



Ukraine's resilience to Russia's military invasion in the context of the decentralisation reform

Valentyna Romanova

Introduction

On 24 February 2022, the Kremlin's hybrid warfare against Ukraine turned into fully-fledged military aggression. The Russian army started shelling towns in Ukraine's northern, eastern, and southern regions using artillery and missiles. Simultaneously, Russian tanks crossed the border. The Russian military targeted both military and civilian infrastructure.

While there are many reasons why Ukraine has not been defeated, this report examines the recent decentralisation reforms' contribution to Ukraine's ongoing resistance. A few years before Russia's full-scale invasion of Ukraine, the OECD¹ claimed that, if successful, the ongoing decentralisation reform could enhance Ukraine's resilience. Some further research tentatively supported this argument.² The OECD interpreted the state's resilience as "its ability to absorb shocks and adapt to changing circumstances without losing the ability to fulfil its basic functions".³ The classic dimensions of state capacity are as follows: the state's monopoly of force, public service provision, and legitimacy.

This report analyses the decentralisation reform's contribution to Ukraine's resilience in these three dimensions. First, it applies this analytical framework to the pre-war era to investigate how the decentralisation policy helped shape Ukraine's resilience ahead of the fully-fledged military attack on

1 OECD. 2018. *Maintaining the Momentum of Decentralisation in Ukraine.*, OECD: Multi-level Governance Studies. Paris: OECD Publishing.

2 Romanova, Valentyna and Andreas Umland. 2019. *Decentralising Ukraine: Geopolitical Implications*, *Survival*, 61:5, pp. 99–112.

3 OECD. 2018. *Maintaining the Momentum of Decentralisation in Ukraine.* OECD: Multi-level Governance Studies. Paris: OECD Publishing, p. 103.

the country on 24 February 2022. The report then examines decentralisation's contribution to the Ukrainian state's capacity since the start of the war. The conclusion summarises the report's core findings.

Context

Since independence, Ukraine has been a unitary state with three tiers of administrative-territorial division. At the regional level, there are 24 regions (*oblasts*), the Autonomous Republic of Crimea, and two cities with special status: Kyiv and Sevastopol.⁴ Before the decentralisation reforms began in 2014, Ukraine's regions were subdivided into 490 districts (*rayony*). There were also 10,961 municipalities at the local level (cities, towns and villages).

In Ukraine, there are directly-elected regional, subregional and local councils. Only local councils establish their own executive organs (*vykonavchi orhany*). In contrast, regional and subregional councils delegate the implementation of their decisions to centrally-appointed regional and subregional state administrations.

Ukraine's decentralisation reform was launched in 2014. Its primary objectives had nothing to do with security and defence. The agenda of the decentralisation reform adopted by the government in April 2014 aimed to strengthen local government at the sub-national level and reshape the administrative and territorial division of Ukraine to improve the state's capacity to provide public services. To achieve these objectives, the reformers intended to promote local amalgamation, decrease the number of *rayons*, and grant directly-elected regional and subregional councils the constitutional right to establish their own executive committees.

Notably, the objective of increasing regions' authority – amid Russian hybrid warfare against Ukraine – prompted long, heated political debates and drastically heightened tensions between stakeholders at the central and local level.⁵ It is no wonder that this objective has not (yet) been achieved.

Decentralisation before Russia's war against Ukraine

Decentralisation improved the provision of public services

The fragmentation of local government in Ukraine used to have a negative impact on the provision of services at the local level.⁶ Only big cities used to have the capacity to provide their residents with proper public services. Other local councils were too small and poor to handle these tasks and delegated them to the subregional and regional authorities.

To increase local governments' capacity to provide basic public services (such as education, health-care, social protection and administrative services), the reformers decided to consolidate the efforts of small and poor local councils by merging them into institutionally and financially strong amalgamated territorial communities (ATCs). ATCs were tasked with managing secondary schools, helping take

4 On 21 March 2014, Russia annexed the Autonomous Republic of Crimea, along with Sevastopol.

5 Romanova, Valentyna and Andreas Umland. 2019. "Ukraine's Decentralization Reforms Since 2014: Initial Achievements and Future Challenges." *Chatham House: International Affairs Think Tank*. Available at: <https://www.chathamhouse.org/sites/default/files/2019-09-24-UkraineDecentralization.pdf>.

