PUBLIC ADMINISTRATION REFORM IN UKRAINE
LESSONS LEARNED FROM SLOVAKIA AND POLAND

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PUBLIC ADMINISTRATION REFORM: LESSONS LEARNED FROM SLOVAKIA AND POLAND

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FOREWORD

The three partner universities from the neighbouring regions of Slovakia (University of Presov in Presov), Poland (University of Rzeszow in Rzeszow) and Ukraine (Uzhhorod National University in Uzhhorod), including their departments of political sciences, discussed at the end of 2012 the need for public administration reform in Ukraine. The result was a joint project co-financed by the International Visegrad Fund named "***Public Administration Reform in Ukraine: Lessons Learned from Slovakia and Poland***". This publication is one of the project outcomes.

When starting the project in February 2013 nobody knew what would happen after the Vilnius summit; even EU representatives spoke only about possible positive scenarios related to Ukraine. But one thing was certain: Ukraine needed "a bunch" of economic and social reforms to avoid bankruptcy and to modernize its whole society. One of the desperately needed reforms was of the public administration system. Today, after "the Euromaidan", the reform of public administration in Ukraine is an even more urgent need and maybe the only solution to keep Ukraine united as a country.

This publication sums up the key findings from the project. Its aims were to elaborate policy recommendations for Ukrainian authorities on public administration reform based on the experience of Slovakia and Poland, to contribute to the implementation of the Eastern Partnership Roadmap 2012–13, to contribute to the convergence of administrative competences of regional and local actors in Ukraine with neighbouring V4 countries in order to improve conditions for cross-border cooperation on the external border of the EU, to mobilize the research capacities of the regional universities in Presov (SK), Rzeszow (PL) and Uzhhorod (UA) for the needs of both policy planning and policy making of the regional and local political actors in Ukraine, to contribute to ongoing public discourse in Ukraine on public administration reform, including strengthening regional and local self-government through presenting the experiences of Slovakia and Poland, and finally to facilitate research cooperation between the political science departments of the three universities located in the regions on the external border of the EU – Presov (SK), Rzeszow (PL) and Uzhhorod (UA).

The project aims were fully met by organising several conferences and workshops. The 1st was the international conference held on 3–4 October 2013 in Uzhhorod; that was followed up by workshops held on 7–8 November 2013 in Rzeszow (PL), on 22 November 2013 in Presov (SK) and a final workshop held on 31 January 2013, again in Uzhhorod (UA). All events were attended by Ukrainian authorities at national, regional and local levels, academic and research communities, regional and local media and other political stakeholders in Ukraine, Slovakia and Poland, as well as university students.

The research done within the project was targeted to meet the priorities of Eastern Partnership and the needs of Ukraine. Public administration reform in the Eastern Partnership countries in line with EU norms and practices has been identified as one of the key objectives of the Eastern Partnership. We hope that the outcomes of the project, published in this book, will be useful to Ukrainian policy makers at national, regional and local levels. The experience of Poland and Slovakia from their public administration reforms can be implemented in Ukraine, and Ukraine can also learn from failures and mistakes made by both countries – and avoid them. Polish and Slovak expertise is also available to Ukrainian policy makers, if needed.

Editors and authors

PUBLIC ADMINISTRATION REFORM IN UKRAINE

Yuriy OSTAPETS –Mykhailo ZAN

I. Political, social and economic context of the public administration reform

On gaining its independence in 1991 Ukraine inherited 112 various bodies of state power from the old Soviet system. Among them there were: 20 ministries, 18 services, 7 agencies, 20 committees, 8 administrations, 12 departments, 12 inspections, 5 commissions, 3 funds and 7 other institutions. Nearly every state body in Ukraine in the early 1990s – a ministry or committee – accumulated the conglomeration of functions. The same administrative structure in Ukraine could have a number of powers: 1) it shaped policy and legal relations in a particular sphere; 2) it provided public services; 3) it provided maintenance of public property objects; 4) it provided control and supervision in a related industry or sector.

Recent years have seen a further increase in the number of state officials. In this country it exceeds twice the number of officials per thousand of people in comparison to any EU country. In 2010 Ukrainian government had the largest number of ministers in Europe – 29.

The territorial local government structure is too complicated and too inefficient. The experts who are developing the "Concept of Local Self-Government Reform and of the Territorial Organization of the power in Ukraine" indicate, in particular, the following socio-economic disparities caused by the flawed form of government and local self-government. Thus, although the rural population and the number of villages decreased by 2.5 million persons and by 348 units respectively, the number of village councils paradoxically increased by 1 067 units. There are 12 thousand local communities and more than half of them have a population less than 3000 people. These communities include: 4809 local communities with a population less than 1000 inhabitants and 1129 local communities with a population less than 500 people. No local government board was formed in most of them although it is required by the Law. Such municipalities do not have budgetary institutions, public utility companies, etc. The local council of such a community actually cannot exercise its statutory powers.

In such situations, there is a high rate of granting subsidies to local budgets. For example, subsidies to 5419 local budgets exceed 70%, 483 municipalities are 90% financed by the state budget.

Thus, the current form of government and local self-government in Ukraine does not meet the needs of society. In most of local communities functioning of local government does not create or promote favourable living environment, which is necessary for all-round personal development and self-realization, the protection of human rights, and provision of quality and accessible administrative and social services through sustainable community development. The dependence of small local communities on permanent financial support provided by the system of grants levelling which is implemented through regional budgets hinders the development of cities and townships.

Putting off the reform of public administration, local self-government and territorial administrative structure of Ukraine should be attributted to the negative effects of permanent political struggle of the post-communist and national democratic elites, and later – financial oligarchic groups. Strategic reforms have not actually been undertaken, on the contrary, the laws and other regulations have been fragmentarily adopted; however, they haven't managed to change the inefficient system itself. Only recently more significant changes have occurred in this context.

Administrative reform at the national level

On December 9, 2010 President of Ukraine Viktor Yanukovych signed Decree № 1085 “For the Optimization of the System of Central Executive Power Agencies”. In the process of administrative reform a reduction of more than 50% of civil servants is expected. The Decree determines six types of central executive bodies: a ministry, a service, an inspectorate, agency, independent inspectors and special status bodies. There were established 63 central executive power agencies instead of 112 including 16 Ministries, 28 services, 13 agencies and 7 inspectorates. The number of members in the Cabinet was reduced.

It is expected that the optimization of the system of central executive power agencies will essentially bring Ukraine closer to the European Union in respect to the standards of state governance. Reducing the number of the levels of executive government is viewed by Europe as a true step to the transparent and understandable system of state governing. Staff cuts within the ministries and agencies by 30% and within the Cabinet of Ministers of Ukraine by 50%, were welcomed by the EU countries which have significantly reduced the number of their civil servants following the economic crisis.

Public service reform

Since the vast majority of economic and social reforms are carried out by state officials, the reform of public service was launched too. Decree of the President of Ukraine № 769 of July 18, 2011 established the National Agency of Ukraine on Public Service as the only institution to provide the development and implementation of state policy in the field of public service. The revised version of the law “On Civil Service” (November 20, 2012) which came into force on January 1, 2014, was adopted. The new regulations are aimed at improving the efficiency of re-education and professional development of civil servants and reforming the National Academy of Public Administration, etc.

Administrative reform at the regional and local levels

The formation of local self-government started after this institution was established by the 1996 Constitution, the Basic Law “On Local Self-Government in Ukraine” adopted in 1997 and the ratified European Charter of Local Self-Government.

In 1998, the Decree “On measures to implement the concept of administrative reform in Ukraine” was approved. In 2000 the Committee on Administrative and Territorial System was formed. The following year further steps for the implementation of administrative reform in Ukraine were taken: the Concept on amending the Laws of Ukraine “On Local Self-Government in Ukraine” and “On Local State Administrations” was adopted and the Concept of State Regional Policy was approved.

After the Orange Revolution of 2005, there was an attempt to: share powers between the executive authorities and local self-government; introduce a three-level administrative and territorial system; to form executive bodies at all levels of local government. The conceptual model of administrative and territorial reform, proposed in 2005 by Roman Bezsmertny, Vice Prime Minister on regional policy, comprised a number of changes for local self-government. A three-level model of territorial governance was proposed: hromada (community) (at least 5 thousand people) – district (not less than 70 thousand people) – region (at least 750 thousand people).

The proposed model of territorial organization would ensure: 1) the formation and conurbation of basic administrative and territorial units according to the principle of universality of local government and a clear determination of the boundaries of hromada, 2) the introduction of three-level territorial system "hromada-district-region" and the determination of the powers of an administrative territorial unit of the corresponding level, 3) the elimination of local state administrations on local and regional levels and the delegation of their powers to

local authorities in accordance with the European Charter of Local Self-Government, 4) an ample provision of quality services to population through financial and budgetary autonomy of territorial units and budget planning rationalization, and 5) the development of clear criteria for optimizing the regional division of Ukraine on the basis of geographical, historical and other factors.

Over the following years a number of significant steps were taken to prepare the legal framework, to provide the appropriate institutional support, to run public awareness campaigns, provide guidance and support to local authorities, etc. In 2008, an action plan for 2009 was adopted to implement the National Strategy on Regional Development until 2015, paragraph 4 of which stipulates that the Ministry of Regional Development, Construction, Housing and Communal Service of Ukraine shall prepare the following draft laws: "On the administrative and territorial structure of Ukraine", "On Local Self-Government" (new version) and "On Local State Administrations" (new version). Regional and district working groups were established to formulate proposals for the improvement of the territorial organization of power at the level of regions and districts.

The territorial model of power in Ukraine – similar to the Polish one – was not implemented by the "orange" government. The main causes of the failure of state decisions were the lack of political will of state authorities, different views on reforms, the lack of interest in reform of local authorities and the lack of support of the population.

In September 2011 President of Ukraine Viktor Yanukovych entrusted the government with the task to formulate proposals on the reform of local government and territorial organization of power. The Address of the President of Ukraine "On the Internal and External Situation of Ukraine in 2012" outlined the future reform of local government: the expansion of powers of territorial communities (cities, villages), budget decentralization and public services reform (administrative, social and communal).

The Concept was initiated by the Prime Minister of Ukraine within proposals for the reform of local self-government and territorial organization of power, and drafted on the basis of materials provided by ministries and other central executive bodies, regional state administrations and local authorities. The draft Concept reflects the major provisions of concepts developed by the all-Ukrainian associations of local authorities: the Ukrainian Association of District and Regional Councils, the Association of Cities of Ukraine, Vinnytsia Regional Council, Key Strategic Areas of Local Government Reform in Ukraine which were developed by the State Foundation for Local Government in Ukraine and approved by members of the International Municipal Hearings on "The Development of Effective Governance at Local and Regional Levels".

On April 24, 2012 the draft Concept on Reform of Local Government and Territorial Organization of Power in Ukraine was supported as a whole by the Coordination Council for Civil Society Development under the President of Ukraine. However, on May 21, 2012 at the meeting of the Cabinet of Ministers of Ukraine the related draft government decree on the approval of the draft Concept was withdrawn upon the proposal of Oleksandr Lavrynovych, the Minister of Justice of Ukraine. The period for reconsideration of this matter has not been defined.

The draft Concept in different formats was discussed during 2012 and 2013. A recent discussion of the Concept took place on July 31, 2013 in Kyiv at the Round Table "The Draft Concept on Reform of Local Government and Territorial Organization of Power: Ways of Implementation". It was organized by the Ukrainian Association of District and Regional Councils financed by the European Union and co-financed and implemented by UNDP Community Based Approach to Local Development Project. Thus, a public consensus on the need for local government reform has been actually formed and a general model of the decentralization of power in Ukraine has been determined.

II. Legislation related to public administration reform

The Constitution of Ukraine adopted by the Verkhovna Rada (parliament) on June 28, 1996, determined the territorial basis of public administration. The latter consists of the Autonomous Republic of Crimea, 24 oblasts (regions), raions (districts), cities, raions (inner city districts), townships and villages. Chapter IX (Appendix 3) of the Constitution establishes the principles of combining centralization and decentralization for exercising state power, balanced socio-economic development of regions taking into account their specific characteristics as well as ethnic and cultural backgrounds. This principle is reflected in the balanced division of Ukraine's oblasts into raions. Ukrainian oblasts are usually composed of 15–25 raions and 3–10 cities of regional (or republican – in the Autonomous Republic of Crimea) significance, which are formally equal to the raions. The smallest number of raions is in Chernivtsi oblast (11), while the highest number is in Vinnytsia and Kharkiv oblasts (27 in each).

The executive power at the local level, i.e. in oblasts, raions, in the cities of Kyiv and Sevastopol is realized by local state administrations. Article 119 of Chapter VI of the Constitution of Ukraine (Appendix 3) defines the main functions of local state administrations: 1) the execution of the Constitution and the laws of Ukraine, acts of the President of Ukraine, acts of the Cabinet of Ministers of Ukraine and other bodies of executive power; 2) legality and legal order; the observance of citizens' rights and freedoms; 3) the implementation of national and regional programmes for socio-economic and cultural development, environmental protection, and, in areas where indigenous peoples and national minorities reside, programmes for their national and cultural development; 4) the preparation and execution of respective oblast and district budgets; 5) reporting on the execution of respective budgets and programmes; 6) the interaction with bodies of local self-government; 7) the realisation of other powers vested by the state and also delegated by the respective councils.

Chapter XI of the Constitution of Ukraine (Appendix 3) states that local self-government is the right of a territorial community, i.e. residents of a village or a village community formed on the basis of a voluntary association of several villages, residents of a township, and of a city, to independently resolve issues of local character in compliance with the Constitution and the laws of Ukraine.

Local self-government is exercised by a territorial community under the procedure specified by law, both directly and through bodies of local self-government: village, township and city councils, and their executive bodies. Raion and oblast councils are bodies of local self-government that represent the common interests of territorial communities of villages, townships and cities.

The system of local self-government is specified by the Law of Ukraine "On Local Self-Government in Ukraine", adopted on May 21, 1997. The system includes municipalities as the primary subject of local self-government, village, township and city councils; village, township and city heads; executive bodies of village, township and city councils; raion and oblast councils that represent the common interests of territorial communities of villages, townships and cities; and public self-organisation bodies. In large cities having district division the district councils may be formed by the decision of the city local community or city council.

A significant drawback of local self-government in Ukraine is the lack of the right of raion and oblast local self-government bodies to draw up and execute respective budgets and ambiguity in the issue of their executive bodies. According to the Constitution of Ukraine "the preparation and execution" of local budgets falls within the powers of respective local administrations. Although local self-government at raion and oblast levels is not provided for by the provisions of the Constitution, respective district and regional councils which exist at these levels could have the real sense if they could prepare and executethe respective budgets. However, the Constitution of Ukraine does not allow doing that, as the preparation and

execution of raion and oblast budgets fall within the powers of the respective district and regional state administrations.

One of the most important rights of local self-government concerning its territorial base is its participation in the process of solving issues by the executive authorities related to changes in the boundaries of administrative and territorial units. The Law of Ukraine "On Local Self-Government in Ukraine" involves local authorities in solving issues of administrative and territorial system, referring to the fact that the scope of such participation shall be determined by Ukrainian laws. However, the law on administrative and territorial system has not been adopted yet. Public discussion on its draft has been held since June 1, 2010.

Thus, the participation of local self-governments in the process of solving issues by the executive authorities related to changes in boundaries of administrative and territorial units, has not been enshrined by the current legislation of Ukraine as mandatory. The local self-government of Ukraine has only the following powers concerning the issues of administrative and territorial system: naming (renaming) streets, alleys, avenues, squares, parks, public gardens, bridges and other structures located on the territory of the respective settlement (discussed in more detail below).

III. Local and regional administration powers

The starting point of the reform of the public authority system at local and regional levels in modern Ukraine can be considered the year 1992, when the Law "On local councils and local and regional self-government" was adopted which defined the local self-government as the basis of democratic system in Ukraine. It is at that time that the concept of "regional self-government" was first introduced into the national political and legal practice. However, no real actions to form the regional self-government have been taken beyond introducing the declarative title.

Regional self-government means legal jurisdiction and ability of the regional authorities to regulate or manage some part of public affairs under their own responsibility, in the interests of the population of the region and in accordance with the principle of subsidiarity within the framework of the Constitution and the law .

Despite the differences in regional governance models, there are some common features and trends. In particular, the three main models are identified: 1) *autonomous region* – the authorities have the executive and legislative powers as well as some powers of central government, 2) *self-governing region*, which is delegated some powers of the central authorities, while the political administration is formed at the same level, it governs the region independently within the current legislation, 3) *administrative region* – implements the policy of the central government, wherein some form of self-governing representation is possible, it has advisory powers only.

When simulating the national structure of public administration at the regional level two fundamental points should be noted. First, public administration should be formed according to the following basic parameters: the unitary state structure and parliament-presidential republic, since the constitutional and legal status of subjects of regional public relations is in direct political and legal dependence on the form of government and state system. Second, the main task of the transformation of power territorial organization is the conversion of a modern administrative region into an autonomous region with the establishment of regional self-government.

Thus, the implementation of public administration in a country depends on the peculiarities of the administrative and territorial structure. The administrative and territorial structure of Ukraine consists of three levels:

- basic: administrative and territorial units – hromada (communities);
- district: administrative and territorial units – raions;

- regional: administrative and territorial units – the Autonomous Republic of Crimea, oblasts, the city of Kyiv, and the city of Sevastopol.

Accordingly, at each level of the administrative and territorial division the respective local authorities and executive bodies function:

- basic level – village, township and city councils and their executive bodies;
- district level – district councils, district administrations, and local offices of central executive authorities;
- regional level – the Verkhovna Rada of the Autonomous Republic of Crimea, the Council of Ministers of Crimea, regional councils, regional administrations, local offices of central executive authorities.

The specific character of public administration in Ukraine is attributted to the fact that regional and district councils do not have their own executive bodies, and thus, the governance is carried out by the respective district and regional administrations.

The political reforms of the 1990's led to the division of public administration into local self-government and local state governance at the local level. Local state administrations formed in oblasts, cities with a special status, raions, districts in cities with a special status are the key element of local state governance. They are part of a unified system of the executive state bodies and exercise executive power on the respective territory within their authority.

The institute of local state administrations appeared in February 1992 with the adoption of the Law "On the Representative of the President of Ukraine". According to it, the representative of the president in oblasts, raions, the cities of Kyiv and Sevastopol headed the local state administration and was accountable to the President of Ukraine. With the adoption of the Law of Ukraine "On the Formation of Local Government and Self-Government Bodies" the institute of local state administrations was abolished in June 1994, however, in June 1995 it emerged again in connection with the Constitutional Agreement concluded between the President and the Verkhovna Rada of Ukraine. Local state administrations acquired their modern form with the adoption of the Constitution of Ukraine and the Law of Ukraine "On Local State Administrations" (1997).

Local state administrations are composed of the head, the first deputy and deputy heads, heads of the departments, divisions and other organisation units. Heads of local state administrations are appointed by the President of Ukraine on the proposal of the Cabinet of Ministers of Ukraine for the term of office of the President of Ukraine. The Prime Minister of Ukraine proposes candidates for the positions of heads of regional state administrations to the Cabinet of Ministers. Candidates for the positions of the heads of the district state administrations are proposed to the Cabinet of Ministers of Ukraine by the respective heads of regional state administrations. When the new President of Ukraine is elected, heads of local state administrations continue to exercise their duties until new heads of local state administrations are appointed in accordance with the established procedure.

Heads of departments, divisions and other organisation units of local state administrations are appointed and dismissed by the heads of the relevant state administrations as agreed with the executive authorities of a higher level and according to the procedure established by the Cabinet of Ministers of Ukraine.

Powers and Jurisdiction of Local State Administration

According to the Law of Ukraine "On Local State Administrations", the local state administrations, within their respective jurisdiction, shall secure:

1) the implementation of the Constitution, laws of Ukraine, acts of the President, the Cabinet of Ministers of Ukraine, and other executive authorities of a higher level;

2) law and order, the promotion of civil rights and freedoms;

3) the implementation of national and regional socio-economic and cultural development and environmental protection programmes, as well as ethnic minority cultural development programmes in areas of their compact residence;

4) the preparation and execution of relevant budget programmes;

5) reporting on relevant budgets and programmes execution;

6) co-operation with local self-government authorities;

7) the implementation of any other powers delegated by the state and by relevant councils.

The jurisdiction of local state administrations within the framework of the Constitution and laws of Ukraine includes the following issues:

1) law enforcement and the protection of rights, freedoms and legitimate interests of citizens;

2) the socio-economic development of the respective territories;

3) budgeting, finance and accounting;

4) property management, privatization and entrepreneurship;

5) industry, agriculture, construction, transport and communications;

6) science, education, culture, health, physical education and sports, family, women, youth and adolescents;

7) the use of land and natural resources and the environmental protection;

8) foreign economic activity;

9) defence and mobilization training;

10) social security, employment, labour and wages.

Local state administrations can also solve other issues within their powers and prescribed by law. In addition, local administrations fulfil the powers of local self-government delegated to them by the respective councils. The Cabinet of Ministers of Ukraine may delegate particular functions of the executive power of a higher level to local state administrations according to the laws of Ukraine.

The respective local state administrations manage state property assigned to them in accordance with the law. In case local state administrations are delegated the respective powers by the district or regional councils the former also manage common property of local communities.

On their respective territories under the Constitution and laws of Ukraine local state administrations exercise state control over:

1) the protection and rational use of state property;

2) financial discipline, accounting and reports, the implementation of public contracts, the fulfilment of commitments to budget, proper and timely compensation for damages caused to the state;

3) the use and protection of land, forests, mineral wealth, water, air, flora and fauna and other natural resources;

4) the protection of historical and cultural monuments and housing preservation;

5) producers' meeting the standards, technical specifications and other requirements related to quality and certification;

6) the compliance with sanitary and veterinary regulations, the collection, recycling and disposal of industrial, household and other waste products and planning and organization of public services ;

7) meeting the architectural and building rules, regulations and standards;

8) the compliance with trade regulations, domestic, transport and public services, and the legislation on consumer protection;

9) the compliance with the legislation on science, language, advertising, education, culture, health, mother and child, family, youth and adolescents, social security, physical culture and sport;

10) the labour protection and timely wage payment which is not below the minimum of remuneration for work established by the state;

11) public order, rules for technical operation of transport and road laws;

12) the compliance with the legislation on state secrets and information.

Subdivisions of the local administration

Sectoral and functional powers of local state government are implemented by its departments and divisions. According to the sample list of departments, divisions and other organisation units the local state administration comprises (except the apparatus) the following specialised public authorities.

For example, Transcarpathian regional State Administration has the following structure:

Department of Agricultural Development
Department of Economic Development and Trade
Department of Social Welfare
Department of Finance
Department of Foreign Economic Relations, Investment and Trans-Border Cooperation
Department of Urban Development and Architecture
Department of Information and Public Relations
Section of Civil Protection
Department of Housing and Communal Services, Construction and Infrastructure
Department of Capital Construction
Department of Municipal Property
Department of Education and Science, Youth and Sports
Department of Health
Department of Culture
Department of Cooperation with Law Enforcement Agencies, Corruption Prevention and Detection and Defence Work
Section of Internal Audit
Office of Children's Service, Transcarpathian Regional Centre of Social Services for Families, Children and Youth
Section for Minorities and Religion
State Oblast Archives
Department of Environment and Natural Resources
Transcarpathian Regional Centre for Retraining and Career Development of Employees of State Agencies, Local Self-Governments, Heads of State Enterprises, Institutions and Organizations

Local state administrations on their respective territories interact with village, township and city councils and their executive bodies, as well as village, township and city mayors, assist in the exercise of their powers of local self-government, particularly dealing with economic, social and cultural development of the respective territories and strengthening of the material and financial basis of local authorities, monitor their legal powers implementation, consider and take into account proposals of delegates, local authorities and their officials.

If the local state administration considers issues that affect interests of local self-government, the relevant local bodies are notified about this in advance. Representatives of these bodies and officials of local communities have the right to participate in the consideration of such issues by the local state administration and express their comments and suggestions.

Heads of local state administrations and their deputies, heads of the departments of the local state administration or their representatives have the right to attend meetings of local self-government bodies and to be heard on matters concerning their jurisdiction.

Local state administrations have no right to interfere into the exercise of the powers by local authorities.

Local state administrations and local self-governments may enter into agreements and establish joint bodies and organizations for the implementation of joint programs.

Local state administrations exercise the powers delegated to them by the respective regional and district councils. The delegation of powers by councils to local state administrations is accompanied by the transfer of financial, technical and other resources necessary for their exercise.

Local state administrations are accountable to and subordinated to the respective councils within the powers delegated.

Heads of local state administrations shall report annually to the respective councils on the budget execution, the implementation of programmes for socio-economic and cultural development of the area, and delegated powers.

Regional and district councils may pass a no-confidence motion against the head of the respective local state administration, which together with the proposals of the executive body of a higher level serves as the basis for the President of Ukraine to adopt a decision and provide a reasonable answer to the respective council.

If the non-confidence in the head of the regional or district administration is expressed by the two-thirds of delegates of the respective council, the President of Ukraine shall accept the resignation of the head of the respective local state administration.

Regional state administrations within their authority direct and control the activities of district state administrations.

Heads of district state administrations regularly inform heads of regional state administrations on their activities, report to them annually or as required.

Heads of regional state administrations have the right to cancel decrees of heads of district state administrations, which contravene the Constitution of Ukraine and laws of Ukraine, decisions of the Constitutional Court of Ukraine, acts of the President of Ukraine, the Cabinet of Ministers of Ukraine, heads of regional state administrations as well as ministries and other central executive authorities.

Leaders of subdivisions of the regional state administrations have the right to cancel orders of heads of respective subdivisions of the district administrations, which contravene the laws of Ukraine and regulations of the executive power of a higher level.

Local self-government in Ukraine is the right guaranteed by the state and true capacity of the territorial community, i.e. residents of a village or a village community formed on the basis of a voluntary association of several villages, residents of a township, and of a city to make decisions on issues of local significance either independently or as a part of the responsibility of local self-government bodies or officials under the Constitution and laws of Ukraine.

Local self-government shall be executed by the territorial communities of villages, townships and cities, both directly and through village, township and city councils and their executive bodies, as well as through district and regional councils, which represent the common interests of territorial communities of villages, townships and cities.

The system of local self-government includes: territorial communities; village, township and city councils; village, township and city heads; executive bodies of village, township and city councils; district and regional councils which represent the common interests of territorial communities of villages, townships and cities; and public self-organisation bodies.

Local self-government in Ukraine is exercised according to the following principles:

power of the people; rule of law; openness; collegiality; the combination of local and national interests; electivity; legal, organizational, material and financial autonomy within the

powers defined by laws; accountability and responsibility of bodies and officials to territorial communities; state support and guarantees of local self-government; and judicial protection of local self-government rights.

The executive bodies of councils in villages, townships, cities, and districts in the cities are subordinated and accountable to the corresponding councils; in regard to executive powers delegated to them, they are subordinated to the corresponding bodies of executive power.

Movable and immovable property, revenues from local budgets and other funds, land, natural resources which are communal property of territorial communities of villages, townships, cities, and districts in cities, as well as objects of their common property which are managed by district and regional councils, shall serve as the material and financial basis of local self-government.

The powers of local self-government in Ukraine are traditionally divided into the powers proper related to issues of local significance and delegated (by the state) powers, related to the implementation of programs of national significance.

Since the regional and district councils do not have their own executive bodies, they delegate their powers to the relevant local state administrations. These are the following powers:

1) to prepare and submit for the council's consideration draft programs of socio-economic and cultural development of raions and oblasts respectively, and target program on other issues, and in areas where national minorities reside programs on their national and cultural development;

2) to provide the balanced economic and social development of the corresponding territory and the efficient use of natural, labour and financial resources;

3) to prepare and submit financial results and proposals on the draft State Budget of Ukraine to the relevant executive bodies;

4) to promote investment activities on the territory of the district and oblast;

5) to involve non-communal enterprises, institutions and organizations in servicing the population of the corresponding territory according to the procedure established by law, and to coordinate this work.

Thus, without having their own executive bodies regional and district councils carry out only the decision-making on social and economic development issues.

In general we can conclude that in Ukraine the local self-government is carried out only at the basic level (that of village, township and city). The regional self-government in Ukraine is not available.

Regional self-government means legal jurisdiction and ability of the regional authorities to regulate or manage some part of public affairs under their own responsibility, in the interests of the population of the region and in accordance with the principle of subsidiarity within the framework of the Constitution and the law .

In Ukraine, regional self-government is not possible because regional and district councils do not have their own executive bodies.

As a result of the administrative reform the primary mission of the self-government at the regional level has to be the planning of socio-economic and cultural development of the oblast (region), development policy, particularly in the areas of: technical infrastructure – local roads and transport; social infrastructure – public education (higher education institutions of I and II accreditation levels and specialized boarding schools), health care (specialized medical care), culture (libraries, museums, philharmonic halls and theatres), the protection of cultural heritage, social assistance, family planning, physical education and tourism, consumer's right protection, unemployment prevention, local labour-market development; public safety; and environmental safety.

The jurisdiction of regional self-government must include all those matters of regional life and development, which cannot be effectively implemented at other territorial levels of public administration.

The competence of self-government at the raion (district) level has to include: technical infrastructure – district roads maintenance, transport services within the county, the county's property management, maintenance of county facilities and public facilities; public infrastructure: education (colleges and vocational-technical schools aimed at the provision of municipal services, and boarding schools), health (hospitals, dental clinics and veterinary care), leisure and culture (county libraries, museums, music schools, aesthetic education schools); protection of cultural heritage; sport (sport schools) and tourism; social sphere (nursing homes), unemployment prevention, the development of local labour market, protection of consumer rights, public order (public safety, fire protection, county services, inspectorates); and territorial development and environment – geodesy, cartography, cadastre, construction supervision, forestry and environmental protection.

The jurisdiction of self-government of subregional level include all the issues of the regional significance, which cannot be effectively implemented at the primary administration level, and do not belong to the jurisdiction of state authorities and local self-government bodies at the regional level.

The main issue of public authority at the regional level concerns the coexistence of state and regional authorities, as the role and territorial significance in the political and legal system of Ukraine are primarily determined by the ratio of national and regional interest. There is no doubt that at the basis of such co-existence there is the separation of powers according to the complementarity principle instead of that of the domination of one public authority system over another one. Only in case state authorities do not bear any relation to self-governing powers, whereas the self-government does not have any relation to the powers of state authorities, the balance in public authority can be achieved. Within their jurisdiction the municipal authorities of different territorial levels act independently, irrespective of state authorities as well as of local and regional self-governments of other territorial levels.

The main ways and approaches to the problem of delineation of tasks and powers between central and local executive authorities and between local and regional self-governments should be as follows: a) decentralization and deconcentration of powers of central executive bodies (hereinafter – CEB), which should focus on shaping public policy and development strategy in the relevant spheres and areas of public administration and providing its legal and methodological support; the gradual delegation of some CEB functions to the territorial units and municipalities; b) improving the distribution and balance of powers and functions between regional and local divisions of the CEB and local self-governments to avoid duplication, simplifying the system of administration and its financial support and providing budget saving.

The very system of public administration should be based on the subsidiary principle.

The proposed system of government at the intermediate level complies with the continental European model of public administration that will ensure optimal coordination of national authorities.

