
LOCAL FINANCIAL RESOURCES: CONCEPTUAL FRAMEWORK AND THEORETICAL ASPECTS OF GEOGRAPHICAL RESEARCH

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INTRODUCTION

Modern challenges in society and transformational processes of local self-government development, empowerment of territorial communities around the world are seen as a sign of the country's democratic choice and new opportunities for the formation of financial resources of territorial communities to ensure the quality of life of the population of the region.

The study of the theoretical and spatial aspects of the formation of financial resources of a territorial community involves, first of all, the disclosure and analysis of basic definitions: "community", "territorial community", "finance", "resources", "local finance", "finance of territorial communities", "financial resources of territorial communities", "financial capacity of territorial communities", "spatial organisation of territorial communities".

1. Conceptual framework of local self-government organisation

In different sources, the definition of "community" is defined as:

– A stable, self-reproducing form of social organisation of people, characterised by (varying degrees of) collective ownership of the means of production, a historically established type of self-government, social and ideological unity (common meetings, rituals, religious buildings, etc.), as well as the functions of protection, regulation of land use and production and material relations ;¹

– a group of people united by a common position, interests, etc.; an association of people that sets itself certain common goals; an organisation.²

As we can see, the key factor in defining the essence of a community is social, economic, political, but not spatial organisation.

¹ Енциклопедія історії України. Громада. Київ : Наукова думка, 2004. URL: <http://www.history.org.ua/?termin=Gromada>

² Тлумачний словник української мови. Харків : Синтекс, 2002.

However, it should be noted that the formation of territorial communities is primarily conditioned by a certain space, as well as demographic, religious, economic, social, and political factors, and accordingly, the definition of the concept of "territorial community" in regulatory documents and scientific works is presented as follows:

- a community of people united by a variety of stable formal and informal ties that are conditioned by living together within a village, town or city ;³

- residents united by permanent residence within a village, town, or city that are independent administrative-territorial units, or voluntary association of residents of several villages, towns, or cities that have a single administrative centre ;⁴

- residents of a village, town, city or a voluntary association of residents of several villages into a rural community ;⁵

- is a process of institutional transformations that can create a new social model of territory development, granting it autonomy, while forming the basis for grants and subventions to ensure the start and development of its own socio-economic potential ;⁶

- a primary local self-government entity consisting of individuals – residents (citizens of Ukraine, foreign citizens, stateless persons, refugees, internally displaced persons) who permanently reside and work on the territory of a village (or a voluntary amalgamation of several villages into a joint community), town or city, directly or through municipal structures formed by them, resolve issues of local importance, have common communal property, own real estate in this territory, pay communal taxes and are connected by individual territorial ties of a systemic nature ;⁷

- a primary local self-government entity that has its own interests, which includes citizens of Ukraine, foreigners, stateless persons permanently residing or working in the territory, or owning real estate, or paying local taxes and fees ;⁸

³ Енциклопедія державного управління. Територіальна громада. Київ : Марістр, 2011.

⁴ Закон України «Про місцеве самоврядування в Україні» від 21.05.1997 № 280/97-ВР. URL: <http://zakon2.rada.gov.ua/laws/show/280/97-вр>

⁵ Конституція України : Закон України від 28.06.1996 № 254к/96-ВР. URL: <https://zakon.rada.gov.ua/laws/show/254к/96-вр>

⁶ Щур Р. І. Фінанси територіальних громад: особливості формування в сучасних умовах // Наук. вісник Ужгород. ун-ту. Серія: Міжнар. екон. відносини та світ. господарство. 2018. № 20(3). С. 162–165.

⁷ Батанов О. В. Територіальна громада – первинний суб'єкт муніципальної влади в Україні: поняття та ознаки // Вісник Центральної виборчої комісії. 2008. № 2 (12). С. 51–57. URL: http://www.cvk.gov.ua/visnyk/pdf/2008_2/visnik_st_13.pdf

⁸ Орзіх М. Концепція правового статусу самоврядних територій і органів місцевого самоврядування // Місцеве та регіональне самоврядування України. 1995. № 1–2(10–11). С. 67.

