SCIENTIFIC HORIZONS

Prospective Areas for Managing the Financial Potential of Sustainable Development of Territorial Communities

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Abstract. Low income and considerable amounts of local budget expenditures, dependence on interbudgetary transfers, and the lack of an effective financial resource management system do not allow local authorities to fully implement the functions assigned to them and fulfil the community's financial potential. In this context, the search for promising areas for managing the financial potential of sustainable development of territorial communities is considered particularly relevant. The purpose of this paper is the theoretical and methodological substantiation of promising areas for managing the financial potential of sustainable development of territorial communities. It has been established that in the conditions of martial law, the tasks of local authorities have significantly expanded. Specifically, the issues of social and household services for internally displaced people, the formation of food reserves, and the application of security measures to protect the community, the implementation of which require adequate funding, have become relevant. It has been proven that local budget revenues are a key indicator of the financial potential of territorial communities. Using the method of economic and mathematical modelling, it is argued that the progress of the financial potential of territorial communities both during the martial law and in the post-war period will depend on capital investments in the development of the economy, the growth of the employment of the working population, as well as the increase in its income as the main source of the formation of financial bases of local budgets. It has been empirically confirmed that the state of war and the need for post-war reconstruction of territorial communities requires their classification depending on the degree of human, infrastructural, and economic losses. It has been proven that such a gradation allows developing an algorithm for managing the financial potential of sustainable development of territorial communities depending on their immediate needs and requests, and for state authorities and management bodies to find out the necessary amounts of financial and other support as soon as possible. The need to develop conceptual approaches to the development of a sophisticated management mechanism for the restoration of the financial potential of communities synchronized with the EU membership plan is argued. Such approaches can be used by local government and management bodies when developing strategic plans for the sustainable development of territorial communities, developing financial potential capable of ensuring the implementation of measures to manage their economic, social, and environmental advance

Keywords: decentralization, financial resources, sustainable development, martial law, local budget revenues

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INTRODUCTION

The decentralization reform gave impetus to the transformation of the system of territorial organization of power by uniting territorial communities and focused attention on local development as the basis of the socio-economic progress of the state. Communities received a wider range of powers in managerial decision-making, as well as other opportunities for the development and use of financial resources. Despite certain positive changes in the system of financial support of territorial communities, the problems of low income and considerable amounts of local budget expenditures, the absence of an effective system for managing financial resources, which does not allow local authorities to fully implement the functions assigned to them and reveal the financial potential of the community, are still relevant.

The military aggression that began on February 24, 2022 on the part of the russian federation forced to change the vector of development of territorial communities and management of their financial potential. The problem worsened because with the beginning of hostilities, numerous territorial communities found themselves under temporary occupation, with some of them suffering varying degrees of destruction. The introduction of martial law by the country's central government forced a change in the system of relations between state and local authorities to ensure the coordination of the actions of all power structures for the fastest liberation and restoration of the country. In the conditions of martial law, the tasks of local authorities have expanded significantly. Apart from the direct performance of its key functions aimed at meeting the needs of the population of territorial communities, the issues of social and household services for internally displaced people, the formation of food reserves, the application of measures to protect the community, etc., were brought up to date. Territorial communities are becoming financially more dependent on the state budget. At the same time, despite the continuation of martial law, it is necessary to have a clear plan for the recovery and growth of the financial potential of territorial communities to promptly rebuild the destroyed territories and to facilitate the return of citizens to their permanent places of residence. In such conditions, the issue of managing the financial potential of territorial communities, as the basis of their sustainable development, becomes particularly relevant.

The purpose of this study is to develop theoretical and methodological approaches to the justification of promising areas for managing the financial potential of sustainable development of territorial communities. The tasks of this study are as follows: to establish factors influencing the financial potential of territorial communities based on the analysis of the publications of Ukrainian and foreign scientist; to assess the impact of key factors on the financial potential of territorial communities using methods of economic and mathematical modelling; to propose a recovery algorithm and point to promising areas for managing the financial potential of territorial communities.

LITERATURE REVIEW

Even in the pre-war period, the territorial communities of Ukraine differed in the level of economic development, financial and human potential. Even though the decentralization reform contributed to the filling of local budgets with added amounts of financial resources, the regions of Ukraine continued to show a different level of progress. As a result, numerous territories managed to fulfil their financial potential and achieved a considerable degree of financial capacity (the ability to independently finance the needs of the community); others, on the contrary, could not get rid of financial dependence. In this context of the issue under study, the papers of leading scientists, which cover the theoretical foundations of managing the financial potential of territorial communities and the factors that have the principal influence on their development, deserve special attention.

