CONTRASTING THE ADMINISTRATIVE-TERRITORIAL REFORMS IN POLAND AND UKRAINE:
WHY SIMILAR COUNTRIES CHOSE DIFFERENT DECENTRALIZATION PATHS

by

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Submitted to
Central European University
Department of Public Policy

In partial fulfillment of the requirements for the degree of Master of Arts in Public Policy

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Budapest, Hungary
2012
Abstract:

The primary focus of this thesis is to analyze why Poland and Ukraine - two countries that are substantially similar in terms of their history, size, experiences with socialism and challenges they faced just after its fall - have achieved absolutely different results in their governance, and why Poland is more successful compared to Ukraine in its decentralization reforms. By means of contrasting the administrative-territorial reforms of the two countries from 1990 to the present, as well as through a comparison analysis of Historical Context of Reforms, Actors Participating in Reforms and Nature and Goals of Reforms this paper answers the research question: why these particular decentralization reforms were implemented in Poland but not in Ukraine. The paper argues that the differences between the varying paths of decentralization reforms and the success of Poland in governance as compared to Ukraine are explained by (1) the existence of appropriate historical conditions in Poland – more pluralism and chances to democracy; (2) the existence in Poland and absence of Ukraine of more professional and less privately oriented actors who voluntary decentralized the power from top to down; and (3) the properly chosen focus of reforms in Poland – creating the strong municipalities that efficiently deliver public services to Polish citizens – and the simple application of foreign (French) experience in Ukraine.
# Table of Contents

Abstract: ............................................................................................................................................ ii  
Table of Contents ................................................................. iii  
Introduction ............................................................................ 1  
Methodology ................................................................. 4  
Structure of the paper....................................................... 5  
Chapter 1. Administrative-territorial Reforms in Poland ................................................................. 7  
  1.1. Administrative-territorial system of Poland ................................................................. 10  
    1.1.1 Functions, Tasks and Sources of Funding of Municipalities ..................................... 11  
    1.1.2 Functions, Tasks and Sources of Funding of Counties ............................................ 13  
    1.1.3 Functions, Tasks and Sources of Funding of Regions ............................................. 14  
  1.2 Critical review of the Polish administrative-territorial reform ....................................... 16  
Chapter 2. Administrative-territorial Reforms in Ukraine ............................................................. 19  
  2.1 Administrative-territorial system of Ukraine ................................................................. 21  
    2.1.1 Functions, Tasks and Financial Sources of Regions .............................................. 22  
    2.1.2 Functions, Tasks and Financial Sources of Districts .............................................. 24  
    2.1.3 Functions, Tasks and Financial Sources of Settlements ....................................... 24  
  2.2 Critical review of Ukrainian administrative-territorial reform .................................... 26  
Chapter 3. Comparative Analysis of Paths of Reforms in Poland and Ukraine ........................... 29  
  3.1 Context of Reforms and Historical Conditions ............................................................... 30  
  3.2 Actors Participating in Reformation ................................................................................. 33  
  3.3 Nature and Goals of Reforms ....................................................................................... 35  
    3.3.1 Poland ..................................................................................................................... 35  
    3.3.2 Ukraine .................................................................................................................. 38  
Conclusion ............................................................................ 42  
Bibliography ................................................................. 45
Introduction

The period of the last twenty years (1990 to present) became crucial for many Eastern European countries in terms of their transition from socialist practices to new standards of governance. The concept of “good governance” attracted the interest of many scholars, such as Hood (2011), Singh (2002), Agere (2000), who started to analyze it from different perspectives. According to the definition given by United Nations Commission of Asia and Pacific, (http://www.unescap.org) good governance has 8 major characteristics: participation, rule of law, transparency, responsiveness, consensus orientation, equity and inclusiveness, effectiveness and efficiency and accountability. In scope and for the purposes of this paper the concept of good governance is limited to the main characteristics outlined in the interview by Antonio Levitas, staff member of Development Alternatives, Inc. (DAI):

1. “Better governance” is performed through the developed system of strong local governments that efficiently provide public services close to the citizens - “local governments must be of sufficient scale to actually assume a reasonable number of meaningful public services” (Levitas, 2007).

2. Strong local governments are democratically elected and accountable to the people that they represent;

3. Strong local governments possess autonomy in decision-making as well as budgetary autonomy and predictable revenues formed by clear rules;

However, the ways to better governance are country-specific. The comparison of the reform paths of Poland and Ukraine clearly demonstrates that since 1991 the two countries have
achieved absolutely opposite results in their transition to efficient and good governance. Just after the fall of communism these two states faced the same challenges. Considering the common Slavic ancestry and history, the similar size of the states, the scale of governance, national diversification and good relations between each other it would be logical if Poland and Ukraine developed similar patterns and achieved similar results. However, Poland has reformed towards better governance whereas Ukraine has not demonstrated success in its administration.

Poland has built the system of efficient governance. Many scholars such as P. Swianiewicz, T. M. Horvath, J. Regulski and other recognize the success of Polish reforms that were initiated in 1997-1998 and concerned the territorial structure and administration of pension, health care and educational systems. These deep structural changes of the state, in fact, consisted of two interrelated simultaneous reforms: the reform of the territorial structure and the reform of local governance (Regulski, 2003, pp 86-89). The introduction of a clear system of territorial units – communities (gminas), counties (powiats) and regions (wojewodztwos) – and the consolidation of these levels with administrative authorities significantly improved the quality of social services. This increased competitiveness of administrative, health care, pension and education systems along with the creation of efficient and powerful system of local governance enabled Poland to become a modern European state.

Ukraine, as well as other post-soviet states, faced serious challenges in health-care, pension, education and administrative systems in 1991; however, these problems have not been eliminated until now. The majority of the norms and standards of the social sphere are still functioning according to Soviet Union models and – most importantly - a proper and clear distinction between the different levels of state governance were never established (Mostova, Rahmanin, 2007). The administrative-territorial system of Ukraine is confusing and inconsistent
because the territorial units - Autonomous Republic of Crimea, regions (oblasts), districts (rayon), cities, districts of the cities (rayon of the cities), towns, and villages – are governed through the hierarchical administrative councils (Radas). Additionally, there is no sufficient legislation that would establish a clear distinction between the functions and tasks of different level of the administrative-territorial system. Local governments of all tiers act as the peripheral elements of the state apparatus and governance is performed in a hierarchical deconcentration of power (Mostova, Rahmanin, 2007). All political, economic and social tasks are adjusted to short-term and populist goals and do not leave the chance for smooth transition towards successful governance.

This significant mismatch between Poland and Ukraine is an interesting puzzle. Many researchers such as P.Swianiewicz (2006), Peter J. Potichnyj (1980, 1997), Timothy Snyder (2003), Kataryna Wolczuk and Roman Wolczuk (2002) and others analyze the differences between the two countries from different perspectives. Some scholars, for example, P.Swianiewicz (2006), focus on the comparison of specific details of internal characteristics of Poland and Ukraine, such as inter-budgetary relations. Some international, Polish and Ukrainian researchers (Burant, 1999; Wolczuk, 2006) analyze the ideas of strategic partnership on the municipal levels and the lessons that Ukraine can learn from Poland. However, there is little work that would analyze the nature of different paths of administrative-territorial reforms and would explain why two similar countries have chosen opposite directions towards governance.

