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**Valentyna Martynenko**

D.Sc. in Economics, Professor of the Department of Public Finance, State Tax University, Irpin, Ukraine;  
 e-mail: [martynenkovy@ukr.net](mailto:martynenkovy@ukr.net)  
 ORCID: [0000-0001-9078-8345](https://orcid.org/0000-0001-9078-8345)  
 (Corresponding author)

**Tetiana Koliada**

Candidate of Economy Sciences, Associate Professor of the Department of Public Finance, State Tax University, Irpin, Ukraine;  
 ORCID: [0000-0002-1574-4446](https://orcid.org/0000-0002-1574-4446)

**Maryna Skoryk**

Candidate of Economy Sciences, Associate Professor of the Department of the Economic Policy and Sustainable Development, State Tax University, Irpin, Ukraine;  
 ORCID: [0000-0003-3291-706X](https://orcid.org/0000-0003-3291-706X)

**Olga Sokolova**

Candidate of Economy Sciences, Associate Professor of the Department of the Economics, Entrepreneurship and Business Administration, State Tax University, Irpin, Ukraine;  
 ORCID: [0000-0002-7061-3692](https://orcid.org/0000-0002-7061-3692)

**Maryna Korzh**

Candidate of Economy Sciences, Associate Professor of the Department of the Economic Policy and Sustainable Development, State Tax University, Irpin, Ukraine;  
 ORCID: [0000-0002-1475-6429](https://orcid.org/0000-0002-1475-6429)

**Olena Jadallah**

Candidate of Economy Sciences, Associate Professor of the Department of the Economic Policy and Sustainable Development, State Tax University, Irpin, Ukraine;  
 ORCID: [0009-0005-1322-4884](https://orcid.org/0009-0005-1322-4884)

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# FINANCIAL SUPPORT FOR THE IMPLEMENTATION OF THE SUSTAINABLE DEVELOPMENT GOALS IN THE CONTEXT OF DECENTRALISATION: THE CASE OF UKRAINE

## ABSTRACT

The article examines the impact of the financial autonomy of local governments on the implementation of the Sustainable Development Goals (SDGs) in Ukraine. The main objective of the study is to analyze the financial support of local budgets and their role in achieving key national and global development goals, such as poverty reduction, quality education, healthcare, reduction of inequality, etc. The paper also assesses how effectively decentralization contributes to increasing the financial autonomy of communities and how this affects their ability to independently allocate resources to address pressing socio-economic issues.

The main results show that in the period 2015–2023, local budgets of Ukraine demonstrated a steady trend towards the growth of their own revenues, which had a positive impact on the financial autonomy of communities. The share of own revenues in total local budget revenues increased from 41% in 2015 to 68% in 2023. In addition, the expenditure coverage ratio of own revenues has also increased to over 68%, indicating that communities are increasingly able to finance their own needs. However, several problems have been identified, including an imperfect legislative framework, low institutional capacity, and a lack of specialists in local financial management.

The findings of the study emphasize the importance of financial decentralization for the sustainable development of communities, especially in the context of martial law. Increased financial autonomy allows communities to respond more effectively to the challenges of the modern world, in particular by investing in local infrastructure, education, healthcare and the environment. At the same time, the authors emphasize the need to improve governance mechanisms further at the local level, as well as the importance of ensuring transparency and accountability of local governments. These measures are key to achieving the SDGs and improving the quality of life of the population.

**Keywords:** financial autonomy, local self-government, Sustainable Development Goals (SDGs), decentralization, own revenues of local budgets, expenditures of local budgets, sustainable development, territories, innovations, financing

**JEL Classification:** H72, H73, H77, I38

## INTRODUCTION

Sustainable development has become a key vector of development for many countries of the world, including Ukraine, which in 2015 joined the Global Program of the SDGs initiated by the United Nations. The SDGs aim to comprehensively address social, economic, and environmental challenges to create sustainable and balanced societies. In the face of today's global challenges, such as climate change, rising social inequality, and environmental degradation, the SDGs serve as a roadmap for creating more sustainable and equitable economic systems.

One of the key aspects of implementing the SDGs is financial support, which involves mobilizing public and private resources to achieve the set goals. Financing sustainable development requires introducing new approaches to budget planning, diversifying sources of financing and introducing new approaches to budget planning, diversifying

sources of financing, and forming effective mechanisms for the use of funds. In this context, the decentralization process, which has been actively developing in Ukraine since 2014, plays a significant role. The transfer of financial and managerial powers to the local level opens up new opportunities for ensuring sustainable development at the community level but, at the same time, poses new challenges for local authorities.

Decentralization contributes to increasing the financial autonomy of local communities, which allows them to use resources more efficiently to solve local problems. At the same time, this process requires a clear legal and organizational framework, as well as significant financial injections to support infrastructure development and job creation, improve education and healthcare, protect the environment, and improve the quality of life of citizens. In this context, the issue of adapting financial support mechanisms to achieve the SDGs, taking into account the new opportunities and constraints arising in the process of decentralization, becomes important.

Financial support of the SDGs in Ukraine, especially in the context of decentralization, involves attracting both public and private funds, as well as international financial assistance. An important component is the efficient use of resources, which requires the improvement of budget planning mechanisms at all levels, especially at the local level. In addition, it is necessary to take into account the peculiarities of financial management in communities, where the processes of planning and use of finances are often complicated due to the low competence of local authorities, insufficient funding or limited access to credit resources.

In this context, it is interesting to study the case of Ukraine, which has been actively working on the implementation of decentralization reforms for more than 10 years. Ukrainian municipalities face the need to increase financial resources to support sustainable development at the local level, as well as the problems of effective use of available funds. Problems related to corruption, lack of institutional capacity and lack of transparency of financial processes are also significant obstacles to achieving the SDGs.

Therefore, in the context of decentralization and sustainable development of Ukraine, financial security becomes a crucial element of the successful implementation of the SDGs. It is important not only to find the necessary financial resources but also to ensure their effective use, which requires an integrated approach to financial planning, management and control. This study considers the key problems and prospects of financial support for sustainable development in Ukraine in the context of decentralization, as well as identifies possible ways to increase the efficiency of SDG financing at the local level.

## LITERATURE REVIEW

In the context of global sustainable development challenges, financial support for the implementation of the SDGs is critical to ensure economic, social, and environmental progress. In Ukraine, the decentralization process has created new opportunities for local communities but has also posed numerous challenges for them that require a systematic approach to funding. This literature review focuses on the analysis of studies looking at the financial mechanisms and tools needed to achieve the SDGs in a decentralization environment. Disclosure of unresolved aspects of this problem will allow us to formulate recommendations for improving the effectiveness of sustainable development financing in Ukraine.

Rogozian et al. (2020), in their article, point out the positive impact of decentralization on the quality of life of local residents, developing criteria for the identification of amalgamated territorial communities (ATCs) in Eastern Ukraine in the context of the military conflict. They emphasize the importance of building a positive image of territories through sustainable development, which is critical for attracting investment and increasing the financial capacity of local communities (Rogozian et al., 2020). Khomiuk et al. (2020) investigate the economic modelling of sustainable rural development in the context of decentralization, focusing on the growth of employment and incomes of the population. The researchers note that decentralization leads to improved socioeconomic conditions but also requires the implementation of comprehensive methodologies for analyzing sustainable development (Khomiuk et al., 2020). Halhash et al. (2020) focus on the importance of decentralization reform in Ukraine for the development of newly created ATCs, noting that insufficient attention to local governance issues can slow down progress towards achieving the SDGs. The study highlights the active participation of citizens in governance processes, which is key to the effectiveness of decentralization (Halhash et al., 2020).

