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FACTORS FOR REALIZATION OF POTENTIAL OF PROGRAM PERFORMANCE BASED IMPACT ON DEVELOPMENT OF RURAL AREAS IN THE CONTEXT OF DECENTRALIZATION AND REFORMATION OF LOCAL GOVERNANCE

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ЧИННИКИ РЕАЛІЗАЦІЇ ПОТЕНЦІАЛУ ПРОГРАМНО-ЦІЛЬОВОГО ВПЛИВУ НА РОЗВИТОК СІЛЬСЬКИХ ТЕРИТОРІЙ У КОНТЕКСТІ ДЕЦЕНТРАЛІЗАЦІЇ ТА РЕФОРМУВАННЯ МІСЦЕВОГО САМОВРЯДУВАННЯ

Formulation of the problem. During turning periods of social changes and transformations, as convincingly proved by international experience, extremely important role plays concentration of financial resources on priority directions of development, and execution of clearly defined targets [1]. Under these conditions, enormously growing a role of state finances and balanced application of instruments of program performance based approach in ensuring structural reconstruction of economy in accordance with risks and threats to national security.

Existing situation actualizes problem of realization of stimulating potential of budget's mechanism in general and, in particular, its part – program performance based approach. Balanced application of this instrument, provides the possibility of mobilization of resources and their aimed concentration on priority socially significant directions, allows also connection of intergovernmental coordination and synchronization of actions, with potential combination of territorial and branch aspects. Herewith, programs and projects at the local level are more flexible, and are able to provide positive economic effect faster [2].

Analysis of the latest research and publications. Research of wide spectrum of problem of the components of mechanism of program performance based impact on activation of processes of social-economic development on different hierarchic levels of territorial and sectoral governance, was performed by the following scientists: S.O. Bila, O.M. Borodina, V.V. Borshchevskyi, H.S. Bulavka, O.C. Vlasyk, Ya.Ya. Diachenko, I.V. Honcharenko, Ya.A. Zhalilo, I.O. Irtysheva, O.P. Kyrylenko, V.I. Kravchenko, I.O. Lunina, I.V. Prokopa, M.I. Stegney, D.M. Stechenko, L.D. Tulush, Yu.M. Khvesyk and others. In the context of adoption, during 2014-beginning of 2015, number legal acts (Law of Ukraine “On cooperation of local communities”, as of June 17, 2014 No. 1508-VII; Law of Ukraine “On grounds of state regional policies” as of February 5, 2015 No 156-VII; Law of Ukraine “On voluntary merge of territorial communities” as of February 5, 2015, No. 157-VIII; Law of Ukraine “On adoption of changes in Budget Code of Ukraine concerning reformation of interbudget relations” as of December 28, 2014, No. 79-VIII; Law of Ukraine “On adoption changes in Tax Code of Ukraine and some other laws of Ukraine concerning tax reform” as of December 28, 2014, No. 71-VIII), that regulate new foundations of functioning of mechanisms of budget policy on regional and local levels, qualitative modernization of instruments of program performance based approach is necessary. Setting topic was determined by necessity of development of scientific, methodological and methodical provision of realization of its stimulus on social-economic development of rural areas.

Emphasis of unresolved problem. Objective of publication: justify, based on principles and tasks of course on decentralization and reformation of local governance, key direction of systematic formation of institutional grounds for provision of growth of effectiveness of program performance based approach in activation of processes of social-economic development of rural areas.

Presentation of the main material of the research. Necessity for new model of development of the national economy is stipulated, on the one hand, by course and targeting of the processes of world development, that are characterized by establishment of newest security risks and threats, and increasing of existing, and on the other hand,- accumulation of destructive effect of internal factors, which critical level is close to the line of losing control over territorial integrity of the country.

Preservation and increase of geopolitical positions of our country in disturbing conditions of unstable situation in the world and opposition between trade and economic unions of countries, threats of escalation

of war conflict on the territory of Ukraine, requires analysis of the newest external and internal factors, whose impact define necessity of system modernization of national model of economy. Factors, that define its character and focus, in general, will be [3; 4; 5]:

- exhaustion of national competitive advantages on raw material markets of metallurgy and chemical industries; aggravation of world competition for investment resources; size increase of the developing markets;
- expansion of practice for transferring of ecology dangerous productions and growth of land exhausting crops to Third World Countries;
- aggravation of competition between countries – economic leaders in segments of high-tech and resource- and energy- saving production;
- increase of potential of new quality of threats for food and energy security, caused by uncertainty of Russian politic on energy market and war actions.