– a set of Ukrainian citizens who live together in an urban or rural settlement, have collective interests and legal status determined by law.⁹

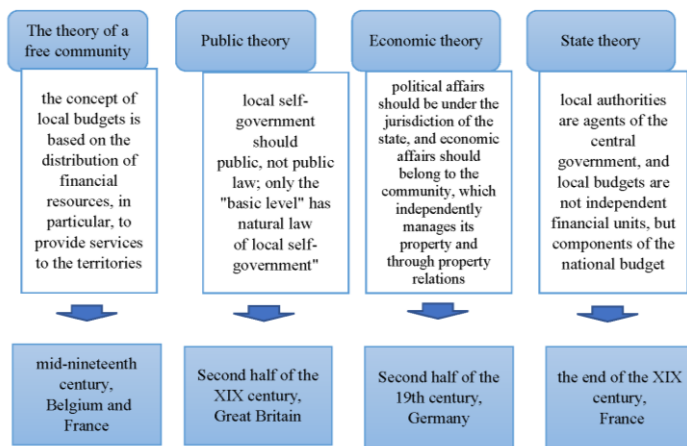
As we can see, the spatial approach to the definition of a territorial community is associated with the use of such a feature as permanent residence of persons on the territory and the corresponding use of the terms "residents", "citizens living on the territory", etc. Thus, the primary subject of local self-government is actually a territorial collective of residents. This approach is complemented by the interpretation that considers a territorial community as a certain social community based on the common interests and needs of its members. Sometimes a single citizenship is also considered to be a feature of a community. However, some researchers emphasise that members of a territorial community do not necessarily have to have a single citizenship or reside permanently in the territory, they can work there, own real estate or be tax and fee payers.

In addition, the organisation of local self-government can be carried out by a territorial community both independently and through local self-government bodies. Therefore, the mission of a territorial community is precisely to ensure the vital activity of a certain territory either directly (independently) or indirectly (through local self-government bodies).

Summarizing the above interpretations, we consider the definition of "territorial community" as a separate unit of administrative and territorial structure that unites residents (citizens of a certain country, foreign citizens, stateless persons, refugees, internally displaced persons) who permanently live, work and carry out their life activities combining intellectual and financial resources within a spatially defined territory (village, settlements, cities or voluntary amalgamation of several settlements into a common community), have common communal property, own real estate in this territory, pay communal taxes and fees, and organise local self-government directly or through municipal structures formed by them.

The theoretical aspects of local governance in developed European countries were developed by the ideologues of the early bourgeois revolutions, under the influence of the Anglo-American and Roman legal systems, which have different approaches to determining the content of legal regulation at the level of territorial community problems. Therefore, public and scientific opinion on this issue was divided into several directions, which were transformed and reflected in the developed theories of local self-government, as shown in Picture 1.

⁹ Кравченко В. І. Місцеві фінанси України. Київ : Знання України, 1999. 487 с.



Pic. 1. Historical milestones in the development of the theory of local finance (compiled by the author based on Dalevska T. A.¹⁰)

2. Analysis of the main aspects and basic definitions of resource provision for the territorial community

An important stage in the implementation of decentralisation is the formation of capable territorial communities in Ukraine, which is aimed at creating administrative units that will ensure a balanced economic and social development of the respective territory, efficient use of natural, labour and financial resources, development of the community's human potential, and involvement of the community's potential in the functioning and development of the administrative territory. Accordingly, in order for the community to provide quality services to its residents and ensure an increase in their living standards, there is a need to study the finances of territorial communities, search for sources of financial resources and ensure the financial capacity of basic-level administrative units.

As for the interpretation of "finance", the explanatory dictionary of the Ukrainian language defines this term as a system of monetary relations in a particular state, as well as the totality of all funds at the disposal of the state¹¹. Exploring the origin of the definition of "finance", we trace the relationship in Latin "finis", i.e. the end. It should be noted that in the Middle Ages the term was used to mean the repayment of a debt, which concluded a payment

¹⁰ Далевська Т. А. Основні теорії та моделі місцевих фінансів / Т. А. Далевська // Економічний вісник університету. – 2015. – С. 155–162. URL: http://nbuv.gov.ua/UJRN/cev_u_2015_27%27%281%29__26.

