

PUBLIC ADMINISTRATION OF SETTLEMENT INFRASTRUCTURE IN THE CONTEXT OF DECENTRALISATION: LEGAL FRAMEWORK AND ECONOMIC INSTRUMENTS FOR EFFICIENCY

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Abstract. The decentralisation of public administration in Ukraine plays a pivotal role in the development and management of settlement infrastructure. However, the war and financial constraints have significantly impeded the capacity of local authorities to effectively implement infrastructure projects. Ensuring sustainable infrastructure development necessitates a multifaceted approach encompassing legal, economic and human rights-based components. This study aims to analyse the legal foundations and economic instruments that influence the public administration of settlement infrastructure in Ukraine under decentralisation, with a particular emphasis on financial sustainability and international support mechanisms. The research is founded upon a thorough legal and economic analysis, incorporating a review of Ukrainian legislation and international standards, particularly those of the Council of Europe. The study explores the function of local self-government in the public administration of settlement infrastructure, the challenges posed by martial law, and the strategies employed to surmount financial limitations. The findings indicate that international financial assistance, municipal partnerships and cross-border co-operation have become essential to sustain settlement infrastructure projects. The study highlights that despite decentralisation reforms, financial dependence on external funding remains a major challenge. The findings of the study provide valuable insights for policymakers and practitioners by identifying effective economic strategies and legal mechanisms to enhance the resilience of Ukraine's settlement infrastructure. The key recommendations of the study are as follows: first, to strengthen international co-operation; second, to increase financial autonomy at the local level; and third, to integrate human rights-based approaches into infrastructure governance. The research contributes to the broader discourse on decentralisation and sustainable infrastructure management, and offers practical solutions for post-war reconstruction and long-term development in Ukraine.

Keywords: decentralisation, public administration, infrastructure of settlements, local self-government, human rights, Council of Europe standards, municipal partnership, infrastructure financing, Ukraine, post-war reconstruction, law and economy, financial relations.

JEL Classification: K30, K38

1. Introduction

In Ukraine, the decentralisation process represents not only a pivotal component of political reform, but also a valuable opportunity to enhance the efficiency and responsiveness of local self-government. As Ukraine transitions from a centralised to a more localised model of governance, effective public administration of human settlements will be essential for sustainable development and human

rights protection (especially now, during martial law, when decentralisation reform is on hold and not yet complete). In this context, a strong legal framework and innovative economic instruments are essential to help harmonise local initiatives with human rights protection and to contribute to the creation of more resilient, inclusive hromadas (territorial communities).

The present *article aims* to explore the legal and economic mechanisms that contribute to the

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sustainable development of settlement infrastructure in the context of decentralisation in Ukraine. In order to achieve this objective, an examination is conducted of financial and political strategies, the role of human rights in ensuring equitable access to infrastructure, and the institutional and legal frameworks that govern decentralisation. Special attention is given to the documents developed by the Council of Europe (especially those related to a human rights-based approach in local self-government).

The *methodology* employed in this study entails a meticulous examination of both domestic legal texts and international standards, with a particular focus on those established by the Council of Europe. This methodological approach facilitates a critical evaluation of the legal foundations and economic mechanisms that underpin the effective administration of settlement infrastructure in a decentralised context.

This article provides an analysis of the interaction between economic strategies, human rights and institutional legal frameworks in shaping the public administration of settlement infrastructure in a decentralised context in Ukraine. In addition, the article explores the integration of a human rights-based approach into local self-government, emphasising the right to basic services as a fundamental socio-economic right. Through an analysis of Council of Europe documents, it is demonstrated how local authorities can adopt a human rights-based approach to ensure non-discriminatory access and sustainability (according to the UN Agenda 2030 with the Sustainable Development Goals; Mishyna, 2024). Finally, by assessing the national and international legal frameworks for public management of settlement infrastructure, the article provides policy recommendations to enhance accountability. Taken together, these findings contribute to guidance for policymakers, researchers and practitioners, as well as to the broader discussion on decentralisation, governance and sustainable infrastructure development in Ukraine's reconstruction.

