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CONCEPTUAL ISSUES, RISKS AND POTENTIAL BENEFITS OF DECENTRALIZATION FOR UKRAINE

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For successful implementation of decentralization reform in Ukraine it is necessary to research theoretical issues of decentralization of public administration, and to analyze the risks and potential possibilities of decentralization in Ukraine.

From the point of view of conceptual development of Public Administration system in Europe during 20th century it can be accentuated on several changings. It may be useful for understanding of Ukrainian changing processes. There were different factors that made an impact on social life, political sphere in Europe: changing political system in most European countries (from unitary, to federal/confederal); changing the way of making decisions in public sphere (from command and control to responsiveness and accounting); changing basic principles in private sphere (from internally dependent to competitive).

It should be mentioned that decentralization is a complex process that requires numerous resources to fulfill the main goal. Decentralization of public administration refers to redistribute authority, responsibility and financial resources for providing public services among different levels of government. There are three most common strategic goals that can be achieved by decentralization:

1) To enhance stability. Decentralization can promote social and political stability by reducing both the likelihood of conflict and the destabilizing consequences of those conflicts. Where states lack credibility with the citizenry, decentralization can be a stabilizing force if it results in improved public services.

2) Democracy. Decentralization can create more transparent political institutions; inculcate stronger citizen support of government. It can strengthen democracy through its positive impact on community empowerment.

3) Economic development. Subnational governments and administrations can promote the conditions for investment and economic development in a number of dimensions, including public infrastructure investments, pro-growth regulatory and tax environments, human resource development, and public-private partnerships.

In analyzing the concept of decentralization and local government it is important to look into several major issues of decentralization. Of course, in one line with perspectives and possibilities, some problems may occur. The following issues have been spotted:

Issue 1: Decentralization is a political issue that often arises from political commitment and pressure outside.

Issue 2: Not all government functions should be decentralized. A function shouldn't be transferred to a lower level if it is critical, the achievement of central level goals and its sustainability at the local level can't be guaranteed.

Issue 3: Decentralization requires improved legal, regulatory and financial framework to ensure clear division of responsibilities

Issue 4: The complexity of decentralization should be appreciated. The complexity is reflected in three key fields: transfer of finance, procurement systems, management of human resources.

Issue 5: It is important to mobilize the support for decentralization policies in the civil society. So the mass media training and public information programs must be used to provide support.

Issue 6: The private sector should be critical partner in the design and implementation of decentralization.

As another reform decentralization has the potential benefits and risks (advantages and disadvantages), which are submitted in the academic literature and international experience.

The economic literature said that success of decentralization depends on a number of factors, such as the presence of democracy and sufficient accountability of the central and local governments. Furthermore decentralization can positively impact a country's economic development not by itself, but when decentralization accompanied by other growth-enhancing reforms.

There are following major risks of decentralization for Ukraine:

1) Decentralization may increase corruption at the local level. This risk can be reduced by a transparency of the government and working mechanism of control of citizens over officials.

2) Decentralization may intensify secessionist movement. This risk can be reduced by transferring the largest volume of responsibilities to the lowest level (community).

3) Decentralization enhances initial inequality between regions. This risk can be reduced by the central government providing subventions to less developed regions.

There are following benefits (advantages) of decentralization for Ukraine:

1) Reduction of tensions between the regions. This implies removing grounds for mutual accusations that "one region feeds other regions".

2) Improvement of the national policies by increasing competition between local officials, local and central officials.

3) More efficient government. Policy decisions will be made closer to their citizens and hence, will be more fitted to the needs of a certain community.