Finland were chosen for the analysis. These are the leaders in terms of decentralization in the EU, in particular, due to the legal basis at the local level.

4. Results

Figure 1 shows the general index of decentralization by European countries at the local and regional level, which includes administrative, fiscal, political decentralization with scores from 0 to 3.



Source: European Committee of the Regions (2023).

Based on the data of Table 2, it can be concluded that the state of decentralization in EU countries is not the only factor affecting the stable growth of the economy. Low GDP growth rates for 2017-2021 are observed in countries with the most effective decentralization structure. Countries with a very low level of fiscal decentralization include Estonia, Lithuania, and Romania. These three countries are characterized by an intermediate level of administrative and political decentralization, which involves implementation by local, regional authorities and, in some cases, development of legislation by national authorities. At the same time, the availability of human resources is as follows: Estonia - 53% (high), Lithuania - 52% (high), Romania - 58% (high). The level of control over local authorities is as follows: Estonia – legislative supervision and control, Lithuania – quasi-total supervision over local self-government bodies, Romania – extensive supervision and control. The following features of political decentralization are characteristic of Estonia: general constitutional principles of self-government, informal representation of self-government bodies, direct influence on political decision-making, direct relations with the EU, clear determination of subsidiarity verification. The following features of political decentralization are characteristic of Lithuania: general constitutional principles of self-government, official representation at the national level, direct influence on political decision-

making, direct relations with the EU, clear determination of subsidiarity verification. The following conditions for political decentralization are defined for Romania: official representation at the national level, direct influence on political decision-making, direct relations with the EU according to two criteria.

Table 2. General assessment of decentralization in terms of three dimensions and average annual growth rate of GDP for 2017-2021

	General assessment, rating		Fiscal, %	Administrative, assessment 0-3	Political, assessment 0-3	Average annual GDP growth rate for 2017-2021, %
Member States with legislative powers at the sub-national level						
Austria	1,5	18	27	1,2	2	0,300
Belgium	2,1	7	40	1,9	2,2	0,777
Finland	2,3	5	71	2,1	1,8	1,175
Germany	2,5	1	74	2	2,5	0,438
Italy	1,7	13	45	1,2	2,2	0,668
Portugal	1,6	15	60	1,6	2	1,150
Spain	2,2	6	46	2,2	1,8	-0,023
Member States without legislative powers at the sub-national level						
Bulgaria	1,4	19	27	1,7	2	2,522
Croatia	1,6	16	47	1,2	1,5	3,901
Cyprus	1,1	25	54	0,8	1,8	2,333
Czechia	1,9	9	57	1,6	1,8	1,526
Denmark	2,4	3	45	2,5	2	1,458
Estonia	1,6	14	14	2,4	2,2	3,675
France	1,7	12	64	1,6	1,6	0,788
Greece	1,3	22	31	1,6	1,8	0,988
Hungary	1,4	21	42	1,5	1,6	3,585
Ireland	0,8	27	36	0,6	1,2	7,247
Latvia	2,5	2	65	2,2	2,5	2,917
Lithuania	1,5	17	11	2	2,2	4,084
Luxembourg	1,2	23	52	1,1	1,6	0,451
Poland	1,9	8	43	2,4	1,8	3,727
Romania	1,4	20	19	1,9	2	4,252
Slovakia	1,2	24	32	1,6	1,6	1,547
Slovenia	1,8	10	55	1,8	2	2,867
Sweden	2,4	4	71	2,3	2,8	0,691
The Netherlands	1,8	11	30	1,9	2,4	1,103

Source: compiled by the author based on European Committee of the Regions (2023); World Bank (2023)

Countries with an average level of both general and fiscal decentralization include Austria, Bulgaria, Greece, Slovakia, and the Netherlands. Austria is characterized by limited strategic planning and development at the local, regional level; the average level of employment at the local and regional levels (21,4%), official representation at the national level, direct influence on political decision-making, direct relations with the EU. Bulgaria is characterized by the following signs of administrative and political decentralization: average level of delegation of authority, average availability of human resources (23,9%), legislative supervision and control over local self-government bodies, general constitutional principles of activity at the regional level, official representation at the national level, very limited influence of informal consultations, direct relations with the EU, well-defined subsidiarity verification at the national level, informal consultations.