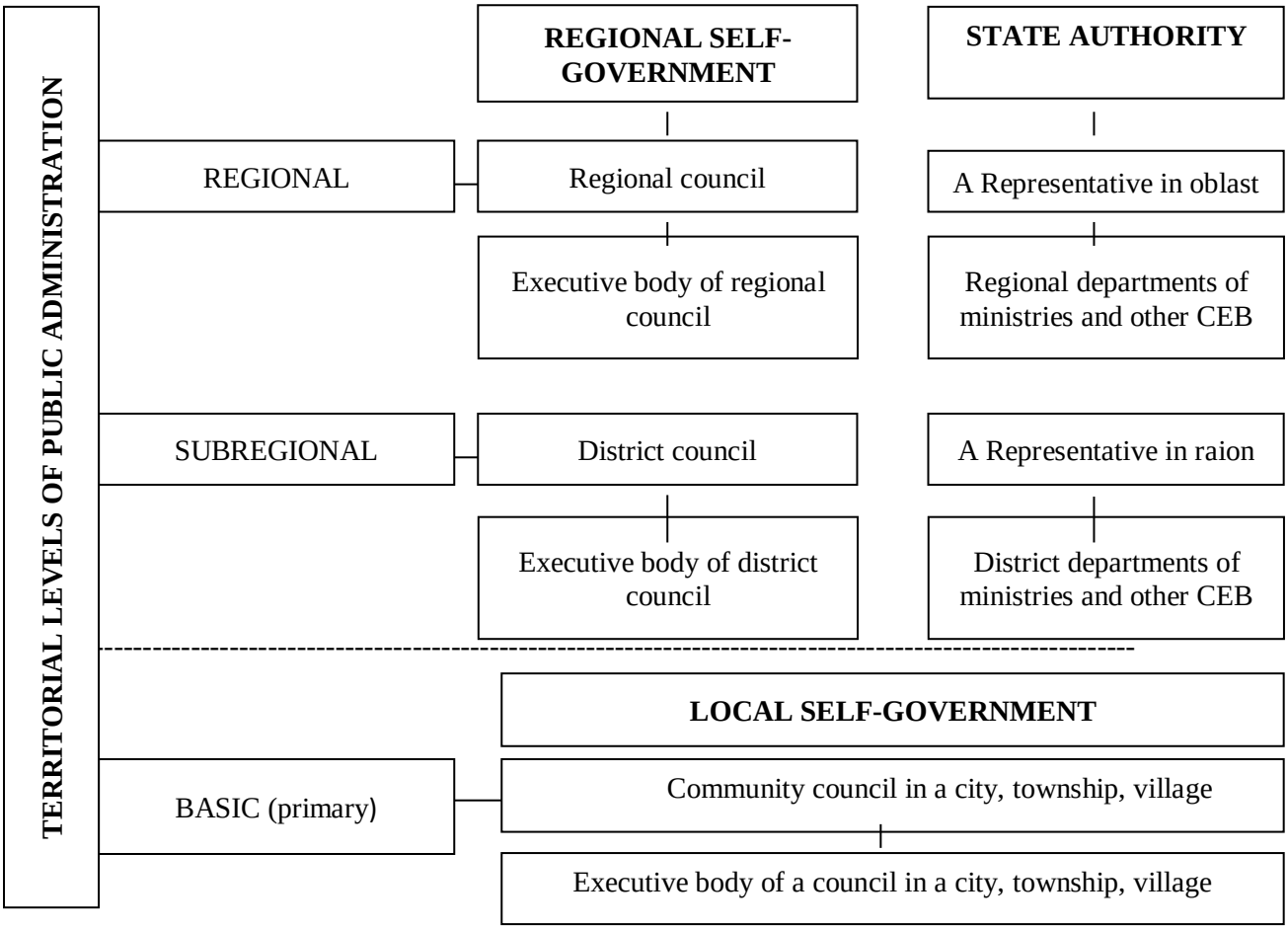
After the administrative reform is implemented the corresponding local self-government and executive bodies will function at every level of the administrative-territorial system:

- basic level – village, township and city councils and their executive bodies, representative institutions (representatives) of particular executive bodies;
- district level – district councils and their executive bodies, district state administrations, local branches of central executive bodies;
- regional level – the Verkhovna Rada of the Autonomous Republic of Crimea, the Council of Ministers of Crimea, regional councils and their executive bodies, regional state administrations, local branches of central executive bodies (fig. 1).

Local state administration should be separated from self-government, as regional and district councils will have their own executive bodies subordinate to these councils. That is why the local state administration will have the following functions:

- its own functions – legally defined powers to make the functioning of state authorities possible;
- control functions – the control over the law compliance by local self-government;
- coordination functions – the coordination of the activity of territorial CEB divisions.

Figure 1. The System of Public Administration in Ukraine after the Administrative Reform



IV. Financing & budgeting of regional and local administration

Local budgets are financial resources for the implementation of the tasks and functions of local governments. As a part of the budget system of the state and the basis of financial framework for local self-government activities, local budgets provide money necessary for financing of the activities of economic and social development, carried out by local authorities and administrations on the respective territory.

At present local budgets include: budget of the Autonomous Republic of Crimea, budgets of the cities of Kyiv and Sevastopol, cities with the status of national significance; 24 budgets of authorities oblast level; budgets of cities, raions, townships and village councils. It should be noted that the budget is included to the category of local budgets if it belongs to the respective community, that is a form of public self-organization, and not if it belongs to the administrative and territorial unit. It means that the association of townships into one territorial community is practiced in Ukraine.

The principal feature of local budgets is that they have their own revenues base and expenditures powers. The Law of Ukraine “On Local Self-Government in Ukraine” establishes

the principle of legal, organizational, material and financial basis for local self-government. For example, in paragraph 6 of Article 16 of the present Act it is stated that "local budgets are independent; they are not included into the State Budget of Ukraine, budget of the Autonomous Republic of Crimea and other local budgets". Paragraph 3 of the same article states that "material and financial basis for local self-government includes movable and immovable property, local budgets revenues, extra-budgetary earmarked and other funds (including currency), land, natural resources, which are in municipal ownership of local communities of villages, townships, cities, districts in cities, as well as objects of their common property that are managed by district and regional councils".

However, local budgets in Ukraine do not only accumulate their revenues or enforce their powers. Following the principle of subsidiarity, which means the highest possible proximity of public services directly to their consumers, a number of powers of the state budget are defined by the functions of the state and transferred to local budgets to be implemented and, thus, receive a status of delegated powers. Such delegation of powers is performed in the form of transfers (adjustment subsidies, subventions). Subventions are inter-budgetary transfers for particular goals used in the manner specified by the authority that made the decision on subventions granting. Thus the delegation is delimited between different levels of local budgets.

Local budgets are characterized by complex system of relationships that fulfill both their own powers and those delegated by the state.

In accordance with Articles 64 – 69 of the Budget Code of Ukraine the following revenues are included to local budgets.

Revenues assigned to budgets of local self-government and taken into account in determining the amounts of inter-budgetary transfers shall include the following taxes and fees (mandatory payments):

A) personal income tax:

– to revenues of cities Republican (in the Autonomous Republic of Crimea) and oblast significance – 75 percent of total personal income tax shall be collected on the territories of the respective cities;

– 25 percent of the overall amount of the personal income tax shall be collected on the territories of cities of district significance, villages, townships or their associations and paid to the budgets of respective units.

B) portion of the stamp duty that belongs to relevant budgets;

C) fees for licenses authorizing certain categories of entrepreneurial activity and certificates issued by executive bodies of local councils;

D) fees for State registration of business entities collected by executive bodies of local councils;

E) fees for trade patents authorizing certain categories of entrepreneurial activity (except for fees for trade patents authorizing to sell petrochemicals (by filling stations and points) collected by executive bodies of local councils;

F) proceeds from administrative fines imposed by executive bodies of local councils or administrative commissions set up thereby in keeping with the established rules;

G) portion of the single tax payable by small-sized businesses that belongs to relevant budgets.

Revenues of local budgets that are not taken into account in defining of the amounts of inter-budgetary transfers: a) local taxes and fees to budgets of local self-government; b) 100 percent of the land tax – for budgets of Kyiv and Sevastopol; 75 percent of the land tax – for budgets of cities of Republican (in the Autonomous Republic of Crimea) or oblast significance; 60 percent of the land tax – for budgets of villages, townships, towns of district significance and their associations; c) portion of the transport vehicle owner tax payable to the relevant budget and others.

Uzhhorod Budget 2014

The city budget consists of general and special funds. The special fund of the city budget includes development budget and trust fund with targeted nature and clearly defined goals. General fund revenues are divided into two baskets: revenues assigned to budgets of local self-government and taken into account in determining of the amount of inter-budgetary transfers (pursuant to the implementation of delegated powers) and local budgets revenues that are not taken into account in defining of the amounts of inter-budgetary transfers: (pursuant to the implementation of their powers) .

The city council established total city budget revenue for 2014 in the amount of 490 527.1 thousand of UAH. The revenue of total budget fund was 432 117.8 thousand of UAH, while the special budget fund was 58 409.3 thousand of UAH.

The city council approved also total expenditures of the city budget for 2014 in the amount of 490 527.1 thousand of UAH, including expenditures of the general budget fund in the amount of 431 930.8 thousand of UAH and expenditures special budget fund 58 596.3 thousand of UAH.

Also, the city council– in accordance with the Article 55 of the Budget Code of Ukraine – approved the list of protected expenditure items for the general fund of the city in 2014 with regard to their economic structure: salaries of state employees, charge on pay-roll, purchase of medicines and bandages, food security; charges for public utility services and energy resources, government debt servicing, current transfers to population; current transfers to local budgets and etc.

The share in total government revenues is formed by: tax revenues (personal income tax – 234 848 000 UAH, corporate income tax – 489 000, property taxes, charges for special use of natural resources, local taxes and fees, administrative fees, state duty, income from capital transactions, transfers (subsidies and subventions) – 180 157 400 UAH.

As for the expenditure side of the budget, the main expenditures include education – 165 037 500 UAH, health – 75 695 500 UAH, social security – 139 041 500 UAH. Thus, the budget expenditures are mainly used to finance education, medicine and social protection. And not enough costs remain for other expenditures. Hence a number of other spheres of the city life remain underfunded (communication lines and historic buildings repair, adequate street lighting, etc.).

Action-oriented researches on formation of local budgets have shown that the local authorities do not have sufficient financial resources to manage the economy and social sphere at the adequate level the present days. This is caused by a number of factors:

– high concentration of financial resources in the state budget that reduces the importance of regional and local budgets in carrying out tasks which are essential for the population;

– dominant role of control revenues in the structure of receipts to local budget and low share of tax payments allocated to particular territories;

– the present day practice of local budgets formation remains a mechanism of a centralized establishing of standard costs from control revenues in its basis, even though they are contrary to the principles of fiscal decentralization;

– trend of establishing of the expenses down the budget system without proper support by revenue sources causes granting subsidies to local budgets that were balanced previously.

The inter-regional redistribution of public revenues currently has neither clearly formulated substantial justification, nor clear rules and formulas. Partiality of such redistribution results in the following situation: village councils – where the tax revenue per capita is higher than the average for the raion (district) – get in a worse position in terms of local budget revenues compared to village councils where tax revenue per capita is lower.

V. Problems and Prospects

First, the current system of territorial organization of power in Ukraine is too complicated and too centralized and requires significant funds for its maintenance. Any administrative reform has to begin with the issues of the optimal size of the area and district. Only in case these issues are dealt with the reform can be started. In Ukraine there is a project in which 24 oblasts are combined into 8 regions. Thus, a reasonable territorial basis is necessary for local self-government and executive authorities to function. This basis must be able to ensure the availability and quality of administrative and social services provided by the authorities mentioned.

Second, the legal ambiguity about the territorial basis of local self-government, the disproportions of the administrative and territorial system (the violation of the integrity of the administrative unit territory, belonging of territorial communities of villages, townships and cities to other local communities and to the territories of other administrative units, belonging of particular areas to the jurisdiction of cities) lead to disputes about the jurisprudence between local self-governments, as well as between local self-governments and executive authorities.

Third, there exists the duplication of functions of local administrations and local self-governments. It is estimated that 16 functions of local self-governments and local administrations are duplicated completely, and 12 – partly. Almost half of the cases referred to the jurisdiction of state administrations are inherently the matters of local significance.

Fourth, it is necessary to establish regional self-governing in Ukraine, i.e. it is necessary to establish executive bodies of regional councils and transform regional state administrations into coordinating bodies and bodies supervising the legality of local self-government activities; although this process has to be put off for a few years since its introduction threatens the emergence of certain imbalance in public authority. In addition, to avoid conflicts between regions and their centres the concept of a "city-region" status can be implemented – large cities will receive functions and powers assigned to both the community, and the oblast (region).

Fifth, the mechanism of maximal population involvement into the decision-making process and promotion of the development of participatory democracy at the local level is needed;

Sixth, it is the tax base that provides the implementation of the powers proper by local self-government.

Seventh, it is necessary to improve the regulatory framework of functioning of local self-government and public administration (this refers to the Laws "On Municipal Property", "On Administrative and Territorial System", "On Territorial Communities", the new version of the Laws "On Local Government", "Local Administrations", "Community Self-Organizations" and others).

VI. The case study of local government – Uzhhorod Municipality (Zakarpattia oblast)

1. Basic facts

Uzhhorod (Hungarian – Ungvár, Slovak – Užhorod) is the regional centre of Uzhhorod district and regional centre of Zakarpattia oblast (Transcarpathian region). The city covers an area of 40 km², which is conditionally divided into 17 historical districts (Appendix 5). The territories of village councils of Uzhhorod raion (district) are adjacent to the city (those of the villages of Storozhnytsya, Mynaj, Baranyntsi, and Onokivtsi). As of February 1, 2013 the city's population was 116 304. Inhabitants of the city include Ukrainians (77.8%), Russians (9.6%), Hungarians (6.9%), Slovaks (2.2%) and others ethnic groups. The population density is 1 200 people per 1 km².

2. Location

Uzhhorod is the most western regional centre of Ukraine; it is situated in the western part of Zakarpattia oblast (Appendix 6). The city is located close to the State border between Ukraine

and Slovakia. The distance to the closest European capitals is: to Budapest – 330 km, Bratislava – 490 km, Warsaw – 550 km and Vienna – 555 km. The distance between Uzhhorod and the capital of Ukraine Kyiv is 788 km by highway and 898 km by railway.

Uzhhorod is situated in the lowland landscape area. In the north-west the city is surrounded by the forest. The total number of green areas and parklands of common use is 1 574 hectares. The territory of Uzhhorod has more than 20 mineral water springs having medicinal value. The city is rich in the deposits of brick and tile raw, coal and andesites. The city's length is 10.5 km; from the East to the West there flows the river Uzh across the city.

3. Local government structure

The head of the city (mayor) – Victor Pohorelov – was elected in November 2010 for the second time. The first deputy head is Vitaly Semal. There are 5 deputy heads. The executive committee is composed of 14 members. The secretary of the city council is Svitlana Korol.

The structure of the executive bodies of the council staff and executive committee of Uzhhorod City Council includes:

- the city head, secretary of the city council, first deputy head and 5 deputy heads, and advisor of the city head;
- the council staff (4 persons);
- executive bodies of the city council include: Department of Internal Policy, Management and Public Relations (3 persons); General Department (7 persons); Department of Dealing with Citizens' claims (2 persons); Protocol Department (2 persons); Department of Personnel, Awards and Special Issues (2 persons); Legal Department (5 persons); General Service and Operational Department (3 persons); Accounting Sector of the City Council and the Executive Committee (3 persons); Archives Department (3 persons); Department of Transport, Procurement and Communication (4 persons); Children's Service (5 persons); Defence and Mobilization Department (7 persons); Department of the State Register of Voters (3 persons); Department of Municipal Police and Rule of Law (8 persons); Department of International Cooperation and European Integration (2 persons); Department of Innovation, Development and Tourism (2 persons); Centre of Administrative Services (2 persons); Department for Permit Issuance (5 persons); Department of Administrative Services (3 persons); Information Subdivision (2 persons);
- Department of Municipal Services (37 persons);
- Department of Urban Sector and Land Resources (14 persons);
- Department of Economics and Entrepreneurship (11 persons);
- Financial Department (16 persons);
- Capital Construction Department (5 persons);
- Education Department (11 persons);
- Department on Culture, Sport, Youth and Family (11 persons);
- Department of Labour and Social Security (47 persons);
- Division of Health (4 persons);
- Uzhhorod City Centre of Social Services for Family, Children and Youth (5 persons).

The Uzhhorod City Council sixth convocation comprises 60 deputies, who are elected by proportional majority system. 9 parliamentary committees have been formed; they cover different areas of socio-economic, humanitarian, cultural and educational development of Uzhhorod.

4. The economic development of Uzhhorod municipality

Uzhhorod is an important economic centre of Zakarpattia oblast, which has a well-developed business infrastructure in all its aspects: financial services, insurance, legal and business consulting. More than 5 thousand business entities operate in the city. The main

industries include food, light and woodworking industry, furniture trade, production of machinery and equipment. At the expense of foreign investment and domestic reserves the leading enterprises reconstructed and modernized their production; now they produce competitive products both for domestic and foreign markets.

According to the Central Office for Statistics in Zakarpattia oblast, in 2012 the industrial enterprises sold their industrial production (goods and services) totalling 808.8 million hryvnyas; the share of the products realized in total regional sales volume was 9.4%. In 2012 56.3 m^2 of housing area was commissioned which was 5.9% more than in 2011. The city share in the total regional volume of the commissioned housing was 15.4%.

The export volume of foreign trade in 2012 was: in services – $ 6.0 million and imports – $ 3.1 million. The balance of foreign trade in services was $ 2.9 million Total direct foreign investment in Uzhhorod economy at the end of 2012 was $ 52.8 million; the largest share was invested in city's processing industry development.

Average nominal monthly salary of a city's permanent employee was 2 629 hryvnyas in 2012; it increased by 12.7% in comparison to 2011 and was 11.8% higher than the average for the oblast.

During the first half of 2013 Uzhhorod enterprises attracted $ 6.6 million of foreign direct investment – 18.8% of the regional total rate.

Companies contributing to the budget of the city are: "Hroklin-Carpaty – a company built by a Polish investor as a result of the $ 25 million investment project, LLC "Convector Plant" (production of machinery and equipment), JSC "Uzhhorod Clothes Factory" (light industry), CJSC "Skilur", LLC "Rio-cola" (beverages production) and LLC "FTSA Ukraine" (household chemicals). The number of small businesses keeps growing.

In addition, it is worth noting that such powerful Uzhhorod industries as "Turbogaz" plant, the enterprises "Tysa", "Electrodvyhun", "Uzhhorodprylad", "Bilshovyk" and Uzhhorod Veneer Furniture Industrial Complex have become the joint-stock companies and lost their productive potential. Production areas they occupy are used inefficiently.

As in the whole Ukraine the city's pavement road surface badly needs repairing. The problem of round-the-clock water supply for the city's inhabitants has not been solved yet. The water is supplied according to special schedules for different districts of Uzhhorod. The large number of vehicles results in city's air pollution.

5. Social development – culture, education, sport and tourism

The community (hromada) of Uzhhorod is extremely active in cultural and artistic life. Every year the city organizes dozens of festivals, popular theatrical shows, concerts, exhibitions, literary and musical evenings, competitions and so on.

Uzhhorod has the Regional Ukrainian Drama Theatre, the Regional Puppet Theatre "Bavka", the Palace of Children and Youth (PADIYUN), Petr Tchaikovsky Music School and the School of Arts. The Honoured Academic Transcarpathian National Choir, the Chamber Choir «Cantus» and the Transcarpathian Philharmonic Orchestra are cultural and artistic pride of the regional centre.

The city has a wide network of museums: the Transcarpathian Museum of Regional Ethnography, the Transcarpathian Museum of Folk Architecture and Life, Yosyp Bokshay Zakarpatsky Regional Art Museum, the memorial museums of Fedir Manaylo and Andriy Kotska, the "Uzhhorod" Art Gallery, the "Gallery Ilko" Art Centre, the Zoological Museum of Uzhhorod National University, and museums on a voluntary basis. Fedir Potushnyak Zakarpatska Regional Universal Scientific Library has over 0.5 million books. Scientific Library of Uzhhorod National University has more than 1.5 million books.

Uzhhorod is a multi-religious city. In particular, there are 76 religious communities in the city. These include: 29 Orthodox communities (Ukrainian Orthodox Church of Moscow Patriarchate – 19, Ukrainian Orthodox Church of Kyiv Patriarchate – 7, Ukrainian Autocephalous Orthodox Church – 3), 14 Greek Catholic communities, 4 Roman Catholic and

2 Hungarian communities of Transcarpathian Reformed Church. New Religious Christian groups also operate in the city (Living Church of God, the Christian Evangelical Church, Mormons, Mother of God Orthodox Church, New Testament Assembly Church), 4 communities of Judaism, 2 Eastern religious groups (Buddhism, Krishna Consciousness), Islamic Religious Community and the Community of the Armenian Apostolic Church. In addition, there are about 10 communities without legal registration (Dianetics, Native Ukrainian National Faith and Baha'i Faith).

Citizens of Uzhhorod are extremely active in civic and political life. Thus, the city has more than 270 NGOs that protect various social, cultural, educational and professional interests of their members. Over 80 Ukrainian political parties are legalized in the regional centre.

Uzhhorod is an educational and scientific centre of Zakarpattia oblast. Uzhhorod National University is one of the traditional universities of Ukraine and the largest higher education institution in the region; it brings together four institutes and 17 departments. Professionals are also trained at the Transcarpathian Art Institute, Uzhhorod College of Culture and Arts, Dezideriy Zador Uzhhorod State Musical College, Uzhhorod Commercial College and other educational institutions of I–IV accreditation levels. Schools network in Uzhhorod is made up of 51 schools, 28 of which are for secondary and 23 – for preschool education.

Uzhhorod is the centre of mass physical culture and sports and the venue for various sport competitions. The city has 2 stadiums for regular trainings, 28 sports halls, more than 120 sports fields, 10 soccer fields, and 5 shooting galleries. The Olympic Team of Ukraine includes Uzhhorod representatives of winter sports and cycling.

Uzhhorod is the centre of tourism and hospitality of Zakarpattia oblast. The hallmark of Uzhhorod is a Japanese cherry tree and the longest in Europe linden alley, as well as famous historical monuments: Uzhhorod Castle, Gorianska rotunda, the Skansen museum, the Art Museum, temples and cathedrals. During the period of Japanese cherry tree blossom and May-day holidays the city is visited by over 10 thousand of tourists, while on average – by 3–4 thousand of tourists per month. The International Exhibition-Fair "TurEuroCentre – Zakarpattya" has become the traditional, which is held annually in September in Uzhhorod. Since 2004, the International Festival for Cultural and Linguistic Exchange of Plast members has been held every October and "Sakura-Fest" – every April.

The city has a Tourist Information Centre, which embraces 5 tour operators and 40 travel companies. The developed network of tourist, recreational and hospitality buildings is made up of 25 hotels, motels and tourist complexes. The total number of hotels in the city makes it possible to simultaneously accommodate about 1.5 million people. The highest level of accommodation services provide the hotels: "Old Continent", "Edward", "Europe", "Uzhhorod", "Ungvarskiy", Kilikia" and others.

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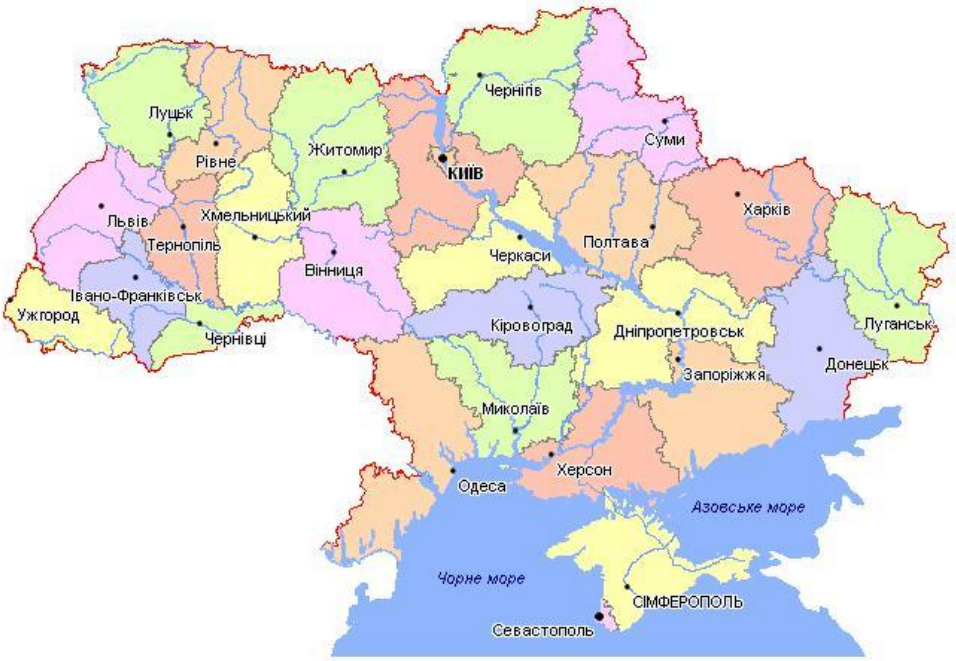
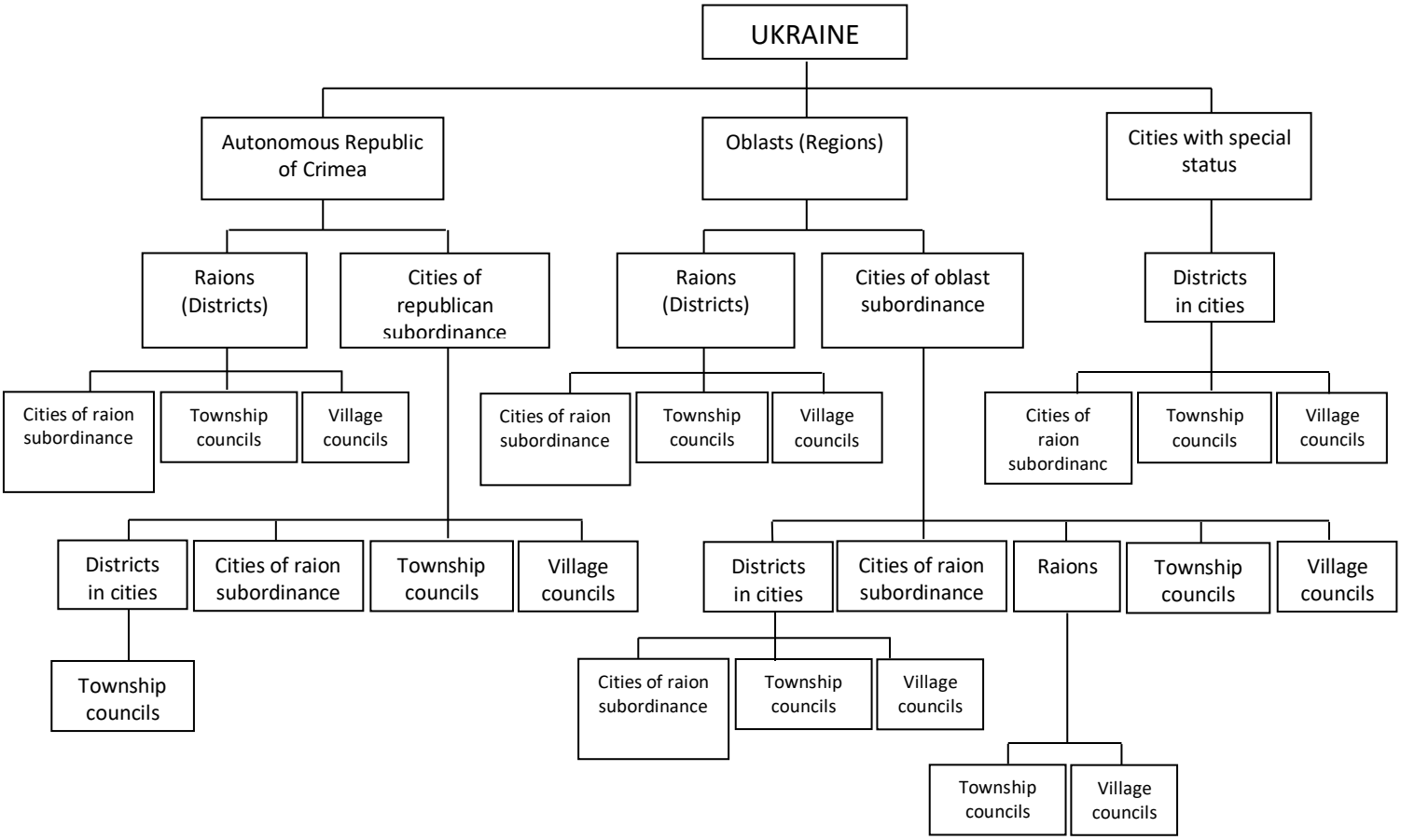
APPENDICES

Appendix 1
Administrative Divisions of Ukraine



Appendix 2
Scheme of the Administrative and Territorial Structure of Ukraine



Appendix 3

Constitution of Ukraine, adopted by the Verkhovna Rada of Ukraine on 28 June 1996

Chapter VI
CABINET OF MINISTERS OF UKRAINE. OTHER BODIES OF EXECUTIVE POWER

Article 113

The Cabinet of Ministers of Ukraine is the highest body in the system of bodies of executive power.

The Cabinet of Ministers of Ukraine is responsible to the President of Ukraine and is under the control of and accountable to the Verkhovna Rada of Ukraine within the limits envisaged in Articles 85 and 87 of the Constitution of Ukraine.

The Cabinet of Ministers of Ukraine is guided in its activity by the Constitution and the laws of Ukraine and by the acts of the President of Ukraine.

{The Article 113 in the version before amendments made by the Law № 2222-IV on 08.12.2004. See Decision of the Constitutional Court № 20-рп/2010 on 30.09.2010}

Article 114

The Cabinet of Ministers of Ukraine is composed of the Prime Minister of Ukraine, the First Vice Prime Minister, three Vice Prime Ministers and the Ministers.

The Prime Minister of Ukraine is appointed by the President of Ukraine with the consent of more than one-half of the constitutional composition of the Verkhovna Rada of Ukraine.

The personal composition of the Cabinet of Ministers of Ukraine is appointed by the President of Ukraine on the submission of the Prime Minister of Ukraine.

The Prime Minister of Ukraine manages the work of the Cabinet of Ministers of Ukraine and directs it for the implementation of the Programme of Activity of the Cabinet of Ministers of Ukraine adopted by the Verkhovna Rada of Ukraine.

The Prime Minister of Ukraine forwards a submission to the President of Ukraine on the establishment, reorganisation and liquidation of ministries and other central bodies of executive power, within the funds envisaged by the State Budget of Ukraine for the maintenance of these bodies.

{The Article 114 in the version before amendments made by the Law № 2222-IV on 08.12.2004. See Decision of the Constitutional Court № 20-рп/2010 on 30.09.2010}

Article 115

The Cabinet of Ministers of Ukraine tenders its resignation to the newly-elected President of Ukraine.

The Prime Minister of Ukraine, other members of the Cabinet of Ministers of Ukraine, have the right to announce their resignation to the President of Ukraine.

The resignation of the Prime Minister of Ukraine results in the resignation of the entire Cabinet of Ministers of Ukraine.

The adoption of a resolution of no confidence in the Cabinet of Ministers of Ukraine by the Verkhovna Rada of Ukraine results in the resignation of the Cabinet of Ministers of Ukraine.

The Cabinet of Ministers, whose resignation is accepted by the President of Ukraine, continues to exercise its powers by commission of the President, until a newly-formed Cabinet of Ministers of Ukraine commences its operation, but no longer than for sixty days.

