

Ihor Hurnyak*

ORCID: <https://orcid.org/0000-0003-0926-2456>

Aleksandra Kordonska**

ORCID: <https://orcid.org/0000-0002-5316-9630>

EFFICIENT USE OF COMMON RESOURCES IN CONDITIONS OF SUSTAINABLE DEVELOPMENT

ABSTRACT

Many of the challenges facing humankind, such as climate change, water scarcity, inequality, and hunger, can be resolved not only at a global level by promoting sustainable development but, first of all, at a local level. Local communities in many countries have been seeking to improve sustainability. They are the policy makers and catalysts of change that unify the global goals with their own local ones. In light of the theoretical background, this article uses the example of Ukraine to extend the analysis of the effective management of common resources proposed by Elinor Ostrom by introducing obstacles and opportunities for local communities working toward sustainable development. Considering the experience of European states, the foundation of the transformation of the conditions of sustainable development is a citizen as an individual, guided by his or her own “taste of life” in accordance with the state- and community-guaranteed right to choose one’s own place in life. Under the relevant conditions, it is expedient to look for effective tools that would exert influence on central and local governments, and the possibilities of transforming the entire system of public administration by focusing on the role of the community and its opportunities for the effective use of shared resources. The duplication of the process of consolidation without development of a social state only destroys the remnants of local self-governance and, as a consequence, all other branches of power in general.

Keywords: commonly used resources, community, decentralization, local governance, transformation, sustainable development

* Ivan Franko National University of Lviv, (Ukraine), e-mail: ag.kpl.lviv@gmail.com

** University of Warmia and Mazury in Olsztyn, (Poland), e-mail: alexandra.kordonska@gmail.com

1. BACKGROUND

The Tragedy of the Commons is a popular theory that describes how people often use their resources to their advantage without considering the good of society as a whole. When a number of individuals consider only their own welfare, the depletion of natural resources results in serious negative outcomes for everyone. Examples of this include overfishing, deforestation, overpopulation, depletion of gas and oil reservoirs, and harm to ground water, as well as pollution and climate change. The atmosphere can be seen as a global resource, and as people fail to limit the amount of pollution they are lobbying for the interests of chemical companies or metallurgy and ignoring the obvious fact that everyone is affected by the resulting climate change (Hardin, 1968).

Since the launch of the Local Agenda 21 in 1992, local governments in many countries have been seeking to improve sustainability. Various studies have been conducted over the past two decades. A brief review of the literature reveals general progress in citizen participation and a shift from the agenda-setting stage to action, including the Cities and Climate Change Initiative.

Researches from the International Institute for Sustainable Development define the term of sustainable development as “a development that meets the needs of the present without compromising the ability of future generations to meet their own needs”. This involves two key concepts: first, the concept of ‘needs’, particularly the essential needs of the world’s poor, and second, the idea that the state of technology and social organisation imposes limitations on the environment’s ability to meet present and future needs (WCED, 1987, p. 43).

On 25 September 2015, the Member States of the United Nations agreed on the 17 Sustainable Development Goals (SDGs) of the Post-2015 Development Agenda. The SDGs build on the Millennium Development Goals, the global agenda that was pursued from 2000 to 2015, and will guide global action on sustainable development until 2030. The publication *The Sustainable Development Goals: What Local Governments Need to Know* explains how each of the seventeen SDGs relates to the daily work of local and regional governments. It also lists the most relevant targets of each goal for local governments, and highlights the relationship between the goals and other international agendas, such as climate change and Habitat III. According to the report, local governments are policy makers, catalysts of change, and the level of government best placed to link global goals with local communities.

Why does SDG matter to local governments?

SDG 01 – raising the income of the poorest, as well as ensuring access to basic services and protecting everyone from human-caused and natural disasters. Local governments are in a good position to identify people living in poverty on the ground, and to target resources and services to help them overcome it. An establishment of local economic development strategies can ensure employment, raise income, and to eliminate shocks and disasters.

