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REGULATORY AND LEGAL SUPPORT OF MECHANISMS OF STATE POLICY OF ECONOMIC DEVELOPMENT OF TERRITORIAL COMMUNITIES IN UKRAINE

The article identifies the features of the regulatory and legal support of the mechanisms of the state policy of economic development of territorial communities in Ukraine. The assessment of the compliance of the existing regulatory and legal field with the tasks of the state policy of economic development of territorial communities in Ukraine is carried out. The problems and contradictions of the regulatory and legal support of the mechanisms of the state policy of economic development of territorial communities in Ukraine are identified. The directions of improving the regulatory and legal support of the mechanisms of the state policy of economic development of territorial communities in Ukraine in modern conditions are considered.

Key words: *public administration, public administration mechanisms, state policy, regulatory and legal support of the mechanisms of the state policy, territorial communities, economic development of territorial communities, development of regions.*

Problem setting. In the context of the formation of a democratic, social and legal state in Ukraine, the formation of an effective state policy for the economic development of territorial communities, including through the formation and development of an appropriate regulatory framework, is of particular importance. Regulatory and legal support for the state policy for the economic development of territorial communities is a system of legislative, by-laws and local acts that define the foundations, principles, and competence of state authorities and local self-government bodies in the field of formation, implementation and monitoring of local economic development policy. And its essence lies in creating legal conditions for the effective use of the resource potential of communities, ensuring financial capacity, attracting investments and implementing sustainable development programs.

Such scientists and managers as Batanov O., Koliushka I., Kravchenko V., Melnyk A., Storozhuk I., Vasilyeva O. and others have devoted their publications to the study of the features of regulatory and legal support for state policy mechanisms for the economic development of territorial communities in Ukraine [1; 5; 6; 11; 12].

However, many issues regarding the identification of areas for improving the regulatory and legal support of state policy mechanisms for the economic development of territorial communities in Ukraine in modern conditions remain insufficiently researched.

Paper objective. The purpose of the article is to determine the features and directions of improving the regulatory and legal support of state policy mechanisms for the economic development of territorial communities in Ukraine in modern conditions.

Paper main body. The basis of the state policy of economic development of territorial communities in Ukraine is the provisions of the Constitution of Ukraine, which enshrines the principles of local self-government and decentralization of power, as well as other regulatory and legal acts of a strategic direction - let's consider them.

Thus, in accordance with Article 7 of the Constitution, local self-government is recognized and guaranteed in Ukraine as a form of exercise of power by the people. Articles 140–143 of the Fundamental Law specify the content and powers of territorial communities in the field of socio-economic development. In particular, communities directly or through local self-government bodies have the right to manage municipal property, approve programs of socio-economic and cultural development, and also control their implementation [3].

Thus, the Constitution creates legal prerequisites for the implementation of state policy aimed at the economic growth of territories, increasing their financial capacity and attracting investment resources.

The development of state policy in this area is also consistent with global sustainable development initiatives defined by the United Nations. In 2017, Ukraine adapted the Sustainable Development Goals by 2030 (SDGs), enshrining them in the National Report “Sustainable Development Goals: Ukraine” – a document that defines priorities for sustainable economic development that directly relate to the activities of territorial communities. Thus, the Sustainable Development Goal (SDG) 8 “Decent work and economic growth” provides for stimulating the development of small and medium-sized enterprises, creating new jobs and increasing the employment rate in the regions, and SDG 9 “Industrialization, innovation and infrastructure” is aimed at forming a modern production and transport infrastructure, digitalizing the economy and developing the innovative potential of communities. At the same time, SDG 11 “Sustainable development of cities and communities” focuses on creating a safe, environmentally balanced and inclusive living environment for the population [13].

In addition, the implementation of these goals at the state level is enshrined in the State Strategy for Regional Development for the period until 2027, which defines the tasks of increasing the competitiveness of regions, developing human capital and ensuring territorial cohesion. The strategy is focused on integrating the principles of sustainable development into local programs, which allows harmonizing the economic, social and environmental components of regional policy [14].

That is, the constitutional norms and the above-mentioned strategic documents form a holistic system of legal and programmatic foundations of the state policy of economic development of territorial communities in Ukraine. Their content is aimed at implementing the principles of decentralization, increasing the efficiency of using local resources, activating innovation processes and ensuring a high quality of life for the population. And the combination of constitutional provisions with the Sustainable Development Goals creates a conceptual basis for the formation of a modern model of sustainable economic development of territorial communities in Ukraine.

