

I. Fomichenko,
PhD (Economics),

S. Barkova,
assistant

Donbass State Machine Building Academy, Kramatorsk

THE INFLUENCE OF FINANCIAL DECENTRALIZATION ON THE RESTORATION OF THE ECONOMY OF DONBAS

Problem Statement. On the modern stage of development of Ukraine as the democratic, social and legal state taking into account global changes that took place lately, development of local self-government is one of priority directions of public policy. The process of financial decentralization begun in Ukraine directly influences on the decision of economic problems of development of the destroyed potential of Donbas. Proceeding in the economy of Donbas needs more complete use of resources of development, that have local character, strengthening of market principles of manage, examining the not so much scales of spatial sizes of territories, how much factors of cooperation of agents of demand and supply on certain territories. Financial decentralization gives new possibilities to influence on regional economic progress trends from the side of population, territorial communities and local elites. Actuality of research theme is conditioned by that a specific of regional development of Donbas is from positions of introduction of decentralization processes in the conditions of the armed conflict and high degree of political and socially – economic vagueness studied while not enough.

Analysis of the last researches and publications.

Directly the home economists devoted the labours the study of problems of local finances and interbudgetary relations of V. Kravchenko, O. Vasilik, S. Bukovinsky, O. Kirilenko, I. Lunina. Problems of proceeding in the economy of Donbas and research of consequences of the Russian-Ukrainian conflict mostly came true at all-Ukrainian level in labours of I. Grozny [1], R. Prokopenko [2] but other. The different aspects of concept of decentralization, her conceptions, kinds are investigated by the modern Ukrainian and foreign scientists. In this way, G. Arian worked out the theoretical model of financial decentralization; R. Bal and J. Martinez-Vasquez educed intercommunication of realization of reform of financial decentralization and institutional design of country; N. Bikadorova, O. Drozdovskaya investigated essence of financial decentralization; K. Kaiser are her kinds; V. Bodrov [3] and S. Dyachenko [3] considered decentralization as an instrument for strengthening the material and financial basis of local self-government.

The purpose of the article is to study the impact of financial decentralization on the restoration of the Donbas economy and to determine the peculiarities of the formation of local budgets of the Donetsk region.

Presentation of the main research material. The economic system of the border regions in the east of the country is an important part of the Ukrainian economy as a whole. Creating conditions for optimal interaction between different border territorial associations requires a systematic approach and a full account of the diversity of directions and forms of interregional economic relations. The Russian-Ukrainian conflict, which in 2014 year into armed confrontation and annexation of territories, led to significant changes in the foreign economic activity of Ukrainian industrial regions, in particular, Donbas. For the Donetsk region, which was at the epicenter of the military conflict, the availability of financial decentralization and strategic planning of the development of territories is a prerequisite for a comprehensive recovery based on the principles of sustainable development. It is the processes of financial decentralization that can contribute to increasing the resource base of local self-government and the effectiveness of its use, innovation, human resource development and entrepreneurship, and improvement of the ecology of the Donbas [4]. The success of financial decentralization largely depends on the degree of participation of the united territorial communities (OTG) in the processes of managing the resource potential of the region. The role of united territorial communities in ensuring the interests of citizens in all spheres of life in the respective territory should become a key. For example, in order to stimulate civic responsibility at the local level and motivate the population to voluntarily pay taxes, local authorities should inform and involve them at all stages of decision making of local significance. The relevance of the study was due to the fact that in Ukraine only the corresponding regulatory, legal, economic, organizational, informational, and social mechanisms of strategic planning of territories development in the conditions of financial decentralization were created. The creation of united territorial communities in the Donetsk region will contribute to further socio-economic development of the territories. In Ukraine, during 2016-2018, there has been a rapid increase in the number of OTGs, but there is no proportional increase in the subvention for infrastructure development. For 3 years the amount of the subvention for the OTG infrastructure has decreased by 3.4 million UAH / unit. while simultaneously increasing the OTG by 506 units (Fig. 1).