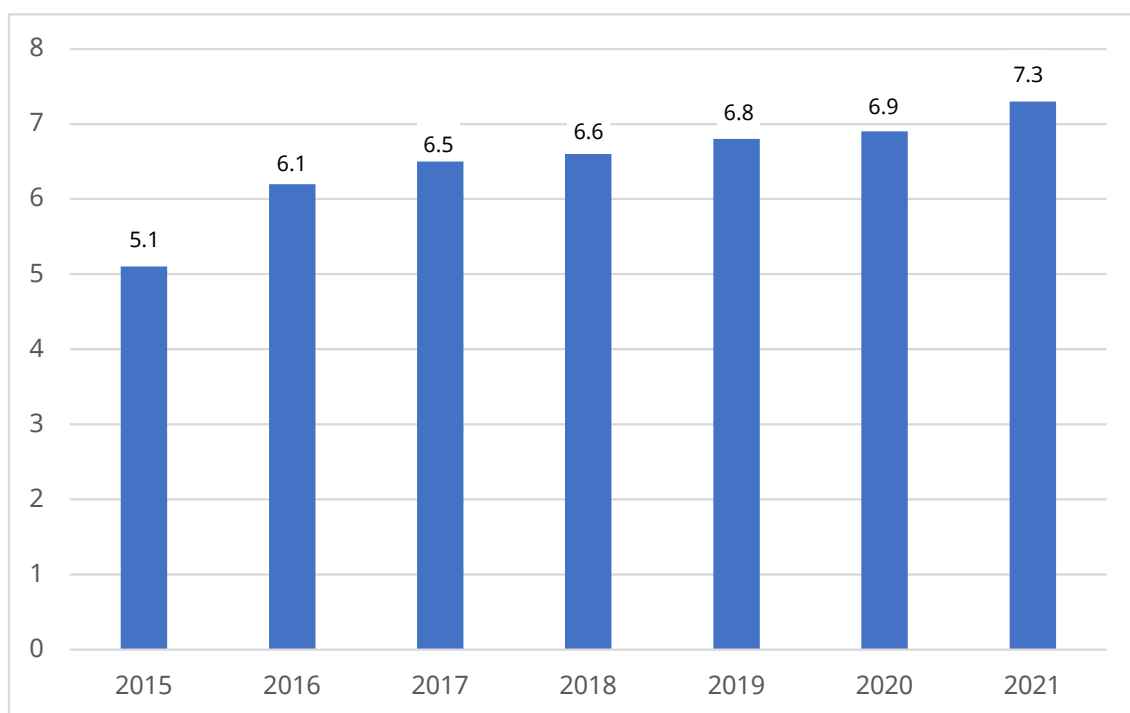
6 OECD 2014. *OECD Territorial Reviews: Ukraine 2013*. Paris: OECD Publishing.

care of hospitals, and providing administrative services at the local level – matters that used to be the regional and subregional authorities' responsibility.⁷

In line with the 2014 amendments to the Budget Code and the Tax Code, central policy-makers introduced fiscal decentralisation for the benefit of ATCs.⁸ Fiscal decentralisation implied an increase in the share of tax revenues; most importantly, ATCs' budgets received 60% of personal income tax. ATCs also received subsidies, transfers and grants aimed at increasing their financial capacity to take care of various spheres in the provision of public services. ATCs established direct fiscal budgetary relations with the central (national) budget. This was a crucial step forward, because it limited their dependence on the regional and subregional authorities.

The fiscal decentralisation policy was not perfect, but it proved fruitful. In early 2022, the share of local budgets' own revenue in GDP had increased from 5.1% in 2015 to 7.3% in 2021. This increase implies that local budgets' capacity to generate their own revenue had been growing steadily (Chart 1).

Chart 1. Share of local budgets' own revenue (general fund without transfers) in GDP (as a percentage)



