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THE DECENTRALIZATION REFORM IN UKRAINE IS THE BASIS FOR THE FINANCIAL INDEPENDENCE OF THE TERRITORIES AND THEIR DEVELOPMENT

Summary

The article is devoted to assessing the state of implementation of the state administration decentralization reform in Ukraine, aimed primarily at ensuring the financial independence and self-sufficiency of united territorial communities. Analyzes the state of the decentralization reform, indicators of development of united territorial communities, identifies the main sources of their funding. The peculiarities of the functioning of territorial communities, problems and factors of their life activity are studied. It is concluded that the well-being of the country's population depends on the results of the decentralization reform, which creates additional responsibilities for state and local authorities and other self-government bodies in the newly formed united territorial communities (hromadas), the number of which in Ukraine is 1470 units, 78% of them with a population of 500 to 3000 people. This study serves as both a practical and theoretical example of building the financial capacity of communities and will optimize the process of filling local budgets in Ukraine with sufficient financial resources necessary for their normal functioning and development.

Introduction

In recent years, Ukraine has seen fundamental changes in the system of local government in terms of local budgets, aimed at creating unified territorial communities with the ability to expand sources of financial resources and development opportunities, which stimulates the welfare of residents. At the same time, the implementation of the decentralization reform in Ukraine, as one of the most important developments and changes in public life, in addition to creating an effective structure of local self-government, requires balanced and thoughtful steps to address existing problems of both strategic and operational direction, which create significant risks for its further successful implementation in the country.

Financial decentralization is an important component of reforms in this area, based on budgetary and fiscal decentralization. The implementation of transformational changes related to increasing the efficiency of redistribution of financial resources at the local level is accompanied by the fact that localities often face issues related to the need to increase their own funds, optimization of revenues and expenditures of local budgets, ensuring adequate independence of financial resources, etc. The reform of financial decentralization has shown significant progress in the redistribution of funds in favor of local authorities. Financial security and the filling of hromadas budgets is a guarantee of socio-economic stability and regional development.

The purpose of this article is to examine the current state of change in the system of local government through decentralization reform aimed at the development of hromadas and the need to promote public policy measures to maintain their financial capacity in the future.

Part 1. Implementation of decentralization reform in Ukraine

The process of Ukraine's European integration necessitates the reform of various sectors and relies on existing economic, social and political influences. Much attention is now being paid to overcoming regional development and decentralization, which has given more power and opportunities to local authorities, including rural communities, to make decisions on the use of budgetary funds, socio-economic development and optimization of entrepreneurship in the regions.

The reform of local self-government in Ukraine is aimed at decentralization of power and separation of powers between its various levels to ensure financial, social, political and energy self-sufficiency of hromadas.

As is known, «the budget system of Ukraine today does not meet the needs of the development of hromadas. This is due to the fact that, although decentralization is being implemented in the country, there is excessive centralization of financial resources. Local authorities are not able to fully perform their functions, to conduct their own policies, to increase the material and financial base, to create a favorable investment climate at the regional level.

Based on the above, the relevant issue is the development and improvement of institutions of local democracy, which will lead to radical changes in the management of the budget system, which will contribute to the development of democratic relations in the country as a whole and at the local level. Local budgets should be financially independent, have a balanced budget, clearly define at the legislative level the division of functions and powers between state and local executive bodies and local government» [1, p. 615].

The term «decentralization» is widely used in economic sources.

In the political sense, decentralization (lat. de – negation, centralize – central) is considered as a method of territorial organization of power, in which the state transfers the right to make decisions on certain issues or in a certain area to

local or regional structures, not related to the executive power and relatively independent of it [2, p. 11].