The Prime Minister of Ukraine is obliged to submit a statement of resignation of the Cabinet of Ministers of Ukraine to the President of Ukraine following a decision by the President of

Ukraine or in connection with the adoption of the resolution of no confidence by the Verkhovna Rada of Ukraine.
{The Article 115 in the version before amendments made by the Law № 2222-IV on 08.12.2004. See Decision of the Constitutional Court № 20-рп/2010 on 30.09.2010}

Article 116

The Cabinet of Ministers of Ukraine:
1) ensures the state sovereignty and economic independence of Ukraine, the implementation of domestic and foreign policy of the State, the execution of the Constitution and the laws of Ukraine, and the acts of the President of Ukraine;
2) takes measures to ensure human and citizens' rights and freedoms;
{The official interpretation of the provisions of paragraph 2, Article 116 see in the Decision of the Constitutional Court № 3-рп/2012 on 25.01.2012}
3) ensures the implementation of financial, pricing, investment and taxation policy; the policy in the spheres of labour and employment of the population, social security, education, science and culture, environmental protection, ecological safety and the utilisation of nature;
{The official interpretation of the provisions of paragraph 3, Article 116 see in the Decision of the Constitutional Court № 3-рп/2012 on 25.01.2012}
4) elaborates and implements national programmes of economic, scientific and technical, and social and cultural development of Ukraine;
5) ensures equal conditions of development of all forms of ownership; administers the management of objects of state property in accordance with the law;
6) elaborates the draft law on the State Budget of Ukraine and ensures the implementation of the State Budget of Ukraine approved by the Verkhovna Rada of Ukraine, and submits a report on its implementation to the Verkhovna Rada of Ukraine;
{The official interpretation of the provisions of paragraph 6, Article 116 see in the Decision of the Constitutional Court № 3-рп/2012 on 25.01.2012}
7) takes measures to ensure the defence capability and national security of Ukraine, public order and to combat crime;
8) organises and ensures the implementation of the foreign economic activity of Ukraine, and the operation of customs;
9) directs and co-ordinates the operation of ministries and other bodies of executive power;
10) performs other functions determined by the Constitution and the laws of Ukraine, and the acts of the President of Ukraine.
{The Article 116 in the version before amendments made by the Law № 2222-IV on 08.12.2004. See the Decision of the Constitutional Court № 20-рп/2010 on 30.09.2010}

Article 117

The Cabinet of Ministers of Ukraine, within the limits of its competence, issues resolutions and orders that are mandatory for execution.
Acts of the Cabinet of Ministers of Ukraine are signed by the Prime Minister of Ukraine.
Normative legal acts of the Cabinet of Ministers of Ukraine, ministries and other central bodies of executive power, are subject to registration through the procedure established by law.

Article 118

The executive power in oblasts, districts, and in the Cities of Kyiv and Sevastopol is exercised by local state administrations.
{The official interpretation of the provisions of the part one of the Article 118 116 see in the Decisions of the Constitutional Court № 21-рп/2003 on 25.12.2003, № 9-рп/2005 on 13.10.2005}

Particular aspects of the exercise of executive power in the Cities of Kyiv and Sevastopol are determined by special laws of Ukraine.
{The official interpretation of the provisions of the part two of the Article 118 see in the Decisions of the Constitutional Court № 21-рп/2003 on 25.12.2003, № 9-рп/2005 on 13.10.2005}
The composition of local state administrations is formed by heads of local state administrations.
{The official interpretation of the provisions of the part three of the Article 118 see in the Decision of the Constitutional Court № 21-рп/2003 on 25.12.2003}
Heads of local state administrations are appointed to office and dismissed from office by the President of Ukraine upon the submission of the Cabinet of Ministers of Ukraine.
{The official interpretation of the provisions of the part four of the Article 118 see in the Decisions of the Constitutional Court № 21-рп/2003 on 25.12.2003, № 9-рп/2005 on 13.10.2005}
In the exercise of their duties, the heads of local state administrations are responsible to the President of Ukraine and to the Cabinet of Ministers of Ukraine, and are accountable to and under the control of bodies of executive power of a higher level.
Local state administrations are accountable to and under the control of councils in the part of the authority delegated to them by the respective district or oblast councils.
Local state administrations are accountable to and under the control of the bodies of executive power of a higher level.
Decisions of the heads of local state administrations that contravene the Constitution and the laws of Ukraine, other acts of legislation of Ukraine, may be revoked by the President of Ukraine or by the head of the local state administration of a higher level, in accordance with the law.
An oblast or district council may express no confidence in the head of the respective local state administration, on which grounds the President of Ukraine adopts a decision and provides a substantiated reply.
If two-thirds of the deputies of the composition of the respective council express no confidence in the head of a district or oblast state administration, the President of Ukraine adopts a decision on the resignation of the head of the local state administration.

Article 119

Local state administrations on their respective territory ensure:
1) the execution of the Constitution and the laws of Ukraine, acts of the President of Ukraine, acts of the Cabinet of Ministers of Ukraine and other bodies of executive power;
2) legality and legal order; the observance of laws and freedoms of citizens;
3) the implementation of national and regional programmes for socio-economic and cultural development, programmes for environmental protection, and also – in places of compact residence of indigenous peoples and national minorities – programmes for their national and cultural development;
4) the preparation and implementation of respective oblast and district budgets;
5) the report on the implementation of respective budgets and programmes;
6) interaction with bodies of local self-government;
7) the realisation of other powers vested by the state and also delegated by the respective councils.

Article 120

Members of the Cabinet of Ministers of Ukraine and chief officers of central and local bodies of executive power do not have the right to combine their official activity with other work, except teaching, scholarly and creative activity outside of working hours, or to be members of an administrative body or board of supervisors of an enterprise that is aimed at making profit.

{The official interpretation of the provisions of the part one of the Article 118 see in the Decision of the Constitutional Court № 16-рп/2002 on 17.10.2002}
The organisation, authority and operational procedure of the Cabinet of Ministers of Ukraine, and other central and local bodies of executive power, are determined by the Constitution and the laws of Ukraine.
{The Article 120 in the version before amendments made by the Law № 2222-IV on 08.12.2004. See the Decision of the Constitutional Court № 20-рп/2010 on 30.09.2010}

Chapter IX
TERRITORIAL STRUCTURE OF UKRAINE

Article 132
The territorial structure of Ukraine is based on the principles of unity and indivisibility of the state territory, the combination of centralisation and decentralisation in the exercise of state power, and the balanced socio-economic development of regions that takes into account their historical, economic, ecological, geographical and demographic characteristics, and ethnic and cultural traditions.

Article 133
The system of the administrative and territorial structure of Ukraine is composed of the Autonomous Republic of Crimea, oblasts, districts, cities, city districts, settlements and villages.
{The official interpretation of the provisions of the part one of the Article 133 see in the Decision of the Constitutional Court № 11-рп/2001 on 13.07.2001}
Ukraine is composed of the Autonomous Republic of Crimea, Vinnytsia oblast, Volyn oblast, Dnipropetrovsk oblast, Donetsk oblast, Zhytomyr oblast, Zakarpattia oblast, Zaporizhia oblast, Ivano-Frankivsk oblast, Kyiv oblast, Kirovohrad oblast, Luhansk Oblast, Lviv oblast, Mykolaiv oblast, Odesa oblast, Poltava oblast, Rivne oblast, Sumy oblast, Ternopil oblast, Kharkiv oblast, Kherson oblast, Khmelnytskyi oblast, Cherkasy oblast, Chernivtsi oblast and Chernihiv oblast, and the Cities of Kyiv and Sevastopol.
{The official interpretation of the provisions of the part three of the Article 133 see in the Decisions of the Constitutional Court № 21-рп/2003 on 25.12.2003, № 9-рп/2005 on 13.10.2005}

Chapter XI
LOCAL SELF-GOVERNMENT

Article 140
Local self-government is the right of a territorial community — residents of a village or a voluntary association of residents of several villages into one village community, residents of a settlement, and of a city — to independently resolve issues of local character within the limits of the Constitution and the laws of Ukraine.
{The official interpretation of the provisions of the part one of the Article 140 see in the Decisions of the Constitutional Court № 12-рп/2002 on 18.06.2002, № 21-рп/2003 on 25.12.2003}
Particular aspects of the exercise of local self-government in the Cities of Kyiv and Sevastopol are determined by special laws of Ukraine.
{The official interpretation of the provisions of the part two of the Article 140 see in the Decisions of the Constitutional Court № 21-рп/2003 on 25.12.2003, № 9-рп/2005 on 13.10.2005}

Local self-government is exercised by a territorial community by the procedure established by law, both directly and through bodies of local self-government: village, settlement and city councils, and their executive bodies.
{The official interpretation of the provisions of the part three of the Article 140 see in the Decision of the Constitutional Court № 21-рп/2003 on 25.12.2003}
District and oblast councils are bodies of local self-government that represent the common interests of territorial communities of villages, settlements and cities.
The issue of organisation of the administration of city districts lies within the competence of city councils.
{The official interpretation of the provisions of the part five of the Article 140 see in the Decision of the Constitutional Court № 11-рп/2001 on 13.07.2001}
Village, settlement and city councils may permit, upon the initiative of residents, the creation of house, street, block and other bodies of popular self-organisation, and to assign them part of their own competence, finances and property.

Article 141

A village, settlement, city, district, oblast council is composed of deputies elected by residents of a village, settlement, city, district, oblast on the basis of universal, equal and direct suffrage, by secret ballot. The term of authority of a village, settlement, city, district, oblast council which deputies are elected on regular elections is five years. Termination of authority of a village, settlement, city, district, oblast council shall lead to termination of authority of deputies of the respective council.
{Part 1 of the Article 141 in the redaction of the Law № 2952-VI on 01.02.2011}
Territorial communities elect on the basis of universal, equal and direct suffrage, by secret ballot, the head of village, settlement, city, respectively, who leads the executive body of the council and presides at its meetings. The term of authority of the head of village, settlement, city elected on regular elections is five years.
{Part 2 of the Article 141 in the redaction of the Law № 2952-VI on 01.02.2011}
Regular elections of a village, settlement, city, district, oblast council, the heads of village, settlement and city take place on the last Sunday of October of the fifth year of the authority of the respective council or the respective head elected on regular elections.
{The Article 141 is amended by adding a new part according to the Law № 2952-VI on 01.02.2011}
{The official interpretation of the provisions of the part three of the Article 141 see in the Decision of the Constitutional Court № 2-рп/2013 on 29.05.2013}
The status of heads, deputies and executive bodies of a council and their authority, the procedure for their establishment, reorganisation and liquidation, are determined by law.
The chairman of a district council and the chairman of an oblast council are elected by the respective council and lead the executive staff of the council.
{The Article 141 in the version before amendments made by the Law № 2222-IV on 08.12.2004. See the Decision of the Constitutional Court № 20-рп/2010 on 30.09.2010}

Article 142

The material and financial basis for local self-government is movable and immovable property, revenues of local budgets, other funds, land, natural resources owned by territorial communities of villages, settlements, cities, city districts, and also objects of their common property that are managed by district and oblast councils.
{The official interpretation of the provisions of the part one of the Article 142 see in the Decision of the Constitutional Court № 11-рп/2001 on 13.07.2001}
On the basis of agreement, territorial communities of villages, settlements and cities may join objects of communal property as well as budget funds, to implement joint projects or to jointly

finance (maintain) communal enterprises, organisations and establishments, and create appropriate bodies and services for this purpose.
The State participates in the formation of revenues of the budget of local self-government and financially supports local self-government. Expenditures of bodies of local self-government that arise from the decisions of bodies of state power are compensated by the state.

Article 143

Territorial communities of a village, settlement and city, directly or through the bodies of local self-government established by them, manage the property that is in communal ownership; approve programmes of socio-economic and cultural development, and control their implementation; approve budgets of the respective administrative and territorial units, and control their implementation; establish local taxes and levies in accordance with the law; ensure the holding of local referendums and the implementation of their results; establish, reorganise and liquidate communal enterprises, organisations and institutions, and also exercise control over their activity; resolve other issues of local importance ascribed to their competence by law.
{The official interpretation of the provisions of the part one of the Article 143 see in the Decision of the Constitutional Court № 10-рп/2010 on 01.04.2010}
Oblast and district councils approve programmes for socio-economic and cultural development of the respective oblasts and districts, and control their implementation; approve district and oblast budgets that are formed from the funds of the state budget for their appropriate distribution among territorial communities or for the implementation of joint projects, and from the funds drawn on the basis of agreement from local budgets for the realisation of joint socio-economic and cultural programmes, and control their implementation; resolve other issues ascribed to their competence by law.
Certain powers of bodies of executive power may be assigned by law to bodies of local self-government. The State finances the exercise of these powers from the State Budget of Ukraine in full or through the allocation of certain national taxes to the local budget, by the procedure established by law, transfers the relevant objects of state property to bodies of local self-government.
Bodies of local self-government, on issues of their exercise of powers of bodies of executive power, are under the control of the respective bodies of executive power.

Article 144

Bodies of local self-government, within the limits of authority determined by law, adopt decisions that are mandatory for execution throughout the respective territory.
Decisions of bodies of local self-government, for reasons of nonconformity with the Constitution or the laws of Ukraine, are suspended by the procedure established by law with a simultaneous appeal to a court.
{The official interpretation of the provisions of the Article 144 see in the Decision of the Constitutional Court № 7-рп/2009 on 16.04.2009}

Article 145

The rights of local self-government are protected by judicial procedure.

Article 146

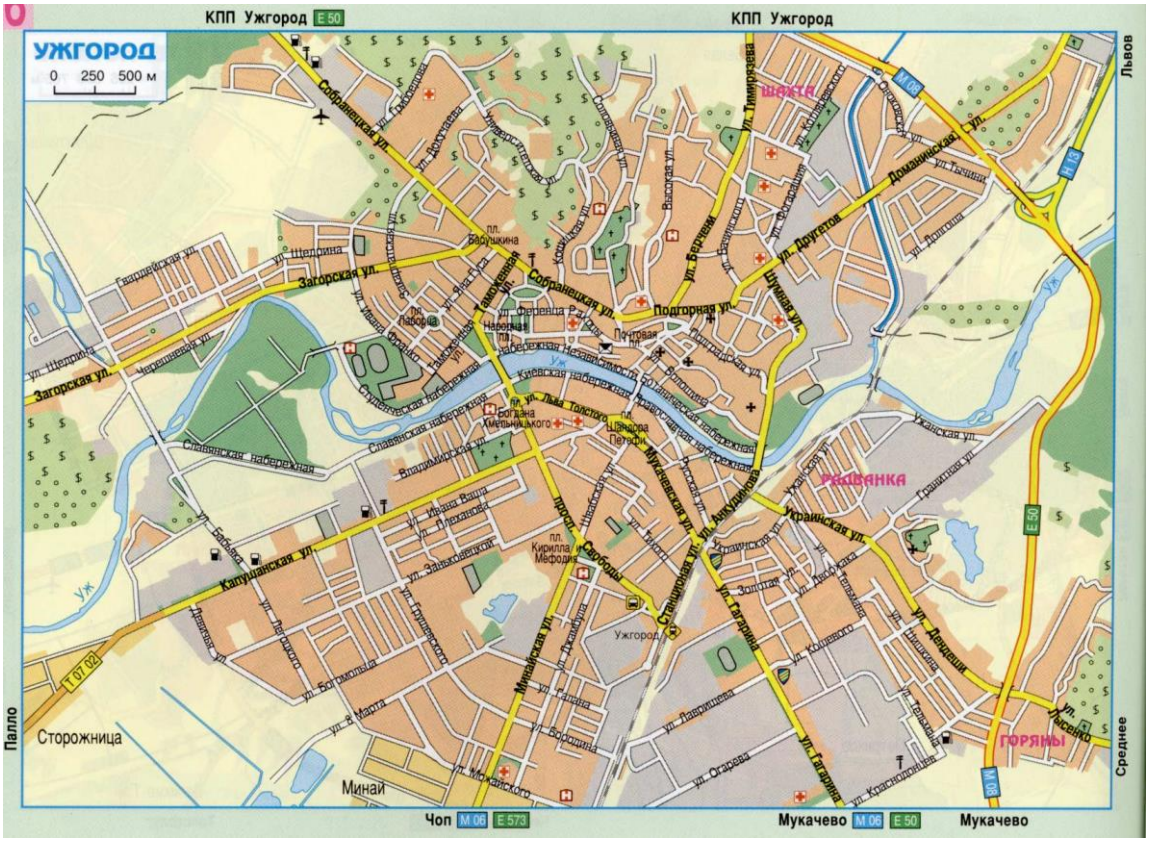
Other issues of the organisation of local self-government, the formation, operation and responsibility of the bodies of local self-government, are determined by law.

Appendix 4

Legislation Relating to Administrative Reform

Law of Ukraine, dated 7 December 1990 “On the Local Councils of People’s Deputies of the Ukrainian SSR and Local Self-Government”.
Law of Ukraine dated 5 March 1992 “On the local Councils of People's Deputies and Local and Regional Self-Government”.
Law of Ukraine dated 16 December 1993 “On State Service”.
Law of Ukraine dated 22 February 1994 “On the Formation of Local Authorities and Self-Governments”.
Law of Ukraine dated 21 May 1997 “On Local Self-Government in Ukraine”.
Law of Ukraine dated 15 July 1997 “On the Ratification of the European Charter of Local Self-Government”.
Law of Ukraine dated 14 January 1998 “On the Elections of Deputies of Local Councils and Village, Settlement and City Mayors”.
Law of Ukraine dated 9 April 1999 “On Local State Administrations”.
Law of Ukraine dated 11 July 2001 “On the Bodies of Self-Organization of Population”.
Law of Ukraine dated 11 July 2002 “On the Status of Deputies of Local Councils”.
Resolution of the Verkhovna Rada of Ukraine dated 8 December 2004 “On the Preliminary Approval of Draft Law on Amendments to the Constitution of Ukraine."
Law of Ukraine dated 7 October 2010 “On the Cabinet of Ministers of Ukraine”.
Tax Code of Ukraine on 2 December 2010.
Law of Ukraine dated 17 March 2011 “On Central Executive Authorities”.
Law of Ukraine dated 4 July 2013 “On Amendments to the Tax Code of Ukraine in Connection with the Administrative Reform”.
Law of Ukraine dated 4 July 2013 “On Amendments to Certain Legislative Acts of Ukraine in Connection with the Administrative Reform”.

Appendix 5
The City of Uzhhorod



Source: Map of Uzhhorod [Електронний ресурс]. Режим доступу: http://www.google.ro/imgres?imgurl=&imgrefurl=http%3A%2F%2Fukr-map.com.ua%2F243880.html&h=0&w=0&sz=1&tbnid=-ewxcD6KsvpF7M&tbnh=192&tbnw=263&zoom=1&docid=WPbSNYZXSn5H6M&ei=Vx5kUr7mDsXP0QXbs4GYCg&ved=0CAEQsCU

Appendix 6
Location of Uzhhorod in Zakarpattia oblast

Source: Zakarpattia oblast [Електронний ресурс]. Режим доступу: https://www.google.ro/search?q=%D0%BA%D0%B0%D1%80%D1%82%D0%B0+%D1%83%D0%B6%D0%B3%D0%BE%D1%80%D0%BE%D0%B4%D0%B0&tbm=isch&tbo=u&source=univ&sa=X&ei=WRhkUtX2CMTwhQfa1YDoDQ&sqi=2&ved=0CCYQsAQ&biw=1016&bih=621#facrc=_&imgdii=_&imgrc=DC-hW0QNS--jlM%3A%3B2GU1csZpohSIaM%3Bhttp%253A%252F%252Fukraina.turmir.com%252Fadmin%252Flib%252Fspaw%252Fuploads%252Fimages%252FUkr%252FZakarp%252FMap%252520Zak.gif%3Bhttp%253A%252F%252Fukraina.turmir.com%252Fru_obl_72.html%3B550%3B447

PUBLIC ADMINISTRATION REFORM IN SLOVAKIA

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I. Political-social-economic context of public administration reform

Self-government in the territory of present-day Slovakia started to be formed in the 13th century when craftsmen's guilds tried to enforce the right to direct the development of crafts in the area in the process of "professional democratisation". Different periods of minor decentralization as well as centralization passed at different times during the Austro-Hungarian Monarchy, but it was not until 1860, when Franz Joseph I of Austria reformed public administration under the municipium laws, that regions (18), counties (164) and 18 free royal cities were considered as self-governments (municipia). The municipium self-government consisted of a municipium committee that comprised major taxpayers (50%), while representatives elected from population formed the other half. The system survived until the time when Czechoslovakia was formed in 1918 and Slovakia adopted the Hungarian system of local authorities, which was a three-level system of local authorities in the form of municipality – district – municipium or later region. Slovakia was divided into 16 regions (Abov, Boleslav, Gemer-Malohont, Hont, Komárom-Esztergom, Liptov, Nitra, Novohrad, Orava, Spiš, Šariš, Tekov, Trenčin, Turiec, Zemplin, Zvolen) and 94 counties.

In 1928 land administration was also introduced into Slovakia (N.B. it had previously been applied in the Czech Republic), which made the system of regions disappear for 10 years. The nationalization process of public administration continued also during the existence of the Slovak State (1939–45); the then territorial public administration reform was a return to regional administration of the territory. Six regions (Bratislava, Nitra, Trenčin, Tatra, Hron, Šariš-Zemplín) and 59 districts emerged in Slovakia. State administration had a dominant position. It was represented by regional offices headed by a head appointed by the Ministry of Interior and district offices headed by a district chief executive.

During World War II, revolutionary national committees were formed at district and municipal levels in the territory of the uprising (Slovak National Uprising). After World War II the national committees were upgraded to local bodies of state authority, which ultimately liquidated regional and district offices. This act eliminated the dual system of public administration and only state administration was left. The competences of district offices and partly also regional offices were transferred to local national committees. In 1948 the three-level public-state administration (municipality – district – region) ceased to exist, and the following six regions were formed: Bratislava, Nitra, Banská Bystrica, Žilina, Košice and Prešov, as well as 97 districts.

A more significant reform was carried out in 1960 that reduced the number of regions to three (West-Slovak, Central Slovak and East-Slovak) and the number of districts to 33. The individual levels of state administration were based on the three-level system of national committees. Act No. 65/1960 Coll. defined national committees as bodies of socialist state authority and administration in regions, districts and municipalities. This system existed until 1990, although regional offices were closed in 1969 and 1970. However, they resumed their activities in 1971 and a certain degree of decentralization took place, for example, the transfer of responsibilities for accomplishing economic tasks through the power to establish and manage some enterprises, the so-called economy administered by national councils, and Bratislava with its surrounding areas acquired the status of a region.

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From historical development it is possible to generalize some conclusions regarding public administration reforms implemented in Slovakia (Slavík, 2011):

- History has confirmed that there is a strong relation between any changes in administrative division and dramatic changes in the given state with only one exception: when, in 1960, an attempt to apply larger administrative units (regions, districts) according to the Soviet model was undertaken;
- In the light of individual historical epochs, it can be established that the terrain (land relief) of Slovakia and gained statehood in which changes in administrative division took place determined the territorial locations of public administration;
- While in Hungary or Austro-Hungary the systems of territorial and administrative organization were characterized by a high level of stability, during the era of Czechoslovakia the individual models (often diametrically opposed) frequently changed;
- In principle, the following four systems of administrative organization have been exchanging in all the phases to date:
    - System of counties (comitatus, stolica, župa) (in the number of 17–21),
    - System of larger regions (6),
    - System of regions (districtus), large regions (3–4),
    - System of land arrangement (1).

  The most stable and longest-lasting system (from the 13th century to the beginning of the 20th century) that was continuously applied with minimal changes was the system of seats or counties. During the era of Czechoslovakia a system of large regions was applied, except in land administration. The longest-lasting system of them was the system of large regions and large districts between 1960–1990 due to the system with a maximum level of centralized state power;
- During the development of administrative division up to 1990 Slovakia was only once put in a position of one administrative unit (land arrangement in 1928–1938) and obtained statehood only once (the Slovak State in 1940–1945).

Table: Historical development of the number and structure of administrative units in the territory of Slovakia before public administration reform

	Administrative units					
Phase	**Macroregions**	**Number**	**Mesoregions**	**Number**	**Microregions**	**Number**
Hungary, Austro-Hungary						
11th – 13th century	-	-	comitatus (county)	17	processus (district)	-
13th cent. – 1848	-	-	stolica (seat)	21	okres (processus/district)	-
1785–1790	districtus (region)	3	stolica (seat)	21	okres (processus/district)	-
1850–1860	districtus (region)	2	stolica (seat)	17	okres (processus/district)	-
1867–1922	-	-	župa (county)	21	okres (district)	95
Czechoslovakia, Slovak State						
1923–1928	-	-	veľžupa (large region)	6	okres (district)	79
1928–1938	krajina (land)	1	-	-	okres (district)	77
1940–1945	-	-	veľžupa (large region)	6	okres (district)	60
1949–1960	-	-	kraj (region)	6	okres (district)	90–91
1960–1990	large region	3-4	-	-	okres (district)	33–38
Czechoslovakia (1991–1992), Slovak Republic (1993–2000)						
1991–1996	-	-	-	-	okres, obvod (district)	38, 121
1996–2000	-	-	kraj (region)	8	okres (district)	79

Source: SLAVÍK, 2011.

The dramatic social changes after 1989 in Czechoslovakia gave rise to the need to change the structure and quality of the managing structures of public administration. The changes needed were as follows (Nižňanský, 2002):

- A change in understanding the position of the public sector in society and growth in the share of the private sector;
- Understanding public administration as a service for citizens and not as a public authority tool;
- Deconcentration of decision-making in state administration from central authorities to local state administration authorities;
- Decentralization of powers and responsibilities on the side of state administration of new territorial and interest self-government;
- Strengthening of fiscal autonomy;
- Application of new methods of public administration management;
- IT developments and provision of better information.

In addition, the quality of public policies depends essentially on the quality of the public administration model applied, i.e. on the legislative framework, organizational structure, management methods, quality of personal resources, effective division of powers between individual levels of organizational structure, transparency and developed forms of citizen participation in management (Balážová, 2003; Hamalová, 2013).

The success of public administration reform depends essentially on the character of the environment in which it is implemented. In the case of Slovakia the reforms after 1989 were not carried out in an ideal environment but, on the contrary, in an unstable economic, social and political environment, which resulted in significant social polarization (Nižňanský, 2002). Public administration reforms were put into practice against the backdrop of a complicated domestic policy situation. In 1991–1992 discussions concerning the future arrangement of the Czechoslovak Federative Republic took place and resulted in the break-up and formation of two new countries – the Czech Republic and the Slovak Republic. In 1992–1994 Slovakia was engaged in a struggle towards democracy that led to the government's downfall and an early election. Slovakia faced international isolation from 1994–1998, and Vladimír Mečiar's government in 1994–1998 may be characterized as a period of unstable democracy. After the 1994 election the political regime in Slovakia became fairly atypical of democracies across Central Europe. The literature of political sciences refers to such a type of democracy as a hybrid regime (Hloušek – Kopeček, 2003).

The transformation of public administration during the period of Mečiar's rule, but especially in his third term of office as Slovakia's prime minister, was affected by great disunity of views among political elites on fundamental issues of not only the functioning of public administration but also the functioning of the political system as a whole. The difficult social and economic situation also played a negative role in the transformation process. In terms of quality of life Slovakia had one of the weakest positions within European countries: with unemployment reaching remarkable proportions, the threat of cross-default, i.e. state's inability to honour its financial commitments. Such conditions were far from ideal for implementing fundamental changes.

After the 1998 elections the main objective of the Slovak governments was to get the country out of international isolation, which was ultimately achieved when the Slovak Republic joined the OECD in 2000, NATO in 2004 and the EU in May 2004. There was a gradual consolidation of public funds by adopting austerity measures that are even today well-remembered as "belt-tightening". The first short period of a consensus among decision-makers (governmental and non-governmental sector) was the period of 2000–2004 when wide-ranging political and economic reforms were implemented.

Growing disputes within the ruling coalition slowed down the process of positive changes that did not start again, not even after the 2006 elections, despite the fact that Slovakia

joined the Schengen Area (in 2007) and the euro area (in 2009). The efficiency of the economy and the economic boom of that time were slowed down by the global economic and financial crisis in 2008.

The current government is facing problems in relation to the consequences of the economic crisis and growing unemployment that they are seeking to solve by adoption of governmental measures to increase taxes and charges, offer public incentives to businesses, reduce public expenditure and cut costs. These measures also involve the "ESO" reform (In Slovak ESO stands for effective – reliable – open state administration)[2] that aims at reforming the public administration system and saving public funds.

II. Legislation related to public administration reform

After the political and social changes in 1990, changes in the organization of public administration as well as in territorial organization of the state also began taking place. The goal was to create a system of public administration corresponding to the conditions of the new social environment, and it was necessary to remove the centralist management of state administration conducted through national committees. Attention was focused in particular on the demand for the establishment of territorial self-government thoroughly separated from local state administration or on the cancellation of the regional level of management.

Yet, despite attempts at successful transformation of public administration in Slovakia an integrated conception of reform of public administration which would create a starting point for the creation of a new system of public administration was still absent at this time. One of the first and most important changes carried out was the abolishing of the national committees, which until this time handled state administration and in a limited range also local self-government. By constitutional act of the Federal Assembly no. 294/1990 Coll. the relevant provisions on national committees were repealed and local self-government on the level of the municipality was established (Kováčová, 2010, p. 65). From this new amendment Act no. 369/1990 Coll. on Municipal Establishment, which is today the key law arranging the existence and activities of self-government, subsequently emerged. Through it, municipalities acquired the standing of basic territorial units, and thus at the same time territorial self-government of municipalities and towns were separated from state administration; competences were shifted from the central government to its lower level, and the competence of the state in the regions was significantly reduced while mechanisms of cooperation of state administration and local self-government in the regions were created.

Municipalities obtained political independence, legal subjectivity and a basic package of competences, and thus also responsibilities. Financially, however, they were still dependent on the state budget. Local self-governments even from their beginning battled with problems which consisted in the difference between defined political independence and economic possibilities for their own development. While local self-governments were no longer politically subordinate to the central government, they could only set their program goals to the level of their own financial budget (Mesíková, 2008). In connection to this situation the ratification of Act no. 427/1990 Coll. on the Transfer of State Ownership to Other Legal Entities

[2] The reform has two phases: liquidation of 64 state offices, especially regional educational authorities, building authorities and military administration authorities whose competences and property will be transferred to the Ministry of Interior; regional environmental authorities, regional authorities for transport and roads and regional land, forest and cadastral authorities whose competences and property will be transferred to specialized lower level authorities. Phase Two (since 2013) should ensure the integration of all competences of local state administration into a single state authority by replacing 613 different state authorities and by reopening 79 district offices. Simultaneously, contact centres have started to emerge in district towns to deal with all state administration matters. The state itself will obtain any documents from other authorities and call centres and will also inform applicants of the status of their applications.

or Natural Persons, but mainly Act no. 138/1991 Coll. on the Property of Municipalities, was important. The creation of municipal property was carried out on the territorial principle, that is, the property was allotted in this way to municipalities on whose territories they were located (Papcunová – Gecíkova, 2011).

In connection to the origin of self-governments, reorganization on the level of local state administration was also necessary. On the basis of Act no. 472/1990 Coll. on the Organization of Local State Administration regions were abolished and the three-level system of state administration (region, district, municipality) was transformed into a two-level system. Organization was properly expressed by the existence of 38 districts and 121 district offices. Local state administration was made up of bodies of general local state administration and bodies of specialized state administration working in defined administrative units (e.g. tax offices, customs bodies, environmental offices, labour offices, etc.). Through this act the Slovak National Council likewise divided the competences of the former national committees among municipal (town) offices, newly formed districts and district offices and among several ministries (Pilát, 2002).

In the years 1990 – 1996 several proposals for continuing reforms of public administration were prepared. In 1991 – 1992, on the basis of a decision of the Slovak government, three commissions were organised for the working up of a proposal for a new territorial administrative structuring of Slovakia. The so-called "county variant", which proposed to divide the territory of Slovakia into 16 counties and 77 districts, was evaluated as the best. Despite its acceptability for the governing party, this variant was not submitted for discussion to the Slovak National Council and after the elections in 1992 a new commission was appointed. This commission submitted a proposal of principles for a territorial region structure and a proposal for a conception of local public administration. In 1994 a Strategy of Reform of Local Public Administration was prepared, and in 1995 – 1996 the Slovak Ministry of the Interior prepared a law on the territorial structuring of self-government of the Slovak Republic and rejected the county variant (Nižňanský, 2010).