Thus, the conducted analysis of the decentralization degree indicates a number of differences between countries in each of the components of delegating powers in various areas of management. Countries with a high level of general and at the same time fiscal decentralization (Germany, Spain, Belgium, and Finland) are also characterized by an intermediate level of delegation of powers to local authorities, an intermediate level of availability of human resources, with the exception of Finland with an indicator of 80%. Political decentralization of this group of countries also has characteristic features. However, in general, the activities of local self-government bodies are defined in the constitutional provisions. They have official representatives at the national level, direct relations with the EU and different levels of subsidiarity. The assessment of the interrelationship between the decentralization level and the average annual growth rate of GDP of the EU countries in 2017-2021 indicates non-linear interrelationships between the variables. At the same time, this connection is characterized by a low level of influence of decentralization on economic growth. Some countries are characterized by a low degree of decentralization and high GDP growth rates (Ireland, Romania, Lithuania, Croatia, Hungary, and Estonia); for others, the average degree of decentralization and GDP growth (Poland, Bulgaria, Cyprus, Slovakia, and Slovenia); for others – a high degree of decentralization and a low rate of GDP growth (Germany, Denmark, Sweden, Finland, and Spain). It is worth highlighting separately Latvia, where a high level of decentralization and the rate of GDP growth is observed at the same time (Figure 2).

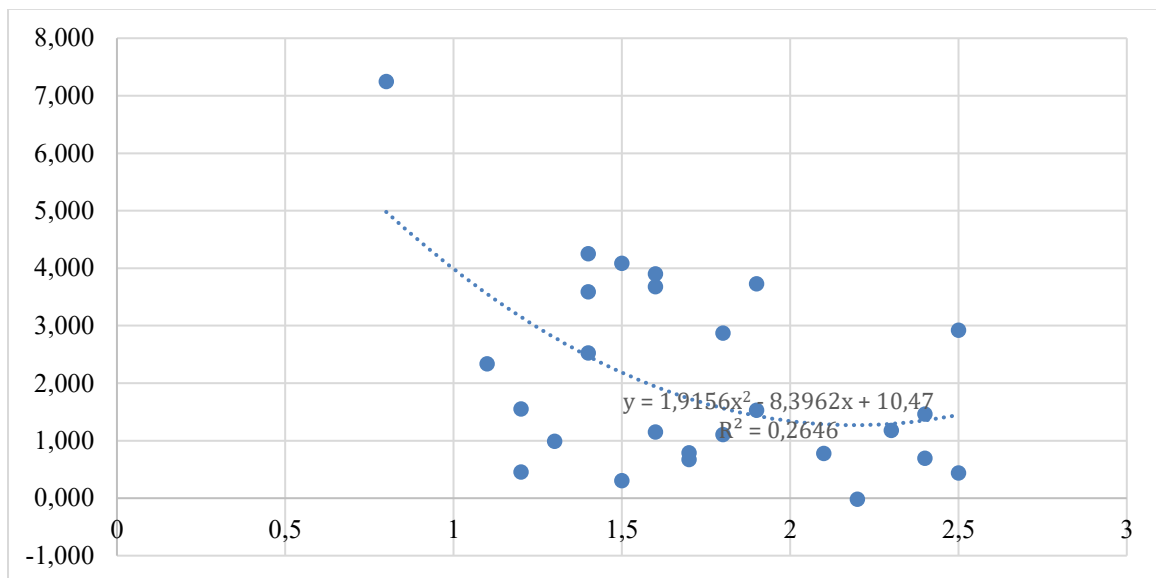


Figure 2. Regression assessment of the interrelationship between the level of decentralization and the average annual growth rate of GDP of EU countries in 2017-2021

Source: compiled by the author

Germany, Spain, and Belgium have three levels of government, while Finland has a unitary system of government and two levels of government (Table 3).