2. Legal Aspects of Decentralised Infrastructure Governance

The Law of Ukraine "On Improvement of Settlements" is a key legal instrument for the systematic improvement and maintenance of urban and rural settlements in Ukraine. Its main objectives are to establish clear guidelines and responsibilities for local authorities in the management of public spaces, to promote the development of green areas, and to improve the overall quality of life for residents through better urban planning and environmental management.

This law provides a comprehensive legal framework for the planning, implementation and financing of public space improvement projects. It defines the

roles and responsibilities of local authorities and ensures that the maintenance and beautification of public spaces is integrated into the wider context of local self-government. It also underlines, how do the state bodies (mostly the executive ones) (The Law of Ukraine "On the Improvement of Settlements", 2005) participate in the decisions on this topic.

The overarching objective of the Law is to establish a framework for the allocation of resources, which may encompass public-private partnerships and hromada funding initiatives. This initiative is designed to ensure the procurement of sustainable funding for infrastructure projects, a prerequisite for the maintenance of long-term enhancements and the preservation of public spaces in their functional capacity. The Law emphasises transparency and accountability, thereby fostering hromada participation (The Law of Ukraine "On the Improvement of Settlements", 2005). This participatory approach has been demonstrated to increase the legitimacy of local initiatives, whilst also ensuring that improvements meet the real needs and preferences of residents. Consequently, the Law can be considered to be in line with best practices in urban and rural planning and environmental sustainability as promoted by the Council of Europe. This is of particular importance for Ukraine as it seeks to harmonise its local self-government practices with international standards (particularly of the Council of Europe), due to the European vector of the country's development.

Despite the robust framework of the Law, its effective implementation is frequently constrained by limited administrative capacity and financial constraints at the local and regional levels.

It is imperative to ensure that local authorities are equipped with the requisite resources and expertise to ensure the success of the law. In the mid-2010s, this issue was addressed with notable efficacy through the implementation of the decentralisation reform, which, in Ukraine, led to a strengthening of the financial resources of local self-governments. These financial resources were primarily allocated by local councils to the development of infrastructure. However, with the outbreak of the COVID-19 pandemic and the ensuing financial crisis, the fiscal stability of local authorities was seriously undermined (Amelicheva, 2021). Furthermore, the subsequent escalation of armed conflict has resulted in the exacerbation of local financial pressures, as funds have been increasingly diverted to emergency response and defence needs. These challenges, which have been further compounded by the present circumstances, underscore the urgent need for adaptive fiscal strategies and renewed financial support, in order to ensure the continuity of essential infrastructure services under such unprecedented conditions.

Today, local budgets hardly have enough money for housing infrastructure projects. As a result, the ability to manage this area is limited to carrying out the most critical maintenance and emergency repairs, with little capacity for long-term investment or major upgrades.

Another issue is presented by the Law of Ukraine, which necessitates effective coordination between national and local bodies involved in the public management of settlement infrastructure (The Law of Ukraine "On the Improvement of Settlements", 2005). Prior to 2022, the implementation of beautification projects was hindered by divergent priorities and bureaucratic obstacles. This was primarily due to the incomplete realisation of the aspect of the administrative reform aimed at decentralising competences between the state and local authorities. The ongoing nature of this issue is evidenced by the suspension of the decentralisation reform in 2022 under martial law, which has led to the perpetuation of the problem.

The present government of Ukraine has established a special ministry, the Ministry for Communities and Territories Development of Ukraine. This Ministry works in collaboration with the Government of Ukraine (the Cabinet of Ministers) to ensure the sustainable development of Ukraine's settlements according to the sustainable development goals (SDGs). In addition, the Ministry has developed a set of regulations for the development of settlement infrastructure, which provides a framework that could help address the ongoing challenges in this area.

