РЕФОРМА РАЙОНОГО РІВНЯ МІСЦЕВОГО SAMOVRYADUVANIA: STAN TA MOZHLIVI VARIANTI II PODALNYO REALIZACI.

Актуальність. Обумовлена надмірною централізацією повноважень та фінансово-матеріальних ресурсів органами виконавчої влади, неспроможністю територіальних громад районного рівня виконувати свої повноваження, обмеженістю доступності публічних послуг внаслідок нестачі фінансового забезпечення та зношеності інфраструктурної бази місцевого самоврядування, зниженням рівня професіоналізму посадових осіб.

Мета та завдання. Здійснити аналіз стану реформування районного рівня місцевого самоврядування, розглянути можливі варіанти подальшої реалізації цього процесу, визначити перелік повноважень, які донічно передати на районний рівень.
положень бюджетного законодавства у зв'язку із завершенням адміністративно-територіальної реформи. Цим законодавчим актом, скасовуються надходження від податку на доходи фізичних осіб до районних бюджетів, основного джерела їх фінансування. Також районний рівень виключається із системи горизонтального вирівнювання, районні бюджети не отримуватимуть базову дотацію і не будуть на прямих міжбюджетних відносинах з державним бюджетом і їх виключено з числа «отримувачів» освітньої та медичної субвенції. Закріплені у новій статті 64 Бюджетного кодексу України склад доходів загального фонду районних бюджетів кардинально звужує їх дохідну базу. Районний рівень місцевого самоврядування мається зазнавати, що було оборонено більшість повноважень і фінансових ресурсів, внаслідок цього він не може представити спільні інтереси територіальних громад базового рівня, що суперечить принципу субсидіарності, і найближчим часом постане питання про доцільність подальшого існування районного рівня місцевого самоврядування. Розглянуті можливі варіанти подальшого реформування районного рівня місцевого самоврядування: ліквідація районного рівня місцевого самоврядування, збереження існуючого стану районного рівня місцевого самоврядування, збереження районного рівня місцевого самоврядування та надання йому повноважень і фінансових ресурсів для можливості представити спільні інтереси територіальних громад базового рівня. Запропоновано проект повноважень, які доцільно передати на районний рівень місцевого самоврядування.

Висновки. Здійснені у 2020 році зміни у законодавстві призвели до того, що районний рівень місцевого самоврядування лишився більшої частки своїх доходів і суттєво обмежено в повноваженнях. Як наслідок цього районний рівень місцевого самоврядування не може повноцінно представити спільні інтереси територіальних громад базового рівня відповідно статті 140 Конституції України та принципу субсидіарності. Це обумовило питання щодо доцільності існування районного рівня місцевого самоврядування. Розглянуті можливі варіанти подальшого його реформування. За найбільш доцільним визначено варіант збереження районного рівня місцевого самоврядування та надання йому повноважень і фінансових ресурсів для можливості представити спільні інтереси територіальних громад базового рівня. Визначено перелік повноважень, які доцільно передати на районний рівень.

Ключові слова: реформування, місцеве самоврядування, район, повноваження, спільні інтереси, фінансове забезпечення, територіальні громади.
THE REFORM OF THE DISTRICT LEVEL OF LOCAL SELF-GOVERNMENT: STATUS AND POSSIBLE OPTIONS FOR ITS FURTHER IMPLEMENTATION

Topicality. The urgency of the article is substantiated by an excessive centralization of powers and financial and material resources of the executive branch, the inability of territorial communities at the district level to exercise their powers, limited access to public services due to lack of funding and deterioration of local government infrastructure as well as reduced professionalism of officials. There is a need for scientific substantiation of scenarios for further implementation of the decentralization reform in terms of determining the rational balance of powers and tasks to be allocated to the district level of government with an appropriate financial support. The experience of forming enlarged administrative-territorial entities at the district level in Ukraine is a modern interpretation and development of European approaches to the definition of functional areas and statistical units according to NUTS-3, which determines the relevance of this study not only at the national but also at the Pan-European level within the context of development of applied principles of the regional development theory.

Aim and tasks. The objectives of this study are: to analyze the state of the reform of local self-government at the district level, to consider possible options and scenarios for further implementation of this process, to determine a list of powers that should be transferred to the district level, and to propose measures of material, financial and organizational support.

