INTER-BUDGETARY TRANSFERS IN THE FINANCIAL EQUALIZATION OF ADMINISTRATIVE-TERRITORIAL UNITS

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One of the important tasks of local budgets now is to ensure a balanced socio-economic development and the formation of intergovernmental relations in order to improve the financial self-sufficiency by strengthening fiscal decentralization. The mechanism of intergovernmental relations plays a key role in the socio-economic development. It defines the proportion of distribution and redistribution of financial resources among levels of government and should be focused on providing stability and balance of local budgets. Hence the importance in terms of economic instability becomes a necessity to introduce a new mechanism of budgetary regulation and streamlining the existing structure of intergovernmental transfers.

The article specifies the features of the functioning of the system of inter-budgetary transfers as an instrument of budget regulation of economic development. The dynamics of the main inter-budgetary transfers in Ukraine is analysed and their share in the revenues of local budgets is determined. The trends and problems that have developed in the formation of local budgets after the reform of intergovernmental fiscal relations are analysed and ways of overcoming them are determined.

The analysis indicates that the state and regional budget policy through transfers today reduced to align the socio-economic development. At the present stage of a dynamic process of decentralization of local government, through the local budget revenues are growing rapidly, which positively affects the state budget. Thus, the share of inter-budgetary transfers in the local budget revenues decreases, which means:

– sustainable economic growth in the regions through an optimal use of fiscal capacity;
– the increase in quality of life, social protection, and a high level of budget support for local communities;
– strengthening the administrative and territorial integrity;
– increasing political accountability and transparency of management decisions;
– the effectiveness of the functioning of the local government.