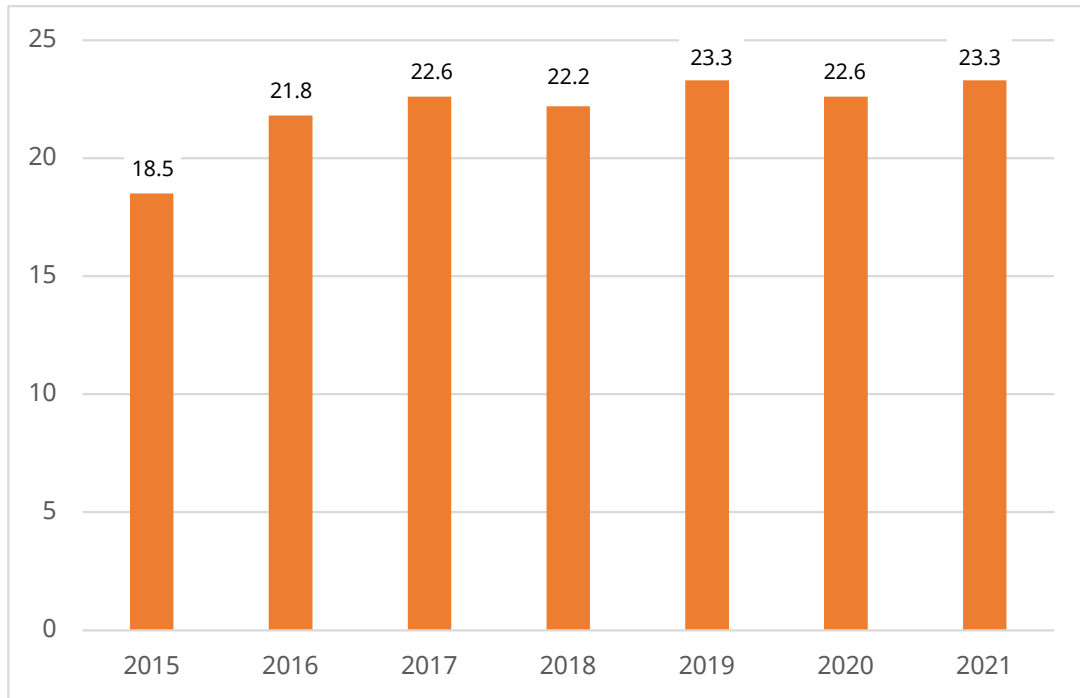
Source: Monitoring of the process of the decentralisation of power and local government reform, 2022. <https://decentralization.gov.ua/uploads/library/file/800/10.01.2022.pdf>

After the 2014 amendments to the Budget Code and Tax Code came into effect, local budget revenues' share in Ukraine's consolidated budget increased from 18.5% in 2015 to 21.8% in 2016. This shows how fiscal decentralisation affected the share of income generated by local budgets (Chart 2).

7 Zhalilo Yaroslav, Shevchenko Olha, Romanova Valentyna. 2019. *Decentralizacia vlady: poriadok dennyi na seredniostrokovy perspektyvu* [The decentralisation of power: the medium-term agenda]. Kyiv: National Institute for Strategic Studies.

8 Levitas, Tony, and Jasmina Djikic. 2017. "Caught Mid-Stream: "Decentralization," Local Government Finance Reform, and the Restructuring of Ukraine's Public Sector 2014 to 2016." Swedish Association of Local and Regional Authorities (SKL). <http://skl-international.org.ua/wp-content/uploads/2017/10/UkraineCaughtMidStream-ENG-FINAL-06.10.2017.pdf>.

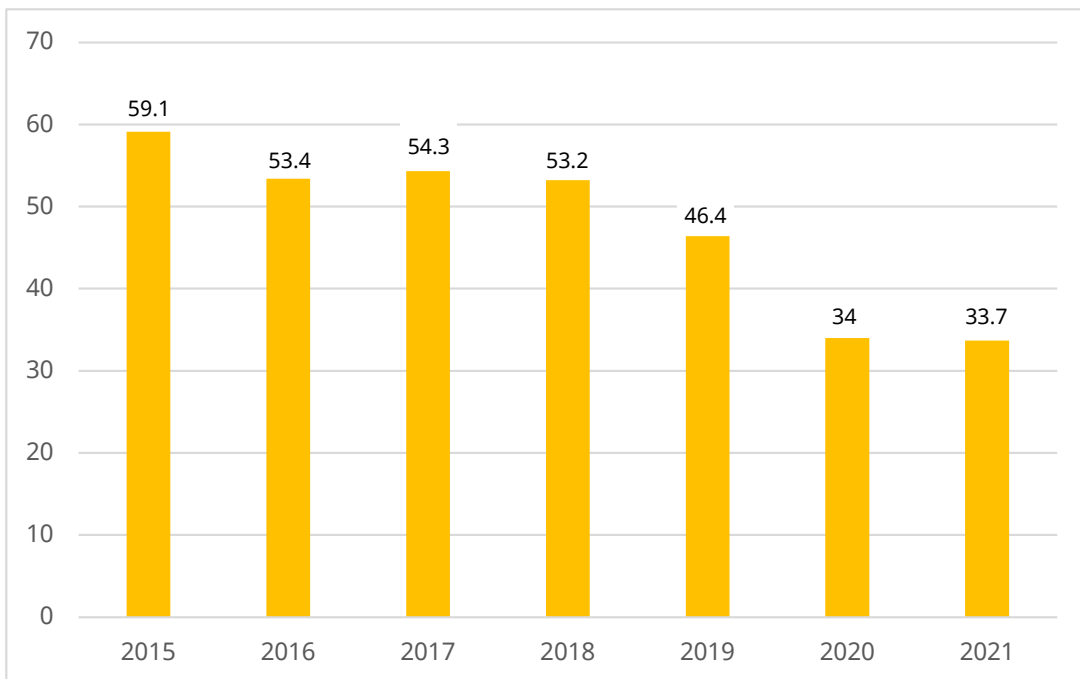
Chart 2. Share of local budget revenue (without transfers) in Ukraine's consolidated budget (as a percentage)