SDG 02 – achieve food security and improved nutrition, and promote sustainable agriculture. “[...] Local governments can support agricultural production and local economic growth by strengthening transport infrastructure and markets to promote local food chains. [...] Local governments can use healthcare services and schools to identify and tackle child malnutrition. Rural local governments can manage collective resources and reform land tenure in ways that protect the rights of the poorer groups, including secondary right holders.” (UCLG 2018)

SDG 03 – ensure healthy lives and promote the wellbeing of all age groups. “ [...] Local governments can use urban planning and public transport to reduce air pollution, foster healthy lifestyles, and prevent deaths from traffic accidents. Local governments can contribute to the reduction of deaths caused by water and soil pollution through effective natural resource management and environmental protection.” (UCLG 2018)

SDG 04 – ensure inclusive and equitable quality of education, and promote lifelong learning opportunities for everyone. “ [...] Local governments can integrate technical and vocational training programmes into local economic development strategies, making sure that the value of training with regard to labour market opportunities is taken into account. Local governments are particularly well-placed to reach out to vulnerable and marginalized individuals and communities, and to ensure they have access to the kind of education and training that meet their needs.” (UCLG 2018)

SDG 05 – achieve gender equality and empower all women and girls. Local governments can act as a model for gender equality and the empowerment of women through non-discriminatory service provisions for all citizens, and through fair employment practices.

SDG 06 – ensure availability and a sustainable management of water and sanitation for all. Local governments have a role to play in improving water quality through environmental protection measures and sustainable solid waste management. Integrated management of water resources requires horizontal cooperation in planning and environmental policy between municipalities and regions spanning different borders. Local governments are ideally placed to support participatory management of water and sanitation by communities, including slum-dwellers.

SDG 07 – ensure access to affordable, reliable, sustainable and modern energy for all. Local governments can contribute to energy efficiency directly by investing in energy efficient buildings and green energy sources in public institutions (government offices, schools, etc.), and by introducing sustainability criteria in procurement practices. Such initiatives have the added advantage of reducing public spending on energy. In cities, local transport and urban planning policies, as well as new ‘smart city’ technologies, can have a significant impact on energy efficiency and carbon emissions.

SDG 08 – promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all. Local governments can generate growth and employment from the bottom up through local economic development strategies that harness the unique resources and opportunities available in a given territory. Local governments can act as an example in providing safe and secure working environments, and in guaranteeing equal pay for equal work.

SDG 09 – build resilient infrastructure, promote inclusive and sustainable industrialisation, and foster innovation. “Regional and metropolitan governments are particularly important in developing and maintaining infrastructure to serve urban areas and to link them up with their surrounding territories. Local governments can include the promotion of small-scale industry and start-ups in their local economic development strategies, taking into account local resources, needs and markets.” (UCLG 2018)

SDG 10 – reduce inequality within and among countries. Local governments are essential to the reduction of inequality within countries. It will be vital to channel resources to local governments in the most deprived areas, and to build capacities to identify and tackle poverty and exclusion. Local governments can include progressive local taxation in fiscal policy, and

dedicate local budgets to boosting the employment opportunities and income of the poorest households in communities.

SDG 11 – make cities and human settlements inclusive, safe, resilient and sustainable. City governments must develop strategic urban plans to prevent their growth and work with slum-dwellers to improve conditions and provide basic services where slums already exist. City governments are responsible for promoting the use of public transport in urban areas in order to improve road safety and reduce emissions. Urban governments must cooperate with their rural and regional counterparts to make sure that cities work in harmony with the rural areas on which they depend for food and natural resources.

SDG 12 – ensure sustainable consumption and production patterns. “Local and regional governments can support short supply chains, thereby reducing transport and carbon emissions, through land management, infrastructure, urban planning, education and training, and public markets [...]” (UCLG 2018)

SDG 13 – take urgent action to combat climate change and its impacts. It is essential that local governments, particularly in the most vulnerable cities, integrate climate change adaptation and mitigation into urban and regional planning to reduce the emissions produced by cities and to increase their resilience to environmental shocks.