Vasylytsiv et al. (2021) study organizational and financial instruments of decentralization, comparing the Ukrainian experience with the Polish one. They emphasize the importance of a balanced budget and effective allocation of powers for the successful implementation of sustainable development (Vasylytsiv et al., 2021). Orlova et al. (2021) focus on the financial capacity of ATCs, proposing new instruments of state support, such as green bonds. They point to the need for more effective sustainable financing mechanisms (Orlova et al., 2021). Khomiuk and Pavlikha (2021) consider the organizational

and economic mechanism for diversifying sustainable rural development, proposing an integrated approach to resource use that will help improve the quality of life in the context of decentralization (Khomiuk & Pavlikha, 2021). Benito et al. explore the relationship between the introduction of renewable energy sources and the achievement of the SDGs, focusing on economic, environmental and social aspects. The authors analyze current challenges and offer recommendations for the effective integration of renewable energy resources into sustainable development strategies at the national and global levels (Benito et al., 2023).

Bezpartochnyi and Britchenko (2022) assess the development of rural areas, identifying entrepreneurship and investment as the main areas of development. The researchers emphasize that effective resource management is critical to achieving sustainable development (Bezpartochnyi & Britchenko, 2022). Semenenko et al. (2022) analyze the compliance of regional development strategies with the principles of sustainable development, identifying a formal correspondence between the stated goals and real financial opportunities (Semenenko et al., 2022). Patynska-Popeta and Zinchuk (2022) describe the problems of the financial capacity of ATCs, identifying the need to improve the system of financial resources management to achieve sustainable development (Patynska-Popeta & Zinchuk, 2022).

Liakhovych et al. (2023) consider financial support for the regions of Ukraine in the context of sustainable development, formulating priority areas for improving financial security (Liakhovych et al., 2023). Vaskivska et al. (2023) emphasize the importance of decentralization and reforming the administrative-territorial structure of Ukraine to overcome inequalities and disparities in territorial development, emphasizing that the current legislation lacks effective guarantees of a balanced distribution of budget funds among the settlements of ATCs (Vaskivska et al., 2023). Bondaruk et al. (2023) emphasize the importance of the stimulating effect of fiscal policy in the context of sustainable development, in particular under martial law, to minimize negative consequences and ensure the stability of budgets. The main attention is paid to the need to diversify the economy, optimize the use of available and exploratory untapped resources, as well as present a model for improving the effectiveness of fiscal policy to ensure sustainable development through modelling (Bondaruk et al., 2023). In their article, Patyka et al. (2023) examine the state and key challenges influencing the development of rural areas in Ukraine. They also assess the impact of these challenges on the efficiency and financial capacity of territorial communities within the framework of power decentralization. The authors systematized the main problems of rural development by groups (socio-demographic, economic, environmental, institutional, and political), which made it possible to take them into account when developing strategic plans for the restoration of rural areas of Ukraine in the face of external aggression (Patyka et al., 2023). In addition, this study builds on the authors' previous works on economic security issues (Martynenko, 2015a; Martynenko, 2015b), decentralization of fiscal policy (Shevchuk & Martynenko, 2020; Martynenko et al., 2022), the consolidation of public finances (Zalizko et al., 2023), and the new economic policy of Ukraine in the post-war period (Sokolova & Diachenko, 2021).

Therefore, financial support for the implementation of the SDGs in the context of decentralization in Ukraine remains a topical topic that requires further research. The issues of financial sustainability of communities remain unresolved, especially in times of crisis, which requires an integrated approach to the management of financial resources and adaptation of existing instruments to the specifics of regional development.

## AIMS AND OBJECTIVES

The purpose of the study is to study the role of the financial autonomy of local governments in achieving the SDGs. Particular attention is paid to the analysis of financial security at the local level and the impact of this factor on the possibility of implementing national and global goals aimed at ensuring sustainable development in the social, economic, and environmental spheres. To achieve the goal, the main objectives of the study are set in particular:

- to analyze the dynamics of financial autonomy of local budgets according to the indicators of formation and distribution of finances in 2015–2023, assessing the dynamics of aggregate revenues, expenditures, and transfers from the state budget, as well as own revenues without transfers – it is important to analyze how effective financial decentralization was and what specific indicators affect the ability of communities to ensure sustainable development;
- assess the impact of financial decentralization on the achievement of individual SDGs – it is important to determine which SDGs can be effectively implemented at the local level under the condition of adequate financial support, paying special attention to indicators of the effectiveness of the use of financial resources;
- to identify obstacles to the implementation of financial decentralization by examining the institutional capacity of local governments and the main obstacles that may hinder the implementation of the SDGs at the local level;
- to formulate recommendations for improving the mechanisms of financial management of local budgets to ensure the sustainable development of communities in Ukraine.

## METHODS

In the study, a set of quantitative and qualitative methods was used to analyze the financial support for the implementation of the SDGs in the context of financial decentralization, which made it possible to carry out a comprehensive assessment of the impact of financial autonomy of local self-government bodies on the achievement of the SDGs.

The main research method is to analyze the dynamics of financial indicators of local budgets in Ukraine for the period 2015–2023, according to the Ministry of Finance of Ukraine (open budget, 2024). Statistical analysis made it possible to assess the growth of revenues and expenditures of local budgets, the level of transfers, as well as the ratio of own revenues to aggregate revenues. Trend equations were used to identify trends in financial indicators, which made it possible to build mathematical models based on time series. In particular, an analysis of linear and quadratic functions was carried out to assess the dependence of the dynamics of local budget revenues on time. This made it possible to see the average annual growth of indicators, for example, the growth of local budgets' own revenues by 0.59% annually.

The study is based on the official data of the State Statistics Service of Ukraine, "17 Goals to Change Our World" (State Statistics Service of Ukraine, 2023), which contains 183 indicators for monitoring the status of Ukraine's achievement of the SDGs during 2015–2023, and targets for each indicator on achieving the SDGs by 2030 according to the National Report "Sustainable Development Goals: Ukraine" (Ministry of Economic Development and Trade of Ukraine, 2017). The study is based on a statistical assessment of the impact of financial support of local governments on the implementation of the SDGs, which was carried out by calculating the Pearson paired correlation coefficient using Excel using the function: =PEARSON (array1, array2), where the values of the independent variable ( $x_i$ ) are entered in array1, and the values of the dependent variable ( $y_i$ ) are entered in array2.

To determine the relationship between the financial indicators of local budgets and the achievement of the SDGs, the method of correlation analysis was used. With the help of the PEARSON function in the Excel environment, the density of the stochastic relationship between the absolute and relative indicators of the formation and distribution of local government finances and the SDG indicators was estimated. This made it possible to identify which financial parameters of local budgets have the greatest impact on the success of achieving the SDGs in the cases of both Goal 1, "Poverty Eradication", and Goal 3, "Good Health".

The method of comparative analysis is used to study the differences between individual periods, as well as between different types of budgets. In particular, the revenues of local budgets with and without transfers are compared, and their dynamics in connection with economic and political events, such as the COVID-19 pandemic and the war in Ukraine, are analyzed. The study is based on a systematic approach, which made it possible to take into account the multidimensionality of financial processes at the level of local budgets and their impact on the social and economic aspects of community development. The interaction between local and state authorities was studied, as well as the role of financial autonomy in strengthening social infrastructure.

Therefore, the use of a combination of quantitative methods, such as statistical analysis, modelling, and correlation analysis, together with qualitative methods of a systematic approach and comparative analysis, provided a comprehensive approach to the study of the financial autonomy of local authorities and their impact on the sustainable development of communities in Ukraine.

