

# Reform of the Power Decentralization in Ukraine: The Possibility of Using the Japan's Experience

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Ukraine is in the state of reform. One of the major reforms which have long expecting the country, is reform is decentralization of power and strengthening of local self-government.

Ukraine belongs to the countries of post-Soviet camp. Ukraine declared independence in 1991. The new Constitution was adopted in 1996.

Ukraine is the unitary, sovereign, independent, democratic, social and legal state, a parliamentary-presidential republic. The bearer of sovereignty and the sole source of power in Ukraine is the people. The people exercise power directly and through bodies of state power and local self-government.

Authorities in Ukraine performed on the principle of separation of legislative, executive and judicial. Executive power in the country belongs to the Cabinet of Ministers and the legislature—to the Parliament (Verkhovna Rada of Ukraine). The highest body of judicial power in Ukraine is the Supreme Court of Ukraine. The

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President of Ukraine has the power to influence the work of all three branches of state: executive, legislative and judicial.

Verkhovna Rada of Ukraine consists of 450 members who are elected for five years. The President of Ukraine is elected by popular vote for a five-year term. The President of Ukraine offers and the Verkhovna Rada of Ukraine appoints the Prime Minister and other members of the Cabinet of Ministers of Ukraine.

The issue of local self-government in Ukraine are regulated by national legislation and international acts, among which distinguish the European Charter of Local Self-Government (1985), ratified by Ukraine in 1997, the Constitution of Ukraine (1996), the Law of Ukraine “On Local Self-Government” (1997).

Basic principles of the Charter of Local Self-Government implemented in national legislation, including the Constitution of Ukraine and taken as a basis in the Law of Ukraine “On Local Self-Government”.

According to Article 140 of the Constitution of Ukraine “Local self-government is the right of a territorial community—residents of a village or voluntary association into village community of residents of several villages, township or city—to resolve the issues of local importance independently within the framework of the Constitution and laws of Ukraine” [1].

The Law of Ukraine “On Local Self-Government” Clause 1, Article 2 defines local self-government in Ukraine as “the right guaranteed by state and the real possibility of a territorial community—residents of a village or a voluntary association in the village community of residents of several villages, township, city—independently or under the responsibility of authorities and office holders of local self-government to solve local issues within the framework of the Constitution and laws of Ukraine” [2].

Local self-government of Ukraine has centuries-old traditions, which throughout the centuries have been influenced eastern and western political cultures. Its roots

come from neighbor's territorial community of ancient Slavs. Since the time of Kyivan Rus (from the end of IX century to the mid XIII) takes the development of community self-government. From the XIII century in Ukrainian cities developed Cossacks self-government and begin to be implemented Magdeburg (German) law. During the XVIII-XX century across Ukraine existed Russian empire and later Soviet model of self-government.

After Ukraine gained the status of the independent state in 1991, has begun a new phase of development of the institute of local self-government in Ukraine. However, the Soviet legacy is still not transformed into a modern democratic model of local self-government. Currently, there are many problems associated with questions of material and financial support functions and powers, imperfections of formation of local budgets, duplication of powers of local self-government and bodies of executive power, inadequate regulatory support of local democracy, and the low level of local self-organization of population.

Necessity of conducting public administration reform and strengthening of local self-government in Ukraine matured a long time. But for nearly 20 years was conducted to discuss ways of reforming and preparing the regulatory framework. For this time formed Ukrainian legislation, which is generally consistent with globalization and Eurointegration trends, that are based on the principles of decentralization and subsidiarity in which local government relies on increasing expectations and respective functions. This also corresponds the European Charter of Local Self-Government, primarily legal, organizational and financial autonomy. And also meet the Action Plan "Agenda XXI" (Rio de Janeiro, 1992), which imposes on local authorities a special hopes and responsibility.

Effectiveness of local government bodies is the basis of efficiency of public administration in general, that is provided the combination of interests of the State and every local community. In the process of decentralization central government

bodies delegate powers and responsibility to local authorities for effective decision-making on issues of development the specific administrative territorial units.

Laid the foundations for the implementation processes of decentralization and empowerment of local authorities on the principles of subsidiarity, deconcentration of power and resources should allow forming a basis for further development of material and financial, organizational, legal autonomy of local self-government and development local democracy practices.

Decentralization process involves the transfer of significant powers and budgets of government bodies to local self-governments. So as much as possible powers should have the bodies which close to the people and where such powers can be implemented most successfully.

In addition to transfer of powers on places focuses on the formation of capable territorial communities that will have their finances and will be able manage of them and make the necessary decisions relating to life support territorial communities.

The main changes which are provided the implementation local self-government reform and the Government course for decentralization authorities in Ukraine include:

- The introduction of three-level system of administrative and territorial structure of Ukraine – region, district, community with ubiquity of local self-government;
- The transfer of the executive power functions from local administration to councils executive bodies of appropriate level;
- Distribution of powers between local self-government on the principle of subsidiarity and the empowerment of communities is the widest range of powers;
- Clear providing powers of local self-government the necessary financial resources, including through their participation in state taxes;

- Elimination of state administrations and instead the establishment of government offices of only control and supervision and coordination, not executive functions [3].