Attempts to reform local self-governance in Ukraine have been made since independence, but have been hampered by a lack of consensus among the political elite regarding the foreign and domestic political vision of the state as a whole and approaches to administrative divisions and local self-governance in particular. In the context of permanent economic, political and social crises, the vast majority of local governments were unable to exercise their own and delegated powers at the proper level, which made the need to reform them extremely urgent. The most favorable conditions for reform emerged after the Revolution of Dignity, when the majority of the Ukrainian population rallied around the idea of European integration of Ukraine, an integral part of which was the organization of service-oriented democratic local government. The decentralization reform course announced in April 2014 put on the agenda the task of choosing the optimal model of local self-government and the order of formation of self-government bodies, creating mechanisms of centralization of power, ensuring the principle of subsidiarity and giving civil society institutions an opportunity to participate in local self-government [3, p. 23].

According to the author, «the results of the reform, aimed at building a qualitatively new system of local self-government, which was based on changing the basic level of the administrative-territorial structure by creating unified territorial communities, were: giving local authorities more rights in the disposal of available resources; strengthening their interest in increasing revenues to local budgets and finding additional sources of their maintenance; strengthening the material and financial base of settlements; the emergence of new centers of economic activity, etc.».

As a result of these innovations, local communities have the opportunity to improve the quality of public services, implement social and infrastructure projects, create conditions for investment and local business development, develop and implement local development programs, etc. [3, p. 24].

The first step in the decentralization of power was budget (financial) decentralization. It increased the level of financial support of local budgets and created conditions for motivating local authorities to increase the revenue base of local budgets. Statistics provides convincing evidence of the success of this reform. In particular, local budgets increased from 68.6 billion UAH in 2014 to 275 billion UAH in 2019, that is, by 206.4 billion UAH.

In fact, budget decentralization provided mechanisms to encourage communities to unite (in particular, by receiving subventions from the state budget), and many UTCs used this mechanism. This was an additional incentive to form a unified territorial community. The communities could use the budget revenues they received at their own discretion, for example, for landscaping, infrastructure development, repair of schools, stadiums, and other facilities [4, p. 68].

Reform of the decentralization of powers and resource allocation of public authorities in Ukraine, including aimed at inclusive growth and the restoration of social justice by addressing such socio-economic problems: elimination of income inequality between rural and urban households; overcoming the significant gap in the quality of educational services and in the formation of the starting labor potential of rural and urban youth; prevention of further social exclusion of certain categories of rural residents; prevention of irreversibility of the demographic crisis and mass migration of rural population leading to depopulation of rural areas, etc. [5, p. 53].

The decentralization reform began in Ukraine in 2014 and as of July 16, 2021, since then 1,470 united hromadas have been created and 8,065 senior districts have been formed, of which: the largest share is 57% with a population of 500 to 1,800, 21% with a population of 1,500 to 3,000, 15% with a population under 500 and the smallest share is 7% with a population over 3,000. In 2019, the amount of own revenues of local budgets increased by 14.1% compared to 2018 [6].

It is established that as the number of united hromadas increases, the number of population residing on their territory increases accordingly. As of May 1, 2019, the number of people living in united hromadas is 9.5 million, or 27.0% of the total population of Ukraine.

With the gradual introduction of decentralization in remote parts of Ukraine, citizens began to believe in the ability of their communities to develop effectively and find a decent future. And in villages and small towns neat parks, squares, public transport stops, and streets illuminated in the evening began to appear. For a big city or a regional center it may seem insignificant and minor, but for the «hinterland» these changes have become a signal for the beginning of changes for the better. In fact, for many in Ukraine decentralization has raised hopes for a better future for the regions [4, p. 69].

The welfare of the country's population depends on the results of the decentralization reform, which creates additional responsibilities for state and local governments and other self-governing bodies in the newly created incorporated hromadas.

Part 2. Sources of income of united territorial communities (amalgamated hromadas)

There are four main sources from which UTCs can generate income and from which they build their financial capacity.

The first and main source is the revenue side of the local budget, which can be formed from internal budgetary resources (taxes and fees, land and real estate rent in communal property) and external budgetary resources (subventions, targeted programs and transfers received from the state budget).

The second largest source of revenue for local budgets has traditionally been land fees. This is due to the fact that communities have a large amount of land from which they receive income, especially after the unification of

communities increase their influence on agrarian relations, which increases the financial security of unified territorial communities, also simplifies the procedure for legal and natural persons to own and use the land on which buildings, structures, other real estate, the ownership of which is registered with the land buyer and, more importantly, the community provides effective control over the use and protection of land [7].