¹¹ Тлумачний словник української мови. Харків : Синтекс, 2002.

agreement. It was the name of this document that gave rise to the term "financia", which means "payment in cash". The initial use of the term can be traced back to Italy in the XIII century. In particular, in Florence, Venice, and Genoa, where trade, monetary settlements, and banking were well developed, this term was used to refer to payments and contributions made to the state. For the first time in the modern interpretation, the category of "finance" was used in France, which in French means "finance" – translated as cash or income. This concept was introduced into scientific circulation by the French scientist J. Bodin in his work "Six Books on the Republic" (1577). At that time, finances were considered to be a set of funds necessary to meet the needs of the state and various social groups.¹²

Modern representatives of the Anglo-American school of finance define the category of "finance" as:

- the art and science of money management. Finance encompasses the processes, institutions, markets, and instruments related to the circulation of money between individuals, firms, and governments¹³ ;
- is a generalised term used to describe monetary resources and how they are generated and used.¹⁴

In general, finance can be considered as an objectively existing category that does not depend on the will of individual subjects of financial relations and reflects the objective laws of development of economic processes and covers a variety of exchange and distribution relations that are manifested in various cash flows. In particular, O. P. Kyrylenko considers finance as a complex and multifaceted category that embodies economic relations related to the distribution and redistribution of GDP, with the aim of forming financial resources and creating funds of money and their use to ensure socio-economic development of society.¹⁵

When considering the interpretation of "territorial community finances", it should be noted that they are local in nature, which means determining the amount of financial resources that are formed, distributed and used within the territorial community to ensure its socio-economic development.¹⁶

An important feature of the finances of territorial communities in the country's financial system is that they are:

¹² Огородник В. О. Категорія «фінанси»: загроза десемантизації та можливість застосування метонімії // Науковий вісник Ужгород. ун-ту. Серія: Економіка. 2014. № 1 (42). С. 146–148.

¹³ Gitman L.J. Basic Managerial Finance. 2nd ed. New York : Harper & Row, 1989.

¹⁴ Parker R. H. Macmillan Dictionary of Accounting. 2nd ed. London : Macmillan Press, 1992.

¹⁵ Кириленко О., Малиняк Б., Письменний В., Горин В. та ін. Управління фінансами територіальних громад: теорія і практика. Тернопіль : Екон. думка, 2019. 280 с.

¹⁶ Кириленко О., Малиняк Б., Письменний В., Горин В. та ін. Управління фінансами територіальних громад: теорія і практика. Тернопіль : Екон. думка, 2019. 280 с.

- are a system of economic relations related to the distribution and redistribution of GDP value;
- In the course of these relations, financial resources are formed, distributed and used.

The purpose of this system of relations is to provide local governments with the financial resources necessary to perform their functions and tasks.

Considering the etymology of the concept of "financial resources", we should first of all pay attention to the term "resources" (from the French *ressource*), which is defined in the Explanatory Dictionary of the Ukrainian Language as "stocks of something that can be used in case of need; monetary values, sources of something"¹⁷. Various scientific sources define "resources" as:

- (French for "resource") – the main elements of productive potential available to the system and used to achieve specific economic development goals;¹⁸
- (from the French "resource" – "auxiliary means") – means, reserves, opportunities, sources of something;¹⁹
- (French "resources", Latin "resurgo" – "rising", "re-emerging") – means, funds, reserves, sources that are at the disposal of business entities and can be used for the needs of economic development.²⁰

Thus, summarising the above interpretations, we consider "resources" as stocks of something; opportunities that can be used when necessary; funds or sources of income for ensuring sustainable development of territorial communities.

The Financial Encyclopedia defines "financial resources" as a set of funds that are formed during the distribution and redistribution of the total social product and national income and are at the disposal of the state, local governments, enterprises, and organisations of various forms of ownership.²¹

Theoretical approaches to the definition of the modern concept of "local finance" date back to quite ancient times. The emergence of a specific sphere of financial relations – local finance – is associated with the development of the institution of local self-government, one of the initial forms of which was the "Magdeburg Law", which emerged in the thirteenth century in the German city of Magdeburg. Magdeburg law was universal in nature, it regulated the

¹⁷ Тлумачний словник української мови. Харків : Синтекс, 2002.

¹⁸ Економічна енциклопедія : у 3 т. Т. 3 / редкол. : С. В. Мочерний (відп. ред.) та ін. Київ : Академія, 2002. 952 с.

¹⁹ Завгородній А. Г., Вознюк Г. Л. Фінансово-економічний словник. Львів : Вид-во Нац. ун-ту «Львівська політехніка», 2005. 714 с.

²⁰ Горпинич О. В. Тлумачний українсько-англійський словник економічних термінів і термінологічних словосполучень : довід. посіб. Дніпропетровськ : НГУ, 2016. 74 с.

²¹ Фінансова енциклопедія. Фінансові ресурси. Київ : Юрінком Інтер, 2008.

self-government of cities, the activities of city authorities, courts, issues of land ownership within cities, trade, crafts, taxation, etc.

