

IMPROVEMENT OF ORGANIZATIONAL SUPPORT OF LOCAL BUDGET MANAGEMENT AS THE BASIS OF PUBLIC ADMINISTRATION

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INTRODUCTION

The assessment of the formation of the expenditure policy of territorial communities in the conditions before and after the beginning of the reform of local self-government in Ukraine allowed to single out the positive tendencies of their development. Formation of capable united territorial communities, change and expansion of powers of local self-government bodies, transfer of additional financial resources to local budgets provided expansion of opportunities for development of territorial communities and directions of use of their financial and economic potentials.

Nevertheless, the analysis of revenue and expenditure policy at the level of local budgets showed the problem of effective use of financial potential of administrative-territorial formations at the local level, which is manifested in increasing asymmetry of socio-economic development of territorial communities. Thus, there has been a rapid increase in the differentiation of tax capacity of administrative-territorial entities (which is one of the main criteria in the formation of united territorial communities), which have direct budgetary relations with the state budget. A separate problem is the growth of processes of concentration of economic entities in administrative-territorial entities, which are “growth points”, which entails the gradual expansion of “depressed areas”. As a result of the launch of decentralization processes, small cities have benefited, the pace of economic development of which has exceeded the level of development of large regional centers¹.

In addition, there was an increase in the level of asymmetry of social and economic development of administrative-territorial entities close to and away from regional centers, as well as between the united territorial communities and communities that are not part of the OTG.

Risks that have emerged and been identified in the process of decentralization (in particular, along with the growing level of differentiation of social and economic development, financial capacity of communities, lack of experience in effective management and investment and economic

¹ Гавкалова Н.Л., Лола Ю. Ю. Демократична децентралізація та діджиталізація органів влади: досвід Євросоюзу. *Інфраструктура ринку*. Вип. 38. 2019. С. 300–305.

attractiveness of territories), require review of local governments use of the internal potential of the territorial community².

1. Development of an approach to the use of organizational support of economic potential of territories

As noted above, the study of the main aspects of the development of territorial communities allowed to identify the following shortcomings in the functioning of the local self-government system, which directly affect the level of efficiency of the internal potential of the territory and the pace of community development³:

- lack of long-term socio-economic development planning of territorial communities;
- lack of common criteria and indicators on the basis of which it is possible to assess the effectiveness of local governments in the development of territorial communities;
- Insufficient level of interaction between local governments and executive authorities;
- insufficient level of competence of officials;
- lack of incentives and interest of local governments in the development of the territorial community;
- lack of effective and efficient monitoring and control of the exercise of powers by local governments.

Analyzing the financial and economic potential of territorial communities, it is advisable to pay attention to the structuring of its main components (Fig. 1).

From fig. 1 shows that the financial potential of the territorial community combines the budget potential, the financial potential of economic entities, the financial potential of households and the potential of financial institutions. In addition, it is formed by investment potential and attracted financial resources in the form of grants and assistance.

Consideration of the potential from another perspective allows us to identify as elements of its research resource base and management qualities of local governments. The study of the resource base highlights the available financial resources and reserves of financial resources, the managerial

² Гордієнко Л.Ю, Зілінська А. С. Технологічні аспекти механізму формування місцевих бюджетів в Україні на 2018–2020 роки. *Development Management*, Vol. 4, Issue 4, 2018. С. 64–72. doi: [http://dx.doi.org/10.21511/dm.4\(4\).2018.06](http://dx.doi.org/10.21511/dm.4(4).2018.06).

³ Vainius Smalskys, Nataliia Gavkalova, Kristina Babenko and Alona Zolenko (2020). Efficiency of the stakeholder interaction in the context of ensuring sustainable territorial development. *Problems and Perspectives in Management*, 18(2), 340–349. DOI: 10.21511/ppm.18(2).2020.28.

quality of local government – the possibility of optimal use of the resource base and its expansion⁴.

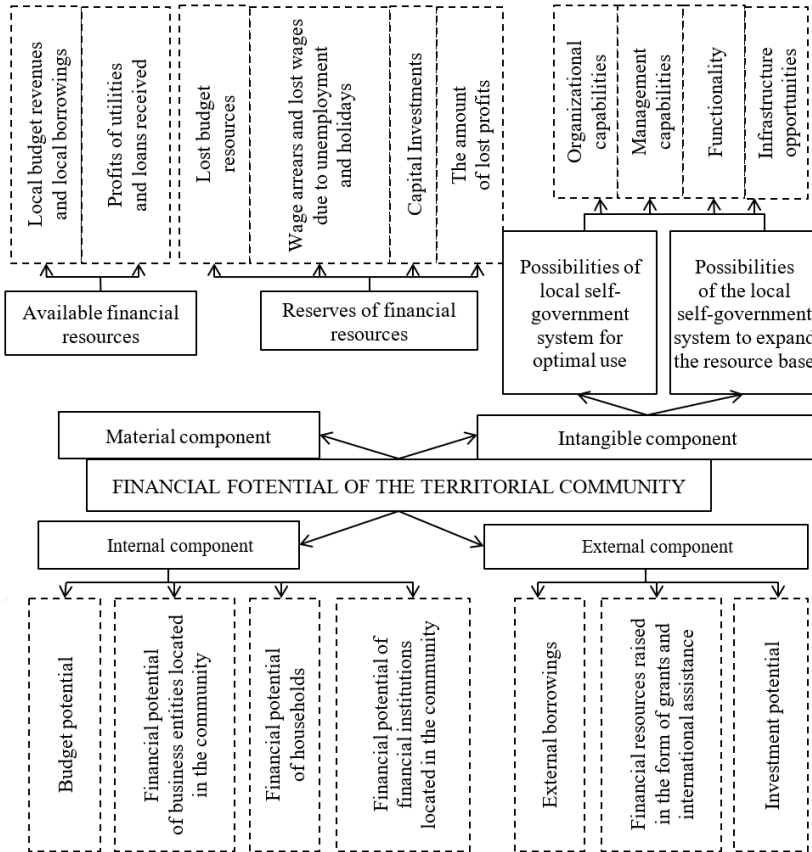


Fig. 1. The structure of the financial potential of territorial communities

From fig. 1 shows that the financial potential of the territorial community combines the budget potential, the financial potential of economic entities, the financial potential of households and the potential of financial institutions. In addition, it is formed by investment potential and attracted financial resources in the form of grants and assistance.