Therefore, the research aim of this paper is to analyze why two countries with such similarities have achieved absolutely different results in their governance and why Poland is more successful compared to Ukraine in its decentralization reforms. In order to answer the research question – why these specific reforms were implemented in Poland and were not implemented in Ukraine –
this paper looks at the essence of Polish reforms and compares them with the Ukrainian situation. In the case of Poland the chosen path of administrative-territorial reforms had a direct positive effect on local governments of all levels and had led to an increased quality of social services. These administrative-territorial changes were not performed in Ukraine.

**Methodology**

Comparative analysis is used as the main methodological tool for contrasting the paths of transition and decentralization reforms between Poland and Ukraine. Although similarities between these two states are mentioned above, it is still necessary to emphasize why these two countries are contrasted in the scope of this paper. First, these countries are not only similar in terms of their location in European continent, their size and their scale of governance but they had also been developing under similar historical and ethnic conditions. Many events (such as wars or reconsiderations of borders between territories) had similar impacts on both countries and historians highlight a high degree of national, religious and cultural diffusion between Poland and Ukraine. Second, both states have had tight economic and social connections since ancient times and often acted as political and economical partners. In fact, Poland was the first country that ratified Independent Ukraine in 1991. Third, for the last twenty years the relations between the countries have only improved and many events were dedicated to the developing of networking and exchanging of successful transitional practices. Although similar reforms were expected in both countries, they never occurred in Ukraine. Therefore, all these commonly shared characteristics do not answer the research question about differently implemented reforms.
Thus, the differences between the states should be analyzed. In order to identify the differences between Polish and Ukrainian reforms the paper compares three main groups of factors: (1) The Context of Reforms and Historical Conditions, (2) Actors Participating in Reformation and (3) The Nature and Goals of Reforms. Contrasting details of the historical context of reformation as well the actors who were participating in the processes of transformation can explain the mismatch between the chosen paths. The same is also relevant for the comparative analysis of the expected goals of reforms – the initial aims of administrative-territorial reforms in the two countries can explain a lot in terms why Poland is more successful than Ukraine. All together, these three groups of factors answer the research question of the paper and present the basis for drawing conclusions.

The main sources of the paper include literature on Polish and Ukrainian transitions such as books of Polish, Ukrainian and other Eastern European scholars; analytical documents such as reports and working plans of decentralization and administrative-territorial reforms and projects in Eastern European countries; legislation from Poland and Ukraine, such as the Constitutions of both countries, laws and normative acts; articles and internet blogs of Ukrainian and Polish journalists, politicians and professionals in Polish and Ukrainian magazines; talking points and contributions of P.Swianiewicz and A.Levitas.

**Structure of the paper**

The paper is divided into five parts: Introduction, Administrative-territorial Reforms in Poland, Administrative-territorial Reforms in Ukraine, Comparison of Paths of Polish and Ukrainian Reforms and Conclusion. In the chapters that analyze administrative-territorial reforms in Poland and Ukraine the actual reforms and their results are described accordingly. The third chapter –
Comparison of Paths of Polish and Ukrainian Reforms - directly analyzes why these specific reforms were performed in Poland and were not implemented in Ukraine through contrasting: the contextual and historical conditions of reforms, actors participating in the reformation and the nature of the final goals of these reforms. The conclusion summarizes the factors that led to good governance in Poland and did not occur in Ukraine.
Chapter 1. Administrative-territorial Reforms in Poland

Reforms that were initiated in Poland in 1997-1998 concerned the administration of pension, health care and education systems and therefore were introduced as four simultaneous reforms: administrative reform, health care reform, pension reform and education reform (Swianiewicz, 2002, Kirchner, 1999). These reforms completed the first wave of changes in 1990 when a gmina (municipality) was introduced as a basic territorial and administrative unit (Regulski, 2003, pp.103-108). The introduction of new territorial units in 1997-1998 – powiats (counties) and wojewodztwo (self-governing regions) – had the key importance not only for the sake of the administrative structure of the state itself but because of the necessity of changes in these areas. The improvement of delivery of social services through these reforms was considered as a key step of Polish transition towards the modern Europe. The increased competitiveness of administrative, pension, health care and education systems were meant to enable Poland to improve governance in the country, overcome political, economic and social challenges and become European state.

Administrative reform in Poland, as a key mechanism of the effective functioning of the whole state and good governance, had two sources of inspiration: European experience and practice and own Polish traditions (Regulski, 2003). The principles that were considered as the basis of administrative reform of Poland are formed on the traditions of European civilization. These principles include (Chancellery of the Prime Minister of the Republic of Poland, 1998):

Building of civil state – implementation of new administration approaches which would approximate every citizen to the process of administration, enhance the further
development of small social communities and make them responsible for the results of their activities.

Subsidiarity – the fundamental principle of the European Union (Article 5, Treaty on European Union, 1992). By means of deconcentration of power the central government would delegate the part of state functions to the lower level of local governments or territorial communities – closer to the citizens. Part of responsibility of carrying out these functions, however, would be kept within the competence of central government.

Efficiency – the place of Poland in the European Union is largely determined by the ability of local governments, territorial communities and citizens themselves to efficiently apply their skills and competences for the purpose of beneficial economic and social development.

Transparency, openness and accountability – supposes the elimination of unnecessary administrative and bureaucratic structures, radical reform of public finances and wide access to public data. Democratically elected authorities on the local levels are supposed to obtain the broader powers but at the same time be accountable for their actions towards their supporters.

Flexibility – ability of central and local authorities to respond quickly to changes of external and internal factors, find the proper in-time solutions for every political, economic and social challenge and secure the consistent and beneficial cooperation among all levels of administration starting from bottom to up and in reverse direction.
Taking into consideration these fundamental principles both as a key philosophy and the practical road map, Poland attempted to reform the above mentioned areas by means of reconsidering the state administration. **The deep structural reform of public administration, in fact, consisted of two interrelated sub-reforms that were carried out simultaneously: the reform of territorial structure and the reform of local governance.** The minor reformation of central government authorities was performed after as an adjustment to the new strategic tasks of the state in general: state functions needed clearer definition (such as effective Law on Civil Service).

It is important to emphasize that each of these areas (central government functioning, territorial structure and administrative system) required different extent of changes (Shapovalova, Presnyakov, 2005). Thus, the general pattern of relations within the triangle Government-Parliament-President was already prescribed by Amendments to the Polish Constitution of 1992. Territorial structure and administrative system reforms almost completely re-stated the national polity. Although the basic principles - such as introduction of municipalities (gmina - union of several small social communities) as a basic territorial unit and initial unit of local governance - were adopted in 1992, the reform of 1998 changed a lot (Regulski, 2003). The intermediate level of counties (powiats - union of several gminas) and reconsideration of regions (wojewodztwo) were introduced. Thereby, the reformation of Poland on the threshold of the millennium should not be treated as a rapid and miracle transition. It is based on the long period of work and previous developments; in most areas it was rather the evolutionary completion of changes that were initiated long ago.
1.1. **Administrative-territorial system of Poland**

The current administrative-territorial structure of Poland consists of 16 regions (wojewodztwo), 379 counties (powiats) including 65 city counties and 314 land counties and 2,478 municipalities (gminas) (Regulski, 2003). This structure is established by Governmental Bill that was adopted in 1998 as a result of long debate on the introduction of new – three levels – territorial division. The previous structure - that used to consist of 49 regions wojewodztwo with numerous gmin- communities within them - did not suppose the existence of counties. The biggest controversy arose during the harmonization of numbers, sizes and borders of counties and regions (Shapovalova, Presnyakov, 2005, Regulski, 2003, pp 90-91): whether to keep the large number of regions/provinces up to 25-49 that would secure better conditions for development of their centers (capitals) or decrease their number to 10-17 that would keep the proper capacity of regions as large concentrations of economic and human potential in order to perform the tasks of regional significance. Finally, the current division (16 regions) was established.