An important step in the scope of reform of public administration in Slovakia related to the territorial structuring of the country. In 1996 the system of district offices was abolished, and on the basis of Act no. 221/1996 Coll. on the Territorial and Administrative Organization of the Slovak Republic and Act no. 222/1996 on the Organization of Local State Administration 79 district offices in the position of the basic level of territorial state administration originated, and regional divisions and 8 regional offices in the position of state administration of the second level were created. In addition to the 79 district offices 41 permanent and temporary workplaces of district offices also existed. Despite attempts at maximal integration, however, 23 networks of specialized offices of state administration remained (Hamalová – Papánková, 2005).

This new territorial-administrative structuring met with a wave of criticism. Experts concurred in the opinion that by the creation of 79 districts, the territorial units created were too small to be able to effectively function and fulfill specific development programs. The origin of 8 regions was again criticized especially from the viewpoint of infringing on natural regional differences in Slovakia. Certain anomalies were also created, such as, for example, the division of the Spiš region – a natural historical region – between the Prešov and Košice Regions.

In addition to this, the structuring of local state administration and refusing the strengthening of territorial self-government was motivated by an attempt to reinforce the then-governing power – "political representatives in this period took only those measures which [...] could be used for the enforcing of narrow party interests [...or which they assumed would], that would be helpful to them in the process of obtaining or maintaining power," (Machyniak, 2012, p. 126) as well as "an attempt to weaken the position of the Hungarian national minority. Not only did domestic representatives of self-government, non-governmental organizations and some opposition organizations protest against this [... this], but also European institutions" (Nižňanský, 2010, p. 175).

More favorable conditions for continuing of the reform process were created after the parliamentary elections in 1998. The new government in its program manifesto set as one of its priorities "to resolve optimally the structuring of public administration such that this would meet the basic needs of citizens [... and in this association] to continue in the decentralization of the competences of the state to lower branches of public administration while respecting the principle of subsidiarity" (Slovak Government Office, 1998).

From 1999 the materials and legislative norms needed to carry out the above-mentioned goals of the new government began being prepared. In May 1999 a Strategy of Reform of Public Administration was prepared which contained, aside from principles for the structuring of public administration, also the principles of associated conceptions which were necessary to carry out in the scope of complex reform of public administration. With the approval of Resolution no. 695/1999 in August 1999 the government took this strategy into consideration and ratified the so-called "divided model of public administration", i.e. institutionally partitioning the performance of state administration and of self-government and continuing in the process of decentralization of responsibility for the provision of public services from state administration to self-government decentralization and the modernization of public administration as a program of a long-term character – the "National Program of Decentralization and Modernization of Public Administration in the Slovak Republic" (Slovak Government Office, 1999).

Another document from which the subsequent reform process was wholly derived was the "Conception of Decentralization and Modernization of Public Administration" (Conception of Decentralization and Modernization of Public Administration, 2001). The conception in full measure respected the generally valid principles of civil society, subsidiarity, efficiency, transparency and flexibility of public administration as well as the commitments which were defined in the program manifesto of the government of the time. With approval of Resolution no. 230/2000 in April 2000 the government of the Slovak Republic ratified this conception as a starting point and the foundation for carrying out further works. The mentioned conception dealt with two areas preferentially: decentralization and modernization of public administration. In the area of decentralization emphasis in this document was placed primarily on the decentralization of competences and public finances as well as on organization and control of public administration. In the area of modernization it focused on the legal framework and managing in public administration, but also on education and informatization in public administration (Nižňanský, 2005).

The implementation of a complex process of decentralization, which included decentralization of competences as well as fiscal and political decentralization, required a change in a large number of laws and the relevant norms with them. Therefore, the government, as one of the first measures associated with the given agenda, named a government plenipotentiary for the reform of public administration.

Until the year 2001 the administrative subsystem of local administration was represented only by municipal self-governments. Self-government on the regional level was constituted on the basis of amendment of the Constitution of the Slovak Republic from the year 2001, which among other things anchored the position of the second level of self-government, that is, the higher territorial units. With approval of Act no. 302/2001 Coll. on Self-government of Higher Territorial Units the members of the Slovak National Council in July 2001 ratified the establishment of eight self-governing regions, the so-called higher territorial units (VÚC). "Reform of public administration, however, is not only about decisions on territorial administrative divisions and the creation of self-governing higher territorial units but must be a complete change in the administration of public affairs. Additional important steps are also the transfer of competences from state to self-government, decentralization of financial flows and the settlement of property issues. For the mentioned reasons, in September 2001 the Slovak National Council ratified Act no. 416/2001 Coll. on the Transfer of Some Competences from

Organs of State Administration to Municipalities and Higher Territorial Units in the meaning of Act no. 575/2001 Coll. – the so-called Competences Act," (Neubauerová, 2003, pp. 64–65) which enabled the shift of competences in the years 2002 – 2003 to municipalities and self-governing regions. In December 2001 the first elections to the bodies of self-governing regions were held (the Chair of the VÚC and representatives to the VÚC assembly were elected).

After parliamentary elections in 2002 the second government of Prime Minister Mikuláš Dzurinda committed itself in its program manifesto to continue in the reform and decentralization of public administration. In the years 2002 – 2003 an extensive shift of competences from state administration to municipalities and self-governing regions was carried out on the basis of the competences act. In the years 2002 and 2003 a total of 94 competences were shifted to regional self-government and 63 competences were shifted to local self-government (Slavík, 2011, p. 115). In the first half of 2003 the Slovak government ratified two principle documents, on the basis of which further development of reform of public administration continued: "Project of Decentralization of Public Administration in the Years 2003 – 2006" and "A Conception for the Structuring of Local State Administration."

In consequence of the shift of competences to municipalities and self-governing regions, in 2004 the integrated offices of local state administration were closed (79 district offices were abolished) and offices of specialized state administration (regional and district offices) were renewed for the needs of providing the minimal remaining competences of the state. The number of seats of district offices was set at 50. "The primary reason for this step was the 'rationalization' of the network; however, if we count the workplaces of district offices (64) in addition to the seats of offices, the total number greatly exceeds the number of 79 districts" (Slavík, 2011, p. 111).

In connection to the transfer of competences from state administration to municipalities and self-governing regions in the years 2002 – 2004, the first stage of fiscal decentralization was carried out. During this first stage a specific and temporary regimen of financing of the transferred competences was applied through the form of so-called decentralization grants from the state budget. This method of financing brought several problems with it. For example, in the scope of decentralization grants no change in the regimen during the transfer of tasks from state administration to territorial administration was included (payments to insurance systems of employees, property insurance, among others). Together with its tasks, self-government also took on the deficiencies caused by poor administration of state property (unsettled real estate property, missing documentation or audit reports, unapproved and unfinished buildings, among others) without financial compensation. Another problem was that the state shifted competences to all municipalities but at the same time shifted only the volume of financial resources to them which the state administration until that time had provided for the tasks in the 79 district offices. In addition, another significant problem was the fact that the state did not allow self-governing authorities to rationally and effectively manage property; therefore, it imposed on them the obligation to preserve the specific designation of the transferred property.

The above-mentioned problems should have been removed in the second phase of fiscal decentralization, which began in 2005 and whose purpose was to strengthen the financial autonomy of territorial self-governing authorities, to increase pressure for efficient use of its own incomes and on the interconnectedness of the range and quality of services provided by self-governing authorities with an impact on the tax burdens of the population (Kováčová, 2010).

In 2004 the government of the Slovak Republic likewise discussed the intention of carrying out communal reform, that is, of the gradual merging of municipalities in Slovakia (municipalization, amalgamation). This intention was never realized, however, due to a dispute in the governing coalition, which led to early elections in 2006. From this period on communal reform in Slovakia stagnated.

During the first government of Prime Minister Róbert Fico the regional offices (general local state administration) were abolished as of 1 October 2007 by Act no. 254/2007 Coll. Their competences were transferred to the district offices (with a general competence). In 2009 the government approved the Conception of Modernization of Territorial Self-Government, which had as its goal, among others, to make the transfer of the performance of state administration more effective, to conceptually direct the process of informatization of territorial self-government and to introduce a system of monitoring of territorial self-government. Proposals for the realization of these measures, however, were postponed to the period after the elections in 2010.

The program manifesto of the government which emerged from the 2010 elections and was led by Prime Minister Iveta Radičová stated in relation to the area of public administration that: "The government of the Slovak Republic is carrying out reform which will motivate municipalities toward voluntary cooperation, the joining of administrative capacities and to the linking of municipalities. The government supports the building of common municipal offices, which should create better conditions for contact of the citizen with offices and rationalize and improve the quality activities of local self-government. The government of the Slovak Republic will implement the strengthening of independence of control of territorial self-government" (Slovak Government Office, 2010). However, because the government of Prime Minister Radičová was in power for only one and a half years, its intentions were not realized. In the area of public administration, however, during its duration the Ministry of the Environment, which had been abolished by the previous government, was re-established, and mandatory publication on the Internet of contracts of state administration and self-government was introduced and some other anti-corruption measures were accepted.

Reform of public administration is likewise a component of the program manifesto of the second government of Robert Fico. In 2012, in accordance with the intentions of the "Program Manifesto of the Government for the years 2012 – 2016" (Slovak Government Office, 2012) the government took into consideration the Program ESO – Efficient, Reliable and Open state administration, the essence of which is "to make more effective, to reduce costs and modernize the performance of state administration for the citizen" (Ministry of the Interior of the Slovak Republic, 2013). One of the first steps for achieving these goals is the creation of a new structure of local bodies of state administration, the principles of which will be simplification of contact of the citizen with state administration, transparency, efficiency of handling public resources and effective controls. These measures will be realized in two stages: 1. by abolishing of the defined regional structures of local bodies of specialized state administration and the shifting of their functions to existing district offices in the regional seats from 1 January 2013, and 2. integration of all functions of local state administration into a single state office.

In the scope of implementing the first stage of the ESO program Act no. 345/2012 Coll. on Some Measures in Local State Administration was approved, which came into force from 1 January 2013. Its approval led to the abolishing of 64 state offices. The functions of regional educational offices, regional construction offices and territorial military administration passed to existing district offices in the regional seats. The property of the state in administration of these offices was entrusted to the administration of the Ministry of the Interior – the same as the personnel functions in relation to their employees. The competences of the abolished regional offices of the environment, regional land offices, regional forestry offices, cadastral offices and the regional offices for road transport and land communication were shifted to the authorized special body of a lower level in the sphere of the relevant central body of state administration (e.g. the regional environmental offices passed to the district environmental offices in the regional seats in the sphere of the Ministry of the Environment and the like.).

In October 2013 the second phase of the ESO reform began being carried out. From October 2013 72 district offices were established which replaced the existing 50 district offices,

and likewise 248 local bodies of state administration ceased to exist. At the same time, in the second stage of realization of reform, all of the district environmental offices, district offices for road transport and ground communication, district forestry offices, district land offices and cadastral administration offices ceased to exist. Their functions passed to the integrated local body of state administration with the new name of the "District Office".

III. Competences of local and regional administration

The division of competences between state and self-government, as they function in the current form in Slovakia, was enacted by the parliament in 2001[3]. The transfer of tasks to municipalities has taken place in two phases so far: 1990–1991 and 2002–2004.

Municipalities have had self-government competences (original competences) since 1991, and within their self-government competences they can issue generally binding regulations and deliver opinions. In selected areas, wherever it is more advantageous for the state, municipalities have also been conferred the execution of competences transferred from state administration. These especially include the following areas: registry offices, construction order and a part of the competences in education. They perform the tasks in the name of the state; the state is responsible for management and quality of services as well as their financing.

Municipal councils as well as councils of self-governing regions decide concerning pressing issues of local and regional significance, such as:

- The budget and balance sheet of the municipality/region,
- Municipal/regional generally binding regulations,
- Management of municipal/regional property and funds,
- Environmental protection,
- Local charges and taxes (municipalities),
- Establishing municipal/regional enterprises, organizations, facilities,
- Municipal/regional land-use documentation and its zones.

In the light of ***original competences*** of municipalities the key role of local self-government is to independently decide and carry out any activities in relation to the management of the municipality and its property, manage any matters that legislation regulates as municipal self-government competence, if the state of a different legal person or natural person does not carry out such tasks according to the law.

When executing self-government competences (original competences) a **municipality** may especially:

- Carry out tasks in relation to management of municipal property and state-owned property conferred on the municipality,
- Draw up and approve its municipal budget and balance sheet,
- Decide on the matters of local taxes and local fees and carry out their administration,
- Direct economic activities in the municipality, if and to the extent that some special regulations so provide, provide consent, deliver opinion or observation concerning business or other activities of legal persons or natural persons and concerning the location of the business operation in the municipal territory, and issue binding regulations on investment activities in the municipality,
- Establish an effective monitoring system and create suitable organizational, financial, personnel and material conditions for its independent performance,

[3] Act No. 416/2001 Coll. on the transfer of some competences from the state administration authorities to municipalities and higher territorial units (the Small Competence Act). It regulates the transfer of competences from state authorities to municipal self-government authorities and self-government regions.

- Ensure construction and maintenance activities and carry out management of local roads, public places, municipal cemeteries, cultural, sports and other facilities, cultural sights, protected spaces and historic monuments,
- Carry out public utility services, especially the disposal of municipal waste and minor construction waste, maintenance of cleanliness in the municipality, management and maintenance of public greenery and public lighting, water supply, waste water drainage and disposal,
- Create and protect healthy conditions and healthy living and working style of municipal population, protect the environment and create conditions for the provision of health care services, education, culture, information, free time art activities, physical culture and sports,
- Perform tasks in consumer protection and create conditions for supplies for the municipality: regulate opening hours of shops and service operations, and manage market places,
- Procure and approve land-use documentation of housing structures and zones, development concepts of individual aspects of municipal life, procure and approve housing development programmes and can be instrumental in creating suitable living conditions in the municipality,
- Carry out its own investment activities and business activities in the interest of the population and municipal development,
- Set up and monitor its budgetary and contributory organizations, other legal persons and facilities,
- Hold local referenda on crucial issues concerning municipal life and development,
- Ensure public order in the municipality: it may regulate, prohibit or restrict any activities for certain time or in a certain place,
- Ensure protection of cultural sights and preserve the environment and natural values,
- Carry out tasks in social assistance,
- Certify official documents and signatures in documents,
- Keep its annals in the official language or ethic minority language.

After the wide-ranging decentralization in 2002–2004 municipalities also started to perform a number of ***competences transferred*** from state. These especially include the following competences:

- Roads: to ensure construction and technical requirements of roads and local roads in their ownership, provide data from the technical database of roads and local roads in their ownership, execute competences of special building authority for local and special-purpose roads.
- General internal administration: operation of a registry office.
- Social assistance:
    - Provide care services in social service facilities and establish social service facilities (retirement home, care service facilities),
    - Decide on: the provision of care service and fees for care service; the provision of transport service and fees for transport service,
    - Establish and monitor social service facilities (residential homes for children who receive year-round care, children homes, crisis centres, resocialization centres).
- Land-use planning and construction order: competence of building authority.
- Environmental protection: performing state administration at first instance in the matters of protection of wood plants, imposing measures necessary for wood plant recovery by owners (administration, leaseholder) of the land on which plants grow or decisions concerning timber felling, performing tasks in relation to replanting forest.

- Education: execution of state administration in schools and school facilities, nominating and dismissing principals and heads of school facilities, creation of conditions for acquiring compulsory primary education, carrying out supervision of school management, ensuring conditions for school meals at all schools and school facilities in its responsibility, determining school districts to which pupils of any closed schools will have to go to acquire compulsory education if any primary schools are put out of service from the school network, processing information and informing in education and training within the scope of its competence, allocating funds to private schools, religious schools, private school facilities and religious school facilities under a special regulation and carrying out supervision of management of the funds, approving lease contracts on school buildings and premises, adjacent premises or school facilities within its scope of competence, and especially establishing and closing:
    - primary schools,
    - primary art schools,
    - pre-school facilities,
    - children's school clubs,
    - after school activity centres,
    - leisure centres,
    - school kitchens and school canteens providing meals to primary school pupils and pre-school facility children,
    - language schools in primary schools.
- Physical culture: preparation of the development concept of physical culture, cooperation in the selection and training of talented sportspersons, supporting and promoting sports events of local importance, creating conditions for development of sports for all, promoting sports activities among disabled people, cooperation with civic associations, municipalities and other legal persons and natural persons that conduct activities in physical culture.
- Drama activity: establishing, merging and closing professional theatres, supporting drama activities in the form of commitment appropriations, monitoring the management and expenditure purposes of theatres it has established.
- Health care: establishing outpatient offices including emergency medical service and first line emergency rooms in social service facilities, establishing specialized medical facilities, outpatient clinics, hospitals, home care agencies, cooperation in preventative programmes, approving office hours of non-state health care facilities.
- Regional development: implementing regional development strategies, preparing programmes of economic and social development, coordinating work of legal persons in municipal development programmes.
- Tourism: preparing tourism programmes, coordinating work of legal persons in the tourism industry.

Self-governing regions (higher territorial units) have competences defined by two key acts:

- Act no. 302/2001 Coll. on self-government of higher territorial units (Act on Self-Governing Regions) – regulates the position of self-governing regions that are legal entities under the law. The territory of the self-governing region and its registered office may only be changed through legislation. The council of the self-governing region and the president of the self-governing region act as the bodies of the self-governing region.
- Act no. 416/2001 Coll. on the transfer of certain competences from state administration authorities to municipalities and higher territorial units – regulates the transfer of competences from state authorities to municipal self-governments and self-governing regions. Self-governing regions carry out the execution of public administration within

the self-government, the so-called original competence or simply as the transferred execution of public administration.

The competences and scope of activities of self-governing regions in individual segments were transferred to self-governing regions from the state gradually in several phases:

- with effect from 1 January 2002: transfer of competences in railways, new competences in civil protection, transfer of competences in education in the area of establishing the ”legal personality” of schools (Act no. 29/1984 Coll. on system of primary and secondary schools), competences in tourism and regional development.
- with effect from 1 April 2002: competences in road transport, competences in social assistance, competences in drama activities, competences in museums and galleries, competences in information activities, competences in libraries.
- with effect from 1 July 2002: competences in education and educational facilities, competences in social assistance, competences in physical culture, competences in health care (e.g. Act no. 277/1994 Coll. on health care), competences in humane pharmacy.
- with effect from 1 January 2003: competences in social assistance, competences in land-use planning and construction order, competence in health care, particularly, the transfer of founding competences to different facilities,
- with effect from 1 January 2004: competences in roads and Act no. 446/2001 Coll. on the property of higher territorial units, under which the transfer of the property of the Slovak Republic was carried out to regional self-governments that use the property while performing their competences. The act regulates the property of higher territorial units, its handling and the ownership position of higher territorial units, and defines which property items in the ownership of the Slovak Republic are to be transferred to the ownership of higher territorial units.

Overall, the competences of self-governing regions may be summed up as follows:

Health care:

- grant authorisation to operate health care facilities,
- keep a record of health care facilities,
- monitor health care facilities,
- approve opening hours,
- approve the amount of fees for preferential provision of outpatient treatment.

Transport:

- manage secondary and tertiary roads,
- approve timetables.

Education:

- establish and close secondary schools and centres of practical training,
- prepare breakdowns of funds allocated to schools and school facilities,
- ensure premises and material and technical requirements for educational and training processes,
- ensure conditions for school meals in all schools and school facilities that are in their responsibility,
- establish and close: a) primary art schools, b) language schools except language schools in primary schools, c) student dormitories, d) school canteens, e) school farms and centres of practical training, f) school service centres, g) outdoor school, h) leisure centres with the territorial scope within the self-governing region, i) school clubs.

Social area:

- establish and operate social service homes,
- define the amount of fees for social services,
- provide basic social advisory and ensure its provision.

Culture:

- establish and manage museums, galleries, theatres and libraries,
- holds international and national festivals.

Self-governing regions have competences relating to environmental protection, the drawing of EU funds and the promotion of tourism and rural development. Self-governing regions, e.g. plan to draw EU funds in regional development, are currently participating in implementing several operational programmes such as SORO and are represented in Brussels on the Committee of the Regions or on their own.

Table: A comparison of municipal and self-governing region competences

Municipalities	Self-governing regions
Original competences	**Original competences**
Education (pre-school and out-of-school facilities)	Education (secondary schools)
Local roads and transport	Secondary and tertiary roads
Housing	Suburban transport
Administration of local fees	Land-use planning and regional development
Sewerage and water supply networks	Social services (retirement homes, crisis centres, children homes, etc.)
Local police	Cultural facilities (museums, libraries, galleries etc.)
Outpatient clinics and specialized hospitals	Hospitals
Cultural facilities	**Transferred competences**
Municipal waste	Health and safety
Greenery and cleanliness	Further education and vocational schools
Municipal development	National road management
Transferred competences	
Registry offices	
Building authorities	
Primary education	
Social services (care service)	

IV. Fiscal decentralization in Slovakia: lessons learned for possible transfer to Ukraine

Fiscal decentralization is a multidimensional concept and a complex process which depends on many political, economic and social factors as well as national or international trends. Its primary goal is more effective fulfillment of the allocation function of public finances while at the same time satisfying the principle of subsidiarity. Additional outputs of fiscal decentralization should be:[4]

- decentralization of public administration without fiscal decentralization is ineffective, e.g. ineffective decentralization of competences;
- application of the principle of subsidiarity;
- the relation of governance and civil society mainly in the direction of creating of an open self-government and broader civic participation in decision-making processes;
- the relative financial and economic autonomy of a self-government;
- the achievement of higher efficiency, performance and flexibility in managing a self-government;
- the creation of effective mechanisms for the support of regional development.

Fiscal decentralization is understood as the strengthening of a self-government's own revenues through its authority to set the level of taxes (in the form of local taxes or tax surcharges), and at the same time it is necessary for ensuring the territorial principle in these taxes (i.e. the recipient of the taxes or surcharges automatically become the self-government whose residents pay the tax) (Belicková – Neubauerová, 2005). Fiscal decentralization means

[4] Processed according to KOZOVSKÝ, 2009.

a clear connection between managing of self-government and social costs, i.e. the tax burden of the populace. For each public service, whether already financed from own resources or from the state budget, the residents must ultimately pay in the end – and with a highly decentralized system residents have the possibility of choosing for themselves the most suitable combination of the level of services and social costs which they are able to tolerate for this.

The essence of carrying out fiscal decentralization in the Slovak Republic was the transition from the provision of grants for regional administration from the state budget to the financing of original competences through tax revenues (Čavojec – Sloboda, 2005). Prior to the start of the fiscal decentralization process and during the first stage of fiscal decentralization the lower governing levels in Slovakia (regional self-governments) were strongly dependent financially on the central government. The majority of revenues in their budgets were derived from decisions on the central level regarding the assigning of financial resources to regional self-governments, which led to the low financial autonomy of those regional self-governments.

Up until 2004 (before the carrying out of fiscal decentralization in Slovakia) revenues of municipal self-government after 1990 consisted in tax revenues and non-tax revenues from activities and the ownership of municipal property, donations and grants, approved credits and other incomes. The most significant sources of financing municipalities were tax revenues, which made up approximately 40 percent of all revenues. The total volume of tax revenues consisted in two main components, namely of own tax revenues – that is, from so-called local taxes or fees, and those from central tax revenues – thus from so-called shared taxes (taxes which were collected and administered centrally through state institutions). Local taxes shared in approximately 15 percent of all incomes and shared taxes made up perhaps 25 percent of all incomes of the self-government (Nižňanský – Valentovič, 2004).

Municipalities were offered part of the revenues from three "central" taxes – *income taxes of natural person from incomes from independent activities, taxes from incomes of legal entities, and road taxes*, which fulfilled the purpose of shared taxes. The main criterion on the basis of which income taxes of natural person were allocated among individual municipalities was the number of residents with permanent residence in the territory of the given municipality. This approach included only the principles of solidarity; it did not have a motivational character, especially in regard to the combining of "small" municipalities. When revenues from taxes of legal entities were involved (with the exception of income taxes which it was possible to collect by withholding), its share, which annually became the budget incomes of municipalities, was modified in the range from 3 to 7 percent. Sixty percent of tax revenues allocated to municipalities were divided according to the number of residents with permanent residency in the municipality, the rest according to the seat of the taxpayer – of the legal entity.

An indisputable negative of the mentioned method of financing the performance of self-government competences of municipalities was its political subordination. Since the portion of revenues from certain state taxes allocated to municipalities and the criteria by which such revenues were divided among them was entirely in the hands of the national parliament, municipalities were literally at the mercy and disfavor of politicians. In addition, the parliament for the most part always approved the law on the state budget in December; thus, only several weeks before the budget year, so that municipalities, not knowing what would happen, could not plan their municipal budgets over the long-term.

The only local tax in the true meaning of the word – property tax, which includes tax from properties, buildings and flat – was conceived from 1993. The collection and administration of these taxes were provided directly by the municipality. Municipalities also had the authority to independently set their amount, however, only in the framework of legally determined limits for individual types of properties, and these rates were multiplied by a size-category coefficient according to the number of residents (the lowest coefficient was for municipalities with up to 1000 residents and the highest for the Slovak capital of Bratislava). Such regulation and official setting of prices disadvantageously displaced the differentiation of

prices functioning on the market principle, where real estate property is taxed according to its market price, capital value or rental value.

Another form of local taxes for specific services occurs in the form of local fees, the composition of which has gradually changed, most recently in association with entry of the Slovak Republic to the European Union (in May 2004). Since then the following have been considered to be local fees:

a) fee for using a public space,
b) fee for using a flat or part of one for a purpose other than housing,
c) fee for accommodation,
d) fee for a dog,
e) fee for driving a motor vehicle into the historical part of the town,
f) fee for entertainment gaming machines,
g) fee for sales from vending machines,
h) fee for atomic facilities.

Municipalities secured their collection and administration on the basis of optionality; that is, each municipal self-government authority had the possibility to decide voluntarily whether and in what amount it would collect the given fee. From the viewpoint of volume of collection, fees from the sales of alcoholic beverages and tobacco products belonged in the past among the most significant revenue sources. The local fee for communal waste and small construction waste which originated on the territory of a municipality and which the municipality collected obligatorily, that is mandatorily, had a specific standing, namely in limits of rates determine by the law.

Another source of financing of self-governments was state grants. Their range and volume has changed diversely over the years. They were always defined in the annually prepared law on the state budget. In 2004 several types of grants were offered to municipalities from the state budget for the performance of self-government competences, and the most significant were grants for the performance of self-government functions, grants for city public transport and grants for the performance of self-government functions in the area of education. Not the first or even the second of the mentioned grants in fact was intended for all municipalities, but for certain selected categories of municipalities. The target group of the grant for performance of self-government functions was municipalities which had up to 3,000 residents with permanent residence in that municipality; thus the state actually supported directly an atomized residential structure. Recipients of grants for city public transport were again five cities: Bratislava, Košice, Prešov, Žilina and Banská Bystrica. Thus, the state, completely justifiably, strictly and purposefully compensated cities for their relatively larger expenditures for mass transit, which as centres of employment, education or services they legitimately had and therefore were offering service to a much larger number of clientele than its own citizens (Mikloš – Nižňanský – Žárska, 1996). From the composition of grants, then, it followed that municipalities (towns) of over 3,000 residents and those whose city mass transit the state did not acknowledge as relevant, were not participants in the budget grants.

With the goal of resolving these deficits, from the end of 1998 an extensive discussion began about the decentralization and modernization of public administration in the Slovak Republic. This eventually led to approval of a "Conception of Decentralization and Modernization of Public Administration"[5] and "Starting Points for Financing Public Administration in Accordance with the Conception of Decentralization and Modernization of Public Administration".[6] The entire conception anticipated 5 key measures:

[5] Approved Resolution of the Slovak Republic SR no. 230/2000.
[6] Approved Resolution of the Slovak Republic SR no. 652/2000.

- Decentralization of public administration (decentralization of competences, decentralization of public finances, organization of public administration, control in public administration);
- Territorial and administrative organization (mainly goals and criteria of regionalization);
- Modernization of public administration (legal framework and managing in public administration, education, informatization);
- Estimate of the economic and personnel demands of public administration;
- Progress of works on the project of decentralization and measures for further managing the process.

Fiscal decentralization itself was mapped out into two stages. The goal within the first stage was to distribute financial resources to self-governments for transferred competences through the form of so-called purposeful decentralization grants from the state budget. The first stage of fiscal decentralization began in Slovakia with the acquiring of validity of the so-called Competence Act, on the basis of which in the period from 2001 to 2004 more than 400 competences were step-wise transferred from the state to municipalities and higher territorial units and in association with this, property and financial resources. The Competence Act led to decentralization of the expenditures side of budgets, and the given competences were further financed through the form of grants.

It is necessary to add that the second phase of fiscal decentralization took place in parallel with extensive tax reform, which contained:

- the introduction of a flat income tax rate of 19%;
- unification of VAT rates at 19%;
- increasing of rates for consumption taxes;
- abolishing of taxes from dividends, inheritance and gifting, carrying over and transfer of real estate property;
- abolishing of exceptions, deductible items and special regimens;
- introduction of higher deductible items for the taxpayer and the tax bonus.

For the second stage of fiscal decentralization the decentralization of the income side of self-government budgets is typical from 1 January 2005. The content of the second stage was the shift of authorities in the creation of financial resources to municipalities and higher territorial units, i.e. the strengthening of the financial independence of these self-governments. This involved the introducing of new taxes, or the strengthening of existing types of taxes, the introducing of a system of horizontal financial balancing linked to the profiled tax potential of budgets of territorial self-governments and a change of the budget determining revenues of certain taxes in the shared taxes, including changes in the criteria of their assignation to self-governments.

The legislative framework of fiscal decentralization for the 2nd phase comprises the following strategies and legal norms:

- A Project[7] of further decentralization of public administration 2003 – 2006.
- A conception of the structuring of local state administration:[8] on its basis Act no. 515/2003 Coll. on Regional and District Offices was approved (abolishing the existing model of integrated local state administration and the expansion of the network of district offices of specialized local state administration), i.e. the abolishing of 79 district offices and from 1 January 2004.
- Act No. 564/2004 Coll. of Acts on budget determination of income tax yields to regional self-government and on amendments and supplements to certain laws,
- Decree of the Government No. 668/2004 Coll. of Acts on distribution of income tax yields to the regional self-government,

[7] Approved Resolution of the Slovak Republic SR no. 370/2003.
[8] Approved Resolution of the Slovak Republic SR no. 371/2003.

- Act No. 582/2004 Coll. of Acts on local taxes and local charge for municipal waste and small rubble,
- Act No. 583/2004 Coll. of Acts on budget rules of the regional self-government and on amendments and supplements to certain laws,
- Act No. 523/2004 Coll. of Acts on budget rules of the public administration and on amendments and supplements to certain laws.

Tax revenues became the decisive area of financing for self-governments, because they represent the most significant source for public budgets. Thus, this involved the division of tax authorities and of tax determination between individual governing levels, mainly with those taxes which have a firm base and sufficient and regular revenue. Among such taxes are property taxes and certain pensioner's taxes. In this case property taxes were involved, with which municipalities reinforced their tax authority and shared tax from the income of natural persons, which were divided between municipalities, higher territorial units and the state in a ratio of 70.3%, 23.5% and 6.2%.

The above-mentioned laws introduced fixed rules for the division of these taxes among the state budget, the regional budgets of the VÚCs and local budgets, and by decree of the government objective criteria were set on the basis of which revenues from these taxes were further divided among the individual municipalities and VÚC. Apart from the number of residents in the self-government, the criteria also included, e.g. a size coefficient of the self-government – by which were included the standing of small municipalities which made up the majority of municipalities in Slovakia, the elevation of the self-government above sea-level and the age-structure of the populace, the density of the populace and the area of the self-government territory. Additional laws modified the budget determination of other direct taxes (income tax from legal entities is a state tax, road tax is a regional tax, property tax is in the full competence of municipalities and the like) and budget regulations of territorial self-governments. Thus, the creation of budget revenues for territorial self-governments was made clearer and in a certain measure also simpler (it was easier to plan incomes and expenditures) while respecting the local specifics.