⁴ Nataliia Gavkalova, Alina Zilinska, Volodymyr Polatay, Viktoriia Liashevskva. Organizational support for the development of united territorial communities. *Public Policy and Administration*. Vol. 19, No 4 (2020), P. 155–168 DOI: <https://doi.org/10.13165/VPA-20-19-4-11>

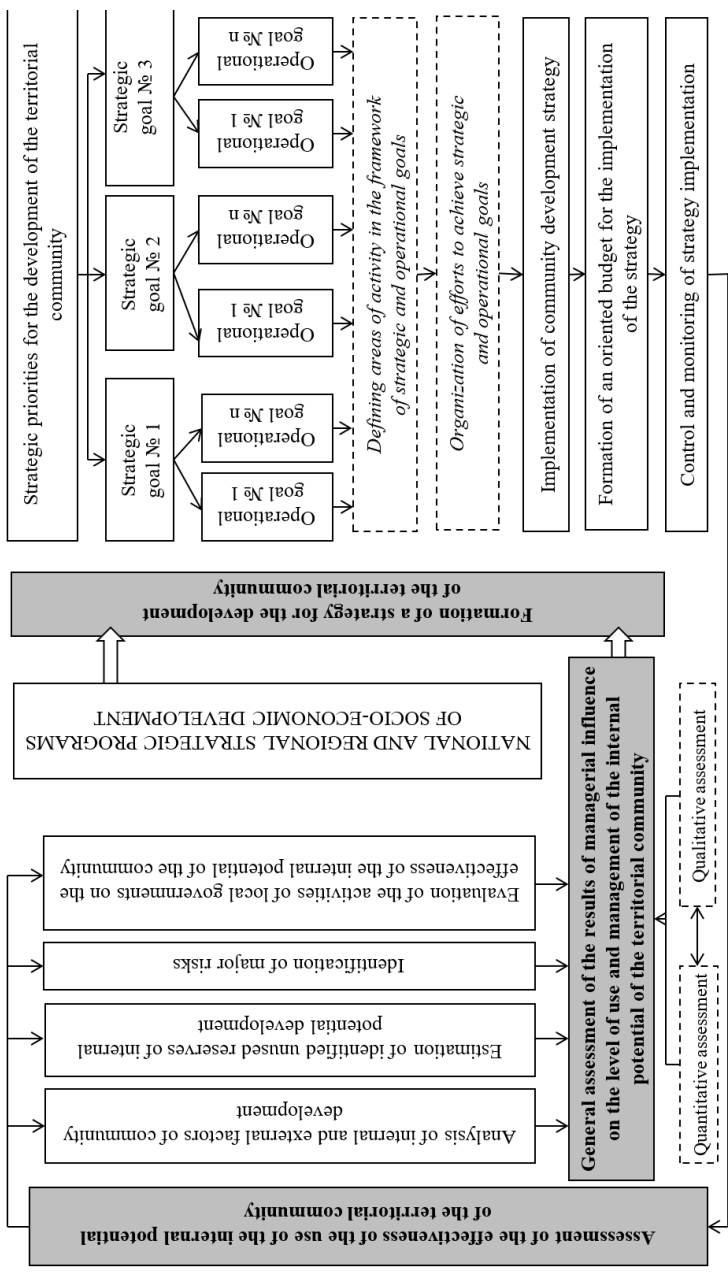


Fig. 2. Conceptual model of using financial and economic potential in the development process territorial communities

Consideration of the potential from another perspective allows us to identify as elements of its research resource base and management qualities of local governments. The study of the resource base highlights the available financial resources and reserves of financial resources, the managerial quality of local government – the possibility of optimal use of the resource base and its expansion⁵.

Given these problems, we can conclude that the development of the territorial community and ensuring the effective use of financial and economic potential of the territory depends on effective assessment of existing community potential and its use, and, based on this assessment – determining community development strategy and its phased implementation. The conceptual model of the use of financial and economic potential in the development of the territorial community is presented in fig. 2.

The effective development of a local community depends primarily on two interrelated factors: the available financial and economic potential and the success of local governments in the effectiveness of the use of existing capacity. Thus, the development of the territorial community should include an assessment of the activities of self-government bodies and the definition of activities and the use of potential in the long run.

The priority in ensuring the effective development of the territorial community is the need to assess the effectiveness of its internal potential, due to the existence of objective differences in the functioning of local budgets and the development of local communities⁶.

Quantitative and qualitative assessment of the resource base, which determines the level of material and financial support of the local community, and the capabilities of local government management will identify problems of community development, causes and directions and time and their elimination, as well as existing unused reserves for community development.