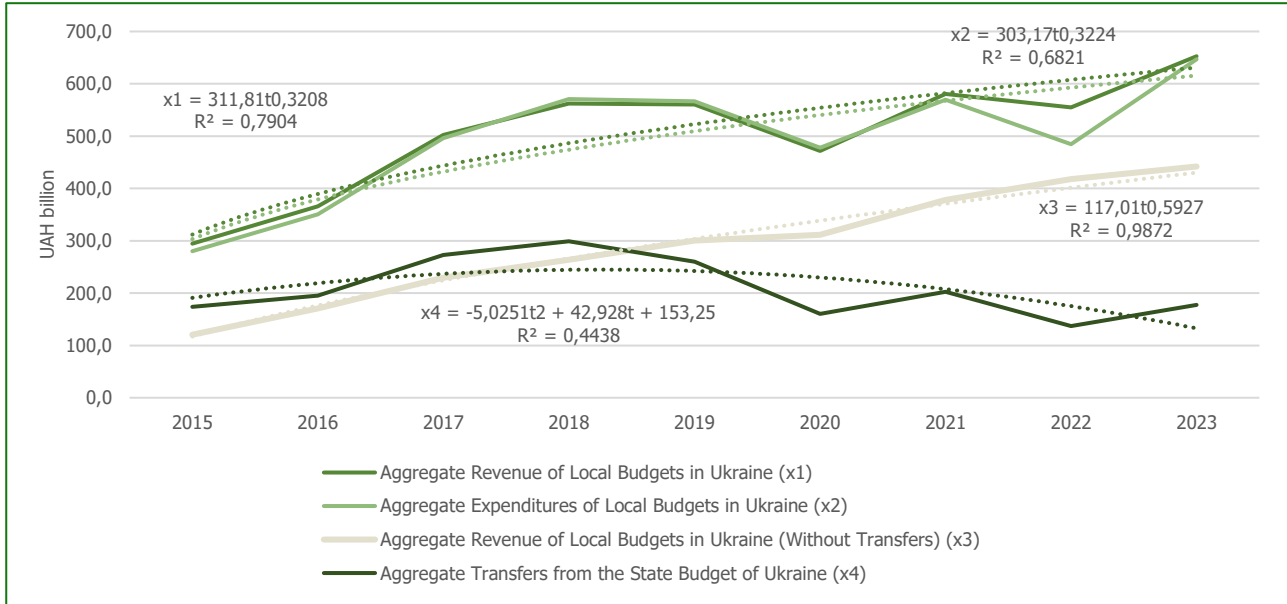
## RESULTS

The analysis of financial support for the implementation of the SDGs consists of studying the impact of the financial autonomy of local self-government bodies on the sustainable development of communities. We consider financial autonomy as a key tool that allows local authorities to make decisions on the allocation of financial resources based on the needs and priorities of communities. It makes it possible to respond faster and more effectively to social, economic, and environmental challenges, ensuring adaptation to current conditions.

Financial autonomy also contributes to the development of local initiatives and stimulates community participation in resource management, which has a positive impact on the achievement of the SDGs. For example, municipalities can independently invest in projects aimed at developing infrastructure, improving the quality of education and healthcare, and improving the environmental situation. At the same time, financial autonomy requires transparency and accountability of local authorities to avoid the risks of misuse of funds and corruption. However, insufficient institutional capacity, a lack of financial management specialists, and an imperfect legislative framework can limit the effectiveness of financial autonomy.

Therefore, it is important to improve financial management mechanisms at the local level to ensure the sustainable development of communities.

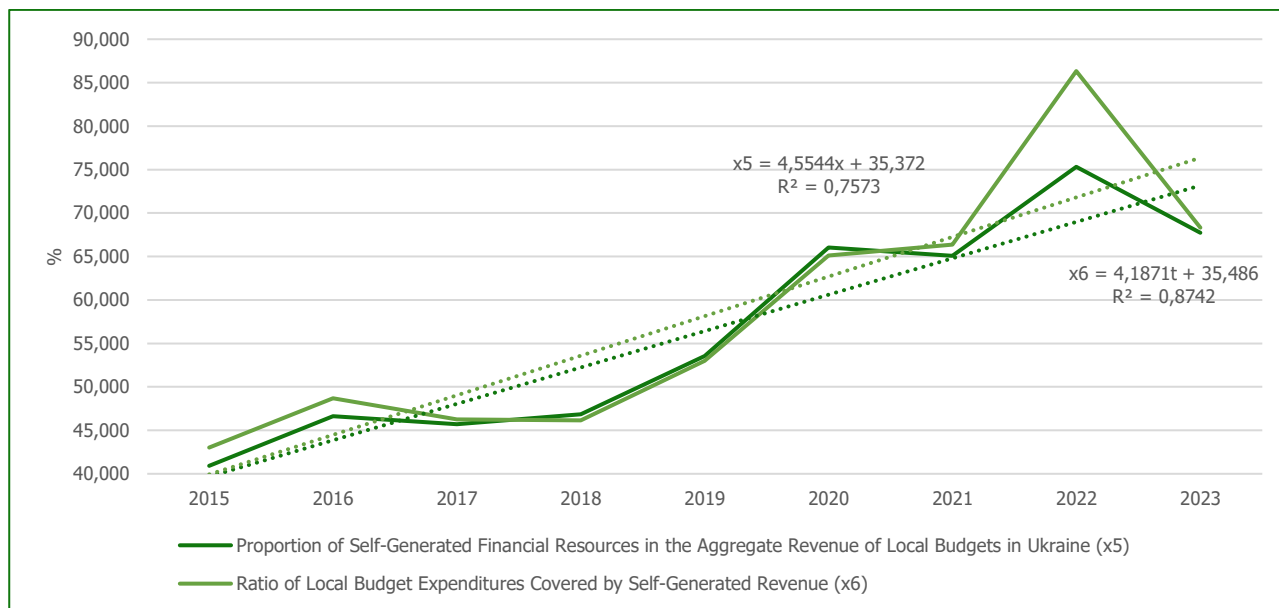
The dynamics of the development of financial autonomy of local self-government bodies of Ukraine should be considered in the context of the general financing of local budgets (Figure 1). At the same time, the analyzed absolute indicators are taken as independent variables in the model of the impact of decentralization on the achievement of the SDGs. They are marked on the graph and, accordingly, during the simulation of  $x$ . Also, on the graph, there is an alphabetic designation  $t$  – this is the corresponding serial number of the year from the period under study.



**Figure 1. Dynamics of the revenue and expenditure parts of local budgets in Ukraine in 2015–2023.** (Source: Formed and calculated based on data (open budget, 2024))

Figure 1 shows the dynamics of key indicators of local budgets in Ukraine from 2015 to 2023, including aggregate revenues of local budgets, transfers from the State budget, own revenues of local budgets without transfers, and aggregate expenditures of local budgets. The graph shows a constant growth of aggregate revenues of local budgets during the specified period by an average of 0.32% annually with a high level of compliance with the trend with the current dynamics of the indicator (79%). Revenues increased from 2015 to 2023, although with some fluctuations, in particular, due to the impact of the pandemic and changes in economic conditions under martial law. The graph of aggregate expenditures of local budgets repeats the trends in the dynamics of revenues with an average annual rate of +0.32% and with the level of compliance of the trend with the current dynamics of the indicator of 68%. The graph of local budget revenues without transfers has a strong trend with a very high level of trend compliance with the current dynamics of the indicator (99%). From the trend equation, it can be seen that local budgets' own revenues grew annually by an average of 0.59%. This highlights progress in increasing communities' own incomes, which is a sign of increased financial autonomy. The dynamics of transfers from the State Budget are characterized by a nonlinear dependence, which is reflected by the equation of the quadratic function with a maximum value of UAH 299 billion in 2018 when there was a general increase in interbudgetary transfers and already in 2020, there was a significant decrease of –38.5% with a correction of +26.5% next year, which may be associated with the COVID-19 pandemic and other economic factors. However, in 2022, the volume of interbudgetary transfers amounted to UAH 137 billion, which is the lowest value for the period under review. In general, Figure 1 shows a positive trend toward the growth of own revenues and expenditures of local budgets, which indicates the importance of financial decentralization for the development of communities in Ukraine.