Currently, according to the Constitution of Poland and numerous Legislative Acts including three key laws on Local Governance of Powiats, Local Governance of Wojewodztwo and Administrative Units Within Wojewodztwo (1998) and with regards to the listed above principles of civil society involvement, subsidiarity, efficiency, transparency, accountability and flexibility, the **Polish administrative-territorial division since the 1 January 1999 is supposed to:**

a) Consist of three levels (from bottom to up): municipality (gmina), county (powiat) and region (wojewodztwo);
b) Comply with the requirement that every unit of the administrative-territorial system should possess the power of self-governance with the appropriate amount of delegated authority.

c) Secure the clear distinction of functions between three levels of state governance. All units are equal to act as independent legal persons within their established competences. Municipalities, counties and regions are not organizationally dependent on each other and are different only in functions and tasks assigned to them legally; the issues and tensions between them are disputed by Administrative Courts.

d) Provide the effective financing of local governments. The units of three levels are financed by the mix of own revenues and transfers and grants from the central budget. Communities have biggest financial autonomy comparing to counties and regions.

The detailed analysis of functions, tasks and financial sources of three levels of Polish system of local governance – municipalities, counties and regions – is provided further.

1.1.1 Functions, Tasks and Sources of Funding of Municipalities

In general, the municipalities are differentiated between the urban, rural and urban-rural and are enabled to perform the functions that would satisfy the primary public demands of the particular local community and those that are specifically delegated from above (Kowalczyk, Horvath, 2000).

The basic types of social responsibilities fall under the jurisdictions of municipalities (gminas) and are defined by the Act of Local Government (March, 1990). They include (Horvath, 2000, Regulski, 109-111):
- Health care;
- Supply of water, gas, electricity, waste disposal and other social services related to this;
- Public security and fire protection;
- Public transportation;
- Primary education;
- Libraries and culture;
- Sport;
- Maintenance of roads and traffic control;
- Maintenance of public places (buildings, parks, squares, monuments, cemeteries, etc);
- Environmental protection;
- Other tasks that are specifically delegated by central (regional) authorities, such as civil defense, registration of birth, death and marriages, issuing of documentations and certificates, provision of identity cards, control of driving agencies and driving licenses and building and construction.

As for the financial sources of the municipality’s functioning, they are defined by the Act on Local Self-government of 1990 and specified by the Act on Local Government Revenues of 1998. The revenues of municipalities are based on (Kaluzháná, 2009):

- State Transfers and Grants – general and allocated for specific purposes; the amount is usually defined according to the economic capacity of the municipality, not calculated per capita;
- Revenues from the local taxes, charges, fines and donations, etc.
- Own local revenues from the municipal property;
- Commercial bank credits from the banking system.
The highest share of municipal revenue (in average, around 40%) is provided by general and specific transfers and grants from the state budget, which demonstrates the relative centralization of state financial system, although the purposes of municipal expenditures are chosen rather freely (Swianiewicz, 2001).

1.1.2 Functions, Tasks and Sources of Funding of Counties

As well as municipalities, counties can be urban, rural and urban-rural, each of which has a right to act as legally independent entity and has judicial protection (Horvath, 2000). To sum up, the amount of the tasks performed by counties are complementary in relation to the functions of municipalities, which means that counties carry out the task that municipality does not. It should be emphasized that the first has no administrative, delegation or control authorities towards the latter.

The counties (powiat) present the second tier of Polish local government. They were introduced in 1998 by the Act on County Self-government in order to posses the legal right to perform the tasks that are out of municipality jurisdiction, in particular (Kaluzáná, 2009, Regulski, 2003, pp 113-115):

- Education
- Social welfare
- National defense
- Management of property, land use, agriculture, fishing and forestry
- Environmental protection, control of emergency situations and potential threats
- Policies on issues of local families, youth and retired people, unemployment, encouragement of local labor market, protection of consumer rights, stimulating tourism and protecting the local cultural heritage;
- Securing of social and human rights of communities and local minorities, assistance to people with limited physical abilities;
- Maintenance of communication networks and transportation roads; supervision of building and construction.

The financial sources of counties, as well as those of municipalities, are rather dependent on subsidies from the central budget (numerous grants and transfers in order to provide the effective service delivery) but also include (Swianiewicz, 2001):

- One percent of personal income tax – defined according to the legislation of 1999;
- Revenues from agriculture, fishing and forestry taxes;
- Specific grants to support the particular tasks of particular counties;
- Own revenues of the counties that include revenues from county institutions and their activities, revenues from counties property and (possibly) issued bonds.

Thus, the counties are more financially dependable on the state budgetary system.

### 1.1.3 Functions, Tasks and Sources of Funding of Regions

The governance on the level of regions (wojewodztwo) is meant to satisfy the regional interest of the state (Horvath, 2000). For this purpose the number of regions was decreased from 49 to 16 - according to the reform of 1998 and the Legal Acts of Local Governance of Regions and Administrative Units Within Regions that became effective from 1 January 1998. The supporters of this concept justify this number by the goal to make Polish regions competitive in comparison
with regions of Europe (Regulski, 2003). They rightfully took into consideration the need to maximize the capacity of Polish regions in terms of economic and social processes, outcomes of opening economy, current globalization trends and arisen requirements to rationalize and coordinate the regional policy to the norms and standards of European Union.

The above mentioned Polish Legal Acts approve the independence and own jurisdiction of the region as a unit of government as well as the dual model of its administration. It is performed by two separate structures of the region: (1) the executive body of the regional government led by the Marshal of the Region and (2) the central government administration, headed by the Governor (Wojewoda). This model ensures the unitarity of the Polish state and the consistence in the relationship of regional policy with the national political strategies (Shapovalova, Presnyakov, 2005). The Governor (Wojewoda) together with the Prime Minister are also entitled to supervise all agencies of municipalities, counties and regions.

The main area of regional tasks is outlined by the law and includes the multilateral development strategy of every particular region. These policies are directed towards (Kowalchuk, Horvath, 2000):

- Creation and implementation of main strategies in the fields of regional education, health care, security, national defense, social welfare, family, market and labor issues;
- Promotion of economic development, market competition, innovation, enhancing infrastructure of the regions;
- Support of the public initiatives, increasing social awareness and involvement, stimulating scientific research, academic and cultural aspiration of Polish citizens, cultivation of national identity;
• Encouraging green economy, environmental protection and sustainable development of the region;

• Establishment of appropriate conditions (including financial side) for the functioning of various governmental and non-governmental organizations within the region;

• Securing the independent rights and legal and economic autonomy of municipalities, counties through the support of democratic processes, transparent elections on all levels and enhancing public participation in decision making processes.