The formation of the territorial community development strategy should be based on determining the overall assessment of the results of managerial influence on the level of use and management of internal potential of the territorial community and taking into account existing and existing national

⁵ Nataliia Gavkalova, Alina Zilinska, Volodymyr Polatay, Viktoriia Liashevskva. Organizational support for the development of united territorial communities. *Public Policy and Administration*. Vol. 19, No 4 (2020), P. 155–168 DOI: <https://doi.org/10.13165/VPA-20-19-4-11>

⁶ Nataliia Gavkalova, Alina Zilinska. Practice and prospects of local economic development. International Scientific Conference on Service sector INSCOSES (15 ; 2020 ; Ohrid) XV International Scientific Conference on Service sector INSCOSES 2020, Ohrid 11-12 September 2020 [organizing committee Cvetko Andreeski ... и др.]. Ohrid : Faculty of tourism and hospitality, 2020. P. 69–74.

and regional strategic programs of socio-economic and spatial development⁷. At the same time, consideration of regional development programs should be made taking into account existing problems, including:

- frequent changes in the legal framework for the formation of regional development strategies, resulting in a violation of the orderliness and systemic nature of regional planning;
- the problem of diversity and differences in the formation of regional development strategies, different levels of coherence of the strategy with national plans;
- the problem of static regional strategies and the inability to respond appropriately and in a timely manner to changes in the socio-economic situation in the region;
- the problem of disregard for the interests of all parties to the socio-economic development of the region;
- the problem of differences in regional strategies and lack of focus on interregional cooperation.

These problems of formation and functioning of regional development strategies affect the ability to ensure socio-economic development of the region and administrative-territorial units as its components. The regional development strategy should outline the prospects for the development of the region and determine the preconditions for achieving the set goals, as well as ensure the direction of strategic development plans of territorial communities.

The strategic plan for the development of the territorial community, based on the strategy of regional development, should be formed as a tool to ensure the sustainable development of the territory, taking into account its features and include the following areas:

- formation of strategic and operational goals of community development;
- provide support for public initiative and maximize community participation in the development of administrative-territorial education;
- to promote the effective achievement of goals through the concentration and movement of available resources in the required direction;
- to ensure the achievement of maximum results when using the minimum amount of resources;
- to determine the order of actions and priority of directions of activity.

At the same time, the main features of a successful and effective strategy for the development of the territorial community are as follows:

- effective and timely use of analytical tools;

⁷ Державна стратегія регіонального розвитку на 2021–2027 роки від 5 серпня 2020 р. № 695 URL: <https://zakon.rada.gov.ua/laws/show/695-2020-п#Text>

- an approach to ensuring community development based on broad participation and partnership;
- achieving a high level of public consensus and business approach;
- participation in ensuring the development of the community of a wide range of stakeholders;
- ensuring the coordination and unity of the process⁸.

An important strategic tool for sustainable territorial development is the analysis of the effectiveness of stakeholder interaction. This is the identification of key stakeholders and assessment of their level of interest in solving existing problems in the region, which allows to predict their possible impact on territorial and sectoral development⁹.

Thus, the development of the territorial community on the basis of the strategic plan allows to ensure the effective use of financial and economic potential, to identify additional and unused sources and reserves of community resources, and will promote gradual community development in the long run.

Analyzing the functioning of territorial communities in Ukraine today, it should be noted the reasons for the low level of their socio-economic development and inefficient use of financial and economic potential. Among the main identified are:

- low level of financial capacity of local budgets;
- underdevelopment and obsolescence of the infrastructure base;
- lack of effective and efficient antidepressant programs to ensure the development of rural communities;
- Insufficient full use of the benefits of transport services, unoccupied roads and their unsatisfactory condition;
- inefficiency and inconsistency of environmental policy;
- inconsistency of the pace of development of utilities and housing;
- ignorance and lack of interest of local governments in ensuring the development of the territorial community;
- inefficient use of social infrastructure;
- low quality of labor resources, etc.

In accordance with the above-mentioned problems of development of territorial communities, as a result of the formation and beginning of functioning of united territorial communities, there is a need to ensure

⁸ Возняк Г. В. Методичний інструментарій оцінювання бюджетного забезпечення регіону. *Регіональна економіка*. 2016. № 1. С. 110–120. URL: http://nbuv.gov.ua/UJRN/regek_2016_1_14.

⁹ N.L. Gavkalova, I.V. Kolupaieva. Decentralization of public administration in the process of building a democratic society. *Public Policy and Administration*, 2018, 17(2). Pp. 2016–225.

development at the local level in the long run. In the conditions of formation of the united territorial communities the necessity of definition of strategic directions of development, the analysis of risks and possibilities of use of financial and economic potential is caused:

- first, by changing the internal and external conditions of the community;
- secondly, by changing systemic approaches to the issue of regional and local development management;
- thirdly, the need to determine the main priorities of community development¹⁰.

The factors that influenced the change in the internal conditions of functioning of territorial communities include:

- change in the conditions of community development as a result of merging into several, which creates risks of internal competition;
- formation of local self-government bodies with expanded powers and rights;
- transfer to the basic level of additional financial resources and the functioning of local governments as a “filler” of local budgets.

The factors that influenced the change in the external conditions of functioning of territorial communities include:

- the process of administrative-territorial reform and reform of local self-government, resulting in the formation of united territorial communities and change of their powers;
- changes to the Budget and Tax Codes of Ukraine, in particular, changes in the conditions for providing intergovernmental transfers;
- changing the conditions of interaction of united territorial communities with state and regional authorities.

The change in approaches to local and regional development management is due to the fact that if before the decentralization process in Ukraine the main task of local communities was to ensure the distribution of funds received in the local budget in the form of grants and subventions, then with its launch united territorial community has to ensure its own development and achieve financial capacity through the use of its own financial and economic potential.

It should be noted that a significant problem in forming a “scenario” for the development of a united territorial community and ensuring the effective use of financial and economic potential is the almost complete lack of data to determine and track the dynamics of social and economic processes.

¹⁰ Розвиток бюджетної децентралізації в Україні : наукова доповідь / за ред. д-ра екон. наук І. О. Луїної; НАН України, ДУ «Ін.-т екон. та прогнозув. НАН України». К., 2016. 70 с.