Research results. The peculiarity of a new districts formation in Ukraine is that the districts, which include regional centers, have a number of population several times higher than in other districts of the region. This does not comply with the European standard NUTS-3, which specifies a number of population in districts from 150 thou people to 800 thou people. The concept of local self-government reforming and territorial organization of power provides for the transfer of powers at the district level from executive power bodies to executive bodies of district councils; however the executive bodies of district councils have not been created yet, given that the relevant adjustments to the legislation have not been made. On September 17, 2020, the Verkhovna Rada adopted the Law of Ukraine "On Amendments to the Budget Code of Ukraine to Align the Provisions of Budget Legislation in Connection with the Completion of Administrative and Territorial Reform." This legislative act abolishes personal income tax revenues directed to district budgets, which is the main source of their funding. The district level is also excluded from the system of horizontal equalization, hence district budgets will not receive a basic subsidy and will not be engaged in direct inter-budgetary relations with the state budget and they are excluded from the list of "recipients" of educational and medical subventions. The revenues structure of district budgets' general fund, which is enshrined in the new Article 64 of the Budget Code of Ukraine, narrows their revenue base dramatically. The district level of local self-government is almost leveled, and it is deprived of most powers and financial resources, as a result, it cannot represent common interests of territorial communities at the basic level, which contradicts a principle of subsidiarity, and an issue of expediency of further existence of the district level of local self-government will be raised in the near future. The article considers possible options for further reform of the district level of local self-government, namely: (1) liquidation of the district level of local self-government, (2) preservation of existing state of the district level of local self-government, (3) preservation of the district level of local self-government, while giving it authority and financial resources to represent the common interests of territorial communities of the basic level. A draft of powers, which should be transferred to the district level of local self-government, has been proposed.

Conclusions. The amendments to the legislation made in 2020 have led to a situation where the district level of local self-government was deprived of a larger share of its revenues and was significantly limited in its powers. As a result, the local self-government at the district level cannot fully represent common interests of territorial communities of the basic level in accordance with Article 140 of the Constitution of Ukraine and the principle of subsidiarity. This raised a question on expediency of the existence of the local self-government at the district level. Possible options for its further reform have been considered in the article. The most expedient option is to preserve the district level of local self-government and provide it with powers and financial resources so that it would be able to represent common interests of territorial communities of the basic level. The list of powers to be transferred to the district level has been determined.

Keywords: reform, local self-government, district, powers, common interests, financial support, territorial communities

Problem statement and its connection with important scientific and practical tasks. As a result of amendments to the legislation, the district level of local self-government has been almost leveled off, and it has been deprived of most of its powers and financial resources. As a result, it cannot represent the common interests of territorial communities of the basic level, which contradicts to the principle of subsidiarity, while raising a question on expediency of its continued existence in the near future.
Analysis of recent publications on the problem. The most of research on local government reform is devoted to the basic level include some aspects of decentralization in the fields of education, health care, social security, mechanisms of budget equalization. In the works of I. Zabolodskaya, R. Jabrailova, the issues of development of economic and legal mechanisms to ensure the implementation of local self-government reform at the level of communities and regions have mostly been considered. The research of representatives of the Lviv Academic Scientific School of Regional Economics (V. Kravtsiv, I. Storonyanska, S. Schultz, V.Zhuk, H. Prytula) considers issues of spatial development, financial and budgetary, industrial, social and environmental support for development of administrative units at the regional and basic levels. Issues of influence of reform on the territorial communities’ budgetary processes and development of municipal economy have been considered in the works of I. Lunina, G. Monastyrsky, L. Benovskaya, N. Piontko.

Allocation of previously unsolved parts of the general problem. Insufficient attention is paid to development of a systematic view of the current state and trends of local government reform in Ukraine at the district level. The issues of improving institutional support and determining scenarios for reforming the district level of local self-government, effective delegation of powers to the district level while ensuring measures to their implementation, remain unresolved.

Formulation of research objectives (problem statement). The objectives of the research are: to analyze the state of reform of the district level of local self-government; to consider possible options and scenarios for further implementation of this process; to determine a list of powers, which should be transferred to the district level; and to propose measures of material, financial and organizational support.