SDG 14 – conserve and sustainably use oceans, seas, and marine resources for sustainable development. “[...] Worldwide, two-thirds of the sewage from urban areas is discharged untreated into lakes, rivers and coastal waters. Urban sanitation and solid waste management are essential to reducing coastal zone pollution, as is collaboration between municipalities and at regional level [...]” (UCLG 2018)

SDG 15 – protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, halt and reverse land degradation, and halt biodiversity loss. Community-based participation and management, facilitated by local governments, is a powerful tool for halting biodiversity loss and preventing extinction.

SDG 16 – promote peaceful and inclusive societies for sustainable development, provide access to justice for all, and build effective, accountable and inclusive institutions at all levels. This requires addressing corruption and increasing the public’s access to information.

SDG 17 – strengthen the means of implementation and revitalise the global partnership for sustainable development. Local tax and revenue generation must play its part in financing sustainable development. It is at the local level that coherent policies can be developed to address the multiple challenges of poverty reduction and sustainable development. Local governments are in a good position to encourage and facilitate partnerships between public bodies, the private sector, and civil society in communities.

2. THEORETICAL AND METHODOLOGICAL FRAMEWORK OF THE RESEARCH

Emiko Kusakabe (2013) in his work “Advancing sustainable development at the local level: The case of *machizukuri* in Japanese cities” noted that in the past two decades, a number of research projects on the uptake of local action for sustainability have been undertaken. Kusakabe also emphasized Bob Evans et al. (2005) that conducted an investigation of local sustainability policy and practice in 40 European cities as part of the Developing Institu-

tional and Social Capacities for Urban Sustainability (DISCUS) programme. Their research findings suggest that when local governments are given a higher degree of autonomy, they respond to the challenge of achieving sustainability by being more proactive and adventurous in their policy-making and implementation.

Among recent developments in local action for sustainability, Jan Olsson (2009) analysed four Swedish local governments in the region of Örebro that are adapting to sustainable development in quite different ways, from local transition processes (Hällefors and Örebro) to resistance and ignorance (Karlskoga and Lekeberg). He puts this variation down to local context and finds that policy areas and development projects themselves sometimes form part of the context. Noting that the spreading of ideas leading to convergence among the four cities has not occurred, Olsson concludes that some degree of freedom, rather than judgement by the authorities or experts, may help in achieving local sustainability step by step at the grass-roots (Kusakabe, 2013).

Emiko Kusakabe (2013) examines in particular the workings and effects of community networks in targeting sustainable development at the local level; it looks at three examples of current action towards sustainability in Japanese cities, focusing on social capital networks and the role local government is playing in the process. An essential role for local government to play: that is to (1) create an environment in which citizens empower themselves by collaboratively making the rules for participation, and (2) identify key individuals who connect the various networks and involve them in the development of sustainability strategies; thereby expediting the process of reaching the stage where local government and citizens share the same sustainability goals (Kusakabe, 2013).

Under the relevant conditions, it is advisable to look for effective tools of influence on governments and for possibilities of rebuilding the whole system of public administration by focusing on the role of community and its opportunities for the effective use of shared resources.

Elinor Ostrom, a political scientist at Indiana University, received the Nobel Prize for her research, aimed at proving the importance of the commons. Her work on how communities cooperate to share resources drives to the heart of contemporary debates about the use of resources, the public sphere, and the future of the planet. She documented the examples of particular states (Switzerland, Spain, Turkey, Japan) from the perspective of how communities devise ways to govern the commons to assure their continuity for the community's own needs and those of future generations.

Ostrom (1990) introduced the following principles for effective management of common resources: 1) define clear group boundaries; 2) match rules governing use of common goods to local needs and conditions; 3) ensure that those affected by the rules can participate in modifying the rules; 4) make sure the rule-making rights of community members are respected by outside authorities; 5) develop a system, carried out by community members, for monitoring members' behaviour; 6) use graduated sanctions for rule violators; 7) provide accessible, low-cost means for dispute resolution; 8) build responsibility for governing the common resource in nested tiers from the lowest level up to the entire interconnected system.

In light of the above theoretical background, the aim of our investigation is to use the example of Ukraine to extend the analysis of effective management of commons by introducing obstacles and opportunities that local communities face on their path toward sustainable development.