Table 3. General structure of decentralization in Germany, Spain, Belgium and France

	Germany	Spain	Belgium	Finland
Assessment/rating	2,5; 1/27	2,2; 6/27	2,1; 7/27	2,3; 5/27
Structure of decentralization	Federal or quasi-federal state	Federal or quasi-federal state	Federal or quasi-federal state	Unitary state
Management levels	3 level(s) of subnational government: Federal states, counties, municipalities	3 level(s) of subnational government: Regions, provinces, municipalities	3 level(s) of subnational government: Region, province, commune	2 level(s) of subnational government: Provinces, municipalities
The level of self-government	Lowest tier with self-government: Municipality	Lowest tier with self-government: Municipality Regions include Autonomous communities	Lowest tier with self-government: Municipality	Lowest tier with self-government: Municipality
Number of Local Administrative Units	11008 LAUs	8138 LAUs	581 LAUs	310 LAUs
Average population size by LAU	7555	0	19879	17824

Source: compiled by the author based on European Committee of the Regions (2023).

Considering that Germany, Belgium, and Finland have the highest rating according to the Corruption Perception Index (9, 18, 2), these countries should be considered as examples of decentralization of power in Ukraine, which has a high level of corruption (CPI rating 116 in 2022) (Corruption Perception Index, 2023). For comparison, fiscal decentralization in Ukraine is at a low level: for 2017 - 9 months of 2022, the share of local budgets in consolidated budget revenues was 22,2 – 24,4%.

Ukraine has been going through the third stage of decentralization from the beginning of 2022. At the first stage of 2014-2019, the legislative framework was changed for conducting fiscal, administrative, and political decentralization. In particular, changes to the constitutional principles of local self-government were proposed; legislative and organizational fundamentals for community cooperation were adopted to promote basic administrative decentralization; amendments were made to the Tax and Budget Codes with the aim of fiscal decentralization of power. At the second stage, in 2020-2021, 1 469 territorial communities were formed in Ukraine, which were given powers of local self-government. The following challenges are typical for Ukraine at the third stage of decentralization: ensuring stable development, settling imbalances between the levels of development of different communities, restoring damaged infrastructure, supporting democratic decision-making, clear demarcation of powers between all levels (Decentralization, 2023). In the context of supervising local self-government bodies, the legality of their decisions should take into account the experience of Finland, which involves monitoring compliance with legislation at the central level. In Spain and Belgium, state supervision is limited or absent, which is impractical given the high level of corruption risks in Ukraine. In the context of state supervision, it is also possible to borrow the experience of France, where central authorities exercise broader supervision (for example, state delegates are present at the subnational level for oversight purposes; the central government has the power to overrule local decisions). In Ukraine, in accordance with the legislation, local self-government bodies are delegated extensive powers regarding local and regional development. In particular, their powers include as follows: “1) supporting programs for social-economic and cultural development of villages, towns, cities, target programs on other self-government issues, submitting them for approval to the council, organizing their implementation; submitting reports to the council on the progress and results of implementing these programs; 2) ensuring balanced economic and social development of the relevant territory, effective use of natural, labor and financial resources” (Verkhovna Rada of Ukraine, 2023). It is expedient to demarcate powers in Ukraine between levels of government according to the principle of subsidiarity. Residents of

communities must be provided with relevant mechanisms and tools of influence on local authorities and participate in decision-making.

In Ukraine, it is expedient to clearly define the powers of the national, sub-national and local levels depending on the economy sector. For example, the central government in Germany bears overall responsibility for developing the legislative framework for forming and implementing agrarian policy. Germany is represented in international negotiations with the EU and national negotiations in the agrarian sphere at the national level. The government also coordinates agricultural structural policies to improve agricultural structures and protect the coast. Germany's agricultural policy at the national level covers regulations in the areas of rural development, welfare-oriented animal husbandry, promoting the diversity of forestry and sustainable fisheries. The authorities cooperate with the federal government at the regional level in implementing a joint task to improve the structure of the agricultural sector. They implement agrarian policy, conduct consultations of the population on agricultural management issues. At the local level, the policy determined at the national level is implemented; modernization of agricultural holdings, subsidization of less favorable territories for farming, and local administration are carried out.