Therefore, full-fledged formation of the strategy of development of the united community is practically impossible, but in 3–5 years on the basis of preliminary data of development of the territorial community it will be possible to carry out it more effectively.

It can be concluded that the reform of local governments provides new opportunities for long-term effective development of rural, urban and urban areas in the regions of Ukraine. Today, the number of united territorial communities is constantly growing, which is evidence of the effective implementation of the concept of decentralization on the path to European integration. At the same time, the positive aspect is the fact that the level of revenues of OTG budgets can now actually almost double. This makes it possible to pursue effective social policies on the ground¹¹.

The study of changes in the place and role of local budgets in ensuring the development of local self-government in the context of administrative and financial decentralization led to the following conclusion: local government reform was designed primarily to ensure the capacity of local governments to develop communities. Therefore, the local budget is the main financial base for community development. In terms of reducing the level of financial dependence of local budgets on the central level, the issue of finding tools to increase their revenue base and maximize the effect of the use of financial resources is one of the main tasks of local governments. Thus, among the main guidelines for the development of local budgets are the following:

- increasing the revenue base of local budgets;
- ensuring the effective implementation of expenditures from the budgets of territorial communities;
- improving the provision of intergovernmental transfers.

Given the transfer of broad powers to the local level, as well as the formation of a new revenue base of local budgets, which resulted from the reform of fiscal legislation in late 2014, today we can identify the following basic tools for local budget development and capacity building (Fig. 3)¹²:

- establishment and administration of local taxes and fees – given that the Tax Code gives local governments broad powers in the field of establishing local taxes and fees, as well as a significant expansion of local

¹¹ Уманс Т., Зілінська А. С. Особливості формування бюджету об'єднаних територіальних громад. матеріали Міжнародної науково-практичної інтернет-конференції «Публічне управління: проблеми та перспективи», м. Харків, 25 жовтня 2019 року. Харків : ТОВ «Константа», 2019. С. 248–251.

¹² O.Y. Amosov, N.L. Gavkalova (2021). Methodological aspects of interconnection between institutionalism and archetypes in public administration. *Public management : collection*. № 1(26). February 2021. Kyiv : Interregional Academy of Personnel Management [https://doi.org/10.32689/2617-2224-2021-1\(26\)-17-29](https://doi.org/10.32689/2617-2224-2021-1(26)-17-29)

taxes and their share in local budget revenues, namely these tax payments are an important tool for filling local budgets;

- development of entrepreneurship in the community – involves the intensification of entrepreneurial activity of residents of the territorial community, attracting investment resources to the community, as well as supporting existing and attracting new businesses to the community; allows to maximize the receipt of taxes and fees in the budget of the territorial community, as well as to ensure an appropriate level of employment in the community;

- disposal of property in communal ownership – provides for the possibility of obtaining income from the lease or sale of property or subject to its effective use; gives the opportunity to receive additional revenues to the local budget;

- cooperation of territorial communities – involves interaction between individual territorial communities in order to provide appropriate social services to the population; allows to provide economies of scale, ie efficient use of financial resources;

- management and disposal of land resources – involves the influence of local governments to determine the functional and planning structure and the possibility of proposals to change the boundaries of the settlement, which allows efficient use of land and attract investors to the community;

- legal culture of local self-government bodies – provides for the effective interaction of local self-government bodies with the population and business entities.

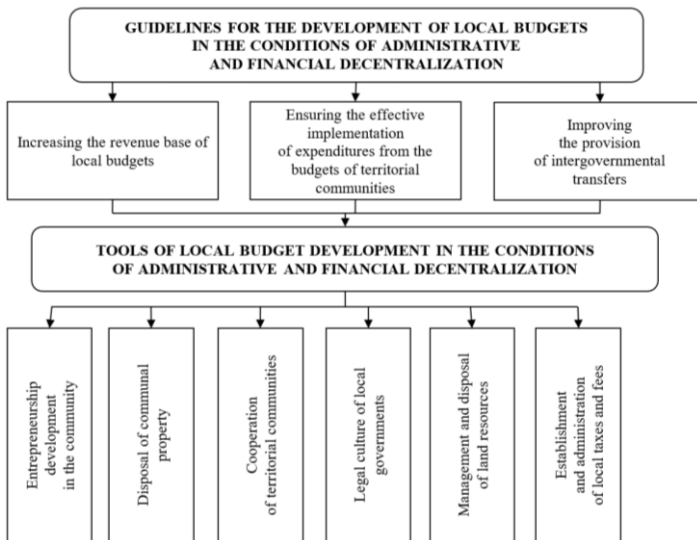


Fig. 3. Guidelines and tools for the development of local budgets in terms of administrative and financial decentralization

Analyzing the development strategies of united territorial communities¹³, it is possible to identify the main directions of community development, which local governments have identified as priority for implementation.

Thus, one of the main goals of the functioning of local self-government bodies of united territorial communities is to ensure the development of the local economy and increase the level of economic capacity and competitiveness of the community.

In the context of this strategic goal of community development, the following main areas of operation have been identified:

- improving the investment attractiveness of the territorial community, attracting investors and promoting the image of the territory;
- institutional support of processes for attracting investments to the community;
- formation and dissemination of a set of investment proposals of the territorial community and determination of the territories of the community, which are a priority for the investment development of the community;
- support for innovation development;
- ensuring broad participation of local authorities with business representatives;
- providing information and advisory support for business development;
- creation of a database of free communal property and vacant land plots;
- change of purpose of land plots for commercial objects;
- development of regulatory acts;
- promoting the image of the local community as attractive for investment;
- development of small and medium business;
- participation in various fairs and other events to promote the products of local producers and promote the image of the community as a joint venture;
- restoration of rural markets;
- support and assistance in the organization of programs for the exchange of experience between enterprises;
- popularization and dissemination of the idea of entrepreneurship development among the community population;
- development of infrastructural support of entrepreneurship;

¹³ Сторонянська І.З., Патицька Х. О. Проблеми та напрями оптимізації процесу формування ОТГ: за результатами першого етапу адміністративно-фінансової децентралізації. *Регіональна економіка*. Львів, 2017. № 4. С. 65–78.