According to the indicators, the dynamics of which are shown in Figure 1, 2 relative indicators of the level of decentralization of local self-government in Ukraine were calculated: the share of own revenues in the total revenues of local budgets, % (x5) and the coefficient of coverage of local budget expenditures with own revenues, % (x6). The results of the calculations are shown in Figure 2.



**Figure 2. Dynamics of local self-government decentralization indicators in Ukraine in 2015–2023.** (Source: Formed and calculated based on data (open budget, 2024))

Figure 2 shows that the level of decentralization of local self-government in Ukraine has increased significantly during the study period. Thus, the share of local budgets' own financial resources in total revenues increased from 41% in 2015 to 68% in 2023, reaching a maximum of 75% in 2022 due to a 4% decrease in aggregate revenues due to a decrease in interbudgetary transfers by 32% and +11% growth in own financial resources. This was due to the peculiarities of the state budget policy under martial law and a significant redistribution of the state's financial resources to ensure national security and defence. The identified trends indicate a significant increase in the financial autonomy of local self-government bodies since most of the revenues were formed at the expense of their own financial resources and not transfers from the state budget. At the same time, communities increasingly relied on their own revenues to finance local needs. The linear trend equation shows that the average annual increase in the share of local budgets' own revenues in total revenues amounted to +4.2% with a high correspondence of the trend line to the actual trends in the dynamics of the indicator (87%).

The graph of the Own Income Expenditure Coverage Ratio (x6) reflects a gradual increase from 42% in 2015 to more than 68% in 2023 and has similar dynamics to the previous indicator but with slightly larger fluctuations in 2022 when the maximum historical level of more than 86% was reached due to an unprecedented reduction in the expenditure side of local budgets by 15% and an increase in own financial revenues of +11%. This indicates an increase in the ability of local budgets to cover their own expenses at the expense of internal resources and an increase in the financial autonomy of local self-government. The linear trend equation shows that the average annual ratio of own revenues to expenditures of local budgets increased annually by an average of 4.6% with a high correspondence of the trend line to the actual trends in the dynamics of the indicator (76%).

So, both indicators of Figure 2 show a steady upward trend, which is a positive signal for financial decentralization. The relatively close values of these two curves and their linear behaviour indicate that the financial development of local budgets not only allows for an increase in their own revenues but also contributes to an increase in their ability to cover expenses. The results of the analysis emphasize the importance of strengthening financial autonomy as a key aspect of the sustainable development of communities in Ukraine, especially under martial law.

Before starting the analysis of the effectiveness of financial support for the implementation of the SDGs in the context of decentralization, it is necessary to determine the implementation of the SDGs under the jurisdiction of local governments (Table 1).

**Table 1. A sample of the SDGs, the achievement of which is entrusted to local governments together with the relevant ministries.**  
(Source: formed and systematized according to the data given in (Ernst & Young Global Limited, 2022, p. 7; Bondaruk et al., 2023; Patyka et al., 2023; Luvch, n.d., p. 15)

Responsibility	Target	Task
Ministry of Economy of Ukraine, local authorities	1. Overcoming Poverty	<ol style="list-style-type: none"> <li>1. Achieve a fourfold reduction in poverty, including the elimination of extreme poverty (2 indicators).</li> <li>2. To expand programs of targeted social assistance for low-income persons (1 indicator).</li> <li>3. Strengthen the resilience of socially vulnerable groups of the population (2 indicators).</li> </ol>
Ministry of Health of Ukraine, local authorities	3. Good Health and Well-Being	<ol style="list-style-type: none"> <li>1. Reduce maternal mortality (1 indicator).</li> <li>2. Reduce the number of preventable deaths among children under 5 years of age (2 indicators).</li> <li>3. Reduce early mortality from noncommunicable diseases (4 indicators).</li> <li>4. Reduce premature mortality by 25% through the introduction of innovative diagnostic methods (2 indicators).</li> <li>5. Reduce the number of serious injuries and deaths due to traffic accidents through innovative approaches to emergency care, treatment, and rehabilitation (2 indicators).</li> <li>6. To ensure universal access to high-quality immunization of the population using modern vaccines (1 indicator).</li> <li>7. Reduce the spread of tobacco smoking through innovative media campaigns about health risks (2 indicators).</li> <li>8. Reform the system of financing health care (1 indicator).</li> </ol>
Ministry of Education and Science of Ukraine, local authorities	4. Quality Education	<ol style="list-style-type: none"> <li>1. Ensure access to quality school education for all children and adolescents (2 indicators).</li> <li>2. Provide access to high-quality early childhood development programs (1 indicator).</li> <li>3. Expand access to vocational education (1 indicator).</li> <li>4. To improve the quality of higher education, strengthen its connection with science and promote the development of centres of education and science (4 indicators).</li> <li>5. Increase the amount of knowledge and skills for employment and entrepreneurship among the population (2 indicators).</li> <li>6. Eliminate gender inequality among school teachers (1 indicator).</li> <li>7. Create a modern educational environment in schools, including inclusive education, using innovative approaches (3 indicators).</li> </ol>
Ministry of Communities and Territories Development of Ukraine, local authorities	10. Reducing Inequalities	<ol style="list-style-type: none"> <li>1. To contribute to the acceleration of income growth for the poorest 40% of the population (2 indicators).</li> <li>2. Prevent discrimination in society (1 indicator).</li> <li>3. Guarantee access to social services (3 indicators).</li> <li>4. Implement a policy of fair and equal remuneration of labour (1 indicator).</li> <li>5. To carry out a reform of pension provision focused on fairness and transparency (1 indicator).</li> </ol>
Ministry of Communities and Territories Development of Ukraine, local authorities	11. Sustainable Development of Cities and Communities	<ol style="list-style-type: none"> <li>1. Ensure housing affordability for all (2 indicators).</li> <li>2. Promote the development of communities and territories through integrated planning and public participation in governance (1 indicator).</li> <li>3. Preserve cultural and natural heritage with the participation of the private sector (3 indicators).</li> <li>4. To improve the systems of informing the population about emergencies using innovative technologies (1 indicator).</li> <li>5. Reduce the impact of pollutants, especially in urban areas, through the use of technological innovations (2 indicators).</li> <li>6. Develop and implement local strategies for economic growth, job creation, tourism, recreation, cultural development, and promotion of local products (1 indicator).</li> </ol>
Ministry of Internal Affairs of Ukraine, local authorities	16. Peace, Justice and Strong Institutions	<ol style="list-style-type: none"> <li>1. Reduce the level of violence (3 indicators).</li> <li>2. Increase the identification of victims of human trafficking and exploitation (7 indicators).</li> <li>3. Promote citizens' trust in the judicial system and ensure equal access to justice (2 indicators).</li> <li>4. Strengthen the system of preventing and combating money laundering, terrorist financing, and proliferation of weapons of mass destruction (1 indicator).</li> <li>5. Reduce the illicit trafficking of weapons, ammunition, and explosives (3 indicators).</li> <li>6. Reduce the level of corruption (1 indicator).</li> <li>7. To increase the efficiency of state bodies and local self-government (1 indicator).</li> <li>8. Contribute to the restoration of war-affected territories of Eastern Ukraine (Donbas) (5 indicators).</li> <li>9. Strengthen social cohesion, promote peace, and ensure public safety (1 indicator).</li> </ol>

Table 1 illustrates the role of local governments in achieving the SDGs together with the relevant ministries of Ukraine. The focus is on specific goals and objectives, the achievement of which is entrusted to local authorities in partnership with key government structures. Thus, together with the Ministry of Economy, local authorities are working on a fourfold reduction in poverty and the elimination of extreme poverty. Also important are the tasks of increasing the coverage of social assistance programs and increasing the resilience of vulnerable groups of the population. In cooperation with the Ministry of Health, local authorities are called upon to reduce maternal mortality, prevent deaths among children under 5 years of age, and reduce premature mortality from noncommunicable diseases and traffic accidents. A separate task is the introduction of innovative vaccines and the development of media to inform about the dangers of smoking. Together with the Ministry of Education and Science, local governments should ensure access to quality education at all levels, from

preschool to higher. This includes improving the quality of education, in particular vocational education, and creating a modern learning environment using innovative approaches. Local authorities, in cooperation with the Ministry of Communities and Territories Development, should ensure the growth of incomes of the poorest segments of the population, fight discrimination, equal access to social services, and reform the pension insurance system. They are also responsible for ensuring access to housing, development of territories based on integrated planning, preservation of cultural and natural heritage, as well as for the implementation of local development strategies aimed at economic growth and job creation. In partnership with the Ministry of Internal Affairs, local authorities should reduce the level of violence, facilitate the identification of victims of trafficking, increase trust in the judicial system, fight corruption and arms trafficking, and rebuild conflict-affected territories in eastern Ukraine. Table 1 reflects the wide range of tasks assigned to local governments in cooperation with various government ministries aimed at achieving key national and global SDGs.

