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ESTABLISHMENT OF THE REGIONAL POLICY IN UKRAINE

This article deals with establishment of the regional policy in Ukraine. In the context of regionalization of the country the problem of administrative-territorial reform considered as an important element of national strategy on economy development. Development and implementation of state regional policy provides substantial enhancement of the role and responsibility of local state administrations, local authorities, local communities in the development of the regions. Transformation of the regions into the active agents of market economy and further realization them in the international economy within the European community in the future, brings new demands and challenges to strengthen the economic potential of the regions as well as to ensure their competitiveness for goods and investments in domestic and international markets .

Key words: region, administrative and territorial unit, regionalization, regional policy, decentralization, territory planning.

Вікторія Яворська, Катерина Коломієць, Віталій Сич. СТАНОВЛЕННЯ РЕГІОНАЛЬНОЇ ПОЛІТИКИ В УКРАЇНІ. У статті розглядаються питання становлення регіональної політики в Україні. У контексті регіоналізації країни постає проблема адміністративно-територіальної реформи. Формування та реалізація державної регіональної політики передбачає істотне підвищення ролі та відповідальності місцевих державних адміністрацій, органів місцевого самоврядування, територіальних громад за розвиток регіонів. Перетворення регіонів на активних суб'єктів економічних відносин в умовах ринкової економіки, в майбутньому – їх становлення як суб'єктів міжнародних економічних відносин на європейському просторі висуває нові вимоги щодо зміцнення економічного потенціалу регіонів, забезпечення їх конкурентоспроможності на внутрішніх і міжнародних ринках товарів та інвестицій.

Ключові слова: регіон, адміністративно-територіальна одиниця, регіоналізація, регіональна політика, децентралізація, територіальне планування.

Викторія Яворская, Екатерина Коломиец, Виталий Сыч. СТАНОВЛЕНИЕ РЕГИОНАЛЬНОЙ ПОЛИТИКИ В УКРАИНЕ. В статье рассматриваются вопросы становления региональной политики в Украине. В контексте регионализации страны возникла проблема административно-территориальной реформы. Формирование и реализация государственной региональной политики предусматривает существенное повышение роли и ответственности местных государственных администраций, органов местного самоуправления, территориальных общин за развитие регионов. Преобразование регионов в активных субъектов экономических отношений в условиях рыночной экономики, в будущем – их становление как субъектов международных экономических отношений на европейском пространстве выдвигает новые требования по укреплению экономического потенциала регионов, обеспечения их конкурентоспособности на внутренних и международных рынках товаров и инвестиций.

Ключевые слова: регион, административно-территориальная единица, регионализация, региональная политика, децентрализация, территориальное планирование.

Research background: In the process of strengthening the Ukrainian sovereign state, the process of country regionalization, including regional approaches and regional policy development with appropriate consideration of the social, demographic, economic, environmental aspects, are becoming more and more important. These problems require proper understanding and constructive development. In general political perspective the most radical idea of regionalization is the federal structure of the country, supported by numbers of factors, associated with significantly different historical, geographical and socio-economical development of the individual regions of Ukraine. Nevertheless implementation (development and constructive discussion within society) of this idea will be only possible in a country with a stable political and socio-economic situation. For now, any attempt to revise unitary state system of Ukraine is simply dangerous.

Analysis of recent research and publications. A fundamental contribution to the study of the given issues were done by Ukrainian scientists such as O.G. Topchiev, V. Shilov, Z.S. Varnaliy, B.M. Danylyshyn, V.A. Popovkin, M.D. Pistun, K.V. Mezentsev, V.A. Tyorlo.

An additional important factor need to be considered and arises the necessity of a research in this area. In May 2001 the concept of state regional policy was approved by decree of the President of Ukraine [1]. This was the beginning of the process on establishment

of the Regional Economy and Regional Policy in Ukraine, which was forming in a very complex political and socio-economical conditions and which is still remains highly important topic (February 5, 2015, the Law of Ukraine "On Principles of the State Regional Policy" was adopted) [3].

Main content: By the European standards and requirements, the regional policy demands on mandatory implementation of the country regionalization, which is currently absent in Ukraine. Territorial basis for modern regional policy in Ukraine is its division into oblasts, AR Crimea, Kyiv and Sevastopol, which does not comply with EU recommendations [6]. There is a controversial situation where managers and academics understand the need for regionalization of Ukraine and at the same time have to develop a regional policy for the current administrative-territorial division.

Note that the administrative-territorial division is urgently requires further reforms, and this problem has been highlighted on the official level. Therefore, current study of the regions problem was considered into two aspects. On the one hand, the consideration of various aspects of regions and regional policy is based on the official statistics, which is usually submitted by the current administrative-territorial division. On the other hand, it was accentuated the need to move towards new vision of the country regionalization, according to the European standards (basic regions - NUTS-2). We consider that the actual regional science able to support in the development of theoretical and methodological principles for the national regional policy.

