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PROVIDING DEFENCE FORCES AT THE LOCAL LEVEL: BUDGETARY AND LEGAL ASPECT

The success of the end of military operations in Ukraine depends on a reliable internal front, namely, support for the defense forces at all levels of government. The article analyses the budgetary and legal instruments for supporting the Armed Forces of Ukraine. According to the current legislation, the main source of support is the State Budget of Ukraine and financial support from partner countries. The current state of financing of the defense forces units of Cherkasy region is analyzed. It is found that the existing approach to providing these units does not meet the urgent needs: their maintenance is carried out at their own expense, with the help of volunteer organizations and domestic business. It is determined that an additional source of stable provision of such units may be free funds of local budgets and revenues from the personal income tax (military personnel), which have significantly increased the revenues of local self-government budgets. The author substantiates the ways of resolving the issues of inconsistency in the current legislation, in particular, the Laws of Ukraine "On Local Self-Government in Ukraine" and "On the Fundamentals of National Resistance".

Keywords: Armed Forces, military operations, budgetary instruments, local self-government, defense support programs.

Statement of the problem. The outbreak of full-scale hostilities throughout Ukraine as a result of Russian aggression has identified a number of problematic issues related to the provision of the Armed Forces and other defense forces. Thus, despite the war that has been going on in the East of Ukraine for more than 9 years, the amount of funding for the Armed Forces and the defense sector remains insufficient. It is worth noting that the situation with funding at the legislative level has changed somewhat with the adoption of the National Security Strategy [1], according to which annual budget funding for the security and defense sector should be at least 5 % of the country's gross domestic product (GDP). In particular, in 2019, 2,7 % of GDP was allocated to finance the Armed Forces of Ukraine, in 2020 (after the adoption of the National Security Strategy) – 3,1 %, and in 2021, funding decreased to 2,2 % of GDP. Funding for the Armed Forces from the state budget in 2022 amounted to 22,0 % of GDP [2]. However, these funds are insufficient, and the lion's share of assistance to the Ukrainian army continues to come from international partners, volunteer organizations, and domestic businesses.

At the same time, an analysis of domestic legislation has revealed gaps in the legal regulation of receiving military assistance from local

governments. Thus, the Law of Ukraine "On Local Self-Government in Ukraine" does not include the development, procurement, modernization and repair of weapons, military equipment, facilities and equipment in the powers of local self-government bodies, even during martial law [3]. In other words, the budgets of amalgamated communities and regional budgets at the legislative level, even if there is an urgent need to form military units and other units of the defense forces in the respective area, are not entitled to purchase military goods: weapons, equipment or ammunition.

Analysis of recent research and publications.

Financing the defense sector is currently a priority issue for Ukraine. A large number of scholars have studied this issue. Thus, the basic principles and instruments of financing the Armed Forces of Ukraine were considered by N. Tkachuk [4], O. Levchuk [5], H. Dmytrenko [6], A. Syzov [7], L. Tsyukalo [7] and others. The issues of budgetary policy in the field of financial support of the country's defence capability were studied by L. Sidelnikova [8], S. Rudyk [8], R. Humeniuk [9], I. Vashchenko [10], E. Marko [10], Y. Romanovska [11], V. Urbanovych [11], the peculiarities of state financing of the Armed Forces under martial law –

by Y. Zhezherun, S. Zaporozhets, O. Pohodenko, A. Pinchuk [12] and other scholars. The use of military bonds as a promising source of support for the Armed Forces was studied by O. Chubka and I. Skoropad [13]. However, despite a significant number of studies, the issues of financing regional defense forces and their legal status still require in-depth study. Today, the lion's share of the "military budget" is made up of aid from partner countries. For the Ukrainian government, the search for additional domestic sources of funding remains relevant. After all, Western assistance is mainly targeted and does not consider, in particular, the needs of territorial defense units, special operations forces, and military aviation. Typically, these units receive funding from the state budget, volunteer assistance, and a small share of funding from regional budgets.

The purpose of the article is to analyse the budgetary and legal instruments for providing for the Armed Forces of Ukraine and other defense forces. In accordance with this purpose, the author analyses scientific and analytical publications and legal acts, which made it possible to identify the problematic aspects of modern provision of military formations and to substantiate the approaches to addressing these issues.

Summary of the main material. The country's defense capability is in the focus of attention of both the government and ordinary citizens. Despite the

military focus of budgetary resources, the level of financial support for the army is not satisfactory. Thus, despite changes in legislation and the redistribution of budget expenditures in 2022–2023, the implementation of planned indicators remains a problematic issue (Table 1).

During the period under review, the targets were never met by 100 %. The state of financing of military defense expenditures in 2022 is the lowest – 83,6 % of the revised plan. However, it is worth noting that the size of this item has increased almost 9 times over the monitoring period. The situation for 7 months of 2023 is similar. Thus, as of 01.08.2023, defense expenditures were financed by 75,97 % (UAH 1 226,4 billion) of the revised plan for the specified period of 2023 [7].

