

Олександра Хомик

**ФІНАНСОВА ДЕЦЕНТРАЛІЗАЦІЯ
ТА МІСЦЕВИЙ ЕКОНОМІЧНИЙ РОЗВИТОК**

Александра Хомик

**ФИНАНСОВАЯ ДЕЦЕНТРАЛИЗАЦИЯ
И МЕСТНОЕ ЭКОНОМИЧЕСКОЕ РАЗВИТИЕ**

Oleksandra Khomyk

**FINANCIAL DECENTRALIZATION
AND LOCAL ECONOMIC DEVELOPMENT**

The article examines the basic principles of local budget formation in the context of decentralization of power. The structure of local government budget revenues and the dynamics of local budget revenues over the years of implementation of the reform of the territorial organization of power in general in Ukraine and in Chernihiv region in particular are analyzed. The importance of intensifying local economic development as a factor in strengthening the capacity of territorial communities and the success of their development is pointed out.

The article emphasizes that the reform of the territorial organization of power, or as it is often called - decentralization, is considered perhaps the most successful reform in Ukraine. In 2020, the formation of a new territorial basis for the activities of local governments was completed. As a result of the reform, all communities received the same powers and resources, and with them the responsibility for the development of their own territories. This has provided a basis for strengthening the capacity of communities to provide a range of public services and improve the quality of life of their residents. At the same time, there is a so-called sectoral decentralization - in the fields of medicine, education, provision of social and administrative services, in other areas. But the decentralization process is based on financial decentralization, which has made local budgets less dependent on the state budget, created opportunities for territorial development planning and implementation of infrastructure and social development projects.

It is proved that the strategic task of decentralization reform, which is currently in its final stages, is to form effective and capable local self-government, create comfortable conditions for citizens regardless of their place of residence, provide high quality public services and bring them closer to people. Achieving these goals is possible only with the appropriate level of local economic development, financial security of the territories and sufficient sources to fill local budgets. The success of the functioning of territorial communities and their capacity depends primarily on the financial security for the implementation of the powers defined by current legislation of Ukraine, and the availability of resources for development.

According to the survey, Chernihiv region has been at the forefront of the process over the years of decentralization reform and has been consistently in the top five regions.

It is concluded that increasing the financial capacity of territorial communities is inextricably linked with the intensification of local economic development, and decentralization in the budget sphere is an important tool for ensuring financial stability of regional socio-economic systems and economic development of regional economic complexes. Financial decentralization has made local budgets less dependent on the state budget and created the conditions for planning further community development and implementing these plans. At the same time, local governments should effectively use all available tools to intensify economic development in order to strengthen their own sources of funding, capacity for self-sufficiency and self-development based on the use of existing economic potential.

Keywords: decentralization; financial decentralization; local budgets; local budget revenues; capacity of territorial communities.

References

1. Bila, S. O. (2015). Vplyv detsentralizatsii na stymuliuвання ekonomichnoho zrostantia terytorialnykh hromad v Ukraini [Decentralization influence on stimulating Ukrainian territorial community's economic growth]. *Naukovyi chasopys NPU imeni M. P. Drahomanova. Serii 18: Ekonomika i pravo – Scientific journal of NPU named after MP Drahomanov. Series 18: Economics and Law*, 27, pp. 60-68. http://nbuv.gov.ua/UJRN/Nchnpu_018_2015_27_10.
2. Butko, M. P. (2017). Bifurkatsiyni stan derzhavotvorchoho yadra Ukrainy v umovakh realizatsii yevrointehratsiinoho kursu [Bifurcation state of Ukraine's state-building core under conditions of implementation of the European integration course]. *Ekonomika Ukrainy – Ukraine economy*, (10), pp. 49–64.
3. Butko, M. P. (2017). Instytutsionalni mekhanizmy pidvyshchennia efektyvnosti protsesiv detsentralizatsii vladnykh povnovazhen [Institutional mechanisms of enhancing the performance of decentralization of authentic authorities]. *Publichne administruvannya: naukovyi doslidzhennia ta rozvytok – Public administration: research and development*, (1), pp. 7–12. http://nbuv.gov.ua/UJRN/pandr_2017_1_3.
4. Biudzhetni kodeks Ukrainy [Budget Code of Ukraine], Code № 2456-VI (on July 8, 2010) (Ukraine). <http://zakon3.rada.gov.ua/laws/show/2456-17>.
5. Vakhovych, I. M., Kupyra, M. I. (2017). *Rehionalnyi vymir biudzhetnoho rehuliuвання depresyynykh terytorii v systemi zabezpechennia sotsialno-ekonomichnoi bezpeky [Regional dimension of budget regulation of depressed areas in the system of socio-economic security]*. IVV Luts. NTU.
6. Zhalilo, Ya. A. (Ed.). (2020). *Detsentralizatsiia i formuvannia polityky rehionalnoho rozvytku v Ukraini: nauk. dop. [Decentralization and policy development of regional development in Ukraine: science. ext.]*. NISD. https://niss.gov.ua/sites/default/files/2020-09/decentralizatsiya-i-formuvannya-polityky-regionalnogo-rozvytku-v-ukraini_0.pdf.
7. Zakonoproekt Ukrainy «Pro vnesennia zmin do Biudzhetnoho kodeksu Ukrainy» № 4100-d vid 05.11.2020 [Draft Law of Ukraine “On Amendments to the Budget Code of Ukraine” № 4100-d of November 5, 2020]. http://w1.c1.rada.gov.ua/pls/zweb2/webproc4_1?pf3511=70337.
8. Lunina, I. O. (2016). Biudzhetna detsentralizatsiia: tsili i napriamy reform [Budget decentralization: goals and directions of reforms]. *Ekonomika Ukrainy – Ukraine economy*, (1), pp. 61–75.
9. Ministerstvo rozvytku terytorii ta hromad Ukrainy: ofitsiyni sait [Ministry of Development of Territories and Communities of Ukraine: official website]. <https://www.minregion.gov.ua>.
10. Ministerstvo finansiv Ukrainy: ofitsiyni sait [Ministry of Finance of Ukraine: official website]. URL: <http://www.minfin.gov.ua>.
11. Podatkovi kodeks Ukrainy [Tax Code of Ukraine], Code № 2755-VI (02.12.2010). <http://zakon.rada.gov.ua/cgi-bin/laws/main.cgi?nreg=2755-17>.

Хомик Александра Дмитривна – кандидат економічних наук, директор, Департамент розвитку економіки та сільського господарства Чернігівської обласної державної адміністрації (вул. Шевченка, 7, м. Чернігів, 14000, Україна).

Хомик Александра Дмитриевна – кандидат экономических наук, директор, Департамент развития экономики и сельского хозяйства Черниговской областной государственной администрации (ул. Шевченко, 7, г. Чернигов, 14000, Украина).

Khomyk Oleksandra – PhD in Economics, Director, Department of Economic Development and Agriculture of Chernihiv Regional State Administration (7 Shevchenka Str., 14000 Chernihiv, Ukraine).

E-mail: olexandra.dobrota@gmail.com