With the development of society, more and more confidently, opinions were expressed about the objectivity of the existence of local finance in the market, its decisive influence on the full functioning of the local self-government institution as a necessary foundation of every democratic regime. Scholars have different interpretations of the definition of this category. The author analyses the approaches to defining the essence of the concept, highlighting the key characteristics and features of the author's approach, which are presented in Table 1.

Table 1

Main approaches to defining the definition of "local finance"

Author/Source.	Definition of an entity	Key features	Features of the author's approach
Kirilenko O.P. ²²	The financial resources of the TF are a set of funds formed in the process of distribution and redistribution of GDP and directed to economic and social development.	<ul style="list-style-type: none"> - A set of funds of funds; - Distribution and redistribution processes; - Targeted use of TF funds. 	Focus on targeting resources for community development.
O. Vasylyk	Local finance is an objective phenomenon, as it is necessary to implement The implementation of the functions entrusted to local self-government requires the availability of appropriate funds of financial resources at their disposal.	<ul style="list-style-type: none"> - is an objective phenomenon, - requires the availability of appropriate funds financial resources at their disposal. 	Emphasis on the need to have appropriate funds of financial resources in territorial communities to ensure their effective functioning.
V.I. Kravchenko ^{(3) (2)}	Local finance represents a system of formation, distribution and use of cash and other financial resources to ensure that local authorities perform their functions and tasks, both own and delegated.	<ul style="list-style-type: none"> - a system of formation, distribution and use of financial resources; - ensuring that local authorities perform their functions and tasks. 	Emphasis on ensuring that local authorities fulfil their functions and tasks in the use of financial resources.

²² Місцеві фінанси : підручник / за ред. О. П. Кириленка. Київ : Знання, 2006. 677 с.

A.M. Babich and L.M. Pavlova ²³	Local finance is a set of socio-economic relations arising from the formation, distribution and use of financial resources to solve local problems.	- a set of socio-economic relations; - formation, distribution and use of financial resources; - solving local problems.	Focus on solving local problems by redistributing and using resources.
M.A. Gaponiuk, V.P. Yatsyuta, A.E. Buryachenko and A.A. Slavkova ²⁴	Local finance is an objective form of economic relations related to the distribution and redistribution of the value of GDP, in the course of which funds are formed and used to meet the needs of the country's regions.	- is an objective form of economic relations; - formation and use of cash funds; - meeting the needs of the country's regions.	Focus on meeting the needs of the regions through the distribution and redistribution of funds.
Kovalenko M.A. ²⁵	The financial resources of a region are a set of financial funds that include the financial resources of economic entities united on a territorial basis and the funds of regional centralised funds.	- a set of financial funds; - business entities are united on a territorial basis; - funds from regional centralised funds.	Emphasis on the territorial feature of financial resources.
Sukhovirska O.B. ²⁶	Regional financial resources are a combination of revenues: the economic complex of the region, citizens' savings, funds received by the as a result of their territorial redistribution	- the aggregate of all revenues received as a result of their territorial redistribution; - Types of income: the region's economic complex, citizens' savings, and local communities' funds.	Emphasis on the territorial redistribution of all community revenues.

Considering this category from the standpoint of social geography, it is worth providing the author's definition: financial resources of territorial communities are a spatial and temporal aggregate of own and borrowed capital (budget, investment, grant and credit) used to form its integral potential (including other resources of the territorial community – production,

²³ Місцеві фінанси : конспект лекцій / уклад. Н. В. Проць. Луцьк : ВНУ ім. Лесі Українки, 2024. 180 с.

²⁴ Навчальний посібник «Місцеві фінанси». Київ, 2002.

²⁵ Коваленко М. А., Мацієвич Т. О., Полевик Г. М., Радванська Н. В. Фінанси регіону : навч. посіб. Херсон : Олді-плюс, 2010.

²⁶ Суховірска О. Б. Фінансові ресурси місцевих органів влади // Фінанси України. 2002. № 11. С. 61–68.

infrastructure, labour) and ensure the livelihoods of the population, business entities, etc..²⁷

The formation of financial resources of a territorial community is a complex process that depends on many interrelated factors that can be grouped into four groups, taking into account the criteria and indicators of influence on the formation of financial resources, as presented in Table 2.