- development and support of utility companies;
- tourism development;
- formation of tourist routes and popularization of tourist features and opportunities of the community;
- creation of an information tourist center in communities with high tourist potential;
- creation of new tourist products;
- ensuring the improvement of the community territory along tourist routes;
- spreading the idea of agrotourism among the population of the community and the possibility of using the traditions of ethnography and folklore for the development of tourism;
- development of agriculture, hunting and fishing, in particular the development of small-scale farming;
- encouraging local agricultural producers to use new crops;
- stimulating the development of cooperation and interaction of individual and small farms;
- stimulating the development of family small agricultural enterprises, in particular in the field of horticulture, berry growing and beekeeping development.

In this area, it is advisable to pay attention to the formation of a database on the availability of those objects that may be of interest to potential investors. Most of the formed united territorial communities have their own websites on the Internet, so it is especially important to talk about the formation of a register of immovable communal property and land plots¹⁴. Such registers should be formed and arranged in the context of the types of objects (land, buildings and structures, existing premises, existing infrastructure and unfinished construction). Accordingly, such a step will promote the openness of the local community to investors.

Having studied the economic and social directions of local development, attention should be paid to environmental. Therefore, an important strategic goal of the development of the territorial community is to ensure environmental protection and development of the energy sector, ways to achieve the goal are:

- formation of safe living conditions for the population;
- work in the direction of reducing pollution of water resources and clearing of reservoirs and riverbeds;
- creation of a system of water treatment facilities and sewerage;

¹⁴ N. Gavkalova, D. Yaremko (2021). Improving the efficiency of expenditure of local budgets of Ukraine. nd International conference on economics, accounting and finance November 05, 2021. Pp. 1479–149.

- rapid cleaning of the community from natural dumps;
- formation of a system of population management and solid waste management on the basis of relevant standards;
- raising the level of environmental awareness of the population;
- development of energy economy on the basis of available resources;
- promoting the implementation of energy saving measures;
- development of alternative areas of energy saving (opportunities to use agricultural waste for renewable energy; promoting the cultivation of “energy” plants by farmers);
- increasing the level of energy resources efficiency;
- informing the population about the benefits of energy development.

Thus, the definition of the main directions of increasing the use of financial and economic potential at the level of territorial communities will ensure the stable development of the community. The analysis of the defined strategies of development of the united territorial communities has shown that in all communities there are practically the same urgent problems for their decision. However, not all of the studied strategies identify three areas of community development – economic, social and environmental, which may result in failure to take into account the needs of environmental protection as one of the main.

2. Development of organizational and economic support for the development of territorial communities

The certain influence of the reform of the administrative-territorial system makes it possible to say that the process of unification of territorial communities creates conditions for the positive development of the economy of our country¹⁵. To determine the organizational and methodological support for the development of territorial communities, it is advisable to use a project approach.

According to the project management, the project should provide an organizational and technical system of formulated tasks, subjects of their implementation, technological processes, technical and organizational documents created and implemented to implement these tasks, as well as a set of material, financial and other resources and management decisions. their implementation.

The project management methodology involves the development, implementation and development of the project as a complex, reproducible system that operates in a turbulent environment. The main elements of the

¹⁵ Гавкалова Н. Л., Масальцева О. Ю. Проблеми функціонування механізму виконання місцевих бюджетів в Україні. *Теорія та практика державного управління*. 2014. Вип. 4. С. 265–271. URL: http://nbuv.gov.ua/UJRN/Trpu_2014_4_38.

project are the idea, the means of its implementation and the results. There are four stages of the project: project concept, project development and preparation, project implementation, project completion.

The project approach requires a clear definition of the project objectives and the end result, the resources allocated or available, the time frame and the constraints. When creating objects whose complexity and scale are small or larger than usual, when building exclusive objects, when creating objects that are interconnected by a clearly defined end result, in the case of work with strict requirements for conditions and costs, when performing work with high technical characteristics, in overcoming the crisis, as well as in the development and implementation of government programs, it is advisable to use a project approach. In order to solve the set tasks through the implementation of project management, it is necessary to specify them and identify stakeholders. To this end, build an analytical matrix, table. 1.

Table 1

Analytical matrix of formation of intermediate goals for project solution of tasks of development of territorial communities

Tasks of reconstruction of rural areas	Intermediate goals for the project solution of the tasks of reconstruction of territories	Interested subjects
1	2	3
Ensuring food security in the country	Increasing agricultural production (priority: livestock products, environmentally friendly products) per capita	Agricultural enterprises Farmers
	Stimulating the registration and development of farms and personal farms	Central authorities state power Regional authorities authorities Local communities
	Providing support for the development of cooperation in the field of agricultural services through stimulating the creation of supply, procurement and distribution infrastructure on the basis of cooperation	
	Promoting the access of the rural population to financial resources, including through the development of credit cooperation and the development of alternative lending mechanisms involving socially responsible businesses and banks	

Table 1 (ending)