Methodological approaches to the assessment of influencing factors on the financial and economic potential of regions are laid down by classical and neoclassical economic theories. The main sources of growth of the region's economy, as a key component of its financial potential. According to these theories, there is an increase in labour and capital, an increase in labour productivity and technological advance. Corresponding models of economic growth were developed in the studies of T. Malthus (1895) and J. Hicks (1939). The progress of these fundamental theories took place in the papers of the American economist E. Denison (1984), who substantiated that financial and economic growth is determined not so much by the number of spent factors of production, but by the growth of their quality and, above all, by the improvement of the quality of the workforce. J. Barney (1991) and K. Wilkinson (1991) covered the issue of managing the financial potential of territories. L. Van de Pole (2015) substantiated the importance of modelling for stimulating the economic growth of rural areas. Ukrainian researcher M. Skrypnychenko (2007) developed an original model construction of economic development based on endogenous factors as indices of integral indicators. The studies of S. Karpets (2012) illustrate the models of socio-economic development of Ukraine. Theoretical and applied aspects of the influence of various factors on the development of territorial communities for modelling their socio-economic development are outlined by R. Bihun, V. Lytvyn, and N. Oleksiv (2021). The analysis of the mentioned sources proved that such factors influencing the development of the financial potential of territorial communities as the income of local budgets, investments in economic development, employment of the population of the respective territory, etc., stay

outside the focus of leading researchers and confirmed the importance of further investigation in this area.

K. Andersson *et al.* (2015) investigated other aspects of the development of territorial communities, namely the issue of territorial decentralization. The influence of financial decentralization on the development of rural areas was studied by O. Dyakonenko (2018). Features of the development of financial resources of the regions became the subject of research by M. Brady and K. Walker (2018). V. Semianovskyi (2018) theoretically justified the development of the intellectual potential of territorial communities. A. Dvigun (2020) investigated new opportunities for communities that opened up during the decentralization in Ukraine. The problems of territorial communities' access to financing are covered in the papers by E. Girolami *et al.* (2022). O. Levchenko, N. Velychko, and L. Kovshun (2018) investigated and described the administrative mechanisms of community development as the basis for the growth of their financial and economic potential. M. Olchak (2020) proposed the application of an integrated approach to managing the sustainable development of territorial communities, considering the key aspects of their functioning: economic, social, and environmental. V. Dovzhenko, A. Voytenko, and M. Plotnikova proposed the use of European management experience for planning the development of territorial communities (2020). T. Zinchuk and M. Patynska-Popeta (2020) developed the innovative model of united territorial communities, which promotes business development in rural areas. The study by M. Datsyshyn (2022) covers the issues of restoring local self-government after the war. The analysis of the above-mentioned studies suggests that financial potential is a complex concept, under which one should understand the ability, opportunities, and prospects of attracting and using the available and potential resources of the territorial community to ensure its sustainable development. At the same time, the conducted study proved that the promising areas of managing its development are still understudied and poorly described in literary sources.

O. Borodina and I. Prokopa (2019) considerably contributed to shaping the national paradigm for the development of rural territorial communities. D. Dema, I. Abramova, and L. Nedilska (2019) investigated the financial and economic conditions of the development of rural areas. National regional financial policy and its influence on rural development were investigated by L. Dorokhova and N. Kurovska (2019). S. Obushnyi (2019) studied the issues concerning the improvement of financing of social services in rural territorial communities. Improvement of access to public services in the countryside, as well as institutional aspects of the involvement of rural communities in the inclusive development of territorial communities, found further development in the works of I. Prokopa (2022), O. Shkuratov,

O. Khohulyak, and T. Kushniruk (2022) investigated the financial provision of rural areas. Despite a considerable number of studies justifying various aspects of the development of territorial communities, including rural ones, the unsatisfactory state of their financial potential and the lack of effective mechanisms for its management indicate the need for separate research in this area.

MATERIALS AND METHODS

To fulfil the purpose of this study and to solve its tasks, both general scientific and special methods of cognition were applied, namely: scientific synthesis, comparison, and systematization – to substantiate the economic content of the concepts and categories; abstract-logical – to summarize the theoretical and methodological principles of managing the financial potential of territorial communities based on sustainable development; statistical and economic – to find the specific features of fulfilling the financial potential of territorial communities; correlation-regression analysis – to determine the influence of various factors on the financial potential of territorial communities; comparative analysis and synthesis – to develop promising areas for managing the financial potential of territorial communities based on sustainability; logical generalization – to substantiate conclusions and formulate proposals; tabular and graphic – for visualization of the results obtained. The information basis of this study included the papers of Ukrainian and foreign authors; regulatory and reference materials; official materials of the State Statistics Service of Ukraine (2020), the Ministry of Development of Communities and Territories of Ukraine (2021; 2022), electronic publications and Internet resources on the topic under study, etc.