3. TESTING *OSTROM* PRINCIPLES ON THE BASE OF UKRAINIAN COMMUNITIES' REALITY

Local communities in Ukraine use their own resources, such as forests, land, water objects, communal property, etc. within the administrative-territorial unit. The borders of the administrative-territorial unit were set when the particular administrative unit was created, and can be found in the archive. According to the Constitution, the division of land within and outside the settlement is not provided. In practice, government bodies intervene on a massive scale in the privatization processes, resulting in an unconstitutional extraction of the communities' property, that is, skilfully using land to minimize taxation and unlawfully acquiring property rights. In essence, this situation precipitates fraudulent use of land plots and water facilities.

The correspondence between the rules of assignment and local realities in Ukraine is quite different. Consider the situation in Krakovets (Lviv region), where there was no opportunity for fishing and swimming. Although such a situation was a clear violation of the tenets of the Water Code of Ukraine, for 30 years it was met with no resistance from the local residents. Today, each joint fishing event gathers twice as many participants as the previous one. A common use of resources can protect users from the influence of informal institutions and institutional traps. However, the community failed to investigate the illegal rental of the lake. At the same time, in the village Chaikivka (Zhytomyr region), one water object became self-used by community members, while the second and the third one were leased for five and fifteen years, respectively. In Khmelnytsky region, in order to eliminate the illegal lease of water objects, villagers organized the above-mentioned so-called joint fishing method on several occasions. In the village Nedayvoda (Dnipro region), after a general meeting, the renter immediately stopped illegally collecting payments from the village residents for the use of the water object rented by him. Obviously, decisions made at the general meeting led to a significant improvement in terms of behaviour, opportunities, and the effectiveness of property use.

According to the requirement of the Civil Code of Ukraine and the Resolution of the Verkhovna Rada of Ukraine concerning the general meeting of residents in the adoption of such decisions, more than half of the community members must take part in the general meeting. In general, residents participate directly or through public representatives, whose powers are confirmed by a protocol of smaller meetings. The community has the ability to decide on any matter of local importance regarding the use of its resource, and to cancel or suspend the decisions made by its bodies. At the same time, it is worth mentioning that this instrument does not enjoy the support of the state executive, and its use is often accompanied by allegations of excessive power from the side of various administrative officials.

The relevant controlling committees were created in many communities at general meetings that concerned those matters that were the most significant to the community. However, supervision was carried out not only by the council and the committees, but also by individual residents. For example, in the village of Ruda (Lviv region), an illegal attempt to remove sand and an illegal construction of artificial water facilities were immediately stopped with the call of the operative group of the Ministry of Internal Affairs in the district, and applications for a criminal offense were filed. Also, in the same village, community representatives blocked the practice of illegal logging. The community was promised compensation in the form of a concrete number of cubes of the forest, which, as the community's representatives

allege, had been stolen by the author of the proposal. After a long process, the community managed not only to bring about the cessation of all deforestation in its territory, but also the opening of criminal proceedings against the prosecutor who covered up this illegal activity. The communities of several villages in the same district have created a trust commission that was present at almost every trial in the district court.

Unfortunately, since the Ukrainian Maidan and the war with Russia, this flash of activity on the part of the citizens has gradually faded. At the same time, communities will be able to draw on this experience as they move forward. Therefore, unlike Ostrom's examples, in Ukrainian communities there is a need for a control function that prevents the illegal use of community property from the outside and the illegal interference of state authorities in local self-governance.

Community, or "*copny*" courts have always been present in Ukrainian communities. The distrust of the official district court prompted the creation of just such an institution by the current circumstances in the village Nedayvoda (Dnipro region). The committee of public assessors was created at the general meeting, the main task of which was to resolve the issue of protecting the good name and small domestic disputes among the residents. The same type of institution was established in Ozhenyn (Rivne region), where the main aim was to support public order and local self-defence. For example, those who disturbed the order during the meeting with inappropriate behaviour were taken out of the meeting for a preventive conversation. During this period, there was no police at all in the region. Sometimes additional rules are set by the statute. For example, in one of the villages near Lviv, rules were adopted for cleaning one's adjacent territory and respecting specific periods of silence during the day.