Source: Monitoring of the process of decentralisation of power and local government reform, 2022. <https://decentralization.gov.ua/uploads/library/file/800/10.01.2022.pdf>

While local governments' ability to collect taxes increased, the shares of transfers from the central government in local budget revenues declined, as shown in Chart 3. This reflects local budgets' falling dependence on the central budget.

Chart 3. Share of central government transfers in local budget revenue (as a percentage)



Source: Monitoring of the process of decentralisation of power and local government reform, 2022. <https://decentralization.gov.ua/uploads/library/file/800/10.01.2022.pdf>

In 2015–2019, local amalgamation was entirely voluntary and only relied on fiscal decentralisation stimuli. With regional, subregional, and local elections scheduled for October 2020, policymakers and experts considered it appropriate to speed up the implementation of the policy so that the amalgamation of territorial communities in Ukraine could be finalised before them. For these purposes, administrative tools were introduced. The policy of administrative amalgamation had been fully completed by June 2020, largely by administrative means.

The number of local councils dropped from 10,961 to 1,470. While the policy of local amalgamation was finalised in 2020, the government also decided to enhance the state's public administration capacity at the subregional level. In mid-2020, 490 subregions were merged into 136 "new" subregions. Subregional local government bodies were still envisioned and the state authorities' duties at the subregional level were amended. The "new" subregions largely corresponded to the NUTS-3 level used in the EU.

In this way, fiscal decentralisation largely enabled the local authorities to handle increased responsibilities when it comes to providing public services. This led to the "redrawing" of Ukraine's administrative and territorial divisions.

Inclusive politics for proponents and opponents of the decentralisation reform

The decentralisation policy implemented since 2014 helped increase the local authorities' legitimacy.

Firstly, this was a consequence of the policy of voluntary local amalgamation. In line with the 2015 law on local amalgamation, mayors, local councilors and residents had the right to initiate the process of amalgamation. It usually took time and effort for them to bargain with potential partners who represented other villages/towns (especially when the latter did not understand the benefits of merging into one ATC). Once they had made a deal and decided to establish an ATC, they informed the regional authorities and requested their approval. The regional authorities were obliged to assess the extent to which the potential ATCs corresponded to the central government's criteria. Once the approval was obtained, the regional authorities notified the Central Electoral Commission and asked it to announce the so-called first local elections in the corresponding ATCs. Alongside these bottom-up initiatives, the regional authorities prepared their own "perspective plans" for ATCs in the corresponding *oblasts*. In other words, the bottom-up initiatives went hand in hand with the top-down suggestions.

Since the start of local amalgamation, Dnipropetrovsk *oblast* has been one of the leading regions in terms of the scope of voluntary amalgamation. When the policy of voluntary amalgamation was coming to an end in early 2020, the Dnipropetrovsk, Chernihiv and Zaporizhe *oblasts* – which were attacked by the Russian army in 2022 – were among the leading regions.

The second reason concerns electoral matters in ATCs. Once territorial communities had amalgamated with others and formed an ATC, their residents voted for one mayor and one local council. This electoral system implied that local mayors and local councils represented the interests of all the residents of the corresponding ATCs. They were in charge of providing public services and local development – matters handled by the regional and subregional authorities before local amalgamation. Simultaneously, the residents of the localities that had joined an ATC but did not live in its administrative centre

could elect their *starosta* – the representative of their locality who would join the executive committee of the local council of the ATCs.⁹

Thirdly, the tools of participatory democracy were sharpened. Once local authorities in the ATCs had been elected, their work was supplemented by various civil councils (*hromadski rady*) established by civil society organisations and the ATCs' residents. Their objective was to share responsibility for decision-making: suggest and assess potential alternatives, double-check and audit financial matters, and so on. This stimulated inclusive politics once local elections were held.