Act no. 582/2004 Coll. on Local Taxes and Local Fees for Communal Waste and Small Construction Waste adjusted the taxation by a municipality. The change consists in part in modifying the composition of certain local fees (after new local taxes) and in part in the fact that it enables municipalities to determine this tax or that in an unlimited amount.

Local taxes from 1 January 2005 are:

- property tax,
- dog tax,
- tax for using a public space,
- accommodation tax,
- tax for vending machine sales,
- tax for non-prize giving gaming machines,
- tax for driving and keeping a motor vehicle in the historical part of a town,
- tax for nuclear facilities (this is a tax with a limited territorial sphere).

The fee for communal waste and small construction waste is a local fee. Even though decisions on local taxes are in the hands of the municipal council, citizens have an influence on this. From 1 July 2004, namely it applies that before a municipal council can discuss the proposal of a generally binding regulation on local taxes, the municipality must first publish it and citizens may comment on it. What taxes and what the level of those taxes will be therefore depend on the involvement and influence of the local community on the administration of public matters.

Briefly, it is possible to include basic changes and achieve goals in 3 key areas:

1. strengthening of financial autonomy of municipalities: local taxes and the fee for communal waste;

2. a new system of financial balancing and redistribution of income taxes from natural persons and educational norms;
3. clear flows and volumes when financing the transfer of the performance of a competence of state administration to a municipality.

Financial balancing was secured by a clearly set system, which includes for income tax from natural persons:

- collection on the territory of all of Slovakia;
- shares from revues for municipalities at 70.3%, for VÚCs at 23.5% and for the state budget in the amount of 6.2%;
- a formula, criteria, objective data weighting – specific coefficients for calculation of compensation, namely: Coefficient for geographic elevation, Size coefficient, Coefficient for elementary art schools and school facilities, Solidarity between VÚCs (horizontal balancing);
- monthly shift of finances and annual balancing;

and educational norms.

In the area of local taxes, it is possible to include the following among the key changes:

- change of fees for taxes;
- a municipality and a VÚC decide on the introducing of a tax and its level;
- the rate of tax set by the law or by means of a generally binding regulation, min. of 1 year;
- tax from buildings and from real estate properties – different rates according to the type;
- market principles – the possibility of a price map with taxes from real estate properties;
- the municipality and VÚC determine exoneration from taxes.

It is possible to include the following among the most important contributions of fiscal decentralization in the conditions of the Slovak Republic:

- more effective use of resources when securing the public good,
- improving the process of deciding and resolving problems with taking into account higher flexibility of self-government units in resolving problems of an acute character,
- increasing controls and responsibility of self-government bodies when deciding on the operation of the self-government,
- better informedness, participation and interest of citizens in this or that self-government regarding events in it,
- strengthening self-governments in the area of financial autonomy, that is, during the creation of its own sources for financing the public good and a certain independence from state grants.

Compared with the past, when there was a long-term tendency of financial limitations of municipalities from the side of the state, municipalities and higher territorial units have at present secured revenues from the most stable and most dynamic taxes. Within the scope of changes thus far made in the process of financing municipalities, it is possible to speak about the economic effectiveness of self-government, because in many cases relatively sufficient own revenues are available which enable the self-government to ensure long-term stability. Several studies[9] state that fiscal decentralization has contributed to the increasing of tax revenues of municipalities and increasing their financial autonomy. Fiscal decentralization in itself brought a systemic step which contributed to making demonstrable revenues from income tax to municipalities more visible the through objective criteria. This also contributed to improving the planning and preparing of local budgets. The strengthening of tax authorities when setting tax rates and the tax base from property taxes and other local taxes also contributed to the increasing of revenues for local budgets.

[9] See, e.g. HORVÁTHOVÁ, 2009.

At the same time it gradually leads to making the flows and volumes more transparent with the financing of original competences of state administration for municipalities with a relatively just system of financial balancing (measurable indicators, clear and generally valid criteria in the formula for dividing up shared taxes). In Slovakia the process of motivating municipalities to effective behavior was begun – especially so long as their cooperation was involved, which is essential with respect to the high atomization of municipalities. The problem, however, further remains of a large number of municipalities with a low number of residents, which endanger the effectiveness and rationality of providing local public services. In order for the goals of fiscal decentralization to be fulfilled in the full range it would be necessary to merge small municipalities, thus creating economically larger and more capable units.

The process of fiscal decentralization, however, has not yet been completed. Additional activities necessary are included in the following points:

- it is necessary to devote increased attention to further deepening and optimizing of the process of decentralization of public finances, and the efficiency and effectiveness of the financial system of territorial self-government,
- to increase the stability of revenue base of territorial self-government, which is shown essentially during the economic circle, when it led to a significant drop from income taxes and subsequently support of municipalities through the state budget,
- to re-evaluate and systemically modify the criteria setting of the redistribution formula of revenues from income taxes from natural persons to municipalities and to VÚCs;
- to connect the range and quality of services provided by self-governments with the tax burdens of the populace;
- to lower administrative costs of redistribution processes in the scope of more effective fiscal decentralization;
- to carry out further research on the impacts of fiscal decentralization on:
    - the development of local and regional disparities;
    - increasing the performance of the local and regional economy;
    - increasing the quality of the provision of the public good and services to citizens on all levels;
    - empirical testing of the influence of fiscal decentralization on macroeconomic and fiscal stability, budget stability and economic growth as well as on testing the impact of fiscal decentralization on the size of the public sector.

V. Problems and future developments

The process of decentralization of state administration and the transfer of many of its competences to local self-government has, aside from a political and administrative dimension, also an important human and civil dimension. Therefore, it is necessary to assess the mentioned process primarily from the viewpoint of the needs of the populace and the satisfaction of its interests, that is, from a “society-wide” point of view. In association with this, it is necessary to emphasize that the public interest was not always the primary motive for the activities and reform attempts of competent political forces, which, among others, was manifested in a lack of preparation of content, range, dynamics and timing of the individual steps and stages of the given process as well as in the incomplete and unsystematic approach to carrying out the mentioned reforms.

Representatives of state power, that is, the initiators of the mentioned process, often pursued other goals than mere development of democracy and the strengthening of the civil character of social development. Sometimes in the course of the reforms, even despite the above-mentioned unwillingness of governing political leaders to deprive themselves, that is, to cling to many of their own important competences, they saw a way to reduce the measure of their own responsibilities for the inconsolable state of many areas of social life, such as, for

example, the area of raising and educating children, the health care system, the functioning of cultural institutions and facilities and the like; in other words, those areas in whose proper functioning and material provision the state must also participate, because they are an integral part of the public interest and public policy. Alongside those factors which influenced the character of the process of decentralization, other determinants played an important role, especially in its early initial phases. Among them it is necessary to highlight the following:

- the predominating liberal and conservative orientation of the relevant part of newly forming political elite, manifesting itself in the conviction that the state is the worst organizer and least effective managing element of public life, from which the necessity of transferring a great number of competences from the state to subjects of a non-state character was derived;
- the low measure of professional preparedness and in many cases the complete absence of professional knowledge, practical experience and administrative skills of political actors in the sphere of the organization and managing of political public life, but also the lack of a broader understanding of public life.
- the underestimating, or weak and insufficient acceptance of professional and scientific analyses and knowledge from the area of preparation, legislative, personal, technical and financial provision of the process of decentralization and effective managing of state and self-government bodies and institutions as well as the ability to foresee the possible impacts of the given process on the functioning of the individual spheres of public life;
- the high measure of politicization of the process of decentralization and of the activities of bodies of self-governing units, in consequence of which the interests of politicians, coalitions, parties, individual, group and other interests and preferences were advanced at the expense of those of the public.

Many deficiencies and problems accompanying the process of decentralization also ensued from the great number of competences transferred in a relatively short time period to subjects which in terms of the personnel and professional sides as well as from an economical viewpoint were not prepared to handle them and were not prepared to fulfill them without problems. A significant problem is the capacity and expertise of representatives of the self-governments which took over competences, but which are not capable of utilizing these competences fully, effectively and economically (primarily cases of small municipalities). For this reason their performance is insufficient and in many cases closer to being nominal, and citizens essentially pay for this in the form of limited possibilities and poor quality of services provided by self-government bodies.

It was also shown that for effective functioning of decentralized public administration it is essential to determine and to observe rationally justified and demarcated goals determining the borders of this process, i.e. to set boundaries beyond which this process should no longer continue, because as the experience from Slovakia confirms, the high measure and range of decentralization – or otherwise stated, the never-ending reform of public administration – can lead to the poor functioning of the entire system and the deepening of administrative chaos, which must be legitimately manifested in the quality of the provided public services, the stability of public administration and the satisfaction of the populace. The rapid transfer of a large number of competences led to a notable weakening of the impact and standing of the bodies of state administration, their effectiveness and ability to fulfill basic functions of the state in periods which required a highly professional approach to managing, organizing and controlling during the introducing of qualitative changes, with the goal of guaranteeing and promoting the fulfillment of the public interest. An example from such premature and unconsidered solutions was the transfer of the responsibility for managing and financing preschool and elementary school education to the competence of municipalities and towns which did not have available sufficient materials, finances and human resources, or even the necessary experience from managing and organizing such complex areas of public policy.

Therefore, the ever-strengthening calls regarding the need for again taking over responsibility for the sphere of preschool and elementary school education by bodies of state administration are not surprising.

Another deficiency, the reasons of which followed from the different political, governmental, economic, social and ideological positions of the relevant political forces, was the delayed start of the second stage of reform, i.e. fiscal decentralization, the goal of which was to ensure fulfillment of the handed over competences with a sufficient volume of financial resources, so that those who were entrusted with these competences could perform them effectively, that is, on behalf and for the satisfaction of citizens. Fiscal decentralization was introduced for real from 1 January 2005. For municipalities and towns it brought increased incomes, but this did not automatically lead to improvement in the quality of the services provided to the populace, to improvement of their situation and to the overall reduction of living expenses. Given the continuously rising prices for energy and entry costs ensuring of the operation of municipalities and towns, the abundant administrative workers, the growing amount of competences taken-over and the frequently irresponsible and ineffective managing with the obtained resources, it was shown that despite the increased revenue sources, self-government units will also be further undersized financially. For example, the VÚCs alone created debts of 347 mil. euro for the year 2012 and in 2013 indebtedness is growing, not to speak of the many municipalities which got into forced administration.

In a whole order of towns and municipalities citizens and business subjects are again confronted with the necessity of paying higher taxes and fees (e.g., an up to 100% increase year-on-year is not exceptional), for the hauling of communal waste, traveling on mass transit, property taxes and many other costs, which is in conflict with the officially declared positive consequences of overall reform of public administration, which as such should lead to more effective, more economical and a financially less demanding method of administering of public affairs.

At the time of preparation and subsequent implementation of the process of decentralization, a principle was declared in the original proposals, according to which municipalities and towns should have received the same volume of financial resources as was previously allocated by the state to its individual areas; however, this was not carried out to the full extent. Furthermore, it was shown that self-governments took over competences with huge debts, which in a significant way burdened the budgets of the self-governments. For these reasons many self-governing authorities, especially in the poorer regions of Slovakia, were, and thanks to the financial crisis and policies of saving, still are seriously undercapitalized. Many of them are unable to fully cover the measure of original competences, never mind the newly obtained authorities following from decentralization, not to speak about the fact that they did not have enough for quality performance of those transferred. The poor financial situation of municipalities and towns was also caused by the fact that “a large portion of the money for self-governments is bindingly appropriated, and they lack instruments to generate their own incomes for regional development” (Nižňanský, 2013, p. 5).

The implementation of the third phase of reform of public administration should have contributed to the goal of eliminating at least in part the mentioned deficiencies; in professional circles this is spoken of as communal reform, emerging from the document “Project of Decentralization in the Years 2003 – 2006” (Office of the Government of the Slovak Republic, 2003), in which, among other items, it is presented that “to prepare communal reform in a time horizon by the nearest communal elections, i.e. to assess the possibility and suitability of uniting municipalities together, or creating larger administrative units. With respect to disintegration of the residential structure, to resolve through a differentiated method the process of clustering and merging municipalities”.

The fact is that in Slovakia there are more than 2,900 municipalities, up to70% of which have fewer than 1,000 residents, and their population represents only 16% of the overall

population. A total of 528 municipalities even have fewer than 250 residents, which is along with Czech Republic and France unique in Europe. This necessarily leads to a growth of administrative personnel and bureaucracy in the activities of self-government as well as in growth in the financial resources necessary to operate them. Thus, in Slovakia we have more than 2,900 self-governments, more than 2,900 mayors and municipal managers, more than 2,900 councils and in them more than 21,000 communal councillors (for a comparison: in Denmark, where the amalgamation of municipalities has already occurred, they today have only 98 municipalities and 279 villages, in which around 2,500 communal councillors work; in Norway this is around 300 self-government subjects, and both countries have approximately the same number of residents as Slovakia).

As an example of excessive bureaucracy and an inordinate waste of resources we can present the city of Košice, which on the basis of operation of 22 city boroughs with 22 mayors, 22 controllers, 307 city councillors and 400 workers in the city boroughs offices, annually expends 8 mil. euro. It expends another approximately 10 mil. euro on payments and bonuses for mayors, 50 city councillors and approximately 400 employees of the city council. If we compare this with the city of Copenhagen, which has around 530,000 residents – thus two-times more than in Košice – only 53 communal politicians work there, and in Košice this is at present 357 councillors. However, in 2006 this number was 494. In such cities and municipalities and those like them common expenditures for administration and fulfillment of the basic functions will further grow at the expense of capital (investments); thus, the possibility of their further development is limited in a significant way.

In a whole line of small municipalities it is not unusual if the largest volume of all expenditures (somewhere this is even more than 80%) go for personnel and administrative provision of the operation of the municipal office itself. What's more, small municipalities of a diffused residential structure (particularly in north-east Slovakia) fall into the so-called "hunger valleys", which is caused by the departure of the younger generation to other regions. The population in these municipalities is aging, the incomes to municipal budgets are decreasing and the range and quality of services provided to them is declining.

And despite the unwillingness of many mayors, municipal managers and councillors of such self-governing units, led and motivated by personal and narrow group interests, the need for their closer cooperation, or possible aggregation or in the end even merging, is an essential assumption of successful rounding out of the entire reform of public administration, making the functioning of territorial administration division more effective and more economical in handling its own resources.

The joining and merging of smaller municipalities into larger units, or the creation of amalgamations and associations of municipalities, is from the viewpoint of effective performance of its competences as well as from the viewpoint of financial efficiency an essential step, without which it is not possible to round off the reform of public administration and to do so properly with what from the start of democratic transformation was expected of it – to bring the performance of power closer to citizens and mainly to provide them with quality performance of the widest possible range of services. This strategic goal has in Slovak conditions not yet been fulfilled.

The role of state power is to formulate and to accept specific criteria, on the basis of which the process of merging municipalities is carried out or the performance of their competences is associated in a legal way, such as was done in Denmark, where independently existing and managing municipalities could not have fewer than 6,000 residents, which in no case can lead to doubts (and in Slovakia this argument is often used) about the democratic character of such measures. Further criteria for the existence of a self-governing unit (this relates mainly to smaller municipalities and towns), aside from the number of residents, should be: a professional level of management and of the employees of the relevant offices, the determining of the minimal amounts of incomes of municipalities and towns as well as the

necessary volume of municipal and town property and other resources necessary for problem-free running of a self-governing unit. Non-fulfillment of such criteria should be a reason for the loss of independent existence and legal subjectivity of a municipality or town and their inclusion into larger, more efficiently functioning and economically managed self-governing units.

VI. A case study of local government: E-GOVERNMENT – CITY OF PREŠOV – AN EXAMPLE OF GOOD PRACTICE

One important and very effective tool for administration and management is the use and application of a marketing approach. For an organization working in a territory such as, for example, self-government authorities, state administration, non-profit organizations, etc., the phrase marketing of the territory is used (Pauličková, 2005). The principles of transparency, communication with citizens and a clearer setting up of information flows all play an important role in the marketing of institutions of public administration.

The gradual electronization of public administration, by which is understood a broad application of modern computer technology, plays a large role in this area and did so partially in the administration of public affairs, but also in communication of public administration with the public itself. New technologies have a significant impact on the position of the citizen as a voter, consumer/client of public services or as a taxpayer. Talk has begun about an "e-citizen". Informatization and electronization for the citizen means interaction with public administration at a time and place which suits one's individual preferences. The Internet and other information technologies change the traditional structures and processes in public administration; they enable the interconnection of different agendas, organizational levels and sectors. We are speaking about so-called e-Government (CPHR-INEKO, 2002).

We define E-Government[10] ("electronic government", or "electronic administration of public affairs") as the "transformation of internal and external relations of public administration with the aid of information and communications technology s with the aim of optimizing internal processes. Their aim is then the faster, more reliable and less expensive provision of public administration services to the broadest public and the ensuring of greater openness of public administration in relation to its own users. Among the most important advantages of electronization of state administration are:

- speed and quality of services to citizens;
- simplicity, user-friendliness;
- official hours for submission 24 hours a day, 7 days a week;
- financial savings;
- transparency of processes and decision-making.

Several towns and municipalities have attempted to utilize and to apply all of the mentioned advantages of e-Government to a different degree. At present its possibilities have been shown to be among the most practical ways which would lead to improving the quality of managing self-government units.

An example of good practice in the area of introducing e-Government is the City of Prešov, which launched effective communication between city self-government and citizens through the information portal http://egov.presov.sk, for which the City of Prešov obtained the prestigious award "Zlatý ERB 2012 – Najlepšia elektronická služba samospráv na Slovensku" (The Golden Shield 2012 – the Best Electronic Self-Government Service in Slovakia). The main goal of the project "eGov – Open City – a Project for Informing the Citizens of the City of Prešov", is the regular, automated and efficient method, aside from the obligatory published

[10] Processed according to Budiš – Štedroň, 2008, p. 80.

information, to make current data from selected agendas available to the public. No institution of public administration in Slovakia has before offered such a complexity of data from its systems.

The intentions and goals of the information system of the City of Prešov are as follows:

- the provision of a rapid and effective instrument for obtaining information for citizens/entrepreneurs in relation to the city with the possibility of searching, classifying, exporting and printing;
- effective and objectively informing of residents of the city regarding the use of public resources and handling of city property;
- making available information which offices have available without having to ask them for it;
- significantly saving resources, time and human resources for the provision of information;
- fewer written requests submitted according to the "info-law" – this means that an office does not have to have a specific employee who obtains this information in real time, collects, evaluates it and subsequently prepares a response;
- automatic updating of information from the internal information system, without the need for "human" intervention;
- feedback of useful information to citizens which an office primarily collects and processes for the performance of its own self-government agenda;
- interconnection of records with the map system.

The Web portal at http://egov.presov.sk recorded during the two years of its functioning more than 33,000 visits, 17,000 unique users from more than 55 countries of the world, 166,000 page views, and stays on the site lasted on average for 6 minutes. According to findings the following belong among the most visited services from the side of residents: List of tax debtors, Record of dogs kept in the city, Streets and addresses, Budget, Grants, Operations in the city, Elections.

Therefore, in the following section we introduce primarily those parts of the project eGov – Open City, which Prešov's self-government authority presented as the first in the scope of self-governments in Slovakia and which at the same time from the viewpoint of the citizen are the most sought after:

1) Electoral districts and polling stations

For increasing support of direct democracy when voting, the city organized the electronic service VOĽBY – Electoral districts and polling stations. Prešov is thus the first and only self-government in Slovakia which brought a new transparent form of publishing information about electoral polling stations, electoral districts and the addresses assigned to them. After a search for the address of a permanent residence, the polling station is listed along with the address, its location on a city map and even information about the clerk in the electoral district, with a telephone number. The service is intended mainly for voters who at this time have moved to Prešov or moved within the city, so that they don't have to "search or wander" through their electoral district but can find the information easily, with a single click. In the city of Prešov there are usually about 75,000 registered voters, 79 electoral districts and polling stations and more than 8,100 addresses assigned to electoral districts.

2) List of tax debtors

The City of Prešov from March 2012 publishes on its Web portal a list of tax debtors for whom the amount of unpaid taxes exceeds 160 euro for natural persons and 1,600 euro for legal entities. The goal of this unique initiative from the side of the city is first of all to positively motivate the given subject to fulfill their tax obligations toward the city as the administrator of local taxes and fees and at the same time also increase their payment discipline, which would lead in the end to a reduction in the number of tax debtors. It is necessary to add that tax debtors who settle their tax obligations toward the city of Prešov are removed from the list immediately.

Testimony to the effectiveness of this service is the fact that a year after its launch the number of tax debtors declined and financial revenues to the city budget for 1 year of publication represented a sum of 185,000 euro. This service is sought-after not only by residents of Prešov; visits to the Web pages were also recorded from countries such as Australia, Peru, Cyprus, the USA, Finland and others. In this way Prešov became a leader and an inspiration for the self-governments of other regional or district capitals, when in a similar way Žilina, Nitra, Liptovský Mikuláš, Moldava nad Bodvou, Partizánské as well as the city of Košice began to publish a list of tax debtors.

3) Register of addresses and buildings

The Prešov register of addresses service is known as the "Prešov Google". It offers the interconnection of available records of buildings, census and orientation numbers issued and map foundations. The ambition of the city is that all new buildings and their addresses be "drawn" on the map as soon as an official decision on assigning a census number is issued. In this way immediate access to information about newly created addresses is provided to the wider public via the Internet. The project has as its primary goal managed automation and an effective method of easily accessing continuously updated information from selected agendas of the internal information system of the city, with a connection to a city map and Google Maps. Added value is the connection of the advantages of Google Maps with its Street View and an exact record of new addresses linked with the "city" map, which is much more current. Thus, the internal process when recording buildings and when issuing a decision on assigning a census number and orientation number is thus improved at the city office. This agenda is an original competence of the city; therefore, no other institution of public administration offers such information from its internal systems in such complexity.

4) List of business operations

From August 2011 the city also offers the public complete information about the activities of operations with retail sales and services within the City of Prešov and their approved operating times. Thus, a citizen can, after clicking on this page, quickly search for opening hours, contact information or specific activities which are operated in the city, but also to information about trade operations which have already completed their activities. At the same time it is possible to look over a map and search where the given operation is located; in the end it is even possible to find the exact address where a potential reclamation can be applied. It is necessary to add that the information is drawn from records of entrepreneurs and business operations on the territory of the City of Prešov and declarations of the operating time and the given information is updated daily.

5) Records of dogs in the information system

This electronic service covers information on records of dogs kept in the City of Prešov. The list contains data on the address where the dog is kept, the tag number, the breed and the color. Information about dogs recorded is published automatically from the information system of the city office and is updated daily. The register at the same time derives from the records of registered dogs in the meaning of Act no. 282/2002 Coll., which arranges certain conditions for keeping dogs. Data is added to the list and subsequently published; that is, the address at which the dog is registered and the breed of the dog in case the owner of the dog fulfills the obligation toward the city. Immediately after the launching of this service the number of registered dogs increases on average by more than 500. With this step the Prešov town office wanted to support higher awareness of citizens about which localities (street, address) have the highest number of dogs, increase the responsibility of dog-owners and last but not least to also increase public control. In the scope of this service a visualization of the occurrence of registered dogs is also available on a map.

On the basis of the project "eGov – Open City – a Project for Informing the Citizens of the City of Prešov" it is possible to state that the City of Prešov became a leader and a model for other self-governments, which have this generally useful information in its internal

information systems but which do not utilize it effectively to a full measure. In general we can find only a few examples of bodies of state administration and self-government which should present a reworked communication-marketing strategy. The following can be listed among the primary reasons:

- the unappreciated importance of marketing in public administration;
- the lack of theoretical awareness and practical experiences;
- the low number of qualified workers in the field of public relations, marketing communication and press departments in bodies of state administration and self-government;
- the lack of financial resources for covering costs associated with marketing communication;
- the inability to utilize a communications-marketing strategy as an instrument of managing an office or a self-government body (Kamenec, 2009, p. 137).

Thus, overall better awareness of citizens through tools which are offered in the scope of e-Government should become an ambition. Creativity in the provision of a broad palette of services of a varied character and even above the scope of the law can in the sphere of self-government create a stimulating environment that motivates and inspires self-government and other state institutions toward achieving greater transparency, efficient functioning, openness and transparency of the public services provided to citizens.

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APPENDICES

Appendix 1

Territorial and administrative division of the Slovak republic
Self-governing regions in the Slovak republic (8)

Source: http://sk.wikipedia.org/wiki/S%C3%BAbor:Kraje_Slovenska.svg

Appendix 2

Districts in the Slovak republic (79)

Source: http://sk.wikipedia.org/wiki/S%C3%BAbor:Map_Slovakia_districts_2004.png

Appendix 3
Higher territorial units (Self-governing regions) in the Slovak republic (8)

Source:http://ipravda.sk/res/2013/10/30/thumbs/mapa-vuc-nestandard1.jpg

Appendix 4

The Constitution of the Slovak Republic of 1st September, 1992

CHAPTER FOUR

Territorial Self-Administration

Article 64

A municipality is the basic element of territorial self-administration. Territorial self-administration comprises a municipality and superior territorial unit.

Article 64a

A municipality and superior territorial unit are independent territorial and administrative units of the Slovak Republic comprising persons who are permanently resident on its territory. Details shall be laid down by law.

Article 65

(1) A municipality and superior territorial unit are legal persons that, under conditions laid down by law, independently manage own property and financial resources.

(2) A municipality and superior territorial unit finance their needs primarily from their own revenues, as well as from state subsidies. The law shall lay down which taxes and fees are municipalities' revenue and which taxes and fees are revenue of superior territorial unit. State subsidies may be claimed only within the limits of the law.

Article 66

(1) A municipality has the right to associate with other municipalities in order to provide for the matters of common interest; a superior territorial unit has the same right to associate with other superior territorial units. Conditions shall be laid down by law.

(2) Uniting, splitting, or dissolution of a municipality will be regulated by law.

Article 67

(1) The territorial self-administration is performed at meetings of municipality residents, by a local referendum, by a referendum on the territory of a superior territorial unit, by the municipality bodies or the bodies of a superior territorial unit. The manner of execution of the local referendum and the referendum on the territory of a superior territorial unit shall be laid down by law.

(2) Duties and restrictions relating to execution of the territorial self-administration may be imposed upon a municipality and superior territorial unit by law and on the basis of an international treaty pursuant to Article 7, paragraph 5.

(3) The state may intervene in activities of a municipality and a superior territorial unit only in a manner laid down by law.

Article 68

A municipality and a superior territorial unit may issue generally binding ordinances in the matters of local self-administration and in order to provide for the tasks ensuing for the self-administration from the law.

Article 69

(1) Municipality bodies are

a) the municipal council,

b) the mayor of a municipality.

(2) The municipal council is composed of the municipal council deputies. The deputies are elected for a four-year term by citizens of the municipality with permanent residence on its territory. Elections of deputies are held by secret ballot, on the basis of a general, equal, and direct right to vote.

(3) The mayor of a municipality is elected for a four-year term by citizens of the municipality with permanent residence on its territory by secret ballot, on the basis of a general, equal, and direct right to vote. The mayor of a municipality constitutes the municipality's executive body. He executes municipality administration and represents the municipality outwardly. The reasons and manner of mayor's removal prior to expiry of the term shall be laid down by law.

(4) Territorial self-administration bodies are

a) council of the territorial self-administration unit,

b) chairman of the territorial self-administration unit,

(5) The territorial self-administration council is composed of deputies to the territorial self-administration council. The deputies are elected for a four-year term by citizens the territorial self-administration unit with permanent residence on its territory. Elections of deputies are held by secret ballot, on the basis of a general, equal, and direct right to vote.

(6) The chairman of the territorial self-administration unit is elected for a four-year term by citizens of the municipality with permanent residence on its territory by secret ballot, on the basis of a general, equal, and direct right to vote. The reasons and manner of chairman's removal prior to expiry of the term shall be laid down by law. The chairman the territorial self-administration unit constitutes the municipality's executive body. He executes municipality administration and represents the municipality outwardly.

Article 70

The prerequisites for a municipality to be declared a town, and the method of doing so, shall be laid down by law, which will also designate the names of town bodies.

Article 71

(1) The execution of designated tasks of local state administration can be transferred by law to the municipality and superior territorial unit. The cost of the execution of state administration transferred in this manner will be covered by the state.

(2) In executing state administration, the municipality and superior territorial unit may, on the basis of the law and within its limits, issue ordinances that are generally binding within its area of jurisdiction, if empowered to do so by the law. The execution of state administration transferred to the municipality, or superior territorial unit by law is governed and controlled by the Government. Details shall be laid down by law.

PUBLIC ADMINISTRATION REFORM IN POLAND

Agnieszka PAWŁOWSKA – Anna KOŁOMYCEW

I. Political-social-economic context of the public administration reform

One of the first, far-reaching and the most successful reforms, undertaken in Poland immediately after disruption of authoritarian system in 1989, was the reconstruction of local government. Its background was of political nature, although brought considerable social and economic effects. The idea of bringing back the power to the people in the local communities was born and comprehensively elaborated by the political opposition far back in the 80ties. It has been further supported by traditions of local government dated back to the 20ties and 30ties of the XX century.

The first step that push the decentralization reform forward was substantial amendment to the Constitution, passed in December 1989, which reintroduced local government into the political and administrative system of the state after 50 years of its absence. The promoters of immediate reconstruction of municipal authorities – mostly attached to the Solidarity movement and academic milieus – were convinced that true self-government would free "sleeping potential" of society, and – consequently – overcome the social apathy, unresponsiveness and crisis and benefit in constructing civil society.

In March 1990, local government in the municipalities (*gmina*) was restored by the *Act of the territorial government*. In next two months other related regulations – on local administration employees, division of competencies and responsibilities between central and local authorities, and representation of central authorities on local level – were passed. The first democratic elections to municipal councils took place in May 1990. Elections were majoritarian in 95% of municipalities; in the cities over 40 000 inhabitants elections were proportional. However, the number of voters that went to the polls was disappointing reaching only 42,7%. This number, far below expectations, was due to worsening economic situation and related social unrest. Nevertheless, those elections played its role – the hitherto local elites were swept away by new personalities usually unrelated to any political party, identifying themselves with civic movement.

The early experience of local government was extremely successful. In reference to social issues the very presence of local authorities, driven by the people, motivated both authorities and people to take care for their surroundings. Consequently, local reform considerably supported the dawn of the civil society. It also improved economic conditions of communities and lifted up the standard of living, in spite of modest resources local authorities had to perform their duties.

Locally elected authorities, established in about 2 500 municipalities, strengthened this level of administration, but also – puzzlingly – decentralization had strengthen central authorities by making weaker the position of 49 *voivodeships* (*województwo*) (see Appendix 1). Previous competences and tasks of *voivodeship* were distributed among either municipality or central government (ministry). Decreased role of the *voivodeship* and the lack of the political and administrative bodies between *voivodeship* and municipality produced systemic and political vacuum between municipality and the state. On the other hand, proponents of the decentralization process were determined to continue the administrative reform, which – they expected – would have brought about supramunicipal and regional tiers of self-government.

Already in spring 1991, the Council of Ministers appointed the team working on the strategy of further administrative reforms. The team elaborated the schedule of establishing another tier of local government – county (*powiat*) – and self-government on the regional tier. In autumn 1992, the Commissioner of the Council of Ministers on the Reform of Public

Administration was appointed. His team elaborated about 150 new and amendments to already existing legal acts – those were accepted by the Council, but prior dissolution of the Parliament and the change of the party coalition in power (the parties embedded in Solidarity movement were replaced by post-communist ones) suspended the reforms.

Yet, the post-Communist government continued the pilot project – launched by its predecessors – addressed to the 46 biggest cities, which were granted new responsibilities (for example managing schools). The project proved better performance of local authorities *vis a vis* ministerial ones in respect of granted tasks.