In the context of regionalization of the country an administrative-territorial reform is faced as challenge. The new political system requires new administrative-territorial structure (ATS), following the example of Central and Eastern Europe. The current ATS of Ukraine, which was built on directive standards of centralized Soviet system already hopelessly outdated and needs to be upgraded/modified. New ATS have to be combined with the regionalization of the country, and the best option is to include in ATS regions as administrative units of the first level, instead of the current oblasts.

Ukraine is implementing European practice of territory planning. By government decree (1997) was developed the General scheme of planning the territory of Ukraine which was adopted by the Law of Ukraine in 2002 [2]. At the same time regional planning of territories was started developing and will create the basis for the modern territorial organization of society for all regions and for the country as a whole. At the same time the adaptation of the European experience in forming natural carcasses of ecological safety areas, ecological networks on continental, national and regional levels, is going on. Currently, Ukraine is involved in the creation of ecological network by European programs at the following levels:

- 1) Pan-European Ecological Network;
- 2) National Ecological Network;
- 3) Regional ecological networks (at oblasts level and AR Crimea).

The national concepts and programs on establishment of the regional ecological networks are developed in accordance with the laws of Ukraine (2000 and 2004 yy) and the special governmental regulations.

Regional approaches and concepts are actively extended to the social sphere. In Ukraine since the beginning of 2000 years exists the official monitoring of the quality of life standards within the country and its regions. Accordingly to best practices is been forming a framework for the development and implementation of regional social policy. The need for regional approaches within the regional geodemography policy to resolve the numerous regional problems interconnected with deep demographic crisis inherited from the Soviet times is highly important.

Radical political reform in Ukraine, aimed at decentralization and democratization of management, significantly strengthens the role of regional approaches to the theory and practice of regions science.

The peculiarity of historical and geographical preconditions of economic development of certain areas, their further social and economic development in different political conditions, particularly in terms of various state led to sharp regional differences of a single economic space of Ukraine. The undeniable sign of the objective existence of regions is the availability of appropriate "regional capitals": such regional centers as Kharkiv, Donetsk, Dnipropetrovsk, Odesa, L'viv objectively proof the general trends of integration in social and economical life at the regional level [5]. Regions are formed with unique combination of geographical location, natural conditions, natural resources, distribution of population and demographic situation, leading indus-

tries. Is undisputable fact that each region has number of relevant issues figure by its characteristic spectrum e.g. in an environmental protection and ecological environmental protection, improving the socio-demographic situation, formation of a progressive structure of the economy.

The regional approach should radically change the traditional vertical scheme of public administration to horizontal-vertical or even moreover to horizontal. Instead of rigid administrative subordination of oblasts and cities to the central government should come optimal economical interaction of the regions within a single national socio-economical policy.

Regional level is crucial in the formulation and development of social problems. Since 1991, Ukraine is in a disadvantaged socio-demographic situation. In all regions of the country began depopulation processes - population decline, accompanied by a rapid deterioration of its age structure. For many regions becomes more tangible problem of unemployment. The process of revival of Ukrainian language and culture are continuing as ethnic and cultural formation of national minorities. In the most regions of Ukraine, from the Soviet era remains extremely poor and neglected social infrastructure. All this problems requires result-oriented program actions at the national level. However the historical and geographical differences of the regions can be putted in front by regional socio-demographic and ethno-cultural policies that able fully take into account the uniqueness each of them, the state of its environment, population and economy.

In November 1992 in Kiev was held scientific-practical conference "The Actual problems of management of territories in Ukraine". As noted in the conference proceedings, it was established by order of the President of Ukraine, had national importance and aimed to generate recommendations for developing the basic principles of regional policy of Ukraine. The key problems discussed at the conference were the separation of rights and functions of state administration and local governments, identified control entities at regional and local levels, as well as administrative divisions of the country. Particular emphasis was pointed out, that Ukraine needs to move forward to the unitary-decentralized type of the territorial organization. In June, 1993 session of the World Economic Forum worked in Kiev, which dealt with issues of social-economic development of Ukraine.

In the mid-1990s has been started working out of concepts and programs of socio-economic development. As an example we can quote the Concept of Ukrainian Black Sea region (leaders – O.G. Topchiev, V.P. Korovkin, P.A. Puzyrnyi), approved by the Cabinet of Ministers of Ukraine (1995). Based on the concept further was developed a program of socio-economic development of the region (Odesa, Mykolaiv, Kherson oblasts and AR Crimea).