In addition to the above-mentioned jury committee, other procedures for resolving conflicts at general meetings are possible. In this case, each member of the community is able to initiate a general meeting to address a particular situation by collecting 5-10% of signatures, depending on the requirements of the statute. By comparison, in Poland 10% of signatures are necessary to initiate the referendum of the community. Direct community mechanisms sometimes are more user-friendly. One example is the attempt by the Novosolna community in Poland to exercise their legal rights. In this case, citizens collected more than 500 signatures (twice what was needed) against the construction of a pig farm. Outraged by the inaction of the community council, public activists came to the council ready to express their position. They had a legal right to participate in the meeting of the community council, but none of their statements were recorded in the minutes. Moreover, all of their statements were illegally defined as unofficial. Only after the public activists left the meeting, the chairman of the council officially opened the meeting and the council began its work on the preparation of documents related to this investment project (Bednarek & Dmochowska-Dudek, 2016). In justifying this situation, the mayor (*wójt*) employed a popular strategy of blaming the actions of the council on a "bad" secretary. The mayor also refused to defend the interests of the community in court, leading the defender of the community's interests to ask the question of the mayor: who grants permission to proceed with this investment – you or the community? Consequently, the constitutional right of the community to hold a referendum was not exercised in this case. The mayor also failed to fulfill the promise given to public representatives that the project banning the construction of large pig farms on the community's territory will be considered. This situation resembles thousands of similar cases in Ukraine.

The right to use shared resources by the community that owns them is guaranteed in Ukraine by Articles 140-143 of the Ukrainian Constitution. In essence, this constitutional right protects the community from the interference of any state body or even the court within its constitutional powers. At the same time, obstacles in the direct management of communities are put in place by all public Ukrainian authorities and often also by local self-government bodies.

In the Kyiv region, the process of registering community statutes is quite convoluted. In one specific case, the first requirement from the judicial authority was to approve a statute at a session of the village council – the representative body of the community. However, it turned out that the village council had never been properly created as a legal entity. The second requirement was to cancel the previously registered statute. However, this was impossible, since the community never voted in regard to registration. At the same time, there exists a statute adopted by a group of people whose role is not altogether clear, each of whom represents the village despite the fact that there is no proper legal entity – the village council – that could have elected them in accordance with the law and the Constitution. Thus, the head of the district judicial authority recognized the right of the community to directly submit its own statute for registration. Since the register is the property of the territorial communities of the district, it is obvious that registration in it, as well as its use, is the prerogative of the community of the district. The third requirement was the need to submit a statute for registration in the period up to three months after its adoption at a general meeting. But this term had already expired. According to the authors, such a requirement was a violation of the Civil Code of Ukraine and an excess of powers.

One final example of the impediment to the existence of territorial communities is the unjustified refusal to register the statute in the village of Chaikivka (Zhytomyr region). Here, the representative body, which serves the community-owner, had approved and recognized the statute adopted at the general meeting (more than 50% of participants), but the judicial authority did not provide appropriate registration services.

4. FORMAL AND INFORMAL INSTITUTIONS IN UKRAINE

Considered from the perspective of institutional theory, the case of formal and informal institutions (as organizations) can also be taken into account. Although it lacked a registered status or a legal entity, in 1994 the Ministry of Income and Fees registered the Lviv City Council as a representative body of the territorial community. At that time, Ukraine was still a “state of deputies’ councils” (a legacy of the Soviet Union), but not of communities. Thus, the specified register did not exist, and there was no corresponding local law of self-government on the basis of which this body would be able to function. The reasons for this surfaced only in 1996 and 1997, respectively. Even more interesting is the emergence of the Donetsk City Council on the same day as the adoption of the law concerning local self-government on the basis of a regulatory act. It is unacceptable under current legislation that the law suddenly became an administrative act. Similar circumstances gave rise to the Kalush City Council and the Kalush City Executive Committee on the same day in 1992. Therefore, the fact that citizens recognized these illegal structures for such a long period of time leads to a conclusion about the functioning of the most informal institutions (as organizations), the existence of

which citizens have agreed to de facto, as well as about illegal decisions that can be considered yet another institutional trap within the framework of institutional theory.