Using the syntax of the Excel Pearson function, we determine the density of the stochastic relationship between the absolute and relative indicators of the formation and distribution of finances of local self-government bodies of Ukraine in the context of decentralization (Figures 1 and 2) and the corresponding SDG indicators according to the data given in (State Statistics Service of Ukraine, 2023). At the same time, we take into account the provisions of the Law of Ukraine "On Protection of the Interests of Subjects of Reporting and Other Documents during Martial Law or State of War" (2022) regarding the publication by the State Statistics Service of Ukraine of information for 2022.

The results of calculations of numerical values of correlation coefficients for Goal 1, "Poverty Alleviation", are summarized in Table 2.

**Table 2. Results of modelling the correlation between financial decentralization indicators and targets of Goal 1 "Poverty Alleviation".**  
 (Source: generated and calculated in Excel according to Figure 1 and 2 and (State Statistics Service of Ukraine, 2023); Martynenko, 2023)

Indicator (tasks) of sustainable development	Indicator of Revenue and Expenditure Parts of Local Budgets				
	1. Aggregate Revenue of Local Budgets in Ukraine	2. Own Financial Resources of Local Self-Government Bodies	3. Aggregate Expenditures of Local Budgets in Ukraine	4. Proportion of Self-Generated Financial Resources in the Aggregate Revenue of Local Budgets in Ukraine	5. Ratio of Local Budget Expenditures Covered by Self-Generated Revenue
1. Share of the population whose average per capita equivalent total expenditures are lower than the actual (calculated) subsistence minimum	-0.970	-0.910	-0.969	-0.603	-0.542
2. Proportion of the population whose per capita total expenditure is lower than USD 5.05 per PPP	-0.635	-0.878	-0.644	-0.912	-0.878
3. The share of the poor covered by state social support in the total number of poor	-	-0.597	-	-0.784	-0.800
4. Ratio of poverty levels of households with children and households without children, times	-	-0.638	-	-0.641	-0.659
5. Share of food costs in total household expenditures	-0.936	-0.945	-0.926	-0.728	-0.685

Table 2 shows that for the period 2015–2023, the financing of poverty alleviation programs by local budgets was effective and generally contributed to the achievement of Goal 1, "Poverty Alleviation" (Martynenko, 2023). This is confirmed by the fact that all indicators are disincentives, and the increase in revenues and expenditures of local budgets, as well as the expansion of their financial autonomy (the effectiveness of the decentralization reform), contributed to the reduction of the population whose per capita equivalent total expenditures were below the subsistence minimum; the share of persons whose daily consumption was lower than USD 5.05 per PPP, as well as a decrease in the share of food costs in total household expenditures. In addition, the reduction in the share of the poor who received state social support in the total number of poor people and the ratio of poverty levels of households with children and households without children were positively influenced by the growth of local self-government revenues and their financial autonomy, which is additional evidence of the effectiveness of regional poverty alleviation programs.

Table 3 summarizes the results of assessing the effectiveness of financing regional programs for public health.

**Table 3. Results of modelling the correlation between financial decentralization indicators and objectives of Goal 3, "Good health and well-being".** (Source: generated and calculated in Excel according to Figures 1 and 2 and (State Statistics Service of Ukraine, 2023; Martynenko, 2023))

SDG Indicator	Indicator of Revenue and Expenditure Parts of Local Budgets				
	Aggregate Revenue of Local Budgets in Ukraine	Own Financial Resources of Local Self-Government Bodies	Aggregate Expenditures of Local Budgets in Ukraine	Proportion of Self-Generated Financial Resources in the Aggregate Revenue of Local Budgets in Ukraine	The Ratio of Local Budget Expenditures Covered by Self-Generated Revenue
1. Minimize preventable mortality among children under 5 years of age	-0.721	-0.846	-0.747	-0.814	-0.745
2. Stop the epidemics of HIV/AIDS and tuberculosis, including through the application of innovative practices and methods of treatment	-	-	-	-0.503	-0.592
3. Reduce premature mortality from noncommunicable diseases	-0.782	-0.983	-0.770	-0.920	-0.902
4. Reduce the level of severe injuries and mortality as a result of road accidents, including through the application of innovative practices of resuscitation, treatment, and rehabilitation of victims of road accidents	-0.850	-0.927	-0.857	-0.766	-0.714
5. To ensure overall high-quality immunization of the population using innovative drugs	0,873	0,810	0,899	0,659	0,508
6. Reduce the spread of tobacco smoking among the population using innovative means of informing about the negative consequences of tobacco smoking	-0.688	-0.871	-0.681	-0.810	-0.787

In Table 3, there are no strategic objectives: "Reduce maternal mortality", "Reduce premature mortality of the population by a quarter, including through the introduction of innovative approaches to the diagnosis of diseases", and "Reform the financing of the health care system" due to the low density of stochastic relationship between indicators and financial indicators, as well as the discrepancy between the direction of such a relationship with the strategic vector of the task. The financial support of the process of achieving the remaining tasks on good health and well-being (SDG 3) at the local level should be considered satisfactory because the strengthening of the financial autonomy of local self-government bodies, together with an increase in the volume of their financial resources, was accompanied by a decrease in the mortality of children under the age of 5, a slowdown in the spread of infectious and other serious diseases, a decrease in the number of deaths and injuries due to traffic accidents, an increase in the level of immunization against tuberculosis of the population up to 1 year, a decrease in the share of smokers among the young population. In total, 62.5% of indicators met the assessment requirements during 2015–2023.

Table 4 summarizes the results of assessing the effectiveness of financing regional educational programs.

**Table 4. Results of modelling the correlation between financial decentralization indicators and objectives of Goal 4, "Quality education".** (Source: generated and calculated in Excel according to Figures 1 and 2 and (State Statistics Service of Ukraine, 2023))

SDG Indicator	Indicator of Revenue and Expenditure Parts of Local Budgets				
	Aggregate Revenue of Local Budgets in Ukraine	Own Financial Resources of Local Self-Government Bodies	Aggregate Expenditures of Local Budgets in Ukraine	Proportion of Self-Generated Financial Resources in the Aggregate Revenue of Local Budgets in Ukraine	The Ratio of Local Budget Expenditures Covered by Self-Generated Revenue
1. Ensure access to quality school education for all children and adolescents	0.818	0.989	0.727	0.956	0.905
2. Provide access to quality early childhood development for all children	-	0.586	-	0.891	0.906
3. To improve the quality of higher education and ensure its close connection with science, to promote the formation of cities of education and science in the country	0.846	0.978	0.830	0.839	0.818
4. To increase the dissemination of knowledge and skills among the population that are important for obtaining a decent job and entrepreneurial activity	0.775	0.980	0.774	0.938	0.906
5. Eliminate gender inequality among school teachers	-0.819	-0.955	-0.746	-0.909	-0.844
6. Create a modern learning environment in schools, including for inclusive education, based on innovative approaches	0.736	0.975	0.619	0.925	0.844

In Table 4, there is no strategic task “To ensure the availability of vocational education” due to the low density of stochastic relationship between the indicator “Ratio of the number of entrants to vocational (vocational) education institutions to the total number of places in vocational (vocational) education institutions financed from state and local budgets” and financial indicators. Financial support for the process of achieving the remaining tasks on quality education (SDG 4) at the local level should be considered satisfactory because the strengthening of the financial autonomy of local self-government bodies, along with an increase in the volume of their financial resources, was accompanied by an increase in the availability of quality school and preschool education, an increase in the quality of higher education and science; dissemination of knowledge and skills necessary for decent work and entrepreneurship among the population, reduction of gender inequality among school teachers, strengthening inclusivity in secondary education (Martynenko, 2023). In general, 64.3% of indicators met the evaluation criteria for the study period.