These activities are financed by the revenues of the regions that are based on (Swianiewicz, 2001):

• State shares, grants and subsidies in the amount of 1.5% of personal income tax and 1% of corporate income tax, as well potential surplus from the budget of the previous year;

• Special purpose grants for the activities assigned by the central government or special purpose grants for the activities requested by municipalities, if these specific tasks exist;

• Revenues collected from the use of regional property, institutions or some payments for their services;

• Donations and grants, including support from international organizations if they have interest in the particular region or area;

1.2 Critical review of the Polish administrative-territorial reform

The Polish administrative-territorial reform can be considered successful since it meets the core European principle of empowerment of the local governance. One of the most important steps of the 1998 reform is the creation of counties as functional complements of local governance on the municipal level. Counties are supposed to be responsible for the delivery of services that are
difficult for small communities but need to be kept close to the citizens and thus should not to be transferred to higher (regional) levels. Another important achievement of the reform is the decrease of the number of regional units as a right step towards capable regional development. The proper size of regions with maximized concentration of economic and human resources enabled Polish central government to transfer the responsibility to the local administration and thus not to get distracted by overload of local issues and have more opportunities for efficient central governance of the state in general (Shapovalova, Presnyakov, 2005).

However, some issues of the Polish administrative-territorial structure should be still considered critically. First, it is the electoral system of local governments. As well as at the national level, the members of municipal and county governance are still elected according to the lists of parties, blocks or election committees (Colomer, 2004), which leads to the “partization” of elections. In reality, it might be inconsistent with the principles of efficient and independent local governments, which are supposed, ideally, to satisfy the needs of local communities. The politization of local leaders, especially on the level of municipalities, may lead to decrease in the performance of municipal governance. Second, the electoral system itself is rather complicated: a voter can vote for one candidate from one party list but whether this candidate is elected or not depends on the total number of votes which the whole party eventually receives. Moreover, at the level of the county the minimum electoral threshold of 5% is established. Almost in all local elections citizens get long lists with a number of names among which only one candidate for each government can be chosen. As the experience of the 2002 elections to the local governments demonstrate, the voter turnout is rather low – 44.23% (Voter Turnout for Poland, IDEA, 2012).
Another significant challenge of the Polish administrative system is the sphere of public finances. As it is evident from works of P. Swianiewicz, Polish system of public finance remains to be rather centralized since the activities of all units of local governance are primarily financed by the subsidies, transfers and grants from the central government (both general and specific). The major part of property that was transferred to communal ownership currently belongs to municipal units, whereas the counties and regions are mostly dependent on remittances of the central state budget. Neither county nor region possesses the revenues from local taxes and can budget their activities only according to the amounts that are strictly allocated by the state.

Although the public budgeting system is formally changing according to the standards of the European Union, such as introduction of Medium-Term Budgeting Frameworks and Performance-based budgeting system, reality shows that the long and multistep planning process of allocating revenues leads to the shortages in revenues of the budgets of local governmental units. However, the plans to increase the financial independence of the counties and regions (since they are most affected) are not specific (Swianiewicz, 2003).
Chapter 2. Administrative-territorial Reforms in Ukraine

As well as the rest of post-communist states, in 1991 Ukraine faced serious challenges in the social sphere. The basics of the health-care, pension, education, employment and administrative systems were inherited from the Soviet Union models and required significant reconsideration (Mostova, Rahmanin, 2007). However, only few changes were implemented straight away: in 1992 for pension system, in 1992 and 1993 for state health and accident insurance and in 1992-1993 for employment and family support policies. Unfortunately, they did not change the core policies in these spheres but rather readjusted them to independent Ukrainian manner, not Soviet anymore: decision-making traditions remain the same but the country is independent. Similar situation is also valid for the administrative and territorial system of Ukraine: even twenty years after gaining independence there is no clearly established structure (Tausz, 2002). During the transition from the Soviet practice of highly centralized governance until recently Ukraine has experienced various systems of governance at the local level starting from direct state government to the attempts of absolute independence of local executive bodies in 1994-1995 (Capkova, 2005). However, the proper and clear distinction between different levels of state governance was never established.

The Constitution of Ukraine (1996) that still remains the main guiding law for state administration and territorial division, only restates the old form of territorial structure of Ukraine which was formed during previous centuries by means of: (1) accession (annexation) of territories of other states, which preserved some attributes of autonomy and (2) purposeful territorial division in order to create hierarchy of units for the central governments. The Ukrainian territorial division was also to a great extent affected by numerous geographical,
historical, cultural and other factors. The Constitution of Ukraine (1996) also defines the fundamental principles of the territorial system of Ukraine, in particular, it secures:

- “Unity and integrity of the state territory;
- Combination of centralized and decentralized governance of the hierarchy of territorial units;
- Balanced socio-economic development of the territories of Ukraine according to their historical, economic, environmental, geographic and democratic features and ethnic and cultural traditions”

The most important feature of the Ukrainian administrative system is that administrative units are not equal to the territorial ones. Although the majority of Ukrainian territorial units possess the features of administrative-territorial units, not all of them share administrative authorities and have own governments. In general, the Constitution of Ukraine provides a complicated administrative-territorial structure of the state; according to the Article 133, it is formed by the Autonomous Republic of Crimea, regions (oblasts), districts (rayon), cities, districts of the cities (rayon of the cities), towns and villages. These territorial units are distinguished according to three factors (The Constitution of Ukraine, 1996):

- “Geographical factors. Territorial units are divided between regions (the Autonomous Republic of Crimea and 24 regions (oblasts)), districts, cities-regions of special significance – Kyiv and Sevastopol) and settlements (cities, towns and villages)
- Administrative-territorial factors. Units are divided between administrative-territorial units (regions (oblasts) and districts (rayons)) and territorial units with self-governance status (cities, towns and villages). Additionally, Autonomous Republic of Crimea
possesses a special autonomy status which allows to build its own administrative-territorial division and districts in the cities (rayons in the cities) are characterized as both administrative-territorial units and units with self-governance status.

- Factors that define the hierarchical place of the units in the administrative-territorial structure of the state. All units are distinguished between units of the first level of administrative-territorial autonomy (cities without districts, districts of the cities, towns and villages), the second level of autonomy (districts, cities) and the highest level of autonomy (the Autonomous Republic of Crimea, regions (oblasts) and cities-regions Kyiv and Sevastopol”.

Thus, the administrative-territorial structure of Ukraine is very confused. A deeper analysis of it and functions, tasks and financial sources of administrative-territorial units are provided below.

**2.1 Administrative-territorial system of Ukraine**

At the moment of gaining independence in 1991, the Ukrainian administrative-territorial system included Autonomous Republic of Crimea, 24 regions (oblasts), 2 cities of republic jurisdiction (Kyiv and Sevastopol), 605 districts (485 of which were rural), 435 cities (151 of which were of regional subordination), more than 9.5 thousand towns and 800 thousand village councils, nearly 1360 towns and 29 thousand villages. According to the data on 31 May, 2004, the administrative-territorial system of Ukraine includes (Ministry for Foreign Affairs of Ukraine, Publications, 2012):

- The Autonomous Republic of Crimea
- 24 regions (oblasts)
- 490 rural districts;
2.1.1 Functions, Tasks and Financial Sources of Regions

The biggest units of administrative-territorial units of Ukraine include the Autonomous Republic of Crimea and 24 regions (oblast). Autonomous Republic of Crimea is an administrative-territorial unit that possesses special legal status defined in the Constitution of Ukraine. It has its own law – the Constitution of Autonomous Republic of Crimea and has the biggest political, economic and social autonomy among other administrative-territorial units.

