

MODERN TOOLS FOR REGIONAL DEVELOPMENT PROGRAMMING

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Changes in the role of regions, state regional policy require changes in approaches and tools for regional development management. An effective tool for regulating regional development is programming and program-target method. The main (not always effective) source of funding for regional development programs in Ukraine is the state budget. The experience of implementing regional development programs in the EU and the peculiarities of implementing Integrated Territorial Investments (ITI) are useful for Ukraine. The paper considers the role, features and advantages of ITI as a tool for regional development.

Introduction

Due to the changing role of regions in the economic development of states, regional policy on the goals, geographical coverage, governance and instruments of regional development has undergone significant changes.

The key elements of the regional development policy of the old paradigm were:

- infrastructure projects in depressed and peripheral regions;
- job creation through industrialization, which is based on state aid;
- investment strategies aimed at supporting and attracting subsidiaries of leading international firms [1].

Three interrelated factors are driving new changes in regional policy:

- recognition that due to regional peculiarities the policy should be developed and formed at the regional level;

- as a result of various combinations of social, cultural, economic and political factors, there is a growing trend towards decentralization of various competencies related to the spheres of development;

- the processes of globalization and European integration play a key role in the development of strategic methods to promote regional economic development (table 1) [1; 2; 3].

Main part

Regional development is a process of social, economic, environmental, humanitarian and other positive changes in the regions [4]. Regional development includes such concepts as socio-geographical location; territorial division and integration of labor; structure, specialization and level of concentration of production and services, their complexity and proportionality; processes of agglomeration and polarization of social activity; competitiveness of regions, their export potential and external relations [5, p. 9].

Table 1

Paradigm of regional development policy change

	The old paradigm	A new paradigm
Goals	Temporarily compensates for the shortcomings of the location of lagging (depressed) regions	Using the untapped potential of regions to increase regional competitiveness
Unit of influence	Administrative units	Functional and economic areas
Strategies	Sectoral approach	Integrated project development
Tools	Subsidies and state aid	Combining soft and hard capital (capital, labor market, business, environment, social capital and networks)
Subjects of influence	Central government	Other levels of government

Regional development management is based on the performance of specific functions and compliance with basic principles (table 2) [6; 7; 8].

One of the main functions of regional development management is forecasting and planning of regional development, as the development of a strategy for economic and social development of the region and the formation of economic and social development of the region and / or other content programs.

Functions and principles of regional development management

Functions of regional development management	Principles of regional development management
<ol style="list-style-type: none"> 1. determining the level of economic and social development of the region and analysis of the current situation; 2. forecasting and planning of regional development; 3. organization of regional management; 4. motivation of regional development; 5. control of the process of economic and social development of the region; 6. regulation of regional development 	<ol style="list-style-type: none"> 1. scientific validity of management decisions; 2. consistency of all elements of the regional management system; 3. streamlining the range of regional governance; 4. optimization of the ratio of centralization and decentralization in the process of regional governance; 5. formation and use of adequate and reliable management information on the basis of effective organization of information flows; 6. maximizing the result of regional management while minimizing resource costs; 7. decentralization; 8. partnerships; 9. subsidiarity; 10. mobility and adaptability; 11. allocated competence

An effective tool for economic regulation of regional development is programming, which has certain features (fig. 1) [9].

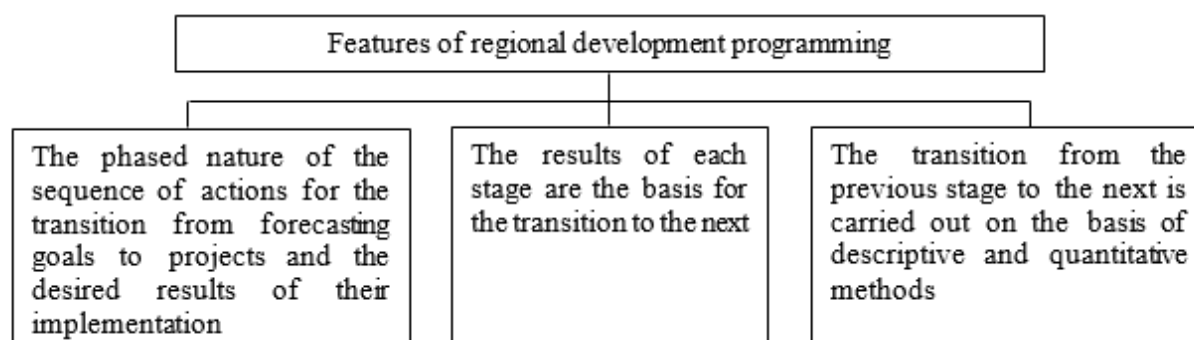


Fig. 1. The main features of regional development programming

One of the main methods of programming is the program-target method that is the method of indicative management and planning, based on market approaches to managing socio-economic change in society. In contrast to directive planning, indicative management ensures equal and competitive interaction of all business entities, their direct involvement in the management process.