The excise tax is also a significant tax that contributes to community budgets. Hromadas, on the territory of which gas stations are mainly located, receive a stable source of income. However, the system of administration of this tax is inefficient with insufficient control over the activities of business entities – taxpayers. The main problem of the excise tax on sales of excisable goods by economic entities is stimulation of growth of socio-economic differentiation of development of hromadas in connection with unequal location of places of sales of oil products and other combustive-lubricating materials [7].

Inclusion of the single tax in the structure of local taxes led to an increase in the share of local taxes and fees in the revenue structure of local budgets. As a result, the single tax became one of the most significant local taxes and fees. This growth was mainly due to an increase in the number of individuals and small businesses.

Taxes and fees related to environmental pollution are a significant source of filling local budgets. Thus, one of the innovations of the Tax Code of Ukraine was the introduction of an environmental tax instead of a pollution fee. The tax is paid when purchasing fuel for vehicles.

In the long term the main source of filling local budgets should be the real estate tax. Its base is expanding due to the involvement in the taxation of commercial real estate. However, the order of its calculation and payment does not comply with the practice of developed countries, where the amount of tax depends on the value of real estate, rather than on living space, as defined by the current legislation of Ukraine. Therefore, it is necessary to make appropriate changes in the Tax Code.

In addition, the possibility of obtaining significant revenues for local needs from the introduction of a property tax for rural areas is questionable. After all, given the economic crisis and the rapid impoverishment of the peasantry, such initiatives are doomed to failure. Also, local governments should have the right to independently introduce their own local taxes and fees on their territory, taking into account the specifics of the territory and the potential objects of taxation available on it. It is also necessary to improve the mechanisms of cooperation and interaction of business entities with the tax authorities of the State Fiscal Service of Ukraine [7].

The next source of income for UTC is investment, which the community can attract through the creation of a favorable investment climate, corporatization of utilities, public-private partnerships and leasing.

Hromada development investment resources include resources drawn into the local economy to create new assets. Investment resources can be either

privately owned or wholly or partially owned by the municipality. It also makes sense to distinguish investment resources that are under the direct control of the municipality, that is, those that are carried out at the expense of local budgets, as well as enterprises and organizations of communal property. In practice, there are various mixed forms of investment, carried out in the mode of co-financing from different sources. Investments are a key factor in the economic development of regions. The investment process at the local level is aimed at solving various problems. Investment in the municipal sphere is primarily aimed at providing the public with new, additional or improved services, creating new jobs, developing infrastructure and ensuring the modernization of existing infrastructure; reducing the cost and improving the quality of construction, operation and maintenance; ensuring timely and adequate service throughout the life of assets; using private sector experience and technology; and replenishing budgets by increasing the tax base [2].

The first thing that draws attention is the corporatization of public utilities. In Ukraine this is happening by way of:

- creation of communal enterprises in the form of business partnerships by local governments;
- conversion of a unitary-type communal enterprise into a business partnership;
- acquisition by a local government body of more than 50% of the shares (stakes) in the charter capital of the company.

Corporate utilities can be established in the form of a joint stock company or a limited liability company.

After the local government transfers the allocated communal property as a contribution to the charter capital of the company, the hromada ceases to be the owner of this property. This communal property becomes the property of the society, and the hromada receives in return the corresponding volume of corporate rights [8].

The corporatization of utilities helps hromadas attract new financial resources, improve existing facilities, and create new jobs and social problems.

As far as public-private partnerships are concerned, they involve ongoing cooperation between public authorities, including at the municipal level, and private sector enterprises in order to generate resources for infrastructure projects. The attributes of public-private partnership are the sharing of costs, risks and future benefits between public and private partnership. The application of this mechanism allows the authorities to meet the needs of economic development at the expense of investment funds without losing influence on and control over the infrastructure. This influence is mainly due to the preservation of ownership of the object.

Public-private partnership is one of the most common mechanisms of financing large-scale infrastructure projects in developed countries. In some places, this mechanism is beginning to be used on an incomparably smaller scale in Ukraine as well.