Regions of Ukraine (24 oblasts) are defined in the Constitution of Ukraine (1996) as “administrative-territorial units that were formed within the territory of Ukraine as a result of various historical, geographical, economic and other factors and possess a certain level of independence in their social, economic and cultural policies as well as in implementation of regional policies”. The reconsideration of the regional division is possible only with an amendment to the Constitution of Ukraine.

The governance in these levels is realized by the Parliament of Autonomous Republic of Crimea and Regional Councils that are enabled to:
• submit the proposals regarding the creation, liquidation and naming the newly established units to the Cabinet of Ministers of Ukraine;
• raise the issues of changing the boundaries between units or moving the centers of them;
• take decisions regarding category of the particular administrative-territorial union: whether to consider it a village or town; register rural and city districts as well as city, town or village councils within the particular territory;
• fill in and control the State Register of administrative-territorial units, issue documentations and certificates related to this.

The regional centers and Regional Councils that are functioning in these cities also act as the authorities of hierarchical system of local governance established by the Constitution. The members of Regional Councils are not elected and appointed by the state government. Therefore, on this tier local governments act as the peripheral elements of the state apparatus and governance is performed in a deconcentration of power.

Centralization is also inherent to the tasks that are kept under the jurisdiction of regions (Swianiewicz, 2010). Each of the main social systems of Ukraine – health care, national defense, security, education, environmental protection, labor market policies, etc – are highly centralized and mainly administrated by the appropriate Ministry. The administrative units on the regional levels participate in formulation of policies and are responsible for their implementation but possess too few features of autonomy.

The same approach is also relevant to the system of public finances. The lack of legal budgetary autonomy of the regions makes all levels of local governance and regions in particular to be very dependable on the decisions that are taken by the central government (Peteri, 2008). In general,
all taxes and revenues from all tiers of property are coming to the central budget. The Ministry of Finance and the Ministry of Economics collect the sources and redistribute them according to the established programs and planned expenditures.

2.1.2 Functions, Tasks and Financial Sources of Districts

Districts present the second from above level of administrative and territorial division of Ukraine. They act as mediators between regions and settlements in the hierarchy of state governance and are administrative and territorial sub-units of the regions. The main goal of the districts is “to integrate the economy, industry, transport and communications into the single united socio-economic system of Ukraine” (the Constitution of Ukraine). Districts are also responsible to secure social and cultural context for the functioning of social institutions of the settlements; they may formulate plans or policies for cities, towns and villages. Districts are administrated through the network of District Councils (Rayonni Rady) that are subordinated to Regional Councils.

The financial support of Districts is performed through direct transfers and subsidies from the central budget and might be complemented by donations or specific grants according to the performed programs from the side of various internal or foreign units, private or public organizations or individuals (Swianiewicz, 2006). In their expenditures districts do not possess any level of independence and are strictly accountable to Regional Councils.

2.1.3 Functions, Tasks and Financial Sources of Settlements

The lower tier according to the administrative-territorial structure of the state (The Constitution of Ukraine) includes settlements such as cities, towns and villages. Cities are “big settlements
and administrative, industrial, trade and cultural centers with the population starting from 10 thousand people”. Cities usually own some communal property, housing facilities and the network of socio-cultural institutions. Cities are distinguished between cities of special (Kyiv and Sevastopol), regional and district significance according to their subordination within the hierarchical system of central governance. Cities also may be divided into districts of cities for the purpose of enhancing the hierarchy in the local governance and establishing the legal status of territorial communities. Towns are usually smaller settlements based nearby industrial factories, railway networks, hydrotechnical facilities or agricultural centers. They also have some communal property and social infrastructure. Villages are the smallest settlements which include the population usually involved in agriculture, folk crafts or rural or health tourism.

The local governance on the level of settlements is performed by Councils with elected members. However, the Councils of cities, towns and villages are subordinated to the District Councils in executive and financial terms. The budgets of settlements are formed as a result of the distribution of revenues of the central budget through direct and specific transfers, subsidies and other remittances; it might contain some revenues from the local communal property, taxes or donations, but usually these shares are not too significant. Therefore, the local governance of the settlements is realized through the deconcentration of power and possesses only some extent of autonomy (Swianiewicz, 2006).

The territories of all settlements might be divided into sub-districts, residential areas, streets, temporary settlements and settlements of industrial purposes. However, these small units do not have any administrative authority and their functions, tasks and financial sources are defined case by case by the local Council of the higher administrative unit.
2.2 Critical review of Ukrainian administrative-territorial reform

The current stage of Ukrainian transition to better governance and, consequently to the
democratic, economic and social norms and standards of Europe cannot be considered complete.
First, as the practice of the state governance demonstrates, the practice of centralization is not
overcome. Under the period of communism the control mechanism of the society was transferred
to a limited group of policy-makers. Currently, local governments still do not have autonomy and
act only as a link between the national level and municipalities and simply monitor the
implementation of prescribed policies. Councils of Regions, Districts and Settlements are the
only parts of hierarchical system of governments. Although the members of the Councils of
Settlements are elected on referendums, the functions, tasks and financial sources of local
governments of different tiers are still subordinated to each other from top to down (state =>
region => district => settlement) and possess limited autonomy in their decision-making
processes, implementation of policies and delivery of social services.

Second, the administrative-territorial system of Ukraine – the key mechanism of the effective
administration of the country in general – is very confused and is currently functioning in a
highly ineffective manner (Maynzyuk, Dzhygyr, 2010). The administrative units of Ukraine are
not necessarily identical to territorial units, which leads to a confusions in roles and
responsibilities of local authorities. The absence of proper legislative background only worsens
the situation: a lack of legitimate tools of cooperation between central and local governments and
high financial dependence on remittances from the central budget make all tiers of the Ukrainian
system of local governments act according to short-term political goals only. Absence of clearly
established administrative-territorial and appropriate decision-making model negatively affects
the functioning of all social spheres such as health-care protection, education, social security, pension systems and others.

The size and capacity of administrative-territorial units are other challenges of Ukrainian reality. On the one hand, the big number of regions (24) is supposed to promote the multilateral development for all their centers (24 cities of regional significance) as well as surrounding territories. However, their sizes, capacities and concentration of economic and human potential within these territories vary a lot from region to region. Thus, for example, the biggest region (Odessa oblast) is almost eight times larger than the smallest one (Chernivtsi oblast); the industrial and business potential is mainly concentrated in the Center and East of the Country. A simultaneous development is attempted to be achieved through the complicated and time-consuming process of central administration, planning and redistribution of resources but in reality it is not very efficient.