An outline of the main results and their justification. 2020 has been a key year in reforming of local self-government in Ukraine. On June 12, 2020, the Government of Ukraine approved a new administrative-territorial structure of the basic level. In accordance with the orders of the Cabinet of Ministers of Ukraine, 1469 united territorial communities (UTC) were created [1]. At the same time, almost all functions of the district were transferred to UTC. As a result, a question arose about the prospective of the district level of local self-government. Many experts, UTC representatives and other stakeholders expressed the opinion that local self-government bodies at the district level (district councils) are not needed. Proponents of this view consider the district level as a threat to community self-determination and a creation of a "superstructure" over UTC level as an additional budget burden for communities. According to them, the powers that can be delegated to the district level can be exercised by the regional council. Most participants in discussions on prospective for district councils believe that amendments to the Constitution should not be foreseen at all. But at this stage of the reform, they will act, albeit with minimal authority, on issues that are difficult for communities to address on their own.

Proponents of maintaining the district level of local self-government presume that it will not affect a capacity of communities. It argues that there are “weak” UTCs, which need support, arguing that considering a country size and a number of population in Ukraine, there should be three levels of territorial organization, in addition, it will be difficult for UTC to resist deputies and political forces at the regional level concerning an issue of protecting their interests. Furthermore, the district level of administrative-territorial organization of Ukraine is provided by Article 133 of the Constitution of Ukraine [3].

As a consequence of adoption of the Verkhovna Rada resolution "On the formation and liquidation of districts” № 807 (adopted on 07.07.2020) 490 old districts were liquidated and 136 new districts were created instead [4]. A criterion was used as a basis for designation of new districts, notably, a number of population of a district should exceed 150 thou inhabitants. Reference was made to the EU experience and the NUTS-3 territorial division system, which is used in the EU for statistical observations but not for determining the administrative-territorial structure. Nevertheless there is no common standard of administrative and territorial organization in the EU. EU countries differ significantly in a size of administrative-territorial units (ATU), a number of levels of administrative-territorial organization (ATU) as well as in a number of population in administrative-territorial units [5]. Thus, a number of levels in the administrative-territorial structure of the EU ranged from 2 to 5. Thus, there are 5 levels in France, 4 levels in Spain, 3-4 levels in Germany and only 2 levels in Romania, Sweden and Lithuania correspondently. A population in basic communities varies from 2 thou people (France) up to 53 thou people (Lithuania). A territory size of the basic level community is ranged from 0.02 thousand km$^2$ (France) to 1.55 thou km$^2$ (Sweden) (Table 1).

Reforming of the administrative and territorial structure in all EU countries was based on a conceptually defined and legally established model of national and regional governance, a clear division of powers between the executive and local governments, and maximum consideration of historical traditions and ethnic characteristics.
### Table 1

**Administrative and territorial organization in EU countries**

<table>
<thead>
<tr>
<th>Countries</th>
<th>Territory, thousand km²</th>
<th>Population, million people</th>
<th>Number of ATU levels</th>
<th>1st level</th>
</tr>
</thead>
<tbody>
<tr>
<td>France</td>
<td>675</td>
<td>63.9</td>
<td>5</td>
<td>26</td>
</tr>
<tr>
<td>Spain</td>
<td>505</td>
<td>45.6</td>
<td>4</td>
<td>19</td>
</tr>
<tr>
<td>Germany</td>
<td>357</td>
<td>82.1</td>
<td>3-4</td>
<td>16</td>
</tr>
<tr>
<td>Italy</td>
<td>301</td>
<td>59.9</td>
<td>3</td>
<td>20</td>
</tr>
<tr>
<td>Poland</td>
<td>313</td>
<td>38.1</td>
<td>3</td>
<td>16</td>
</tr>
<tr>
<td>Hungary</td>
<td>93</td>
<td>10.0</td>
<td>3</td>
<td>20</td>
</tr>
<tr>
<td>Slovakia</td>
<td>49</td>
<td>5.4</td>
<td>3</td>
<td>8</td>
</tr>
<tr>
<td>Czech</td>
<td>79</td>
<td>10.3</td>
<td>3</td>
<td>14</td>
</tr>
<tr>
<td>Romania</td>
<td>238</td>
<td>21.4</td>
<td>2</td>
<td>42</td>
</tr>
<tr>
<td>Sweden</td>
<td>450</td>
<td>9.2</td>
<td>2</td>
<td>21</td>
</tr>
<tr>
<td>Lithuania</td>
<td>65</td>
<td>3.4</td>
<td>2</td>
<td>10</td>
</tr>
</tbody>
</table>