As noted by O. Batanov and V. Kravchenko, regulatory and legal mechanisms form the

foundation for decentralized management of economic processes, creating conditions for increasing the capacity of local governments to make economic decisions [1; 5].

And according to I. Koliushka, the formation of the legal status of a community in the context of decentralization requires balancing between autonomy and responsibility, because excessive regulation by the state reduces the effectiveness of local self-government, and excessive freedom without control leads to an imbalance in the use of resources [6].

It should be noted that the regulatory and legal support of the mechanisms of state policy for the economic development of territorial communities covers three interrelated levels:

- the constitutional and legal level determines the principles of decentralization of power, guarantees of local self-government, and the principles of budgetary independence;
- sectoral - covers laws that regulate individual areas of economic activity of communities (budgetary, tax, investment, regional relations);
- local level includes decisions of councils and executive committees, regulations, strategies, and development programs that specify state policy at the community level [11].

That is, regulatory and legal support is not limited only to acts of state power, but involves the interaction of the national and local levels, which reflects the principle of subsidiarity and ensures the autonomy of communities in decision-making. Regulatory and legal support is not only a formal instrument for regulating the activities of government bodies, but also a systemic mechanism for coordinating economic processes at different levels of government. It is through the interconnected action of constitutional, sectoral, and local norms that the regulatory and legal environment is formed, within which territorial communities implement their economic development policies.

It is important to note that the effectiveness of the regulatory and legal support of the mechanisms of state policy of economic development directly depends on the level of institutional capacity of territorial communities. It is at the local level that the practical implementation of legislative norms and the transformation of state strategic guidelines into specific programs of socio-economic development take place. In this context, the legal status of a territorial community is of decisive importance, which forms the basis of its economic independence, resource security and ability to strategic planning.

According to the Law of Ukraine “On Local Self-Government in Ukraine” dated May 21, 1997 No. 280/97-VR, a territorial community is residents united by permanent residence within the boundaries of a village, town, city or by voluntary association of several settlements that have a single administrative center. This law defines a community as the primary subject of local self-government, endowed with the right to independently resolve issues of local importance within the framework of the Constitution and laws of Ukraine [7].

The legal status of a territorial community includes three key components:

- property – the right to own, use and dispose of municipal property (Article 60 of Law No. 280/97-VR);
- financial – the right to form and execute the local budget, independently determine the directions of using funds (Articles 63–65);
- organizational – the right to create local self-government bodies, adopt local regulatory legal acts, and approve socio-economic development programs [7].

In the context of economic development, it is these components that determine the real ability of a community to implement its own economic policy.

An important role in ensuring the economic capacity of communities is played by the institution of local self-government, which acts as a practical mechanism for implementing state development policy. Its legal basis is the European Charter of Local Self-Government (ratified by the Law of Ukraine of July 15, 1997 No. 452/97-VR), which guarantees the right of communities to independently manage a significant part of public affairs. In Ukraine, the institution of local self-government operates at two levels – representative (village, settlement, city councils) and executive (executive committees, departments, municipal enterprises) [4].

These bodies ensure the implementation of economic growth programs, promote the development of entrepreneurship, and form mechanisms for public-private partnership (PPP), enshrined in the Law of Ukraine “On Public-Private Partnership” [8].

An important condition for sustainable development is the availability of effective mechanisms of responsibility and control over the implementation of economic decisions. Legislatively, these issues are regulated by the Law of Ukraine “On State Financial Control in Ukraine” [9], the Law “On Prevention of Corruption” [10] and a number of by-laws that

determine the procedure for auditing strategic development documents.

Thus, the regulatory and legal support of state policy mechanisms for the economic development of territorial communities is a multi-level system that integrates constitutional principles, sectoral legislation and municipal regulations. Its legal nature consists in combining state regulation with the autonomy of local government, and the key principles remain decentralization, subsidiarity, financial independence and accountability. At the same time, the modern stage of development requires improving the legal mechanisms of planning, financing and control, which will ensure increased resilience of territorial communities as basic subjects of the state's economic policy.

Building the institutional capacity of local self-government is impossible without a proper financial basis. After all, the real autonomy of a community is determined not only by the powers enshrined in the legislation, but above all by the availability of its own financial resources for the implementation of socio-economic programs, investment initiatives and infrastructure projects. That is why the key direction of the modernization of the local government system in Ukraine has become financial decentralization, which ensures the economic independence of territorial communities and creates incentives for increasing the efficiency of local budget management.