RESULTS AND DISCUSSION

Assessment of the influence of key factors on the financial potential of territorial communities

Based on a critical analysis of scientific literature and the author's personal generalizations, it was established that the income of local budgets per 1 person of the population of the respective territorial unit should be considered the indicator of the state of development of the financial potential of territorial communities. It is assumed that this indicator should be assessed considering numerous factors, among which the principal ones were singled out as follows: the volume of capital investments (except for investments from the state budget), the unemployment rate of the working population, the disposable income of the population, labour productivity, gross regional product, the number population of working age, etc. This hypothesis was confirmed using methods of economic and mathematical modelling. During the study, such factors as gross regional product, the number of the working-age population, labour productivity, the number of small and medium-sized

business entities, etc., showed a fairly close correlation with the result indicator (correlation coefficient $R^2 > 0.9$) and were not included in the model. At the same time, such indicators as the index of industrial production, the volume of export of goods, and some others are low (correlation coefficient $R^2 < 0.2$), which became the reason for their deviation.

Proceeding from this, the following independent variables served as the basis for the construction of the correlation-regression model:

X_1 – volumes of capital investments (except for investments from the state budget) calculated per 1 person of the population in thous. UAH;
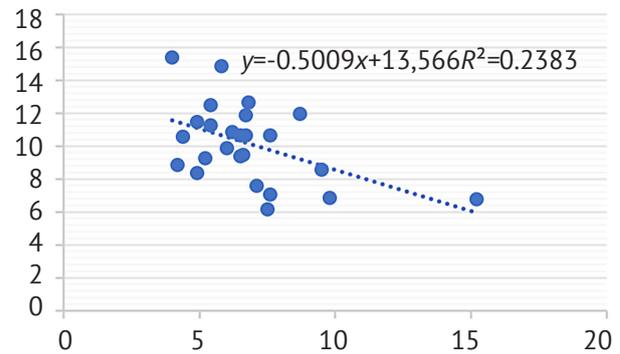
X_2 – the unemployment rate of the population aged 15-70 in % to the economically active population of the corresponding age;

X_3 – disposable income of the population per person.

The model was constructed based on data from the monitoring of socio-economic development of regions for 2020, which was performed by the State Statistics Committee of Ukraine and the Ministry of Development of Communities and Territories of Ukraine. Calculations were performed using the Microsoft Excel software package. Using graphical visualization, the paired interdependence of local budget revenues (excluding transfers) with the selected indicators was proved (Fig. 1).


$y=3,2618x-14,496 R^2=0.8325$
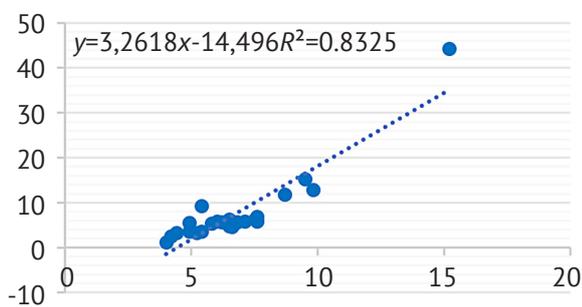
Linear dependence of local incomes on the volume of capital investments (excluding investments from the state budget)

$y=-0.5009x+13,566 R^2=0.2383$

Linear dependence of local incomes on the unemployment rate of the population aged 15-70

$y=14,219e-0.053x R^2=0.5696$
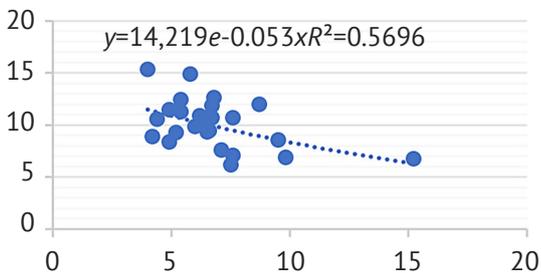
Exponential dependence of local incomes on the unemployment rate of the population aged 15-70

