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IMPROVEMENT OF FINANCIAL RESOURCE MANAGEMENT IN TERRITORIAL COMMUNITIES

Solving important problems of local economic development, the effectiveness of social institutions, and the satisfaction of residents of territorial communities with the quality of public services depend on the effectiveness of financial resource management in these communities. Its improvement is one of the key tasks of the decentralization reform. This process requires scientific development of measures for their mobilization, since additional financial reserves attracted and the increased financial potential of territorial communities provide local authorities with wider opportunities to influence the proportions and rates of socio-economic development as well as the development of mechanisms for the most optimal use of financial resources of communities, which has a direct impact on the well-being of their residents. It is important for local authorities to realize that the success of the implementation of the decentralization reform is significantly influenced by their activity in the process of economic transformations and the introduction of the most successful practices into all spheres of public life. The strengthening of the sense of independence of local authorities in making management decisions is facilitated by the provision of real, rather than fictitious, expansion of their powers and access to financial resources, which is what the decentralization reform provides.

Currently, the financial capacity of territorial communities is provided mainly by resources of internal origin, i.e. budget funds. In order to increase the volume of revenues to the budget of a territorial community, local authorities need to address the issue of payment by all business entities operating on its territory and receiving public services, such as educational, medical, infrastructure, communal and other - of legally defined taxes and fees, especially personal income tax, i.e. to control that the labor of unregistered workers is not used, as well as excise tax, i.e. to prevent the sale of products without appropriate excise stamps, etc. The creation of favorable conditions for the development of small and medium-sized businesses and attracting investments to create new jobs can contribute to the revitalization of the economic climate in the community.

A significant number of communities with accumulated problems that cannot be solved only at the expense of internal financial resources must enter the borrowing markets, as well as attract investments and other resources from the outside.

In order to attract additional financial resources and funds for technical assistance, communities also need to organize active cooperation with international financial organizations and donor partners. This may include active attraction of grants, inclusion in international support programs.

In order to implement the target purpose of communities, which is to effectively fulfill their assigned powers, it is necessary to attract internal reserves and optimize the main expenditures of budget funds. This can be achieved by reducing the proportion of inefficient expenditures and implementing measures to increase energy efficiency and save resources. A significant reduction in energy costs can be achieved by introducing energy-efficient technologies. In this case, for example, modernizing street lighting or insulating public buildings can play an important role. The funds saved in this way can be used to address priority social needs. It is also necessary for communities to actively use the opportunities of international grant programs to support environmental and energy-saving projects. This will contribute not only to financial optimization, but also to raising the level of environmental awareness among the population of communities, thus

creating favorable conditions for life and development.

A feature of the process of managing the financial resources of territorial communities in wartime is the emphasis on measures aimed at saving money and reducing expenses that do not meet this requirement. For example, it is possible to prohibit the financing of some secondary services and materials, suspend spending on ceremonial events (except for very important ones) and capital expenditures, etc. It is necessary to carry out high-quality monitoring, analysis, control and adjustment of these measures. Such actions can free up funds, replenish local budgets and contribute to the rational use of financial resources of territorial communities.

Sustainable and effective development of territorial communities actualizes the development of a strategy for managing their financial resources, which includes principles, an action plan, components and methods, monitoring and searching for positive results from the implementation of this strategy. For effective management of the financial resources of a territorial community, local authorities need to: first, identify the territorial community by forming its passport, which describes the natural resource potential, infrastructure, base of business entities and their economic activity, etc.; second, conduct an inventory of all community assets; third, develop a management strategy outlining the tools for forming the community's financial resources (budgetary, credit, investment, grant, intermunicipal, municipal-private cooperation strategy); fourth, develop tactical tools for implementing the strategy (projects, programs, etc.); fifth, directly implement the formed financial resources management strategy, monitor and control the results.

In order to increase the financial capacity of territorial communities, it is important to develop cooperation between individual settlements and communities, the so-called intermunicipal cooperation, which, like in European countries, is becoming more widespread in Ukraine. It becomes increasingly relevant in conditions of martial law, when communities, on their own initiative, provide assistance in the restoration of deoccupied territories. Therefore, intermunicipal cooperation is a new and promising direction for improving the management of financial resources of territorial communities, as well as an effective tool for increasing their financial capacity. By combining their own resources and efforts of local authorities to solve common issues of the development of territorial communities, it is possible to achieve a synergy effect. There are various forms of implementation of intermunicipal cooperation, in particular: concluding agreements on cooperation between cities or other territories, creating joint coordination bodies or municipal enterprises. Intermunicipal cooperation contributes to the growth of opportunities for participation in public-private partnership projects and attracting private investment.

In the course of financial planning, territorial communities need to conduct a thorough analysis of all financial resources available to them and determine priority areas for spending. Funds should be directed to the development of the most important areas for the further development and effective functioning of communities, in particular, to financing medical care, social protection, security, and reconstruction of critical infrastructure facilities.

Financial forecasting and planning requires the implementation of adaptive models for determining expected income and expenditure indicators that are able to quickly respond to environmental changes. For this, dynamic models and scenario modeling should be used, which will provide flexibility in decision-making and increase the accuracy of calculations. The second important task is the integration of big data processing technologies and artificial intelligence in financial forecasting and planning. This will allow analyzing large amounts of information, identifying hidden trends, and making more informed predictions [1].

Increasing the efficiency of the use of financial resources by local authorities, first of all, should be based on the full use of the program-target budgeting method, which allows to increase the validity and controllability of budget expenditures, their compliance with community development priorities. However, there are currently many problems in applying this method of forming and using financial resources of territorial community budgets, which are manifested in the lack of experience and skills of local authorities in developing budget programs, and therefore their low quality; inconsistency of budget program goals with defined strategic objectives and community development priorities; gaps in methods for assessing the effectiveness of budget

program implementation.

To prevent possible risks of making ineffective management decisions, corruption abuses and waste by local government bodies, to optimize costs and ensure transparency of financial transactions at the level of the territorial community within the framework of decentralization, it is necessary to introduce public control over the actions of local authorities and actively involve residents of a specific community in the management of local financial resources by practicing the publication of open reports and holding public hearings.

There are certain features of financial resource management in territorial communities. Since they include the resources of several settlements of the community, in order to improve budget control and stimulate healthy competition between administrative and territorial units in its effective implementation, representatives of all these territories should be involved in the management process.

The prevailing war conditions require the process of managing the financial resources of territorial communities to be as clear as possible in terms of accounting, accountability and transparency, which will avoid corruption schemes, ensuring fair distribution of funds, trust of community residents in local government structures, and establishing close ties with international partners. To achieve this goal, it is necessary to create modern electronic monitoring and reporting systems. Local authorities must also be prepared to manage the financial resources of communities in emergency situations. To respond more effectively to unforeseen events, communities need to develop backup scenarios and anti-crisis plans.

In order to create a positive impact on the practical implementation of the process of using financial resources, local authorities need to: introduce elements of public-private partnership (concession, outsourcing, etc.), increase the transparency of their activities by publishing information about the discussion and adoption of important management decisions, hold public hearings and consultations, and also actively use the participatory budget (the so-called public budget) to involve the public in financial processes, which will increase trust in the authorities and promote the activity of community residents.

Solving the identified problems and practical implementation of the developed proposals can increase the effectiveness of the formation and use of financial resources of territorial communities and contribute to improving the well-being of their residents.

References:

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