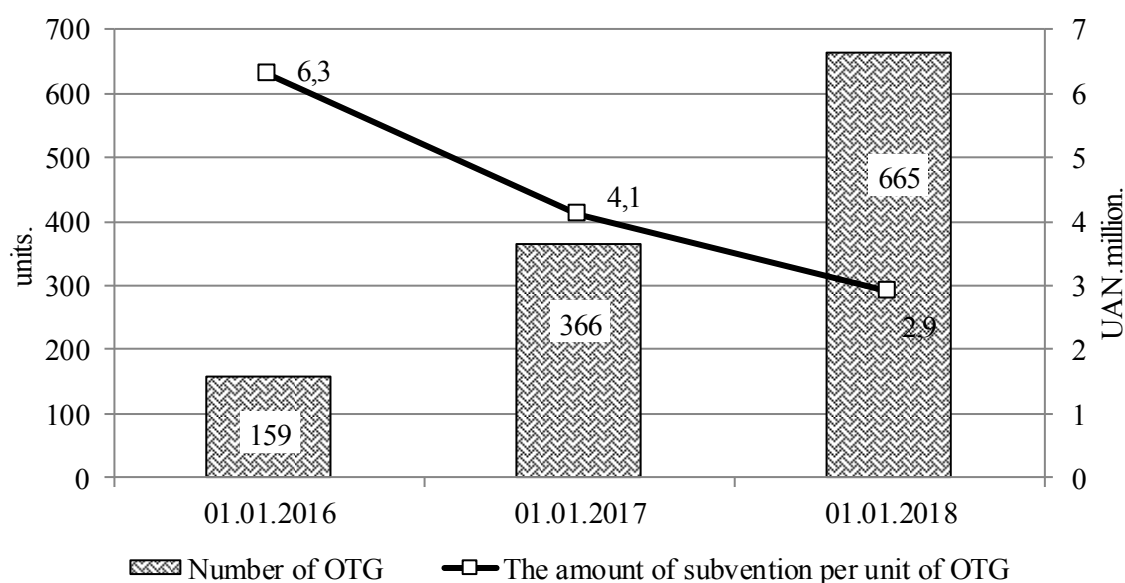


Fig. 1. The ratio of the amount of subvention to the OTG infrastructure and the number of OTGs [5]

Such a situation demulges the community to unite and diminish opportunities for social and economic development. Therefore, it is necessary to improve the financial system for providing funds to united territorial communities, namely to increase the size of the subvention in proportion to the number of OTG. Another problem hampering the development of OTG in Ukraine is that the creation of united territorial communities is not supported by the population. Most residents of territorial communities are detached from the process of the adoption and implementation of management decisions either because of their own indifference or open reluctance of local government officials to involve citizens in managing local affairs. Among the areas of improvement of the development of territorial communities, it is expedient to highlight the revision of the mechanisms of budgetary equalization. In particular, we consider it unreasonable to equalize the tax capacity of the territories only on income from the value added tax of individuals and income tax. It would be worthwhile to include in the calculation and revenues of local budgets from rent payments. In Ukraine, this issue was repeatedly raised, in 2016 two bills were registered to include a certain percentage of rent payments to local budgets. In 2018, only one law "On Amendments to the Budget Code of Ukraine for the Inclusion of Rent Payment for the Use of Subsoil for the Extraction of Oil, Natural Gas and Gas Condensate" came into force on January 1, 2018. In accordance with the law, 5% of rent from the sale of hydrocarbons should be transferred to local budgets of different levels. Of these, 2% will be credited to oblast budgets, 2% to district budgets and 1% to budgets of city, village, and village councils [6]. But this law provides for a total deduction of only 5% of rent payments to local budgets, although the second version of the law

specified 10%. Therefore, it is worth reconsidering the approach to determining the share of rent that is transferred to local budgets, as this is important for those territories where the quality of drinking water deteriorates as a result of fossil fuels, limiting the size of territories suitable for agricultural activity, and the destruction of highways. This must be done in order to ensure that the OTGs on whose territory the extractive activities are carried out have additional resources to restore the infrastructure, improve the living standards of the local population and improve the ecological situation [7].

