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## **FISCAL DECENTRALIZATION AS A DETERMINANT OF ECONOMIC SECURITY REGIONS**

The providing of the region economic safety with increasing of budgetary decentralization is one of the priorities in the modern stage of Ukrainian development. The limited revenue of sources and high financial dependence of local governments on the decisions of the central government, unclear division of expenditure responsibilities and reduced responsibility for spending of budget funds, as well as different levels of socio-economic development of the areas, their production and financial potential, climatic conditions, ecological status cause the need for decentralization in Ukraine.

Decentralization in its purpose should be aimed at optimizing relations within the budget system, among the state budget and local budgets (vertical relationship) among local budgets (horizontal relationships), the redistribution of the budget among "rich" and "poor" areas, as well as providing with financial alignment of budgetary capabilities of state and local governments.

World experience of management suggests that the best economic, social and political status of region can be provided by local authorities. At the same time, it is exactly the local authorities should create favourable conditions for economic growth, use all the levers for investment, enterprise development, small and medium enterprises, promote job creation and growth of self-employment. The welfare of local residents guarantees for the replenishment of local budgets, the growth rate of government revenue, and therefore and the welfare of the country, depend on the solution of these questions.

The transfer of authority to the field, increasing the capacity of local governments and expanding its powers, transferred to the "center on the lower level of local communities" on the principles of subsidiarity, are the objective basis of decentralization, and, at the same time, an integral part of the process of sustainable economic development [1]. Decentralization foresees the local government to get as much power (backed by resources) as local authorities can actually implement to fulfill its duties.

Scientists identify several types of decentralization, which have special features, implications, conditions of realization and they can be applied both independently and in conjunction with one another, in various forms and combinations, both within the country and in some sectors of the economy [2],

namely spatial, political (democratic), administrative (bureaucratic), economic (market, financial, fiscal, budgetary)

Fiscal decentralization is conditioned by the desire of central authorities to improve the system of governance. The central government tries to limit its activities, acting strategic management functions, as well as national functions that are difficult to differentiate relatively the needs of a particular citizen, who lives in a particular area. Accordingly, the central government tries to "liberate" themselves from functions, the essence of which is to provide services to the public, which require consideration of citizen needs regardless of place of residence, ethnicity and traditions. However, local governments do not have sufficient funds to implement its new budgetary powers. The share of local expenditures for implementation of their own powers in Ukrainian local power administration is the lowest in Europe.

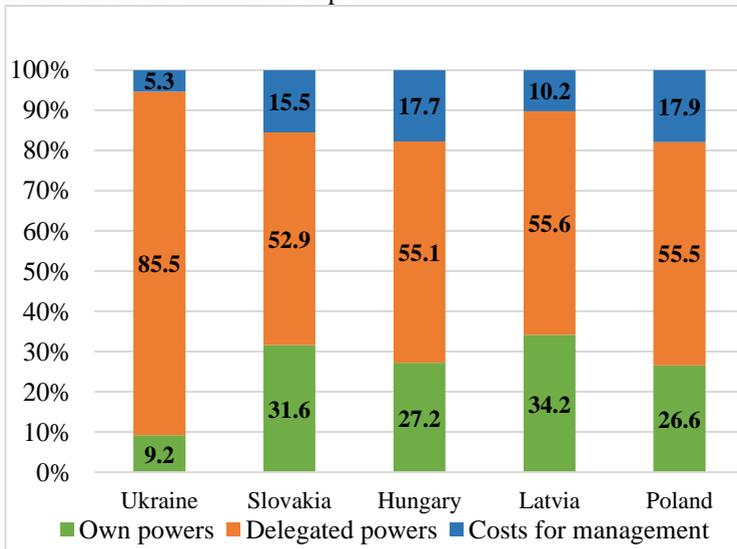


Fig. 2. Structure of expenditures of local budgets for implementation of LPA [3]

Thus, decentralization covers a huge range of activities – from the development of the citizen political consciousness of civil society to ensuring the economic security regions. However, the issue is particularly relevant study of the economic aspect of decentralization and its impact on the economic security of regions. Successful resolution of this issue depends on the country out of crisis, socio-economic stabilization and economic growth, the success of regional development and economic growth of the national economy as a whole.

### **References.**

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