Table 2

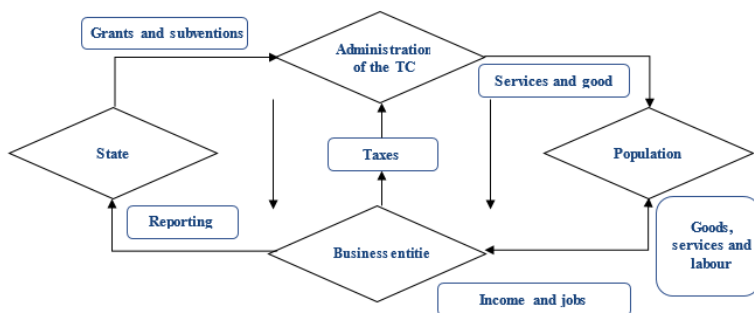
**Factors of formation of financial resources
of territorial communities**

No. p/n	Groups of factors	Criteria for influencing the formation of financial factors	Indicators of influence on the formation of financial factors
1	Geographical and natural-environmental:	Geographical location	<ul style="list-style-type: none"> – Proximity to transport routes, – location in the border area, – position relative to regional centres, – coastal location with access to large hydrological facilities.
		Natural resource potential	<ul style="list-style-type: none"> – the presence of minerals, – soil fertility, – water resources availability, – availability of forest resources.
		Area of the territory and its configuration	<ul style="list-style-type: none"> – the size of the hromada's territory and attribute characteristics, – Convenient demarcation of settlements within the hromada.
		Specifics of natural conditions and environmental status	<ul style="list-style-type: none"> – the specifics of the territorial community's relief, – ecological condition of the territory, level of environmental pollution, – the presence of protected areas.
2.	Economic	Level of economic development of the territory	<ul style="list-style-type: none"> – Availability of enterprises, their capacity and profitability, – Formation of industrial centres and points and their role in the development of the territorial community.
		Structure of the hromada economy	<ul style="list-style-type: none"> – the ratio of different sectors of economic activity, – the role of industries in the formation of the region's GDP.
		Investment attractiveness of the territory	ability to attract domestic investment, opportunities and prospects for attracting foreign investment
		Income level of the population	purchasing power of community residents
		Entrepreneurial activity	<ul style="list-style-type: none"> – number of business entities by different forms of ownership, – efficiency of business entities.
3.		Population size	– the total number of community residents,

²⁷ Куриш Т. Г. Фінансова самодостатність територіальних громад як індикатор ефективної бюджетної політики в умовах децентралізації // Фінанси України. 2020. № 4. С. 35–44.

	Demographic:		– number of permanent residents
		Demographic structure	– age structure, – birth and death rates
		Migration processes	– population inflow, – population outflow
		Labour potential	number of working-age population
4.	Institutional factors	Quality of local governance	efficiency of local government bodies
		Level of decentralisation	The scope of delegated powers and resources
		Legal regulation	regulatory framework for the functioning of communities
		Inter-budgetary relations	system of revenue distribution between budget levels

The finances of territorial communities directly depend on the quality of life of the population, and vice versa, which is manifested in the interaction between several actors: the population as a recipient of services and benefits and a taxpayer to the state; community administration as a manager of grants and subventions from the state and a resource manager on behalf of the population; the state as a governing institution that controls and regulates the movement of financial flows; economic entities as the main driving force that ensures the operation of this "mechanism" (pic. 2).