Indicative management and planning involves the development of management decisions based on clear quantitative and qualitative parameters that must be achieved within a certain period of time. During the indicative planning are determined: the characteristics of the desired state of a particular control object in the so-called reference points (indicators) and the characteristics of ways and means to achieve this desired state of the control object (regulators) [10, p. 54].

The use of program-targeted approach is appropriate in the practice of managing socio-economic development of the state, region, territory and municipalities, in the formation of budgets at various levels, in the process of solving problems of enterprise development (table 3).

Table 3

Levels of program-target management

Levels	Content
State	Statement of general principles of using the program-target approach. Support in the implementation of the program-target method at the regional and municipal levels. Legal regulation of the use of the program-target method at the regional and municipal level.
Regional	Creating conditions for the implementation of targeted programs at the regional and municipal levels. Support in the implementation of the program-target method at the municipal level. Reporting on the implementation of targeted programs to public authorities.
Municipal	Implementation of targeted programs at the municipal level. Regular reporting on the implementation of targeted programs to regional and state authorities.

The program-targeted approach should be based on a scientifically sound formulation of the development goals of the region. It requires target orientation, comprehensiveness of measures, determination of terms of their realization, targeting and establishment of sources of formation of resources. In methodological terms, the starting point for managing the development of the region on the basis of the program-target approach is to set a reasonable main goal of the regional development program.

Any region is a multi-purpose system. Therefore, the implementation of the main goal involves the achievement of many sub-goals and objectives, the solution of which is a means to achieve it.

To form and specify the goal, it must be divided into components in the form of a goal tree. The system of goals should have a clear hierarchical structure, according to which the achievement of more specific of them serves as a means of achieving more general goals (fig. 2).

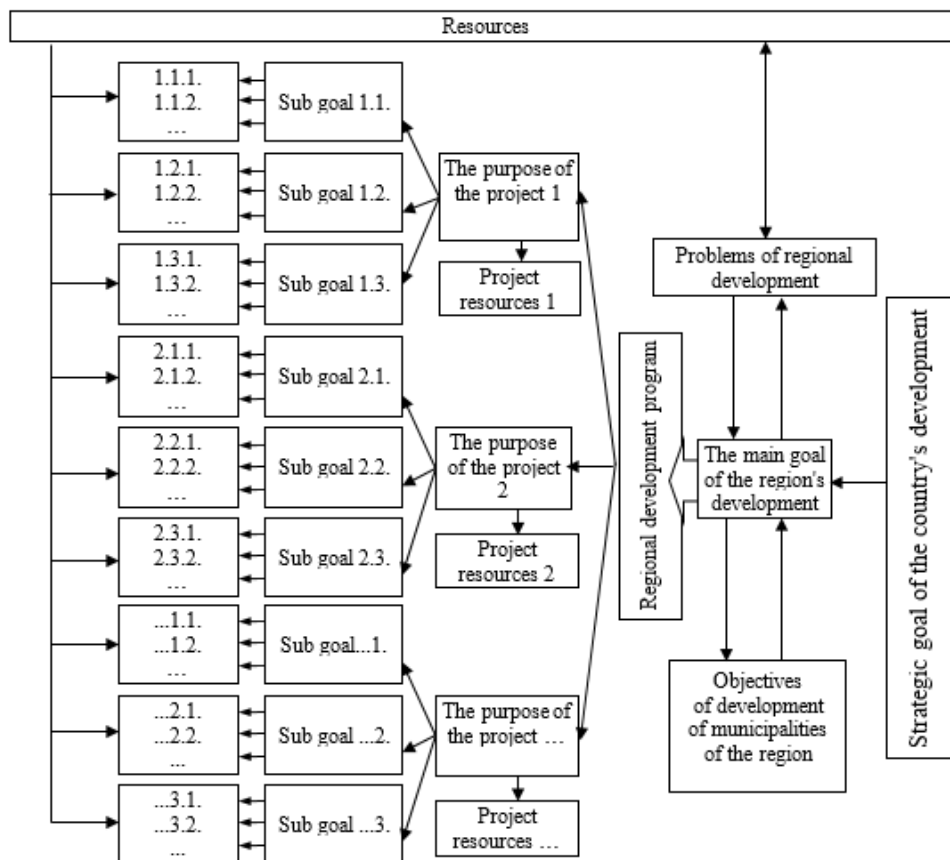


Fig. 2. Fragment of the "tree of goals" of the process of forming the program of regional development (adapted from [11, p. 54])

The realization of the goals requires the development of a program for the development of the region. A regional development program is any state program aimed at stimulating the industrial and economic development of regions that are in a state of stagnation or in which a significant part of the population experiences long-term unemployment. Measures taken may include: providing loans, grants and tax benefits to private enterprises moving to such areas; assistance in the development of energy, transport and sanitary facilities; as well as various degrees of centralized control over the construction and expansion of enterprises [12].