Success of setting up national competitive models of commerce and economy will be defined by size and depth of mobilization of internal resources of the state, which, in its turn, is possible only in case of attraction into commercial usage of regional and local resource potential of development. Efficiency of realization of the latter requires settling the problem of expansion economic powers of the regions and ensuring development of role of local authorities and communities in resolution of social-economic development problems.

Thereby, formation of necessary conditions for providing increase of efficiency of program-aimed approach, as activity stimulating factor for social-economic development of rural areas, we explore through analyze of impact of factors, that defined financial and economical capacity of local authorities and village communities and potential for attraction of new income sources for local budgets.

Since bases of social and economic development of villages are formed on regional and local levels, competitiveness of industries in agricultural sector, economical potential and investment attraction of rural areas, welfare and safe environment for population, "problematic of provision of economic growth on communities level becomes more important for current state in Ukraine, and gets into agenda of new regional politics and internal state politics [6]". Its practical realization expected to be made in the followings directions [7]: expansion of economical authorities of local self-government in management of communal properties, administration of natural resources; expansion of authorities of local self-government in regulation of local tax rates and charges; fixing portion of income from corporate profit taxes in local budgets; restoration of practices of creation of special tax regime territories; establishing of Fund of regional development as separate financial entity, launch of activities of local funds of regional development and communal banks; - simplification of conditions for local loans; acceleration of reformation of territorial authorities system organization and administrative-territorial system, based on European approaches, development of mechanisms of cooperation of regions and communities; adoption of strategic principles of territories development; expansion of rights of regions concerning cross-border cooperation and activities within euro regions.

Thereby, key tasks of reform of territories administration on regional and local levels are elimination of dualism of state governance and local self-governance and providing of balance in the system "authorities – resources – responsibilities". One of the most difficult problems of its practical realization, in our opinion, will be finding of permissible line of compromise between economic independence of regions and claims of regional authorities and business elites on new format of monopolization of authorities.

Despite the fact that during entire period of development of state independence of Ukraine, development of rural areas was declared as one of key priorities of domestic economic policy, practical implementation of most of its actions did not provide expected results. On perspective and dynamic of resolving of accumulated social-economic, commerce and infrastructural problems of development of rural areas, substantive impact will cause necessity of reorientation of national economic system on functioning in mode, which is typical for war conditions, which requires mobilization of all components of its resource potential on satisfaction of army needs, provision at least critically necessary minimum of social conditions for large number of locally-transferred people, restoration and development of infrastructure that was destroyed during escalated war actions in eastern regions.

Without consistent and reasonable economical and agricultural state politics, rural areas will become more and more vulnerable concerning high probability of increased impact of destructive processes. So, in particular, fact, that agricultural production, is, in fact, single domestic branch, which in the last years shows positive growth, i.e. key locomotive of support for Ukrainian economic stability [8; 9, p. 280], will objectively cause necessity of total (financial-economical, informational, administrative, lobbyist) support of actions, directed on strengthening of its export-oriented segment, as well as, taking into consideration war opposition in the eastern regions,- structuration, in accordance with provision of food and raw material needs of the army. In case of absence of tangible positive externalities of dynamic on increase of agricultural production volume on social-economic development of rural areas, with high probability will become strengthening of their multifunction and social-demographical and infrastructural degradation.

Performance in achievement of social-economic progress of rural areas, in particular in context of efficiency of program approach, is conditioned, on the one hand, by presence in the local self-government

authorities institutional levers, that could ensure their impact on politics of local economic development, and, on the other hand, - level of resources sufficiency and their effective use on provision of community life. Now it is stated that over 90% of village councils neither from HR perspective, nor infrastructure, nor financially are unable to execute functions that are given to basic level of self-government [9, p. 206-209]. In such conditions there are grounds to affirm that efficiency of the Concept concerning reforming of local self-government and territorial organization of authority [10] adopted by the government, in part, which defines transfer to the base level levers of program performance based impact on provision activation of village development, will be defined by system of regulatory implementation of mechanisms of its realization.

Should practical realization of administrative-territorial reform becomes only by double or tripling number of villages within village council, without simultaneous provision of notable positive effects (or at least signs of better changes) in resolution of critically important issues of villagers in spheres of life and life arrangements, it would, with high probability, increase confrontation between communities with different level of budget-forming structure presence on their territory in matters of transportation, medical care, trade, pre-school and school education.