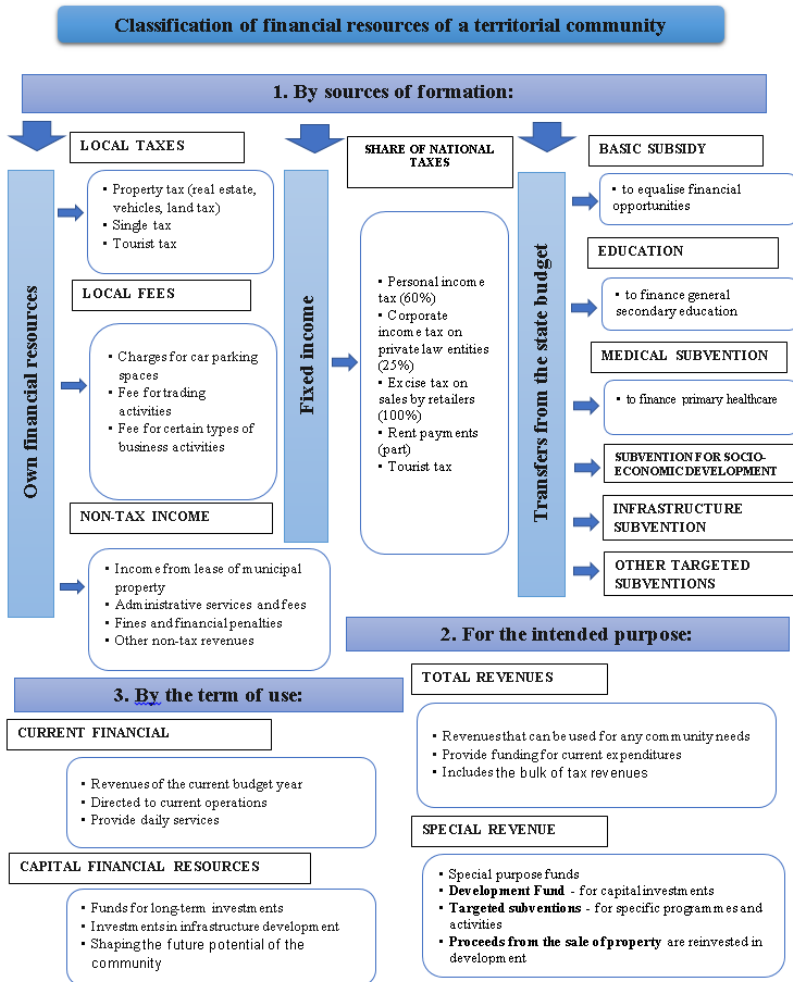


Pic. 2. Scheme of interaction of subjects of formation of territorial communities' finances (compiled by the author)

Financial resources should be considered as one of the most important types of community resources. And since, in fact, there are many opportunities to obtain financial resources in a territorial community, there is a need to classify their sources, identify their features, and consider alternative sources of resource mobilisation, taking into account a number of limiting factors and possible uses.

Financial resources of various economic agents, including local and central authorities, private business entities, financial institutions and non-governmental organisations, as well as foreign states and international financial institutions, can be used to meet the needs of the TC.

Financial resources can be classified according to various criteria: sources of funding, intended use, and term of use, as shown in Picture 3.



Pic. 3. Classification of financial resources of a territorial community
(compiled by the author)

Most financial resources are of internal origin. Some resources (investments, charitable assistance) can be both internal and external, which allows for flexible planning and use for community development.

Moving on to more complex categories that characterise the state of financial resources of territories, capital turnover and the resource capacity of territories for balanced development, it should be noted that the basic aspects of the formation and use of financial resources of local authorities were formulated in the European Charter of Local Self-Government, adopted on 15 October 1985 in Strasbourg. The Ukrainian legislation takes into account its main provisions, especially those related to the resource support of local authorities:

- local authorities have the right to their own financial resources;
- The amount of financial resources should be commensurate with the functions performed by local authorities;
- local authorities have the right to freely dispose of their own financial resources;
- part of the financial resources should be generated from local taxes and fees;
- local authorities are empowered to set the amount of local taxes and fees within the limits of the law;
- the procedure for the formation of financial resources should be flexible and ensure that the available resources correspond to the growing cost of performing the tasks of local authorities;
- protection of weak (in terms of financial security) local authorities is carried out through procedures for eliminating financial imbalances (financial equalisation);
- preference in the choice of forms of financial assistance is given to grants that are not intended to finance specific projects and do not restrict the freedom of local authorities.²⁸

We consider the following to be the main components of local government financial resources:

- financial support for the social sector;
- development of the local economy;
- budgetary resources (local budget revenues);
- extra-budgetary resources (investment, grant and loan funds, trust funds, etc.);
- financial resources of municipal property enterprises, revenues from municipal property management, privatisation, etc;
- charitable, sponsorship, donations, etc.

²⁸ European Charter of Local Self-Government. Strasbourg, 1985. URL: <https://rm.coe.int/168007a088>

3. Conceptual and spatial framework for ensuring the financial capacity of territorial communities

It is important that the effectiveness of resource, including financial, support for local self-government bodies depends not only on the composition and volume of their resource base, but also on the mechanism of its formation and use, which ensures the financial capacity of communities.

Scholars interpret the definition of "financial capacity" quite broadly. One of the most integral definitions of financial capacity is its ability to accumulate financial resources and ensure an appropriate level of competitiveness based on the rational redistribution and targeted use of available resources, as well as to ensure financial and economic stability in the long term²⁹. Baranovskyi considers the capacity of territorial communities to be the main indicator of the success of the decentralisation reform in Ukraine³⁰. Zapototskyi, S.P. and Teleshman, V.I. consider the factor of financial self-sufficiency and development of each community as one of the main indicators of high living standards of its residents³¹. Thus, a capable territorial community can be considered a territorial-administrative unit that has sufficient local sources of budget revenues and own resources for its local self-government bodies to address local issues in order to improve the living standards of the community residents.