The concept of state regional policy has been developed and approved in Ukraine. The main object of the state regional policy is defined as: creating the conditions for dynamic, balanced socio-economic development of Ukraine and its regions, raising living standards, providing state-guaranteed social standards for all its

citizens regardless of their residence and introducing mechanisms to encourage activities of local executive, local authorities and population [1]. In world practice, regional policy is one of the most important factors of economic and social development. Almost all developed countries have clearly visible trend concerning the creating of conditions that would allow regions to realize their available potential, maximize their contribution to the national economy, to gain competitive advantage in world markets.

In a note to parliamentary hearings "Regional Policy and Local Self-Government of Ukraine: legal aspects" was analyzed the features of the state regional policy regarding current conditions of the country. Regional policy provides enhancing the role and responsibility of local government for the future of the territory; needs to find new tools to stimulate economic development, including joint efforts of local business, community, government and the state to overcome the effects of structural change. Regional and local authorities are a key factor in the organization of developing of the territory. State is ready to delegate to them a number of rights and functions to maximize positive effects of administrative and public services to the population, to enhance the ability of local communities and their representatives to address local problems on its own.

The Concept of State Regional Policy, approved by the Decree of the President of Ukraine from May 25, 2001 № 341/2001, obtained from such basic principles and preconditions. State regional policy is designed to ensure equal or at least comparable conditions for political, social, economic and cultural development of regions. It regulates the relationship between the state and the regions, and the interaction between regions.

The main goal of the state regional policy is to create conditions for dynamic, balanced socio-economic development of Ukraine and its regions, raising living standards, ensuring adherence to state-guaranteed social standards for all its citizens regardless of their residence and deepening of processes of market transformation by improving efficiency potential of the regions, improving efficiency of management decisions, improving the operation of state and local governments.

State Regional Policy is part of the national strategy for socio-economic development of Ukraine, closely related to the implementation of administrative reform and streamlining of administrative and territorial structure. It is implemented by the executive authorities and local government action plan to ensure the efficient integration of economic and social development tools of Ukraine and its regions - the Autonomous Republic of Crimea, Kyiv and Sevastopol [4]. Taking into account various historical, geographic, economic factors and varying the pace of reforms, changes in management system and ownership structure in the regions of Ukraine significantly increased territorial differentiation in economic development and opportunities for social welfare of citizens, which leads to significant negative consequences.

To a large extent the development of this process is also related to the absence so far of effective mechanisms to deter and mitigate some negative consequences, by implementing methods for effective stimulation of

local authorities, municipality and the public, to accelerate regional development based on fuller use of their natural, economic, labor, scientific and other capacities. Unsystematic of public policy and activity in this area has become one of the important reasons of limitation socio-economic development and stability in the country, complications of conditions for strengthening Ukraine's position in international economic cooperation, the slow implementation of market reforms in local, emergence and exacerbation of many social, economic, environmental and other problems.

The need to accelerate Ukraine's progress towards sustainable development, economic growth, combined with an active social policy, democratization of all components of social life requires the formation of a qualitatively new state regional policy with next tasks.

The State regional policy should ensure:

- the formation of a rational structure of the region, to facilitate their comprehensive and balanced development of new and effective use of available natural resources, industrial, economic, scientific, technical and human resources, industrial and social infrastructure, the advantages and opportunities of the region's geopolitical, historical, cultural heritage and traditions of the population;

- agreement on principles and joint actions between of central executives and local authorities in promoting regional development and supporting depressed areas;

- increasing role of regions in economic cooperation, active position of regions in joining the international organizations and formations, global transport and logistics networks, activation of inter-regional and cross-border cooperation;

- improvement of state strategic programme on regional development, involvement in regional strategies development;

- decentralization of power, separation of functions and rights of central and local executives and municipalities with the extension of powers of regional and local authorities;

- increasing the role of the regions in implementing of state policy - socio-economic, demographic, ethnic and cultural, ecological.

The aim of state regional policy is to create conditions for balanced and dynamic territorial development and overcoming major regional disparities. The fundament for regional development should be the independence of the regions in determining their development objectives and the ability to realize these objectives.

The main priorities of industrial and economic potential of the regions should be based on infrastructure development - industrial, transport, market and social. For realization of innovation policy in the regions have to be formed new organizational frameworks focusing on innovation - technology parks, innovation centers, business incubators, transfer and other infrastructure firms that facilitate introduction of new techniques and technologies in production. It is need to organize of leasing technology companies, research facilities and unique equipment manufactures [7].

The key objectives of the state regional policy should reduce regional economic and social disparities.

Indicators of per capita gross domestic product are with amplitude in regions 1: 2.7, industrial products – 1: 8.5, revenues to budgets of all levels for 1 person – 12.5 in times [4].

Forming and implementation of state regional policy provides substantial enhancement of the role and responsibility of local state administrations, local authorities, and local communities in the development of the regions. Conversion of the regions to the active subjects of the economic relations in a market economy in the future - their formation as subjects of international economic relations in the European community imposes new requirements to strengthen the economic potential of the regions, to ensure their competitiveness in domestic and international markets for goods and investment.