In addition to problematic of necessary resource support (taking into account critical condition of tax base and its sources), creation of necessary material, financial and organizational conditions for providing execution by local self-government authorities delegated functions will be significantly limited by non formation of integrated system of state social standards in education, medical care and culture, standards of social services and their financial-economic justification. Absence of financial-economic component of above mentioned standards will stipulate definition and direction of transfers amounts from the state budget to local budget in so called "manual mode", i.e. continuation of existing practice. In addition to development and implementation on the state level unified standards of public and social services provision, we consider it appropriate to implement separate regulatory indexes, which will take into account social-economic features of zonal depression of rural areas.

Efficiency and performance of program performance based impact on activation of social-economic development of rural areas are mainly defined by financial potential of local self-government authorities, presence in local communities of real levers on local development and attraction to such development different categories of villagers. We have analyzed the abovementioned aspects by problematic sections, which are generalized in scheme 1.

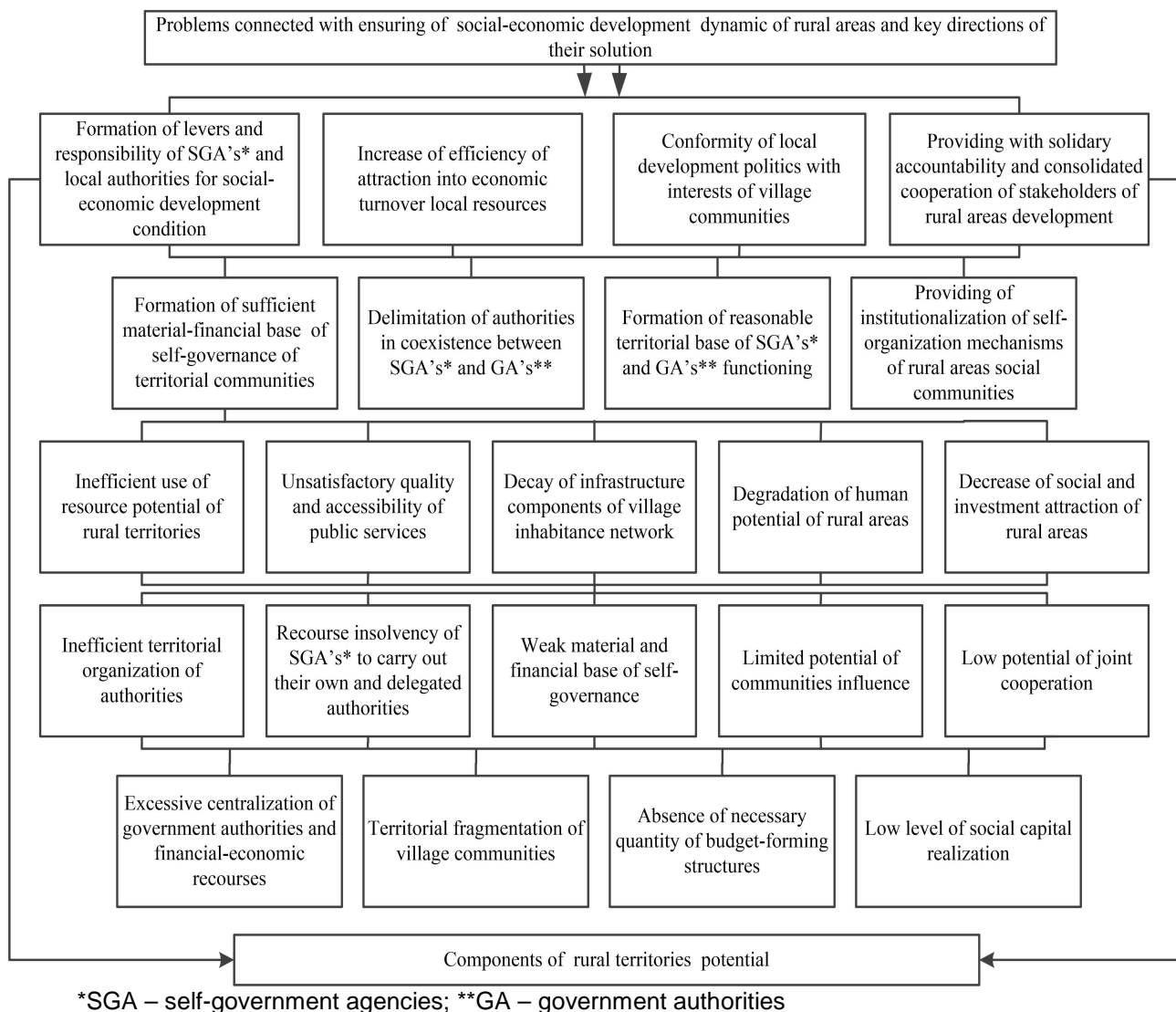
The most significant limitation factors in studied context are territorial fragmentation of village communities and absence, in villages, of necessary quantity of budget-forming structures (budget authorities, communal companies), that cause low level of own and fixed income, which in its turn worsens infrastructure components in rural areas, and as result – lower quality of obtained, by villagers, social services. Thus, in particular, in Lviv region there are 381 (60.3% of total number) territorial communities with less than 1000 people. Despite some difference in structural indexes parameters, with existing level of budget centralization, local self-government authorities on district level (as well as on basic level) in general do not have necessary levers on increase of available resource capacity efficiency, and therefore unable to provide necessary quality of processes of management and coordination of social-economic development of territories.