Finally, voluntary amalgamation led to many public protests. In the vast majority of cases, people protested because they feared that the quality of public services in ATCs would drop. The experience of joining public protests, attending public hearings, and taking part in informed (heated) debates enabled the territorial communities' residents to articulate their joint interests and identify potential leaders who could represent their interests and run in local elections. The Kherson *oblast*, which was partially occupied by the Russian army in March 2022, was among the regions where these public protests were quite popular.

The combination of top-down and bottom-up procedures of voluntary local amalgamation, the promotion of participatory democracy, and the experience of joining protests acquainted many people with the tools of local democracy and helped local communities hold the local authorities accountable.

Increased local authority for the sake of defence

Matters as delicate as security and defence are the state's prerogative. Ukraine's local governments were prepared to contribute to the multi-level system of national resilience, because they had obtained larger local budgets and proved themselves capable of contributing to vertical and horizontal cooperation with the state and civil society.

Firstly, in line with the 2021 law on national resilience,¹⁰ local governments were tasked with taking care of territorial defence (*terytorialna oborona*). While the armed forces protect the territorial integrity of the state, territorial defence units provide security in the regions and municipalities. They can patrol the streets and defend social infrastructure and communal facilities. The leader of national resilience and core decision-maker is the president, the supreme commander-in-chief of the Armed Forces of Ukraine. He performs his duties with the help of the minister of defence and military commanders. When martial law is declared, the heads of the regional state administration and the heads of sub-regional state administration are appointed the heads of the corresponding military administration, thereby becoming responsible for territorial defence. The geographical structure of territorial defence corresponds to Ukraine's administrative-territorial divisions. Kyiv and each region (*oblast*) hosts one territorial defence brigade, and each subregion (*rayon*) hosts one battalion. The military command – brigade and battalion commanders – is in charge of achieving military objectives, including training, the supply of weapons, and so on. The core of the territorial defence units is staffed with soldiers from the Armed Forces of Ukraine. Civilians can sign contracts and join territorial defence units, too.

It is crucial that national resilience, including territorial defence, is funded from the central budget, as well as local budgets. The 2021 law on national resilience added that local governments could provide

⁹ Since 2020, *starostas* have not been directly elected; instead, they have been appointed by the local authorities in the corresponding ATCs.

¹⁰ On 16 July 2021, the national parliament adopted the law "On the Fundamentals of National Resistance." The law entered into force on 1 January 2022, with amendments introduced in January-February 2022.

funds for territorial defence for the sake of national resilience. For example, regional, subregional and local councils can help finance territorial defence measures of local importance. In early 2022, Kyiv and Odesa were the first cities where local councils approved local programmes to provide funding for the benefit of territorial defence. Sub-state authorities in other regions and municipalities followed their lead in February 2022.

Secondly, the 2021 law on national resilience envisioned the option of creating volunteer (paramilitary) formations in ATCs, when the central military command considers it appropriate. Their objective is to defend territorial communities, in strict subordination to the central military command. Mayors and sub-state councils are in charge of helping establish the territorial communities' volunteer formations, while the military takes the lead for obvious reasons. Volunteer (paramilitary) formations in ATCs are made up of civilians who live in the territorial communities. The launch of volunteer (paramilitary) formations in ATCs was envisioned at later stages, in case the central military command considered it necessary.

To ensure that the military and civilian authorities could combine their efforts, on 11 February 2022, the central military command, central and sub-state authorities, and mayors participated in the Congress of Regional and Local Authorities, the consultative body established by the president. The head of the armed forces presented the conception of territorial defence and specified how local governments could contribute: by allocating municipal facilities to territorial defence units, promoting territorial defence to support recruitment, providing funding from local budgets to cover the cost of fuel, facilitating training, and so on. Clearly, the system of national resilience was far from complete in mid-February 2022.¹¹ Yet it is also clear that central and sub-state stakeholders, the military command and civilian authorities made joint efforts to establish it. As Ukraine's Minister of Defence Oleksiy Reznikov highlighted, "we strive to build partnerships with local authorities and local self-government, because the whole point of territorial defence is the coordination of the army and the community".¹²

The recent decentralisation reform, which improved local governments' institutional and financial capacity, therefore prepared the local authorities to contribute to the management of defence.

Decentralisation in times of war

Local governments contribute to defence

After the Russian army started bombing Ukrainian cities on 24 February 2022, the president declared martial law all over the country. Military administrations were established in each region (*oblast*) and subregion (*rayon*). In most cases, the head of regional and subregional state administration was appointed the head of the military administration.