$y=10.7x-2,9547 R^2=0.8704$
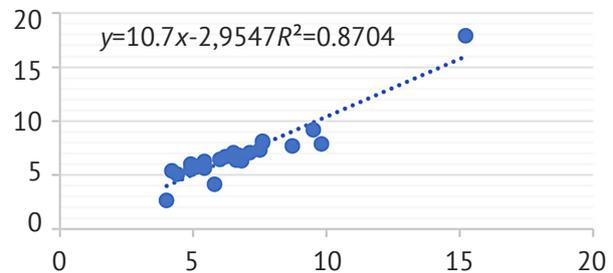
Linear dependence of local incomes on available incomes of the population

***Figure 1**. Pairwise interdependence of local budget revenues (excluding transfers) with selected indicators*
***Source:** developed by the authors based on source data*

It was established that the revenues of local budgets (dependent variable *Y*) have a high degree of correlation with factor characteristic X_1, the correlation coefficient $R^2=0.8325$, a linear correlation between the variables is observed. When graphically visualizing the linear dependence of the *Y* variable on the X_2 factor, the correlation coefficient $R^2=0.2383$ showed a weak relationship between the features, while the construction of the exponential trend line proved a sufficient

degree of dependence between them ($R^2=0.5696$). The dependent variable *Y* revealed a high degree of linear correlation on factor X_3 ($R^2=0.8704$).

Graphical calculations regarding the presence of correlation between variables will be confirmed by constructing a correlation matrix, where the number of observations is n = 25, and the number of independent variables is 3. Considering the variable Y, the dimension of the matrix equals 5 (Table 1).

Table 1. *Correlation matrix showing the degree of dependence between variables*

Variables	Y	X_1	X_2	X_3
Y	1	0.8124	-0.4882	0.903
X_1	0.8124	1	-0.3674	0.8302
X_2	-0.4882	-0.3674	1	-0.5707
X_3	0.903	0.8302	-0.5707	1

Source: developed by the authors based on source data

The data presented in the table indicate a strong positive linear correlation, when the increase of one value affects the growth of another, between the variables: X_1 and Y, X_2 and Y, X_3 and Y, X_2 and X_1, X_3 and X_1, X_3 and X_2; the data also indicates the average negative closeness of connection, when an increase in one value leads to a decrease in another, between variables: X_2 and Y, X_2 and X_1, X_3 and X_2.

The regression equation in the model under study took the following form:

$$Y=2.6452+0.09963X_1-0.02015X_2+0.05143X_3 \quad (1)$$

The economic content of the obtained correlation-regression equation is as follows:

– the volumes of local budget revenues (without considering transfers from the state budget) per 1 person of the population of the respective administrative territorial unit (resultative indicator Y) in the absence of X_i would amount to 2.6452 thous. UAH;

– coefficient b_1 shows that with an increase in the volume of capital investments (excluding investments from the state budget) calculated per 1 person of the population (X_1) by 1 thous. UAH, the resulting indicator Y increases by 0.09963 thous. UAH;

– coefficient b_2 indicates that with an increase in the unemployment rate of the working-age population aged 15-70 in % to the economically active population of the corresponding age (X_2) by 1%, the resulting indicator decreases by 0.02015%;

– coefficient b_3 proves that with an increase in the available income of the population per 1 person (X_3) by 1 thous. UAH, Y increases by 0.05143 thous. UAH.

Based on the maximum coefficient β_3=0.099, it can be concluded that factor X_1 has the greatest influence on the result Y. That is, the obtained correlation-regression equation proves that capital investment in the development of the economy of territorial regions has a considerable impact on one of the effective indicators of their financial potential, namely the income of local budgets.

The next stage of the study was the analysis of the reliability and adequacy of the constructed model. For this purpose, the multicollinearity of the factors embedded in the model was verified. The indicator was calculated using Microsoft Excel software. The calculation

results showed that $r(X_1X_2)$ have $|r|$>0.7, which indicates the multicollinearity of factors X_1 and X_3. For the rest of the factors $|r|$<0.7, which indicates the absence of multicollinearity between them. However, the obtained data are insufficient to formulate final conclusions.

Further statistical analysis of the obtained regression equation, which involved verifying the significance of the equation and its coefficients, showed as follows: the average error of approximation is 10.22%, which is within the permissible values and indicates the good quality of the model; the variance estimate is 14.738, which indicates a normal distribution of the model data; the unbiased variance estimate is 0.7018; the standard error of Y estimate is 0.838, indicating a low degree of standard error.

