

STRENGTHENING LOCAL SELF-GOVERNMENT TO PROMOTE SOCIAL RIGHTS: CHALLENGES AND ECONOMIC OPPORTUNITIES FOR SUSTAINABLE DEVELOPMENT

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Abstract. The present article explores the role of local self-government in promoting social rights in Ukraine. The study considers the challenges and opportunities of sustainable development within the context of incomplete decentralisation reforms and the ongoing war that began in 2022. The present study aims to evaluate the influence of legal, institutional and economic frameworks on the ability of local authorities to deliver social services and secure social rights during times of crisis. The research employs qualitative methods, including the analysis of Ukrainian legislation, public finance data and case studies from several communities. Since 2014, decentralisation has been shown to empower local authorities, enhancing service delivery and citizen engagement. However, the war has precipitated a series of unprecedented pressures, engendering widespread social benefits disruption and exposing obsolescent legislation. Furthermore, it has imposed considerable limitations on the fiscal autonomy of numerous local authorities. Participatory budgeting practices, which are vital for encouraging civic engagement, have declined sharply during the conflict. Notwithstanding the aforementioned challenges, local authorities have demonstrated economic resilience by redistributing resources and maintaining the provision of essential social services, particularly for vulnerable groups such as veterans and families affected by the war. The findings emphasise the urgent need to update social protection laws to reflect current realities. The text highlights the discrepancies between the legal guarantees provided and the practical implementation of social rights, emphasising the necessity for addressing these issues. It is imperative to acknowledge the significance of stable revenue streams for local authorities and the revitalisation of participatory governance mechanisms in Ukraine's post-war recovery process. The alignment of reforms with the Sustainable Development Goals is a key factor in the development of democratic and accountable hromadas that are economically strong. This study illuminates the potential of local self-government to promote human rights and social welfare, even during periods of crisis. The present volume provides practical insights to policymakers and practitioners involved in decentralisation and social development initiatives in Ukraine and similar contexts.

Keywords: human rights, local authorities, regional authorities, SDGs, community development, decentralisation, participatory governance, economic resilience, economic impact of human rights, economics of social rights.

JEL Classification: K30, K38

1. Introduction

Local self-government plays a fundamental role in safeguarding social rights and fostering community development. In Ukraine, recent decentralisation reforms have sought to empower local authorities by granting them additional resources and responsibilities.

These reforms are based on the country's 1996 Constitution. According to Article 7, local self-government is an integral component of the country's governance structure. Chapter XI of the Constitution outlines the powers of local communities, councils and officials. These changes are important because they

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make decision-making more accessible to the public, thereby helping to improve public services. Strong local authorities can respond more effectively to the needs of their communities and promote sustainable development.

Although Ukraine has made progress, it still faces many challenges in fully empowering local authorities. Political, financial and administrative obstacles continue to limit their effectiveness. These issues have been exacerbated by the ongoing war since 2022. Local authorities are currently facing reduced budgets, damaged infrastructure and growing social demands. At the same time, they must maintain democratic practices and encourage citizens to engage in decision-making processes during these challenging times.

The authors are increasingly emphasising that local self-government is important in achieving the Sustainable Development Goals (SDGs). Many of these goals, such as reducing poverty and improving health and education, require action at a local level, as does the development of sustainable cities. Local and regional authorities often plan and deliver these services (Hotsuliak et al., 2025). They can ensure that development is fair and inclusive and meets the needs of different population groups.

Some of the authors (Leheza et al., 2023) argue that strong local authorities can also help to build economic resilience. They can support small businesses, create jobs, and invest in local infrastructure. This strengthens communities in times of crisis and enables them to recover more quickly (Mishyna, 2024). Local authorities can reduce inequality and improve quality of life by protecting social rights such as those to education, healthcare and housing. These rights are important for both individuals and the long-term economic development of the country.

In Ukraine, the correlation between social rights and local self-government is becoming increasingly evident. It is evident that when communities are endowed with the capacity and resources to safeguard these rights, they are more capable of effectively addressing challenges such as war, economic crises and natural disasters. This article will explore the potential of decentralisation, participatory governance and a focus on social rights to support Ukraine's sustainable development and economic stability, even during challenging periods.

The analysis is grounded in a comprehensive review of Ukrainian legislation and public financial data, complemented by selected case studies from Ukrainian cities and towns. This methodological approach facilitates the identification of legal developments and budgetary shifts, whilst also providing practical examples of how local self-government bodies in Ukraine have responded to crisis conditions.