**Extension of table 1**

<table>
<thead>
<tr>
<th>Countries</th>
<th>2nd level</th>
<th>Lower (basic) level</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number of ATO</td>
<td>Territory, thousand km²</td>
</tr>
<tr>
<td>France</td>
<td>100</td>
<td>6.7</td>
</tr>
<tr>
<td>Spain</td>
<td>52</td>
<td>9.7</td>
</tr>
<tr>
<td>Germany</td>
<td>429</td>
<td>0.8</td>
</tr>
<tr>
<td>Italy</td>
<td>110</td>
<td>2.7</td>
</tr>
<tr>
<td>Poland</td>
<td>379</td>
<td>0.8</td>
</tr>
<tr>
<td>Hungary</td>
<td>173</td>
<td>0.5</td>
</tr>
<tr>
<td>Slovakia</td>
<td>79</td>
<td>0.6</td>
</tr>
<tr>
<td>Czech</td>
<td>77</td>
<td>1.0</td>
</tr>
<tr>
<td>Romania</td>
<td>2492</td>
<td>0.1</td>
</tr>
<tr>
<td>Sweden</td>
<td>290</td>
<td>1.6</td>
</tr>
<tr>
<td>Lithuania</td>
<td>64</td>
<td>1.0</td>
</tr>
</tbody>
</table>

The peculiarity of the new districts designation in Ukraine is that the districts comprising regional centers are characterized by a number of population, which is several times higher than in other districts of the region. Thus, in the Odessa region, the Odessa district encompassing the city of Odessa, has a number of population accounting for 1575.9 thou people, which is 7-15 times more than in other districts of the region, and it does not comply with the European standard for NUTS-3 subject to a number of population in a district from 150 thou people to 800 thou people. In addition, a form of interaction between the city of Odessa and the Odessa district, which of is a part it, is indicated unclear. As for the Lviv region, Lviv district comprising the city of Lviv has a number of population (accounting for 1150 thou people) on average 7 times more than in other districts of the region, similarly, for the Kharkiv region, the Kharkiv district comprising the city of Kharkiv has a number population (amounting to 1750 thou persons) exceeding on average 11 times a number of population in other areas of the region. In some other regions a situation is similar [6].

Powers of new districts. According to the Article 38 of the draft new version of the Law of Ukraine "On Local Self-Government in Ukraine" the main powers of the new district councils are [7]:

- Approval of socio-economic and cultural development programs of the district, other target programs at the district level;
- Approval of decisions concerning the district budget, making changes and additions to it;
- Making decisions on use and disposal of common property of territorial communities of a district.

The delegated powers conferred on the district council should be determined by the laws of Ukraine and should be exercised considering provisions of this Law and the Budget Code of Ukraine.
As it stipulated in the Concept of reforming of local self-government and territorial organization of
power, a transfer of powers at the district level from the executive authorities to the executive bodies of
district councils is provided [8]. However the executive bodies of district councils have not been created yet,
given that the relevant adjustments to the legislation have not been made. At the initiative of the Committee
of the Verkhovna Rada of Ukraine on Organization of State Power, Local Self-Government, Regional
Development and Urban Planning, the Office of the President of Ukraine and the Ministry of Development
of Communities and Territories of Ukraine in all regions of the country in terms of decentralization, a
consensus was reached on following issues:

- Administrative-territorial structure must have 3 levels;
- District level must have a functional content in order to exist;
- Executive bodies should be provided in all local councils, namely at each level of ATU, where local
  self-government is formed;
- Liquidation of district and regional state administrations;
- 100% financing / reimbursement of delegated powers;
- Powers of local self-government bodies should be enshrined in the Constitution of Ukraine leaving
  room for manipulation;
- Decentralization reform in Ukraine cannot be completed without amending the Constitution.

Financial support of new districts. On September 17, 2020, the Verkhovna Rada adopted the Law of
Ukraine "On Amendments to the Budget Code of Ukraine to Align the Provisions of Budget Legislation in
Connection with the Completion of Administrative and Territorial Reform" [9]. The legislative act abolishes
personal income tax revenues to district budgets, which is the main source of their funding. The district level
is also excluded from a system of horizontal equalization and, accordingly, district budgets will not receive a
basic subsidy and will not be engaged in direct inter-budgetary relations with the state budget. The law also
excludes district budgets from the number of "recipients" of educational and medical subventions as well as
subventions for the implementation of investment projects.