A critical component of a qualitative regression analysis is the determination of autocorrelation, which guarantees the absence of correlation between any residuals (deviations) of the model. To determine the degree of autocorrelation of the model under study, the autocorrelation coefficient was calculated, and its significance was verified using the standard error criterion.

Using the calculation table, we get as follows:

$$r_1 \approx \frac{\Sigma\epsilon_t \cdot \epsilon_{t-1}}{\Sigma\epsilon_t^2} = \frac{-3.583}{14.738} = -0.243 \quad (2)$$

Since -0.483<r_1=-0.243<0.483, the property of independence of residuals is fulfilled. There is no autocorrelation in the model under study.

The Durbin-Watson test is best known for confirming the absence or presence of autocorrelation between model data. For the model under study, the Darbin-Watson exponent will be as follows:

$$DW = \frac{35.75}{14.74} = 2.43 \quad (3)$$

Autocorrelation of residuals is absent if the condition: 1.5<DW<2.5 is fulfilled. Since for the constructed model 1.5<2.43<2.5, it can be concluded that there is no autocorrelation of the residuals.

The closeness of the joint influence of the factors on the resulting feature was estimated using the multiple correlation coefficient. For the model under study, calculations were made using known linear pair correlation values and β-coefficients.

$$R = \sqrt{0.912 \cdot 0.356 + (-0.488) \cdot (-0.0207) + 0.933 \cdot 0.59} = \sqrt{0.885} = 0.941 \qquad (4)$$

The obtained values of the multiple correlation coefficient $R=0.941$, as well as the adjusted correlation coefficient:

$$R^2 = 1 - (1 - 0.8854) \cdot \frac{25 - 1}{25 - 3 - 1} = 0.869 \quad (5)$$

testify to the high quality of the model.

The determination coefficient $R^2=0.8854$ was found, which proved the high quality of the model.

$$R^2 = 1 - \frac{s_\epsilon^2}{\Sigma(y_i - y)^2} = 1 - \frac{14.738}{128.59} = 0.8854 \quad (6)$$

The hypothesis about the overall significance of the model was tested using the *F-criterion* (F_{kp}):

$$F = \frac{R^2}{1 - R^2} \cdot \frac{n - m - 1}{m} =$$
$$= \frac{0.8854}{1 - 0.8854} \cdot \frac{25 - 3 - 1}{3} = 54.079 \qquad (7)$$

It was established that since the real value of *F* is greater than the *tabular* one, the determination coefficient is statistically significant, and the regression equation is statistically reliable in the model under study (i.e., the b_i coefficients are jointly significant).

Thus, the conducted study allowed building a multiple regression equation $Y=2.6452+0.09963X_1-0.02015X_2+0.05143X_3$, the economic content of which is as follows: an increase in the volume of capital investments by 1 thous. UAH per 1 person of the population leads to the income growth of the budgets of territorial communities by 0.09963 thous. UAH; with an increase in the unemployment rate of the working-age population by 1%, the corresponding revenues of local budgets decrease by 0.02015%; with an increase in the available income of the population by UAH 1 thous., the effective indicator increases by 0.05143 thous. UAH. The calculations proved that the greatest influence on the incomes of local budgets has such a factor as the available incomes of the population in the calculation per 1 person. The statistical significance of the equation was confirmed using the determination coefficient and the *F-criterion*. It is proved that in the constructed model, 88.54% of the total variation of the outcome characteristic *Y* is explained by the change in factors *Xj*.

Considering the conclusions obtained as a result of correlation-regression modelling, the advance of the financial potential of territorial communities both during the martial law and in the post-war period will depend on capital investments in the economy development, the growth of the employment of the able-bodied population, as well as increase in its income as the main source for forming the financial base of local budgets. Therewith, the differentiation between the degrees of development of territorial communities intensified with the beginning of military operations on the territory of Ukraine. Local authorities of the temporarily occupied territorial communities or those in the zone of active military operations have completely or partially lost the opportunity to develop and use financial resources to meet even the primary needs of the population living there. Some, already liberated territories, have a greater or lesser degree of destruction of infrastructure, production facilities, are more manageable. Here, local self-government is slowly starting to resume work, using all available resources to meet the needs of communities and ensure their financial capacity. Some territorial communities, mainly in the western regions of Ukraine, suffered much less, but their financial and economic potential also changed. So far, they have sheltered millions of internally displaced people and assumed responsibility for their socio-economic protection.