Researcher O.P. Kyrylenko defines the components and conditions of financial self-sufficiency of territorial communities in his scientific works, as presented in Table 3.

Table 3

Components and conditions for ensuring financial self-sufficiency of territorial communities

Components	Security conditions
Institutional	Division of tasks between state and local authorities
	Coherent regulatory framework for the functioning of local self-government
	Anti-corruption system
	Political pluralism at the local level
	Cooperation of local communities
	Citizens' participation in the management of local community finances

²⁹ Коломієць І., Пелехатий А. Теоретико-практичні аспекти формування об'єднаних територіальних громад в Україні / І. Коломієць, А. Пелехатий // Економіка України. – 2017. – № 4 (665). – С. 46–55.

³⁰ Барановський, М. Особливості та методичні підходи до визначення показників і рівня спроможності територіальних громад України / М. Барановський // Часопис соціально-економічної географії. – 2022. – Вип. 33. – С. 7-14. URL: <https://doi.org/10.26565/2076-1333-2022-33-01>

³¹ Запотоцький, С.П., Телешман, В.І. Фінансова спроможність територіальних громад Чернівецької області / С.П. Запотоцький, В.І. Телешман // Економічна та соціальна географія. – 2022. – № 87. – С. 4-25.

Organisational	Science-based current and long-term planning, including in the area of budget
	Reporting of local self-government bodies and officials to members of the territorial community
	Financial control system at the level of territorial community
	A system for assessing the needs of local community residents for public goods at the expense of local budgets
Financial	Allocation of revenues and expenditures between the state and local budgets, taking into account the division of tasks between state and local governments
	Sufficient amount of own revenues of local budgets to fulfil their own powers of local self-government bodies
	Independent rights of local self-government bodies in the field of local taxation
	An effective system of transfers to local budgets from the state budget to fully finance delegated state powers
	Current credit rating of the local government
	Favourable investment climate in the local community
Information	Local governments inform the public about their financial activities
	Availability of independent media
	Level of transparency of the local budget
	Effective communication between local authorities and the public
Personnel	Availability of qualified specialists in financial management of the territorial community
	A continuous system of staff development
	Stimulating the best performance of specialists
	Formation of a talent pool

*Compiled from.*³²

As we can see, the basic components for the formation of financially self-sufficient communities are institutional, organisational, financial, informational, and human resources, and the main conditions for the formation of financial sustainability are outlined for them. The fundamental component is the institutional one, which covers both legal conditions and informal norms that determine the functioning of local self-government bodies. The organisational and financial components are key, providing the basic conditions for financial self-sufficiency: independence in financial management and sufficient financial resources. Real financial self-sufficiency of the community can be ensured by organising a transparent information campaign and implementing a personnel policy to create a team of specialists in the territorial community.

Financial management in territorial communities should be based on a certain system of principles and criteria for assessing public administration. Modern European standards of good administration in this area are formulated in the SIGMA document "Principles of Public Administration"³³, which also

³² Кириленко, О. П. Фінансова самодостатність територіальних громад: сутність та умови забезпечення / О. П. Кириленко // Світ фінансів. – 2022. – № 4 (73). – С. 45–52.

³³ The Principles of Public Administration / OECD Publishing. – Paris : OECD Publishing, 2023. URL: <https://doi.org/10.1787/7f5ec453-en>.

contains a section on "Public Finance Management". Based on the approaches defined in this document and analysing the current social challenges in Ukraine, the following principles of financial management of territorial communities to ensure their capacity can be identified, as shown in Table 4.

