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**FINANCIAL SUPPLY OF SOCIO-ECONOMIC DEVELOPMENT OF
TERRITORIAL COMMUNITIES IN DECENTRALIZATION CONDITIONS**

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Abstract. The article considers conceptual implications of financial provision of socio-economic development of communities in the condition of decentralization. The dynamics of revenues is analyzed of united territorial communities in Ukraine in 2015-2017. The main financial tools are investigated of stimulation of socio-economic development of territorial communities in Ukraine.

Key words: decentralization, territorial communities, united territorial communities, socio-economic development, and financial support.

Introduction. The socio-economic development of territorial communities is characterized by uneven and contradictory results and requires the activisation of structural adjustment and the search for an approach to the implementation of structural transformations. Formation of an effective economic structure is an important issue that needs a priority solution in the context of strategic tasks of macroeconomic development of the country. The main role in ensuring sustainable growth of the economy in developed countries belongs to the mechanism of regulatory influence of the state. Attention should be paid to structural changes of the regions economy, without which it is impossible to fully understand the transformational system. Structural policy is a general strategy for maximizing socio-economic development of territorial communities through the implementation of priority regional programs and projects.

As a direction of state influence on the economy, structural policy must meet the complex multidimensional structure of the economy and take into account the main objective trends of its transformation. Its directions are objectively determined by the conditions of reproduction of resources and the formation of social needs that change with the growth of economic development of society, especially in connection with the growing demands and opportunities for scientific and technological progress and non-material factors of production, such as: education, science, qualification, know-how, services and corresponding infrastructure of their provision, scientific and technical factors, competition (first of all, in markets with high potential of growth); the emergence of new socio-economic risks associated with a set of problems of scientific and technological progress, as well as under the influence of globalization of modern economic processes, interdependence of individual subjects of the world economy, a new quality of cooperation in the global economy.

To research of the problems of financial support of socio-economic development of territorial communities, as well as to strengthening their financial base are devoted the works of such scholar-economists as O. Kirilenko, V. Kravchenko, I. Lunina, V. Melnyk, V. Oparin, I. Storonians'ka, I. Tkachuk, I. Chugunov, S. Yuriy and other. However, it requires a comprehensive study on the conceptual framework for financial provision of socio-economic development of territorial communities and the development of proposals to increase their financial capacity and autonomy.

Setting objectives. The purpose of the article is to study the financial provision of socio-economic development of territorial communities in the conditions of decentralization, as well as the development of practical recommendations for their improvement.

Results. The transition of Ukraine to the construction of decentralized relations between the levels of public administration gives the local government a new role in the development of territories. They become the main institutes of financial support for local development and social needs [1, p. 21].

The main goal of state regulation is to support economic and social stability, to strengthen the existing order within the country, to adapt it to changing conditions of functioning of society. This general purpose includes a set of subordinate goals. The combination of state regulation and market self-regulation is a rather complex system capable of self-development through overcoming contradictions. The degree of state intervention in the economy, in the market relations is constantly changing and depends on many factors, which also change under the influence of a particular economic situation. In the conditions of the existence of different forms of ownership, the role of state regulation consists, on one hand, in ensuring the legal mechanism for the realization of these forms of ownership, and, on the other, in the direct influence on the market parameters that ensure the organization and coordination of the functioning of the economic system as a whole.

The system of state regulation is being implemented (materialized) in public policy. The place of fiscal policy in the system of state regulation is determined by the goals and tasks that face the state or its separate regions at a certain period of time and is determined by the general objectives of the socio-economic policy of the state.

Budgetary regulation, in particular, the financing of individual spheres of the economy and priority activities, has a significant impact on the socio-economic development of territorial communities in a context of decentralization. For this purpose, two forms are used - direct budget financing (subsidies, subventions) of individual enterprises, types of activity, as well as certain investment programs and lending from the budget funds in the form of deferral of payments, underpayment of payments.

Priority of regional financial policy in the conditions of decentralization is to ensure the social and economic development of territorial communities. The development of local self-government with self-sufficient local budgets and the transfer of certain power to local authorities determine the formation of the budget process in accordance with European standards, which implies the search for new reserves of financial support of the region, in accordance with its resource and human potential.

It is the inadequate financial security of local governments that reduces their effectiveness in addressing the problems of regional development. The implementation of regional financial policy requires the availability of a range of economic and financial instruments at the disposal of regional and local authorities.