Algorithm for restoring the financial potential of territorial communities

Prior to the outbreak of the war, I. Prokopa (2022) formulated the conceptual principles of identifying territories not by administrative, but by functional characteristics, and methodologically approached the classification of territorial communities of Ukraine according to functional types with a predominantly urban, urban-rural, and predominantly rural population. The key need for such identification was caused by the fact that communities are entrusted with the responsibility for the development of their territories, and this, according to the scientist, corresponds to one of the goals of the national regional policy. The state of war and the need for post-war reconstruction of territorial communities actualizes the issue of their division depending on the degree of human, infrastructural, and economic losses. Such gradation allows developing an algorithm for managing the financial potential of sustainable development of territorial communities depending on their immediate needs and requests (the tentative structure of which is illustrated in Figure 2), and for state authorities and management bodies to promptly find the necessary amounts of financial and other support.

Assessment of damages caused to territorial communities as a result of military operations

Assessment of the financial potential of territorial communities depending on the degree of damage, loss of economic and human potential, etc.

Restoration of vertical and horizontal communication between state and local authorities, the population, and other institutions

Determination of the system of goals and objectives for restoring the financial potential of territorial communities

Development of conceptual approaches to the formation of a complex management mechanism for restoring the financial potential of communities

Synchronization of the functioning of the mechanism with the tasks envisaged by the EU membership plan

Sufficient financial potential for the sustainable development of territorial communities in the context of European integration prospects

Figure 2. *Algorithm for restoring the financial potential of territorial communities*
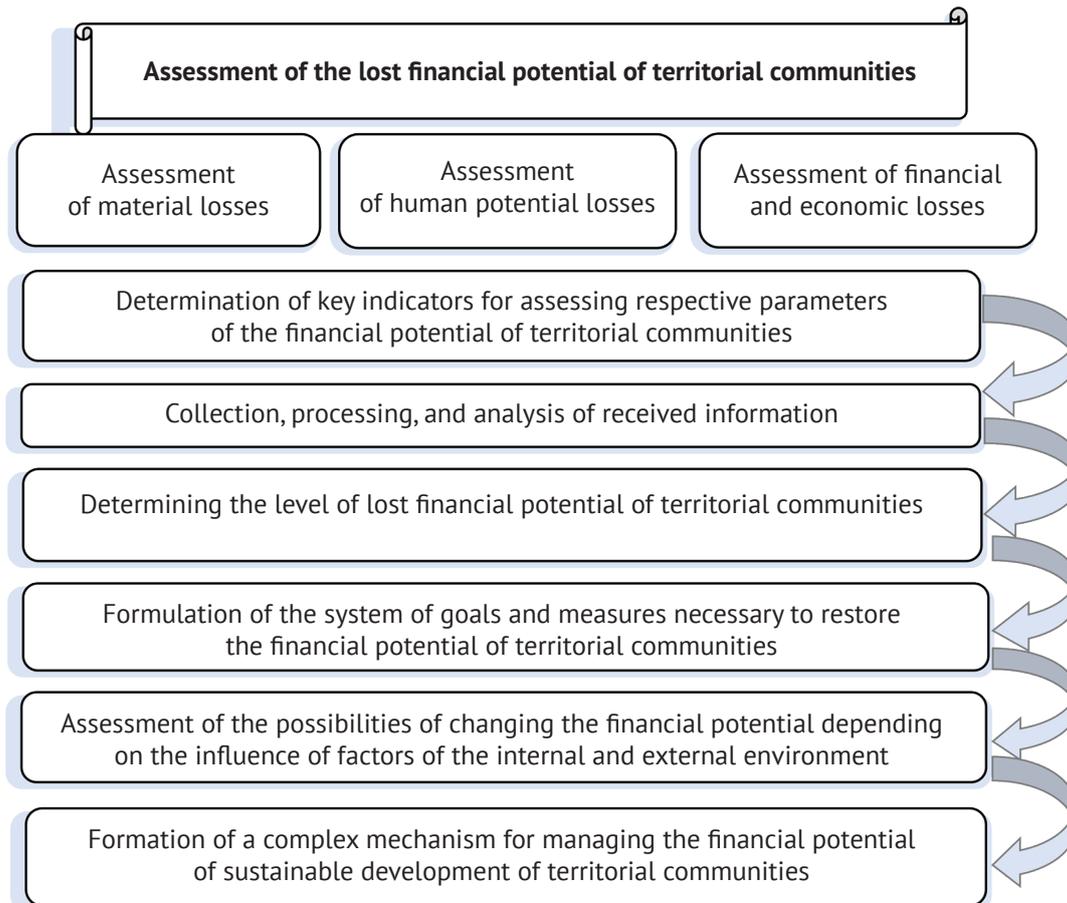**Source:** *developed by the authors*