Therefore, the above described administrative-territorial uncertainty in terms of borders, size, capacities and functions is a main problem of all tiers of local governance. It is also inherent to the most basic level of local governments – the initial unit is not determined. There is no united system that would bring coherence to the system of territorial and administrative units and enhance their self-government authorities. By means of previous centralization the control mechanism of the society is artificially removed from the jurisdiction of small territorial communities to the top governmental authorities. The continuation of that distortion of social norms and values has led to an inexorable disruption in the functioning of society in both political and economic terms. Key among these is the elimination of self-governments and the middle class as the core backbone of all social, economic and political interactions.
Consequently, the successful transition to a better governance in the country might be considered failed due to the destruction of the regulation mechanism within the society.
Chapter 3. Comparative Analysis of Paths of Reforms in Poland and Ukraine

The comparison of Polish and Ukrainian models makes it evident that since 1991 the two countries have achieved absolutely opposite results in their transition in terms of quality of governance and, consequently, political, economic and democratic performance. Considering the similarity of Poland and Ukraine just after the collapse of communism, this difference in the achievements presents a subject for interesting research. Poland and Ukraine are often considered to be similar states in terms of their neighboring, common Slavic ancestry and history, similar size of the state and scale of governance, national diversification and socialist experience. Both countries faced similar challenges in the socio-economic and political spheres in 1991. However, whereas according to the data of World Bank (http://data.worldbank.org/indicator/) the GDP per capita in Poland in 1991 exceeded the Ukrainian GDP per capita in 1.35 times, in 2010 this difference rose to 4 times (12.294 US dollars in Poland over 3.007 in Ukraine). This significant mismatch between Poland and Ukraine is also noticeable in general performance in democratization and economic development processes as well as processes of governance. It is important to understand why the countries are so different.

Therefore, the research aim of this paper is to analyze why two countries with such similarities have achieved absolutely different results in the quality of the governance and why Polish administrative-territorial reformation strategies are more successful than Ukrainian even despite good relations, established cooperation and developed networking between two countries.
In order to answer the research question – why these specific reforms were implemented in Poland and were not implemented in Ukraine – paper contrasts the essence of two reformation paths. Polish decentralization reforms positively affected the system of local governments on all levels, enhanced the authority of first-level local municipalities and increased the quality of social services provided within small communities. These decentralization changes were not performed in Ukraine.

For the purpose of complete and profound comparative analysis three groups of factors are analyzed and compared further: (1) Context of Reforms and Historical Conditions, (2) Actors Participating in Reformation and (3) Nature and Goals of Reforms. This analysis is provided below.

3.1 Context of Reforms and Historical Conditions

Despite socialist experience and all historical and socio-economic similarities between Poland and Ukraine, the first, in contrast to the latter, was never a part of Soviet Union. For the general context of state building this fact means a lot: no matter how much the state was affected by communist governance and how the essential democratic processes were destroyed – independence was preserved. Of course, in the governance of both countries the essential processes of interaction between the control subsystem (that performs the governance) and the controlled subsystem (that is governed) were ruined by central authorities. All control mechanisms were by force transferred to a limited group of policy-makers in the central government which performed top-down governance. However, there were three main distinctions. First, Poland always had private property, which was totally illegal in Ukraine. Second, in case the of Poland it was Polish central government which was focused only on the
administration of its own society, whereas in the case of Ukraine the administration was performed by the central government of Soviet Union which was involved in administration of 14 other states of USSR simultaneously. Third, the Catholic Church in Poland as a source of pluralism in society was preserved.

Poland chose its own way of socialist development strategy in 1956 which came along with the views of N.Khrushev and therefore was not opposed by the Soviet Union (Regulski, 2003). The relative liberalization occurred in Soviet Ukraine under N.Khrushev within this period as well but because the liberal processes presented serious threat for the sovereignty of the Union and they were abandoned shortly after. The process of policy-making in the USSR and all socio-economic spheres were designed in a way to be able to meet the demands of all 15 member-states through the significant distribution of all types of sources – financial, economic and human. Thus, after the collapse of Soviet Union Ukraine ended up with no institutions needed for the functioning of state including national currency, Ministry of Foreign Affairs and many other things. This fact also explains why after 1991 the first round of reforms in Poland concerned the total reconsideration of communist experiences and building of basic Polish communities, whereas Ukraine was just trying to readjust Soviet models of administration and social systems and build traditions of private ownership.

In contrast to Ukraine, Poland was also to a lesser extent affected by political repression against disobedient social groups and by the harassment of human rights. As it was mentioned above, the Polish Catholic Church, although being controlled by communist authorities, still continued its existence on all levels of society; so in the Polish society an important source of pluralism remained. The Church in Ukraine, as well as in the rest of the Soviet states, was prohibited. Abolition of this important and well-structured social institution led to the complete distortion of
values in small local communities and thus destroyed the important backbone of the society. Additionally, even through the liberalization in Poland was constantly going back and forth, the uprising processes in Poland were bigger and more influential comparing to Ukraine. Every deep political and socio-economic crisis in Poland (1948, 1956, 1968-1970, 1980-1981) was followed by numerous protests (Regulski, 2003, pp 20-24) that in contrast to Ukraine had chance to occur. Thus, the level of pluralism in Poland and the ability of its citizens to participate in decision-making was still incomparable to totalitarianism in Soviet Ukraine. The first-level local communities, as the basis of governance, were significantly more capable in Poland than in Ukraine. These factors explain why Poland had more chances to democracy after the fall of communism.

Moreover, as a consequence, Poland preserved the national human potential, which was totally ruined in Ukraine. Facing the shortage of educated people and after the Second World War, Polish authorities decided to expand educational opportunities in the period of 1945 to 1962; over 300 000 people graduated from colleges during this time (Glenn E. Curtis, 1992). Groups of scientists, academics and professionals were more appreciated in Poland, whereas Ukrainian intellectuals as a whole class were wiped out for being dangerous for the authority of the Soviet Party (Snyder, 2003). Curtis (1992) rightfully highlights the importance of intelefencia in Polish society:

In the 1980s, the activist elements of the intelligentsia resumed the traditional role as protectors of national ideals from outside political interference. In this role, the Polish intelligentsia retained and gradually spread the values it had inherited from its nineteenth-century predecessors: admiration for Western society, disdain for contact with and reliance on Russia and the Soviet Union, and reverence for the prepartition commonwealth of the nobility and the romantic patriotism of the partition era. … In this atmosphere, a wide variety of social and political agendas competed for attention in the government, reflecting the diverse ideas proposed by the intelligentsia, the source of most of Poland's reformist concepts in the early 1990s.
The role of these people was crucial in the reformation of the state.

### 3.2 Actors Participating in Reformation

The key argument that partially explains the question why the same reforms (for example, liberalization of economy) had different results in Poland and Ukraine emphasizes the role of the people who were implementing these reforms. Social groups working on reformation of Poland are different from those who are responsible for Ukrainian reformation: the difference between two countries is not only in high share of academics and professionals involved in Polish transformation processes but also in political actors in charge. It is crucial to find out the main distinction and it is rather obvious: Ukraine, in contrast to Poland and the majority of the post-socialism states, has not performed lustration. Although lustration was liberal in Poland and implemented only in 1997, all political authorities since 1989 were obliged to mention their involvement in communist crimes (David, 2011). In Ukraine, however, lustration was not even considered as an option and never took place. The Communist party has existed till nowadays and the majority of the most influential political figures have some communist background and experience of working in Soviet Communist Party. It would be too naive to expect radical changes in a country with long traditions of the central administration and from people that directly benefit from possessing power and neglected to open their profiles to own citizens.