On 25 February 2022, the day after the Russian invasion, the state simplified the procedures and eased the criteria for civilians eager to join the territorial defence forces. Many residents of cities and towns signed contracts; by 8 April 2022, 110,000 civilians had joined territorial defence units across Ukraine. Under professional military command, they have defended *oblasts'* and municipalities' borders and protected critical infrastructure. The example of the territorial defence in Kherson,

11 Vedernikova, Inna. 2022. Game of soldiers. Why did Zelensky convene the National Security and Defence Council? ZN.ua, 12 February. <https://zn.ua/ukr/internal/hra-v-soldatiki-navishcho-zelenskij-sklikav-rnbo.html>.

12 Reznikov, Oleksiy. 2022. National Resilience: The Next Stage is Enhancing Defence. *Ukrainska Pravda*, 24 January. <https://www.pravda.com.ua/columns/2022/01/24/7321420/>.

in southern Ukraine, is probably the most telling. The Ukrainian armed forces had been protecting Kherson *oblast* since the Russian invasion, but they were defeated on 2 March 2022. Still, the territorial defence unit – up to 300 military personnel – continued to defend the city when the Russian army entered Kherson in tanks. The entire Kherson territorial defence unit was shot in battle by the invaders.

Not so many volunteer (paramilitary) formations had been established in ATCs across Ukraine by 24 February 2022. In ATCs without these formations, representatives of the local authorities and civilians eager to protect their municipalities approached the military command of the territorial defence units in the corresponding subregions (*rayons*). For instance, on 24 February 2022, village councilors and the mayor of Kruty in Chernihiv *oblast* in northern Ukraine reported to the military command in Nizhyn *rayon*, where they were provided with weapons and instructions. The mayor of Kruty reported that this helped the village to resist the invasion. Because the need for volunteer (paramilitary) formations in ATCs was peaking, the state simplified the procedures for establishing them; more than 450 volunteer (paramilitary) formations had been created in ATCs by 8 April 2022. In other words, one third of ATCs are protected by volunteer (paramilitary) formations subordinated to the (sub)regional military command.

After martial law was declared on 24 February 2022, most directly-elected sub-state councils continued to perform their duties. Local councils only ceased to function in municipalities where the military threat is so severe that military administrations had to be established. Under martial law, military administrations and city mayors have been working in tandem, but the former are superior than the latter. Mariupol's mayor, Vadym Boichenko, described the division of responsibilities on the ground in this way: "As soon as the martial law was introduced on 24 February 2022, I reported to the head of the military unit responsible for defending the city. Since then, I have been subordinated to the head of military administration."¹³ Dnipro's mayor has explained the division of responsibilities among the authorities at the sub-state level in this way: the head of the territorial defence unit is in charge of security and defence, the head of the regional military administration deals with governance in broad terms, and the head of the regional council takes care of the territorial communities in the region.¹⁴ In Dnipropetrovsk *oblast*, the municipal and regional authorities – the state authorities and local governments – have joint headquarters, which helps coordinated their actions.

The division of responsibilities, cooperation and coordination between military and civilian authorities is absolutely critical. By getting ready to support territorial defence and volunteer (paramilitary) formations in ATCs, sub-state authorities contribute to the multi-level system of national resilience. Most importantly, local authorities keep ensuring life support in municipalities in the face of military aggression.

Democratically-elected mayors and councillors enhance legitimacy

Democratically-elected sub-state authorities are supporting Kyiv – namely, the president – regardless of any previous tensions. After the invasion, the vast majority of mayors stayed in their cities, towns and villages. There have been few cases of city mayors forced to evacuate; in the Donetsk and Luhansk *oblasts*, where they were of little help.

13 Difficult questions for Mariupol's mayor, "0629", 10 April 2022. <https://www.0629.com.ua/news/3368001/skladni-pitan-na-dla-mera-mariupola-velike-intervu-z-vadimom-bojcenko>.

14 Interview with Dnipro's mayor, *NV.ua*, 27 April 2022. <https://nv.ua/ukr/ukraine/politics/kolomoyskiy-hihotiv-z-rozbomble-nogo-aerportu-dnipra-filatov-novini-ukrajini-50237217.html>.

The Russian military has been putting pressure on mayors and demanding that they collaborate with the invaders. The shocking truth is that the Russian military has been kidnapping democratically-elected mayors and councillors. According to Viacheslav Nehoda, deputy minister for communities and the territories development of Ukraine, the Russian military has kidnapped more than twenty local government officials; only fourteen of them have been released.¹⁵ In some cases, this resulted from major public protests by residents demanding their release. There were big public protests in Melitopol after the mayor, Ivan Fedorov, was kidnapped. He was released after the state authorities managed to exchange him for Russian captives. According to Nehoda, seven mayors still have not been released; tragically, two mayors have been killed by the invaders.