In the context of limited budget and other financial resources (investments) in the country, the internal potential of the territory should be considered as the main resource for their development. Thus, effective use and further expansion of the potential resource of the regions should be stressed as one of the main priorities for the local authorities and municipalities. The task on increasing resource application should be resolved through the introduction of innovative model for regional economic development; creating a strong integrated regional socio-economic system, oriented on the one hand, fully meet the needs in the regions, on the other hand - to strengthen the competitive position of the region on the basis of effective specialization.

To achieve a high level of economic potential need to develop regional strategies and programs to strengthen resources capabilities of the regions and thus increasing their competitiveness. These programs should be directed to:

- creating of economic, organizational and regulatory prerequisites for the implementation of the basic principles of sustainable development;
- raising of living standards and conditions;
- application of regional resources in the interests of different industries and sectors and individual business enterprises of different ownership;
- business opportunities enhancement, special involvement programs for the small and medium companies as the main factor of socio-economic development, increasing of employment, filling local budgets;
- strengthening regional economic integration based on the most efficient use of their competitive advantages;
- implementation of the principle of social justice in the regions, promote the comprehensive development of human potential through the stabilization and improvement of the demographic situation, achieving productive employment, development of social infrastructure;
- forming and modernization of infrastructure of regional development to increase the investment attractiveness of regions, improving the implementation of advanced innovative technologies;
- strengthening the financial base of municipalities, increase local revenues by widening the tax base, etc;

- improving of environment protection and resource using, mechanisms and tools for developing and implementing regional environmental policy.

The main activities of the local authorities on the development of industrial and economic potential should be economic restructuring, forming of industrial, transport and market infrastructure, promote entrepreneurship, implementation of innovation policy in the regions.

For the development and effective implementation of innovation policy in the regions priorities are the following measures:

- the creation of new organizational structures that carry out innovation - technology parks, innovation centers, business incubators, transfer and other infrastructure companies that contribute to introduction of new techniques and technologies;
- the establishment of regional commissions on scientific and technical expertise of developments that should be introduced at companies of the region;
- formation under the auspices of state and local authorities network of regional centers for the transfer of innovative industrial technologies from the public to the private sector.

To provide comprehensive development of region human potential the activities of local authorities should focus primarily on the implementation of these measures:

- improvement of the establishment of social programs which to address to the most pressing problems of the regions, especially on employment, creating new jobs, improving to this aim the efficiency of employment services, organization of proper control over the execution of these programs;
 - completion of the resolution of property relations on social infrastructure and housing;
 - building a system of lifelong learning.
- To facilitate cross-border and interregional cooperation areas local authorities in collaboration with the central government should take the following measures:
- based on the systematization of the existing cooperation agreements to develop a comprehensive long-term program of cross-border cooperation;
 - to create a system of information provision and supervision of cross-border cooperation;
 - simplify procedures for border, customs, immigration and other controls on citizens permanently residing in border areas;
 - introduce a simplified customs clearance of export-import operations between foreign economic operators located in the border regions as well as for individuals on the sale of agricultural products of own production in the border areas.

Conclusion: New for Ukraine but well proven in Europe direction of improving the competitiveness of regions should be integrated regional marketing and the creation of their image. It provides for a regional public information system of regions, their potential needs, competitive advantages, including historical and cultural heritage, presentation of regions at international exhibitions, symposia and more.

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Summary**Viktoria Yavorska, Kateryna Kolomiyets, Vitaliy Sych. ESTABLISHMENT OF REGIONAL POLICY IN UKRAINE.**

Regional policy in Ukraine is formed in very complex political and socio-economic conditions. Regions are allocated unique combination of geographical location, natural conditions, natural resources, distribution of population and demographic situation, leading industries. In turn, each region has its own characteristic spectrum of the most urgent issues that need to be solved through regional social and economic programs. The aim of **state regional policy** is to create conditions for balanced and dynamic territorial development and overcoming major regional disparities. In the context of limited budget and other financial resources (e.g. investments) in the country, its internal territory potential to be considered as the main resource for development. Thus, effective use and further expansion of the potential resource of the regions should be one of the main priorities for the local authorities and municipalities. The task to increase resource utilization should be resolved through the introduction of innovative model for regional economic development; creating a strong integrated regional socio-economic system, oriented from one hand to address the needs of the regions, on the other - to strengthen the competitive position of the region on the basis of effective specialization. New for Ukraine but already well proven in Europe direction can be application and integration into regional markets for to strengthen their image and improve the competitiveness between regions.

Key words: region, administrative and territorial unit, regionalization, regional policy, decentralization, territory planning.