Main source of local budgets income still is official transfers – grants from state budget, subvention on social security programs and other subventions.

Foundation and practice of existing interbudget transfer politics, mainly is weakly linked to efficiency increase of local authorities functioning and their motivation to increase own income base. Also in the same way can be regarded interest of local self government authorities in development and implementation of local programs and social-economic and infrastructural projects of territories development. Therefore levers efficiency of budget mechanism and increase of their stimulating impact on regional and local social-economic development in general, and, in particular, on development of rural areas mostly depends of availability, in authoritative and managerial structures, clear and systematic understanding of role and functions of program performance based instruments in providing dynamics of economic development.

Generalization of key aspects of outlined problems gives reasons to state that: without providing financial potential of local self-government authorities and adequate level of local communities potential and their joint liability for efficiency of social-economic development of territories – performance of program performance based impact on its dynamics, as therefore, output of budget finances directed at outlined aim will be very low; priority task, on such stage, is formulation of system regulatory basis for implementation of mechanisms and levers, that would provide motivation increase of local self-government authorities to income increase from current sources and finding new income sources, based on engagement of territories resource potential.

Key directions of providing efficiency of financial resources of local budgets, as one of the key preconditions of disclosure potential of program performance based impact on dynamic activation of social-economic development of rural areas are: 1. Accomplishment of optimal distribution of authority between local self-government authorities and government authorities at all levels of administrative-territorial system. 2. Formation of independent financial grounds for local self-government authorities. 3. Providing efficiency in realization of fiscal potential of local development.



Scheme 1. Studied problematic sections of providing efficiency of program performance based impact on development dynamic of rural areas

Source: Created by the author

Necessary conditions for practical realization:

- defining reasonable territorial base for activities of local self-government authorities and government authorities, based on necessity of provision of accessibility and quality of public and social services that they provide;
- sufficient tax base, which would allow execution by local self-government authorities their own functions;
- objectiveness of financial-economic criteria of state financing of delegated authorities;
- providing communities participation in development managerial decisions concerning local development and control over their implementation;
- clear legal definition of financial and material grounds for local self-governance;
- unconditional financial security of functions executed by local self-government authorities;
- Introduction of financially reasonable system of standards of public and social services.

Formation of efficient organizational, legal and financial-economic levers of local development will provide system of incentives for all its stakeholders concerning increase of economic, infrastructural and innovational potential, and therefore performance growth of program performance based approach.

Conclusions and perspectives of further research in this direction. Generalization of described opinions gives reason for the following conclusions: 1. Success in establishing of national competitive model of economy will be defined by degree and depth of mobilization of internal resources of the state, which, in its turn, is possible only in case of attraction of regional and local resource development potential into economic use. 2. Provided by grounds of reforming of local self-government and territorial organization of

authority transfer of levers on program performance based impact on providing activation of village development to the basic level, needs systematic regulatory mechanisms of realization. 3 Disclosure of potential of program performance based impact on dynamic activation of social-economic development of rural areas will be provided if the following conditions are met: reasoned territorial ground for activity of local self-government authorities and government authorities; clearness of legal definition of financial and material grounds for local self-governance; sufficiency of tax base for execution of local self-government authorities of their functions; unconditional financial security of executed by local self-government authorities functions; objectivity in financial-economic criteria of state financing of delegated functions; implementation financially reasoned system of standards of public and social services; providing communities participation in development of managerial decisions concerning local development and control over its realization.

Perspective of further research in this direction is possible, in the first place, in advanced scientific studies of perfection of elements of organization-economic mechanism of program performance based impact on dynamic activation of rural areas development in conditions of practical realization of perspective plans of efficient territorial village communities' reformation.

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