A structure of revenues of the general fund of district budgets enshrined by the new Article 641 of the
Budget Code of Ukraine narrows their revenue base dramatically [10]. Formation of district budgets will
proceed at the expense of:

- Own income:
  • Income tax on enterprises and financial institutions of communal property founded by the district
council;
  • Fees for licenses and certificates of economic activity issued by the district state administration;
  • Rent for use of communally owned property founded by district councils;
  • rent for water bodies provided by district state administrations and district councils (before
delimitation between communities);
  • Other income.
- Grants and subventions obtained from other budgets.

An extent of deprivation of financial resources for district level raises a question of ensuring the
functioning of district councils. There are district councils with budgets accounting for UAH 50,000 for a
year, which makes impossible to ensure the functioning of the district council for such money [11].

According to the conclusion of the Main Scientific and Expert Department of the Verkhovna Rada of
Ukraine, the law provides for the deprivation of district councils of the greatest share of budget revenues,
which raises the question of possibility of exercising the powers vested to them by law. In accordance with
the requirements of paragraph 2 of Art. 9 of the European Charter of Local Self-Government, ratified by the
Law of Ukraine of 15.07.1997, the amount of financial resources of local self-government bodies must
correspond to functions provided by the Constitution or law [12]. This remark is especially relevant in light
of the fact that a regulation of regional budgets remains unchanged, even though the nature of a designation
of regional and district councils is the same, which aims at representing common interests of territorial
communities of villages, towns and cities. The Main Scientific and Expert Department of the Verkhovna
Rada of Ukraine presumes that the introduction of the list of sources of income should be preceded by
detailed calculations of changes in financial capacity of local budgets. However, the accompanying
documents did not contain relevant information at the stage of consideration of the draft law.

The structure of revenues of a general fund of district budgets enshrined by the new Article 641 of the
Budget Code narrows their revenue base dramatically, which raises some concerns about their ability to
ensure implementation of expenditures under the new Article 891 of the Budget Code of Ukraine, primarily
in education and health. According to the Constitution of Ukraine (Article 143) and the Law of Ukraine "On
Local Self-Government in Ukraine (Article 16), local governments powers are composed of their own (self-governing) powers and delegated powers, namely executive powers granted to local governments by law. The proposed powers, which are vested in the district budgets regarding their expenditures, are delegated, and must be accompanied by appropriate state funding, as required by the provisions of Part 3 of Art. 142 of the Constitution of Ukraine, as follows “the state participates in formation of revenues of local government budgets, financially supports local government. Expenditures of local self-government bodies incurred as a result of decisions of state authorities must be reimbursed by the state”. However, the documents submitted to the draft do not contain any justification for financial capacity of district budgets in order to comply with new requirements of the Budget Code of Ukraine properly. There are also no subventions from the state budget to district budgets for the implementation of established powers.

Thus, recent amendments to the Budget Code of Ukraine in terms of determining the sources of income of local governments and the list of their expenditures as well as proposed new drafts of laws "On Local Government in Ukraine” and “On Local Government” [7, 9, 12] in terms of determining powers of local self-government at the district level points to the conclusion that the district level of local self-government:

- remains the largest share of their income;
- will be significantly limited in terms of authority.

The adopted law "On Amendments to the Budget Code of Ukraine With Regard to Harmonization Provisions of Budget Legislation in Connection with the Completion of Administrative and Territorial Reform” further increased dependence of district budgets on transfers and, accordingly, on central authorities, contrary to the regulations of European charter of local self-government [9, 12]. The district level of local self-government is almost leveled, while being deprived of most powers and financial resources. As a result, it cannot represent the common interests of territorial communities of the basic level, which contradicts the principle of subsidiarity, and in the near future a question on feasibility of the continued existence of the district level of local self-government will be raised. In this regard, it is proposed to consider possible options for further implementation of local government reform at the district level.

Option 1. Elimination of the district level of local self-government. Proponents of this option justify it considering that almost all functions and financial resources of the district have been transferred to the territorial communities of the basic level, and the powers that can be delegated to the district level can be performed by regional council.

Option 2. Preservation of the current state of the district level of local self-government. This option corresponds to a situation when the district level of local self-government exists formally, but not actually. Because it has neither an authority nor financial resources, while having deputies of the district council, its chairman and staff. Based on the fact that no action has been taken recently to change the situation, it can be concluded that this option satisfies the authorities.