The economic independence of territorial communities is one of the key conditions for their sustainable development and effective implementation of local policy. It is ensured through the mechanisms of financial decentralization, which has become one of the most important directions of the local government reform in Ukraine, launched in 2014 [12].

The main goal of financial decentralization is to transfer a larger share of financial resources to the local level and expand the powers of self-government bodies in the field of budget planning, tax policy and community property management.

The legislative framework for the financial independence of communities is defined in the Budget Code of Ukraine (as amended on 28.12.2014, Law No. 79-VIII) and the Tax Code of Ukraine (as amended in 2015) [2; 15].

According to Articles 64, 69¹ of the Budget Code, local budget revenues include:

- 60% of the personal income tax (PIT) paid on the territory of the community;
- a single tax received from small businesses;

- land payment, property tax, tourist tax, excise tax on the sale of excisable goods;
- part of the environmental tax [2; 15].

Such norms ensure the formation of communities' own revenue base, reducing dependence on state subsidies. At the same time, the state maintains a system of inter-budget equalization through basic and reverse subsidies, regulated by Articles 96-103 of the Budget Code [2].

Despite the presence of a developed network of bodies and management tools, the effectiveness of their functioning largely depends on the quality of regulatory and legal regulation. It is the imperfection of the legal framework, the contradiction of powers and the lack of systematicity in the distribution of responsibilities between different levels of government that create significant obstacles to the sustainable development of local self-government.

In this context, there is a need for a critical analysis of existing problems and gaps in regulatory and legal support, which hinder the further institutional evolution of territorial communities and complicate the implementation of the principles of effective public administration.

Despite significant progress in reforming the system of local self-government and financial decentralization, the current legal field of economic development of territorial communities remains fragmented and requires further improvement. One of the key problems is the unclear demarcation of powers between central authorities, local self-government and state administrations, which leads to duplication of functions, legal conflicts and a decrease in managerial efficiency. As the National Institute for Strategic Studies notes, this situation makes it difficult to form a single mechanism of responsibility for the implementation of state regional policy [12].

Another significant problem is the lack of a single framework law on regional policy, which would determine a systematic approach to strategizing community development, their financing and interaction with state structures. As a result, strategic documents at different levels are often declarative in nature, and the mechanisms for their implementation remain unclear.

Taking into account the current trends in decentralization, the results of the analysis of

the legal field and the practice of local self-government in Ukraine, it is advisable to form a set of proposals aimed at increasing the efficiency of public management of the development of territorial communities.

First of all, the initiative to adopt a framework law “On the State Policy of the Economic Development of Territorial Communities” is relevant, which would determine a single regulatory and legal basis for regulating this area. Such a law should establish the basic principles, implementation mechanisms, economic incentive instruments and the system of responsibility of government bodies. The introduction of such a framework act will eliminate the fragmentation of current legislation, ensure the consistency of state and local policies, and also reduce the number of legal conflicts between various regulatory documents.

The second important direction is the clarification and codification of the powers of state authorities, local self-government and their executive structures. The presence of a clear demarcation of functions and areas of responsibility between levels of government will allow to avoid duplication of powers, increase the effectiveness of management decisions and ensure transparent allocation of resources. In particular, it is advisable to create a unified register of powers of local councils, state administrations and central executive bodies operating in the field of regional development.

The third step should be to strengthen the financial autonomy of territorial communities, which involves expanding sources of local budget revenues, in particular by increasing the share of personal income tax, introducing local investment fees and improving mechanisms of public-private partnership. Such a policy will contribute to the formation of economically viable communities capable of independently financing development projects, stimulating entrepreneurial activity and creating jobs.

Conclusions of the research and perspective of further development in this direction. Thus, regulatory and legal support is a system-forming element in the process of forming and implementing state policy for the economic development of territorial communities. Without a clear, consistent and stable legal framework, public administration mechanisms function fragmentarily, which reduces the effectiveness of state and local initiatives, complicates the interaction between authorities, business and the public. It is legal certainty that creates the prerequisites for a transparent distribution of resources, a stable investment climate and

increased trust in authorities. Therefore, regulatory and legal support for the development of territorial communities is not only a technical regulatory tool, but also an important factor in the formation of an effective public administration system aimed at strengthening the economic capacity of communities and increasing their resilience in the face of modern challenges and threats.

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