

Violetta Roshylo, Candidate of Economic Sciences,
Associate Professor,
<https://orcid.org/0000-0002-9361-9632>
Chernivtsi Institute of Trade and Economics of SUTE, Chernivtsi

FINANCIAL CAPACITY OF LOCAL BUDGETS IN A DECENTRALIZED ENVIRONMENT: PROBLEMS AND WAYS TO SOLVE THEM

Summary

Topicality. Statement of the problem. Effective implementation of own and delegated powers by local self-government bodies depends on the ability to independently solve issues of local importance at the expense of own sources of funding. The modern system of allocation of budget resources does not ensure the necessary level of independence of local self-government bodies in solving socio-economic problems of territorial communities and needs to expand its own revenue base and introduce the decentralized principle of budgeting at the local level.

The Aim of the study. Monitoring of problematic aspects of financial support of local self-government bodies and justification of ways to strengthen the financial capacity of territorial communities under conditions of budget decentralization.

Methodology. In the process of carrying out the research, general and special methods of scientific research were used: scientific analysis and synthesis - for the theoretical generalization of the results of research by scientists on the issues of forming local budgets and strengthening the financial autonomy of local authorities; comparison, analytical and observation - to monitor the financial capacity of territorial communities of the Chernivtsi region; abstract-logical method of research - to substantiate proposals for the introduction of an effective model of financial equalization of the income base of local communities.

The results. The article examines the peculiarities of financial provision of local self-government functions under conditions of budgetary decentralization. On the basis of the assessment of financial potential of territorial communities, problematic aspects of ensuring the financial independence of local authorities are singled out and ways of solving them are proposed.

Practical meaning. As a result of the conducted research, the ways of strengthening the financial self-sufficiency of the budgets of territorial communities were substantiated and the conceptual foundations of the development of local self-government under the conditions of the reform of the decentralization of powers were outlined.

Prospects for further research. Decentralization of the management of budget funds and the reform of the system of inter-budgetary relations determine the development of strategic priorities of budget policy regarding the formation of local budgets, which are aimed at ensuring financial stability and economic growth of territorial communities.

Keywords: local budgets, decentralization, local self-government bodies, territorial community, financial capacity, inter-budget transfers, inter-budget relations.

Number of sources – 8.

References:

1. Verkhovna Rada of Ukraine (2010). Budget Code of Ukraine, Code dated 07/08/2010 No. 2456-VI. URL: <http://zakon.rada.gov.ua/laws/show/2456-17/ed20150920#Text> (Accessed October 2, 2022).
2. Berezyuk, K. Decentralization: which communities feed Ukraine, and which are subsidized. URL: <https://www.chesno.org/post/5092/> (Accessed October 2, 2022).
3. Butrii, D. Decentralization is a real chance for communities for the European future. URL: <http://khoda.gov.ua/dmitro-butrij-decentralizaciya-realnij-shans-dlya-gromad-na-yevropejske-majbutnye> (Accessed October 7, 2022).
4. Reporting on the implementation of local budgets of the Chernivtsi region for 2019-2021. URL: <https://bukoda.gov.ua/page/group/1619> (Accessed October 7, 2022).

5. Roshylo, V.I. (2021). Financial provision of territorial communities in the conditions of administrative and territorial reform: problems and prospects. *Visnyk Chernivetskoho torhovelno-ekonomichnoho instytutu [Bulletin of the Chernivtsi Trade and Economic Institute]*, vol. II (82), pp. 149–163. URL: http://chtei-knteu.cv.ua/herald/content/download/archive/2021/maket_visnyk_2_2021.pdf (Accessed October 7, 2022).

6. Nema, O.S. (2021). Strengthening the capacity of territorial communities: opportunities for the formation of budget revenues and optimization of expenditures. *Efektyvnist derzhavnoho upravlinnia [Efficiency of public administration]*, vol. 3/4 (68/69), part 2, pp. 86–101. URL: https://epa.nltu.edu.ua/Archive/68/68_86_101.pdf (Accessed October 7, 2022).