

2014 worldwide). It is obvious that the capacities of the public sector are limited so it is much more efficient to attract private money from market financial instruments to collect financial resources and conduct emission reduction projects.

Ukraine also has a carbon tax (UAH 74,17 per ton of CO₂) [5], which is inefficient. Because of high-level of public and private corruption it doesn't make needed influence on emission. Moreover, only process of collecting this tax is complicated and due to this fact expenditures exceeds revenues (the legislation is at the stage of formation). Thus, the most effective measures of emission reduction in Ukraine are large-scale implementation of green credits, namely green bonds, and auctioning of the emission allowances.

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Kotina H.

PhD in Economics, Assoc. Prof., Department of Finance,
Kyiv National Economic University named after Vadym Hetman, Kyiv, Ukraine

Stepura M.

PhD in Economics, Assoc. Prof., Department of Finance,
Kyiv National Economic University named after Vadym Hetman, Kyiv, Ukraine

BUDGET REVENUE FORECASTING IN UKRAINE: ISSUES AND RISKS IN TERMS OF DECENTRALIZATION

Currently, the necessity of medium and long-term budget revenue forecasting at the local level in Ukraine is of no doubt. In our country, as in other countries, there is developed and introduced a strategic approach to local financial planning due to the need of Smart Governance implementation and as a result - sustainable regional development. According to the Strategy for Sustainable Development "Ukraine-2020" [13] priorities of Ukraine are decentralization and PFM reform based on technologies of Smart Governance² (e-government, open budget etc.). Recently in Ukraine, elements of direct community participation [10] in budget planning are introduced, at the same time legislative procedures for cooperation of communities, their associations and others, are approved. One of the priority steps of the Ukrainian government for 2016-2017 is creating of the conditions for the capable formation of local communities. [9, 11] The main goal is to support the development of community association with organizational, financial and other resources, optimization of legal regulation and government control over the land use and protection. Despite good progress in the decentralization and regional policy reforms in 2014-2016, in 2016 the risks for their successful implementation became much more visible, especially in the second half of the year and during adoption of the 2017 budget [7]

Anyway, there are following benefits of perspective local budget revenue forecasting:

² On the way to building a Smart governance it is needed "to improve the participation of the citizenry in decision-making processes, to make the public and social services rendered to stakeholders more efficient, to achieve transparent governance and to implement political strategies and perspectives" (Bolívar, 2015) "in addition, it includes smart planning and forecasting (transparency of the budget process at the local level, participatory budgeting, a medium-term forecasting and planning).

- ❖ increasing practical validity of management decisions process;
- ❖ the number of participants of planning process expands greatly;
- ❖ management becomes more transparent³, creates opportunities to achieve common goals, the association material and financial resources, and as a result - reduced terms of achieving the ultimate goals of sustainable regional development that is desirable for Ukraine;
- ❖ potential areas for enhancing economic transformation and development of the local community are fully used.

Also qualitative local budget revenue forecasting is a tool for improving the competitiveness of territories and regions [8]. In addition, local budget revenue forecasting performance is an important tool for regulation mechanism of intergovernmental relations and sustainable development of regions [5].

First step in effective local financial management is an adequate and realistic financial ability to provide local needs. First of all, this requires the application procedures of medium and long-term local budget revenue forecasting as the basis for fiscal capacity of local budgets in the context of fiscal decentralization. In other words, real level of budget revenues requires an accurate estimation [1, 3, 6]. Adequacy and reality of expected indicator depends on the assessment of forecast trends of economic and social regional development, stability and progressiveness of current legislation, forms and methods of mobilizing and estimation payments to the budget (mainly, local taxes and state taxes that transferred to local budgets), fiscal culture and other impacts.

Considering the realities of budget revenue forecasting in terms of decentralization reform in Ukraine, we may say that there is low quality of it due to:

- the lack of integrated strategic planning system,
- the lack of forecasting process formalization at the local and state level (for instance, the division of local governance powers is not clear, information exchange is not transparent, the source data is not certain);
- low quality assessment of local fiscal capacity through the unpredictable medium and long term fiscal policy;
- use of rudimentary econometric techniques and short horizon prediction;
- the lack of coordination of fiscal and macroeconomic forecasting in Ukraine;
- the lack of regulatory and information management;
- subjective influence on decision-making process, including political.

In addition, there is a mismatch of revenues and expenditures policies through the weak links between budget programs, state goals and fiscal capacity, which leads to overvaluation of planned revenues and inability to mobilize them in full.

Given the development vectors of new strategy of PFM [12] in Ukraine, problem solving is proposed in the legislative, economic and political aspects. This is the basis for a better understanding of the financial situation, the local budget management performance and an indicator of investment attractiveness of regions for investors / lenders.

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Kramarenko O.

Senior Lecturer, Department of Finance,

Nechyporenko A.

The Postgraduate Department of Finance

University of the State Fiscal Service of Ukraine, Irpin, Ukraine

THE BUDGETARY DECENTRALIZATION AS PRECONDITION OF REGIONAL DEVELOPMENT

One of the basic preconditions of independent and effective cooperation of local governments is a Budgetary Decentralization, the necessity of which, in Ukraine, is due to: the condition of modern Ukrainian society; the need to strengthen public influence on the preparation and making important government decisions; the demand for improving the quality of management at all levels on the basis of actual challenges; the need to mobilize regional economic potential and investment attraction.

Today, in Ukraine, a key role in regional development, in the system of finance support, plays Budgetary Decentralization, because the basis of the system represents local budgets. In Ukraine, the start of the local government and territorial organization reforms on the principles of decentralization began with the adoption by the Government on 1 April 2014 (The concept reform of the local government and territorial organization in Ukraine). The process of implementation Budgetary Decentralization in Ukraine is quite slow and full of difficulties.

A big dependence of local budgets from the state budget is a display of imperfect power separation between the government levels and intergovernmental system, which indicates a problem of increasing local budget revenues due to the weak economic development in some regions of Ukraine.

The local governments, in Ukraine, are very different in socio-economic development and demonstrate chronic imbalance and deficit. A significant differentiation of local budgets is