Option 3. Preservation of the district level of local self-government and providing it with powers and financial resources to be able to represent the common interests of territorial communities of the basic level. According to Article 140 of the Constitution of Ukraine, district councils represent common interests of territorial communities of villages, settlements and cities [3]. This should be the basis for determining powers of the district level of local self-government. Today, the authority over territorial dispensaries, boarding schools of general profile, specialized schools, elderly care facilities, orphanages, etc. has been transferred to a level of territorial communities. These powers do not correspond to the basic level, considering that territorial communities do not have a requisite number of the services’ consumers. Moreover, it is an additional burden on the budget of local communities. Therefore, it is advisable to transfer these powers to the district level in accordance with to the principle of subsidiarity. It is also advisable to assign at the district level functions for district development and investment, including: (1) distribution of subsidies for district development; (2) coordination of joint projects of territorial communities and ensuring their co-financing; (3) stimulating cooperation of territorial communities. A more detailed definition of the powers that should be transferred to the district level is given in Table 2.

The powers of local governments at the district level should be enshrined in the Constitution of Ukraine leaving no possibility for manipulation.

Exercising the listed above powers requires that a district council must have its own executive body (executive committee), while the district state administration must be liquidated. This novelty was defined in the Concept in 2014 and in the draft law on amendments to the Constitution of Ukraine regarding
Table 2

**Draft powers that should be transferred to the district level of local self-government**

1. In the social sphere (management and maintenance):
   - secondary medical institutions and hospices;
   - boarding schools of general profile, specialized schools, out-of-school education institutions;
   - common cultural objects, in particular art schools, houses of culture, museums, etc.;
   - joint facilities of physical culture and sports: stadiums, swimming pools and other sports facilities;
   - social protection institutions: elderly care facilities, orphanages. Support for people with disabilities.

2. In the field of economy and infrastructure:
   - economic development of the district by means of attracting investments, grants, international technical assistance, development and implementation of the district development strategy;
   - development of tourist and recreational opportunities for districts;
   - architectural monuments of local significance;
   - management of joint communal property and enterprises of communal property of territorial communities of the district;
   - labor archives;
   - roads and transport infrastructure of local importance;
   - organization of passenger transportation in the district;
   - urban planning and architecture, urban planning documentation;
   - employment (providing information on the availability of jobs, training in new specialties and retraining).

3. In the field of housing and communal services:
   - provision of water supply and sewerage services;
   - organization of collection and utilization of solid household waste in the district.

4. In the field of environmental protection and security:
   - protection of the natural environment, development of recreational potential of the district, taking environmental protection measures at the expense of environmental protection funds;
   - coordination of units in order to overcome the consequences of natural disasters and emergencies;
   - sanitary and epidemiological protection;
   - forestry and water management.

decentralization, which was submitted by the President of Ukraine to the Verkhovna Rada in December 2019, however in early 2020 it was withdrawn for revision. Subsequently, in public discussion in reference to the draft amendments to the Constitution in terms of decentralization carried out in the first half of 2020 in all regions of the country, a consensus on establishment of executive bodies for district councils ultimately was reached. In this regard, it is proposed to amend the Constitution of Ukraine in terms of formation of executive bodies for regional and newly formed district councils and a distribution of powers between them.

In the process of public discussion of the draft amendments to the Constitution in terms of decentralization carried out in the first half of 2020 in all regions of Ukraine, a consensus was reached on:
- 100% financing / reimbursement of delegated powers;
- ensuring proper material, financial and organizational conditions in order to exercise local and delegated powers by local self-government bodies at the district level [14, 15].

At the legislative level, it is necessary to determine a sufficient tax base that will ensure implementation of local government powers at the district level. Today, delegated powers are mostly funded based on resources rather than actual needs. A total amount of financial resources is divided by a number of guaranteed consumers of services and, as a result, a so-called "financial standard" for a maintenance of one person, is obtained. Therefore, it becomes necessary to develop sound financial standards for services provided to communities.

**Conclusions and perspectives of further research.** Amendments in legislation made in 2020 resulted in the situation where the district level of local self-government was deprived of a larger share of budget revenues and was significantly limited in their powers. As a result, the district level of local self-government cannot fully represent common interests of the UTC in accordance with Article 140 of the Constitution of Ukraine and the principle of subsidiarity.
Possible options for further reform of the district level of local self-government have been considered. A preservation and provision of powers and financial resources for the district level of local self-government in order to enable it to represent common interests of territorial communities of the basic level was identified as the most appropriate. The list of powers that should be transferred to the district level was also determined within the article.

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