Consequently, as a general trend, private incentives of these actors play different roles in Polish and Ukrainian politics. Whereas primary ambitions of Polish politicians concerned the restoration of authority of local municipalities and the rejection of the Stalinist principle of uniform state authority (Regulski, 2003), Ukrainian politicians were elaborating policies on the
redistribution of state property and personal enrichment. As a result, nowadays, according to Transparency International Poland occupies one of the leading positions among less corrupted post-socialists states (Corruption Perception Index, 2011). Ukraine, in contrast, is placed on the 152 place and surrounded by the least developed countries of the world. The same is relevant to World Bank’s Ease of Doing Business Index (2012): 59 and 149 places of Poland and Ukraine accordingly clearly demonstrate the levels of bureaucracy, transparency of taxation systems, ability to obtain credits, entrepreneurship support and security between two countries. In the case of Ukraine authorities of central government are highly diffused with the oligarchy and are interested neither in decentralization of power nor in creating the capable administrative-territorial system.

To sum up, in terms of context, historical background and involved academic and political actors, the general characteristics of Polish and Ukrainian reformation strategies vary a lot. In the case of Poland, simultaneous administrative-territorial reforms of 1998 were based on long traditions, previous experiments and changes (for example, Local Government Act 1990) and deep research and were performed by professionals according to democratic manner. This reform became the evolutionary and complementary step for all previous transformation attempts. In Ukrainian situation, unfortunately, the context is absolutely different: all attempts to reform the state may be characterized as partial and adjustable to short-term and populist goals. In general, Ukraine seems to be less mature and lack the experience and understanding of what should be reformed and through what means. However, in order to draw the final conclusion about differences between Poland and Ukraine it is necessary to analyze the nature and major goals of reformation of both countries.
3.3 Nature and Goals of Reforms

The essence of the chosen reform strategy can explain a lot about a country and is significant for understanding why some countries (Poland in case of this paper) are more successful than others (Ukraine). The initial goals of reforms and means through which it was performed are key factors for the successful learning of experience. Therefore, this part of the paper is focused on why the administrative-territorial reform in Poland was performed this way and not the other and why the same strategy was not realized in Ukraine. The main purposes and principles of the Polish reform are analyzed and contrasted to the Ukrainian situation.

3.3.1 Poland

A crucial argument of this paper that is based on the research and consistent with opinions of specialists (P.Swianiewicz, J.Regulski, K.Tausz, S.Capkova and others) is as follows: Polish reforms had the top-down character. Previous chapters clearly demonstrate that Poland owes his success to administrative-territorial reform that, as J.Regulski (2003) rightfully highlights, broke the major state monopolies: (1) monopoly of communist party, (2) monopoly of centralized state power, (3) monopoly of public finance and (4) monopoly of public administration. This crucial transformation was elaborated on the level of central government rather than demanded from local communities. The analysis of Citizens’ Perception of Local Government Reforms and Local Democracy in Central and Eastern Europe, performed by P.Swianiewicz (2001), reveals the social passiveness towards decentralization changes. Therefore, the meaning of democracy processes as a pushing mechanism in 1990-2004 (from fall down of communism to the accession to European Union) should not be overestimated since the nature of Polish decentralization has
top-down character. However, Polish reform demonstrates the voluntary decision of central
authority to decentralize the power in order to improve governance in the country.

Another interesting fact is revealed in the group of studies that compare Local Government
reform across Europe and focus on the key principles that are put as a basis of decentralization
among different European countries. Thus, according to the research of T. Horváth (2000), G.
Péteri (2001), and P. Swianiewicz (2003, pp 22-23), there are three main principles of
decentralization:

“Liberty” (autonomy) – principle that prevents the concentration of power in the central
government and allows making different choices in the different localities;

“Participation” (democracy) – principle that enhances inclusion of various social groups
into the process of self-governance;

“Efficiency” – principle that increases the efficiency of delivered services though moving
them closer to smaller communities.

Interestingly enough, different European countries vary in their focus on these essential
components of decentralization and accordingly use decentralization reforms for different
purposes (Swianiewicz, 2003, pp 22-23). Thus, in the context of Western Europe (Germany is a
good example) decentralization is important due to its ability to secure autonomy of local
governments and enable them to take different decisions. Some of Southern European countries
traditionally care about the representation of small local municipalities in the processes of
decision-making and administration (principle of participation/democracy). Northern European
countries, where democracy is rather sufficient condition, to a bigger extent tend toward the
importance of quality and efficiency of provided services. According to Swianiewicz (2003, pp 23-24), “modes of local government reforms in Central and Eastern Europe seem to reflect this variation of approaches”. Thus, Slovakia, The Czech Republic and Hungary in their territorial-administrative reforms are primarily focused on the strengthening of “democratic principles of relations between citizens and public authorities”. Poland, in contrast to them, can be treated as an outlier since the primary goal of consolidating administrative and territorial units leaned towards their functions and social services that these units provide.

The Polish model of decentralization to a bigger extent similar to Northern European practices. This argument is supported in several works of P. Swianiewicz (2003, 2006). According to the Polish model and basing on above mentioned historical factors, enhancing of democracy was not the primary goals of decentralization reforms – the primary goals concerned the empowerment of local governments and efficiency of services that are delivered in health-care, security, education and pension systems. The Polish models fits into the concept of good governance that is identified within the scope of this paper since it satisfy five main principles pointed out by Antonio Levitas: (1) strong and capable local governments that are able to provide quality public services, (2) authorities are democratically elected and accountable to the citizens and (3) local governments possess the autonomy in decision-making and budgetary autonomy. Polish municipalities (gminas) - the closest to the citizens level of governance – possess the bigger decision-making and financial autonomy compared to the levels of county (powiat) and regions (wojewodstvo). Their properly chosen size and capacity are key factors of the effective administrative-territorial division and good governance in the country.

However, the right focus of decentralization is necessary but insufficient condition for good governance of country - it is important to highlight that the Polish version of administrative-
territorial reform is not a simple copying from foreign experience. The idea of Polish national identity that is embedded into decentralization is another significant factor of success (Regulski, 2003). The consolidation of administrative-territorial units was performed according to Polish traditions (for example, sizes of gminas are adjusted to pre-socialism units) and the concept of Poland being a democratic European country (that was put as a guideline). The idea of Polishness – being citizens of Poland, sharing Polish traditions, respecting national and cultural heritage and governing the country according to the principles of decentralization – is a pertinent mechanism that reinforces processes of administration and local governance in particular.

Therefore, additionally to appropriate historical context and involvement of dedicated actors, success of Poland in the transition towards good government is explained by right focus of decentralization reforms (efficiency of public services) which is similar to the experience of Northern European countries and properly adjusted to the national Polish context.

### 3.3.2 Ukraine

Although due to above mentioned challenges it is hard to define a single main trend of Ukrainian transformation, Ukraine started to build its own Ukrainian model of state and local authorities after the ratification of the Constitution of Ukraine in 1996. This model is similar to the model of French governance in many terms. First, Ukraine and France are both Unitarian states and the forms of authority are very similar. Second, there are identical characteristics in size and population of both countries and their territorial division (22 regions in France and 25 in Ukraine) as well as in geographical, demographical and historical features. The French Constitution formally became a basis for the Ukrainian Constitution in 1996 (Yevtushenko, 2004) because in that period of time it was seen as a good example of existence of many levels
of administration: central, regional, level of departments and communal level and complex relations between them.