Table 4

**Principles of financial management of territorial communities
to ensure their sustainability**

Principle	The essence of management
Planning.	Develop medium-term budget plans that cover all levels and areas of financial resources and are usually calculated for five years or, in the current environment, at least three years.
Systematicity	designing the strategy and tactics of financing and continuously ensuring the implementation of planned activities in all areas of financial resources with a rapid response to current challenges and risks
Objectivity	Taking into account the real capabilities of the economy and the laws of the market, based on realistic forecasts of economic and social development.
Variations	forecasting various options for the development of the financial system of the territorial community, searching for and justifying alternative financial solutions.
Unity	adherence to a single policy that provides for coordination of goals, objectives and approaches and is implemented through a single legal framework, monetary system, accounting and reporting rules, and accumulation of resources in a single treasury account of all funds received from any source.
Transparency	coverage of information on all components of financial resources, and decisions on them are made in a transparent manner with public hearings and the involvement of civil society structures.
Controllability	Implementation of control measures at all stages of the management process and in all areas of public funds flow, including both internal control and external audit.
Efficiency	achieving maximum results with limited financial resources.
Legal orderliness	compliance with the legal norms of national legislation and guaranteeing the protection of the interests of all participants in financial relations.
Reporting	Preparation of detailed reports with performance evaluation, discussion, approval and publication at all levels of financial resource management and in all areas of public spending.
Diversification	development of new activities for the territorial community and search for new markets for the products manufactured; investment of funds in various securities and investment projects.
Sequences	maintaining continuity and stability, avoiding drastic changes in the vectors and priorities of financial policy, regardless of changes in the political environment.
Balance	a combination of centralisation and decentralisation of financial resources management, which means taking into account the advantages and disadvantages of both centralised and decentralised decision-making and implementation of a particular decision with the maximum possible use of the principles of subsidiarity.
Democracy	application of a special decision-making procedure in the field of finance, which provides for the distribution of powers between representative institutions that carry out public administration, executive structures that implement decisions and an independent judicial system as an arbiter.

Compiled by the author.

Adherence to these principles will help ensure the financial solvency of Ukraine's territorial communities, which will affect their competitiveness.

CONCLUSIONS

Summing up, we draw attention to the need to take into account the geographical features of their development when assessing the financial resources of territorial communities, since each territory has its own characteristics (natural, social, spatial and attributive), relations (geographical location, neighbourhood, functions) and processes (system formation, integration, differentiation).³⁴ Modern scientific research reveals the spatial aspects of the development of territorial communities by the following indicators: area and configuration features, the impact of land potential on the development of territories, features of territorial and spatial planning by type of economy, mechanisms of transformation of rural settlements.³⁵

Accordingly, the "spatial organisation of territorial communities" is the formation of territorial communities, taking into account natural geographical (relief, configuration of borders, diversity of natural resources), socio-economic (geographical location, sectoral orientation of the economy, presence of relocated enterprises, participation in international projects and programmes, etc.), demographic (intensive labour migration abroad and at the same time the presence of internally displaced population, etc.) and historical and ethnographic conditions. That is why we believe that the process of planning the development and delimitation of territorial communities and rayons is not complete. An audit of the decentralisation reform and an analysis of the risks that the war has brought with it are still ahead. At the same time, the issue of substantiating the conceptual foundations of financial management of territorial communities is a complex scientific problem that requires analysis of many components based on an interdisciplinary approach. Achieving an optimal organisation of this sphere is also possible by taking into account the provisions of geographical science, which explains the benefits of decentralisation of finance in a particular territory by maximising the utility of space, demographic and infrastructure potential, saving costs, rationalising the structure of the goods supplied, etc.

³⁴ Кузишин, А. В. Простір та особливості його вивчення в суспільних науках здобувачами вищої освіти / Досвід та вдосконалення якості практичної підготовки: постковідні та мілітарні виклики. – Тернопіль : Тернопільський національний педагогічний університет ім. В. Гнатюка, 2023. – С. 3–5.

³⁵ Li, K. та ін. Spatial Differentiation Characteristics and Driving Mechanism of Rural Settlements Transformation in the Metropolis: A Case Study of Pudong District, Shanghai / K. Li, et al. // *Frontiers in Environmental Science*. – 2021. – Vol. 9.

SUMMARY

The article presents research and findings on the conceptual framework and theoretical aspects of determining the content of financial resources of local self-government bodies and analyses scientific sources on the problem under study. The author substantiates the content component of the basic definitions that make up the conceptual framework for studying the sphere of local finances of spatial development of territorial communities. In the course of the research, the historical milestones in the development of the theory of local finance are revealed.

The author defines the concept of basic definitions on the topic under study, focusing on the theoretical and spatial aspects of formation of financial resources of territorial communities.

The study defines the structure of financial resources of territorial communities, components and conditions for ensuring their self-sufficiency, and also identifies the basic principles of financial management of territorial communities and factors of their formation on the ground, taking into account the criteria and indicators of influence on the formation of financial sustainability of the community.

Modern reform processes result in the formation of capable territorial communities, ensuring balanced economic and social development of the respective territory, efficient use of natural, labour and financial resources, development of the community's human potential, and involvement of the community's potential to ensure its competitiveness.

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