The results of assessing the effectiveness of financing measures to achieve the economic SDG 10, "Reducing inequalities" of sustainable development programs of cities and communities, are illustrated in Table 5.

**Table 5. Results of modelling the correlation between financial decentralization indicators and objectives of Goal 10, "Reducing inequality".** (Source: generated and calculated in Excel according to Figures 1 and 2 and (State Statistics Service of Ukraine, 2023)

SDG Indicator	Indicator of Revenue and Expenditure Parts of Local Budgets				
	Aggregate Revenue of Local Budgets in Ukraine	Own Financial Resources of Local Self-Government Bodies	Aggregate Expenditures of Local Budgets in Ukraine	Proportion of Self-Generated Financial Resources in the Aggregate Revenue of Local Budgets in Ukraine	The Ratio of Local Budget Expenditures Covered by Self-Generated Revenue
1. Accelerate income growth for the poorest 40% of the population	-0.968	-0.996	-0.897	-0.528	-0.519
2. Prevent manifestations of discrimination in society	-	0.866	-	0.503	0.518
3. Ensure the availability of social services	-	-	0.996	0.874	0.881
4. Pursue a remuneration policy based on equality and fairness	0.597	0.803	-	0.752	0.763
5. To carry out the reform of pension insurance based on fairness and transparency	-	0.593	-	0.709	0.645

Table 5 shows that growth in the volume of revenue and expenditure parts of local budgets during 2015–2023 affected the slowdown in the incomes of the least well-off 40% of the population, i.e., the relevant regional programs were ineffective. The share of persons who reported that over the past year, they had personally encountered discrimination based on gender among all appeals to expert councils on discrimination increased due to the increase in the level of decentralization of local self-government, which can be assessed as a positive process to prevent discrimination in society. The positive dynamics of the level of decentralization and financial autonomy of local self-government had a positive impact on remuneration based on the principles of equality and justice. The increase in the volume of local budget expenditures to increase the level of financial autonomy of local self-government had a positive impact on ensuring the availability of social services. The reform of pension insurance based on fairness and transparency was positively influenced by the growth of local governments' own financial resources and relative indicators of the financial autonomy of local self-government bodies. Thus, 72% of indicators reflecting the state of achievement of Goal 10 met the evaluation criteria for the analyzed period.

The results of the assessment of the effectiveness of financing sustainable development programs of cities and communities are summarized in Table 6.

**Table 6. Results of modelling the correlation between financial decentralization indicators and objectives of Goal 11, "Sustainable development of cities and communities".** (Source: generated and calculated in Excel according to Figures 1 and 2 and (State Statistics Service of Ukraine, 2023; Martynenko, 2023)

SDG Indicator	Indicator of Revenue and Expenditure Parts of Local Budgets				
	Aggregate Revenue of Local Budgets in Ukraine	Own Financial Resources of Local Self-Government Bodies	Aggregate Expenditures of Local Budgets in Ukraine	Proportion of Self-Generated Financial Resources in the Aggregate Revenue of Local Budgets in Ukraine	The Ratio of Local Budget Expenditures Covered by Self-Generated Revenue
1. Ensure housing affordability	–	–	–0.638	–	–
2. To ensure the development of settlements and territories exclusively based on integrated planning and management with the participation of the public	–	–	–	–	–0.528
3. Ensure the preservation of cultural and natural heritage with the involvement of the private sector	0,819	0,895	0,760	0,840	0,766
4. Ensure timely notification of residents about emergencies using innovative technologies	0,597	0,869	–	0,886	0,884
5. Reduce the negative impact of pollutants, including on the urban environment, in particular through the use of innovative technologies	–0.714	–0.907	–0.592	–0.869	–0.871

The strategic task "To ensure the development and implementation of local development strategies aimed at economic growth, job creation, development of tourism, recreation, local culture and production of local products" due to the low density of stochastic relationship between the indicator "Number of employed employees in tourism business entities (code according to NACE-2010 – 55.1, 55.2, 55.3, 79.11, 79.12)" and financial indicators is not in Table 6. The strategic task "To ensure the affordability of housing" is represented by the indicator "Borrower's solvency ratio, RTI (the ratio of monthly expenses of the borrower and his family members for debt servicing on a preferential mortgage loan received at the expense of the state or local budget and the total volume of monthly incomes)" received a positive result of the assessment: the growth of aggregate revenues and expenditures of local budgets led to a positive decrease in this indicator, but with the rest of the indicators of decentralization, the stochastic relationship is low-density, so it was not possible to draw unambiguous conclusions about achieving the sub-goal "Ensure housing affordability". Financial support for the achievement of the strategic task "To ensure the preservation of cultural and natural heritage with the involvement of the private sector" should be considered satisfactory because the growth of all indicators of financial autonomy of local self-government took place along with the annual increase in the number of protected objects and territories. Similar results were obtained in the financing of the sub-goal "Ensure timely notification of residents about emergencies using innovative technologies". Financial support for the achievement of the strategic task "Reduce the negative impact of pollutants, including on the environment of cities, in particular through the use of innovative technologies" should be considered satisfactory since the growth of financial resources, as well as the strengthening of the financial autonomy of local self-government, occurred together with an annual decrease in the volume of emissions of pollutants into the atmosphere by stationary sources of emissions (Martynenko, 2023). In general, 62.5% of indicators met the evaluation criteria for the analyzed period.

The results of the assessment of the effectiveness of financing measures to achieve the social SDG 16 "Peace, Justice and Strong Institutions" of the sustainable development programs of cities and communities are presented in Table 7.

**Table 7. Results of modelling the correlation between the indicators of decentralization of local budgets and the objectives of Goal 16, "Peace, Justice and Strong Institutions".** (Source: generated and calculated in Excel according to Figures 1 and 2 and (State Statistics Service of Ukraine, 2023)

SDG Indicator	Indicator of Revenue and Expenditure Parts of Local Budgets				
	Aggregate Revenue of Local Budgets in Ukraine	Own Financial Resources of Local Self-Government Bodies	Aggregate Expenditures of Local Budgets in Ukraine	Proportion of Self-Generated Financial Resources in the Aggregate Revenue of Local Budgets in Ukraine	The Ratio of Local Budget Expenditures Covered by Self-Generated Revenue
1. Reduce the spread of violence	–	0,650	–	0,831	0,870
2. Increase the level of detection of victims of human trafficking and all forms of exploitation	0,602	0,796	–	0,731	0,748
3. Increase trust in the judicial system and ensure equal access to justice	0,882	0,723	0,876	0,529	–
4. Reduce illicit trafficking in weapons, ammunition and explosives	–0,657	–0,583	–0,752	–0,454	–
5. Reduce corruption	–0,699	–0,833	–0,657	–0,763	–0,684
6. Restore conflict-affected territories (Donbas)	–	0,807	–	0,965	0,993
7. Strengthen social resilience, promote peace-building and public safety (conflict and post-conflict settlement)	–	–	–	0.8383	0.862