In order to understand to which direction Ukraine is going it is necessary to look at the path of France. Currently, France is the most administrative-centralized states among the European democratic countries despite the long period of decentralization reforms. The main feature of France is that it has long and strong traditions of central governance through the level of regions and departments. As the French scholar Ridley (1973) points out, local governance is just a part of administrative hierarchy. A high level of subordination has been habitual for France since French revolution. The main rights of local governments are stated in the “Territorial communities” Act of 1958; however, the differences between administrative and territorial units are not stated clearly: on the one hand, the territorial structure was highly centralized, but on the other, authorities of the community and department levels possessed autonomy (Ridley, 1973).

Within the period of 1982-1986 more than forty laws and normative acts towards decentralization of central power were adopted (Schmidt, 1990). Wider rights were given to local communities in terms of representation, freedoms, decision-making processes and financial autonomy (Yevtushenko, 2004, pp 4-5). However, the central government is still performing control and arbitration functions for all level of administrative-territorial structures. Thus, despite the fact of long state building behind France, the analogies between French and Ukrainian paths of decentralization are evident.

Nowadays both in France and Ukraine the decentralization reforms are not complete since the main tasks and responsibilities of different tiers of administrative-territorial division are not consistent and a lot of improvements should be done. The state is involved in all directions of development including the level of communities. The strongest power is concentrated on the
regional levels; authorities of all levels are responsible for securing rights and freedoms of the lower hierarchical tiers. The financing is mainly performed through the remittances from the central budget according to previously stated programs but the process is rather long and complicated. In general, the decentralization processes in both countries may not be considered finalized and successful so far.

These reformation challenges take place due to the confusion with the final goals of the decentralization of power. Referring to three principles of decentralization defined by Swianiewicz and other authors, France fits into Southern European model with the focus on democracy (representation). Ukraine, similarly, may be considered as a state that has chosen the way of increasing democracy through the hierarchical deconcentration of power rather than decentralize power for the sake of autonomy of local municipalities or quality social services. According to the concept of good governance provided by T.Levitas, Ukrainian local governments satisfy only the condition of democratic elections and are not service-oriented or autonomous in decision-making and finances. In general, the process of governance in Ukraine does not lean towards efficiency of public services since the long-run strategic goals of Ukraine are not clear.

This absence of the clearly defined national idea in terms of how Ukraine should look like is one of the most crucial obstacles towards successful reforms. Even despite the fact that Ukraine claimed its intentions to enter European Union, country has still not formed any concept about Ukrainian state in XXI century. Ukrainian identity is embedded neither in the national ideas nor in particular reforms. The country is struggling with this due to the lack of consistency in economic, political, social and cultural development directions.
Therefore, Ukraine may be considered unsuccessful in terms of its administrative-territorial reforms due to several reasons. First, it has stepped on the long and confusing path of decentralization for the sake of enhancing participation instead of providing quality social services. Formal representation on the level of municipalities does not lead to the benefit of the citizens if the actual decisions are taken only by the central government. Second, due to the absence of clearly formulated national goals and particular views of how the country should look like, Ukraine has not elaborated its own Ukrainian version of administrative-territorial structure that would satisfy the democratic, economic and social needs of the Ukrainian society.
Conclusion

The main objective of this thesis was to contrast administrative-territorial reforms of Poland and Ukraine and analyze why Poland is more successful than Ukraine in governance. In the case of Poland the chosen path of decentralization reforms had the direct positive effect on the empowerment of local government, clear establishment of functions, tasks and responsibilities of all levels of administrative-territorial systems and approximation of social services closer to the final customers (citizens of Poland). Ukraine can be characterized as a less developed country: the proper administrative-territorial division has never been established, governance is performed through the hierarchical system of councils and the decision-making process and sphere of public finances are subordinated to the central government. The research question – why these specific reforms were performed in Poland and were not in Ukraine – is answered by means of contrasting of paths of decentralization reforms. Differences in three main groups of factors are analyzed for this reason: (1) Context of Reforms and Historical Conditions, (2) Actors Participating in Reformation and, finally, (3) Nature and Goals of Reforms.

Analysis of the historical conditions and context under which the reforms were performed reveals significant differences between Ukraine and Poland. The independent Poland, in contrast to Ukraine, was never a part of Soviet Union and since 1956 had its own form of socialism. The private property in Poland was preserved but prohibited in Ukraine. The Polish Catholic Church as a source of pluralism was also preserved, whereas religion in Ukraine was destroyed as a threat to communist ideology. Additionally, the role of Polish intellegencia as “protectors of national ideas from outside political interference” (Curtis, 1992) was stronger than in Ukraine.
Consequently, actors participating in the reformation affected the reforms in Poland and Ukraine in different ways. The reason is not only in a higher share of academics and professionals who were involved in the process of reforms in Poland. The liberal form of lustration that was performed in Poland obliged authorities to open their profiles and create traditions of accountability to the citizens of the country; in Ukraine these practices were never adopted. Accordingly, the private incentives of politicians have played different roles in the two states: in Poland actors were devoted to reforms of the state (Regulski, 2003), whereas Ukrainian actors were more focused on personal benefits (this is proved by different levels of corruption). In general, these differences in historical context and actors explain why Poland had more chances to democracy, why the primary reforms in 1990-1992 concerned creation of strong basic units in Poland (municipalities/gminas) but privatization in Ukraine and why Polish reformers supported decentralization as a way towards better governance but Ukrainian reformers opposed it.

This difference in specific focuses of decentralization reforms is analyzed in the part “Nature and Goals of Reforms”. Among the three main principles of decentralization that are defined by P.Swianiewicz and other scholars – autonomy, democracy (participation in the process of governance) and efficiency of public services – the Polish model leans towards efficiency of public services. The initial ideas of reforms in Poland were aimed to improve the services provided within health-care, education, administrative and pension systems through the voluntary decentralization of central power. Therefore, the reforms enabled creating conditions for good governance in the Polish context. In the case of Ukraine the hierarchical deconcentration of power was enforced by the Constitution for the sake of establishing the legal background of administrative-territorial system and in order to satisfy the condition of participation in the governance and democratic election of local authorities. The decentralization
path of Ukraine is similar to the French model: both countries have confusing administrative-territorial division without clearly established functions, tasks and financial sources of different levels of governance.

To sum up, the differences between different paths of decentralization reforms and success of Poland in governance compared to Ukraine are explained by:

1) the existence of appropriate historical conditions - more chances to democracy;

2) the existence of more professional and less privately-oriented actors who voluntary decentralized the power from top to down;

3) the proper focus of the reforms(creating strong and capable municipalities that efficiently deliver public services) with embedded national idea.

The Polish experience demonstrates that it is impossible to create good governance without proper decentralization reforms. At the same time, it does not mean that Ukraine has to directly apply the Polish experience and models of reforms. First, the number of problems is different: reforms in Poland were evolutionary. Ukraine still has to establish a clear legal background and define relations between central governance and the different levels of administrative-territorial system. Second, the Polish decentralization reform should not be idealized since the electoral system and budgetary autonomy of county and regional levels still need to be elaborated. Therefore, the further analysis of this field may include the creation of practical recommendations for the efficient decentralization reforms in Ukraine.
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