1	2	3
Software competitiveness agricultural products on the inner and world markets	Stimulating innovation by promoting the advisory system to Agricultural producers	Central authorities state power Regional authorities
	Ensuring control of product quality compliance with world standards	authorities Agricultural enterprises Farmers
Software spatial development rural areas and territorial development communities	Diversification of agricultural production	Regional authorities authorities
	Development of public-private partnership for the implementation of rural development and involvement projects	Local communities Agricultural enterprises Farmers
Software integrated development social sphere and infrastructure	Ensuring access of citizens to social services, implementation social standards guaranteed by the state	Regional authorities authorities Local communities
	Construction of modern transport infrastructure and development of telecommunications	Agricultural enterprises Farmers
Software self-sufficiency territorial communities	Preservation and restoration of the cultural and historical heritage of the territorial community	Regional authorities authorities Local communities
	Improving the tax and budget system to fill the budgets of local communities	Central authorities state power
	Formation of legislative and regulatory framework for rural development	
	Strengthening the role of territorial communities and settlements in the planning and implementation of rural development measures	Regional authorities authorities

As defined by the matrix of formation of intermediate goals for the project solution of the tasks of reconstruction of rural areas, local and regional communities are one of the most interested subjects of the process.

The actions of local administrations and local communities should be aimed at implementing project management. Organizational and methodological support for the reconstruction of territorial communities in Ukraine is based on a number of specific principles that form the basis of the project approach to solving these problems.

Implementation of reforms of the administrative-territorial system will shift the emphasis of the state agricultural policy from subsidized financial support of territorial communities to project support of producers according to strategic priorities of their development, which will improve the quality of life of community residents. One of the possible ways to implement projects is to implement them on the basis of public-private partnership.

Projects are short-term planning documents, is the targets are not subject to multiple revisions and must be completed within the set deadlines¹⁶.

The solution of local community development tasks will be carried out by implementing an appropriate organizational and economic mechanism, project and information support of participants, on the basis of public-private partnership and a differentiated approach to solving reform problems.

Implementation of local community development tasks is possible by developing projects in the following areas:

- construction of ecological highly efficient productions;
- development of production with the maximum involvement of available local resources;
- implementation of projects to meet the needs of the local population;
- implementation of joint projects of local communities on the basis of cooperation.

The implementation of these projects will contribute to:

- development of cooperation between producers within the territorial community;
- creating and providing incentives for the development of local producers;
- construction of modern transport infrastructure within the community and the development of telecommunications as part of the implementation of complex projects;
- restoration and development of engineering networks within the community and ensuring the development of social infrastructure through funding from local budgets, which should be significantly replenished from the implementation of the proposed projects;
- development of a network of community health care facilities, raising the level of medical care for the population;
- preservation and restoration of cultural and historical heritage of territorial communities;
- providing support from central and local executive bodies in promoting a healthy lifestyle;
- protection and conservation of natural resources in the community;

¹⁶ Бюджетний процес 2018: проблема політичного консенсусу для соціально-економічного розвитку. *Часопис Парламент*. 2017. № 3. С. 22–25.

- support for green energy production;
- creating conditions for the development of various economic activities: tourism and recreational activities;
- promoting the formation of markets for producers and entrepreneurs of the local community;
- improvement of the tax and budget system in order to fill the budgets of territorial communities;
- introduction of economic incentives for community protection measures;
- use of unproductive lands that can be used for growing energy crops;
- simplification of access conditions for community members to financial resources, including through the development of credit cooperatives and the promotion of alternative lending mechanisms;
- promoting the development of public-private partnership for the implementation of projects for the reconstruction of local communities and attracting investment;
- creation of a community development fund;
- creating conditions for obtaining high-quality general secondary education for residents of territorial communities;
- development of opportunities for obtaining and recognizing non-formal vocational education, training or acquiring a second specialty after 45 years;
- information support of territorial communities on the prospects of business development, access to credit resources;
- optimization of the network of educational institutions taking into account the educational needs of young people;
- promoting the introduction of innovations by promoting the system of advisory local administrations;
- training of specialists for the formation of local development projects of territorial communities.

Organizational support for solving the problems of development of territorial communities is based on the formation of organizational and economic mechanism for the implementation of the project approach.

From the above provisions we can conclude that organizational and economic relations are in the form of a basis on which to build the content of the economic mechanism for the implementation of projects that can promote the development of local communities.

Organizational and economic mechanism of development of territorial communities on the basis of the project approach can be represented as a holistic system consisting of technological, organizational, economic and

social blocks and their elements¹⁷. It can be argued that in modern conditions, the above blocks of organizational and economic mechanism are similar for different levels of the territorial system, although the economic relations currently adopted in the country affect the content of blocks of organizational and economic mechanism.

Thus, the content of blocks and relevant elements that make up the set of socio-economic and organizational-economic relations of the organizational-economic mechanism of development of territorial communities on the basis of the project approach is directly dependent on the level of socio-economic development. It is important to analyze the differences in the content of elements of the organizational and economic mechanism at different levels of the economic system.

This analysis makes it possible to form new socio-economic tools based on the experience of foreign countries and specific social, political and economic characteristics of Ukraine, and then – to make full use of local government to choose the optimal organizational and economic development mechanism based on project approach.

The mechanism should represent a system of interdependent procedures aimed at achieving consistent goals of creation and effective functioning of territorial communities. The development of organizational and economic mechanism involves the selection of its structural elements, evaluation of methods for its formation, clarification of the list and sequence of stages of development of the mechanism in accordance with the peculiarities of achieving goals and tasks solved with it.

Among the common stages are the following: goal setting; survey of business results for the previous period; conducting a comparative analysis and evaluation of the effectiveness of the results obtained before and after the project; research of development prospects and formation on their basis of alternative development options; making and implementing decisions for the long term. An enlarged scheme of the methodological approach is shown in Fig. 4.