The present study is predicated on an analysis of Ukrainian legal acts, budget statistics and case studies from various cities and towns. This approach facilitates the tracking of changes in the legal framework, shifts in local public finance, and concrete examples of how local Ukrainian authorities have adapted their work in response to crisis conditions.

2. Legal and Institutional Framework Supporting Local Self-Government and Social Rights in Ukraine

The national legal framework that supports social rights in Ukraine comprises a number of elements, including both international treaties that have been ratified and the Constitution, as well as national laws and secondary legislation.

Ukraine has ratified several significant international conventions on social rights, including the International Covenant on Economic, Social and Cultural Rights, the revised European Social Charter, the Convention on the Rights of the Child and the Convention on the Rights of Persons with Disabilities. These instruments obligate the state to protect rights such as access to healthcare, education, social security and adequate living conditions. Furthermore, the EU has stipulated that Ukraine must undertake a progressive enhancement of these standards and ensure that its domestic legislation is in accordance with international norms. By signing these agreements, Ukraine has agreed to regular monitoring by organisations such as the UN Committee on Economic, Social and Cultural Rights and the European Committee of Social Rights. These bodies assess the country's adherence to the conventions and provide recommendations for improvement.

The 1996 Constitution of Ukraine places social rights in Chapter II, after the provisions on economic rights and before the provisions on cultural rights. The list of social rights begins with the right to work (Article 43) and also includes the rights to social protection (Article 46), housing (Article 47) and health (Article 49), among others.

Constitutional provisions are implemented through Ukraine's laws and by-laws. In the area of social protection, there are two main groups of laws relevant to this article. The first group consists of laws that local self-government bodies rarely specify in detail. Most of these are adopted by state authorities, as local governments have little or no competence in these matters. One example is the Law of Ukraine "On Pension Provision" (The Law of Ukraine "On Pension Provision").

The second group includes laws in which local authorities play an active role in ensuring implementation. For example, under the Law of

Ukraine "On Social and Legal Protection of Servicemen and Members of Their Families" (The Law of Ukraine "On Social and Legal Protection of Servicemen and Members of Their Families"), each local council in Ukraine now has its own local programme. The same applies to the Law of Ukraine "On State Assistance to Families with Children" (The Law of Ukraine "On State Assistance to Families with Children"), which is supported by local initiatives and programmes.

However, this framework is facing significant challenges. Researchers have observed that Ukrainian social legislation is fragmented and inconsistent, leading to uneven and occasionally contradictory implementation (Perezhniak et al., 2022). During wartime, the administration of social benefits, such as disability payments and veterans' allowances, has encountered serious obstacles. For example, the Law of Ukraine "On Status of War Veterans, Guarantees of Their Social Protection" (The Law of Ukraine "On Status of War Veterans, Guarantees of Their Social Protection") was adopted in 1993. At that time, the country had far fewer veterans and the security situation was very different. In the context of a full-scale war today, the number of veterans and their families has increased sharply. The law does not fully address the scale and complexity of their current needs. Attempts to reduce or delay certain benefits, such as one-off payments to veterans, have created tension between constitutional guarantees and emergency regulations. This has led to court cases and the need for judicial clarification.

The institutional framework that supports social rights in Ukraine comprises state bodies and local entities that deliver and protect these rights. The Ministry of Social Policy, Family and Unity of Ukraine is the central body responsible for establishing national social protection and service policies. The Ministry also coordinates support for vulnerable groups, including children, veterans and people with disabilities.

Several specialised agencies work alongside or under the Ministry. The National Social Service of Ukraine is responsible for supervising social support, advising local authorities, and managing veterans' and disability rights. The Pension Fund of Ukraine is responsible for administering pensions. The State Service for Children's Affairs is responsible for child welfare. The Fund for the Social Protection of Persons with Disabilities is a non-profit budget institution managed by the Ministry of Social Policy of Ukraine that promotes the employment and integration of disabled people.

At the regional and local levels, social protection departments operate within local state (currently military) administrations and local councils. These state authorities directly provide social services and adapt

them to the needs of communities, co-operating with central authorities.

At the oblast and local levels there are also civil society organisations (CSOs) and public council, that are intended to monitor policy and provide feedback. However, Clingendael Institute analysts have noted that many consultative boards are inactive. CSOs often receive no clear response to their proposals. The process for selecting CSOs is not transparent, which can result in exclusion and mistrust (Clingendael Institute, 2024). The Council of Europe has observed that local authorities frequently encounter limitations in terms of financial capacity and the clarity of administrative boundaries. The central ministries maintain a strong hold on the local self-government bodies, leading to the replication of functions and the curtailment of local autonomy (Smysh-Kulesha et al., 2024). As Barvinenko (2023) have demonstrated, Ukrainian researchers have identified structural weaknesses in this framework.