Although the amount already financed is significantly higher than in 2022, the level of funding remains insufficient. It is worth noting that, according to the law, local budgets were not allocated for the Armed Forces. However, current realities are such that in search of financial support, the Armed Forces, represented by military units, apply to local councils for the purchase of material and technical means or financing of certain types of work.

An analysis of the experience of making relevant decisions by local councils and the regional council in Cherkasy region in 2022–2023 regarding the provision of the defense forces showed that local councils, within their powers, can provide assistance in certain areas.

Table 1 – State Budget Expenditures of Ukraine by Functional Classification in 2019–2022

Expenses	2019		2020		2021		2022	
	billion UAH	% fulfilment	billion UAH	% fulfilment	billion UAH	% fulfilment	billion UAH	% fulfilment
Defence	106,6	97,8	120,4	98,3	127,5	99,0	1142,9	84,0
Military defence	102,2	98,7	115,1	98,7	121,4	99,5	1100,2	83,6
Civil defence	1,5	57,8	1,7	72,8	1,9	72,9	23,7	95,3
Other defence-related activities	3,0	99,9	3,6	100,0	4,2	99,9	18,9	99,0

Notes. Compiled by the authors based on data from [7].

1. Local governments may direct a part of intergovernmental transfers to institutions (organizations) financed from the state budget (military units, units of the State Border Guard Service, National Guard, National Police, recruitment and social support centers and other defense forces). Thus, local budgets provide a subvention to the state budget, under which funds are transferred to the account of a specific military unit. Thus, the local council, responding to a request from a military unit or other defense force unit, transfers funds to its account and purchases the necessary equipment and services.

2. Considering the programmed-targeted approach to financing local budgets, local authorities can develop budget programmed aimed at financing territorial defense activities and works, local mobilization training, and support for other units of the security and defense forces. The developed programmed clearly define the purpose of spending the funds, and thus can be used to purchase dual-use goods (drones) for military units based (formed, permanently stationed, withdrawn for reconstruction and coordination) in the relevant territory of the region, including territorial defense forces. This includes the purchase of personal protective equipment (bulletproof vests, helmets, special and military uniforms), technical equipment (radios, monocular, thermal imagers, star links) and transport.

Currently, three programmed of this nature are funded at the level of the Cherkasy Regional Council (Table 2).

The Regional Target program "Conscription Station" for 2020–2023 provides for the provision of recruitment and social support centers with funding from local budgets only for measures to organize and conduct conscription and mobilization, which is not essential in terms of

supporting the defense forces. According to paragraph 5 of Part I of Article 87 of the Budget Code of Ukraine, expenditures on military-patriotic education of youth, preparation of youth for defense of the Motherland and conscription for regular military service do not belong to the expenditures made from the State Budget of Ukraine, since none of the recruitment stations of districts and cities of the region belong to the Ministry of Defense of Ukraine, and all of them are on the balance sheet of enterprises or local authorities or self-government [9].

An analysis of the implementation of the Program for the provision of patronage assistance, financing of measures aimed at increasing the level of combat readiness of military units of the Armed Forces of Ukraine, the National Guard of Ukraine and the State Border Guard Service of Ukraine for 2018–2022 in recent years [10] shows that in fact, executive authorities and local self-government bodies are responsible for coordinating and communicating between enterprises and business institutions and military units to provide appropriate assistance. Therefore, the volume and frequency of such assistance actually depend on the goodwill of managers or founders of business structures and cannot be predicted. According to official information, in 2022, UAH 42 542,2 thousand was allocated for the activities and work of the territorial defense of Cherkasy region within the framework of regional programs, and UAH 17 698,1 thousand was allocated for the security and defense forces (Table 3) [11].

The main source of funding for these programs was the regional and local budgets, whose revenues increased significantly due to an increase in personal income tax revenues in 2022–2023.

Table 2 – List of regional programmed to support the military in Cherkasy region

Program	Purpose	Funding sources
Cherkasy Region Territorial Defense program for 2018–2022	Implementation of tasks and measures to prepare, create and ensure the combat capability of military units (institutions) of the Armed Forces of Ukraine, military (state) administrations, military units (subdivisions), as well as other security and defense forces and their logistical support	Funds from the general fund of the regional budget, subventions from the budgets of amalgamated communities at the request of the command of military units and other defense forces
Regional Target program "Conscription Station" for 2020–2023	Implementation of measures for the preparation and conscription of Ukrainian citizens for regular military service and mobilization	Local budgets, but only activities related to the organization and conduct of conscription and mobilization
The program for providing patronage assistance and financing measures aimed at improving the combat readiness of military units of the Armed Forces of Ukraine, the National Guard of Ukraine and the State Border Guard Service of Ukraine for 2018–2022	Assistance to military units in the restoration of barracks facilities, repair of military equipment, assistance to military personnel in providing them with combat equipment, basic necessities etc.	State and local budgets, as well as other sources of funding not prohibited by law

Notes. Compiled by the authors based on data from [8].