The advantages of the proposed scheme of development of stages of organizational and economic mechanism should be considered as follows:

the possibility of presenting the stages by categories of goals and activities, ranked according to the degree of their importance¹⁸;

¹⁷ Буряченко А. Матрична структура фінансового потенціалу та її вплив на соціально-економічний розвиток регіонів. *Ринок цінних паперів України*. 2016. № 1-2. URL: <http://securities.usmdi.org/?p=22&n=92&s=957>

¹⁸ Pustova, N. and Akimov, O. (2021), Child labor and public administration policy against its use, *Investytsiyi: praktyka ta dosvid*, vol. 20, pp. 81–86. DOI: 10.32702/2306-6814.2021.20.81.

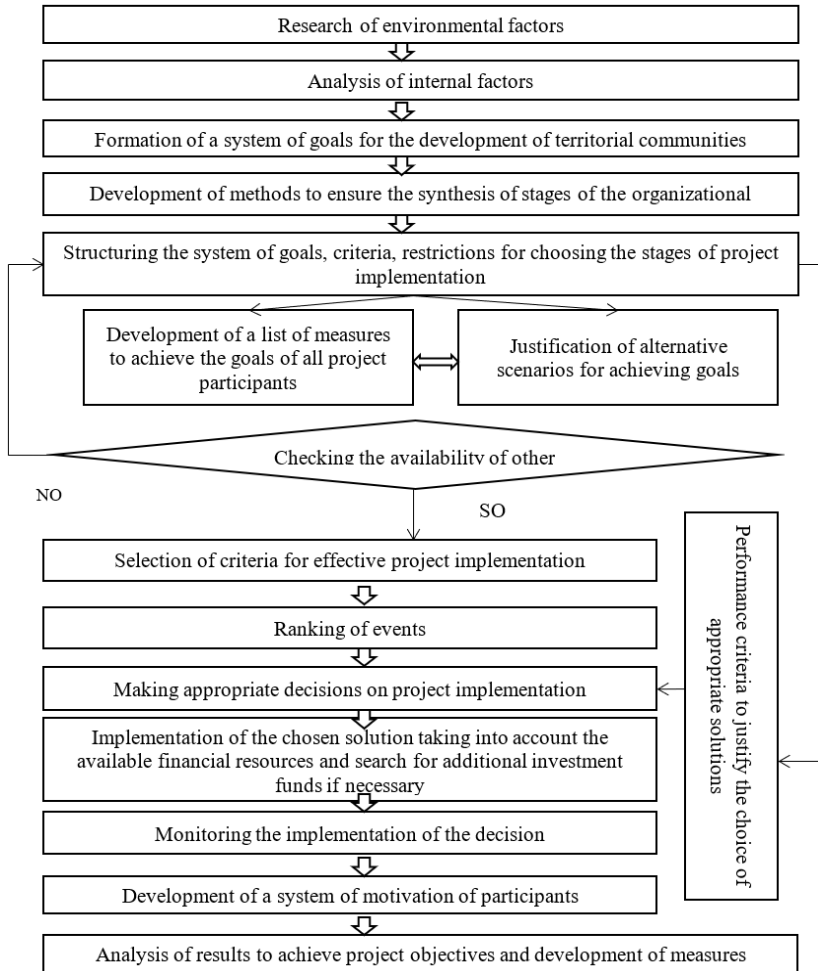


Fig. 4. The procedure for developing the organizational and economic mechanism for the development of territorial communities is based on the project approach^{19, 20, 21}

¹⁹ Держ. управління: теорія і практика. Реформування держ. управління в Україні: проблеми і перспективи. К., 2018.

²⁰ Свдокімова М. О. Місцеві фінанси : навч. посібник. ХНАУ ім. В. В. Докучаєва, Х. : 2014. 343 с.

it is possible to develop an effective system of control over the implementation of the decision, selected from a large number of alternatives;

the opportunity to interest the performers in the implementation of the stages of the mechanism, taking into account their personal interests using an appropriate system of motivation;

the possibility of active communication in the process of implementing the mechanism based on the adjustment of decisions taking into account the dynamics of the external environment;

the possibility of using the cyclical nature of the mechanism, the development of directions for its improvement in accordance with available financial resources, finding ways to use them effectively.

The implementation of these benefits is possible when the organizational and economic mechanism meets the requirements of adaptability, dynamism, alternativeness, efficiency, motivation, informativeness and cyclicity^{22, 23, 24}. In other words, the organizational and economic mechanism of development of territorial communities on the basis of the project approach should be developed in such a way that its stages (components) are constantly changing, improving, obsolete and updated. Such a mechanism should be based on the use of economic laws and patterns, the solution of emerging contradictions of the economic system as a whole, the implementation of property relations, the coordination of economic interests of all participants.

Due to the fact that the organizational and economic mechanism of development must be dynamic, the possibility of its effective implementation depends on such conditions as the ability to create elements missing in a particular situation;

availability of specialists who are able to implement certain stages of the mechanism, as well as make timely decisions, develop long-term plans.

²¹ Захарова О.В., Баштанник В.В., Василичина А. П. Впровадження зарубіжного досвіду децентралізації управління. НАДУ при ПУ Дніпропетровський регіональний інститут державного управління. 2015. 23 с.

²² Akimov, O. (2020), Systemogenesis of personal competences in psychogenic measurement, *Investytsiyi: praktyka ta dosvid*, vol. 5-6, pp. 81–88. DOI: 10.32702/2306-6814.2020.5-6.81.

²³ Akimov, O. (2020), Substantiation of the paradigm of the systemogenesis of public administration, *Investytsiyi: praktyka ta dosvid*, vol. 4, pp. 86–92. DOI: 10.32702/2306-6814.2020.4.86.

²⁴ Akimov, O. (2020), Tendencies of development of public-service activity as the bases of the paradigm of the systemogenesis of public administration, *Investytsiyi: praktyka ta dosvid*, vol. 3, pp. 135–142. DOI: 10.32702/2306-6814.2020.3.135.