On the April the 2nd, 1997, the Constitution of the Polish Republic was passed. It recognized two basic principles of territorial organization of the state: the subsidiarity and decentralization (both will be discussed in the following part of the report), and devoted whole chapter (Chapter VII) to territorial self-government – both constituted important point of reference to future reforms.

The comeback to the idea of further decentralization of the state took place after parliamentary elections in 1997 and taking over the power by the post-Solidarity coalition. Immediately, the new Cabinet proposed four immense reforms, among them the reform of public administration. Several reasons to continue decentralization were named:

1. Improving performance of executive power through transmitting duties on lower tiers of administration, closer to recipients of public services, and enhancing central administration located in *voivodeship*.
2. Improving governability of the state through devolution of responsibilities that would enable central authorities to focus on the strategic issues of public policy.
3. Improving democracy through giving citizens in all territorial units the right to elect their representatives and control the performance of local administration and delivering public services.
4. Improving efficiency and effectiveness of state revenues and expenditures through decentralization of public finances.
5. Adjusting territorial division and administrative structure of the state to the expectations of the European Union, to make possible future application of instruments of development offered by the EU.

The second stage of administrative reforms occurred in 1998–1999. It referred to two basic issues:

1. Restoration of the *powiat* (county) as a second, supramunicipal tier of local government.
2. Creation of larger, than former 49, *voivodeships* and instituting self-government at the regional level.

The preconditions of the county were defined as follows: the minimum number of inhabitants – 50 000; the minimum number of municipalities – 5; the minimum number of inhabitants of the chief town – 10 000. Furthermore, other reasons were taken on account, such as: economic potential to stimulate local development, historic traditions, existence of different institutions (courts, hospitals, schools, police, revenue services, etc.). The original proposition of the division of the country into counties (about 150) stirred up the number of local communities aspired to establish the chief town in their locality. Therefore, finally accepted number of counties (310 + 47 cities) was different from the original one and through subsequent years slightly changed. In effect, 71 new established counties didn't fulfill preconditions mentioned above, however responded to the desires of local people.

Originally, the Cabinet recommended the division of the state into 12 *voivodeships.* It has to be mentioned, that neither this nor finally accepted number of 16 *voivodeships,* didn't reflect geographical, economic, social or cultural relations of the country (the research revealed the absence – except Silesia and Wielkopolska regions – of regional identity among the people). The reasons were of pure politico-administrative nature – to establish self-sustaining regions,

able to develop themselves with their own resources and serve as the subjects and partners in the process of distributing and consuming EU funds. The number and borders of *voivodeships* were vibrantly discussed in the Parliament. When the compromise of 15 *voivodeships* had been finally reached, it was vetoed by the President who presented himself as defendant of those societies, which – in effect of the new division of the state –were to be deprived of their *voivodeships.* In conclusion, the state was divided into 16 *voivodeships* (see: Appendix 2).

Another aspect of the administrative reform referred to the devolution of powers between central institutions and local government. The readiness to hand powers over to local government by central authorities wasn't common. For example, the management of artistic schools wasn't passed to county authorities, as in case of ordinary high schools, but preserved by the Ministry of Culture. It was estimated that due to different lobbies situated in central administration, local and regional government was deprived of about 40% of originally planned competencies.

Elections for county and *voivodeship* councils were held in autumn of 1998. In January the 1st the new territorial structure and authorities established on supramunicipal and regional levels came into effect. In conclusion, three-tier structure of territorial government and administration was established:

1. *Gminas* – 2479 municipalities.
2. *Powiats* – 314 counties + 66 cities which combine powers of municipality and county.
3. *Voivodeships* – 16 regions/provinces.

The following features characterize this decentralized system of territorial government:

– municipalities and counties perform the functions of local governments, while *voivodeships* – regional. In the latter, the representative of the state authorities – the governor (*voivode*) – was established. His/her powers include the administrative oversight of local authorities and the implementation of tasks relating to general security and order, crisis management, natural disaster prevention etc;

– the specific agendas of central government operate at both the regional and local levels, and their powers refer to security services (police, fire protection, construction supervision), and other services referring to the operations of the state (for example tax revenue services);

– in parallel to the agendas of the central government, there is self-government in *voivodeship*, which performs its own duties independently from the state authorities;

– in every territorial unit there is popularly elected council and executive, which is either popularly elected (in municipality) or is elected by the council (county and region);

– tiers of territorial government are not hierarchically subordinated to one another – each has its own powers performed independently, although they can join to deliver public services.

II. Legislation related to public administration reform

The Constitution of the Republic of Poland, passed on April the 2nd 1997, establishes the stable basis for territorial government. Already in the preamble the principle of subsidiarity is declared. Decentralization and self-governing territorial communities are named as one of systemic principles of Republic. The organization and functioning of local government are regulated in Chapter VII of the Constitution "Territorial Government" (see Appendix 3). The most significant constitutional rulings regarding the territorial government consider the following issues:

1. the municipality is the basic local unit – its authorities perform all local tasks not reserved for other territorial units;

2. all self-governing territorial units possess legal personality; they have rights of ownership and other property rights; their autonomy is secured by judicial protection;
3. public funds adequate for the performance of the local duties are assigned to territorial units; their revenues consist of their own revenues (their level is to be set by local authorities themselves), as well as general subsidies and specific grants from the state budget;
4. the supervision over local authorities is restricted to legality of their actions; the supervisory powers are attributed to the Prime Minister, governors, and the regional audit chambers in cases regarding financial matters;
5. local/regional authorities adopt their own rules and regulations, not exceeding statutory limitations.
6. local/regional authorities consist of representative (legislative) and executive organs; representative organs – councils – are elected universally and directly by the people; local/regional communities are also granted the right to referendum in defined matters.

Considerably elaborated chapter VII of the Constitution is due to the dual perception of public authorities and placing localities and central authorities in opposition; as well as quite common conviction that local self-government should be protected from the central interference and the Constitution, as the highest normative act, is the best instrument of such protection. When local authorities perceive any legislation as violating their autonomy, and aimed against their powers recognized in the Constitution, they are entitled to appeal to the Constitutional Court against legislation passed by the Parliament or the Government.

Territorial government in Poland is also subjected to the international law. When it comes to the principal matters, the rules of the European Charter of Local Self-Government should be observed. Poland ratified the Charter on April the 26th 1993 in its entirety, with no objections or declarations. The Charter ranks in importance somewhere between the Constitution and the statutory acts of Parliament (laws), which means that it has the precedence over statutory law, if the law cannot be reconciled with the Charter.

Each tier of territorial government is regulated by separate legislation. The Municipal Government Act, the County Government Act and the Regional (*Voivodeship*) Government Act define the key elements constituting territorial units and their governments, namely:

- their activities – the catalogue of public services that are to be delivered on each local/regional tier of government;
- the composition and procedures of the legislative and executive bodies;
- the principles regarding the budget and property management;
- the rules of internal control and supervising the local/regional authorities;
- the regulatory powers;
- the forms of cooperation between territorial government units.

Furthermore, there is a number of statutes regulating institutional aspects of local/regional government, starting from elections, which principles were defined in the electoral law of 1998, and in 2002 by the law on the direct elections of mayors, and now being in force electoral code of 2011; through regulations concerning local referendum, and the one defining the status of local/regional government employees, and finally the law on the Capital City of Warsaw, which local authorities are sculpted differently than of other self-governing units.

Originally, the laws regulating municipal and county governments were very much alike, while the construction of the law – and consecutively institutions – regulating regional government was considerably different. However, with numerous amendments to all three regulations they are more and more alike. There is one considerable difference between municipal, county and regional authorities, which is worthy to mention. While executive organs in county and region are of collective character (the board headed by the *starosta* in the county

and the marshal in the region) and they are elected by county or regional councils, in municipality, all executive power lays in the hands of one person – mayor, elected directly by the people.

There are numerous statutes regulating local finances and economy. For example, the Communal Economy Act determines the principles of economic activities of local authorities. It sets the terms under which local government units may collaborate in public services delivery. The Public Finances Act, as well as the Local Taxes and Charges Act regulate issues of revenues and terms of spending public money for local/regional purposes. Other legislation – on public education, public health, social welfare, spatial planning, and a lot of other matters – regulate day-to-day activities of municipalities, counties and regions.

Every local/regional unit has its statute, which is passed by the relevant council. The statute regulates internal organization of the territorial unit (for example, in case of municipalities it can establish parishes as its sub-divisions), determines its institutions, their mutual relations as well as internal procedures. Statute shell not repeat the regulations included in the legislation, neither extend the already determined powers of local/regional organs.

III. Competences of local and regional administration

1. Municipalities – authorities, competences and tasks

The municipal council is the representative and controlling body of the municipality. It takes its decisions in the form of resolutions. Most resolutions are passed by a simple majority of votes (in an open vote), in the presence of at least half of the members of the council.

The term of office of the municipal council is four years. However it can be recalled before the end by the people in a referendum. The number of councilors depends on the population of a territorial unit. It was diminished in 2001, comparing to the number originally established by the Local Government Act in 1990 (see Table 1).

Table 1. The number of councilors in municipalities, counties and regions.

Type of the territorial unit	Population	Number of councilors till 2002	Number of councilors since 2002
Municipality (gmina)	up to 4 000	15	15
	up to 5 000	18	
	up to 7 000		
	up to 10 000	20	
	up to 15 000	22	
	up to 20 000	24	
	up to 40 000	28	21
	up to 50 000	32	
	up to 60 000		23
	up to 80 000	36	
	up to 100 000	40	
	up to 200 000	45	25
	for each additional 100 000	+5 but no more than 100	+3 but no more than 45
County (powiat)	up to 40 000	20	15
	for each additional 20 000	+5 but no more than 60	+2 but no more than 29
Voivodeship (region)	up to 2 000 000	45	30
	for each additional 500 000	+5	+3

Source: A.K. Piasecki, *Samorząd terytorialny i wspólnoty lokalne*, PWN, Warszawa 2009, p. 272.

The municipal council shall elect one to three chairs from among its members. Ordinary sessions of the council shell be convened by the chairman at least once every three months,

however – in practice – councilors meet once a month. Extraordinary sessions shell be convened by the chairman as well, at the request of the mayor, or at least ¼ of the total number of the councilors. Daily activities of the councilors proceed in the committees of the council. The number and character of the committees is decided by the council, except the audit committee, which is mandatory. The latter has a special role in scrutinizing executive activities, especially in respect to accomplishment of the municipal budget.

The competences of the municipal council refer to:

a) the organization of the municipality, for example: local lawmaking (including statute of the municipality); determining the remuneration of the mayor; deciding about cooperation with other municipalities; adopting development plans; establishing local rules of order (necessary for protection of life, health and property of the residents);
b) management of municipal property and assets, for example: establishing and implementing the municipal programs of development; deciding on purchasing and selling of municipal property; issuing municipal bonds; borrowing and lending money, investments.
c) financial management, for example: passing the municipal budget and accepting report on its implementation; deciding in matters of local taxes.
d) municipal administration, for example: deciding on joint performance of services with other local units; deciding on joining the international associations.
e) control and scrutiny of the activities of the mayor and other municipal officials.
f) other municipal matters, such as: deciding on municipal coat of arms, names of squares and streets; and giving honorary citizenship of the municipality.

Till 2002, the municipal executive was very much like executives in the county and the region – it was the board presided by the mayor. However, since 2002, the whole executive power is performed by only a mayor, elected directly by the people, by the majority of 50% of votes casted. As elected by the people, s/he can be recalled only by them in the municipal referendum. Mayor appoints her/his alternate (or alternates – depends on the size of the municipality).

The powers of the mayor include: implementation of the resolutions of the municipal council and tasks as defined by law, the preparation of draft resolutions, the municipal property management, execution of the budget, personnel matters (appointing the heads of the organizational units of the municipality). In addition, her/his tasks are: the issue of policy regulations, informing residents of the municipality on the financial, social, and economic policies, as well as representing the municipality.

As already has been noticed, the municipality is the basic local unit – its authorities perform all local tasks not reserved for other territorial units. It means that the tasks enumerated in the Local Government Act are only exemplary, and can be extended beyond the catalogue offered by the law. Actually, the tasks designed by law are regarded by municipal authorities as obligatory, while others – not expressed in legal acts – although refer to local matters – are rather considered as optional. The tasks of municipalities enumerated in the Local Government Act refer to: the land use, environmental protection (waste disposal), technical infrastructure (provision of water, sewage services, electricity, gas) and roads, public transportation, health care and social assistance, education (pre-schooling, primary and secondary), culture and heritage, sport and tourism, green areas, public order and safety, and cooperation with non-governmental organizations and the promotion of municipality.

Beyond the local tasks, municipal authorities are obliged to perform the tasks of central government transferred to municipalities on the basis of legislation or by administrative agreement. Financial resources for the accomplishment of these tasks are provided by the central government as well.

The range of tasks assigned to municipalities is extremely broad. The specific regulations concerning their implementation are included in a number of acts. Those regulations

considerably limit municipal autonomy in respect of ways and means of delivering public services. For example, there is a limited possibility to introduce market mechanisms to municipal enterprises delivering public services (for example, they are expected to operate on the basis on the costs of the services, and are not expected to make profit). The poor financial conditions of municipalities doesn't allow them to subsidize those services. In effect, local authorities continually raise charges for municipal services.

Local governments are reluctant to use public-private partnership (PPP) as the way of public services delivery. Currently, municipalities are supported by the EU funds, which mostly stand for other ways of accessing the additional sources of funding local investments. Other reasons for the law acceptance of the PPP refer to the lack of know-how and general understanding of the benefits of such cooperation, and it refers both to the public and private sectors. The next issue is the lack of mutual trust and information on plans of municipal development.

In result of considerable differences between municipalities, in reference to the local conditions (the number of population, the range of income and municipal services, the state of local economy, the range of attractiveness for private enterprises and external investors), we observe increasing dispersion in the charges for local services. The municipalities that provide services on more favorable terms are likely to attract residents and investors, which means more revenue for their budgets. However, municipalities are unwilling to use the economy of scale, i.e. joint delivery of public services or even merging two or more municipalities, which is welcome by state authorities, but unpopular among local officials due to their "clinging" to powerful positions. Local communities as well might care more about the status of municipality, which is perceived as prestigious and honorable, than the quality and efficiency of local services.

2. Counties – authorities, competences and tasks

Counties, as the units of local government, enjoy the same legal personality and protection as do municipalities. Their authorities shall act on their on their own behalf. Counties are larger territorial units than the municipalities. As a rule, they cover the territory of several municipalities, however, they are not superior to them.

The council and the executive board (*zarząd powiatu*) constitute the main authorities of the county. The competence of the county council are very much the same as those defined for municipal council, except that the executive board, including its leader – *starosta* – is elected by the council (while mayor is elected by the people). As the board is appointed by the council, it can be dismissed by the council, as well. Another difference between competences of the municipal and the county councils refers to the special tasks of the county in respect of security, public order, combating unemployment and labor market management. County council adopts policy programs in those areas.

County board consists of *starosta* (its chairman), *vice-starosta* and other members. In total, the board may be composed of three to five people. The council elects the *starosta*, who then proposes other candidates to the board, who are also elected by the council. County board has general executive powers. Specific powers are assigned to *starosta*, who is superior to county's inspections, police and fire-brigades.

The tasks of the counties are generally characterized as over-municipal (municipalities cannot perform them due to their small territory). However, contrary to the municipality, county can perform only those tasks, which are enumerated in the County Government Act of 1998: education (high schools), promotion and protection of health (managing county hospitals), social assistance, family policy, support for disabled, county transport and roads, culture and cultural heritage protection, sports and tourism, geodesy and cartography, real estate management, architectural and building inspection, water supply, environmental protection and nature, agriculture, forestry and inland fisheries, public order and citizen safety, flood protection, fire protection and prevention, extraordinary

threats to human life and health and the environment (crisis management), combating unemployment and activation of the local labor market, and protection of consumer rights.

Experience of the past fifteen years of local government operating at the county level indicates its weaknesses. There are considerable disparities among counties in reference to the size and character of their territory. 49% of counties amount from 5 000 to 100 000 of residents, while only 2 have the population of over 250 000 (Ocena sytuacji samorządów lokalnych, 2012). Those counties with large population are usually urban, while smaller are rural, which furthermore – similarly to municipalities – make their financial situation unfavorable (urbanized areas are more likely to profit from corporate income tax than rural). Unlike municipalities, counties have very limited sources of their own income, the considerable share of their revenue (over 70%) are transfers from the state budget. The financial plight of the counties might further expand if the limit of their debt – which is at present 15% – will be lowered to 5%, as it is planned. Furthermore, the counties deliver the most capital-intensive service which is healthcare. Substantial disparities between the cost of services delivered by the counties and their revenue make difficult for county authorities to maintain financial discipline.

3. Regions – authorities, competences and tasks. Regional policy

Self-governing regions, existing in Poland since 1999, are the new solution in the Polish administrative system. Regions – similarly to the other levels of self-government in Poland – have legal personality, their own property in order to carry out their tasks, and their independence is protected by the courts.

The regional assembly (*sejmik*) is the decision-making and controlling body in the region. It is elected for four-year term. The number of regional councilors depends on the region's population (table 1). The competences of regional assembly are very much the same, as those of councils in municipalities and counties. Assemblies adopt regional regulations (statute of the region, property management principles, guidelines of the regional facilities' conduct), and budget; it appoints and dismiss the regional board, and investigates its reports. The particular power of regional assembly refers to the adoption of the regional development strategy and regional programs, which are to follow the guiding principles specified in the Regional Government Act.

The regional board is the executive body. It consists of up to five members (including the marshal, one or two vice-marshals, the other members). The special position in the board has been provided to its head – the marshal. S/he organizes the regional board's activities, is the chief of the regional administration (the marshal's office), manages current affairs, represents regional authorities. The powers of the regional board include: implementing the resolutions of the regional assembly, regional property management, development of the draft budget, preparing a draft of the regional strategy, development plan and regional programs; cooperation with other regions, units of local government, and international associations of local/regional governments.

The regional authorities cannot perform certain powers (for example crisis management) – which are normally performed by authorities on lower levels of public administration – as those are reserved for the governor – the representative of the central government in the region.

The tasks assigned to the regions can be divided into two groups:

1. tasks related to the economic development of the region, such as stimulation of the economic activity, support of the regional competitiveness and innovativeness, creation of the conditions for economic development, improving the investment attractiveness of the region, creation of the labor market and raising funds to support the regional economy;
2. usual tasks of self-government – delivering public services, such as maintenance and management of higher education (except universities), health care (the prevention and

medical care facilities including specialized health centers), regional cultural institutions (opera, orchestras, museums, cultural centers, theaters).

The regional policy, based on the regional development programs, is undoubtedly the unique and exceptional for the regional authorities. The lack of the commonly accepted model of regional policy results from the specificity of the particular regions, the complexity of the development processes, changeable internal and external factors of development – it all results in the need of constant adoption of policy's priorities to the new conditions.

The first approach to regional policy in Poland reflected its two dimensions: intraregional and interregional. Formally, the regional authorities were responsible for the policy of development in the regions (intraregional policy). It should have been implemented with their own means, at their own risk and with the use of the regional resources. On the other hand, the central government was responsible for interregional policy. It included measures to promote the development of all regions. The activities undertaken by the central government and those performed in the region were compensatory in nature. In this model strong intervention and interference of central government in regional affairs were underlined. Another drawback of this model was underestimating of the principle of subsidiarity. Formally, the regional authorities were responsible for the creation and implementation of regional policy, but in practice, the strong influence of central government was observed. Meanwhile, subsidiarity was the one of the basic principles of public policy recommended by the EU.

The model of regional policy divided into intra- and inter- components turned out to be inefficient. In 2010, the Polish government adopted the new approach based on the new paradigm of regional policy and expressed in the National Regional Development Strategy 2010–2020. The new approach abandons the centralized model of regional policy opting for the solutions based on the multilevel governance. The new paradigm of regional policy is to reduce the intervention of the central government and to increase powers of the regional authorities. The new solutions at the regional level make it necessary to reorganize the existing roles and responsibilities of regional authorities and establish relationships with other regional stakeholders. A new approach to regional policy assumes that the regional government will be a key initiator and the coordinator of the development processes at the regional level, which in a natural way affects the local level. This means more autonomy for regional authorities in respect of the strategic policy and its implementation.

The concept of *multilevel governance* places a strong emphasis on the partnership-based relations between public, private and social actors in the region. However, the partnership relations do not mean, the deprivation of the regional authorities from the principal powers in regional development – they mean the inevitability of reformulating traditional attitude of public institutions towards their non-public counterparts. The regional authorities should become a "network node" to organize regional development processes, build a platform for regional cooperation with other partners, and create the conditions for strategic debate on the objectives, orientations and mechanisms of regional development. The aim of these activities is to be continuous cooperation across the region, with the added value in the form of the common good as well as benefits for each of the regional actors involved in collaborations.

IV. Financing & budgeting of regional and local administration

Despite the numerous reforms, the system of public finances remains the weakest point in the process of public policy decentralization. One of the problems is the relatively large number of legal acts regulating the financial situation of the local and regional governments which need to be constantly revised and improved. The important changes to the financial system of the local and regional governments were implemented in 2003 with the adoption of the Revenues of the Territorial Government Units Act. The main objectives of these regulations were to: a) decentralize the public finances, b) increase the involvement of local and regional governments

in the distribution of public funds, c) improve the economic responsibility of local governments by increasing the catalogue of own revenues in the local government budget, d) bind financial situation of local and regional governments to the economic situation, e) create conditions for a more efficient absorption of the EU funds, f) increase the financial flexibility of local and regional governments, g) introduce the instruments supporting local and regional entrepreneurship.

The revenues of the local and regional governments can be divided into: own revenues, general subsidies and targeted subsidies (provided for a specific purpose) from the central budget. In addition, non-repayable funds (from foreign sources) and funds from the EU budget also can be a source of income for the local and regional units. Despite the extensive catalog of own revenues of the local governments – municipal and county – (including local taxes and fees, income of communal enterprises, revenue from local government property, legacies and donations, income from fines and penalties, interest on loans and funds collected on accounts, grants/subsidies from other local governments, and the share of taxes transferred from the central budget), in practice their financial autonomy is limited. In general, it is limited to setting the tax rate without the possibility of introducing new taxes and fees. If municipality intends to impose the new tax it needs to ask its inhabitants first in local referendum. Still, municipalities have greater opportunities in financial policy than counties or regions.

The main sources of the regional income are: participating in tax revenues from the central budget, the general subsidies, targeted subsidies (mainly provided for the implementation of tasks in the field of social welfare), interest from bank accounts, income delivered by the regional assets and property.

The basic problem of regional and local governments are finances that are not adjusted to the tasks – the costs of delivering public services greatly outnumbers the financial resources conferred to regional and local units. The latter are also restricted in obtaining additional resources (such as profits from municipal business activities). In effect, numerous powers of local and regional authorities are superficial, as they can hardly influence quantity and quality of public services, which they deliver, due to limited authority over their finances.

On the other hand, despite financial shortages, local governments have also limited power over public services they deliver. An excellent example is education. Municipalities and counties maintain school buildings, pay teachers' salaries and ensure the quality of teaching. However, the standards of education are established by the central government, and salaries are regulated by the Teacher's Charter – the kind of contract between the teachers and the government, which is aimed at preserving teachers' rights. Local authorities have to meet those standards and rights, as well as any changes in the education system or teachers' salaries, regardless of the burden they bring to local budgets.

The analysis of the income structure of the local units since 1990, through reforms of 1998–1999, shows that the changes are not entirely beneficial to them, taking on account even alterations introduced in 2003, which in principle increased the share of own revenues in the local and regional budgets. Still, since 2008, the share of own revenues in total revenues of local/regional budgets has started to decline reaching less than 50% (see Appendix 5). The trend, which is partly due to economic crisis means that localities have to rely more on central budget, which does not ensure their financial stability, and reduces long-term decisions and investment plans.

Localities, looking for solutions of their financial problems, frequently run into debt. Taking bank credit is accepted as the regular way of gaining financial resources for local constructions. The situation differs when the bank credit is taken to cover current expenses. It means that: a) local budget was not well balanced – expenditures are higher than revenues; b) the costs of local services cannot be covered by local income; c) something that couldn't be anticipated by local authorities (for example changes in legal regulations, economic crisis, natural disaster, etc.) has happened. Regardless of the reason, indebtedness which exceeds 60%

of income of local/regional unit is unlawful. However, Polish law does not provide the procedure of public entities going bankrupt, therefore those who don't keep the budget discipline stay practically unpunished. Recent years are featured by the growing debt of municipal and county governments (see Appendix 6), which eventually increases deficit of local budgets. and endangers the stability of public finances.

The limited financial resources in comparison to the scope of the tasks can be also observed in the case of regions. Although a wide range of the sources of own income was provided, the actual revenues have never been sufficient. The important alteration for regional finances occurred in 2008, when the development subsidy was established for those regions, which accomplish projects with the EU and other external funds (such as Norwegian Financial Mechanism, Financial Mechanism of the European Economic Area – EFTA and the Swiss-Polish Cooperation Program), which practically means all regions.

One of the main objectives of the decentralization reform in 1998 was to decentralize public finances through providing financial backing adequate to local and regional tasks. This aim was basically achieved by the increase of the share local and regional governments have in the revenues from personal and corporate income taxes. But, in recent years, the tax system in Poland has been changed frequently. Some tax rates were lowered, some tax reliefs were introduced, hitherto three tax rates for personal income tax was reduced to two. These alteration unluckily coincided with the economic crisis, which caused a reduction in self-governments' revenues and the deterioration of their financial condition.

The above assessment of the state of local finances, presents the standpoint of local and regional governments – overburdened by the tasks and under estimated with finances. However there is also another view, which presents local and regional government as the recognized public stakeholder, which is measured with its share in GDP. The expenditures of local government in Polish GDP amounts 13,4% (see Appendix 7). Approximately one third of public sector expenditures is made by the local and regional government. Local/regional authorities are also the most important service providers and investors. 29,2% of all expenditures of local/regional governments in 2011 went to education; 18% – to public transport and communication; 12,1% – to social welfare. 23,4% of local budgets were devoted into construction of public infrastructure (Ocena sytuacji samorządów lokalnych, 2012). The last figure shows considerable engagement of local/regional government in economic developments. Local/regional units not only improve their infrastructure – improving as well conditions of living and entrepreneurship in the community – but they also develop local/regional labor market through capital expenditures.

The revenue system of local and regional governments did not provide forms of citizen participation in the distribution of public funds. Currently, participatory forms are becoming more popular. Participatory budgeting is a tool of citizen participation in the decision-making process of budget disposal, giving inhabitants opportunity to influence objectives of the budget. At the same time it is a mechanism of monitoring of local and regional expenditures. The participatory budgeting can be also considered a form of deliberative democracy on the local or regional level. The deliberative aspect seems to be important for self-government authorities. They can better recognize needs and expectations of the residents. It enables more effective and efficient public service delivery. In addition, participatory budgeting has also an educational dimension. Members of the local community can get acquainted with the range of local and regional tasks and their costs. This allows them to better understand the problems of public tasks implementation on the local and regional level.

V. Problems and future developments

The conviction that the decentralization is the right way of reforming the state was overwhelming among political elites since 1990, although some believed that it is not so urgent. When, in 1997, the representatives of post-Solidarity movement came back to power they brought the spirit of great reforms back. Reformers accepted decentralization as value itself, not referring it to the broader context of the state politics. Neither the priorities of the administrative reforms undertaken in 1998, their effects for public policy, nor risks were considered. The enthusiasm about reforms was as great as surprise that it brings political problems. Those problems were both state-wide (number of regions, their borders, preferences of several communities to belong to another region than it had been originally planned, awakened antagonisms among the rival cities) and local ("struggles" for county's seat). The desire to satisfy as many aspirations as possible adversely affected the overall result of the reform. Their positive outcomes were:

- further decentralization of public services and finances;
- adjusting territorial organization of the state to the future accession to the EU;
- establishing democratically elected authorities on two more levels of territorial division;
- stimulating civic engagement in regional and local affairs.

Soon after, the reforms of 1998–1999 revealed other shortcomings. Although the reformers declared their will to decentralize the considerable part of social services, and they did so, they didn't withdraw certain competences in reference to those services from state bodies. In some cases both local government and central agenda are together responsible for the delivery of particular service. For example, local government is responsible for the maintenance of the schools, still, the regional representative of the Ministry of Education (*kurator oświaty*) supervises education, but when it comes to the conflict situations (as for example, if the school should be closed because of the small number of pupils; or if religious symbols can be placed in public schools) either both authorities express their interest in the case, or non. Similarly responsibility is blurred in social welfare, employment and healthcare. In reference to social services, decentralization turned out to be incoherent and very much accidental.

Competences and tasks handed to regional and local authorities are numerous and substantial. Analyzing however the range of decentralization of public finances one may conclude, that it is rather the decentralization of problems than powers. Local government constantly suffers financial hitches. Unless the opportunity to apply for the EU funds they wouldn't be able to pass any money for local development, as their current revenues are mainly consumed by every-day activities.

Though, the principle of subsidiarity has been included in the Constitution, and the number of competences handed over to regional and local authorities, they are under rigorous control of state inspections. Unfortunately, relations between central administration and the regional and local ones are marked by mistrust. Subsidiarity is frequently "taken in brackets" and municipal authorities are frequently punished for comprehensive interpretation of their powers. Some visionary plans, scheduled for several years and addressed to future generations are perceived as wasteful and end up with prosecutor's trials. No surprise, that local officials are cautious and administration securely interprets its duties. On the other hand, even the most thoughtless decision of local or regional authorities, if it is backed up by law, cannot be repealed, as – according to constitutional provisions – only legality of actions by a local government shall be subject to review.

There are also some "by-products" of the decentralization process worthy to mention.

Additional two levels of public administration added not only democracy to public life, but also administration, which turned out to be a considerable burden. Local and regional administration in Poland is overstaffed and consumes the substantial part of local/regional finances. The growth in number of public servants and officials makes the latter, especially mayors in municipalities, members of county and regional boards more powerful *vis a vis* councilmen. It is especially visible in municipalities, where mayor is elected directly by the

people, and although this solution provides stability to the municipal government, it also resulted in almost entire independence of the executive from the local council. The control of the council over activities of the mayor and her/his subordinates (local administration) is illusionary. The position of the local representative body is weaker, and representatives themselves play secondary role in making decisions.

Taking on account above considerations, reflecting 15-years' experience of the three-tier administration, one need to point out the necessity of further transformation. Lowering number of residents of rural municipalities and growing number of public services to be delivered by local government create financial problems, which can be effectively solved only by merger of territorial units. It refers both to municipalities and counties. The concept of merging cities and surrounding rural municipalities into the metropolitan districts, with revised tasks and responsibilities, seems reasonable.

Recent years are marked by deficiency in local democracy and civil society. It results both from poor economic situation – which can hardly be changed by local/regional authorities – growing unemployment, deteriorating living conditions; as well as critical attitude of the people towards local/regional politics, which – although assumed to be closer to the people – is not less remote and withdrawn than the one performed by the state government. Therefore, the calls for "next steps" reforms in local/regional governance are frequently heard. They refer to:

- changing the map of territorial organization of the state in respect to municipalities and counties, which at present are too weak to deliver public services efficiently;
- improving the conditions of cooperation between public authorities in respect to strategies of national/regional/local development (*multi-level governance*) and delivering public services (making distribution of public services among different administrative levels more coherent);
- maintaining the budgetary discipline in local units, firstly by reducing their debt, and – at the same time – adjusting the limits of public debt to the conditions of particular territorial unit to support its development;
- introducing the system of monitoring and evaluation of local/regional activities; recognizing evaluation reports as the tool to improve the performance of public services;
- adopting the standards of public services and confronting them with the financial resources and potentials of local and regional governments;
- stimulating public participation in local/regional decision-making and delivering public services, introducing various forms of citizens' involvement (participatory budgeting, citizens' juries and forums, social consultations);
- creating the network cooperation and public debate on the local and regional level;
- reconsidering the organization of local/regional institutions to meet the demands of growing number of public services, new conditions of services delivery (public-private-civic partnership, electronic administration) and public participation.