In terms of the competence of local authorities (self-government bodies), the decentralisation reform posits that said authorities should exercise the majority of public administration of settlement infrastructure. However, under martial law, these authorities have limited financial capacity to implement their decisions in this area. Consequently, the implementation of infrastructure projects remains limited, and sustainable development increasingly depends on alternative financing mechanisms and additional support from higher levels of government (as well as international organisations and other sponsors).

3. Human Rights and Infrastructure Accessibility

The development of the social infrastructure of a settlement is determined by the peculiarities of material production. The sphere of production is thus the primary factor in the development of the social infrastructure, which is developed on the basis of it. The material sphere is therefore the primary factor, with production processes enabling people to satisfy their material needs. Accordingly, in order to create

a comfortable environment, the social infrastructure must also be developed.

This has consequences for the characteristics of public administration. In the course of public administration of the infrastructure of a settlement, public authorities pay attention to the promotion of business development and, concomitantly, ensure comfortable living conditions. In present-day Ukraine, under martial law, a significant task is to restore destroyed infrastructure.

It is imperative to acknowledge the significance of these vectors in the implementation of public administration of settlement infrastructure, particularly in the context of human rights. In this regard, it is noteworthy to mention the existence of Council of Europe documents that address these issues and serve as a valuable reference point for the implementation of the Public Administration of Settlement Infrastructure. Ukraine's aspirations for European integration underscore the relevance and justification of this approach.

Access to quality public infrastructure is recognised as a fundamental human right, essential to ensure the well-being and dignity of all citizens (Drozd, 2021). The Council of Europe has established clear standards that emphasise non-discriminatory access to basic services such as water, sanitation, energy and transport. These standards serve as a benchmark for local authorities, which are responsible for implementing policies to ensure equitable access to infrastructure.

For example, the European Charter of Local Self-Government (originally adopted in 1985 and revised in 2003; Charter, 1985) sets out the principles of local autonomy and the responsibility of local authorities to provide quality public services. In addition, the Council of Europe's Recommendation CM/Rec(2012)4 on Local Government and Decentralisation underlines the importance of sustainable and inclusive access to basic services as a means of protecting citizens' rights (Recommendation CM/Rec(2012)4, 2012). Furthermore, the European Social Charter reinforces the obligation of Member States not only to guarantee access to housing, health care and education, but also to ensure that the underlying infrastructure supports these rights.

In the context of urban settlements, the European Urban Charter III (revised in 2024) is a document of particular relevance. This Charter, issued by the Congress of Local and Regional Authorities of the Council of Europe, underscores the pivotal role of local authorities in fostering inclusive, sustainable (in accordance with the SDGs), and human rights-based urban development. The European Urban Charter III is a document which emphasises transparent and accountable governance, and encourages the adoption of innovative policies that integrate economic, social and environmental considerations in urban

planning. In the context of Ukraine's decentralisation reform, which is further complicated by martial law and related financial constraints, the Charter provides a valuable framework for improving urban infrastructure. Its strategic recommendations provide guidance to local authorities on how to overcome administrative challenges and ensure equitable access to basic public services, thereby aligning national efforts with international human rights standards and promoting resilient, inclusive hromadas (it should be noted that this document covers only the urban settlements, including the aspects of the public administration of their infrastructure).

Adherence to these international standards enables local authorities in Ukraine to integrate human rights considerations into infrastructure planning and management. This is of particular importance in the context of ongoing decentralisation reforms and the challenges posed by martial law and economic constraints. The implementation of the Council of Europe's documents serves as a guideline, providing a framework for enhancing the accessibility, sustainability, and quality of settlement infrastructure within Ukraine. This, in turn, contributes to the protection and promotion of fundamental human rights, including the right to an adequate standard of living, the right to health, and the right to a healthy environment.

In Ukraine, the decentralisation reform was intended to empower local authorities to manage settlement infrastructure and uphold these rights. However, under martial law, financial constraints have severely limited the ability of these authorities to fully implement their decisions. Consequently, the provision and maintenance of essential services has been compromised, affecting both the accessibility and quality of infrastructure available to citizens.

