

## **Abstract of the Article**

### **"The Peculiarities of the Financing of Social and Economic Needs of the Territorial Community: Foreign Experience"**

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The majority of foreign countries are striving for the creation of the necessary conditions for their territorial formations which can allow to implement their possibilities maximally and to increase the fee to the national economy. In this connection it is appropriately to study the experience of economically developed countries in the sphere of financing of social and economic needs of the territorial communities with the aim of discovering the possibilities of its implementation in Ukraine.

Study and generalization of foreign experience concerning the financing of social and economic needs of the territorial communities have been accomplished through the processes of assessment which characterize this phenomenon at the level of constitutional and organizational securing of authorities of the local government.

The constitutional approach of the functions' allocation between central and local authorities allows to look at its peculiarities depending on the form of the state system, management system and the structure of country's budget system.

The approach to the organizational form of differentiating the functions between the central and local government concerns the questions of decentralization of the expenditure authorities, sources of profit and the financial leveling of the administrative-territorial formations.

The investigation of modern native problems of financing social and economic needs of the territorial communities and foreign levelers of their overcoming gives an opportunity to outline such ways of optimization of the financial activity of the local self-government as:

- 1) to provide the division of local budget into two autonomous types (budget of the current activity and the development budget);
- 2) to fill the development budget with the real fiscal revenues and to expand the directions of referring the profit of this budget (to the development of social infrastructure and to financing the different investment programmes;
- 3) to reach the precise functions' division, authorities and the responsibilities of local bodies at the legislative level;
- 4) to increase the part of own incomings in the structure of local budget's profit at the expense of the development of their own tax base.

The creation of the real mechanism of the provision with the sources of profit of the local self-government according to their expenditure authorities is a necessary condition of financing the social and economic needs of the territorial communities.