

Ways of equalization of economic capacity of territorial communities

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The search for ways of providing economic capacity of communities based on their peculiarities and advantages is made in the present article. The experience in uniting communities in some European countries is also analysed. The adaptation stage of Ukrainian legislation to the smooth implementation for community joining is investigated. The positive effects in exercising community unification are analysed.

Keywords: united communities, economic capacity, administrative and territorial reform, financial resources.

Стегней М.І., Лінтур І.В. ШЛЯХИ ВИРІВНЮВАННЯ ЕКОНОМІЧНОЇ СПРОМОЖНОСТІ ТЕРИТОРІАЛЬНИХ ГРОМАД

Е статті здійснено пошук шляхів забезпечення економічної спроможності територіальних громад виходячи із їх особливостей та переваг. Проаналізовано досвід в об'єднанні громад деяких європейських країн. Досліджено рівень адаптованості українського законодавства до безперешкодного здійснення об'єднання громад. Проаналізовано позитивний ефект від здійснення об'єднання територіальної громади.

Ключові слова: об'єднані територіальні громади, економічна спроможність, адміністративно-територіальна реформа, фінансові ресурси.

Стегней М.И., Линтур И.В. ПУТИ ВЫРАВНИВАНИЯ ЭКОНОМИЧЕСКОЙ СОСТОЯТЕЛЬНОСТИ ТЕРРИТОРИАЛЬНЫХ ОБЩЕСТВ

В статье осуществлен поиск путей обеспечения экономической состоятельности территориальных общин исходя из их особенностей и преимуществ. Проанализирован опыт в объединении общин некоторых европейских стран. Исследован уровень адаптированности украинского законодательства к беспрепятственному осуществлению объединения общин. Проанализированы положительный эффект от осуществления объединения территориальной общины.

Ключевые слова: объединенные территориальные общины, экономическая состоятельность, административно-территориальная реформа, финансовые ресурсы.

Long-lasting planning for long periods is used in Ukraine, still effective resulting indicators occurred mostly in large cities that have the appropriate social and economic resources, promoting city leaders in carrying out the plans. Decentralized processes in Ukraine contribute the emergence of capable communities, but with a limited experience of strategic planning of its development. According to personal interests and needs, they must determine and plan their future. The important role, in the respect of territorial development is played by state support.

Formulation of the problem. The structure of all states contains areas that are geographically larger than a city and possess different factors of promoting development. Performing its functions the state should secure its citizens the

equal capabilities of development and preserve the unity of the state area despite the territorial characteristics. Removing of the imbalances in economic development of territories, creating conditions for solidarity is the guaranty of territorial unity of territorial public space and economic stability of the state. The constant search of ways to equal economic capability of communities is the way to avoid and, if necessary, to solve territorial problems of the population.

Analysis of recent publications and research. Fundamental researches of the ways of equaling of economic power of territorial communities is made by such Ukrainian scientists as Bystriakov I.K., Burkynskyi B.V., Veklych O.O., Galushkina T.P., Galushko O.S., Gryniv L.S., Gerasymchuk Z.V., Danylyshyn B.M.,

Zinovchuk N.V., Kravziv V.S., Melnyk L.G., Skrypuk P.M., Sotnyk I.M., Stepanenko A.V., Telizhenko O.M., Harichkov S.K., Khvesyk M.A., Khlobystov E.V. etc.

However, the problem of finding the ways of equalization of economic capability of territorial communities and various aspects of their long-lasting provision is being currently the least studied and require further detailed analysis taking into consideration the task of decentralization of power in Ukraine.

The aim of the article is the way of equalization economic capability of local communities.

Setting of objectives. Most world countries, which in some cases is little more larger than one city, contain some disparities between different parts of the country. In general, such a discrepancy is normal and even typical phenomenon due to the geographical position of these states. Most of European countries are situated near the sea coast. As a rule, territorial communities living in these areas are more economically capable than the mountainous areas. Hence, the article aims at finding the ways of equalization of economic viability of territorial communities.

Research of basic material. Reforming of the territorial organization of power on the basis of decentralization is one of the key areas of systemic social transformations in Ukraine. The basic component of this reform is optimization the functioning of the authorities, represented by administrative and territorial arrangement. The purpose of such optimization is the creation of an effective system of public authorities in the administrative and territorial units that could provide favorable conditions for lives of people and opportunities for stable social and economic development of all regions through rational use of their potential. The problem of necessity to build a new model of territorial organization of power and administrative-territorial arrangement was repeatedly arisen in political and expert group. However, most of these attempts were stopped at the stage of conceptual groundings or bills of law. Instead, the problems associated with the imperfection of administrative and territorial arrangement and management of areas were not decreased but grew up over the years. They are especially acute at the lower basic level – in villages, cities and small towns, where local authorities are mostly unable to activate economic activities and provide an appropriate environment for lives of people. The new administrative and territorial arrangements should be the basis for building a new model of regional governance based on the principles of decen-

tralization and subsidiarity, balance of general state interests with the interests of the population of the regions and local communities, local authority's ubiquity, capability and independence of local communities to matter the local issues.

According to the European Charter of Local Self-Government dated from October 15, 1985 [1], the essence of local government lies in the right guaranteed by the state and the real ability of local communities of citizens (territorial groups) and formed by them bodies to solve independently and taking all responsibility a specific part of public affairs, acting according to the Constitution and laws of the particular state.

The instrument for state regulation of united territorial communities is fiscal policy. The ultimate goal is aimed at improving the development and efficiency. Far from being enough simply to analyze local budgets for income and expenses. It is important to determine their goals and potential effect. The current budgeting methodology does not establish a clear relations between the resources being spent and the results received by the public. It is difficult to determine the effectiveness and resultiveness of funded services.

The basis of local authorities lies in awareness of territorial community the presence of their common interests, which may differ from the interests of other local communities and the state.

Due to the natural regularity there is major productivity in big cities, as a rule, than in rural areas.

It is worth taking into account such factors that there are countries where geographically a large number of people is formed who belong to national minorities or possess some differences in contrast to the main part of the population. As a result, there is a high probability of deploping tension between administrative areas or a particular region with the state at the national level.

To avoid the emergence of "corrosive" intentions there must be established effective mechanisms and instruments in the state, as well as regional policy preventing a situation of regional separatism which threatens the state existence, as a result creating opportunities for acts of disobedience or even terrorist acts.

In this respect, it becomes urgent to find the ways of ensuring economic equality of territorial communities based on their competitive advantages.

European countries and the European Union pays great attention to regional development and the creation of conditions for the unity of European regions forming a united solidary Europe [3].

Each state, especially the states members of the European Union, seeks to implement its

regional policy in such a way that regional differences are used as possibilities for development, and prevent their transformation into the problems of national unity and security [3].

When we speak about the unity of the state, which consists of regions, we can see that the issue of unity and solidarity of territory is also characteristic to region.

Taking into consideration territorial and geographic peculiarities of Ukraine, one can call it to be not large European country.

Each administrative part of Ukraine contains areas, including the cities, where better development is observed, better living conditions than on the periphery. Therefore, regional development planning should be started so as to ensure economic equality to all parts of the country. Moreover, among the ways to level the capacity of communities one should avoid instrument of cross budget aids unless of extreme need. It is necessary to create favorable economic, social and political environment to all territories for equval work and economic welfare.

Orientation onto decentralization of authority and partnership between various branches has become dominant in regional development today. As well as partnership with the private and non-governmental sectors, not providing direct subsidies to weak areas [4].

It is nowadays formed in Ukraine necessary legislation for regional development: basic law, a national strategy of regional development, opportunities for regional development funding from the state fund of regional development, which is created as budget program of the State budget in accordance with Article 24-1of Budget Code of Ukraine [4].

Since 2015 state regional policy in Ukraine has acquired European features competition and obtained competitive funding from the state budget of Ukraine. The regions got possibilities to plan and finance their own development.

Nowadays all Ukrainian regions have developed strategies till the years 2020 or 2025. Unfortunately, realities of life show that not all managers in the regions can effectively apply new tools for regional development [4].

The results of activity for 2015 showed that 520 million UAH (from 3 billions) have not been used in the region and returned to the state budget. This is a result of the lack of real regional development projects that could be supported by the costs of state funds of regional development [3].

Such a large percentage of unused funds was the main reason that the amount of national funds of regional development in 2016 remained

in the sum of 3 billion, although the draft budget was 4.7 billion [3].

Along with the reform of state regional policy in Ukraine a broad decentralization occurs. As a result of which the cities of regional importance and united territorial communities got additional resources for their development.

Decentralization enables local communities to obtain more influence upon their development and welfare of their population. But at the same time the risk of institutional capacity of local administrative elite increases to provide stable development and not be become limited.

So, nowadays united communities have much more of their own resources and are able to get the funds from the national fund of regional development.

To use the funds efficiently, territorial communities should mind the spheres of spending money. Since it is rather important for the community the fact that funds are used efficiently, that is using the funds as a means of generated opportunities for increasing local revenues in the medium – and long-lasting term.

Successful are those regions and communities which develop successfully their own internal capacity and improve those internal conditions that affect the investment and support them.

We consider to be worth introducing the idea, that if the funds would have been used for the growth it is important to make strategic planning of the united territorial community.

Starting to plan the strategy for the development of community it should be realized that unlike the regional level, there is no regulatory law standards, which would determine the procedure and requirements towards the strategy elaboration for the development of territorial community.

Various foreign technical programmes of assistance have been acting in Ukraine for many years. They aim to help cities in developing strategies for urban development. Since territorial communities did not exist to 2016, there is no no real experience in Ukraine how to work out community development strategy. But the work experience in the development strategies for cities and regions should and even must be used.

That is why, we propose to act upon a specific algorithm of design which is applied towards the strategy of regional development of the region.

Region and united communities are definently of two contrastive sizes, though nowadays united communities are quite larger entities characterised by the presence of areas with quite different problems and level of development.

Moreover, the united territorial community can take as a basis of its development strategy of even the State regional development strategy of Ukraine till the year 2020, and also take into account the development strategy of that region in which the community is situated.

This is quite logical since the new State strategy of regional development is based on the approach of increasing regional competitiveness and ensuring the unity of the Ukrainian territory as well as of improving quality of people's life, regardless of their residence.

Such task are definitely appropriate for planning the development of united community.

State regional development strategy set objectives, which may also be suitable for the strateging of development of united territorial local communities:

- increasing the role and functional capacity of towns in their further development;
- creating conditions for promoting positive processes of city developments onto other areas, the development of rural area;
- improving the efficiency of internal development factors.

Unification of territorial communities, as a rule, takes place around a dominant central settlement – town or village. Hence, the challenge of united community is to extend the influence of the dominant settlement onto other rural areas in the community. The city has to start repaying the debts to the village.

However, while looking for the ways of improving the economic capacity of the community, it is important to identify that the so-called "basic" point, which can be the basis for economic growth in the territorial community.

In this respect, orientation on three basic component strategies in development planning

is important – the development of local economy, human capital development, protection of the world environment.

Also, positive and stimulating the development factor is the fact that legislation does not oblige communities to unite only under perspective plan of territory formation of regions and does not impose any other restrictions.

This form of voluntary unification of communities does not contradict the law and should not serve as a ground for refusing the regional state administration to provide a conclusion (predicted by the law), and the refusal of the Central Election Commission in the appointment of the first local elections.

Territorial communities that have decided to unite without the perspective plan approved by the Cabinet of Ministers of Ukraine are not guaranteed status of those which are capable to obtain the specific powers and direct cross budget relations with the state budget [4].

A bright example of positive changes can be traced as a result of unification of territorial communities in Transcarpathia, such as increasing of their economic power etc. It should be noted that Transcarpathian region has got the least experience in unification of territorial communities.

According to the decisions of Central election commission on October 25, 2015 the first election of heads and deputies of 2 united territorial communities took place in Transcarpathia. These communities were formed as a result of unification of 6 local councils (6 settlements).

The total area of united territorial communities was 168 km², which occupies 1,3% of region's area. Population size in united territorial communities makes 32 thousand people, which is 2,5% from the total number of region's population (tabl. 1).

Table 1

Characteristics of united territorial communities of Transcarpathia [4]

Name of united community	Vilkhovetska	Tiachivska	Total
Amount of local councils, included into the number of united territorial communities	3	3	6
Amount of settlements	3	3	6
Area of community, ^{km²}	76,8	91,3	168,1
Population number dated on 01.01.2015 including:	12483	19630	32113
Urban population		9112	9112
Rural population	12483	10518	23001
Subvention of state budget onto infrastructure formation of united territorial communities, thousand hryvnias:			
for 2016 year	7979,3	7095,7	15075,0
Factual incomes in the I term of 2016	2659,8	2365,2	5025,0

As it is seen from table 2, as a result of joining together for the I term of the year 2016 factual incomes of general fund of local budgets of united territorial communities of the region (with the transfers from state budget) were 78 Million UAH, which is 8 times larger amount in comparison to the same period the year before.

Summing up the fulfillment of local budgets in the I term of 2016 the most depended financially from state budget is united territorial community of Vilkhovetsia – 49% in community's incomes is basic dotation.

Communities of Vilkhovetsia and Tiachevo got basic dotation from state budget in the sum of 3,2 million UAH.

As a result of unification of communities the amount of local budgets' own revenues has increased in 3 times (22.3 mln. UAH) in comparison with the first term of the year 2015 (from 9.5 mln. UAH. to 31.8 mln. UAH). The main source of budget revenues is income tax – 16 mln. UAH. The next in importance is the excise tax – 8 mln. UAH. Vilhovetska and Tiachivska united territorial communities overfulfilled the plan indices of general fund revenues in 23% and 123% respectively in the first half of 2016. Unification of communities made it possible to increase their own budget incomes per 1 resident of the territory. The index has increased on the average (comparing the first half of 2016 with the first half of 2015) in almost 600 UAH (from 260 UAH. to 857 UAH.). In calculating per 1 capita the largest sum of funds got united territorial community of Tia-

chiv – 1472 UAH., the smallest – Vilhovetska united territorial community – 241 UAH. Concluding the financial resources, the united territorial communities have been able already in the first half of 2016 to direct funds onto development expenditures (capital expenditures) in total sum of 9.7 million UAH, including road repairing, building, public welfare and utilities – 9.5 mln. UAH.

Compared with the beginning of 2016, the balance of the general fund of local budgets of united territorial communities (without subsidies) has increased in 13 mln. UAH., or in 6 times and on July 1, 2016 was 15 mln. UAH., including deposit accounts of banks (there are 5 mln. UAH).

Thus, such communities should be considered as positive steps in orientation to optimization the system authority and local authority. The communities under consideration must also receive state support, including: information and educational, organizational, methodological. Among the other forms of support united communities can expect the costs of State fund of regional development for investment of projects and programs, funds of international projects and programs in support of decentralization in Ukraine by means of participation in the corresponding competitive selection. However, it must be noted that according to the current legislation those united communities that are not recognized as being capable, can not expect the subsidy funds, which are provided for infrastructure development in accordance with the Budget Code of Ukraine. For partial financial sup-

Table 2

**Financial capacity of united territorial communities of Transcarpathia
in the I term of the year 2016 [4]**

Name of united community	Vilkhovetska	Tiachivska	Total in the region
Населення на 01.01. 2016 р.	12,4	19,6	32,0 0
Expected personal incomes per 1 person (in calculation of set indicators for 2016), UAH	351	1371	861
Factual incomes of personal incomes per 1 person during I term of 2016 , UAH.	241	1472	857
% of factual personal incomes to expectation of incomes to 2016 (in calculation per 1 person)	69	107	88
Factual incomes of basic / reverse dotation, thousand hryvnias	2934	298	3232
% budget dotation (financial dependence from state budget)	49	1	25
Direction of costs upon development expenses (expenses), thousand hryvnias	1521	8166	9686
Development expenses per 1 person, UAH	122	417	27

port of such communities in 2017 the Ministry of regional development, building and housing worked out proposals to amend the corresponding legislation.

Special attention in formation of strategic plan of development of the territory should be paid to the external sources of funding:

- projects of strategic nature, not simple repairing work should be financed by funds of State Fund of regional development. The funds first of all should be spent on projects that build up the infrastructure leading to the capitalization of land, formation of added value, increasement of household income;

- during 2016-20 Ukraine must receive funds in the form of ITA, which are for support of decentralization and Unification of territorial communities (EU project «ULIT» – the total amount of 97 million euros; US project «DOBRE»- the total amount of 50 mln.; projects of Council of Europe, the Swedish Kingdom, the Danish Kingdom, the Netherlands, Switzerland, Finland, Canada) totaling more than 20 mln. EUR [3].

Using funds of State fund of regional development, grants for infrastructure development it is advisable to follow certain approaches that ensure transparent, efficient, fast and long-lasting use of funds.

Reforming of territorial communities as elements of basic stage of territorial management must be held in the context of systemic reform of administrative and territorial arrangement on all levels, which is grounded upon the approved conceptual reforming basis and clear understanding of strategy of its realization.

It is necessary to define the advantages that will be achieved as a result of reforming of the territorial organization of power and optimization of administrative and territorial structure:

- arrangement of the administrative and territorial units, their unification; 18 – more efficient use of budget funds; – improving the quality and accessibility of public services; – reducing of the degradation of rural areas; – financially stable local government. Reformation of local communities must be understand as success (or failure) in the factor of the further implementation of systemic reforms in other areas of social development.

Conclusions. The search of ways of economic capacity of territorial communities showed, that those territorial communities which have already been united in the process of decentralization start a new level of development. The unification gave them more powers and human material recourses. In addition to this, they obtained greater obligations, as a result of increasing, because of responsibility to citizens in formation of higher level of comfort and safety of living. The pledge of this can only serve a well planned and grounded development and experience. However, personal experience, by some obvious reasons, is absent. That is why planning and search of ways of equalization of economic capacity of communities must be clearly designed taking into account peculiarities of innovations aimed at obtaining qualitatively new experience of united functioning of communities on common territories.

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