In Table 7, there is no strategic task 16.4, "Strengthen the system of prevention and counteraction to money laundering, financing of terrorism and proliferation of weapons of mass destruction", due to the low density of stochastic relationship between indicators and financial indicators. The absence of strategic task 16.7, "To increase the efficiency of state authorities and local self-government", is associated with the discrepancy between the direction of stochastic communication and the strategic vector of the task. The financial support for the achievement of the remaining objectives of peace, justice and strong institutions (SDG 16) at the local level should be considered satisfactory because the increase in funding for local self-government bodies and the strengthening of decentralization processes took place simultaneously with the reduction in the spread of violence, an increase in the number of identified victims of trafficking in human beings and other forms of exploitation, the expansion and increase of the level of access of the population of Ukraine to Justice, expansion of the areas of restored territories affected by the Russian-Ukrainian war, achieving a reduction in the volume of illegal trafficking in weapons, ammunition, and explosive materials, reducing corruption and strengthening social resilience, and promoting peacebuilding and public security (conflict and post-conflict resolution) were only accompanied by an improvement in decentralization indicators (Martynenko, 2023). Overall, about half of all Goal 16 indicators met the evaluation criteria for the period under review.

Let us analyze the results of the study of the financial autonomy of local authorities in Ukraine and its impact on the achievement of the SDGs, in particular through indicators related to budget decentralization. In this context, it is important to consider not only quantitative changes in the financial resources of local budgets but also the quality of these changes and their impact on the achievement of specific goals. According to the results obtained, financial autonomy is a significant factor contributing to the successful implementation of the SDGs. As the data show, the level of financial autonomy of local budgets in Ukraine increased during 2015–2023. This increase not only has a positive effect on the growth of local budgets' own revenues but also increases their ability to cover costs, which is critical for the sustainable development of communities. However, it is worth noting that an increase in financial resources does not always automatically lead to an improvement in socio-economic conditions. For example, the share of own revenues in the total revenues of local budgets increased, but this happened in the context of a significant reduction in interbudgetary transfers. In 2022, this reduction was especially noticeable due to hostilities, which, on the one hand, emphasize the growth of autonomy and, on the other hand, require better coordination between central and local authorities to ensure equal funding for key areas of development.

Among the factors that influenced the dynamics of local budgets during the period under study, it is worth highlighting the COVID-19 pandemic and martial law in Ukraine. The pandemic caused a sharp decline in revenues in 2020 and led to some cuts in budget spending. However, this affected the achievement of the SDGs unevenly. Some areas, such as healthcare, required significant additional financial investments, while others, such as infrastructure projects, could be

temporarily reduced or suspended. Martial law in 2022 also had a significant impact on local budgets. On the one hand, budgets suffered due to a decrease in economic activity and a change in the priorities of spending aimed at defence and security. On the other hand, these restrictions have stimulated local governments to look for alternative ways to support key development projects, which shows flexibility and adaptability.

The analysis of stochastic relationships between the indicators of formation and distribution of financial resources and the indicators of the SDGs shows that financial autonomy contributed to the more effective achievement of many goals. For example, Goal 1, "Overcoming poverty", showed a positive relationship between the growth of local budgets' own revenues and a reduction in the share of the population living below the poverty line. This emphasizes the role of local budgets in financing social programs and supporting vulnerable segments of the population. In the context of SDG 3, "Good health and well-being", increased funding for health care at the local level has had a positive impact on reducing child mortality, increasing immunization rates, and combating infectious diseases. However, some strategic objectives, in particular to reduce maternal mortality, have not been adequately funded at the local level, which requires better planning and allocation of resources.

Despite the positive aspects of decentralization, certain challenges need attention. First, increasing financial autonomy without proper accountability and control can lead to the risk of inefficient use of resources and corruption. In particular, the lack of transparent mechanisms for distributing funds and the insufficient level of competence of local authorities may limit the positive impact of decentralization. Second, insufficient institutional capacity at the local level can limit the ability of authorities to plan and use financial resources effectively. For example, insufficient human resources in the areas of financial management and project management can hinder the implementation of long-term development strategies. This underscores the need to invest in human capital development and increase the level of managerial competence on the ground.

To further strengthen financial autonomy and achieve the SDGs, it is necessary to continue reforms in the field of decentralization. First of all, this includes the creation of a stable regulatory framework that will regulate the budget process and the allocation of financial resources. In addition, it is important to ensure stable funding for key areas of development, such as education, health, social support, and infrastructure. It is also necessary to improve financial management mechanisms at the local level. This includes not only the introduction of modern budget planning and control tools but also the development of new financial mechanisms, such as local taxes, bonds, or investment funds. This will allow communities to plan and implement projects aimed at sustainable development more effectively.

Therefore, the financial autonomy of local authorities is an important factor in achieving the SDGs in Ukraine. While the overall results of decentralization can be considered positive, there remain some challenges related to transparency, accountability, and institutional capacity of local authorities. Successful implementation of further reforms will require close cooperation between central and local authorities, the development of institutional capacity on the ground, and stable financing of key areas of development.

## DISCUSSION

We conducted a study of the role of financial autonomy of local self-government bodies in achieving the SDGs in Ukraine, focusing on the consequences of the decentralization reform. The financial decentralization introduced by the 2014 reform has led to a significant increase in local budgets, increasing their capacity to address critical social, economic, and environmental issues. In this discussion, we assess the consequences of these reforms, highlight their benefits, compare the results with similar studies, and consider challenges to which there was no adequate response.

The results of the study illustrate the steady growth of the financial autonomy of local communities from 2015 to 2023. The share of own revenues in the total volume of local budgets increased from 41% to 68%, with the highest level of 75% recorded in 2022. Similarly, the ability of local budgets to cover expenditures with their own revenues has improved to more than 68% in 2023. These indicators reflect the growing independence of local governments in the allocation of resources, allowing them to directly invest in projects aimed at achieving key SDGs, such as poverty alleviation, quality education, health, and infrastructure development.

Similar results are observed in other studies on financial decentralization. For example, Martínez-Vázquez and McNab emphasize that fiscal decentralization in developing countries promotes economic growth through improved allocation of public resources. Their findings coincide with trends observed in Ukraine, where increases in local budget revenues have had a positive impact on social indicators, in particular, poverty reduction and the development of education (Martínez-Vázquez, & McNab, 2003).

In a study by Oates (2004), it was demonstrated that financial autonomy allows local governments to better meet specific regional needs, contributing to sustainable development (Oates, 2004). This reflects Ukraine's progress towards SDG 4 (Quality Education) through targeted investments in early childhood education and infrastructure.

In addition, the study conducted by Faguet (2012) on decentralization in Bolivia confirms that increased local financial control leads to improved health outcomes, which confirms Ukraine's progress towards SDG 3 (Good health and well-being) (Faguet, 2012). Both studies emphasize that the expansion of fiscal powers at the local level allows for individual solutions to solve specific problems of the community, which leads to improved development outcomes.

A comparison with the work of Smoke (2015) on countries in Asia and Africa further confirms the findings of this study. Smoke finds a close link between financial decentralization and improved governance outcomes, including transparency and accountability, which are critical to achieving the SDGs (Smoke, 2015). Ukraine's experience echoes these conclusions, especially about strengthening the system of governance at the local level.

Finally, Oates (1999) emphasizes the efficiency gains from fiscal decentralization, arguing that decentralization reduces bureaucratic inefficiencies and contributes to increased economic productivity (Oates, 1999). The growth in the share of own revenues in Ukraine reflects these advantages, contributing to the increase in the overall efficiency of local self-government bodies.