Another tool for attracting investment funds is leasing as a type of economic activity aimed at investing own or borrowed funds, which consists in the provision under a leasing agreement by one party (the lessor) for the exclusive use of the other party (the lessee) for a certain period of property owned or purchased by the lessor, subject to payment of periodic lease payments by the lessee.

In world practice, leasing is considered as a form of public-private partnership, along with concessions, leases, production sharing agreements, agreements – on the management of state and municipal property, agreements on joint activities.

Most often leasing transactions in the economic development of settlements relate to the following types of equipment: means of production (for public utilities, including for the needs of housing and communal services); vehicles; expensive equipment (for social infrastructure institutions, including hospitals, schools, cultural institutions, etc.); energy-saving equipment (for the modernization of housing and communal services); equipment for street lighting or traffic control (in particular, traffic lights).

The role of leasing as a tool for financing economic development of communities is due to the fact that local authorities, utilities and housing and communal services companies are often unable to renew equipment necessary for their normal operation due to lack of funds and high cost of equipment. Under such conditions, leasing becomes the most affordable way to upgrade equipment for housing and communal services, social and transport infrastructure, etc. Leasing is a financial instrument that allows municipalities to purchase necessary equipment in stages. In addition, leasing plays an important role not only in upgrading hromada assets, but it also expands the demand for manufacturers' equipment, increasing aggregate demand in the economy.

The task of leasing as a financial instrument is to unite the economic interests of producers and consumers to achieve a common and mutually beneficial goal. The consequences of mutually beneficial implementation of leasing projects are improved comfort, improved environmental conditions and significant savings (cost reduction) for local budgets.

Also considering investment sources of income, it should be noted that united communities can not only attract investment, but also invest temporarily free funds of the general fund of local budgets UTC for the purchase of government securities, namely bonds of internal state loan of Ukraine. This tool of temporarily free budget funds management is relatively new and is practically not used by amalgamated hromadas, so it requires a detailed study.

It should be noted that the bonds of internal state loan of Ukraine are state securities, which confirm the obligations of Ukraine to reimburse the holders of these bonds of their nominal value with the payment of income in accordance with the conditions of bonds.

Thus, the placement of temporarily free funds of local budgets of amalgamated hromadas in government bonds is an effective tool for attracting additional revenues to local budgets. This type of investment is new for incorporated territorial communities and the procedure itself is quite complicated, but with the right approach on the part of local authorities and their study of all aspects of the mechanism of investment in the bonds of internal state loan of Ukraine, local budgets can obtain a new source of sustainable annual income at the state level.

The next source of revenue for UTCs is loans, which include local loans provided to hromadas on terms of payment, maturity, and property security, as well as loans provided by international financial institutions to finance local economic development.

Particular attention should be paid to local bond issues, since this financial instrument helps to attract funds from external sources.

Local bond loans are one of the financial and credit instruments, which provides for the granting of funds to legal entities and individuals in debt of the municipality on terms of urgency, payment and repayment in exchange for bonds issued by it.

Bond issues are one of the most important tools for raising financing for local economic development. Unlike other credit instruments, bond issues make it possible to attract significant monetary resources for a long period of time. Through bond issues, a municipality can finance costly capital projects, such as the construction or modernization of water and sewage systems, the development of transport infrastructure, the construction of educational, health, cultural, and sports facilities, etc. Bond loans can accumulate the resources of both large investors (including institutional investors) and a wide range of people living or working in the municipality, and thus directly involve them in local economic development and interest in its results.

Thus, bond issues can transform a hromada's domestic savings into investments in its development.

Local bond loans are placed on the domestic or foreign stock market by issuing local bonds, which, depending on the specific use of borrowed funds and sources of debt repayment, can be of three types: full or non-profit, profitable and mixed.

In general or nonprofit bonds, the object of investment is facilities or services that benefit all or most of the hromada (public safety, streets and bridges, public parks, recreation facilities, etc.), and the source of repayment is the sale of community property, or current local budget revenues.