Specialists of state authorities and local self-governments are developing methodical approaches to the assessment of damage caused to territorial communities as a result of the military aggression of the russian federation. In these processes, the reference point is mainly made on the inventory and assessment of the value of the lost property. To form a holistic mechanism for managing financial potential and development of territorial communities, the authors of this study suggest focusing attention on the loss of human potential, which underlies or the economic activity of any enterprise and is the main payer of personal income tax – a key source of income for local budgets. This refers to the fact that territorial communities have suffered various human losses from death, departure abroad or to other, safer, regions of Ukraine. Therefore, it is worth developing tools and creating conditions for the fastest possible return of refugees and internally displaced people to their permanent places of residence.

To restore the financial potential of territorial communities, it is important to focus on the direct assessment of economic losses, not so much on property losses as on the losses of a certain set of benefits that enterprises could have, but did not, as a result of military actions. Here, it is important to focus on identifying lost and forming new logistics relationships with suppliers and contractors, buyers and customers, etc. Undoubtedly, the search vector should be shifted towards the member states of the European Union, completely moving away from economic dependence on the russian federation, Belarus, etc.

The proposed approaches should become the basis for assessing the financial potential of territorial communities depending on the degree of damage, losses of economic and human potential, etc. (Fig. 3).

Assessment of the lost financial potential of territorial communities

| Assessment of material losses | Assessment of human potential losses | Assessment of financial and economic losses |

Determination of key indicators for assessing respective parameters of the financial potential of territorial communities

Collection, processing, and analysis of received information

Determining the level of lost financial potential of territorial communities

Formulation of the system of goals and measures necessary to restore the financial potential of territorial communities

Assessment of the possibilities of changing the financial potential depending on the influence of factors of the internal and external environment

Formation of a complex mechanism for managing the financial potential of sustainable development of territorial communities

Figure 3. System for assessing the financial potential of territorial communities
Source: *compiled by the authors*

Promising areas of financial potential management of territorial communities

Determination of key indicators for assessment, collection, analysis, and processing of received information, determination of the level of lost financial potential of territorial communities should become the basis for formulating a system of goals and measures necessary for its restoration, as well as the formation of a complex management mechanism. A key component of such a mechanism can be participative strategic planning, which opens the possibility of involving a wide range of stakeholders, conducting analysis and assessment of the state of business development and the financial potential of the community. While planning, it is worth clarifying the interdependence of such factors as the reorientation of business structures to European sales markets and the growth of the gross regional product – the basis of the revenue base of local budgets. Attention should also be paid to the possibility of community participation in programs of grant support by EU countries, and their impact on the future infrastructural development of the regions should be assessed.

It is necessary to strategically calculate how the introduction of EU standards will affect the profitability of business, since a significant increase in the cost of products is expected, which in the conditions of low solvent demand of the population and economically unstable business can become a financial burden both for the population of communities and for entrepreneurs. Labour migration to EU countries may cause labour shortages and raising social standards will require added costs from local budgets for their implementation. Improving social standards – the quality of education, medicine, and other social services – will require added expenditures from local budgets. Considering the outlined proposals and provisions of the Association Agreement with the EU, each community can conduct its own strategic analysis, factoring in individual socio-economic features of development, resource and labour potential, and other factors.

An important European practice is participatory budgeting, during which the formation and implementation of local budgets takes place with the involvement of citizens. The population takes part in the development of recommendations for the distribution of the community budget, monitors and controls the use of funds. Participatory budgeting is a manifestation of democracy. At the same time, it strengthens the responsibility of local bodies and citizens to each other. The population of the community, involved in managing

budget funds, has an interest in more efficient use of available resources, and local self-government bodies have added motivation to use them more transparently.

In Ukraine, in parallel with the decentralization reform, an initiative to create participatory budgets was launched. The content of the project lies in providing an opportunity for any resident to take part in the allocation of local budget funds through the creation of projects for the improvement of the city or voting for them. Residents of the community can submit a project related to improving life in the city, take part in the competition and monitor its implementation. Together with foreign partners, an online platform "Public Project" was created in Ukraine, where project initiatives are displayed. Currently, most large cities of Ukraine have their own public budget. Predictive indicators of public budgets can become a component of the strategy for developing the financial potential of communities.