Despite the positive trends, the study revealed several barriers to the effective implementation of financial decentralization. One of the main problems is the dependence of local budgets on economic activity in communities. During periods of economic instability, such as the COVID-19 pandemic or the ongoing war, the financial capacity of local authorities is significantly reduced. The decline in economic activity leads to a decrease in tax revenues, which creates serious difficulties in financing the basic needs of communities, not to mention the implementation of the SDGs. For example, the pandemic has reduced the economic activity of small and medium-sized businesses, which are the main source of local income. The war in Ukraine has further undermined economic infrastructure in many regions, leading to a sharp decline in tax revenues. Under these conditions, the decrease in interbudgetary transfers limited the ability of local budgets to fully finance development programs. While decentralization has improved the mobilization of local resources, the decrease in interbudgetary transfers, especially during crises, has limited the ability of local budgets to fulfil all sustainable development priorities. After all, in many communities, such transfers are an important source of funding for infrastructure projects, social protection programs, and environmental initiatives. Their reduction deprives communities of resources to perform even basic functions.

The administrative capacity of local self-government bodies is an important factor in the successful implementation of financial decentralization. However, the institutional weakness of many communities remains one of the biggest obstacles. Limited experience in the field of financial management, lack of qualified personnel, and low efficiency in planning and execution of budgets significantly reduce the effectiveness of decentralized management. In such conditions, communities cannot effectively use even the resources they already have.

Corruption and lack of transparency in the use of financial resources create significant risks for the effective implementation of financial decentralization. Insufficient accountability of local authorities to the public increases public distrust, which undermines sustainable development initiatives. For example, financial decisions that are made without community participation or public reporting often led to irrational use of resources. This is especially true for crisis conditions when resources need to be allocated as efficiently as possible.

Local governments often neglect to involve the public in the financial decision-making process. This limits the ability to effectively plan and implement programs that meet the real needs of the population. Public involvement is an important factor in increasing transparency and trust in local authorities, as well as stimulating the active participation of citizens in the process of achieving the SDGs. Hostilities in Ukraine have significantly complicated the process of decentralization. The destruction of economic infrastructure and the growth of social expenditures led to a significant deficit in local budgets. In addition, communities face new challenges, such as providing for displaced people and restoring basic services, which limits financial opportunities to invest in long-term development programs.

To get the most out of financial decentralization, it is necessary to apply a multidimensional approach that strengthens both the fiscal and institutional framework. Ensuring transparency and accountability in the management of local budgets is critical to maintaining public trust and achieving sustainable results. In addition, increased cooperation between central and local governments is vital to ensure an equitable distribution of resources, especially during emergencies.

Future policies should be aimed at diversifying sources of income, developing partnerships with the private sector and attracting international financial assistance. For Ukraine, aligning local development strategies with national SDGs will help bridge the gap between policy and implementation, ensuring more sustainable and inclusive growth.

While financial decentralization in Ukraine has shown clear progress towards achieving the SDGs, addressing institutional challenges and addressing external economic shocks remains crucial. The results of this study are consistent with the global trends described in the works of Martinez-Vázquez and McNab (2003), Oates (2004), Faget (2012), Smoke (2015) and Oates (1999), which emphasize the importance of financial autonomy for sustainable development. By improving governance mechanisms and strengthening the financial base, local authorities in Ukraine can better use their autonomy to ensure sustainable development, even in difficult conditions.

## CONCLUSIONS

The analysis of the financial autonomy of local self-government bodies of Ukraine in the context of achieving the SDGs revealed that decentralization is an important factor for the sustainable development of communities. The results of the study prove that the introduction of decentralization has led to a significant increase in local budgets' own revenues, which indicates the strengthening of their financial autonomy. During the study period 2015–2023, there was a significant increase in the share of own revenues in the total revenues of local budgets, which indicates an increase in the independence of local communities.

One of the important achievements of decentralization is to increase the ability of local budgets to cover their own expenditures at the expense of internal resources. This is especially true under martial law when the financial resources of the state are focused on ensuring national security. A significant decrease in transfers from the state budget led to a greater dependence of communities on their own revenues, which, in turn, had a positive impact on their financial stability.

The analysis also showed that financial autonomy contributes to more effective financing of regional programs aimed at overcoming poverty, improving the health care system, and ensuring access to education. Communities' own resources play an important role in achieving specific SDG targets, such as poverty reduction, quality of life, and sustainable economic growth.

However, financial autonomy also requires improved transparency and accountability mechanisms. Imperfections in the legislative framework, lack of institutional capacity, and corruption risks can limit the positive impact of decentralization. Therefore, it is important to strengthen control over the use of financial resources, provide professional training at the local level and improve legislative regulation in the field of finance.

For a deeper understanding of the effectiveness of financial decentralization and its impact on the achievement of the SDGs, it is advisable to conduct additional research, in particular in the context of the impact of martial law on financial decentralization. Analyzing how hostilities have affected communities' financial capacity and their ability to adapt to new conditions can be important in formulating recommendations for economic recovery after the conflict ends. Thus, financial decentralization in Ukraine requires further research to ensure its effectiveness in the face of economic challenges and the achievement of the SDGs.

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## ADDITIONAL INFORMATION

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### AUTHOR CONTRIBUTIONS

*All authors have contributed equally.*

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### CONFLICT OF INTEREST

*The Authors declare that there is no conflict of interest.*

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Мартиненко В., Коляда Т., Скорик М., Соколова О., Корж М., Джадалла О.

## ФІНАНСОВЕ ЗАБЕЗПЕЧЕННЯ РЕАЛІЗАЦІЇ ЦІЛЕЙ СТАЛОГО РОЗВИТКУ В УМОВАХ ДЕЦЕНТРАЛІЗАЦІЇ: КЕЙС УКРАЇНИ

У статті розглянуто вплив фінансової автономії органів місцевого самоврядування на реалізацію Цілей сталого розвитку (ЦСР) в Україні. Основною метою дослідження є аналіз фінансового забезпечення місцевих бюджетів та їхньої ролі в досягненні ключових національних і глобальних цілей розвитку, таких як подолання бідності, забезпечення якісної освіти, охорона здоров'я, зниження нерівності тощо. У роботі також оцінено, наскільки ефективно децентралізація сприяє збільшенню фінансової автономії громад і як це впливає на їхню спроможність самостійно розподіляти ресурси для розв'язання актуальних соціально-економічних проблем.

Основні результати показують, що протягом 2015–2023 рр. місцеві бюджети України демонстрували стійку тенденцію до зростання власних доходів, що позитивно позначилося на фінансовій автономії громад. Частка власних доходів у сукупних надходженнях місцевих бюджетів зростає з 41% 2015 року до 68% 2023 року. Крім того, показник покриття видатків власними доходами також збільшився до понад 68%, що свідчить про зростання спроможності громад самостійно фінансувати власні потреби. Однак виявлено й низку проблем, серед яких – недосконала законодавча база, низька інституційна спроможність і брак фахівців у царині управління місцевими фінансами.

Отримані результати дослідження підкреслюють важливість фінансової децентралізації для сталого розвитку громад, особливо в умовах воєнного стану. Зростання фінансової автономії дозволяє громадам більш ефективно реагувати на виклики сучасного світу, зокрема шляхом інвестування в місцеву інфраструктуру, освіту, охорону здоров'я та екологію. Водночас, автори наголошують на необхідності подальшого вдосконалення механізмів управління на місцевому рівні, а також на важливості забезпечення прозорості та підзвітності органів місцевого самоврядування. Ці заходи є ключовими для досягнення Цілей сталого розвитку та підвищення якості життя населення.

**Ключові слова:** фінансова автономія, місцеве самоврядування, Цілі сталого розвитку (ЦСР), децентралізація, власні доходи місцевих бюджетів, видатки місцевих бюджетів, сталий розвиток, території, інновації, фінансування

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