As part of reforms in late 2014 were conducted the tax and fiscal decentralization, changes were made in the Tax and the Budget Codes. In the first quarter of 2015 already have noticeable effect of redistribution of the new budget. The resource of local budgets has increased significantly compared to last year during the same period. The new budget legislation extended the rights of local authorities and provided them with budgetary autonomy, and expanding sources filling local budgets. In addition, the State took over additional responsibility for provision of services on education and health.

Also, the community will get a basic subsidy to enhance fiscal capacity of their budgets. Significant advantages receive united community in which budgets are compared to the budgets cities of regional importance and areas.

For the effective implementation of the changes already got to work Regional Offices on implementation of reforms in local self-governance and decentralization of powers of the executive authorities. They must become methodological-applied centers on the introduction of new relations “state government – local self-government – local community.”

Steps to reform should lead to the formation of a decentralized model of public administration, strengthen the guarantees of local self-governments and responsible authorities and officials, and increase the level of direct local democracy and self-organization of population, to form powerful material and financial basis of territorial communities. Expected that due to taken the decision Ukraine come near to the desired expected results: more influential local self-government with expanded powers, resources and means of influence on the process of decision-making at the national level, which in a transparent and efficient way perform their

obligations to citizens.

But, as experience has shown, providing real opportunities of local governments in addressing important issues of public development is complex and lengthy. At the same time is needed further work on unification and standardization of administrative and social services for the population which rendering of local self-government and executive bodies, providing comprehensive training of officials that are involved in reform, improving the system of continuing education for local self-government officials and others.

For the avoidance of many mistakes and wrong decisions during the implementation of the decentralization of power reform in Ukraine must rely on the experience of countries that have already gone down this path. In this context, M. Derkach notes that Japan's experience is unique, because the demonstrates, firstly, maturity and effectiveness local self-government bodies in the highly centralized Japanese system of public administration, and secondly, with the decentralization of management reform took place in 2000, allowing you to track as a prerequisite for reforming and positive and negative consequences of the process [4].

Japan is a perfect example of multistage decentralization reform and is the country with deep traditions, stable, progressive and prosperous. The right of the people of Japan to local self-government enshrined in the Constitution of 1946.

Among the most important results of the introduction of the Decentralization Act in 2000 is to strengthen the independence of local authorities from the central government in providing social services.

Ukraine is useful for example when after the change management system in Japan, local authorities were able to freely establish taxes. Nevertheless, the revenues of local budgets expanded very slowly – less than 1% per year. Neither the introduction nor the collection of new taxes was that simple. According to V. Kitamura thought for developing countries, the main means of achieving success

administrative reform should be to increase management skills, maturity of local authorities under the control of the central government [5].

So after the fiscal and budget decentralization, one of the goals Ministry of Regional Development, Construction and Housing and Communal Services of Ukraine should be firstly assistance in training personnel for local self-government and secondly, monitoring how local elites cope with new responsibilities.

As the Japanese experience shows, first ripened necessity and public demand for reform of decentralization. There emerged the coalition of business and local government, which demanded decentralization. In Ukraine, locally also preferably formed request for greater independence in solving local problems. But subsidized communities, mostly in rural areas, resist making changes. Further problem in Japan was to merging of municipalities that decrease democracy, petty officials lose jobs, and the social services become more distant from the local residents [5]. These are necessary take into account the Ministry of Regional Development, Construction and Housing and Communal Services of Ukraine. In Ukraine, now is actively promoting voluntary association territorial communities to optimize the provide services to people and pooling resources.

As the Japanese experience has revealed, there are two characteristics vital for “ideal management”. The first of them is “maturity”, which defines how local executives are dedicated to their job. The most mature of them will work with utmost diligence, rendering the greatest number of services to the people. Hence they will need more authority from the center. The second characteristic is autonomy, but entirely autonomous local officials, uninfluenced by the center, may choose to pursue their own interests. In our model, “an ideal local government” should be both autonomous and mature. Ideally, local self-government should develop both of the two characteristics. The more local authorities are becoming independent after decentralization reforms, the more can decrease their effectiveness [5].

Today Japan offers the developing countries the choice other than fiscal federalism – “first to increase efficiency of the local authorities under the control of the central government and only then grant them autonomy”. On the other hand, Japan has managed to reach a compromise between maturity and autonomy of local self-governments. It is an issue of choice. Some countries can put an emphasis on a higher level of independence of the local authorities, while others can choose to provide sustainable financing to the regions, letting them render a wide range of social services to the people [5].

Examining the experience of Japan in the decentralization of power will allow to the Ukrainian authorities assess the risks and avoid possible errors. Despite the difficult socio-political current situation in the country of the past few years, Ukraine is forced to concentrate their efforts on the necessary reforms. This will allow overcome the Soviet legacy in public administration and run self-management and self-organizing processes of country development.

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