In the last two years, Ukraine, in accordance with the course on European integration, is actively implementing reforms to decentralize territorial development. The financial aspects of decentralization are aimed at increasing the financial capacity of the united territorial communities. As a result of the territorial reform in Ukraine, three levels of local self-government have been formed: the oblast (or region), the district and the community consisting of several populated areas that have been united. In accordance with the decisions of the Central Election Commission on October 25, 2015, the first elections of the heads and deputies of the 3 OTGs took place in the Donetsk region, which arose as a result of the unification of 20 local councils (65 settlements). The total area of OTG amounted to 1738 km², which is 6.6% of the area. The population of OTG is 57.3 thousand people, which occupies 1.3% of the total population of the region [8]. During the first six months of 2016 in Donetsk oblast, the actual revenues of the general fund of local budgets of OTGs of the region (with the transfer from the state budget) amounted to 133 million UAH, which is more than 1.7 times compared to revenues of the same period last year. In the first half of

2016, local budgets of OTG from the state budget received an educational subvention worth 36 million UAH, a medical subvention amounted to 18 million UAH, a subvention for infrastructure development – 12 million UAH. All local budgets of OTGs of the region for the first half of 2016 exceeded the planned indicators of total fund revenues approved for the relevant period. The largest percentage of over-fulfillment of planned indicators in Cherkasy OTG is 23% [8]. The association of communities of Donetsk region has allowed to increase own receipts of budgets of OTG for 1 inhabitant of the corresponding territory. On average, this indicator (compared to the first half of 2015) increased by 1110 UAH. (from UAH 708 to UAH 1818). There is a differentiation in the amount of funds received. Thus, in Shakhovsk OTG received the largest amount of funds per inhabitant - UAH 3904, the smallest similar figure was in Cherkasy OTG – UAH 400 per inhabitant. As a comparison, we would like to note that on the basis of 1 person the most amount of money is received by a resident of Verbkivska OTG of the Dnipropetrovsk region – UAH 7,257. Based on the financial resources of OTG in the first half of 2016, funds were allocated to development costs (capital expenditures) for a total amount of UAH 6 million. including repair of roads, construction, landscaping and housing and communal services – 2 million UAH, repair and reconstruction of institutions of social and cultural sphere – 3 million UAH [8].

On December 28, 2014, the Verkhovna Rada of Ukraine adopted the Law of Ukraine "On Amendments to the Budget Code of Ukraine on the Reform of Intergovernmental Fiscal Relations" [9], according to which a new stage of financial decentralization has been launched since 2015. These changes regulated, in particular, the budgetary relations related to the introduction of a new model of financial provision of local budgets and intergovernmental fiscal relations. As is known, in the system of local finances central place belongs to local budgets, which, on the one hand, are documentary bearers of local finances, and on the other hand, constitute a plan for the creation and use of financial resources necessary for the fulfillment of the tasks of local self-government bodies. Their independence is guaranteed by their own and national income assigned to them, as well as the right to independently determine the use of funds from local budgets. Today, the main factor influencing the formation of local budgets in the Donetsk region is the conduct of hostilities on its territory. Territories in which hostilities are taking place and temporarily occupied remained virtually without legitimate authorities. The question of the breakdown of administrative-territorial units as a result of the anti-terrorist operation remains relevant. As an interim solution, it is proposed to join parts of the districts where the state authorities do not exercise their powers to the neighboring regions where the Ukrainian authorities operate. The

significant differentiation of the local budgets of the Donetsk region is determined both by the territorial character and the development of the infrastructure, and by certain differences in the structure of the needs of budget financing and the policy of budget equalization.

Among the main features of the formation of local budgets of the Donetsk region are:

- excessive shredding (excessive number of village councils and the presence of cities with a population of less than 20 thousand people);

- significant disparities in the level of socio-economic development of territories, the presence of areas with significant differences in quantitative and qualitative indicators. For example, the population of Volnova district largest in the region is 104.1 thousand people, and the population Dobropil district – only 16.1 thousand people (almost 6.5 times less), which in some way reflected in the formation of the revenue part of the local budget [9];

Grant funds are a separate source of financing for local economic development in the Donetsk region – these are resources provided to finance the needs of local economic development in the form of international technical assistance, grants from international donors, charitable donations and donations.

In order to ensure the sustainable development of the Donetsk region in conditions of decentralization, it is necessary to carry out an institutional transformation of local self-government bodies and local executive authorities by modernizing the administrative-territorial system of the oblast, which involves reducing the disproportions in size between administrative-territorial units of the same level; the formation of reasonable size of administrative-territorial units and the non-inclusion of settlements into other settlements (thus there will be no large disproportions in the size and population of the regions in the region; strengthening control over the targeted and efficient use of budget funds that can be implemented through public involvement to the budget process and to ensure its publicity and transparency, access to budget information for citizens, to promote further democratization of the activities of the Territorial authorities, primarily through increased use of instruments of direct democracy (enhancing the role of local initiatives, involving civil society to solve community problems).

These proposals will provide the sources of the local budget of the Donetsk region with the necessary infrastructure, personnel, organizational, and financial resources. The consequences of the military conflict on the territories of Donetsk and Luhansk oblasts were subject to numerous systemic problems of the economic development of the region, which in some way reflected the implementation of the decentralization reform in these territories. Creation of a modern system of local self-government in the Donbas is complicated by the action of certain problems specific to this region:

– different deterioration in the socio-economic situation and the threat of decline of former industrialized areas as a result of hostilities on part of its territory;

– the cessation of the movement of goods through the collision line within the Donetsk and Luhansk oblasts, which has become another catalyst for the strengthening of the trend towards the stagnation of these territories;

– the need to find new markets for goods in foreign markets, the development of new types of products and redevelopment of production. There is a change in the sectoral specialization of the regional economy, in particular the directions of export-oriented production.

The financial decentralization of the Donbas is aimed at solving these problems by overcoming significant contradictions in the regulatory and legislative framework; stabilizing sources of local budget revenues and developing an effective mechanism for interregional redistribution of state revenues; the improvement of inter-budgetary relations, which is due to their inconsistency with the rapid changes taking place in the east

of the country. The modern system of distribution of budget funds between different levels of government should be guided by the solution of problems aimed at achieving a balanced budget both "vertically" and "horizontally". The conducted research shows that the redistribution of local budget revenues after budget decentralization in Ukraine for 2014-2016 took place in favor of cities of oblast significance and newly formed united territorial communities, while the largest losses were borne by regional budgets whose share in the structure of incomes has decreased from 28.9% in 2014 to 24.4% in 2016 (Tabl. 1). Such structural changes are related to the reduction of the role of areas in the financial provision of development of territories. The oblast lost first of all because of the reduction in the share of personal income tax revenues from 25% to 15% in 2015. And these losses were obviously higher than those they received from the new share of the corporate profit tax (10%). Also, in 2016, the subvention for the training of labor personnel that was in 2015 was canceled.

Table 1

Structure of revenues and expenditures of local budgets by budget levels 2014-2016

Years	Indicator	Total	Region	Cities of oblast significance	Areas	OTG	Territorial communities of the baseline level
2014	Revenues without transfers	100	37.9	39.8	9.9	0	12.4
2016		100	33.6	39.9	11.9	2.1	8
2014	Income from transfers	100	28.9	33.8	30	0	7.3
2016		100	24.4	35.5	30.9	1.9	7.4
2014	Expenditures	100	28.7	33.8	30.5	0	6.9
2016		100	23.4	36.3	31.7	1.7	6.8

The growth of the share of revenues of cities of oblast significance occurred at the expense of a 10% tax on profit of non-communal enterprises and new revenues from excise taxes, which obviously exceeded the losses that cities of oblast significance suffered due to the reduction of their share in the split personal income tax (PIT) from 75 to 60%. Redistribution of expenditures of local budgets in 2016 in comparison with 2014, there was an increase in the role of budgets of cities of oblast significance, districts and united territorial communities in ensuring socio-economic development of territories. The oblast began to lose its position in financing the main sectors - education and health, while the powers to finance these industries increased in cities of oblast significance. About half of the expenditures of the public administration sector are concentrated in the territorial communities of the base level – 46.3% in 2014.