This has led to a large-scale administrative-territorial reform of decentralization in Ukraine, in which new institutional actors of local self-government – united territorial communities (UTC) – are being created.

The main expected results of the decentralization process launched in Ukraine are the creation of capable self-sufficient territorial communities that would have the appropriate financial, material, land resources, social infrastructure facilities necessary for improving the social needs of citizens, creating conditions for the effective development of the respective territories and rational use of the budget funds [2].

The first step towards the reform of local self-government was the challenge of financial decentralization, which began with the adoption of amendments to the Budget and Tax Codes of Ukraine, in particular the transfer of additional budgetary powers and stable sources of revenue for implementation to local governments; encouraging territorial communities to

unite and transition to direct intergovernmental fiscal relations with the state budget with appropriate resource support at the level of cities of regional importance, etc. [1, p. 21-22].

Relevant indicators, in particular, the volume of revenues of own revenues (see Table 1), are indicated in favour of the efficiency and effectiveness of fiscal decentralization. Due to changes in tax and budget legislation, in the context of decentralization, the income of local budgets of the combined communities in 2016 increased more than 5 times (or UAH 3.9 billion) compared to 2015 (from UAH 1 billion to UAH 4.9 billion in 2016), and in 2017 compared with the previous 2016 - UAH 4.3 billion. (+ 87%) [1, p. 23].

Table 1

Dynamics of revenues of own revenues of UTC in Ukraine for 2015-2017, UAH million*

Payments to the budget	Revenue			Deviation			
	2015	2016	2017	2016/2015		2017/2016	
				+/-	%	+/-	%
Income tax	43,0	1749,0	5211,7	1706,0	4067,4	3462,8	298,0
Excise tax	218,9	709,1	794,2	490,2	323,9	85,1	112,0
Fee for land use	354,1	1168,1	1402,0	814,0	329,8	233,9	120,0
Single tax	276,5	1042,0	1402,6	1015,5	376,8	360,6	134,6
Tax on Real Estate	38,3	76,8	132,5	38,5	200,5	55,7	172,5
Total	1010,9	4959,6	9275,6	3948,7	490,6	4316,0	187,0

*Compiled and calculated on the basis of data [3; 4]

In accordance with Article 64 of the Budget Code of Ukraine, UTC has received 60% of the personal income tax (as established under the law and a prospective plan for the formation of territorial communities). Income tax on personal income in 2017 amounted to UAH 5.2 billion. (+5.157 billion in comparison with 2015), payment for land - UAH 1,4 billion. (+1.05 billion UAH), the single tax – 1.41 billion UAH. (+1.13 billion UAH), excise tax on sale of excisable goods (petroleum products, tobacco and alcoholic beverages) by subjects of management of economic activity – UAH 709.1 million. (+ 92.6% in comparison with 2016) [1, p. 24].

Also, the main preconditions for the socio-economic development of the united territorial communities in the conditions of decentralization are effective and rational use of available material and financial resources, as well as implementation of innovation and investment projects that would give impetus to the development of self-sufficient and financially capable territorial communities.

In the context of the reform of financial decentralization in Ukraine, the following tools are available to local self-government bodies to stimulate socio-economic development of territorial communities:

- 1) Funds of the State Fund for Regional Development (DFRD);
- 2) Subventions from the state budget to local budgets for the implementation of measures on the socio-economic development of certain territories;
- 3) Subventions from the state budget to local budgets for the formation of the infrastructure of the united territorial communities;
- 4) State budget funds received from the EU in the framework of the implementation of the Agreement on Financing of the Sectoral Policy Support Program - Support to the Regional Policy of Ukraine.

According to Art 24-1 of the Budget Code of Ukraine, the funds of the State Regional Development Fund are directed towards implementation of investment programs and regional development projects (including projects of cooperation and voluntary association of territorial communities) aimed at the development of regions, the creation of infrastructure of industrial and innovative parks, sports infrastructure facilities and meet the priorities defined in the State Strategy for Regional Development and relevant regional development strategies [5].