VI. The case study of local government – the Ostrów Municipality (Podkarpackie region)

- **Basic facts**

Ostrów municipality administratively belongs to Ropczycko-Sędziszowski county in Podkarpackie region. It is a rural municipality, which covers an area of 97 km² and counts over 7 000 inhabitants. Ostrów municipality in terms of area is one of the smaller municipalities in the Ropczycko-Sędziszowski country. It occupies about 17% of its territory and includes nine villages (see appendix 8). In terms of population, Ostrów is the smallest municipality of the country with the density of 71 persons per 1 km² (the average for the surrounding villages is about 124 persons per 1 km²).

- **Location**

Ostrów municipality is situated on the important communication routes in Podkarpackie region, including international road and international railway line linking the Eastern and Western border of Poland. The municipality has a well-developed road infrastructure, which enables efficient connections with the main cities of the region and Rzeszow – the capital city of Podkarpackie region. The municipality also has a good connection with the nearest airport – Rzeszow-Jasionka (Appendix 9).

Ostrów municipality is located in the Sandomierz Forests. Its landscape creates a slightly undulating terrain, sand dunes, wet meadows, marshes, ponds, shallow valleys of rivers and streams, forest massifs, farmlands. The main river of the municipality is Tuszymka.

- **The economic development of the Ostrów municipality**

For several years, the municipality has been one of the fastest growing municipalities in the Podkarpackie region. Ostrów has been classified in second position in the ranking of the best municipalities of the 2012 in Podkarpackie region[11]. However, the Ostrów municipality takes first place in terms of income per inhabitant. It also had strong position in terms of the tax income per resident (G indicator) as shown in the report of the Ministry of Finance[12].

Ostrów municipality is characterized by a stable financial situation, despite the numerous investments in the local infrastructure and environment. This situation is the result of substantial acquisition of finances from the external resources, such as the Rural Development Program for 2007–2013 (for construction of a sewerage system), the Regional Operational Program of Podkarpackie Region 2007–2013, and the Ministry of Sport (construction of sport's facilities). The investment activities of the local authorities are strongly associated with taking care of environmental protection, as for example the construction of a waste treatment and disposal facility to be completed in 2013.

The economic development of the Ostrów municipality is largely the result of the inclusion of its territory to the Special Economic Zone Euro-Park Mielec. The Special Economic Zone offers the assistance for businessmen, who will invest at least 100 000 EURO in the Zone, in the form of exemption from the corporate income tax at the maximum allowed by EU law. The entrepreneurs are also assisted by the state in the new jobs creation in the Zone. Tax benefits conferred to the entrepreneur depend on the expenses of the new business, such as: the acquisition of land, the acquisition or construction of fixed assets, expansion and modernization of existing fixed assets, or the acquisition of intangible assets related to technology transfer such as acquisition of patent rights, licenses, know-how or unpatented technical knowledge. Two new companies are planned to be established in 2013 in the part of the Special Economic Zone, which covers the area of Ostrów municipality.

- **The social development – culture, education, sport and tourism**

The community of Ostrów is very active in organizing various cultural and artistic events. In 2012, in this small municipality 53 events were organized. Most of them are organized regularly every year and are well recognized across the Podkarpackie region or even across Poland, such as Historical-Military Rally.

The municipality also stands out in terms of social activity, as evidenced by a number of NGOs. In the beginning of 2013, 19 non-governmental organizations have been registered in

[11] The first position in the ranking took Solina municipality. Its first position was the result of the particular natural values (locatiom in Bieszczady mounatins). Solina is a popular tourist destination, visited by Polish as well as foreign tourists. Therefore, Solina municipality cannot be treated as a typical example of the Polish community. See: Podkarpackie region municipality ranking 2012.

[12] The G indicator (tax income per inhabitant) calculated by the Ministry of Finance determines the amount of government subsidies for municipalities. See more broadly, The Ministry of Finance.

Ostrów municipality. The most active organization of this municipality is engaged in cultivating traditions and the preservation of local culture.

Young people are active members of the municipality. In 2012, the Youth Council of the Municipality has been established. The purpose of the Youth Council is to develop the idea of civic responsibility through governance activities, the inclusion of youth community in local authorities works, developing a sense of participation in decision-making processes, joint actions to improve the quality of life in the community, representing the attitudes and needs of children and young inhabitants of the municipality, advocating and representing young people to the local authorities, promoting the idea of civil society and self-government among young people.

One of the interesting and innovative activities undertaken in Ostrów municipality was the project *"Providing access to the people at risk of digital exclusion in the community Ostrów"*. The project has been implemented under the Operational Program Innovative Economy 2007–2013, financed by the EU. Its main objective was to provide the access to the Internet for those members of the municipality who were endangered by digital divide because of their financial problems or disabilities. The aim of the project was to provide connection to the Internet for 50 households from the Ostrów municipality, as well as the purchase of the necessary equipment. In addition, the project was addressed to the public institutions of the municipality such as Public Library, Community Information Centre and the Municipal Centre of Culture and Sports.

The local authorities also support sporting events and tourist activities. They support sport clubs but also started to invest in tourism. It should be noted that, in comparison with other municipalities in the Podkarpackie region, community is not attractive for tourists. It doesn't have as nice location and tourist infrastructure as other municipalities in this region, especially those which are located in the Bieszczady Mountains. Ostrów municipality can hardly compete with such municipalities as Cisna, Krosno or Solina. Nevertheless, the authorities are trying to attract tourists for short and weekend stays. The main attractions are lowland cycle path length of 37 km, and Historical Park – Blizna.

Ostrów municipality is also one of the most active members of the Local Action Group Lasovia. LAG Lasovia is a multisector partnership established by the Axis IV (Leader) of the Rural Areas Development Program 2007–2013. The aim of the partnership is to promote the development of rural areas with the assistance of EU funds. Local Action Group Lasovia, successfully applying for the EU funds, managed to perform numerous cultural and sport events, such as the already mentioned Historical Park – Blizna. Those events serve directly to local community, but also make the municipality more attractive to the arrivals – tourists and those who come to Ostrów in business.

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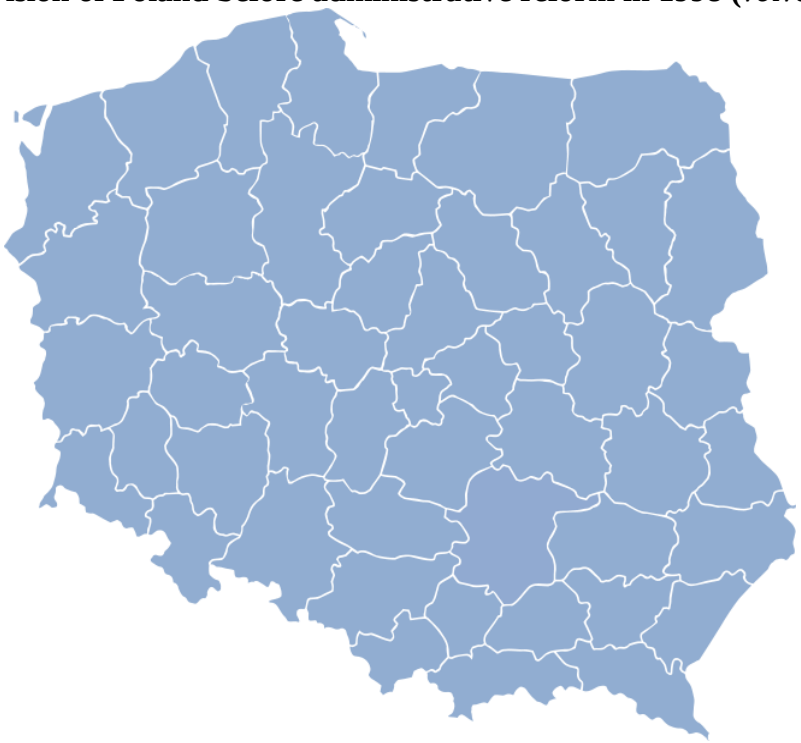
APPENDICES

Appendix 1

Territorial division of Poland before administrative reform in 1998 (*voivodeships* only).



Appendix 2

Territorial division of Poland after administrative reform in 1998 (*voivodeships* only).

Appendix 3

The Constitution of the Republic of Poland of 2nd April, 1997

Chapter VII

LOCAL GOVERNMENT

Article 163

Local government shall perform public tasks not reserved by the Constitution or statutes to the organs of other public authorities.

Article 164

1. The commune (gmina) shall be the basic unit of local government.
2. Other units of regional and/or local government shall be specified by statute.
3. The commune shall perform all tasks of local government not reserved to other units of local government.

Article 165

1. Units of local government shall possess legal personality. They shall have rights of ownership and other property rights.
2. The self-governing nature of units of local government shall be protected by the courts.

Article 166

1. Public duties aimed at satisfying the needs of a self- governing community shall be performed by units of local government as their direct responsibility.
2. If the fundamental needs of the State shall so require, a statute may instruct units of local government to perform other public duties. The mode of transfer and manner of performance of the duties so allocated shall be specified by statute.
3. The administrative courts shall settle jurisdictional disputes between units of local government and units of government administration.

Article 167

1. Units of local government shall be assured public funds adequate for the performance of the duties assigned to them.
2. The revenues of units of local government shall consist of their own revenues as well as general subsidies and specific grants from the State Budget.
3. The sources of revenues for units of local government shall be specified by statute.
4. Alterations to the scope of duties and authorities of units of local government shall be made in conjunction with appropriate alterations to their share of public revenues.

Article 168

To the extent established by statute, units of local government shall have the right to set the level of local taxes and charges.

Article 169

1. Units of local government shall perform their duties through constitutive and executive organs.
2. Elections to constitutive organs shall be universal, direct, equal and shall be conducted by secret ballot. The principles and procedures for submitting candidates and for the conduct of elections, as well as the requirements for the validity of elections, shall be specified by statute.
3. The principles and procedures for the election and dismissal of executive organs of units of local government shall be specified by statute.
4. The internal organizational structure of units of local government shall be specified, within statutory limits, by their constitutive organs.

Article 170

Members of a self-governing community may decide, by means of a referendum, matters concerning their community, including the dismissal of an organ of local government established by direct election. The principles of and procedures for conducting a local referendum shall be specified by statute.

Article 171

1. The legality of actions by a local government shall be subject to review.
2. The organs exercising review over the activity of units of local government shall be: the Prime Minister and voivods and regarding financial matters – regional audit chambers.
3. On a motion of the Prime Minister, the Sejm may dissolve a constitutive organ of local government if it has flagrantly violated the Constitution or a statute.

Article 172

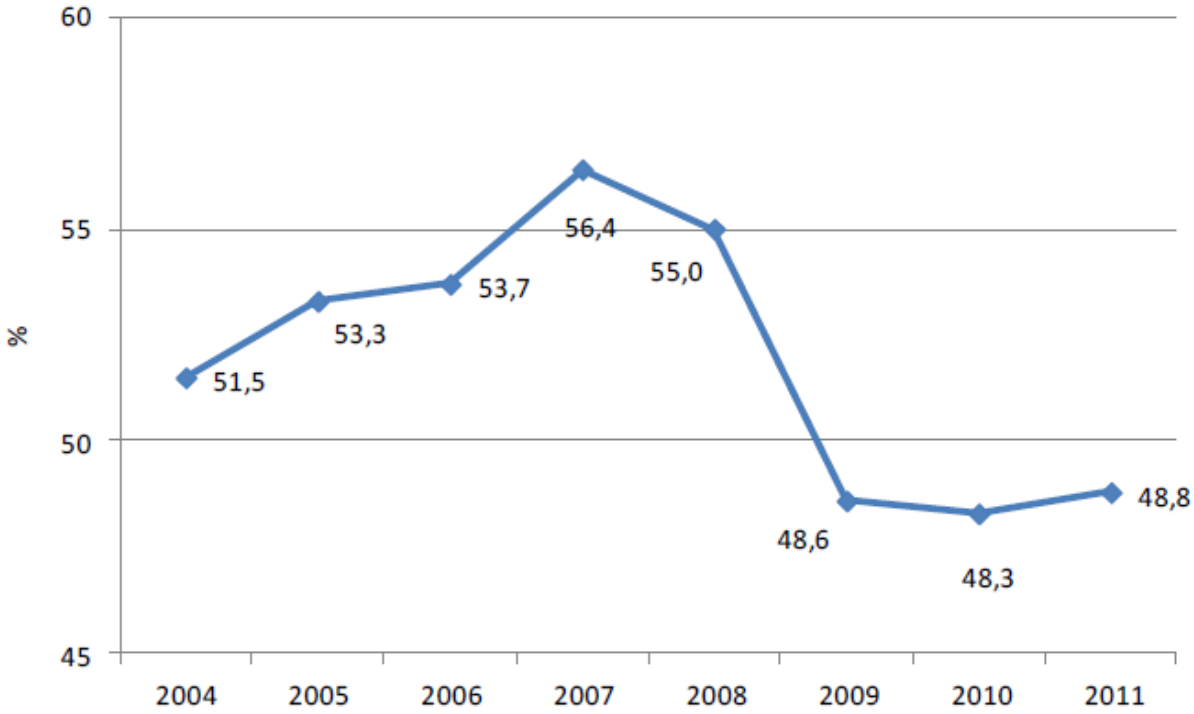
1. Units of local government shall have the right to associate.
2. A unit of local government shall have the right to join international associations of local and regional communities as well as cooperate with local and regional communities of other states.
3. The principles governing the exercise of the rights referred to in paras. 1 and 2 above by units of local government shall be specified by statute.

Appendix 4

Laws related to public administration reform

The Municipal Government Act of March the 8th, 1990
The Local Government Employees Act of March the 22nd, 1990
The Regional Audit Chambers Act of October the 7th, 1992
The Self-Government Courts of Appeal Act of October the 12th, 1994
The Communal Economy Act of December 20th, 1996
The County Government Act of June the 5th, 1998
The Regional Government Act of June the 5th, 1998
The Electoral Law to the Councils of Municipalities, the Councils of Counties and the Counties of Regions of July 16th, 1998
The Execution of the Three-Tier Territorial System of the State Act of July 24th, 1998
The Local Referendum Act of September the 15th, 2000
The Principles of Assembling Territorial Government Units to the International Associations of Local and Regional Communities Act of September the 15th, 2000
The Local Taxes and Charges Act of January the 12th, 2001
The Access to Public Information Act of September the 6th, 2001
The Government of the Capital City of Warsaw Act of March the 15th, 2002
The Direct Elections of Mayors Act of June the 20th, 2002
The Revenues of the Territorial Government Units Act of November the 13th, 2003
The Public Finances Act of June the 30th, 2005
The Public-Private Partnership Act of July the 28th, 2005
The Act on the Change of the Public Finances Act and Some Other Acts of December the 8th, 2006
The Local Government Employees Act of October the 24th, 2008
The Governor and the Government Administration in the Region Act of January the 23rd, 2009
The Electoral Code of January the 5th, 2011

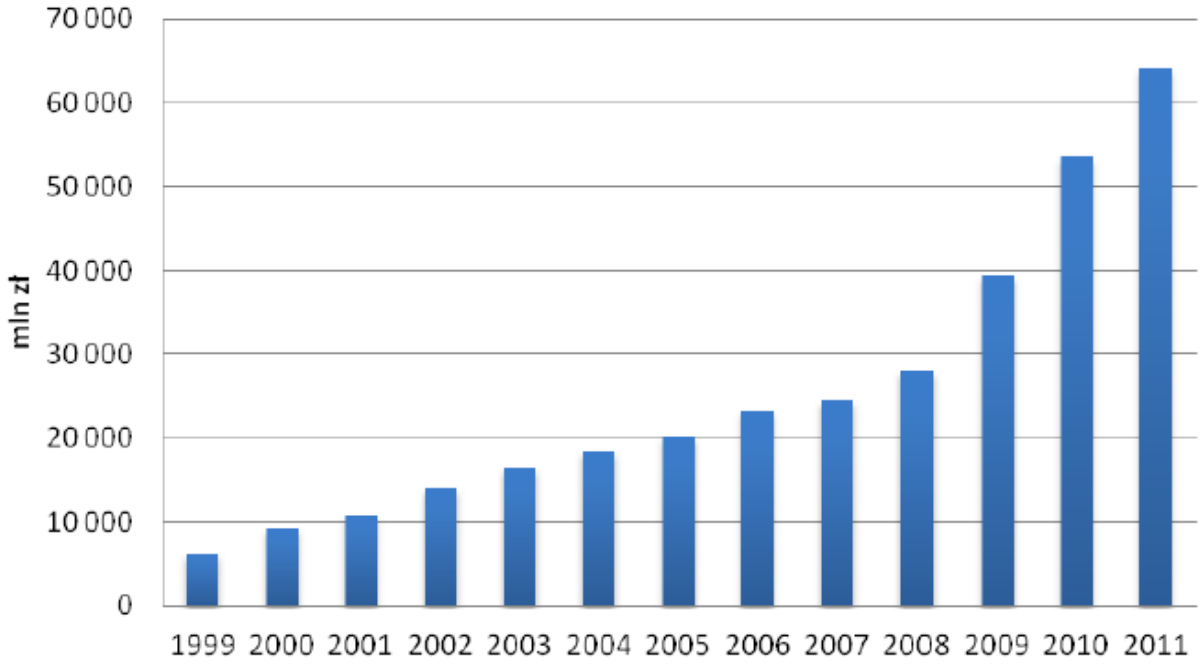
Appendix 5
The changes in the share of own revenues in total revenues of local/regional governments in years 2004–2011



Source: Ocena sytuacji samorządów lokalnych. Ministerstwo Administracji i Cyfryzacji [online]. Warszawa, 2012, p. 9. https://mac.gov.pl/wp-content/uploads/2011/12/Ocena-sytuacji-samorz%C4%85d%C3%B3w-lokalnych-na-stron%C4%99.pdf.

Appendix 6

The Growth of the indebtedness of local/regional units in years 1999–2011



Source: Ocena sytuacji samorządów lokalnych. Ministerstwo Administracji i Cyfryzacji [online]. Warszawa, 2012, p. 7. https://mac.gov.pl/wp-content/uploads/2011/12/Ocena-sytuacji-samorz%C4%85d%C3%B3w-lokalnych-na-stron%C4%99.pdf.

Appendix 7

The Share of the Local and Regional Governments' Expenditures in GDP (2012)

State	**The share of local and regional government**
Czech Republic	10,2%
Danmark	37,7%
Finland	23,0%
France	11,9%
Nertherlands	16,3%
Norway	14,4%
Poland	**13,4%**
Slovakia	6,3%
Sweden	25,7%
Hungary	9,0%
Italy	15,1%
United Kingdom	13,7%

Source: Eurostat. *Annual government finance statistics* [online]. http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&init=1&language=en&pcode=tec00023&plugin=1.

Appendix 8
Ostrów municipality

Source: Map of the Ostrów municipality [online]. [2013-05-30]. http://www.cms.Ostrów.gmina.pl/index.php?option=com_content&view=article&id=36&Itemid=46.

Appendix 9
Location of Ostrów municipality in Podkarpackie region

Source: Location of Ostrów municipality in Podkarpackie region [online]. [2013-05-30]. http://www.stat.gov.pl/rzesz/69_239_PLK_HTML.htm.

A COMPARISON OF PUBLIC ADMINISTRATION IN UKRAINE, POLAND AND SLOVAKIA

Michal Cirner

The cultural, linguistic, historical and general proximity of the three neighbouring countries (Slovakia, Poland and Ukraine) is indisputable. However, as a consequence of their different (especially, political) development since the 1990s, the countries have established a different structure of public administration. The different development of their public sphere was influenced not only by their specifically developing internal situations but also by the different development of their position on the international political scene. Slovakia and Poland became part of the EU, NATO, OECD and other Euro-Atlantic structures; they form the eastern border of the Schengen Area and are also members of the V4 Countries (the Visegrad Group), whereas Ukraine is linked to different international political structures.

Introduction: About political systems in Ukraine, Poland and Slovakia

Slovakia, Poland as well as Ukraine may be classified as sovereign unitary states with the status of a republic. As a result of the decision of the Constitutional Court of Ukraine in 2010 that reverted to the political reform of December 2004, Ukraine became a presidential republic. The powers of its parliament (the Verkhovna Rada of Ukraine; literally Supreme Council of Ukraine) or its government (the Cabinet of Ministers) were limited, and their major part was transferred to the President‘s Office. Thus, the political system that existed in Ukraine before the “Orange Revolution” in 2004 (MZV ČR, 2014) was re-established. Poland and Slovakia are, in comparison to Ukraine, typical parliamentary democracies in which the government enjoys a stronger position in the system than the president.

The parliaments in Ukraine and Slovakia have a single chamber, while the legislative assembly of the Polish Republic has two chambers. The Polish National Assembly consists of the Sejm and the Senate. The upper house (Senate) has 100 members. Each voivodeship has two representatives in the house, except from Warsaw and Katowice, which have three representatives each. (Halásková, 2009). Thus, in Poland, there is a house of parliament to which regions elect their representatives.

State administration and self-governments in Ukraine, Poland and Slovakia

Ukraine

In the Soviet Union period the Ukrainian area was divided into regions, districts and municipalities, and that tradition has survived until today. Even before the break-up of the USSR all vital local competences were transferred to elected bodies, which dramatically strengthened the position of the Soviets (the then local authorities). After the declaration of independence of Ukraine in 1991 further legislation was adopted to distinguish between regional and local governments. They decided on the direct election of mayors (similarly to Slovakia and Poland) and a law on local government was adopted in 1992 and “defines the principles of governing at the local level as well as the functions and obligations of local authorities and their staff. The Act on Local State Administration, adopted in 2001, defines the organization, functions and procedures that should be respected by local state authorities” (Klimovský, 2012, p. 48).

Ukraine has three levels of local government. “The top local government level comprises 24 oblasts (regions), the Autonomous Republic of Crimea and cities of regional significance, i.e. Kiev and Sevastopol”, “the middle level has 490 raions (districts) and almost 180 cities of district significance”, “the bottom level comprises altogether approximately 28,500 villages, approximately 890 urban settlements, approximately 120 urban areas (boroughs) and 280 towns” (Klimovský, 2012, p. 47). “The regional level comprises units one

part of which is of a local state administration character and another part acts as decentralized local authorities. Governors as the heads of oblasts and raions as well as the heads of Kiev and Sevastopol are the supreme representatives of state administration in these administrative units. Nominations for governors are made by the government to the president, who has the right of veto and may also dismiss governors at anytime. […] oblast councils and raion councils are elected directly by the population of the administrative units […]. The territorial community within the raion borders must be represented in the council by its chairperson. […] Government authorities […] report not only to the state administration authorities at a higher level but also to the above-mentioned councils. The councils have the right to nominate governors or even initiate their dismissal. […] The councils elect their chairpersons who then chair their meetings, propose their structures (including committees), chair their executive committees and are responsible for their external representation, etc. It is extraordinarily interesting that the function of governor, according to the provisions of the Ukrainian Constitution, is incompatible with the function of council chairperson. However, in reality it was possible to see one person perform these two cumulated functions" (Klimovský, 2012, p. 48).

"Local self-governments in Ukraine are based on territorial communities of cities, boroughs, rural settlements and villages. The principles of local self-government are stipulated in the Ukrainian Constitution. Local self-government is defined as the right of a territorial community to solve local problems within the legal limits. It is performed either directly by citizens or indirectly through local administration authorities. Local communities have the right to associate. […] Municipal councils are representative decision-making bodies whose members (councillors) are elected for a four-year term of office. […] Similarly, […] mayors are elected directly by the local population for a four-year term of office. Their election is based on the majority rule system with a relative majority. They chair not only municipal council meetings but also executive committees, and in this respect their position is incompatible with the position of municipal councillors. Apart from setting agendas for council meetings, mayors also nominate candidates for executive municipal committees, appoint and dismiss municipal staff, are responsible for village external representation, etc. Municipal councils may censure their mayor. However, a two-thirds majority of councillors is required to dismiss the mayor. Apart from the right to amend, mayors also have the right of vetoing decisions of the municipal council" (Klimovský, 2012, p. 48 – 49). Mayors in Slovakia have the same right of veto to suspend enforcement of resolutions. On the contrary, mayors in Slovakia may only be dismissed according to the results of a local referendum.

"Apart from mayors in municipalities with a population over 500 there are also collective executive bodies. The most important of these include executive committees. They are headed by mayors who nominate other members to be approved by councils. Executive committees implement council decisions in practice, and they also coordinate activities of other executive bodies, for example, panels. Boroughs are obligatorily established in the city of Kiev […]. Other cities may establish boroughs, but while doing so they shall apply the rule that the boroughs should approximately have the same population structure. If boroughs have been established, they have borough councils and executive borough bodies. However, boroughs are not headed by mayors; their chairpersons are elected by their councils from their members" (Klimovský, 2012, p. 49).

"Amongst other competences, in terms of managing their own property and the property they are in charge of, local self-governments also deal with managing property in their ownership, planning and approving their budgets (including monitoring their execution), decision-making with respect to introducing local taxes and fees, and decision-making with respect to introducing, reorganizing and dissolving local companies or organizations (including monitoring of their activities). Obviously, with respect to decentralization processes the central government is in a position to delegate the execution of some competences to local authorities, [… then] it is obliged to ensure financing of the execution of transferred competences and

monitoring of the execution as well. The financing may be ensured either in the form of direct transfers from the state budget or through allocation of a certain percentage of the collection of some of national taxes" (Klimovský, 2012, p. 49).

"One of the most serious problems of performing local self-government functions in the Ukrainian conditions is insufficient budgetary capacity of local authorities with regard to the volume of the competences that were delegated to them. This is linked to the fact that local authorities do not have sufficient tools to put them in a position to, for example, deal with local taxes and fees more effectively (especially, with their rates). In Ukraine the centralized system of financing local authorities still remains, and [...] local self-government is becoming more and more dependent on transfers from the state budget" (Klimovský, 2012, p. 49).

"The situation in Ukraine is characterized by high levels of corruption, favouritism and political bias" (Klimovský, 2012, p. 46) but also by a lack of democracy, the fact that the country is politically divided, non-transparent self-government, a fragmented housing structure[13], a number of competences of local authorities and a lack of funds. Apart from these problems, Klimovský identifies another serious aspect: "the dominance of local interest groups (clans) and their rivalry linked to the use of illegal acts" (Klimovský, 2012, p. 50). In addition to this, the Autonomous Republic of Crimea uses a specific voting system that has even more civic and democratic shortcomings.

However, Poland and Slovakia could also be inspired by Ukraine. In Ukraine there are quite a large number of women involved in municipal politics. "For example, more women are represented in rural self-governing councils than men, and the percentage of their representation is approximately 51%. Women are represented at a level of 46% in urban councils" (Kobelyanska, 2011, p. 5). According to the statistics available in Slovakia 15.4% of the representatives elected as members of self-governing regions in November 2009 were women (to the end of 2013) and 22.6% of mayors are women (the 2010 – 2014 term of office) (Statistical Office of the Slovak Republic, 2013). In 2010 in Poland, out of all councillors 23% of councillors in self-governing councils were female (Druciarek, 2012, p. 12).

Poland

Since 1989 the Polish Constitution has had local self-governments as part of the political system. Poland adopted fundamental public administration reform in 1998. "Since 1 January 1999 there has been a parallel system of public administration [there] divided similarly to the one in our country [in Slovakia] in two segments, state administration and self-governments. Both segments are organized at three levels" (Kútik, 2008, p. 112).

Public administration in Poland is organized at three levels: state, voivodeship (province) and powiat (county). At the national level it is formed by the president, two houses of parliament and the government. "The competences at the national level include especially national defence, domestic law, agriculture, secondary and university education, research, post, railway and main road administration" (Kútik, 2008, p. 113). The level of voivodeship is represented by a voivode (chief administrator) "with their executive administration, [… who] represents the national financial policy in the voivodeship, performs and coordinates tasks in defence and security within the territory of the voivodeship" (Kútik, 2008, p. 113) and "is a control authority over regional, district and local self-governments" (Halásková, 2009, p. 161). Districts are headed by mayors "with their district administration. State administration within a

[13] "Ukraine is an extraordinarily fragmented country. In the European context it even ranks among the most fragmented ones" (Klimovský, 2012, p. 47). According to the average size or area of municipalities it is comparable to the Slovak Republic, where, unlike in Ukraine, the public administration reform and decentralization were implemented but not the phase of the so-called municipal reform (municipalization). Therefore, Slovakia is a fragmented country similarly to Ukraine. In this respect, Poland is different from Ukraine and Slovakia.

powiat is only executed as specialized state administration in the following four areas: police, fire protection, safety and health and building authority" (Kútik, 2008, p. 114).

Territorial self-government in Poland is implemented at the provincial, county and municipal levels (it is commonly implemented at two levels in European countries, i.e. local and regional levels). In terms of administrative division Poland consists of 16 voivodeships (provinces), 379 powiats (counties) and 2,478 gminas (municipalities), "out of that there are 307 urban municipalities including 65 with a district statute, 1,587 rural municipalities, 584 mixed municipalities" (Halásková, 2009, p. 161). The number of towns and cities in Poland at present has reached over 900. "Cities with a population over 100,000 and also cities that after the execution of the public administration reform in 1998 stopped being cities of the then voivodeships acquired the rights of powiats. There are now altogether 65 such cities with the statute of a powiat in Poland" (Kútik, 2008, p. 115).

Voivodeships are headed by voivodeship's marshals (Marszałek województwa) that in terms of competence may be compared to the presidents of self-governing regions in Slovakia. "The function of the regional office, carrying out public administration activities within the territory of voivodeship, is ensured by a voivodeship office (Urząd Wojewódzki) that is headed by a voivode (Wojewoda) [in Slovakia before 2007 it used to be the head of the regional office]. In other words, in Poland there is a separate regional establishment, where the self-governing region is represented by a voivodeship headed by a marshal and the delegated competence of the state at regional level is represented by a voivodeship office headed by a voivode" (Moravskoslezský kraj, 2014). "Each voivodeship has its voivodeship parliament headed by a marshal" (Halásková, 2009, p. 161).

Voivodeships "are mainly responsible for regional politics, creating competitive environments, regional economic development, addressing structural problems" (Kútik, 2008, p. 116). Voivodeships have competences mainly in the following areas: "regional development strategies, including international cooperation, education, including higher education, health and safety, culture and protection of cultural property, social assistance, upgrading rural areas, environmental protection, water management, public roads and transport, tourism, defence and civil protection, activation of labour markets" (Kútik, 2008, p. 116).

"The county (powiat) is a newly-introduced middle level of local government" (Halásková, 2009, p. 161). Its special statute "is enjoyed by several tens of municipalities that are labelled as urban districts (powiat grodzki) or as towns and cities having a position as a county (miasto na prawach powiatu). The other counties have the character of land counties (powiat ziemski)" (Klimovský, 2011, p. 48). Counties "have their elected bodies and representatives (county councils and heads of councils)" (Halásková, 2009, p. 161). "Cities that have the position of a county do not have a county council or a head, and all their tasks are in the hands of city authorities" (Klimovský, 2011, p. 48).

"In the light of their position as well as the amount of their competences, in the Polish administration system counties rank among the weak self-governing units" (Klimovský, 2011, p. 48 – 49). Powiat self-governments have competences as follows: "promotion and protection of health and safety, social care with respect to operation of retirement homes, homes for single mothers with children, shelters, etc." (Kútik, 2008).

The basic unit of regional and local authorities in Poland is a municipality (gmina). "While before 1972 smaller municipalities (gromada) used to exist in Poland, after a dramatic decrease in their number, the following three groups of municipalities were put into operation: urban municipalities (gmina miejska) – such municipalities exclusively consist of a single city (they account for approximately 12% of the total number of municipalities); mixed municipalities or the so-called urban-rural municipalities (gmina miejsko-wiejska) – such municipalities typically consist of a city that has a position of a centre and surrounding rural areas including several other small towns (they account for approximately 24% of total number of municipalities); and rural municipalities (gmina wiejska) – such municipalities exclusively

consist of small rural towns or villages (they account for approximately 64% of total number of municipalities)" (Klimovský, 2011, p. 49).

