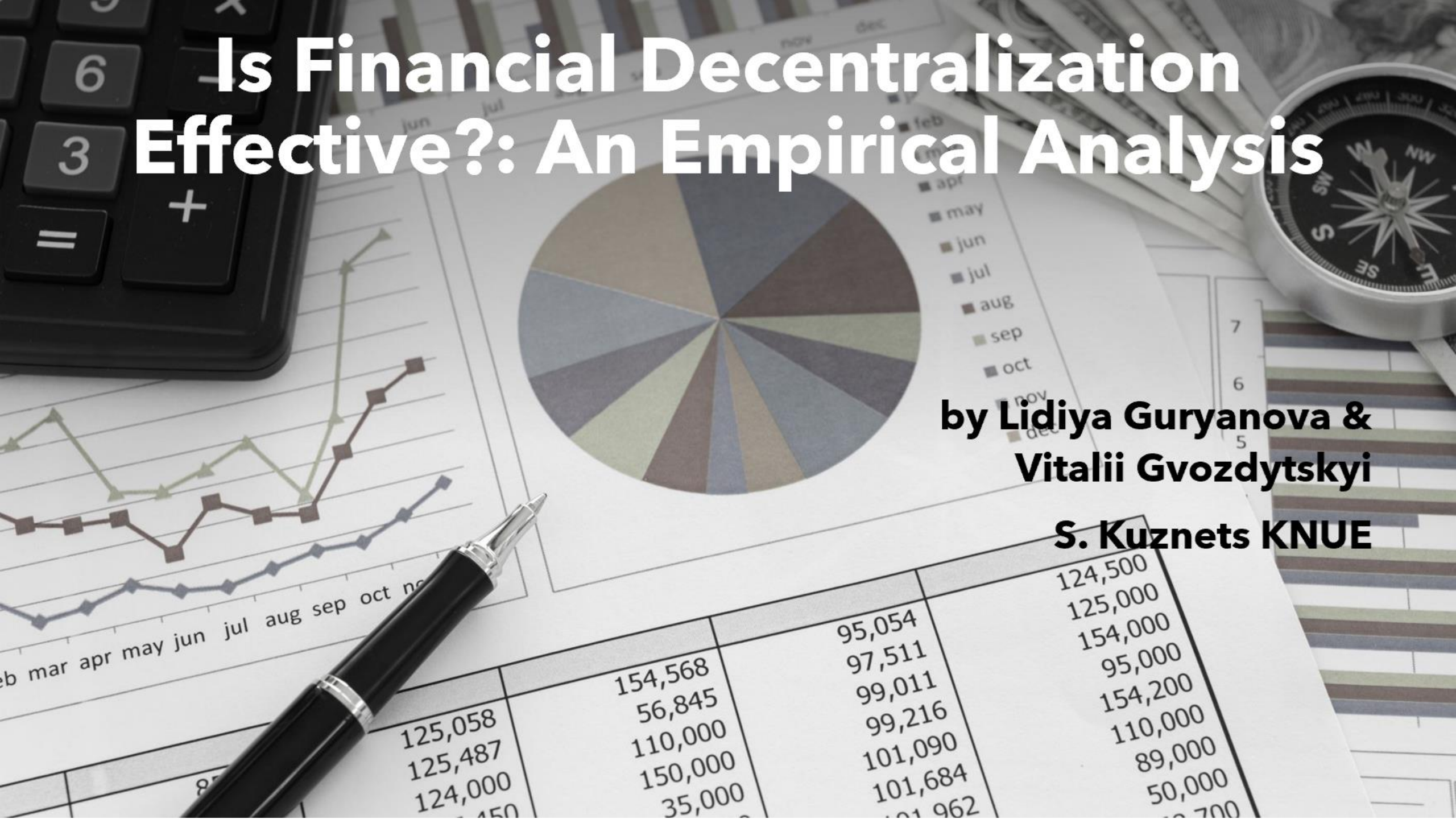


Is Financial Decentralization Effective?: An Empirical Analysis

by **Lidiya Guryanova & Vitalii Gvozdytskyi**
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125,058	154,568	95,054	124,500
125,487	56,845	97,511	125,000
124,000	110,000	99,011	154,000
150	150,000	99,216	95,000
35,000	35,000	101,090	154,200
		101,684	110,000
		101,962	89,000
			50,000
			10,700

Goal of the study

the issues of choosing the optimal model of financial decentralization for groups of countries with different levels of socio-economic development and competitiveness

the issues of assessing the effectiveness of financial decentralization reforms in countries with developing economies

the issues of choosing the most effective financial decentralization model for countries with similar socio-economic development trends, economic density, scale and assess the potential for increasing resource efficiency

NECESSITY

to develop a model basis for assessing the dynamics of the development of financial decentralization mechanisms, ensuring a balance in the fiscal system, increasing the efficiency of the budget process, and, as a result, increasing the consistency of the functional and financial capabilities of local governments, increasing the quality of life of the population of the regions

Research scheme



Research consists of 5 modules:

Module 1. Grouping macro-regions by the level of development

Module 2. Classification of countries by the level of fiscal decentralization

Module 3. Assessment of socio-economic effects of financial decentralization in the dynamics of regional development

Module 4. Assessing the potential for growth in resource efficiency due to the implementation of financial decentralization reforms

Module 5. Assessing the impact of financial decentralization on the resource efficiency of regional systems

Developed set of models

- **Module 1:** Models for classifying macro-regions by the level of socio-economic development and competitiveness
- **Module 2:** Models of the formation of diagnostic classes of the level of financial decentralization
- **Module 3:** Models for assessing the impact of the level of financial decentralization on the socio-economic development of macroregions
- **Module 4:** Models of production-institutional functions
- **Module 5:** Models for assessing the impact of financial decentralization reforms on the resource efficiency of regional production and economic systems

Results & Conclusions

- there is no sustainable effect in increasing the level of efficiency of the regions' production-economic systems due to financial decentralization.
- a higher rate of implementation of financial decentralization reforms is characteristic of regions with a low level of development.
- the high pace of implementation of financial decentralization reforms is accompanied by a higher level of efficiency of production-economic systems.
- the factor of financial decentralization creates conditions for strengthening the resource base of the united territorial communities which forms the potential for increasing the resource efficiency of production-economic systems of the regions.
- the decentralization factor creates basic prerequisites but is not sufficient to ensure sustainable economic growth of the regions, which indicates the need to develop an effective, coordinated sectoral development policy.



**THANK YOU FOR
ATTENTION!**

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