Despite these challenges, Council of Europe standards remain an important point of reference. They underline the need to maintain the protection of human rights even in times of crisis. It is imperative for Ukraine to align local practices with these international standards. Going forward, increased coordination between national and local authorities, as well as the exploration of alternative funding mechanisms, will be essential to ensure that access to infrastructure continues to be upheld as a core human right, even under the continuing constraints of martial law.

4. Economic Strategies for Infrastructure Development under Martial Law

In Ukraine, the imposition of martial law has significantly reduced the fiscal capacity of local authorities, limiting their ability to invest in and maintain settlement infrastructure. Domestic budgets,

already strained by the ongoing conflict and economic downturn, are insufficient to meet the growing demand for sustainable infrastructure development. As a result, innovative economic strategies and external funding mechanisms have become essential.

Foreign donors and international organisations have become important sources of support. These external resources help to alleviate domestic funding constraints, enabling local authorities to implement critical projects despite the prevailing economic challenges. Numerous international organisations, as well as various international financial institutions and philanthropic foundations, have provided significant funding to help Ukraine rebuild its public infrastructure.

For example, the European Investment Bank (EIB) has provided Ukraine with 55 million EUR to rebuild social infrastructure, underlining the crucial role of international financial institutions in supporting local authorities under martial law. The funds will be used to rebuild critical public facilities such as schools, hospitals and social housing, ensuring that essential services remain accessible despite the ongoing conflict. The initiative is in line with the European Union's wider efforts to promote resilient and sustainable infrastructure and supports Ukraine's decentralisation reform by enabling local authorities to implement projects tailored to the needs of their hromadas (European External Action Service, 2024).

This financial support is indicative of a growing trend of international-local partnerships, whereby external funding mechanisms empower Ukrainian settlements to undertake long-term reconstruction efforts. The EIB's investment can be regarded as a model for effective post-war reconstruction planning, emphasising the importance of flexible financing solutions that can adapt to the rapidly changing needs of local hromadas. The enhancement of financial autonomy among Ukrainian settlements through external support is pivotal in ensuring the continuity of public management of settlement infrastructure, thereby enabling local self-government to fulfil its functions even in the face of substantial economic constraints.

It is important to note that the Council of Europe has been instrumental in supporting Ukrainian settlements in their infrastructure development, particularly in the context of human rights. The Council of Europe, in collaboration with other institutions, has provided financial assistance, technical expertise and capacity-building programmes to assist local authorities in the maintenance of essential infrastructure. Moreover, the Association of Ukrainian Cities, in co-operation with the Congress of Local and Regional Authorities of the Council of Europe, has initiated programmes aimed at enhancing local resilience. One such initiative is the Open Governance Contest,

which has enabled numerous Ukrainian settlements to showcase their innovative infrastructure projects and secure additional support for their development.

For instance, the Volodymyr-Volynskyi urban hromada, with international support, established a coordination centre for internally displaced persons (IDPs), ensuring that thousands of displaced citizens have access to essential services. This initiative furnished emergency shelter and services to the displaced population, whilst concomitantly integrating them into the cultural and economic life of the city. The project under scrutiny highlights the critical role of local self-government in crisis response, whilst demonstrating the capacity of settlement infrastructure to adapt to meet urgent social needs (Best Stories, 2024).

In a similar manner, the Kamianske urban hromada has established youth and digital education centres with the assistance of international donors. This has contributed to the long-term socio-economic stability of the region (Best Stories, 2023). A combination of educational initiatives and hromada collaboration has enabled young people to make active contributions to local infrastructure projects. Consequently, the hromada has established a child-friendly space, two digital education hubs, a youth media studio and a youth hub in a bomb shelter. This model demonstrates how infrastructure investment can be directly linked to hromada engagement, thereby ensuring that local self-government remains inclusive and forward-looking.