Table 3 – Report on the implementation of regional programs of the Cherkasy Regional Council, UAH thousand

Program	Provided for	Cash expenses	% utilization of allocated funds
First quarter of 2023			
Territorial Defense program for 2023–2027	73 777,9	63 100,0	85,5
The program for providing patronage assistance and financing measures aimed at improving the combat readiness of military units of the Armed Forces of Ukraine, the National Guard of Ukraine and the State Border Guard Service of Ukraine for 2018–2027	10 000,0	10 000,0	100,0
2022			
Cherkasy Region Territorial Defense program for 2018–2022	59 059,9	42 542,2	72,0
The program of patronage assistance, financing of measures aimed at improving the combat readiness of military units of the Armed Forces of Ukraine and the National Guard of Ukraine	5000,0	5000,0	100,0
2021			
Cherkasy Region Territorial Defense program for 2018–2022	900,0	900,0	100,0
The program for providing patronage assistance and financing measures aimed at improving the combat readiness of military units of the Armed Forces of Ukraine, the National Guard of Ukraine and the State Border Guard Service of Ukraine for 2018–2022	500,0	500,0	100,0

Notes. Compiled by the authors based on data from [12].

An analysis of the implementation of budget program passports [10] shows that the measures envisaged by the Territorial Defense program for 2023–2027 can be used for the following areas of its implementation:

- preparation of the respective communities and territories to repel armed aggression (arrangement of checkpoints, fortifications, civil protection structures, video surveillance and monitoring systems) – Section 3;
- equipping the locations of territorial defense units and their logistical support – Section 4;
- support of a set of measures for the mobilization and training of the persons involved, manning of military units and other units of the defense forces (conducting exercises in the places of deployment and in the field, providing computer equipment and means of communication, power supply, personal protection and medical equipment) – Sections 1, 2;
- carrying out construction and repair works on structures, engineering networks and adjacent territories and places of deployment of military units and other defense forces – Section 5.

Conclusions

In the context of martial law and limited funding, military formations are forced to find additional resources for their maintenance and purchase of equipment on their own. Based on the analysis of

the provisions of the budget legislation and existing programs in Cherkasy region, two effective ways of financial support for units of the Armed Forces of Ukraine and other defense forces at the expense of local budgets have been identified, namely:

- allocation of a subvention from the local budget to the state budget, under which funds are transferred to the account of a specific military unit;
- allocation of funds to finance the activities of the relevant local program.

The allocation of funds under programs requires: first, the existence of such a program adopted by the relevant council; second, a request from the command of a military unit or other defense force unit to finance specific needs; third, the opening by the relevant council of an economic classification code in the Treasury under which expenditures for the needs of military formations, including dual-use items, can be financed.

The topic selected for consideration suggests the prospects for further research, in particular, in terms of the implementation of interbudgetary transfers (community budgets and the regional budget) in the implementation of regional programs; initiating changes to the current legislation to simplify the procedure for transferring municipal property (equipment, vehicles) to the balance sheet of military units; differentiating the approach to providing military units with state budget funding, taking into account the dynamics of revenues from the "military personal income tax".

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ЗАБЕЗПЕЧЕННЯ СИЛ ОБОРОНИ НА МІСЦЕВОМУ РІВНІ: БЮДЖЕТНО-ПРАВОВИЙ АСПЕКТ

Успіх завершення військових дій в Україні залежить від надійного внутрішнього фронту – підтримки сил оборони на всіх рівнях управління.

Відповідно до визначеної мети здійснено аналіз науково-аналітичних публікацій і нормативно-правових актів, що дало змогу з'ясувати проблемні аспекти сучасного забезпечення військових формувань та обґрунтувати підходи до вирішення цих питань.

Проаналізовано бюджетно-правові інструменти забезпечення Збройних Сил України. Згідно з нормами чинного законодавства основним джерелом забезпечення є державний бюджет України та фінансова підтримка країн-партнерів.

Проведено аналіз сучасного стану фінансування підрозділів сил оборони Черкаського регіону. З'ясовано, що наявний підхід до забезпечення цих підрозділів не відповідає нагальним потребам: їхнє утримання здійснюється за рахунок власних коштів, допомоги волонтерських організацій і вітчизняного бізнесу. Визначено, що додатковим джерелом стабільного забезпечення таких формувань можуть стати вільні кошти місцевих бюджетів і надходження від податку на доходи фізичних осіб (військовослужбовців), які істотно збільшили доходи бюджетів місцевого самоврядування. Обґрунтовано напрями врегулювання питань неузгодженості чинного законодавства, зокрема законів України «Про місцеве самоврядування в Україні» та «Про основи національного спротиву».

Перспективність подальших досліджень передбачає реалізацію міжбюджетних трансфертів під час здійснення заходів обласних програм, а також ініціювання змін до чинного законодавства для спрощення процедури передачі комунального майна (техніки, автотранспорту) на баланс військових частин.

Ключові слова: Збройні Сили, військові дії, бюджетні інструменти, місцеве самоврядування, програми підтримки оборони.

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