In revenue bonds, the object of investment is a capital investment that benefits a group of users who reimburse such investment through payment for services received (municipal airports, public transportation, water and sewage systems, sports facilities, etc.), and the source of repayment is the future income stream from the facilities created.

In mixed bonds, the object of investment is investment in facilities that will generate mixed bonds, or refinancing general or revenue bonds to restructure local debt (in the case of lower market interest rates, to defer repayment), and the source of repayment is the sale of community property or current local budget revenues or future revenue stream from the facilities created.

The issuance of these types of bonds depends on many factors: national legislation, the fiscal powers of local governments, their institutional capacity, the macroeconomic situation, the development of the country's stock market, etc. Different types of bonds have different levels of risk and, accordingly, the level of yield. General (non-profit) bonds are the most risky for investors, so they usually have higher interest rates. Income bonds are associated with less risk for investors because the terms of their issue clearly define the source of interest income and bond redemption. Therefore, yields on this type of bond are lower than those on general obligation bonds. Mixed bonds are considered safer for investors, so their interest rates are lower compared to the other two types of bonds. An important condition for achieving the expected results from the implementation of bond loans is an appropriate level of borrowing management, i.e., the performance of a weighted debt policy by the municipality [2].

As for the loans that amalgamated hromadas can receive from international financial organizations, this mechanism provides for the existence of approved credit lines or programs. This type of credit has a number of characteristic features, namely: the term of the loan is much longer than conventional loans, interest rates are lower and the conditions of credit is stricter, there is a grace period, which reduces the burden on the borrower, in addition, international financial institutions may provide consulting services for debt management on this loan.

In the process of initiating and preparing projects for loans from international financial institutions, it is necessary to establish effective communication with the relevant ministries that can influence the process of reviewing documents or making a decision to grant a loan. During the preparation of the project, which will be funded by a loan from an international financial organization, it is advisable to take a number of organizational measures that will contribute to its successful implementation, including the appointment of a project coordinator, create a project management team, make a plan of events for the preparation and implementation of the project, to determine a mechanism for monitoring the effectiveness of the project.

Grants provided by international donor organizations, governments, government agencies, commercial entities, public non-profit organizations, private charitable foundations or organizations in the form of non-repayable financial assistance for specific purposes are another source of income for amalgamated hromadas. To receive such financial support, hromadas must fill out applications on the Internet resources of the corresponding international donor organizations, and they, in turn, select the most attractive projects

through a competition. Of course, it is not easy to receive such a grant, but if the hromada is trying to solve an urgent socio-economic, environmental or energy problem and has a clear and effective strategic plan, the chances of receiving such financial assistance are much higher.

Grant instruments are an important tool for supporting hromada economic development. First, grant funds are managed in a way that allows them to be flexible to the needs of municipalities, something that most state programs lack. Grant programs can change rapidly, respond to risk, initiate innovation, and change traditional approaches to implementing the economic mechanism. And second, grants from various donors often act as first or long-term capital, independent of political and market forces. Funds have a long history of funding regional economic development initiatives, and an increasing number of donors are directing resources to specific areas or local initiatives in collaboration with public and private partners.

In economically developed countries, grants usually constitute a small part of funding needs of the territory. On the contrary, in Ukraine, where access to other sources of funding is extremely limited, grant instruments are often crucial for financing various local development projects. Grant instruments also often support and reinforce other financial instruments, including investments or loans from international financial institutions [2].

For the successful application of grant tools, local governments must have the appropriate capabilities (competencies):

- the ability to select and clearly articulate strategic and operational objectives;
- the ability to interact with the external environment, in particular donors, central government, the local community, civil society organizations, etc;
- experience and professional training, as well as personal qualities of project executors (ability to develop projects; skills to identify and formulate social problems; ability to analyze the necessary information; budgeting skills of project activities).

