THE INFLUENCE OF THE ADMINISTRATIVE AND TERRITORIAL REFORM ON RURAL AREAS DEVELOPMENT

The issues of rural areas development remains relevant for over twenty years. Only recently, it was identified as a priority area. A number of negative factors characterizing the current state of the village in Ukraine caused this:

– low quality and availability of public services due to resource insolvency of the overwhelming majority of local authorities to exercise their own and delegated powers;

– deterioration of the heat, sewage, water supply networks and housing and the risk of technogenic catastrophes in the conditions of limited financial resources of local self-government

– complicated demographic situation in the majority of territorial communities (aging population, depopulation of rural territories and mono-functional cities);

– the inconsistency of local policies for socio-economic development with the real interests of local communities;

– the immaturity of forms of direct democracy, the insolvency of communities’ members in solidarity actions aimed at protecting their rights and interests, in cooperation with local authorities and local bodies of executive power and achieving the common goals of community development;

– reduction of the level of professionalism of local self-government officials, in particular due to the low competitiveness of local governments in the labour market, the decline in the prestige of the positions, resulting in low efficiency of management decisions;

– the corporatization of local self-government bodies, closed nature and
opacity of their activities, high level of corruption, which leads to a decrease in the efficiency of use of resources, worsening investment attraction of territories, growth of social tension;

- excessive centralization of executive authorities power and financial and material resources;

- removal of local government from solving issues in the sphere of land relations, strengthening of the social tension among the rural population because of absence of local self-government ubiquity.[1]

One of the ways to ensure the viability of rural areas, improvement of socio-economic situation and creating conditions for their dynamic development is the implementation of administrative and territorial reform.

Today, Ukraine is actively implementing the first stage of the reform aimed at overcoming excessive fragmentation of the administrative and territorial division. According to preliminary data, there are about 12 000 territorial communities, in more than 6 000 communities the number of inhabitants is less than 3000 of people, of which 4809 communities – has less than 1 000 people, and in 1129 communities - at least 500 people, most of them do not have the executive bodies of relevant village councils, have lack of budget institutions, communal enterprises, etc. [1]. Local self-government bodies of such communities are virtually unable to exercise their statutory powers. Subsidized 5419 budgets of local self-government is over 70%, 483 territorial communities by 90 % are contained at the expense of the state budget. This fact significantly affects both the state of financial provision of territorial communities and control system. Therefore, the logical solution to this problem was the adoption of the Law "On voluntary unification of territorial communities". The purpose of this Law is:

- consolidation by voluntary unification of territorial communities, which is an important factor of strengthening of local self-government guarantees, enhancing its role in the decision of questions of local value;

- the formation of viable territorial communities, whose main goal should be to improve the provision of citizens’ needs, prompt and quality provision of basic social
and administrative services, improvement of conditions for sustainable development of appropriate territories, more efficient use of budget funds and other resources;

– creation of preconditions for improvement of the system of local authorities at the appropriate territorial basis[2].

Community involvement allows you to concentrate funds and the possibility of their use for own needs, aimed at developing of vital rural areas.

United territorial community will be funded on the same basis as the current city of regional significance. It will greatly reduce the inequality between rural areas and the city. Since they are assigned 60% of the tax to incomes of physical persons. That funds for the maintenance of preschool educational institutions, schools, medical stations, clubs, libraries, sports facilities. The government will provide subventions for education, medicine, and in case of shortage of funds – a subsidy clearing. In addition, the state will encourage communities that have voluntarily decided to unite, to allocate additional funds and will help to attract international finance for the projects for reconstruction of public sector institutions.

The reform gives the opportunity for consolidation of communities, the development of civil society. The main condition for the unification is to ensure the quality and accessibility of public services in the combined communities at the level not worse than before the unification, the accumulation of local taxes and creation a better investment environment for business. Benefits for the unified territorial communities: territorial community directly to obtain subventions from the state budget, 5% excise duty, 60 % tax on income from individuals, 25% of the environmental tax, 100 % tax on profits of enterprises of communal ownership, 100% of the single tax. A state fee, tourist fee, fee for the provision of administrative services, fee for parking, fee for local licenses and certificates, the rent for use of municipal property, the rental fee for use of mineral resources of local value and rents for use of water objects will remain in full on the ground. In addition, local budgets of voluntarily united communities also will be filled with various fees and charges. 80% of enterprises’ income, which are maintained by the community, 75 % of funds from compensation of losses of agriculture and forestry, 50% of monetary penalties
for damage to the environment, payment for the provision of local guarantees, 55% from the sale of land not used for agricultural purposes and 10% of the cost of drinking water from its implementation through the supply system will also remain on the ground.

Consequently, the administrative and territorial reform in Ukraine has already borne its first fruits and greatly influenced the development of rural areas. It is only been a year, and we are on the threshold of the changes that Lithuania, Latvia and Poland were implementing during the decade.

References: