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# ECONOMIC SCIENCES

## DIRECTIONS OF IMPROVEMENT OF LOCAL GOVERNMENT MANAGEMENT

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### Abstract

The formation of an effective model of public power in Ukraine requires the development not only of a system of its bodies, but also of territorial communities that could take an effective part in the management of public affairs, as well as solve them independently. The Constitution of Ukraine in 1996 defined the territorial community as the main subject of local self-government, the source of power of bodies and officials of local self-government, but still no mechanisms have been created that would allow it to become a full participant in public affairs. Therefore, in practice, territorial communities remain mainly as an object of government and have not moved into the system of subject-subject public-power relations. This is confirmed by indicators of their actual use of such mechanisms as local initiatives, petitions, public hearings, general meetings, participation in local elections, public involvement in local and regional policy development, activities of local NGOs, etc. Although today the importance of the problem of territorial capacity of territorial communities is recognized at all levels of government in Ukraine and a number of regulations have been adopted defining new vectors of local self-government and at the same time forming territorial communities, they and related documents do not offer specific mechanisms for this. In practice, such mechanisms can be developed in close cooperation of local governments with state executive bodies (local - for the development and application of mechanisms taking into account local specifics, central - for the formation of framework organizational and legal conditions and mechanisms for such activities). Today, the issue of interaction of local governments with state executive bodies is significantly relevant in the context of delimitation of their powers.

**Keywords:** regional policy, territorial capacity, territorial communities, government

The system of local self-government is a set of subjects and forms of local self-government through which the population of a territorial community realizes the functions and powers assigned to it.

The subjects of local self-government are:

- 1) territorial community,
- 2) village, settlement, city council,
- 3) executive bodies of village, settlement, city councils,
- 4) district councils in the city and their executive bodies,
- 5) village, settlement, city mayor,
- 6) district and regional councils representing the common interests of territorial communities,
- 7) Kyiv and Sevastopol city councils,
- 8) bodies of self-organization of the population.

Since the territorial community of a village, settlement, city is the primary subject of local self-government, it has the authority to resolve all issues of local significance independently or through forms of direct expression of will within the relevant territory and current legislation of Ukraine. In addition, the territorial community can exercise its functions and powers through its representative bodies and officials. After all, representative democracy is more professional, rational

than direct. It can be explained by the fact that in accordance with Part 3 of Article 143 of the Constitution of Ukraine, local governments may be granted by law certain powers of executive authorities.

Local governments, whose activities are guaranteed in accordance with Article 7 of the Constitution of Ukraine, do not have the necessary forces and means to implement, there is also an urgent need to strengthen the regulation of the territorial community in the forms of direct democracy and self-organization. These include local referendums, general meetings of citizens, local elections and initiatives, public hearings, public committees, self-government councils, house, street, neighborhood and other bodies. However, this does not mean humiliation of the place and role of local government bodies and officials. Direct and representative democracy must be dialectically combined at the level of both the state and local self-government.

Analyzing the problems of local self-government as a component of democracy, it is impossible not to conclude that it is a holistic system of democratic institutions and only in this form allows territorial communities independently, under their own responsibility to actively develop creative activities within the Constitu-

tion and laws of Ukraine. At the same time, such an approach to local self-government requires material, legal, organizational and other support.

Thus, local self-government as one of the forms of democracy provided by Article 5 of the Constitution of Ukraine is a specific form of implementation of the latter. It is characterized, firstly, by the presence of a special entity - a territorial community, villagers or voluntary association in a rural community of residents of several villages, towns and cities, which performs self-governing functions directly and through representative bodies, and secondly, the fact that local governments are not part of the mechanism of state power, but occupy a special place in the political system. In addition, the recognition in Article 7 of the Law of Local Self-Government as one of the fundamental principles of the constitutional order of society and the state means the need to establish a democratic, decentralized, independent system of government endowed with powers to address local issues.

Thus, local self-government has its own internal and external structure. As a constitutional and legal institution, it includes: territorial staff, representative (elected) and executive bodies, bodies of territorial self-organization of citizens and other forms of direct democracy. and from the political practice that has developed in a country.

Local self-government in Ukraine has a certain system, which includes:

1) village, settlement, city councils of people's deputies and their bodies, executive committees, standing, and other commissions;

2) other forms of territorial: self-organization of citizens, namely: a) public committees and councils of neighborhoods, residential complexes; b) house, street, neighborhood, polling stations, settlement, village committees.

3) forms of direct expression of the will of the population, local referendums, general meetings.

A special place in this system is occupied by village, settlement, city councils of people's deputies, which are local self-government bodies and unite and coordinate the activities of other branches of local self-government on their territory. The system of local self-government is built in accordance with the current administrative-territorial division of the state. It is he who is the territorial basis of these bodies. In the vast majority of parliamentary democracies, local governments have a two- or three-tier structure: community, district, province.

Local self-government is an effective social mechanism that is able to meet the interests of the community and directly affects the government.

In addition, the power of local self-government is characterized by some features: - its source is the people, and the primary carrier - the territorial community; - it applies only to the territory of administrative-territorial units; - its bodies act on behalf of the territorial community, not the people or the state; - material and financial base of its bodies consists of communal (municipal) property and local (municipal) budget; - its organs are connected more closely with the population; - in the system of its bodies there is no rigid hierarchy

and subordination. The scientific publication of the Swiss-Ukrainian project [5] states that self-government as a citizen's participation in governance can function successfully only when elements of civil society and self-organization already exist. According to Art.5 of the Law of Ukraine "On Local Self-Government in Ukraine" the elements of the system of local self-government include: 1) territorial community; 2) village, settlement, city council; 3) village, settlement, city mayor; 4) executive bodies of village, settlement, city council; the mayor (the latter was added in accordance with the Law № 157-VIII of February 5, 2015); 5) district councils in the city, created in cities with district division by the decision of the territorial community of the city or city council; 6) district and regional councils representing the common interests of territorial communities of villages, settlements, cities; 7) bodies of self-organization of the population [7].

The functions of local self-government are diverse and differ in their purpose and legal properties. According to the object-target characteristics of the functions of local authorities can be divided as follows:

- 1) budgetary and financial;
- 2) material and technical;
- 3) information;
- 4) planning and programming of development of the corresponding territories;
- 5) rule-making;
- 6) socio-cultural;
- 7) environmental control;
- 8) political, etc.

In addition, the functions of local self-government can also be classified by subjects of local self-government, which gives grounds to distinguish the functions of: territorial communities; local councils; executive bodies; village, settlement and city mayors; bodies of self-organization of the population, etc. These functions are common to all spheres of local life and are aimed at addressing issues of local importance.

It should be noted that the basis for the formation, organization and functioning of local governments are certain principles. According to Art.4 of the Law of Ukraine "On Local Self-Government in Ukraine" [7] the basic principles include:

1) democracy, which means that the bearer of sovereignty and the only source of power in Ukraine is the people, who exercise it directly and through public authorities and local governments;

2) legality in the organization and activity of local self-government institutions, which is supported by the current legislation of Ukraine;

3) publicity, which ensures transparent activity of local self-government bodies and systematic informing of the population about it;

4) collegiality, which means the organization and functioning of the relevant collective body, which includes a certain number of persons elected personally in the manner prescribed by law, and issues within its competence are decided by a majority vote on the basis of collective discussion;

5) the combination of local and state interests, which occurs as a result of the joint efforts of local authorities;

6) election: local self-government bodies are formed by free elections, which are carried out on the basis of universal, equal and direct suffrage by secret ballot for a term of five years (village, town, city mayors for a term of four years);

7) legal, organizational and material-financial independence within the powers defined by the current legislation;

8) accountability and responsibility of bodies and officials of local self-government before territorial communities;

9) state support and guarantee of local self-government, which is manifested in the granting of territorial administrative powers to territorial communities and their bodies;

10) judicial protection of the rights of local self-government.

The main shortcomings of the current system of division of competence between local governments and local state administrations are:

- unification of powers of local governments of territorial communities, regardless of their category, population and material support;

- unclear division of powers between local and public administration bodies at the subregional and regional levels;

- imperfect system of control over the activities of local governments;

- imperfection of the institution of delegation of powers and the corresponding means of checks and balances, which is a potential source of conflict [14].

The division of functions is based on the Constitution of Ukraine, laws and acts of the President of Ukraine and the Cabinet of Ministers of Ukraine. The functions and powers of local state administrations and local self-government bodies are based on the principles of sectoral competence, which can be divided into the following three types: exclusive competence of local state administrations (for example, state control); related competence, when local state administrations and local governments are empowered in one area of public life; exclusive competence of local self-government bodies (for example, management of communal property). Other ways of delineating functions and powers are treaties and agreements that specify their mutual rights and obligations in accordance with the law. In addition, the analysis of the principles of regional governance and local self-government of many unitary countries of the world shows the existence of such groups of their powers as their own powers (those exercised by regional governments and local governments independently and in the interests of local people) and delegated powers. public authorities, which for the purpose of their more effective implementation are transferred for implementation to local governments on the basis specified by law or contract by other levels). If in resolving "own" cases local governments must act independently and independently of state bodies, subject only to the law, the resolution of "delegated" cases should be carried out under the control and administrative guardianship of the relevant state bodies [15]. Among the negative manifestations characteristic of the

Ukrainian reality, we can also single out: 1) discrediting potentially effective procedures of public consultations, public expertise, hearings, etc. This concerns the non-transparency of the selection of those civil society organizations involved in public consultations, as well as their low effectiveness, as proposals and recommendations are generally not thoroughly analyzed and taken into account; 2) providing formalized responses to information requests to public authorities and local governments, unfounded refusals to provide information, as well as its improper disclosure; 3) filling the websites of public authorities and local governments mainly with information on recording the establishment of public councils, holding hearings, examinations, rather than their contribution to the content of decisions or adjusting them [23].

When reforming the local government system, the possible negative impact of the following factors should be taken into account:

- Insufficient funding for the implementation of expanded powers of local governments (more than 90% of local budgets are subsidized, and half are subsidized by more than 70%, which is especially true in times of crisis);

- organizational and personnel inability to perform the tasks set before local governments due to the low level of qualification of employees;

- insufficient level of development of civic activity at the local level, which in the case of decentralization can significantly increase the lack of control over the work of local governments;

- lack of effectiveness of organizational and legal mechanisms to ensure the independence and protection of the rights of local self-government.

In Western science, a separate area of research on the relationship of public administration. This contributed to the spread of the practice of forming special structural units for intergovernmental relations in the authorities, which made it possible to increase the efficiency of the system of government.

In order to promote the development of local self-government and its reform, the Government of Ukraine in April 2014 approved the Concept of reforming local self-government and territorial organization of power. This was a defining stage in the decentralization process, which involved the transfer of powers and finances from the state to local governments. Consequently, it gives citizens greater independence and special rights to self-regulation. Therefore, the task was to provide the sources of such independence and to adapt to the interaction of all financial components of the system. Decentralization involves the transfer of significant powers and budgets from public authorities to local governments, based on the fact that as many powers as possible have those closer to the population, where such powers can be exercised most successfully [11]. The defining prerequisite for the formation of financial independence of territorial communities is budget decentralization - a comprehensive system of measures for the creation and use of financial resources of local and state budgets and other sources, which reflects socio-economic relations on the distribution and redistribution of monetary resources. At the same time, as

modern scholars rightly point out [29], it should provide a level of funding for local communities, which would give local governments the right and opportunity to finance the proper performance of current and capital functions. The purpose of budget decentralization is to increase the level of financial capacity of local communities and ensure the provision of necessary services to the population. Communities, whose activities fully meet the conditions set out in the long-term plan for the formation of territories, switched to direct inter-budgetary relations with the state budget, and also received the right to financial support in the form of subventions, including on the formation of OTG infrastructure [6].

Budget decentralization has to solve a number of tasks, but the main one is to find a sufficient amount of financial resources that will be able to provide full autonomy and independence of local budgets in the structure of the budget system of Ukraine. Regional development programs should be provided with the financial and resource base of all parts of the financial system in the state structure.

To date, OTGs have gained access to various external and internal financial resources. An important feature of both the availability of a financial resource

for local socio-economic development and the interest of local authorities in its application is its regularity, consistency and sustainability, and, consequently, the ability to take them into account in long-term planning and use in the future [4]. Depending on the method of involvement, the following sources of financing of local socio-economic development are distinguished: budget; investment; credit; alternative (grant). All of them play an important role in the development of OTG, along with both advantages and disadvantages in involvement (Table 1).

Decentralization involves the transfer of significant powers and budgets from public authorities to local governments, based on the fact that as many powers as possible have those closer to the population, where such powers can be exercised most successfully [11]. The defining prerequisite for the formation of financial independence of territorial communities is budget decentralization - a comprehensive system of measures for the creation and use of financial resources of local and state budgets and other sources, which reflects socio-economic relations on the distribution and redistribution of monetary resources.

Table 1.

**Sources of financing of the territorial community**

Type of financing	Characteristic	Benefits	Disadvantages
Budget resources	Funds of local and state budgets, which are used to finance the needs of OTG development and do not provide for the emergence of debt obligations	1. Free and irreversible 2. Additional funding in the form of targeted transfers from the state budget	1. Exhaustion of resources 2. Limited funding 3. Non-renewable nature of some domestic budget resources (funds from the sale of land and real estate)
Investment resources	Funds raised in the local economy to create new assets are directed to the implementation of a particular project directly and not through the OTG budget	1. Distribution of expenses, risks and future profits between investment entities	1. Existence of obligations to the investor
Credit resources	Funds raised in the form of debt obligations on terms of maturity, payment and repayment	1. The ability to obtain significant amounts of financial resources that can be returned gradually over a long period of time 2. Accelerate the development of local infrastructure, etc.	1. Increasing the debt burden on the local budget 2. Reduction of financing of current expenses 3. Risk of unsuccessful project implementation
Alternative resources	Funds received to finance local development needs in the form of international technical assistance, grants from international donor organizations, charitable contributions and donations, as well as within the framework of corporate social responsibility projects	1. Free and non-refundable basis. 2. Support function for other sources of funding 3. Promising direction of financing the implementation of projects and tasks of OTG development	1. Competitive basis 2. Difficulties in preparation of documentation

Budget sources of financing can be formed both from internal resources of OTG (receipts from taxes

and fees, sale and rent of objects of municipal property), and at the expense of external resources (target subventions from the state budget, financing of projects

from the State fund of regional development, etc..). According to research by Spasiv N, the domestic practice of financial decentralization demonstrates the features of the budget type, as its imperative dominant is the full independence of local governments in the formation of sources of income and expenditure. The need for gradual decentralization of OTG budget resources with effective implementation of transfer policy is argued, as the prevalence of intergovernmental transfers of subventions, which are characterized by certain areas of spending, and permanent dependence on subsidies are threatening in the process of OTG financial capacity [28]. We support the position that, along with budgetary, investment and credit resources, the decisive role in financing local socio-economic development projects belongs to alternative sources in the form of grant funds. These financial resources will help increase the financial capacity of local communities [27]. Given the specific features of alternative sources, we can provide the following definition: alternative sources of funding for OTG development - a set of financial resources that are provided on a competitive basis for clearly defined purposes to address the needs of socio-economic development of the local community (projects) in the form of international technical assistance grants from international donor organizations, charitable contributions and donations, as well as within the framework of corporate social responsibility projects. The main conditions for the implementation of grant assistance are: a clear outline of the problems and needs of OTG development; substantiation of directions of their perspective decision; determining the expected results and the required amount of funding (resource needs).

Therefore, one of the key tasks facing OTG to implement development ideas is to expand opportunities to attract various sources of funding, including alternative. Today they are represented by: fundraising; common cost (crowdfunding platforms); donor programs and opportunities in the context of decentralization reform (grants from the European Union, grants from the United States Agency for International Development (USAID), financial assistance from international projects, etc.). Information on the main donors of decentralization in Ukraine is summarized by us in Annex A. Thus, alternative sources have a number of features and are a determining source of funding in developing OTGs. After all, state support in the form of budget funding is needed in the initial consolidation and to provide basic functions to the community. In the future, thanks to alternative sources, it is possible to improve the infrastructure of the area and strengthen its position in the economy.

To assess the fact and quality of the use of strategic approaches in management, it is necessary to use the method of strategic analysis, such analysis requires not only the need to assess the level of activity, identify key patterns of its development, but also the need to develop sound solutions for future production strategy. To this end, economists and other specialists use various computational research methods, which, as a result of the analysis of objective reality, develop draft recommendations and management decisions for the future [17].

The methodological basis of the study depends on the direction of the tasks are general and special methods, which are based on the principles of economic sciences. In the thesis used methods:

- dialectical - in the study of scientific literature;
- dynamic, systemic - in assessing the current state of the development management system;
- grouping, correlation-regression analysis - to identify the relationship of indicators that characterize the current organizational and economic potential and opportunities for strategic development;
- methods of observation, expert assessments - to diagnose organizational and socio-psychological mechanisms of management of organizations; calculation and design,
- comparative, graphic - when comparing indicators.

Methods of economic analysis is a set of ways to study the activity by identifying and determining the relationship of indicators, dividing them into constituent parts and comparing with other indicators, measuring the impact on the indicators studied, as individual components (factors) and their totality unity and interconnectedness.

Therefore, a set of methods and techniques of analysis should ensure the implementation of the five most common elements of the analysis:

- identification and presentation of the relationship of the phenomenon under study;
- dismemberment or detailing;
- comparison;
- determining the magnitude of the influence of factors or elimination;
- generalization (synthesis).

Without the use of all these elements of the study in the complex it is impossible to carry out a deep and comprehensive analysis of economic indicators that reflect the activity. The use of each element is achieved by a set of techniques of analysis methods.

Study the relationship of indicators. Only by discovering the inner meaning of a particular phenomenon, determining its relationship with its components and other phenomena, you can know its essence and development. In economic analysis, the study of the relationship of economic phenomena is an important and most complex element of the method.

The task of analyzing economic relationships is to characterize the quantitative size and specific type of dependence of economic results on individual factors that affect it. This characteristic is obtained by mathematical modeling of production processes.

An important step in economic analysis is to determine the nature of the dependence of the studied indicator on individual factors and determine their specific relationship.

The analysis examines the various relationships between economic indicators. Thus, in each case there is a question of choosing an analytical function that best reflects the essence of the studied economic phenomenon. Determining the type of function is an integral part of the research process.

Detailing. Consideration of any relationship between an economic indicator involves breaking it down

into its component parts or individual factors. It should be borne in mind that the greater and wider the detail of the studied indicators, the more thorough and better analysis of the causes, the more accurate the analytical results of the study of enterprise economics.

Comparison. An important means of analysis is the comparison of the studied indicators, as well as their components with similar indicators taken as basic. Without comparison, there can be no analysis at all. Depending on the purpose of studying a particular indicator, the methods of comparison differ primarily in which indicators are taken as basic.

The following indicators are usually taken as basic:

- planned for the economy as a whole and for internal economic units or contractual for tenants;
- for previous years and average for a number of years;
- indicators of other separate farms and average data on association, area or group of enterprises of the same type in specialization;
- regulatory or calculation capabilities, which are determined taking into account the achievements of best practices.

Methods of comparison are also distinguished by the technique of their conduct absolute and relative. Analytical results of such a study play an important role in the development and adoption of optimal management decisions.

The essence of the method of research of any phenomena and objects is that the process of cognition begins with finding out the general picture of the object under study. Then its imaginary division into parts (analysis) is carried out and each of these parts is studied separately. Finally, the acquired knowledge is summed up and synthesized at the last stage, at the stage of generalization of the knowledge acquired through the analysis, the process of cognition returns to the entry point, but on a new basis, enriched with the data of the analysis.

Thus, the use of general research methods in the thesis is mandatory, however, the specifics of writing a thesis and the use of management strategies, development involves the use of specific research methods, the essence of which is to monitor the existing system of indicators that will improve the process and management mechanism.

The management style of the leader according to the method of Zakharov V., which has two questionnaires, the first of which involves the assessment of leadership subordinates, and the second - self-assessment. The first questionnaire contains questions to which there are three possible answers (authoritarian, democratic and liberal management styles), among which one is chosen and the results are ultimately calculated. The structure of the second part of the questionnaire, which is offered directly to the management for self-assessment, is similar [29]. Therefore, to check the adequacy of staff motivation check and analyze primarily staff satisfaction with their work, assessment of management style of managers and a number of other factors. Objective indicators for assessing staff motivation are the level of labor productivity, rational use of

working time, staff turnover, capital turnover and its profitability [6].

Indeed, the level of training of real and potential labor resources meets the needs of development, largely depends on the growth rate of productivity, the possibility of increasing GDP and soon.

The need to improve the territorial organization of power in general and local self-government in particular, in our opinion, due to the spread of local self-government as the most rational type of governance at the lowest level, the formation of capable and self-sufficient territorial communities and local self-government. The formation of self-sufficient communities implies that they will have material, financial and other resources sufficient to effectively implement the tasks and management functions of local government, the provision of social services at the level required by national standards. This will be in line with the European Charter of Local Self-Government, which states that local self-government means the right and ability of local authorities within their competence in the interests of the local population. Meanwhile, the current state of local self-government is characterized by the lack of adequate resources needed to perform the tasks and powers of local self-government, the crisis of housing and communal services, infrastructure systems, deepening disparities in socio-economic development of regions in general and local communities in particular.

There is a catastrophic lack of funds at the local government level. For example, the budget security per capita of a village, town, city according to EU standards should be about 2000 euros, while in Ukraine it does not reach this amount, even in hryvnias. At the same time, the state budget system is aimed at supporting subsidized territorial communities, rather than self-sufficient ones, because in practice the rule is: the more revenues to the local budget come from domestic sources, the more withdrawals will be in the next budget year. Conversely, the less such revenues, the more funds will come to the local budget from the State Budget of Ukraine through transfers for financial equalization. Formed in the 30s of the twentieth century the system of administrative-territorial organization of Ukraine does not allow to create such capable territorial communities that would have sufficient material, financial resources, territory and social infrastructure, sufficient for the effective implementation of tasks and powers of local self-government. Among the problems of improving the spatial organization of local self-government, one of the main ones is the transformation of the administrative-territorial division of the state. In the second half of the twentieth century in European countries, structural, functional and organizational reforms of local government systems were carried out, which concerned different territorial levels of government. The consequence of such reforms was the consolidation of administrative-territorial units, the reduction of the number of local authorities.

These processes were basically aimed at forming the self-sufficiency of the territorial, demographic and material and financial base for the performance of powers and functions. For example, in Italy, according to



the Law on the Organization of Local Autonomies (1990), new territorial associations can be created with a population of at least 10,000 and provinces with 200,000. Significant financial incentives are provided for the unification and subsequent merger of communities with a population of up to 5,000 or their accession to larger territorial communities. Radical measures to reduce the number of communes have been applied in recent decades in Sweden, Belgium, Denmark, Germany and other European countries. So in Sweden, for example, their number decreased from 848 (1969) to 288 (1995), in Belgium - from 2359 (1975) to 589 (1988). At the same time, the number of the lowest self-governing units in the countries of the Council of Europe still remains quite significant: France - 36757 (1851 - 36835); Germany - 8500; Italy - 8090; Spain - 8056; Greece - 5750; The Netherlands - 714; Belgium - 589; Finland - 464; Portugal - 305; Denmark - 275 units. In most countries of the Council of Europe, the average area of the lowest self-governing units is from 10 to 40 km<sup>2</sup>, in particular: France - 15; Luxembourg - 22; Greece - 23; Germany - 29; Italy - 37; Belgium - 52; The Netherlands - 57; Spain - 62; Denmark - 141; Portugal - 310; Great Britain - 505; Ireland - 837. The average population is 5-7 thousand people. In some Council of Europe member states, a small proportion are small associations. For example, in Italy, 8.1% of communities are home to less than 500 people, and 60% - up to 3 thousand people. At the same time, there are giant communes, such as Rome - 2.8 million people. In many countries, the solution to the problem of forming a proper material basis for local self-government is seen not in the consolidation of territories, but in the development of cooperation between individual communes (cooperative approach).

Such cooperation is usually carried out through the conclusion of contractual agreements for the provision of services and joint activities in certain areas between different bodies and levels of local government. In the United States, for example, municipalities enter into relationships with other municipalities or county governments in areas such as construction, fire safety, civil defense, health care, disaster management, and so on. In this context, we note that in one territory there can be several territorial communities that would be independent subjects of the right to local self-government [6,12].

Settlements under the jurisdiction of local self-government bodies of other administrative-territorial units must lose the status of independent self-governing administrative-territorial units. For example, within the administrative boundaries of 83 cities of national, regional and national importance (Autonomous Republic of Crimea) there are 36 cities, 218 urban-type settlements, 91 settlements and 157 villages, and within the administrative boundaries of district cities - 249 urban-type settlements, about 1150 settlements and villages. At the same time, a significant part of settlements that are part of other administrative units have their own local governments, although their population also participates in the formation of citywide local governments. Thus, a situation is created in which part of the territorial community of the city is an independent territorial

community with its own constitutional status. In addition, Ukraine does not clearly and unambiguously define the concept of administrative-territorial unit, as it is not only a settlement within its development, but also part of the territory of the state, where the jurisdiction of the authority of this territory. In most European countries there is no free space between the administrative-territorial units of the primary level - they border each other. In Ukraine, oblasts border on oblasts, rayon's with communities, and communities do not border on each other.

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The process of formation of local self-government in Ukraine is accompanied by attempts to form municipalities on the basis of cities, administrative districts, which arose in other political and economic conditions. As a result, numerous municipalities, which due to objective reasons are unable to implement the functions of local self-government in accordance with current legislation, become dependent on subsidized revenues of the State budget. Therefore, the reform of the territorial organization of local self-government in Ukraine should be carried out in the framework of the transformation of the existing system of territorial organization of society as a whole. Among the conceptual ways to

solve the problem of improving the territorial organization of local self-government can be divided into two approaches: mainly political, which involves establishing the territory of the municipality as a result of the struggle for the right to dispose of local resources between entities representing different interests; dispose of the maximum possible amount of resources to achieve their own goals. At the same time, the task of forming the territorial basis of local self-government, which corresponds to the goal of creating a system of local government capable of meeting the basic needs of the population of the municipality, can be solved only in some cases; mainly functional, in which the formation of municipal territories is based on the effective performance of functions entrusted to local government. In this case, the territory of the territorial formation is defined in such a way that within its limits at the expense of available resources and infrastructure facilities can address all issues related to the powers of local authorities by current legislation. In order to improve the territorial organization of local self-government, it is necessary to create an adequate legal framework and improve the territorial basis of local self-government.

Public authorities of Ukraine should receive the relevant legislative powers and rely on the scientific basis in addressing specific issues of transformation of the administrative-territorial system. In conditions when such a legal basis is not created, it is necessary to act within the framework of the current legislation. Based on the analysis of the current situation in the field of legal and scientific support for the transformation of municipalities in Ukraine, the following conclusions can be drawn. First, the problem of forming the territorial basis of local self-government at the state level is solved in principle, but not defined by law a number of important procedures to take into account public opinion when deciding on the formation, unification, transformation, abolition of municipalities, defining their boundaries and names. Secondly, the scientific and methodological basis for solving the problem of territorial organization of local self-government, principles and criteria of territorial changes of municipalities have not been developed at all. In our opinion, the optimal system for the organization and functioning of local self-government will be the system of administrative-territorial organization, which is based on the following methodological principles: constitutionality and legality; guaranteeing human and civil rights and freedoms; territoriality, which expresses the localization of the interests of the territorial community within the settlement.

As you know, the inhabitants of settlements are aware of their belonging to a certain community of people on a territorial basis and feel their direct involvement in the problems of their city, village, town. Increasing the territory to the level of the district or region reduces the level of awareness of common interests and involvement in their implementation, reduces the effectiveness of self-organization as an integral part of self-government; Preserving the identity of individual parts of the country based on historical, economic, demographic, geographical features of the regions and their

ethnic and cultural traditions; accessibility of local self-government bodies for citizens, as a significant part of services to the population is provided by local self-government bodies at their place of residence, as well as improving the conditions for the provision of socio-cultural services. This principle presupposes the existence within the municipal formation of a settlement capable of effectively performing the organizational and economic functions of local self-government and ensuring, if necessary, the effective effectiveness of the territorial bodies of state administration located within it. In world practice, this principle corresponds to the theory of central places and the criterion of accessibility, which is determined by the loss of time to move from the center of the municipality to the periphery, and to achieve the organizational and economic center of the municipality; adaptation of the system of administrative-territorial organization to changes in economic, social, ecological and other spheres of development of society, the state and its regions; socio-economic integrity of the municipality, the availability of production and social infrastructure necessary for the reproduction of normal living conditions in this area.

It follows from this principle that a municipality may not be any populated area, but only one that has a set of conditions necessary for local governments to carry out the tasks assigned to them; subsidiarity, which provides for the creation of appropriate conditions for a combination of centralization and decentralization in the exercise of state power, the development of local self-government; improving the efficiency of territory management by public authorities and local governments, balanced socio-economic development of settlements and regions. The expediency of this principle is due to the need to control the bodies and officials of local government, as well as the clarity of the activities of bodies and officials of self-governing territories, whose population is able to respond quickly to the actions of local authorities; self-sufficiency of administrative-territorial units, which provides for the creation of the necessary conditions for the formation of financial and economic base sufficient for the implementation of executive authorities and local governments of their powers within the relevant administrative-territorial units; voluntary association of local self-government bodies to solve problems of development of regions and territorial communities; preserving the unity and integrity of the state. The proposed principles and related criteria of territorial organization of local self-government can be used in solving practical problems of improving municipal governance. In this case, the focus is on improving the territorial organization of local self-government, because the process of formation of municipalities in Ukraine has been completed almost everywhere.

Moreover, as practice confirms, it has not always been possible to form self-sufficient local self-government. In this regard, the problems associated with the transformation of existing municipalities - mergers, divisions, etc. are especially relevant. The problems of territorial organization of local self-government are of a strategic nature. The choice of goals and priorities of perspective development, mechanisms of their practical

realization largely depends on their decision. Therefore, it is advisable to develop a concept of reforming the system of territorial organization of local self-government in Ukraine, which can be a special section of the general concept of its long-term comprehensive socio-economic development. The reform of the administrative-territorial system should be carried out in stages: at the first stage, the primary attention should be paid to the grassroots administrative-territorial unit - the territorial community. It is necessary to create economically and financially self-sufficient territorial communities, capable of effectively exercising local self-government, providing services to the population at the level of minimum standards set by the state. The formation of a new grassroots administrative-territorial unit will contribute to the creation of a self-sufficient territorial community. This will be accompanied by the consolidation of rural and settlement territorial communities. Thus it is expedient, as calculations show that the settlement had not less than 5-6 thousand population. It is necessary to bring the network of urban-type settlements and settlements in accordance with the Constitution of Ukraine, according to which only the settlement is included in the system of administrative-territorial organization of Ukraine. The Law of Ukraine "On the Administrative and Territorial System of Ukraine" should provide for the assignment of all currently existing settlements to the category of villages, and urban-type settlements to the category of settlements.

At the same time, settlements classified near industrial enterprises, railway stations and others that meet the established criteria, in particular in terms of population, in accordance with the law, can be individually classified as settlements by the Constitution of Ukraine to the system of administrative-territorial organization. Ukraine does not include village councils, settlement and city councils. Therefore, during the elaboration of the draft Law of Ukraine "On the Administrative and Territorial System of Ukraine" the legislative definition of the procedure for establishing the boundaries of villages, settlements, cities and districts in cities is of special importance. At the same time, in order to prevent the deterioration of the financial support of rural and settlement territorial communities, the solution of this issue should be harmonized with the budget, tax, land legislation and the legislation on local self-government. One of the important factors in making decisions on the formation of districts, assigning settlements to the category of cities, especially cities of regional and national importance in the Autonomous Republic of Crimea, as well as settlements and villages should be the relevant provisions of the General Planning Plan of Ukraine and other urban planning documents. The consolidation of cities, towns, villages and relevant territorial communities can be carried out primarily in the process of merging these administrative-territorial units. In addition, it should be borne in mind that according to the Constitution of Ukraine, residents of several villages can voluntarily unite in a rural community, elect a joint body of local self-government and the village head. When deciding on the establishment and change of boundaries of administrative-territorial

units should take into account the prospects of their socio-economic development, the availability of the necessary economic potential, infrastructure, financial opportunities to meet the needs of the population, land boundaries, land use, master plans and other urban planning documentation.

Establishment of the boundaries of administrative-territorial units on the ground must be carried out by the relevant executive bodies on land resources and topographic, geodetic and cartographic activities in accordance with the procedure determined by the Cabinet of Ministers of Ukraine. The regional administrative-territorial approach, which reflects the historical, economic, environmental, geographical, demographic, social and other features of the territory, should be preserved at this stage. Execution of self-government functions by relevant bodies at the level of village, settlement and city councils in different regions of Ukraine should be based not only on the same powers provided by current legislation, but also on a certain base of own cultural and household services provided by specific service facilities approximately the same range (set) of services in all lower administrative-territorial entities.

**Conclusions.** The main problems to be addressed by the reform of local self-government in Ukraine are:

- significant regional disparities and deepening of depression of individual territorial communities and regions as a whole;

- imperfection of legal regulation of the status of territorial communities and powers of local authorities, as well as unregulated functioning of local self-government;

- insufficient financial and logistical support of territorial communities;

- low quality of life of citizens;

- inefficient property management of territorial communities and the system of providing services to the population;

- insufficient professional level of local government officials and high staff turnover.

2. Based on the existing problems of territorial communities, the main purpose of local government reform should be:

- creation of legislative provision of conditions for the development of territorial communities as viable competitive socio-economic systems, effective subjects of political, economic and social relations;

- providing local self-government with an appropriate level of state support, which will ensure its functioning as a reliable and strong foundation of democracy, an important factor in the economic and social development of the country.

3. Achieving the main goal of local self-government reform is ensured, in particular, by fulfilling the following main tasks:

- 3.1) normative - legal regulation of the status of territorial communities, administration of internal activity, mechanisms of creation of their associations;

- 3.2) bringing the algorithm of constitutional and legal regulation of relations in the field of local and regional development with the central government in line

with the requirements of European constitutionalism, taking into account national traditions and features;

3.3) improvement of legislation on local elections;

3.4) development and implementation of a mechanism for functional integration of territorial communities to address common issues of local life;

3.5) implementation of the principle of subsidiarity through the optimal separation of powers of local governments and local executive bodies;

3.6) strengthening the material and financial foundations of local self-government, which should be ensured by the development of organizational and legal mechanisms of state support of territorial communities, introduction of a differentiated mechanism in providing state assistance to certain categories of communities, optimization of the budget process by reorienting;

3.7) legislative regulation of relations in the spheres of land use, communal services, use and protection of natural resources, increase of social guarantees, state stimulation of economic initiative of territorial communities, their members, which will provide a procedure of clear filling of local self-government with self-renewable internal resources;

3.8) development and adoption of the Municipal Code of Ukraine, which will ensure the implementation of a systematic and conceptual approach in the legal regulation of local self-government, consistency and organic updating of the legal framework, overcoming the problem of disintegration and inconsistency during the legislative process. communities, implementation of European standards of local self-government;

3.9) integration of local self-government reform into the general reform of public administration through the introduction of public management and the principles of "good governance";

3.10) involvement of citizens in active cooperation with local self-government bodies and management decisions by appropriate motivation;

3.11) formation of a highly professional staff of local self-government bodies and provision of training, advanced training of officials of local self-government bodies and deputies of local councils.

4. To determine the directions of local self-government reform in Ukraine, the implementation of measures aimed at eliminating the root causes of the weakness of local communities, and creating conditions for organic development and strengthening of local self-government, namely:

4.1) amendments to the Constitution of Ukraine and laws of Ukraine "On the administrative-territorial structure of Ukraine", "On local self-government", "On local state administrations" in order to provide opportunities for the formation of full-fledged territorial communities at the grassroots level. , settlements and cities, streamlining the system of administrative-territorial organization, delimitation of powers between local governments and local executive bodies, as well as the definition of institutional tools for local government reform;

4.2) adoption of the Municipal Code of Ukraine as a legislative basis for improving the organizational and legal mechanisms of local government, strengthening the institutional capacity of territorial self-organization

of the population, implementation in national legislation of the European Charter of Local Self-Government;

4.3) amendments to the Budget Code of Ukraine in order to take into account in the budget process the interests of different categories of territorial communities on the basis of a differentiated approach;

4.4) creation of financial and logistical base for increasing the welfare of local communities, improving the quality of municipal services, including through the introduction of e-government;

4.5) reform of housing and communal services, creation of social infrastructure of territorial communities and regions, which could ensure the provision of public services in the system of local self-government at a level that meets European standards;

4.6) introduction of effective mechanisms to stimulate the development of depressed territorial communities and regions, state support for local and regional development in general;

4.7) ensuring the implementation of Article 13 of the Law of Ukraine "On Local Self-Government in Ukraine", which provides for mandatory public discussions of decisions of local self-government bodies;

4.8) establishment of effective guarantees of organizational and financial independence of territorial communities, local self-government bodies and their officials, clear definition of the procedure for judicial protection of the rights and legitimate interests of local self-government;

4.9) improvement of the system of training, retraining and advanced training of officials of self-government bodies, employees of public utilities, wide introduction into the practice of self-government of innovative technologies of municipal management;

4.10) increasing the role of local self-government associations, representatives of territorial communities in their relations with higher and central state authorities, consolidating local self-government associations, coordinating their efforts to more effectively exercise local self-government powers, protecting the legitimate interests of territorial communities.

5. In order to ensure the effectiveness of local self-government reform in Ukraine, the implementation of measures aimed at its implementation must be completed.

6. Stages of implementation of local self-government reform should be determined taking into account:

6.1) peculiarities of the constitutional process of adopting amendments to the Constitution of Ukraine and legislative - during the adoption of the Municipal Code of Ukraine;

6.2) features of budget planning;

6.3) implementation of state and legal experiments in reforming local self-government and administrative-territorial organization;

6.4) conducting a broad information and educational campaign, expert analysis of local government problems and ways to solve them;

6.5) public discussion and consideration of public initiatives, scientific and expert approaches.

7. Given that every citizen of Ukraine is a member of the relevant territorial community, the reform of local self-government in Ukraine should ensure the improvement of the quality of life in our country.

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## COMMUNITY FOUNDATION AS A MODEL OF INSTITUTIONAL CHARITY ON LOCAL TERRITORIES

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## ФОНД МЕСТНОГО СООБЩЕСТВА КАК МОДЕЛЬ ИНСТИТУЦИОНАЛЬНОЙ БЛАГОТВОРИТЕЛЬНОСТИ НА ЛОКАЛЬНЫХ ТЕРРИТОРИЯХ

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### Abstract

The article deals with the problems of issues related to the creation and functioning of funds of local communities. As a result of the analysis of the activities of non-profit charitable organizations in different parts of the world, a model has been identified that allows accumulating donations and providing grants to improve the social situation of residents in local territories.

### Аннотация

В статье рассматривается проблематика вопросов, связанных с созданием и функционированием фондов местных сообществ. В результате анализа деятельности некоммерческих благотворительных организаций в разных частях мира выделена модель, позволяющая аккумулировать пожертвования и предоставлять гранты для улучшения социального положения жителей на локальных территориях.

**Keywords:** community foundation, charitable foundation, private investment funds, municipal government.

**Ключевые слова:** фонд местного сообщества, благотворительный фонд, частные фонды инвестиций, местное самоуправление.

Во всех регионах мира сильные общественные благотворительные организации могут играть ключевую роль в процессе развития, расширяя права и возможности граждан, содействуя участию и переноса распределение власти на места.

В мировой практике работы некоммерческих организаций, которые осуществляют свою деятельность на определенной территории, получили развитие т.н. «фонды местных сообществ» или «community foundation» (далее – ФМС).

ФМС представляют собой форму местных благотворительных грантодателей, которые аккумулируют финансовые ресурсы от различных доноров (включая местных частных лиц и компании, население диаспоры, правительственные органы и международных спонсоров). Там, где это возможно, ФМС стремятся объединить ресурсы в форме пожертвований.

В основе прочной основы сообщества лежит идея о том, что местные жители и инициативные группы лучше всего знают местные проблемы. Поэтому предоставление грантов является ключевым инструментом развития местного фонда. Гранты местным инициативным группам позволяет удовлетворять целый ряд жизненно важных потребностей, включая образование, борьбу с бедностью,

молодежные и женские программы, здравоохранение и развитие сельских поселений.

В условиях кризиса ФМС может предоставить благотворителям, включая частных лиц и предприятия, способ конструктивного участия в решении местных проблем и прозрачный механизм, с помощью которого можно отслеживать взносы и оценивать их эффективность. В свою очередь, благотворительные взносы обеспечивают легитимность ФМС и служат основой для укрепления доверия как на местном, так и на региональном уровнях [1].

В мировой практике международные благотворительные фонды играют большую роль в развитии ФМС. Увеличивая местную донорскую базу, он может быть особенно эффективно использован для решения воспроизводящихся социальных проблем, которые, как правило, оказываются вне поля зрения благотворительных организаций и НКО. ФМС позволяет обеспечить «согласованное финансирование» взносов, собранных на местах, в том числе для инвестирования в институциональное развитие.

Для международных доноров ФМС и другие грантодатели могут обеспечить «горизонтальный», экономически эффективный способ получения ре-