In addition, such a mechanism must have a certain independence and reality of interaction with other regional structures and systems^{25, 26, 27}. This is possible by synthesizing the achievements of economic science and practical experience, ie the approximation of the objective possibility of developing organizational and economic mechanism to the existing realities and features.

Thus, in the course of the study created a basis for making assumptions about the feasibility of applying a project approach to solving problems of regional development. Project management methodology includes the development, implementation and development of the project as a complex system that is implemented and operates in an unstable environment. An analytical matrix of formation of intermediate goals for the project solution of problems of development of territorial communities is made, which serves as a tool of organizational support of community functioning. Specific principles of the project approach to the development of territorial communities are formulated, among which: coordination of goals, diversification of economic activities, compliance with tasks and sociologization of goals. These principles make it possible to implement reforms of the administrative-territorial system and shift the focus of agricultural policy from subsidized financial support to local communities to project support of producers according to strategic priorities of their development, which will improve the quality of life of locals^{28, 29, 30}.

The proposed author's procedure for developing the organizational and economic mechanism of development of territorial communities is based on

²⁵ Akimov, O. (2019), System-genesis approach to the implementation of public administration in Ukraine: problems of formation, *Investytsiyyi: praktyka ta dosvid*, vol. 21, pp. 90–95. DOI: 10.32702/2306-6814.2019.21.90.

²⁶ Akimov, O. (2019), The robustness of the system of professional activity of public employees: systemogenesial context, *Investytsiyyi: praktyka ta dosvid*, vol. 5, pp. 104–109. DOI: 10.32702/2306-6814.2019.5.104.

²⁷ Akimov, O. (2018), Functional factors of the system genesis of the professional activities of civil servants, *Investytsiyyi: praktyka ta dosvid*, vol. 24, pp. 68–74. DOI: 10.32702/2306-6814.2018.24.68.

²⁸ Akimov, O. (2018), The concept of the system genesis of the professional activities of public servants, *Investytsiyyi: praktyka ta dosvid*, vol. 23, pp. 133–138. DOI: 10.32702/2306-6814.2018.23.133.

²⁹ Публічне адміністрування. Англо-український словник термінів : навч. посіб. / К. О. Ващенко, Р. Г. Щокін, Є. О. Романенко, Л. М. Акімова [уклад.]. Київ : ПрАТ «ВНЗ «Міжрегіональна Академія управління персоналом», 2020. 232 с. Бібліогр. : С. 231. Публічне адміністрування. Вип. 4.

³⁰ Публічне адміністрування. настільна книга державного службовця і політика. Понятійно-термінологічний словник / К. О. Ващенко, Р. Г. Щокін, Є. О. Романенко, Л. М. Акімова [уклад.]. Київ : ПрАТ «ВНЗ «Міжрегіональна академія управління персоналом», 2020. 764 с. Публічне адміністрування. Вип. 3.

the project approach, it serves as the basis of the conceptual scheme of organizational and economic mechanism of development of territorial communities based on the project approach.

The new scientific result is as follows: improved organizational and methodological support for the development of territorial communities in Ukraine, which, unlike the existing one is based on a project approach to overcoming the problems of administrative territory, contains a conceptual scheme of organizational and economic mechanism of territorial community development. state policy on budget support of local communities for project support of producers.

CONCLUSIONS

The development of the territorial community and ensuring the effective use of financial and economic potential of the territory depends on the effective assessment of the existing potential of the community and its use, and, based on this assessment, determining the strategy of community development and its phased implementation. communities.

It is proved that the development of the territorial community on the basis of the strategic plan allows to ensure effective use of financial and economic potential, to identify additional and unused sources and reserves of community resources, and will promote gradual community development in the long run.

The basic principles for the formation of territorial communities and management of their development to achieve the maximum effect from the use of their own financial and economic potential are highlighted.

Defining the main directions of increasing the use of financial and economic potential at the level of territorial communities allowed to ensure stable community development. The analysis of the defined strategies of development of the united territorial communities has shown that in all communities there are practically the same urgent problems for their decision. However, not all of the studied strategies identify three areas of community development – economic, social and environmental, which may not take into account the needs of environmental protection as one of the main.

The order of development of the organizational and economic mechanism of development of territorial communities based on the principles of the project approach is offered, it serves as a basis of the conceptual scheme of the organizational and economic mechanism of development of territorial communities on the basis of the project approach.

SUMMARY

The conceptual model of using financial and economic potential in the process of local community development. Effective development of local community depends primarily on two interrelated factors: available financial and economic potential and success of local governments in the effectiveness of existing capacity. The general assessment of the use and management of the internal potential of the local community is proposed to be based on a combination of subjective and objective components of the study, which will ensure the most accurate result in assessing the use of financial and economic potential of the local community.

The paper identifies the main tools for developing local budgets and ensuring the capacity of local communities. Identifying the main directions of increasing the use of financial and economic potential at the level of territorial communities will ensure stable community development. The analysis of the defined strategies of development of the united territorial communities has shown that in all communities there are practically the same urgent problems for their decision. However, not all of the studied strategies identify three areas of community development – economic, social and environmental, which may result in failure to take into account the needs of environmental protection as one of the main.

The study identified and summarized the main causes of deteriorating socio-economic and environmental conditions in Ukraine, which created the basis for the assumption of the feasibility of a project approach to solving problems of regional development. Project management methodology includes the development, implementation and development of the project as a complex system that is implemented and operates in an unstable environment.

In the course of the research the order of development of organizational and economic mechanism of development of territorial communities is offered on the basis of project approach, it serves as a basis of the conceptual scheme of organizational and economic mechanism of development of territorial communities on the basis of project approach.

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