Donor organizations set their own program priorities for grants to fund economic development projects, taking into account their missions and goals. At the same time, program priorities are not static – their evolution is determined by changes in the needs of potential grantees and recipient countries, as well as new capacities of the respective donor organizations. Among the general priorities in the area of economic development support are the creation of prerequisites for long-term economic growth of territories, the realization of local economic development potential on a sustainable basis, increasing the ability of jurisdictions to realize their own economic potential, etc. Activities supported by donor organizations often involve not only the allocation of funds for the implementation of relevant projects, but also training in various aspects of regional development and the development of appropriate economic strategies for their implementation [2].

Thus, the use of these sources of income of amalgamated hromadas will contribute:

- self-sufficiency and financial independence of hromadas;
- efficient use of the resources available to them;
- innovation and investment direction of territorial development;
- optimal coordination of needs, resources, innovative technologies and directing them to solve priority tasks, which, in the end, will be the further basis for their future development.

Part 3. Problems of implementation and prospects for decentralization reform in Ukraine

One of the most effective mechanisms for reforming the system of public administration to ensure its effectiveness and compliance with the requirements of the time is decentralization – the transfer of managerial functions and powers of the central government to the local, regional level of government. Under today's complex conditions, decentralization, on the one hand, is designed to enable central authorities to focus resources and attention on important external problems, while, on the other hand, it allows local governments to effectively address local socio-economic problems, which will ultimately improve the overall state of affairs in the state [9].

It should be noted that the key objective of the decentralization reform in Ukraine was the creation of functioning hromadas, which, according to the Methodology of Forming Capable Hromadas, developed by the Ministry of Communities and Territorial Development of Ukraine, had to meet a number of criteria: continuity and geographical integrity; the distance from the center to the community with a population of more than 10% of the total population of the incorporated territorial communities must be no more than 20 km; the presence of at least 250 schoolchildren and 100 preschool children; the presence of a grade I-III school with a design capacity of at least 250 students; population – at least 3000 people, area – at least 200 square km [10].

On the road to decentralization reform, however, the following problems must be identified (Figure 1).

That is, the existing main problems of the decentralization reform in Ukraine, including imperfections in the current legislation, unresolved issues of distribution of powers and functions between local governments and executive authorities, unprofessional staffing of complex management decisions on the effective use of financial resources of hromadas in the new conditions and others create risks for its further successful implementation, reduce the financial capacity and self-sufficiency of individual territories.

The personnel problems of budgetary decentralization are also pointed out by other authors [13, p. 44], which emphasize that the personnel risk lies in the fact that to ensure the qualitative and effective implementation of state powers requires highly professional staff, which is chronically lacking (and not only at the local level). Accordingly, such complex and important management

functions for budget decentralization as the formation of financial potential of territories and the elaboration of effective strategic plans for economic development cannot be implemented with low qualifications of the management personnel of local governments.

Therefore, the solution of personnel issues depends on state measures to introduce effective personnel training programs in the system of local government in accordance with the new conditions of the decentralization reform.