Table 2

Dynamics of the use of funds from the State Fund for Regional Development in 2015-2017, UAH million*

Region	2015	2016	2017	Rate of growth, %
Vinnitsia	127,0	139,4	169,0	33,1
Volyn	86,6	84,8	102,5	18,4
Dnipropetrovsk	169,4	173,8	192,4	13,6
Donetsk	141,3	180,9	184,2	30,4
Zhytomyr	109,3	104,3	133,5	22,1
Transcarpathian	80,3	109,1	130,8	62,9
Zaporozhye	55,4	52,5	70,6	27,4
Ivano-Frankivsk	125,3	115,1	135,6	8,2
Kiev	85,0	96,5	89,0	4,7
Kirovograd	84,8	53,1	63,3	-25,4
Lugansk	20,5	108,8	172,4	741,0
Lviv	127,4	213,5	158,4	24,3
Mykolaiv	54,7	58,3	48,0	-12,2
Odessa	112,1	132,7	153,3	36,8
Poltava	71,0	77,0	90,7	27,7
Rivne	88,5	98,7	124,4	40,6
Sumy	65,4	91,4	94,2	44,0
Ternopil	95,1	91,3	100,6	5,8
Kharkiv	133,0	150,6	176,5	32,7
Kherson	57,0	87,2	102,9	80,5
Khmelnitsky	114,5	107,1	138,2	20,7
Cherkasy	67,3	67,2	77,2	14,7
Chernivtsi	67,9	77,4	98,2	44,6
Chernihiv	84,0	81,4	111,7	33,0
city of Kiev	154,2	142,4	172,3	11,7
Total	2 377,0	2 694,5	3 089,9	30,0

*Compiled and calculated on the basis of data [3]

According to table 2, we see that during 2015-2016 the volume of used and financed projects of socio-economic development of regions at the expense of the DFRR increased in almost every region, except Kirovograd and Mykolaiv regions.

We agree that the main purpose of the DFRD should be to finance real projects of strategic importance to the territorial communities, and not to co-finance from the state funds only the unfinished past periods [6].

The next important tool for stimulating the socio-economic development of the territories is a subvention for the formation of the infrastructure of the UTC. This subvention is granted for a period of five years after the creation of a corresponding UTC.

Table 3

Financing of UTC from the State Budget Subvention for Infrastructure Formation
*

Region	Number of UTC		The amount of the subvention, UAH million		Rate of growth, %
	2016	2017	2016	2017	
Vinnitsia	2	21	5,7	45,7	89,1
Volyn	5	15	26,5	50,1	32,2
Dnipropetrovsk	15	34	102,1	135,0	17,1
Donetsk	3	6	35,7	41,8	184,1
Zhytomyr	9	32	54,6	155,1	-3,3
Transcarpathian	2	3	15,1	14,6	52,1
Zaporozhye	6	16	46,6	70,9	97,3
Ivano-Frankivsk	3	11	21,9	43,2	0,0
Kiev	1	2	6,1	6,1	137,0
Kirovograd	2	5	8,1	19,2	-15,6
Lugansk	2	3	19,2	16,2	38,0
Lviv	15	22	46,0	63,5	1676,5
Mykolaiv	1	19	5,1	90,6	-16,1
Odessa	8	11	63,2	53,0	3,9
Poltava	12	18	57,0	59,2	154,2
Rivne	5	18	25,3	64,3	468,8
Sumy	1	14	9,6	54,6	-18,4
Ternopil	26	36	141,6	115,5	-
Kharkiv	0	4	0,0	17,7	1032,6
Kherson	1	12	4,6	52,1	-22,8
Khmelnysky	22	26	216,4	167,0	39,8
Cherkasy	3	6	12,8	17,9	36,3
Chernivtsi	10	16	45,4	61,9	168,4
Chernihiv	5	16	31,6	84,8	50,0
Total	159	366	1000,0	1500,0	701,8

* Compiled and calculated on the basis of data [4]

According to the data of the table 3 subvention for the formation of UTC infrastructure has significantly increased in 2017 compared to 2016 in almost every region. This is due to an increase in the number of newly formed united communities, as well as the ability of self-government bodies in UTC to carry out infrastructure projects. It should be remembered by communities that this subvention is temporary; therefore, other self-governing bodies should be involved in financing other socio-economic development, primarily through grant projects from the EU and other international organizations.

In modern conditions, when budgetary mechanisms of financial provision of socio-economic development of territorial communities are characterized by low efficiency, there is a need for a gradual expansion of sources and increase in volumes of non-budget financial resources that affect the investment activity of the territorial community [7, p. 236].

Conclusions. Based on the foregoing, it should be emphasized that the solution of the problem of financial provision of socio-economic development of territorial communities can and should significantly affect the improvement of welfare and living conditions of the population. Therefore, local self-government bodies should increase their financial potential

by increasing the competitiveness of territorial communities through the realization of real investment projects and the creation of efficient production on their own territory.

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