An important aspect of managing the financial potential of territorial communities is the restoration of vertical and horizontal communication between state and local self-government bodies, the population, business structures, and other institutions in the liberated and temporarily occupied territories. Presently, the primary task is the return of control of the Ukrainian authorities over the entire territory of Ukraine and the establishment of cooperation with the legitimate representatives of the territorial authorities. The restoration or formation of horizontal cooperation between local self-government bodies should be based on the principles of comprehensive mutual assistance and support, including financial one. Territorial communities less affected as a result of the war, in conditions where the state budget for 2023 prioritizes the financing of security and defence complexes of Ukraine, should maximally aid the recovery of more affected regions. Financial support for displaced people from affected communities, creation of conditions for business relocation, search for specialists capable of filling a niche in the workforce, investment in the reconstruction and development of the economy of these territories – these are the tools that will ensure the integrity, sovereignty, and financial stability of Ukraine in the future.

CONCLUSIONS

The analysis of the studies of leading researchers allows concluding that financial potential of a territorial community is a complex concept, under which one should understand the ability, opportunities, and prospects of attracting and using the available and potential resources of the territorial community to ensure its sustainable development. It is proven that the definition of the system of goals and objectives for the restoration of the financial potential of territorial communities should be correlated with the conceptual approaches to the country's restoration strategy laid down by the government. It is argued that in this process it is important to predict and establish the necessary complementary changes in the economic environment, which will allow increasing the financial potential of territorial communities through the ability to effectively form and distribute not only their resources, but also the financial support of European partners.

The creation of a solid basis for the sustainable development of territorial communities in the post-war period through the formation of an open, competitive, socially responsible economy integrated into the European community is considered relevant. Territorial communities – safe and comfortable for people to live in. The outlined goals and tasks should underlie the development of conceptual approaches to the formation of a complex management mechanism for the restoration of the financial potential of communities synchronized with the EU accession plan. The implementation of the proposed measures will create the basis for an effective mechanism for managing the financial potential for the sustainable development of territorial communities. As a result, growth of the local economy and financial self-sufficiency of territorial communities, improvement of the level and quality of life of the population of communities, maintenance of ecological balance, preservation, and improvement of local territories are expected.

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Перспективні напрями управління фінансовим потенціалом сталого розвитку територіальних громад

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Анотація. Низький рівень доходів й значні обсяги витрат місцевих бюджетів, залежність від міжбюджетних трансфертів, відсутність ефективної системи управління фінансовими ресурсами не дозволяє органам місцевої влади повною мірою реалізовувати покладені на них функції й розкрити фінансовий потенціал громади. В такому контексті пошук перспективних напрямів управління фінансовим потенціалом сталого розвитку територіальних громад вбачається особливо актуальним. Метою статті є теоретико-методологічне обґрунтування перспективних напрямів управління фінансовим потенціалом сталого розвитку територіальних громад. Встановлено, що в умовах воєнного стану завдання місцевих органів влади значно розширилися, а саме актуалізувалися питання соціально-побутового обслуговування внутрішньо-переміщених осіб, формування продовольчих резервів, застосування безпекових заходів для захисту громади, виконання яких потребують належного фінансування. Доведено, що доходи місцевих бюджетів є ключовим індикатором фінансового потенціалу територіальних громад. З використанням методу економіко-математичного моделювання аргументовано, що поступ фінансового потенціалу територіальних громад як під час воєнного стану, так і в повоєнний період залежатиме від капітальних інвестицій у розвиток економіки, зростання зайнятості працездатного населення, а також збільшення його доходів, як основного джерела формування фінансової бази місцевих бюджетів. Емпірично підтверджено, що військовий стан та необхідність повоєнної відбудови територіальних громад потребує їх класифікації залежно від ступеня людських, інфраструктурних та економічних втрат. Доведено, що така градація дозволить розробити алгоритм управління фінансовим потенціалом сталого розвитку територіальних громад залежно від їх безпосередніх потреб та запитів, а органам державної влади та управління – якомога швидше з'ясувати необхідні обсяги фінансової та іншої підтримки. Аргументовано необхідність розробки концептуальних підходів до формування комплексного механізму управління відновленням фінансового потенціалу громад синхронізованого з планом набуття членства у ЄС. Такі підходи можуть використовувати органи місцевої влади та управління при розробці стратегічних планів сталого розвитку територіальних громад, формуванні фінансового потенціалу спроможного забезпечити реалізацію заходів з управління їх економічним, соціальним й екологічним поступом

Ключові слова: децентралізація, фінансові ресурси, сталий розвиток, воєнний стан, доходи місцевих бюджетів