In 2016, revenues from transfers for cities of regional subordination and districts were less than their total expenditure, indicating vertical financial imbalances. Thus, the transfer to local budgets of additional

financial burdens without the expansion of the financial base contributes to the threat that revenues coming to local budgets will not correspond to the amount of powers that are planned to be transferred for implementation by local governments. From year to year, the powers of local authorities are growing, so, since 2016, financing of vocational education from local budgets has become a significant burden on budgets of cities of oblast significance [10].

Positive factor of the impact of financial decentralization on the restoration of the Donbas economy should be the tendency of a growing share of transfers in the total volume of local budget revenues, which will allow to accelerate the growth of export of goods from the Donetsk region and will contribute to the increase of capital investments in the region. As of January-September 2017, enterprises and organizations of the region (without taking into account part of the area of the anti-terrorist operation) have absorbed 8.3 billion UAH at the expense of all sources of financing. of capital investments, which is 23.9% more than in the same period of

2016 in comparable prices. The main source of financing of capital investments is the own funds of enterprises and organizations, the share of which amounted to 85.2%. At the expense of the state budget, 2.2% of capital investments were invested, the share of local budget funds was 10.1%, loans to banks and other borrowings accounted for 1.1%. In January-September 2017, the export of goods from the Donetsk region (without taking into account part of the area of the anti-terrorist operation) amounted to 3514.5 million USD. The United States, which is 24.3% more than in January-September 2016. Enterprises of the region exported products to 108 countries of the world. In the first place Italy, where in January-September 2017 exports of goods amounted to 763.7 million dollars, which is 35.7% more than in January-September of the previous year, and amounted to 21.7% of the total. Exports of all goods to the European market increased by 21.0% compared to January-September 2016. The Russian Federation took the second place, deliveries to this country in January-September 2017 compared to January-September 2016 increased by 18.9% and amounted to 569.9 million dollars, or 16.2% of the total volume. In 1,9 times, in January-September 2017, in comparison with the previous year, foreign exchange earnings from the export of goods in the USA amounted to 311.1 million dollars, or 8.9% (third place) [12].

Conclusions. Taking into account the above results of the research and the unstable political state of Ukraine in recent years, improvement of the policy of intergovernmental transfers of security of the eastern region is necessary. Each united territorial community should develop strategic documents for socio-economic development. The share of expenditures financed by local budget revenues has slightly increased over the past two years, indicating a higher degree of financial autonomy for regional expenditures. Further strategic development of the Donetsk region is connected with the development of the methodology of planning, improvement of economic, organizational and personnel provision of this process.

Literature

1. Грозный И.С., Прокопенко Р.В. Анализ влияния российско-украинского конфликта на промышленность Украины. *Вестник ДГМА*. 2015. №3(36). С.211-215. 2. Прокопенко Р.В. Анализ перспектив отраслей украинской экономики при выходе из кризиса. *Управління економікою: теорія та практика. Четверті Чумаченківські читання: зб. наук. праць*. Київ, 2015. С.156-165. 3. Бодров В. Г., Дяченко С. А. *Бюджетна та фінансова децентралізація як інструмент зміцнення матеріально-фінансової основи місцевого самоврядування*: навч.-метод. матеріали. Київ: НАДУ, 2015. 101 с. 4. Ляшенко В.І., Прокопенко Р.В., Дзюба С.В. Сценарії ринкової орієнтації зовнішньоекономічної діяльності Придніпровського економічного району в сучасних умовах. *Економічний вісник Донбасу*. 2017.

№ 2 (48). С. 75-89. 5. **Децентралізація** дає можливості: офіційний сайт URL: <http://decentralization.gov.ua/>. 6. **Про внесення змін до Бюджетного кодексу України** щодо зарахування рентної плати за користування надрами для видобування нафти, природного газу та газового конденсату: Закон України від 20.12.2016 р. № 1793-VIII. URL: <http://zakon3.rada.gov.ua/laws/show/1793-19>. 7. **Територіальний** розвиток та регіональна політика в Україні: актуальні проблеми, ризики та перспективи адміністративно-фінансової децентралізації / наук. ред. В.С. Кравців; НАН України, ДУ «Інститут регіональних досліджень імені М. І. Долишнього НАН України». Львів, 2017. С.83. 8. **Децентралізація**. Місцеві бюджети 159 об'єднаних територіальних громад. 2015 – 2016 (прогноз). URL: <http://www.minregion.gov.ua/decentralization/presentation/finansovadetsentralizatsiia-v-diyi/> (21.12.2016). 9. **Головне управління статистики у Донецькій області**: офіційний сайт. URL: <http://www.donetskstat.gov.ua/>. 10. **Про державний бюджету України на 2016 р.**: Закон України. URL: com/ukrajiny-zakony/zakon-ukrajini-pro-derjavniy-byudjet-ukrajini2016.html. 11. **Про державний бюджету України на 2018 р.**: Закон України. URL: <http://zakon.rada.gov.ua/go/2246-19>. 12. **Соціально-економічне** положення Донецької області в январе-ноябре 2017 года / Главное управление статистики в Донецкой области. URL: <http://www.sovet.donbass.com>.

References

1. Groznyi Y.S., Prokopenko, R.V. (2015). *Analiz vliyaniya rossiysko-ukraynskoho konfliktu na promyshlennost Ukrainy* [Analysis of the influence of the Russian-Ukrainian conflict on the Ukrainian industry]. *Vestnyk DHMA – Herald of the DMAA*, 3(36), pp. 211-215 [in Russian].

2. Prokopenko, R.V. (2015). *Analiz perspektiv otraslei ukraynskoj ekonomiki pri vykhode yz kryzysa* [Analysis of prospects of industries of Ukrainian economy on leaving from the crisis]. *Upravlinnia ekonomikoju: teoriia ta praktyka. Chetverti Chumachenkivski chytannia – Economics Management: Theory and Practice. Fourth Chumachenko reading*, pp. 156-165 [in Ukrainian].

3. Bodrov V. H., Diachenko S. A. *Biudzhetsna ta finansova detsentralizatsiia yak instrument zmitsnennia materialno-finansovoi osnovy mistsevoho samovriadiuvannia* [Budgetary and financial decentralization as an instrument for strengthening the financial and financial basis of local self-government]. (2015). Kyiv: NAPA [in Ukrainian].

4. Liashenko V.I., Prokopenko R.V., Dziuba S.V. (2017). *Stsenarii rynkovoї orієntatsii zovnishnʹoekonomichnoї diialnosti Prydniprovskoho ekonomichnoho raionu v suchasnykh umovakh* [Scenarios of the market orientation of foreign economic activity of the Pridneprovsky economic region under perfect conditions]. *Ekonomichnyi visnyk Donbasu – Economic Herald of the Donbas*, 2 (48). pp. 75-89 [in Ukrainian].

5. *Detsentralizatsiia daie mozhlyvosti* [Decentralization provides opportunities]. (n.d.). *decentralization*.

gov.ua. Retrieved from <http://decentralization.gov.ua/> [in Ukrainian].

6. Pro vnesennia zmin do Biudzhethnoho kodeksu Ukrainy shchodo zarakhuvannia rentnoi platy za korystuvannia nadramy dlia vydobuvannia nafty, pryrodnoho hazu ta hazovoho kondensatu: Zakon Ukrainy vid 20.12.2016 r. № 1793-VIII [On Amendments to the Budget Code of Ukraine regarding the enrollment of rent for the use of mineral resources for the extraction of oil, natural gas and gas condensate: Law of Ukraine dated December 20, 2016 No. 1793-VIII]. *zakon3.rada.gov.ua*. Retrieved from http://zakon3.rada.gov.ua/laws/show/1793_-19 [in Ukrainian].