The war has exacerbated these weaknesses. Many local social protection offices have been damaged or have had to relocate. Staff shortages and disrupted logistics have delayed the delivery of benefits and services. The sharp increase in the number of internally displaced persons (IDPs), veterans, and families in need has overwhelmed existing structures. Central ministries have limited budgets and decision-making processes, which reduces the scope for local adaptation (Zaporozhchenko et al., 2023). In practice, this means that hromadas are often unable to respond quickly to urgent social needs, despite being better placed than central authorities to understand them.

The legal framework for local self-government in Ukraine sets out the responsibilities of local authorities when it comes to safeguarding and promoting social rights. The Ukrainian Constitution recognises local self-government as the basis of the constitutional system and grants territorial hromadas the right to administer local affairs. The primary legislative instrument is the Law of Ukraine "On Local Self-Government in Ukraine" (1997), which details the responsibilities of local councils and their executive bodies with regard to areas such as social protection, education, healthcare, and housing.

It is evident that a plethora of legislation is in place to regulate specific areas of social policy at the local level. For instance, the aforementioned Laws of Ukraine "On Social and Legal Protection of Servicemen and Members of Their Families", 1991, and "On State Assistance to Families with Children", 1992, are pertinent in this context. Recent amendments to the Budget and Tax Codes have resulted in an increase in the financial responsibility of communities for social services. However, the extent to which these communities are funded varies considerably.

In practice, local authorities have the capacity to create and fund social programmes, co-finance state initiatives and provide services directly to residents. However, researchers have noted that this autonomy is limited by strict central control over legal regulations and financial resources (Barvinenko, 2023). Local self-government bodies frequently rely on state subventions to fulfil their social obligations, which can result in delays and restrict flexibility. It is evident that these limitations have been exacerbated during the war. Despite their position at the forefront of the response to humanitarian needs, the legal powers of local councils are not always clear-cut, and there is often an overlap with those of central agencies. This has resulted in deficiencies in service delivery and the duplication of efforts, particularly in the domains of supporting displaced persons and war veterans.

The legal, institutional and local self-government frameworks that support social rights in Ukraine are closely interconnected. All three are grounded in the Constitution of Ukraine 1996, are reinforced by national legislation, and function within a multi-level governance system involving both central and local authorities. Collectively, these frameworks aspire to ensure universal access to fundamental rights, encompassing social protection, healthcare, and education, while empowering communities to adapt services to local requirements.

However, they also face common challenges. Firstly, the "vertical" division of powers between central and local authorities is often unclear, which can result in functions being duplicated or gaps appearing in service delivery. Secondly, fiscal dependence on state transfers restricts the capacity of local authorities to plan and fund social initiatives independently. Thirdly, legal norms in key areas, such as veterans' rights, are outdated and do not reflect the current wartime situation, but rather the realities of the early 1990s.

The war has exacerbated these issues. The number of people in need of social care, including internally displaced persons (IDPs), veterans, and families affected by the conflict, has grown dramatically. Although local self-government bodies are closest to hromadas, they cannot always act quickly as they are dependent on central decisions and earmarked funds. Service provision is further complicated by damage to infrastructure, staff displacement and security risks. While coordination between national and local institutions has improved in some areas, structural weaknesses persist, reducing the system's overall resilience.

This overlapping and sometimes fragmented framework underscores the pressing need for legal updates, clearer delineation of responsibilities, and enhanced fiscal autonomy for local authorities. Addressing these issues is crucial to protecting social

rights during wartime and establishing a sustainable, decentralised system that aligns with European standards.

3. Economic Dimension and Sustainable Development Implications

Local self-government bodies play a direct role in the economic resilience of Ukrainian hromadas. Social rights are an economic issue as well as a legal one, since protecting them requires stable funding, efficient institutions, and the ability to adapt to changing conditions. By providing effective social services such as support for veterans, housing for displaced persons and childcare for working parents, local authorities foster economic participation and community stability.

In the period preceding the war, decentralisation reforms were implemented, which resulted in the transfer of authority over local revenues to the hromadas. This transfer of authority encompassed a proportion of personal income tax, in addition to the management of communal property. These changes resulted in an enhancement of their capacity to fund social programmes and invest in infrastructure. However, wartime pressures have reduced this capacity. Local budgets are under pressure from falling revenues due to an economic slowdown, as well as rising expenditure on emergency social needs. According to the Ministry of Finance, many communities have reallocated development funds to urgent humanitarian aid and defence-related support.