In Poland, the legal entity in this case is the State Treasury, and there are no corresponding statuses in the ministries or in councils, while in Ukraine we can observe legal entities with obscure founders, sometimes without the necessary administrative act, which are almost all executive bodies. Why? The status of a legal entity is required in order to own, use and dispose of property. Why should bodies be the owner? The same question is posed today to the authors of the proposed changes to the Ukrainian Constitution, which transform the community from an association of the inhabitants into an administrative territory. Fortunately, these changes have not yet been implemented.

In contrast to EU states, the system of embedded organizations in Ukraine is distorted, since the owner-community, as a legal entity, is absent from the model. For example, in Poland, a community (*gmina*) is a legal entity, and the administration and council of the community are its bodies and, accordingly, they have no legal standing. In Ukraine, according to the requirements of the Constitution, the Civil Code and the European charter of local self-government should be the same. How should formal institutions in Ukraine be formed? The first level is a community with instruments like referenda or general meetings. The second level consists of representatives (the council, committees on specific issues) and community executives. The community carries out its function either directly or through its bodies. The third level is the self-organizing bodies of the population. With various Internet platforms offering the possibility of an "electronic" general meeting, opportunities for initiative are available to any member of the community in the shortest time possible.

Regarding institutions of common resources, Ostrom's opinion is that the following economic questions should be considered: how many participants are involved in the process?; what is the structure of the group of participants authorized to sign agreements and make decisions on behalf of the community?; who is responsible for initiating the sharing of resources?; who covers the costs of the measures taken?; what access to information do the participants have?; what were the risks and obligations of different participants, and which institutions were more widely used by the participants, establishing new rules?

In light of the experience of Ukrainian communities, the following answers can be formulated:

1. Participants in the process include the majority of community members. Participation can be accomplished either through direct presence or through a public representative. At the same time, communicating with a public representative is also a cyclical process. In case of inadequate actions, one loses their status.
2. The group of assigners (or, better, users of shared resources) is the population of the administrative-territorial unit. It is important to note that, in comparison with the community, the council as an institution generally has in its practice a very limited resource for synergy. Community members have an incentive to attract additional resources as external experts, namely relatives and people with professional backgrounds.
3. Initiators of activities using joint resources are representatives of a variety of environments. In the villages, this consists mainly of a micro-business environment, teachers, and retired officers. In cities, there are various protest groups, trade unions, and youths wishing to use the opportunity of direct citizen participation in the processes

of making a decision of local importance, rather than delegating this right once every five years to a deputy – a representative of a political party that is structured like a business.

4. The costs of the activities are distributed equally among members of the community or members of the community's initiative group. At the same time, these costs are insignificant, since almost all executive functions are exercised by community members on a voluntary basis. In the future, the community as the owner of the budget will be able to pay for the work of specialists involved in the project.
5. Regarding the ownership of shared resources, it is worth noting that all members of the community are owners of these resources from the very first council meeting. The next step is to begin work on the formation of a register of ownership. The council or a proper committee is authorized to collect, through a request system, information on the respective agreements and treaties, parties to these agreements, orders, and decisions according to which the property of the community is used. All processes are completely transparent, and information is freely available to the community. However, in most communities attempts to implement this have thus far been unsuccessful.
6. The risks of different community members are obviously different. For example, citizens who participate in an illegal distribution of property formerly belonging to a collective farm, illegally using units that have not been reissued, and receiving land plots of significant size, risk losing this property on the basis of a decision by the district state administration or the village councils. It is obvious that a pact or agreement concerning social reconciliation in the community will provide a certain cost threshold for such decisions that will be reviewed and, depending on the quality of use and community benefits, will be offered or paid to the community for the illegally acquired resource, or it will be seized based on a decision by a general meeting. The recipient will be able to appeal to the court if they possess documents indicating that the acquisition of the community's property was lawful. Such rules concerning the legalization of property should be common to all and clearly enumerated.
7. In the process of registering terms and conditions for the use of shared resources, the community should be guided by the Ukrainian Constitution, the Community Statute, and the laws of Ukraine.