The vast majority of the directly-elected local authorities have not betrayed their voters and have not switched to helping the enemy, with just a few exceptions.

On 20 March 2022, the National Security and Defence Council of Ukraine suspended (until the end of martial law) the activities of 11 political parties with pro-Russian manifestos. Following the decision, the Ministry of Justice filed a lawsuit against the banned parties. If the court approves it, the banned parties' factions in local councils will be dissolved. This would have serious implications for local councils where numerous councillors represent pro-Russian parties. Unlike members of parliament, local councillors have an imperative mandate, according to the Electoral Code approved in 2019. This means that they do not have the right to change party once elected; if they do, they will lose their mandate. Elections cannot be held during martial law. Local councils where the councillors who represent the banned parties constitute a third of or half the local council will not be able to make decisions. There are 91 of these sub-state councils, mostly in eastern and southern Ukraine. Notably, they include the Odesa city council and the Odesa regional council in southern Ukraine. In these kinds of localities, mayors' responsibilities have increased. The central policymakers are eager "to retain the authority of [sub-state] councils".¹⁶ However, it might be necessary to allow the president to introduce military administrations (by decree) in municipalities where councillors who represent the banned parties constitute the majority.¹⁷

It is important to ensure that local government functions, even in the face of military threats, because mayors and sub-state councils have been making decisions that undermine the enemy's attempts to stage "referenda" on the occupied territories. In response to democratically-elected councillors' fears about potential attempts by the Russian military to do so in occupied Kherson *oblast*, the regional council held a session on 12 March 2022 to address the president, parliament, government and people of Ukraine. It announced that it would not approve any attempts to hold a potential referendum proclaiming any kind of "people's republic" in the region. The Mykolaiv regional council made a similar decision on 26 April 2022.

People are relying on their democratically-elected authorities and openly demonstrating that they are ready to protest as long as necessary to protect their right to live in line with the law of Ukraine.

15 Viacheslav Nehoda at CDDG meeting: "I am asking for support to protect local government officials from abductions and torture." *Decentralisation*, 22 April 2022. <https://decentralization.gov.ua/news/14834>.

16 Kornienko: "It Takes Time to Ban Pro-Russian Parties," *LB.ua*, 29 March 2022. https://lb.ua/news/2022/03/29/511412_kornienko_zaborona_prorosyiskih.html.

17 Vitaliy Bezgin: "It is Necessary to Introduce Military Administration in territories where the Majority of Councillors Represent the Banned Parties," *LB.ua*, 20 April 2022. https://lb.ua/news/2022/04/20/514058_vitaliy_bezgin_potribno.html.

Local governments enable to provision of public services in times of war

It is striking that city mayors and councillors are doing their best to ensure the provision of public services to the residents of municipalities, in line with the law of Ukraine, even under Russian occupation. The city of Kherson in southern Ukraine has been occupied since 2 March 2022. Mayor Ihor Kolyhayev and local councillors did not leave the city and refused to collaborate with the Russian army. Instead, the mayor and city council continued to perform their duties in line with the law of Ukraine until 26 April 2022. In an interview with the Ukrainian media, Kolyhayev stated that the local authorities ensured that communal services, hospitals and public transport continued to operate; there were no shortages of water, gas and electricity.¹⁸ In March 2022, the Russian military attempted to appoint its own authorities in Kherson; however, it did not work out. Unfortunately, on 25 April 2022, they announced the takeover of power and removed the Ukrainian flag from the City Hall.

When the Russian army attacks Ukrainian municipalities, it seeks to undermine life support, bombing communal facilities and destroying water and food supplies. According to Mariupol's mayor, Vadym Boichenko, the Russian military is seeking to cause humanitarian crises in municipalities to make the residents more receptive to their demands: to surrender; to evacuate to Russia, and so on. When the Russian military surrounded Chernihiv and besieged it, they continued to shell and bomb the city, while proposing that its residents evacuate to Russia. However, its residents refused and continued to resist. Defence and life support are both crucial for people's resilience. In most cases, city mayors take care of communal services and food supplies, while the military administration handles territorial defence. When Chernihiv was surrounded by the enemies and bombed, there were water shortages, no electricity, and there was a lack of basic products and medicine, but rubbish was removed in a timely manner.