7. Kravtsiv V.S. (Ed.). (2017). *Terytorialnyi rozvytok ta rehionalna polityka v Ukraini: aktualni problemy, ryzyky ta perspektyvy administratyvno-f finansovoi detsentralizatsii* [Territorial development and regional policy in Ukraine: actual problems, risks and prospects of administrative and financial decentralization]. Lviv, Institute of Regional Research named after M.I. Dolishniy of the NAS of Ukraine [in Ukrainian].

8. Detsentralizatsiia. Mistsevi biudzhety 159 obiednanykh terytorialnykh hromad. 2015 – 2016 (prohnoz) [Decentralization. Local budgets of 159 united territorial communities. 2015-2016 (forecast)]. (n.d.). *www.minregion.gov.ua*. Retrieved from <http://www.minregion.gov.ua/decentralization/presentation/finansovadetsentralizatsiya-v-diyi/> [in Ukrainian].

9. Holovne upravlinnia statystyky u Donetskii oblasti [The Main Department of Statistics in Donetsk Oblast]. (n.d.). *www.donetsk stat.gov.ua*. Retrieved from <http://www.donetsk stat.gov.ua> [in Ukrainian].

10. Pro derzhavnyi biudzhetu Ukrainy na 2016 r.: Zakon Ukrainy [On the State Budget of Ukraine for 2016: The Law of Ukraine]. (n.d.). Retrieved from <https://zakonodavstvo.com/ukrajiny-zakony/zakon-ukrajini-pro-derjavnyi-byudjet-ukrajini2016.html> [in Ukrainian].

11. Pro derzhavnyi biudzhetu Ukrainy na 2018 r.: Zakon Ukrainy [On the State Budget of Ukraine for 2018: The Law of Ukraine]. (n.d.). *zakon.rada.gov.ua*. Retrieved from <http://zakon.rada.gov.ua/go/2246-19> [in Ukrainian].

12. Sotsial'no-ekonomicheskoye polozheniye Donetskoj oblasti v yanvare-noyabre 2017 goda [The socio-economic situation of the Donetsk region in January-November 2017]. *Main Department of Statistics in the Donetsk region*. (n.d.). Retrieved from <http://www.sovet.donbass.com> [in Russian].

Фоміченко І. П., Баркова С. О. Вплив фінансової децентралізації на відновлення економіки Донбасу

У статті розглянуто специфіку регіонального розвитку Донбасу з позицій впровадження децентраліза-

ційних процесів в умовах збройного конфлікту і високого ступеня політичної та соціально-економічної невизначеності. Встановлено особливості формування місцевих бюджетів Донецької області. Запропоновано удосконалення політики міжбюджетних трансфертів забезпеченості східного регіону, що передбачає розробку стратегічних документів соціально-економічного розвитку кожною об'єднаною територіальною громадою.

Ключові слова: фінансова децентралізація, об'єднана територіальна громада, міжбюджетні трансферти, місцеві бюджети, капітальні інвестиції.

Фомиченко И. П., Баркова С. А. Влияние финансовой децентрализации на восстановление экономики Донбасса

В статье рассмотрена специфика регионального развития Донбасса с позиций внедрения децентрализованных процессов в условиях вооруженного конфликта и высокой степени политической и социально-экономической неопределенности. Установлены особенности формирования местных бюджетов Донецкой области. Предложено усовершенствование политики межбюджетных трансфертов обеспеченности восточного региона, которая предусматривает разработку стратегических документов социально-экономического развития каждой объединенной территориальной общиной.

Ключевые слова: финансовая децентрализация, объединенная территориальная община, межбюджетные трансферты, местные бюджеты, капитальные инвестиции.

Fomichenko I., Barkova S. The influence of financial decentralization on the restoration of the economy of Donbas

The article deals with the specifics of Donbas regional development from the point of view of the introduction of decentralization processes in a situation of armed conflict and a high degree of political and socioeconomic uncertainty. The features of the formation of local budgets of Donetsk region are determined. The proposed improvement of the policy of intergovernmental transfers of security of the eastern region, which involves the development of strategic documents of socio-economic development by each united territorial community.

Keywords: financial decentralization, united territorial community, intergovernmental transfers, local budgets, capital investments.

Received by the editors: 02.08.2018
and final form 14.12.2018