Consequently, from the perspective of institutional economics, we can state that the use of shared resources by territorial communities is a stable, long-term, effective process, or that all the prerequisites for this to happen as such are in place. It is logical to supplement the current institutional analysis with such a basic institution as a territorial community, as well as to consider not only formal and informal institutes, but also formal and informal institutions (in the sense of organizations).

5. OTHER EUROPEAN COUNTRIES

In northern Europe, we are witnessing a somewhat two-sided process, along with significant trends toward decentralization. Communities are concentrated, while administrative units, at the same time, perform a very wide range of functions. Local government entities are large compared to those in most other developed countries. For example, the average number of inhabitants in a Danish municipality is 56,590, Swedish municipalities have 32,478 inhabit-

ants on average, and the average size of Finnish municipalities is 16,006 inhabitants. Reforms have merged smaller municipalities in Sweden and Denmark in search of the right balance between the advantages of economics of scale and the proximity offered by local units.

The welfare services in Nordic countries are in part financed through taxes, and in part by user payments, but the share of user payments is far less significant than in other countries. In Denmark, Finland and Sweden, taxes pay for some or all of the costs associated with such services as primary, secondary, and tertiary education, social services, health services, care for the elderly, childcare and preschool, waste handling, environmental protection and water supply, libraries, sports facilities, and a variety of cultural offerings.

A completely different case can be seen in the Czech Republic, which, as a small territory, contains 6,250 municipalities. The size of municipalities varies from 20 to 1.2 million inhabitants. Currently, the Czech Republic includes 2,656 municipalities with a population of fewer than 300 people (CEMR, 2017). Another 2,833 municipalities have between 300 and 1,500 inhabitants, and only one community has more than 100 thousand people. The district level is absent altogether. The general specification of competences provides a completely unlimited space for municipalities to operate in different areas and to provide special services in any field.

Personal and corporate income tax and value added tax are distributed among municipalities, regions, and the state on the basis of a formula defined by the law. Municipalities cannot change either the tax rate or the tax base. Meanwhile, they have some discretion regarding property taxes. Municipalities can freely choose their organizational structure and create legal entities and municipal enterprises.

Municipal consolidation has to be approved by all municipal councils. Nevertheless, citizens can nullify this decision at a local referendum (§14 (4), Act 128/2000). According to The Government's 1998 law-making procedure, municipal associations should be included in consultations regarding particular legislative acts. The largest communal association was only established in August, 1995.

Municipalities have the status of territorial self-governing communities, in other words, public corporations that are capable of providing legal relations and are responsible for the results of these relations. The municipalities' basis is the right to ownership (Sedmíhradsk'a, 2012). The property was returned to the municipality in two waves. The first wave took place in 1991, when the inhabitants received most of their property. The second wave occurred during the process of creating regions in 2000 and the disintegration of districts in 2002, with the subsequent transfer of their responsibilities to municipalities.

6. FINAL REMARKS AND CONCLUSION

Considering the experience of other states, the basis for the transformation in conditions of sustainable development is a citizen as an individual, guided by his or her own "taste of life"¹ in accordance with the right guaranteed by the state and the community to choose one's own

¹ We consider the term *taste of life* to be "the degree of an individual's satisfaction from living, functioning and carrying out his or her own activity in society in accordance with its economic rules and orders" (Hurnyak & Kordonska, 2018).

place in life. That is, the effective government system is characterized by a reasonable and logical relationship between atomization and cohesiveness.

The institutions of common resources in Ukraine should be transformed with regard to key aspects:

- The majority of community members are participants in the process of resource usage.
- The group of users of the shared resource is the population of the administrative-territorial unit.
- Initiators of activities using joint resources are representatives of a variety of environments.
- The cost of activities shall be distributed equally among members of the community or members of the community's initiative group.
- All community members are the owners of shared resources from the very first meeting.
- The risks of different community members are obviously different and should be eliminated by the community.
- In the process of registering terms and conditions for shared resources using, the community should be guided by the Ukrainian Constitution, the Community Statute, and the laws of Ukraine.
- The community has legal status.

