

**Inna KISILYOVA**

Candidate of Physical and Mathematical Sciences, Associate Professor,  
Associate Professor of the Department of Finance, Banking and Insurance,  
Zaporizhzhia National University, Zaporizhzhia

**Dmytro KOTUKHOV**

second-level graduate of higher education EP «Finance and credit»,  
specialty «Finance, banking and insurance»,  
Zaporizhzhia National University, Zaporizhzhia

## **DECENTRALIZATION IN UKRAINE: PROCESS, FEATURES, AND IMPACT ON LOCAL FINANCES AND SELF-GOVERNANCE**

As is known, decentralization is the process of transferring power and financial resources from the central level to the local level of governance. Ukraine began the process of decentralization in 2014 with the aim of strengthening local self-governance and ensuring more efficient use of budgetary funds. Decentralization is one of the key reforms in Ukraine that began after the Revolution of Dignity. One of the main objectives of decentralization is to strengthen local self-governance and ensure effective functioning of local authorities. To achieve these goals, legislative acts have been adopted that provide for the transfer of powers and financial resources to the local level in the areas of healthcare, education, social support and infrastructure.

Changing the role of local budgets is a feature of local finance development during decentralization. Local budgets have become more self-sufficient, allowing local authorities to more effectively use funds for economic and social development projects. Increasing the role of the public in financial decision-making and attracting additional investments are two other features of decentralizing local finances. Finally, creating new sources of revenue for local budgets is a significant factor in improving the quality of life for residents of the regions.

An important stage of decentralization was the adoption of the Law of Ukraine "On Local Self-Government in Ukraine," which was passed in 2019. This law defines the legal and institutional foundations of local self-government, provides mechanisms for protecting the rights and interests of citizens living in local communities, and ensures the implementation of the principle of subsidiarity, under which decisions should be made at the level of government closest to the citizens.

Positive results of decentralization have long been noticeable: even today, in the conditions of war, this decision has a positive impact on the functionality of the authorities. However, decentralization still has its challenges and unfinished tasks. One of the biggest challenges is the insufficient funding for small and remote communities, which have lower incomes compared to larger cities and regions. There are also problems with personnel resources, as not all communities have enough qualified workers who are able to effectively manage community development. Some communities have also faced the problem of conflicts between citizens and local authorities that arise during the process of making important decisions.

However, despite these challenges, decentralization remains an important step in the development of democratic processes and the improvement of state governance efficiency in Ukraine. This reform contributes to strengthening the role of local communities and their participation in processes taking place in the country, expanding opportunities for public initiatives and improving the quality of life of Ukrainians.

In general, decentralization in Ukraine is an important and correct reform that has its advantages and disadvantages. Despite challenges such as insufficient funding for small and remote communities and problems with personnel resources, decentralization has already had a positive impact on the self-sufficiency of local budgets, public involvement in financial decision-making, and the creation of new sources of revenue for local budgets. As a result, decentralization brings

many benefits to the economy of the country, develops democratic processes, and improves the efficiency of state governance in Ukraine.

**References:**

1. "Decentralization in Ukraine." Official websites of Ukraine. URL: <https://www.decentralization.gov.ua/>
2. "Decentralization reform." Government Portal. URL: <https://www.kmu.gov.ua/diyalnist/reformi/efektivne-vryaduvannya/reforma-decentralizaciyi>.