Individual villages elect, in a direct election, their municipal councils which then elect the administrative municipal council. The administrative council in villages and small towns is headed by a mayor, in big cities by a president of the city (Halásková, 2009). Apart from municipal and administrative councils, municipalities "are also obliged to establish audit committees. The members of audit committees are appointed by municipal councils from their members. In addition, municipal councils create municipal committees (zarząd gminy), provided that also persons outside the municipal council may become members on such committees. The president of a municipal council and the chair of a municipal committee are not identical persons because the elected mayor or city president automatically becomes the chair of a municipal committee. "Municipal committees are executive bodies and with respect to their activities they report to municipal councils that may dismiss them. Within their territories municipalities may also create auxiliary units (jednostki pomocnicze) and may delegate some powers to them. Towns in mixed municipalities that typically use such a status are a typical example. While in rural areas such units are labelled as sołectwo, in urban or mixed municipalities they are typically referred to as dzielnica or osiedle" (Klimovský, 2011, p. 50).

Municipal governments "execute competences in land-use planning, land management, administration of local roads, streets, bridges, land and organization of local transport, management of public water supply networks, sewerage, waste water treatment, maintenance of tidiness and order, disposal of municipal waste, health and safety – local or district health care centres have belonged to municipal property since 1997, social assistance, social welfare payments, including care facilities and institutes, local residential construction including issuance of building permits for constructions in the municipality, sports and recreational facilities, educational and training facilities, management of markets and market places, municipal greenery, municipal cemeteries, ensuring public order and fire safety. Maintenance of municipal buildings and facilities serving the public, including administrative buildings. [...] Gminas also perform the lawful tasks delegated to them by state administration. However, apart from this, they can also perform some public administration tasks based on agreement with the competent national authority, with the fact that they shall receive funds for such tasks through the competent national authority" (Kútik, 2008, p. 118). "The Polish Act on Regional Governments of 1990 enables inter-municipal cooperation to jointly perform public tasks and services. The council of each involved municipality approves creation of a union of municipalities" (Halásková, 2009, p. 161).

"Revenue sources of local and regional governments form local public budgets including their own sources as well as general allocations and specifically aimed subsidies from the state budget. They have the right to levy taxes and local charges under the legislation applicable to them. The function of local governments is under the supervision of the central administration – the voivodeship government and the regional chamber for audit" (Halásková, 2009, p. 162).

The consolidated municipal structure plays an important role within the Polish administration system. For example, "80% of local government expenditure is spent by municipalities, 15% by counties and only approximately 5% of total local government expenditure is spent by voivodeships" (Klimovský, 2011, p. 46). This model is sometimes referred to as the Nordic model. It is dominated by municipalities, and regions are only a kind of "complementary" self-government (Klimovský, 2011, p. 48).

Polish self-governments were different from those in Ukraine and Slovakia in terms of the induction of mayors. "The latest reform of the election system at the municipal level was carried out in 2002. Since that year mayors have been directly elected in Poland" (Komparace, 2008).

Slovakia

In Slovakia public administration was also reconstituted after the events in November 1989. In 1990 Slovakia adopted the Act on Municipal Establishment, and the Slovak Republic Constitution of 1992 states that the basic unit of local and regional governments is a municipality. Local and regional governments consist of municipalities and higher territorial units. Since 1996 Slovakia has had an administrative system that divides Slovakia into 8 regions and 79 districts. Slovakia has a fragmented residential structure because officially it has over 2,900 municipalities (which is, with respect to its population of 5.5 million, more than Poland has with its population of 38 million). More than 135 municipalities have the status of a city or town (however, some towns have a lower population than some villages) (ŠÚ SR, 2012). In Slovakia the capital (Bratislava) and the cities with a population exceeding 200,000 have a specific position (which at present applies only to the city of Košice, which follows a separate legislation to execute its activities). Legislation in various areas differentiates competences of municipalities according to their size, importance, etc.

Fundamental reform changes in public administration in Slovakia took place between 1998 and 2005. A second (regional) level of self-government emerged – a higher territorial unit that copies the territory of regions (the eight-plus-eight model, 8 regions and 8 higher territorial units) – and the decentralization of public administration was carried out. Over 400 competences were conferred on the self-governing regions (VÚC or also called župa) and municipalities by the state along with property and liabilities, etc. The competences set out in Act No. 416/2001 Coll., according to the Constitution of the Slovak Republic, are divided into original competences and the execution of competences transferred from the state administration. In terms of the original competences municipalities act in their own name, and in terms of the execution of transferred competences they act in the name of the state.

Since 2012 state administration has been undergoing a transformation that is still going to have several more phases. The ESO reform of state administration (ESO stands for efficient, reliable and open) is a major reform and is changing the structure and position of state administration in Slovakia. Since 1 January 2013 Act No. 345/2012 Coll. on Certain Measures Concerning Local Government has been in force. The competences of the specialized regional and district offices that closed down were, in October 2013, transferred to the newly-established integrated local authorities of state administration – district offices situated in 72 districts. With their general competence they replace the former 50 district offices. Client centres will gradually emerge among the district offices.

The emergence of new district offices brings greater authority to the Ministry of Interior. The Minister of the Interior will nominate heads of district offices to the government that will consequently appoint them. On behalf of district offices the ministry will bid for goods and services and implement staffing policies. After the reform the Ministry of the Interior received mixed administrative tasks, such as education, building, land register or trade licence procedures. The competences of the newly-opened district offices include affairs related to the transfers of real estate property in the land registers, environmental protection, issuance of trade licences, land-use planning, building and housing policies, education issues – opening or closing of kindergartens, special primary or secondary schools, vocational schools, bilingual schools, hunting matters, forest management, land consolidation and improvement and national defence (Cirner, 2013).

In terms of regional governments citizens elect the presidents of self-governing regions and members of regional councils in a direct election. Presidents convene and chair regional council meetings and are responsible for external representation. Presidents act as a statutory body in property, labour and other relations. They also decide in the matters that are conferred on self-governing regions under the current legislation. Regional councils set up mandate committees and financial committees and may establish other committees as permanent or temporary advisory, initiative and audit bodies. Regional councillors as well as other persons

appointed by the regional council serve on the committees. The council of the self-governing region may approve generally binding regulations. The administrative and organizational matters of the council, its president and other bodies formed by the council are handled by an office that comprises the staff of the self-governing region. The work of the office is managed and arranged by the head of the office, who reports to the president. The chief auditor, who is a staff member of the self-governing region, monitors the performance of the tasks of the self-governing region, especially, monitors revenue and expenditure of the self-governing region budget, and monitors the management and handling of real estate property. The self-governing region funds its needs, especially, from its own revenues as well as from state allocations. Within the scope of its activities the self-governing region may cooperate with other territorial or administrative authorities or authorities of foreign countries that perform regional functions. It is also entitled to become a member of international associations of territorial units or authorities (Act No. 302/2001 Coll.).

"On an annual basis regional self-governments manage up to 1.14 billion euro and have significant competences. Regional politicians and officers decide about secondary schools, hospitals retirement homes, theatres, galleries, museums or libraries in the region. They also decide concerning how much money will be allocated for repairs of secondary and tertiary roads. Regions approve annual circulation tax, timetables and fares of suburban bus transport and subsidize art schools, providers of social services, culture and sports. Regional governments may have an influence on how much EU funds will flow into the region" (Piško, 2013). In addition, self-governing regions "also grant transport licences for domestic bus transport. [... They have] the right to establish as well as close secondary schools, primary art schools, dormitories and school canteens. Self-governing regions also have the power to appoint and dismiss school principals. They ensure operation of tourist and sports facilities. [...] They are responsible for facilities of emergency or sheltered housing and social housing undertakings. They provide social advisory services. [...] They may decide concerning leases or sales of hospitals. They provide emergency medical services and pharmaceutical emergency services. They issue permits for operating health care facilities and pharmacies. [...] They are also responsible for theatres, libraries, galleries and educational centres. They fund different cultural activities in the region" (Stupňan, 2013).

At the local level mayors and municipal councils are directly elected bodies. Municipalities are separate territorial and administrative units in the Slovak Republic (Act No. 369/1990 Coll.). Mayors are representatives of a village, town or city and the supreme executive municipal body. The mayor's office is a public function. Mayors convene and chair municipal council meetings and policy advisory committees and sign their resolutions, execute municipal management, represent their municipalities in dealings with state authorities, businesses and persons, decide concerning all matters of municipal management that are not reserved to municipal councils under the current legislation or municipal statute. In addition, mayors are statutory bodies of their municipalities. They may suspend the execution of any municipal council resolutions if they believe that they contradict the legislation or are apparently disadvantageous for the municipality. Mayors have a deputy mayor. Municipal councils may establish or dismiss, if necessary, permanent or temporary executive, audit or advisory bodies, especially, a policy advisory committee, panels and they define the scope of their work. Municipal councils decide concerning elementary questions in the municipal life that are mentioned above as the scope of their activities (Act No. 369/1990 Coll.).

Municipal offices are responsible for organizational and administrative matters of the municipal council and mayor as well as bodies established by the municipal council. If the municipality has a position of the head of the office, they manage the office and organize its work. The head of the office is nominated and dismissed by the mayor. The chief auditor is elected and dismissed by the municipal council. Municipalities may establish their own municipal police. Municipalities may mutually cooperate according to agreements and may

form associations of municipalities. Within the scope of their activities they may also cooperate with other territorial or administrative authorities or authorities of foreign countries that perform municipal functions. They are also entitled to become members of international associations of territorial units or authorities (Act No. 369/1990 Coll.).

Concerning towns and cities, the National Council of the Slovak Republic may always as of 1 January, with regard to a governmental proposal, declare as a town a municipality that is the economic, administrative and cultural centre or the centre of tourism or spa location, also provides services to the population of surrounding villages, has transport connections with surrounding municipalities, has an urban nature in at least a part of its built-up area and has a population of at least 5,000. Cities may in the boroughs with their own cadastral area set up committees. The members on the committees are all members of the city council elected in the borough. The committees are headed by presidents who are members of the committee and were elected by the committee. Committees in boroughs represent the residents of the borough and they participate in the local government (Act No. 369/1990 Coll.).

Local government has the right to associate with other municipalities to achieve mutual benefits. Municipalities may merge into one municipality; municipalities may also split into two or more municipalities. The self-government especially executes tasks related to proper management of tangible and intangible assets of the municipality, draws up and approves the municipal budget and the final account of the municipality. Further, it decides in the matters of local taxes and local charges. It is responsible for building and maintaining local roads, public places and other municipal facilities. It is also responsible for public services, maintenance of cleanliness in the municipality, management and maintenance of public greenery and public lighting, water supply, disposal of waste waters, disposal of septic waste waters and local public transport; it procures and approves land-use planning documentation for residential areas and zones, and the development concept of individual areas of municipal life (Act No. 369/1990 Coll.).

In addition, it procures and approves housing development programmes and has an influence on creating suitable living conditions in the municipality and carries out its own investment activities and business activities to satisfy needs of the municipal population and municipal development. It founds, establishes, dissolves and monitors its own budgetary and contributory organizations, holds local referenda on pressing issues of municipal life and municipal development and ensures the public order in the municipality. Certain tasks of state administration may be transferred to municipalities, if their execution is more rational and effective in this manner. By transferring tasks to self-governments the state will provide municipalities with required funds and other material means to perform them (Act No. 369/1990 Coll.). Under the current legislation, for example, the following areas of competences were transferred to municipalities at local level: water management, management of registry office, social assistance, e.g. provision of services in social service facilities and establishing social service facilities, care and transport services, land-use planning and construction (municipalities have powers as a construction authority), environmental protection, appointments and dismissals of school principals and heads of school facilities, establishing and closing primary schools, pre-school facilities, art schools, leisure centres, etc., establishing surgeries, including emergency medical services, preparing programmes of economic and social development, preparing tourism programmes as well as a number of other important powers (Act No. 416/2001 Coll.).

In matters of local and regional governments municipalities may adopt generally binding regulations. They may also impose fines on any natural or legal person that are entitled to do business activities. Municipalities fund their own needs especially from their own revenues, state budget allocations and other sources (Act No. 369/1990 Coll.).

A comparison of state administration and self-governments in Ukraine, Poland and Slovakia

With regard to the size of the countries, Poland and Ukraine are similar especially because their state administration and self-governments are more complicated than Slovak public administration; their structures have various specific statuses (with respect to big cities, boroughs, urban units at regional, district or local levels). This is a result of the country size, which means a need for a different constituting and administration of the public sphere.

Despite the fact that state administration in Slovakia is overly bureaucratic and state administration reform intends to merge or dissolve around 700 budgetary and contributory organizations, it is not as complicated as the Ukrainian state administration, and to a smaller extent this statement may also apply to Polish state administration. Ukrainian state administration has the strongest position, where the process of decentralizing powers has not been fully run. The largest transfer of competences from state administration to self-governments took place in Poland, especially to local governments. The general state administration in Slovakia at the regional level is being eliminated (also through the ESO reform since 2012) and at the moment has the strongest position at the district level, unlike the Polish administration. Also, the decentralization of competences was suitably implemented in the Slovak Republic but similar competences may be found only at the level of Slovak self-governing regions and Polish self-governing voivodeships. In Poland municipalities have more noticeable competences than their Slovak counterparts. Despite that, the powers of Slovak municipalities are quite significant.

The three-level public administration in Ukraine and Poland means the greatest distinction from Slovakia, because self-governments at the district level in Slovakia virtually do not exist (if talking about local and regional governments). Self-governments in Ukraine do not have the same position as those in Slovakia or Poland, but it cannot be said that their powers are fully marginal. Slovakia, together with Ukraine, has a problem with a fragmented residential structure. Corruption and favouritism may be considered as a common problem in all the three countries, although this issue is more visible in Ukraine. The representatives of self-governing bodies are directly elected in the countries (mayors, councillors, presidents of self-governing regions, etc.), while representatives of state administration are appointed by governmental bodies. With regard to the uniqueness of the countries there are certain peculiarities and nuances that are natural in public administration and are connected with the social genesis of the territories.

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CONCLUSIONS AND RECOMMENDATIONS FOR PUBLIC ADMINISTRATION REFORM IN UKRAINE

Vladimír BENČ, Michal CIRNER, Oleh LUKSHA, Oleksiy MOLDOVAN[14]

Under the current political and economic situation in Ukraine it is evident that decentralization is a political, economic and democratizing necessity for Ukraine. The country, which is almost divided into 2–3 parts, has the possibility of uniting via increasing the powers and responsibilities of its regions and local municipalities. Also, the democratisation of Ukraine can only go hand-in-hand with the process of decentralization of public power and finances to lower levels.

The Slovak and Polish experience is positive in this respect, despite some problems and further needs to optimize the outcomes of decentralization, esp. in the area of overlapping powers and their financing and in the area of "municipalization"[15] in the case of Slovakia.

From several studies, as well as from the Slovak and Polish experience, it is evident that effective decentralization is possible only in carrying out the transfer of funds to local governments. In the case of both countries – Slovakia and Poland – it was also realised in connection to wide economic reforms, incl. tax reforms. This helped both countries to maintain good economic performance even during the economic crisis in Europe.

Fiscal decentralization was the key part of the decentralization process, esp. in Slovakia. Fiscal decentralization has helped to:

- increase the efficiency of the use of public and budgetary resources,
- establish fairness among local and regional self-governments,
- increase transparency and reduce corruption,
- increase the participation of citizens in governance.

The success of public administration reform depends on several conditions. Reform must be of a comprehensive, systematic nature and various parts of it should follow one after another in a logical and chronological order. The reform ought to be preceded by an "audit" of personnel, finance, audit systems, etc. After the information is collected and systematized to the maximum, the phase of general discussions and elaboration of policy documents should begin. The involvement of research institutions, politicians and citizens in public discussions on the reform concept has to become the rule. This is the most important phase, because professional and general discussions have to result in a political decision on what is the goal of the reform and how this reform will be implemented. This political decision has to lead to general consensus among citizens, parties from the whole political spectrum and experts. This debate should develop a long-term strategic vision that would be accepted by the majority and followed by almost all the relevant political forces.

It is important that the reform takes into account the local peculiarities of the country, its traditions, culture and political system. Each system requires a special approach. In the course of implementing measures many problems occur that need to be resolved ad hoc. It is highly important to establish a strong structure that will solve these problems on an ongoing basis; in the case of Slovakia the government set up a special system of "decentralization subsidies" for local and regional budgets.

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[15] The act of bringing under municipal ownership or control, and esp. the merging of small municipalities into bigger joined units, so they can be economically and functionally more effective.

It would be appropriate to proceed with the reform in smaller steps; the reform should be implemented in an evolutionary way rather than a revolutionary one. Successive steps enable the optimal rectifying of errors, while large "jumps" are much more difficult to reverse. Thus, planning and programming plays an important role in the practical implementation of reforms. When a reform is approved, none of its phases should be omitted or significantly corrected, unless there are no relevant arguments (they would not include a change in the political situation, the pursuit of voters' sympathy, pressure from officials, policy decisions, pursuing a selfish political purpose). Imperfect reform often leads to a system even less efficient than the one that existed before.

The status and powers between the government, local self-government and other organizations should be clearly defined and not duplicated; cooperation between them should be possible, and the powers which cannot be the subject of interfering by any of the authorities should be determined. It is also important to create control mechanisms independent of political power. Such control mechanisms should be created at all levels of the public administration system.

The exact definition of competences is the main challenge for public administration reform. Frequent use of the principle of subsidiarity often leads to huge decentralization and the transfer of a large scope of authority from the state to local self-government or the non-governmental sector. This principle has many advantages; however, its implementation should take into account local peculiarities as well as the following issue: fiscal decentralization has to be carried out simultaneously with such transfer of powers, i.e. the implementation of these powers needs sufficient funding. In this context it is rarely discussed that self-government cannot thoroughly implement all powers received, because it does not have the same resources as the state (e.g. staff, etc.), even if it receives adequate funding for the exercise of these powers.

The lack of skilled human resources, for example, often leads to poor quality of service compared with the period when they were provided by the state. In addition, the state should retain key authorities to make decisions, especially in such areas as social affairs, education, health and administration of the territory as a whole (e.g., civil defence and protection of the population, police services, emergency rescue services, etc.). The most important aspect of reform, together with the redistribution of funds among the various components of the state, is to avoid competence conflicts and to ensure a proper balance between the state and self-government.

In the long run reform is a process that never ends and never becomes perfect. It should be developed within the ongoing modernization and political processes of a society. It is necessary to carefully explain it to the public. A proper awareness campaign is very important for citizens to accept reform. Any reform will have a negative impact on some sections of the population and cause resistance. Properly implemented reforms should help the state and especially the majority of its citizens.

In Ukraine, the reform of territorial public authority has been declared as one of the most important tasks of social transformation since the European Charter of Local Self-Government was ratified in 1997. However, the practical development of a complete package of draft laws was made only in 2007–2009, although unsuccessful attempts to reform the administrative and territorial division were made immediately after the Orange Revolution in 2005. However, the majority of experts and opposition politicians still tend to believe that the reform of territorial public administration is of particular importance among Ukraine's systemic reforms. The other areas of systemic reforms include the economy, the social sphere, civil society and security policy.

If Ukraine wants to be proclaimed a democratic and jural state it is crucial to build an effective local self-government system capable of meeting the needs of citizens promptly and effectively and promoting their rights as well. The decentralization of power plays an important role in self-government reform; it involves the transfer of a significant number of tasks, functions

and responsibilities from the central to the local level with proper distinction between executive authorities and local self-government. The success of decentralization depends on the financial capacity of local self-government necessary for the efficient performance of the transferred functions.

The relevance for Ukraine of the European experience of decentralization of power is caused by active reform processes and further normative regulation of local self-government in European countries. Significant issues of self-government have been resolved by international instruments of the Council of Europe, such as the European Charter of Local Self-Government (1985), the Convention on Transfrontier Co-operation (1980), the Convention on the Participation of Foreigners in Public Life at the Local Level (1992) and the European Urban Charter I and II (1992 and 2008). The principles of decentralization are established at the regional level in view of the draft preparation of the European Charter of Regional Self-Government by the Congress of Local and Regional Authorities of Europe in 1997.

The experience of European countries demonstrates two possible ways of local self-government development (depending on its relation with state power and the number of powers assigned to self-governing bodies): power decentralization in favour of communities or the autonomy of the latter. The dominant legal doctrine and legal framework formed during the years of Ukraine independence – with regard to national traditions of state forming – are focused exactly on the decentralization model of local self-government development.

Enhancing the effectiveness of self-government requires an optimal model of the administrative and territorial system of the state. The reform of the administrative and territorial system in European countries is aimed primarily at strengthening the basic level of the administrative and territorial structure which is maximally close to the consumer; it is an essential condition for the provision of quality public services. This tendency is peculiar to the vast majority of European countries, including Ukraine. Thus, provisions of the Concept of Local Self-Government Reform that was adopted in 2009 and is formally still valid, as well as the Concept of Administrative and Territorial Structure of Ukraine Reform, provide for the formation of communities as the territorial basis of self-government. Such communities are formed to provide basic social services to the population according to the criteria of economic activity, development of a budget and engineering infrastructure, as well as transport accessibility.

The effectiveness of local self-government and the subsequent success of decentralization depend on the financial resources of local groups. Fiscal decentralization is a criterion of a democratic state and the awareness of self-government bodies as well as the most effective means of creating a full material framework for local self-government. The experience of Europe determines the possibilities of fiscal decentralization through the decentralization of expenditures (providing resources for carrying out certain functions), incomes (establishment of a right for certain types of incomes with a determination of their size for territorial groups), and procedural and organizational independence concerning the use of funds. Incidentally, the existing models of fiscal decentralization in the European countries observed do not provide territorial groups with resources only; they also introduce effective mechanisms of monitoring and control of self-government bodies in the sphere of budget and finance by state bodies (executive bodies or independent auditors) and effective responsibility and sanctions. A positive example for Ukraine's legal system is the preparation of detailed and structured lists of incomes of local self-governments of European countries, which provide the real filling of local budgets.

The European model of self-government is based on the principles of subsidiarity. These include the provision of services by local authorities at the level which is maximally close to the consumer and the legality of the activity of self-governing bodies, which is reflected in the negative (general permit) or positive (special permit) regulation of their activities. In Ukrainian conditions it is important to legally strengthen the powers of local self-government to the

maximum while taking into account the norms of Part 2 of Article 19 of the Constitution of Ukraine, which determines a positive principle of public administration activity and therefore requires a careful reflection of their functions and powers in the law.

Despite the efforts to reform, adopt a number of laws which are now obsolete and access international agreements of Europe, local self-government in Ukraine has not been transformed into a powerful and financially sound form of public authority. Self-government has not received sufficient powers and no effective mechanisms for implementation and financing of those powers were set up. A lot of territorial communities with a low number of inhabitants resulting in potentially low tax payments do not contribute to the strengthening of self-government. These negatives are amplified by the weak legal culture of the society, which is unable now to estimate and control the activity of self-government agencies and officials and to be directly involved in solving local problems. The logical consequence of these problems is the degradation of local councils, corporatization and detachment of self-government bodies from the public, and in the case of absence of effective control and accountability, it would lead to their final transformation into tame instruments of political parties for their own ambitions. The problems of decentralization at the bottom level are complemented by ineffective state regional policy, which is unable to stimulate a community for its self-development and the manifestation of local initiatives.

One of the few successful results in Ukraine's local self-government is the doctrinal developments for future reform. A review of European international instruments, national legislation of European countries, scientific doctrine on the implementation of decentralization, reform initiatives and the experience of the self-governing communities and regions confirms the compliance of Ukrainian decentralization policy documents developed by 2009 with European democratic standards and successful European practices. In particular, the current Concept of Local Self-Government Reform and the Concept of Administrative and Territorial Reform provide a well-ordered system of efficient, financially sound and responsible local self-government with effective communities at the basic level of the administrative and territorial system in Ukraine. The recommendations of these documents are of current importance for the country's leadership to take it into consideration in the process of preparation of administrative reform and decentralization of power, regardless of the political views and motivations of the creators of these programs.

Analysis of the experience of Slovakia, Poland and Ukraine and a review of their positive and negative features lead to the following key conclusions:

1. Effective decentralization of public administration is possible only if local self-government receives equivalent financial resources. A transfer of powers without adequate broadening of the financial base will result in the transformation of local self-government bodies into institutions which passively implement public policy. They do not have their own resources for developing a relevant administrative and territorial unit without money, and thus they decline responsibility for its social and economic situation. In this case local self-government bodies have no tangible political weight, whereas the state plays a leading role in regional development issues, although it is a priori a less effective manager in this matter.

2. Fiscal decentralization contributes to the more efficient use of public funds. If budget funds are managed by local self-government bodies, which are usually formed of representatives of the local elite who are familiar with local issues, it promotes a more efficient use of public money. Under the pressure of responsibility and the threat of losing power in the elections, the ruling political forces try to satisfy the interests of a maximum part of the population. In addition, Slovak experts reasonably point out that the government which is located in the capital and deals with national objectives mainly cannot be familiar with problems of diverse regions of the state. In this case its activity is based on incomplete information and, therefore, in many areas it is objectively unable to use budget resources effectively.

3. The political responsibility of local self-government for its territory leads to a reduction in corruption and the improper use of resources. When local self-government has its own resources and the power to raise them, public opinion is more inclined to see the shortcomings of economic policy in the low competence of local authorities. In addition, regional information about local politicians and officials is more accessible and responsibility is more personalized. These factors impose a political responsibility on the ruling political party for its actions and force its members to work honestly and efficiently. Otherwise the ruling political party loses its power. If a local authority does not bear any political responsibility for the locality or region, then the failures of economic policy at the regional level can be regarded as the lack of funding from the state budget, as is common in Ukraine. This situation is conducive to the development of corruption and misuse or improper use of resources.

Based on analysis of effective mechanisms of public finances in Slovakia and Poland, the experience of tax reform, fiscal decentralization and the results obtained, we can offer a number of important measures that will improve the fiscal environment in Ukraine.

To simplify the tax code. The experience of Slovakia and Poland shows that simplicity and clarity of the tax system are the most important factors for business intensification. In this context the adoption of the Tax Code of Ukraine, which codifies the legislation in a single document, is viewed as a step forward. However, the government's draft contains complicated mechanisms of tax administration with a variety of additions and exceptions. Also, the issue of convergence of tax records and accounting remains unresolved.

To level fiscal space to the maximum. Numerous privileges and preferences reduce competition, since they create unequal treatment for different companies, industries and sectors of the economy. In such a situation companies do not try to improve the quality and minimize the cost of production; in order to gain the maximum benefits they increase the price resource of competitiveness of their products. Investors are paying great attention to tax optimization in Ukraine instead of forming and implementing a sustainable development strategy. It should also be noted that the provision of favourable taxes to certain sectors causes an immediate chain reaction. After Ukrainian enterprises of the mining and metallurgical complex received favourable taxes in 1999, companies from the automobile, shipbuilding, chemical and other sectors began to lobby for similar benefits. The experience of Slovakia and Poland shows that the only possible way to strengthen competition and enhance its efficiency is to create equal fiscal conditions for all participants.

To establish a clear and transparent system of state aid in the sectors in need. Although, as was noted, the main task in Ukraine is to equalize the fiscal environment, the list of sectors where state support is still appropriate is very limited. In our opinion, facilitated fiscal regimes should be used to address two main objectives: support for innovation and overcoming unemployment in depressed regions. Favourable taxation should be limited and provided only for a number of requirements (introduction of new technologies, creating jobs for highly skilled workers, etc.). State aid in the form of favourable taxation should be provided only if the medium term returns will exceed the volume of the budget losses from the provision of such benefits.

To establish a maximum level of transparency of public financial flows. Transparency of financial flows is the most effective instrument for combating corruption. On the official websites of Slovak state and local authorities, in addition to detailed lists of all projects financed from the state budget, the objects of finance and the amounts of funding are also listed. In addition, information about public procurements and invoices paid by local and regional governments is available. This allows for monitoring of the effective use of public funds. A similar approach is used for those companies which receive state aid. They are required to provide detailed information on the extent of benefits received, where they were targeted and what results were achieved.

To also establish a maximum level of transparency of the use of budgetary funds by local authorities. The transparency of financial flows is the most effective instrument to combat corruption. A detailed list of all the projects and addresses of all objects financed from the budget as well as amount of funding and expenditure items can be found on the official websites of local self-governments of Slovakia. This allows for monitoring of the effective use of public funds. In such circumstances the abuse and corruption in Slovakia have been minimized, although this problem seemed insurmountable in the 1990s. This practice would be very useful for Ukraine, where corruption and improper use of budgetary funds are probably the main risks for the effectiveness of economic policy.

To review and structure the powers previously held by local self-government and delegated authorities. Ukraine has a complicated system of distribution of functions of public administration. A significant portion of them has been transferred to the local level; however, these do not belong to local authorities; they are the responsibility of local administrations. The decentralization of functions is not a key issue in Ukraine; today the transfer of functions from local state authorities to local self-governments is more significant. The state should retain controlling functions only at the regional level.

To start the process of decentralization of public finances. Decentralization of finance will form financially stable and economically autonomous regions able to carry out an active policy. Local authorities in Slovakia and Poland, being fully responsible for the social and economic situation of the respective administrative and territorial units, conduct an active economic policy including issues of searching for and attracting investors. Since local authorities are more experienced in the opportunities and problems of the region, their cooperation with investors is more effective than the dialogue of the central government with them. In a representative example, powerful industrial parks were established in Slovakia and Poland by local authorities. The situation in Slovakia and Poland significantly contrasts with the weak economic activity of Ukrainian local authorities which are being transformed into an instrument of public policy with no powers, and financial resources are used to deal mainly with local problems only.

To continue fiscal decentralization and thus to enable local authorities to finance the implementation of their functions independently. This needs the extension of incomes to the budgets of local self-government. This will simplify and reinforce cash flows. Since the vast majority of regions in Ukraine receive equalization transfers from the state budget, it is more rational to provide local budgets with additional resources and at the same time exclude from the redistribution process a unit of the state budget which results in additional transaction costs. It is worth taking into consideration the possibility of establishing a fiscally effective and economically sound tax on the use of public space.

The state should abandon no-purpose transfers and use a grants system aimed at compensation of local self-government expenses resulting from the implementing of delegated functions. The volume of the powers delegated should be clear and limited, and the state should grant targeted transfers from the state budget for their implementation. This system will improve the efficiency of the functions delegated. The grants system enables controlling the use of state funds transferred to local budgets. The linking of funding to specific issues allows the following up of the directions and effectiveness of their use by the assessment of costs and results.

To establish a formula calculation for the redistribution of national taxes allocated to local budgets. In Ukraine the process of redistribution of budget funds is under considerable political pressure. It is necessary to spread the practice of formula calculation for the distribution of national taxes to minimize this subjective process and provide economic justification for it. For example, the current mechanism of redistribution of personal income tax, according to which it is directed at the place of the taxpayer, who acts as a fiscal agent on charges and taxes, leads to the fact that most of the tax is accumulating in the business centres

of Ukraine. Even if some branches of companies operate in a region and the government finances the provision of public goods and services to the appropriate number of employees, the tax is not paid at the workplace of the respective branch but is paid at the place of company's registration. Thus, regions, notably poorly developed, receive less money from this tax despite the fact that they, on the contrary, require more funds to stimulate business activity. The transition to consolidated accounts is one of the objectives of tax reform; respectively, there is a risk that this tax will be paid in regional centres and the city of Kyiv only. In this context the Slovak mechanism, where a single revenue fund is formed from personal income tax and its redistribution through the formula approach is based on the number of officially registered inhabitants in the respective territory, is more appropriate.

The expertise provided by Slovak and Polish experts is fully available to Ukraine. Ukraine should learn both from the positive and also negative aspects and impacts of public administration reforms that these countries have undergone. This will help Ukraine to better prepare reform, while saving both money and time.