

## MODERN APPROACHES TO INTEGRATED ASSESSMENT OF SOCIO-ECONOMIC DEVELOPMENT OF MUNICIPALITIES

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At present the main problems of local budgets in Ukraine remain low level of financial stability and independence. Significant asymmetry of regional development, unperfection of intergovernmental relations were caused by their incompatibility with modern processes of social and economic development, lack of incentives for local governments to active search for additional financial resources due to necessities of reforming the system of local self-government and territorial organization of power that based on the implementation of the principles and provisions of the European Charter local government. This assessment and analysis of socio-economic development of the municipalities on the example of the European Union leads to find the most rational ideas, approaches and methods that would allow Ukraine to build a new concept of cooperation in the form «center-region», which will contribute to strengthening the legal, organizational and financial capacity of local communities, the development of effective territorial organization of local self-government and improving the quality of public services. For evaluation of the socio-economic development of municipalities based on their financial capacity the integral method is more appropriate and justified to use. This method is particularly effective when the need to take into account the impact of identified factors on the socio-economic processes of regional development is important, that caused by the budgetary and financial indicators that in some cases may be presented as a function of many variables. The expediency of using this approach is explaining by calculating the indicator of socio-economic development that based on the financial capacity of municipalities. The indicator is the integrated value that must include in system of calculation the indication of financial sufficiency, capability and stability. Results of calculation of structure-components of the financial capacity of the municipalities of the EU and Ukraine is based on the use of statistical data [1,2] for the period 2006 – 2012. Analysis of calculated data shows that EU municipalities have a high level of financial stability, which determines the socio-economic development in the current and long term. This value, within 39 - 85% is achieved above all by a high level of self-financing provided by the introduction of tax policy autonomy of municipalities, stable-income, commercial and industrial potential of inhabitant. Financial sufficiency, which describes the ability of municipalities to ensure consistency between the financial capacity and the need for social and economic development, ranges 23 - 90% by sufficient budgetary performance, local revenues in GDP, deposit savings and investment potential. It should be noted that municipalities of EU have the lowest level of financial capacity that does not exceed 53%. As a result of reduction in the growth rate for savings deposits, reducing the growth rate of average wages to GDP per capita, investment outflow (in 2011) European municipalities have slow ability to build their own financial potential. Similar is the situation in Ukraine: the calculated data show that the level of financial capability is low during the period, slightly better is the value of financial sufficiency and stability. Thus, during the period the maximum value of the integrated index had municipalities of Denmark and Luxembourg. Stable minimum value of integrated social and economic development was in Greece. As a result of the outflow of investment in 2011 in the Austrian financial capability had a negative trend, which resulted in obtaining the minimum value of the integrated social and economic development. Compared with the EU, Ukraine has the lowest value of socio-economic development, only in 2008 and 2011 the situation in Greece and Austria was worse. It should be noted, the magnitude of asymmetry in the socio-economic development of the municipalities of the EU was in 2006 - 3.02 unites; in 2007 - 2.18, 2008 - 2.61; , 2009. - 4.09 (due to the financial crisis), 2010 - 2.52, 2011 - 4.63, 2012 - 2.36 unites.

In terms of qualitative assessment of socio-economic development the municipalities are separated into the following groups: countries with the absolute level of socio-economic development, high, growing, average, low and crisis level. There is a fact that Ukraine has very

low value of the index, that's why it belongs to a specific group with a critical level. During the period only two municipalities of Luxembourg and Denmark had the absolute level of socioeconomic development 66.63 - 73.78%. High level 59,48 - 66.62% - municipality of Sweden, growing 52.33 - 59,47% - Finland, the average level 45.19 to 52.32% had 6 countries, low 38.04 - 45.18% - 10 Western and Eastern Europe and the crisis 30.89 - 38,03% - Romania, Lithuania, Portugal, Cyprus, Bulgaria, Greece. It should be noted the estimated value of the integral indicator of socio-economic development of municipalities absolutely extrapolated to GDP over the level of decentralization in the budget, such as Scandinavian (more than 55% of GDP) and Western Europe (more than 35% of GDP) model of financial relations, suggesting the adequacy of the proposed research - methodological approach.

1. Eurostat [Electronic resource] - Access mode: <http://epp.eurostat.ec.europa.eu>. - 19.12.2013 - The name of the screen.
2. Budget monitoring [Electronic resource]: Institute for Budgetary and Socio-Economic Research (IBSER.) - Mode of access: <http://www.ibser.org.ua> - 17.03.2013. - The name of the screen.

Lukianyhin, V.O. Modern approaches to integrated assessment of socio-economic development of municipalities [Текст] / V.O. Lukianyhin, L.B. Ryabushka // Економічні проблеми сталого розвитку : матеріали Міжнародної науково-практичної конференції імені проф. Балацького О.Ф., м. Суми, 27 травня 2015 р. / За заг. ред.: О.В. Прокопенко, М.М. Петрушенка. - Суми : СумДУ, 2015. - С. 454-456.