In Spain, authorities are responsible for developing basic legislation, general planning and coordination of economic activity at the central level. The Directorate of the European Agricultural Fund for Rural Development (EAFRD) functions at the national level of Spain. The government is responsible for developing and implementing the Rural Development Program. It supports the development of agricultural activities and subsidies, establishing basic directives on the regulation of the national agricultural market. The government also studies the requests of agricultural producers for assistance, assigns the maximum amount of assistance within the national territory. The government studies agricultural producers' requests for assistance, assigning the structure and strategies for monitoring the agricultural sector, maintains a database, including an agrarian-geo-information system, implements the policy of ecological agriculture, and manages grants and subsidies. At the regional level, authorities are responsible for developing agricultural policy in accordance with European norms and global directives. They manage subsidies, determine requests for assistance, payments, control and impose sanctions. The powers of the provinces at the local level include: ensuring coordination and providing municipal services. Municipal powers in Spain include the protection of traditional activities, the development and implementation of measures at the local level to promote the growth of the agricultural sector.

The central government in Belgium is responsible for: safety in the food industry, quality standards for raw materials and products of plant and animal origin, control of animal products; standardization, control in the field of animal health and welfare; implementation of measures to provide income to elderly farmers in case of early retirement. The Belgian Intervention and Restitution Agency is responsible for distributing the EU aid in the agricultural sector (however, the regions are represented in this organization). At the regional level, the government is responsible for: agricultural policy (production policy, price policy); assistance to agricultural companies; career of employees; application of European standards; programs for developing the regions' rural areas. The regions also manage the European Agricultural Fund for Rural Development (EAFRD) in Belgium, EAFRD project management. Regional authorities implement a common agricultural policy, providing assistance in case of natural disasters in the field of agriculture. Local authorities (provinces/municipalities) are responsible for setting up promotional initiatives and LEADER action groups to design and implement measures under the Belgian EAFRD programs.

5. Discussion

The research confirms the common and distinctive features of fiscal, administrative, and political decentralization in the EU, influencing the growth rates of the economy for 2017-2021. Non-linear interrelationships between the level of decentralization and the average annual growth rate of GDP of EU countries in 2017-2021 were revealed. They are characterized by a low level of influence of decentralization on economic growth. According to the level of decentralization and economic growth, there are three main groups of countries. The first group of countries is characterized by a low degree of decentralization and high GDP growth rates (Ireland, Romania, Lithuania, Croatia, Hungary, and Estonia); the second group is characterized by the intermediate degree of decentralization and GDP growth (Poland, Bulgaria, Cyprus, Slovakia, Slovenia); the third group is characterized by a high degree of decentralization and a low rate of GDP growth (Germany, Denmark, Sweden, Finland, Spain). Latvia is singled out, where a high level of decentralization and the rate of GDP growth can be traced at the same time. Similar conclusions were drawn in other studies. For example, Laboutková, Bednářová & Valentová (2016) found no relationship between a high degree of decentralization and the degree of economic imbalances for some EU countries. At the same time, a certain group of countries with a higher degree of decentralization is at the same time characterized by more favorable

economic indicators (Laboutková, Bednářová & Valentová, 2016). This can be explained by the fact that the success of fiscal decentralization in developing countries largely depends on the national governance's quality. The positive impact of decentralization on indicators of economic growth (for example, investment in infrastructure) also partly depends on the accuracy of local opinion about the needs and priorities of the region (Rondinelli, 2017). Along with this, principal reasons for different effects of decentralization and economic growth are also noted, namely: various consequences of the impact of fiscal and political decentralization; in particular, the fiscal decentralization generally has a more positive effect on GDP and other indicators of the economy, public administration, while the political one is characterized by an insignificant influence (Burnać, 2021). Slavinskaite, Novotny & Gedvilaitė (2020) proved a similar statement. They revealed a positive and significant impact of fiscal decentralization on the economic development of the EU-13 countries. Therefore, it is expedient to define effective mechanisms for political decentralization and the distribution of powers at different levels of management and in different sectors of the economy in Ukraine.

6. Conclusion

Therefore, the analysis of decentralization in certain sectors of the economy of the most developed European countries shows differences in distributing powers between public authorities at the central, regional and local levels, depending on the basic ability to manage social-economic development. In the context of political decentralization in Ukraine, it is expedient to implement centralized supervision and control over local self-government bodies, the legality of their decisions, to clearly demarcate powers between levels of management according to the principle of subsidiarity for each sector of the economy.

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