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### **CAPABLE TERRITORIAL COMMUNITIES: THE FINANCIAL ASPECT OF FUNCTIONING**

**Introduction.** The essence of administrative and territorial reform is analyzed in the article. The role of capable territorial communities is substantiated in the integrated development of the local government system.

**Purpose.** The purpose of the article is to substantiate the theoretical and methodological provisions concerning the development and functioning of capable territorial communities as a guarantee of the effective economic development of the local territories.

**Results.** The theoretical and methodological provisions concerning the development and functioning of the capable territorial communities as the basis of effective economic development of local territories are substantiated. The financial opportunities of the united territorial communities in the solving of problems of a local level have been analyzed.

**Conclusions.** Consequently, the sustainable development of the social economic systems depends directly on the management of economic entity, namely, their economic activity under the influence of processes occurring in the political, social and legal spheres of the domestic economic system. Today one of such processes is the decentralization of power and the creation of a new system of state and a local government. The policy of decentralization of power contributes to the improvement of the economic and social situation in the country, the improvement of relations between the state and local levels of power relations and the rational and efficient use of budgetary funds at various levels of government.

The main task of the administrative territorial reform that has been analyzed in accordance with the law is the transfer of power to the places in order to concentrate their own and public funds and resources and their spending on their own needs and development. It is a matter of establishing united territorial communities, which are called to carry out the development of adjacent territories to the unions through the adoption of independent government decisions. One of the key benefits of creating united territorial communities is a significant increase in their budget revenues. Compared with 2015, the revenues of community budgets have grown by almost 6 times compared to non-united communities, where revenues have grown by only 1.4 times. This indicator is very significant, as an active merger of communities contributes to the growth of their incomes more rapidly, in particular, through access to government programs and international programs to support the development of infrastructure for such communities. The communities, that are not united, are deprived of the right to perform powers by the state agency of the local governments in villages and cities of district significance, which has been delegated by the state. The main problem remains the independent resolution of issues of a local importance, namely the failure to resolve them. Therefore, the main goal of the reform of local government is the creation of independent and capable united territorial communities, which will solve local issues at the expense of their own financial resources and revenues.

**Keywords:** *administrative reform, territorial reform, decentralization, financial support, territorial community, capable territorial community, social economic systems, economic entity, local government system.*

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