While this shift has short-term benefits, it poses long-term risks. Suspending or downsizing investment projects, such as those relating to schools, hospitals and public transport, undermines progress towards the Sustainable Development Goals (SDGs). Those related to poverty reduction (SDG 1), quality education (SDG 4) and reduced inequalities (SDG 10) are particularly at risk. At the same time, achieving SDG 16, which focuses on strong institutions, becomes more difficult when local governance is focused on crisis response rather than strategic planning.

Nevertheless, there are also economic opportunities. Those hromadas that incorporate participatory budgeting and an engaged civil society into their crisis management strategies demonstrate greater adaptability and trust. Some hromadas have used donor funding and international partnerships to restore essential services and trial social innovations. These experiences suggest that, even in wartime, decentralisation can support economic resilience when combined with legal clarity, fiscal flexibility and citizen participation.

In 2023, local budgets (excluding transfers) received 441.9 billion UAH, an 11% increase on 2022. Revenue execution slightly exceeded targets, with contributions from personal income tax, the single

tax, land fees, real estate tax, excise tax, and corporate profit tax all surpassing their targets (Markuts et al., 2024). This demonstrates the resilience of local economies despite the ongoing war.

Furthermore, revenues from Social Security Contributions increased by 12.4% to reach 478.1 billion UAH, driven by higher payments to military personnel and a partial economic recovery. However, the war has created new demands for these budgets. For instance, central subsidies have been allocated to communities affected by the conflict. A total of 1.14 billion UAH was allocated to the 43 communities affected by Russia's aggression. Meanwhile, 175 million UAH was given to the 192 local budgets affected by the loss of personal income tax revenue (Markuts et al., 2024).

Despite these inflows, many local authorities were under pressure due to competing demands. Development and investment budgets were partially reallocated towards emergency social services for IDPs, veterans and shelter provision.

Participatory budgeting, a practice formerly implemented by hundreds of cities, has witnessed a precipitous decline. For the 2023–2024 period, only eight out of the 100 cities examined continued to implement public participatory budgeting. The following cities were included in the study: Vinnytsia, Volodymyr, Ivano-Frankivsk, Kamianske, Lutsk, Ternopil, Uman and Khmelnytskyi. Before the war, hundreds of cities were involved in participatory budgeting at school level, with 67 schools and over 6,000 students taking part through Council of Europe projects (Transparency International Ukraine, 2024). However, many cities have paused their processes, while Lviv replaced its public budget with a volunteer-focused one that was never implemented.

However, there are some encouraging signs of adaptation. In 2024, 71% of local authorities reported involving residents or businesses in decision-making processes, including in areas of active conflict (69%) and recently liberated areas (64%). Furthermore, 76% of local authorities directly involved stakeholders in problem-solving (an increase of 2.2 points since

2022) and 78% included diverse voices (an increase of 13 points) (Transparency International Ukraine, 2024).

4. Conclusions

Since 2014, decentralisation in Ukraine has strengthened local self-government and improved the delivery of social rights. However, the war has placed unprecedented strain on these systems. Local authorities have had to adapt quickly, redirecting funds, re-prioritising services and finding new ways to engage citizens, despite the security risks involved. Now, the local authorities are demonstrating their efficiency in providing quick assistance in the area of social rights. This could lead to relevant changes in Ukrainian legislation, both during and after the war, as the decentralisation reform continues.

The legal, institutional and economic frameworks for the social rights are subject to similar challenges. Despite the legal guarantee of social rights, the pressures inherent in warfare create discrepancies between legal norms and their practical implementation. Legislation such as the Law of Ukraine "On Status of War Veterans, Guarantees of Their Social Protection" (1993) is no longer adequate to meet current needs. The capacity of institutions to implement these measures varies significantly. Many communities lack fiscal autonomy and clear administrative boundaries.

Although rising local revenues demonstrate some economic resilience, increased spending on defence-related social needs leaves insufficient funds for development projects. The sharp decline in participatory budgeting shows how civic involvement can be undermined during a crisis, despite other forms of engagement increasing.

To ensure sustainable development and post-war recovery, Ukraine must update its legislation on social rights, secure stable revenue sources for local self-government bodies and strengthen citizen participation in decision-making processes. Aligning these reforms with the Sustainable Development Goals (SDGs) will help Ukraine to safeguard social rights and build resilient, democratic hromadas.

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