The *Vcentri HUB* network in the Kyiv urban hromada serves as a local resource centre for civic dialogue, government-hromada interaction and social support services. Following an initial launch in 2020, the hubs were repurposed in February 2022 to serve as humanitarian aid centres, providing psychological support, legal assistance, and rehabilitation programmes for veterans and IDPs. In addition, the hubs facilitate participatory governance by hosting consultations, training programmes and public discussions (Best Stories, 2024). The integration of multifunctional public spaces into the urban infrastructure has increased the resilience and adaptability of local government.

In total, 10 Ukrainian settlements received financial aid from the Congress programme in 2023, and 10 more received the same support in 2024 (Best Stories, 2024). The programme will be continued in 2025, as it has demonstrated its efficacy in terms of the public administration of settlement infrastructure in the context of decentralisation.

The following example illustrates the effective public administration of settlement infrastructure in the context of decentralisation under martial law. Beyond institutional funding, direct municipal partnerships between Ukrainian settlements and

foreign local authorities have played a crucial role in the reconstruction of infrastructure. Cities and regions across Europe have established co-operation agreements with their Ukrainian counterparts, providing direct financial assistance, construction materials and technical support. This co-operation has facilitated the restoration of critical infrastructure, including roads, schools, water systems and public spaces.

The European Parliament study on EU-Ukraine Solidarity Lanes highlights the increasing involvement of local authorities in infrastructure development and cross-border co-operation. The report underlines the crucial role of local authorities in maintaining transport networks, trade logistics and humanitarian corridors, especially in times of martial law (European Parliament, 2023). The study demonstrates how the involvement of Ukrainian local authorities in European infrastructure initiatives can enhance economic resilience and improve the efficiency of public administration in crisis situations. The findings indicate that the strengthening of these local capacities ensures a more flexible and rapid response to infrastructure challenges, thereby aligning Ukraine's decentralisation reform with European best practices.

The study under discussion also highlights the need for sustained financial and technical assistance in order to ensure that Ukrainian settlements can participate in regional reconstruction and integration projects in an active manner (European Parliament, 2023). EU support for improving border crossings, road networks and railway infrastructure facilitates not only emergency response but also long-term economic development. These findings confirm the importance of local engagement in post-war reconstruction and reinforce the idea that investment in decentralised public management of settlement infrastructure is key to Ukraine's reconstruction and alignment with European standards.

The implementation of these projects, which have been met with success, demonstrates that local authorities have the capacity to play a central role in infrastructure development, even in times of crisis, provided they have access to appropriate financial mechanisms and international support. The involvement of foreign municipal partners and international donors, including the Council of Europe, has been instrumental in sustaining infrastructure projects in Ukraine. These cases suggest that strategies for resilience and long-term development include the strengthening of decentralised governance, the promotion of participatory decision-making and the integration of human rights principles into settlement infrastructure policies.

By examining these examples, policymakers and researchers can develop a more profound understanding of how decentralisation reform in Ukraine has shaped the public administration of

settlement infrastructure, thus providing a roadmap for future improvements in governance and international co-operation.

5. Conclusions

The public administration of settlement infrastructure in Ukraine is undergoing significant changes within the broader framework of decentralisation. While the legal basis for decentralised governance has been established, its full implementation remains challenging, particularly in the context of martial law. The capacity of local authorities to manage infrastructure projects has been constrained by a number of factors. These include financial constraints, administrative inefficiencies and the suspension of decentralisation reforms. However, international support, particularly from the Council of Europe, the European Union and foreign partnerships of settlements, has played a crucial role in sustaining

infrastructure development during this period of austerity.

The analysis presented in this article demonstrates the necessity of interdependence amongst legal, economic and human rights-based approaches in order to ensure effective public infrastructure management. The strengthening of local self-government mechanisms, the improvement of financial autonomy and the alignment of local policies with European standards remain critical priorities. The successful implementation of externally funded projects demonstrates that international co-operation and strategic economic planning can help reduce financial challenges and increase the resilience of Ukraine's local infrastructure. In the future, it will be essential to ensure a human rights-based approach, to expand cross-border co-operation and to adopt innovative financing models for sustainable settlement development and post-war reconstruction.

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