The interaction between local self-governments and the state authority can be presented in the form of Coase theorem:

If the ownership rights of the community and the state are clearly identified and fixed, the transaction costs for the rights' protection, their fixation and redistribution are zero or remain at an acceptable level, no matter the scale of the community, the problem of governance externality can be solved without local community involvement in the implementation of powers delegated to central authorities (proposed by authors).

In this situation, the community's need for intervention is lessened considerably.

Considering the case of Ukraine, as well as in part Poland and the Czech Republic, in comparison with the Nordic model, it becomes obvious that the duplication of the process of consolidation without development of a social state only destroys the remnants of local self-governance and, as a consequence, all other branches of power in general.

REFERENCES

- Bednarek, M., & Dmochowska-Dudek, K. (2016). *NIMBY syndrome in rural areas of Poland: determinants and specificity of conflicts on the location of unwanted investments*. Warsaw: IGI PAN.
- CEMR. (2017). *Local and Regional Government in Europe. Structures and Competences*, Austrian Association of Municipalities and Australian Association of Cities and Towns.
- Civil Code of Ukraine. (2003). *Verkhovna Rada of Ukraine no 40-44*, <http://zakon.rada.gov.ua/laws/show/435-15>.
- Constitution of Ukraine. (1996). *Verkhovna Rada of Ukraine, no 30*, <http://zakon2.rada.gov.ua/laws/show/254%D0%BA/96-%D0%B2%D1%80>.
- Council of Europe. (2013). *Local and Regional democracy in Denmark*. The Congress of Local and Regional Authorities, 25th Session. Strasbourg.
- Evans, B., Joas, M., Sundback, S., & Theobald, K. (2005). *Governing sustainable cities*, Earthscan, London, Sterling, VA.
- Evans, B., & Theobald, K. (2001). Local authorities' self assessment of local agenda 21 (LA-SALA): accelerating local sustainability – evaluating european local agenda 21 processes (Rep. No. vol 1), Freiburg: ICLEI.
- Hardin, G. (1968). *The Tragedy of the Commons*. Washington: Science.
- Hoppe, T., & Coenen, F. (2011). Creating an analytical framework for local sustainability performance: a Dutch Case Study, *Local Environment*, 16 (2011), 229-250. DOI: 10.1080/13549839.2011.565466.
- Hurnyak, I., & Kordonska, A., (2018). "Taste of Life" as a Mechanism of Corruption Overcoming. *Comparative Economic Research. Central and Eastern Europe*, 21(2), 69-80. DOI: 10.2478/cer-2018-0012.
- Kusakabe, E. (2013). Advancing sustainable development at the local level: The case of *machizukuri* in Japanese cities, *Progress in Planning*, vol. 80, 1-65. <https://doi.org/10.1016/j.progress.2012.06.001>.
- Lafferty, W. (2004). Introduction: form and function in governance for sustainable development, In W. Lafferty (Ed.), *Governance for sustainable development* (pp. 1-31), Edward Elgar: Cheltenham. DOI: 10.4337/9781845421700.00009.
- Olsson, J. (2009). Sustainable development from below: institutionalising a global idea-complex. *Local Environment*, 14 (2009), 127-138. DOI: 10.1080/13549830802521436.
- Ostrom, E. (1990). *Governing the Commons: The Evolution of Institutions for Collective Action*. Cambridge: Cambridge University Press. ISBN 0-521-40599-8.
- Sedmířradsk'a, L. (2012). *Property tax in the Czech Republic and Slovakia since 1993*. Prague: University of Economics.
- UCLG. (2014). *The Sustainable Development Goals: What Local Governments Need to Know*, United Cities and Local Governments [PDF file] https://www.uclg.org/sites/default/files/the_sdgs_what_localgov_need_to_know_0.pdf
- WCED. (1987). *Our common future*, New York: United Nations.