Local governments have been sustaining life support in municipalities, despite a dramatic fall in revenue since the start of the war. In these challenging circumstances, city mayors report that they are contacting each other to identify their most pressing needs and, where possible, help each other.¹⁹ They are also learning from one another. Mariupol's mayor explained that they stored all the food and water supplies in one (secret) place, but the invaders identified it and destroyed it completely. Other local authorities learnt from this tragedy: in Dnipropetrovsk *oblast*, food and water supplies are being stored throughout the region.²⁰

So far, Kyiv and the sub-state authorities have been combining efforts and resources to take care of internally displaced people (IDPs) from the eastern and southern regions. In central and western Ukraine, mayors and sub-state councils are taking care of people who had to evacuate: local councils are approving programmes to offer shelter to IDPs and cover their basic needs.²¹ Many small and medium-sized businesses that used to operate in eastern and southern regions are being evacuated to

18 "Interview with mayor of Kherson Kolyhayev – regarding the remote work of the City Council, prisoners and the dispersal of protests," *NV.ua*, 28 April 2022. <https://nv.ua/ukr/ukraine/politics/yak-zhive-okupovaniy-herson-interv-yu-z-merom-kolihayevim-v-yna-v-ukrajini-2022-ostanni-novini-50237477.html>.

19 "Boris Filatov: Things are clear with Putin and his horde. They will stop where we can stop them," *Ukrainska Pravda*, 20 April 2022. <https://www.pravda.com.ua/rus/articles/2022/04/20/7340799/>.

20 "Hennady Korban: Today we finish building the fourth line of defence. This is my city. My parents live here. I will defend it," *Ukrainska Pravda*, 26 April 2022. <https://www.pravda.com.ua/articles/2022/04/26/7342085/>.

21 "IDPs, as well as the economy, should become part of our victory," Oleksandr Slobozhan, head of AMU," *ZN.ua*, 2 April 2022. <https://zn.ua/ukr/internal/pereselentsi-jak-i-ekonomika-majut-stati-chastinoju-nashoji-peremohi-vikonavchij-direktor-amu-oleksandr-slobozhan.html>.

the western regions, too. Half the businesses evacuated (350) have returned to work. This offers the sub-state authorities hope that IDPs will have more employment opportunities.

The decentralisation reform therefore helped establish a model of multi-level governance where sub-state authorities obtained the resources and instruments to manage communal services effectively in times of war, take care of evacuated people, and manage defence.

Conclusion

Russia's war is a catastrophic shock, but Ukraine has been showing striking resilience. It has not turned into a failed state, the armed forces are defending the people, and local governments are doing their job, too. The state is continuing to perform its duties on the government-controlled territories, fight back on the battlefield, and urging the invaders to leave Ukraine.

This report has examined the recent decentralisation reform's contribution to Ukraine's resilience against the Russian invasion.

It has argued that although Ukraine's decentralisation reform has not been perfect, it has helped the country resist and fight back.

Firstly, the recent local government reform consolidated Ukraine's centre-periphery relations ahead of the Russian invasion, largely by strengthening local governments. In comparison, territorial reforms in the 1990s reshaped the regional and sub-regional authorities,²² while the 2004 constitutional reform largely overlooked territorial matters. The increase in local authorities' powers since 2015 led to territorial consolidation and the establishment of direct inter-budgetary relations between Kyiv and local budgets.

Secondly, the decentralisation reform helped improve local governments' capacity to provide various public services; in other words, to perform these duties at the local level, which the state struggled with before the reform. The experience of voluntary local amalgamation gave people – both opponents and proponents of the reform – plenty of opportunity for collective action aimed at improving access to public services. Public engagement in decision-making increased the legitimacy of policy and of the democratically-elected local authorities. Simply put, the decentralisation reform made people feel they “own” their place of residence and prepared them to defend their state, whatever it takes.

Finally, the local government reform provided local authorities with the resources to perform their duties, including those relating directly to defence. As one of Ukraine's leading experts on the decentralisation reform Yuri Hanushchak has highlighted, “thanks to fiscal decentralisation, local councils have so far had sufficient funding²³ to resist the invader effectively. The state and local governments have been working hard to resist the Russian invasion, and local governance has become a reliable partner within Ukraine's system of multi-level governance.

22 Matsuzato, Kimitaka. 2000. “Local Reforms in Ukraine 1990–1998: Elite and Institutions.” In *The Emerging Local Governments in Eastern Europe and Russia: Historical and Post-Communist Development* edited by Osamu Ieda). Hiroshima: Keisuishu, pp. 25–54.

23 Hanushchak, Yuri. 2022. Communities – the Core of Ukraine. How Decentralisation is Taking Care of Ukraine, *ZN.ua*, 14 March. <https://zn.ua/internal/hromady-oplot-ukrainy-kak-detsentralizatsija-zabotitsja-o-pobede.html>.

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