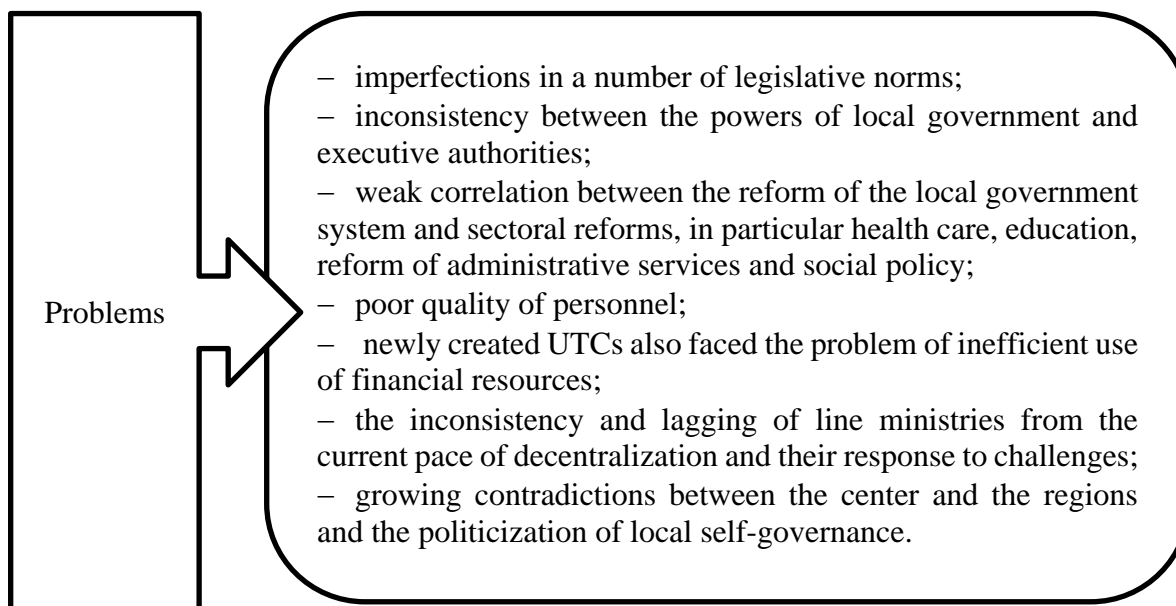


Figure 1. Problems of implementing decentralization in Ukraine

Source: summarized on the basis of [3, p. 29; 11, p. 137; 12, p. 128]

The paper agrees with the opinion of the authors [4, p. 74] on other issues, which «...require significant attention from the authorities. These are, above all, the lack of constitutional entrenchment of reforms related to decentralization processes, the legal failure to regulate the ability of hromadas to manage agricultural land as it is outside their borders, and a significant increase in tensions between the center and the regions. The problem of the politicization of local government institutions in connection with the peculiarities of the electoral system must be addressed. Certain dangers that should not be underestimated are the indirect election of elders and the possible «enclavization» of the UTC on the basis of language or ethnicity. Most of these problems require appropriate legislative regulation and political will on the part of the state leadership. Their successful solution requires public discussion, consultations with experts and scientists, and, of course, the broad involvement of the residents of the settlements themselves in solving these problems».

To minimize the risks associated with the deepening of this reform, it is necessary to implement a number of measures:

- to improve the legislative framework (for example, simplifying the procedure for approving long-term plans for the formation of community territories in terms of removing regional councils from approving long-term association plans, or improving the administration of local taxes, or regulating the payment of income tax from individuals, etc.);
- to strengthen control over the activities of local self-government bodies, which will facilitate the introduction (at the national level) of a mechanism for monitoring the planning and execution of local budgets by amalgamated hromadas;
- to increase the transparency of the budget process and involve the public in its management, to ensure the stability of communication between local authorities and communities, which will help reduce corruption risks [14, p. 81].

Thus, during the years of implementation of the decentralization reform in Ukraine, we can highlight certain achievements (the reform of administrative-territorial division has been completed, amalgamated hromadas have been formed, land and communal property have been transferred to them) and the above-mentioned problems that still need to be solved. Given the importance and relevance of the processes of decentralization for the fate of our country and the difficult conditions for its implementation, it is not surprising that the process of reforming regional policy has been quite difficult and at times ambiguous.

Conclusions

Ensuring the financial capacity of local hromadas is the main condition for achieving socio-economic development and modernization of infrastructure, and achieving such capacity is only possible if there is a well-functioning mechanism for filling the revenue side of the budget. This is why hromadas that have joined together, or are planning to do so, should focus first on improving ways to generate stable income and maximize their financial opportunities, and then try to solve other problems or problems. Hromadas should try to generate income from all of these sources, as well as seek other sources, taking into account the geographic, economic, and natural features of the region in which the hromada is located. It is the guarantee of financial opportunities that will allow the hromada to develop confidently in the future and will accelerate the process of solving existing problems in order to improve the system of local self-government in Ukraine.

Awareness of the achievements of the decentralization reform and the risks, creation of precautionary measures and proper control will allow not only to take advantage of the new organization of state power in Ukraine, but also to create the necessary basis for reforms in other areas.

Thus, Ukraine is undergoing a decentralization reform, which is being implemented to create additional opportunities for the development and formation of financially viable hromadas, which will become subjects of the new European paradigm of territorial development.

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