Regional development programs are priorities selected by national and regional authorities and are operational programs implemented during a specific programming period. Regional development programs support a wide range of projects, from improving transport and telecommunications to helping small and medium-sized enterprises [13]

Regional development programs, as a rule, gave results and effects that differ significantly in terms of relevance, effectiveness, sustainability and efficiency.

The main obstacles and favorable factors for the successful operation and implementation of regional development programs are given in table 4 [12].

The practice of developing and implementing regional development programs should take into account a number of fundamental methodological positions:

- clarification of the place and role of targeted programs in the development and implementation of regional policy, taking into account their effectiveness;
- formulation of mandatory requirements for regional development programs both in terms of content of measures and technology of implementation;
- the need for variant development of targeted program measures in terms of increasing resource security and increasing efficiency;
- assessment of program opportunities for the implementation of regional policy priorities and justification of the feasibility of competitive selection of programs;
- calculation, establishment and evaluation of the achievement of target

indicators of program development of the region;

- organization of control over the implementation, effectiveness and efficiency of target programs;

- specification of responsibility for the implementation of targeted programs, taking into account the achievement of planned parameters;

- organization of interprogram (interproject) coordination.

Table 4

The main obstacles and favorable factors for the successful implementation of regional development programs

Obstacles	Favorable factors
<ul style="list-style-type: none"> - various incentives and interests; - lack of national commitment (responsibility) and consultations; - lack of coordination and gaps in national-regional relations; - sectoral segmentation; - limited opportunities for regional support; - unsatisfactory programming and implementation, planning, implementation, resource levels and their allocation, as well as knowledge management (including baseline indicators and monitoring). 	<ul style="list-style-type: none"> - extensive consultations with national and regional actors (governments, international agencies, civil society), as well as national responsibility; - effective institutional arrangements, such as UNDP regional development centers, and effective policy arrangements (e.g., timing of accountability structures); - links between national and regional programs; - determining the added value of the regional approach and comparative advantages of institutions; - selection of the best financing mechanisms, such as grants and loans for large projects

These measures can be considered as a tool of regional policy only if a number of mandatory conditions are met: legitimacy, normative programs, reality, variability, specific goals and objectives, controllability and responsibility of individuals and organizations for the use of resources, individual tasks and the program as a whole.

The main methodological principles are implemented through the stages of

programming (table 5).

Table 5

Stages of regional development program elaboration

Stages	Characteristics of the stage
programming	priority problems are formulated that require the application of the software method for their solution
identification	a decision is made to develop a program aimed at solving the priority problem
structuring	the structure of measures is developed and approved, business plans of projects are developed
efficiency assessment, adjustment	the decision on approval of the program is made
financing	the decision on financing is made
software	normative-legal, informational and personnel support of the program is formed
realization	implementation of the program
evaluation of achieved results	the results of the program implementation are analyzed, and the decision on continuation, continuation, termination of its implementation is made

The most important stage is the financial support and investment of the program and projects that shape it.

The main source of financial and investment support for regional development programs in Ukraine is the state budget, the instruments of which should stimulate the economic development of the regions: a subvention for socio-economic development of territories and the State Fund for Regional Development. However, there are some problems:

- most regions do not spend the funds provided for them due to lack of quality projects and their late submission to the government;
- projects funded by the SFRD create a burden on the budget.

Instead of stimulating the economy, they have become an additional burden

on local budgets; as subventions for socio-economic development are managed by the Ministry of Finance, there are opportunities for political intervention in the distribution of funds [14].

As mentioned above, globalization and European integration processes play a key role in developing strategies to promote regional economic development. The study and analysis of the EU's experience in the field of regional policy allows us to identify important issues and problems:

- regional policy requires a long-term strategic vision of the goals to be achieved. EU programs are characterized by both sectoral and geographical approaches;

- there must be an objective or "non-political" method of attracting and allocating resources, i.e. it must be clear how funds are attracted and distributed within programs or regions;

- a system that combines co-financing and partnership, strengthens property rights;

- it is important to separate the legal field, which establishes a wide range of rules governing the implementation of the strategy, from individual project decisions;

- decisions should be made to support integrated programs (i.e. to support related actions in the areas of infrastructure, human resources and business development) or to support individual projects;

- there is a problem of dependence on grants, or on a combination of grants and forms of support with reimbursement;

- recognizes that adequate formal and informal institutional capacity is critical to successful program management;

- monitoring and evaluation of actions is necessary in order to be able to demonstrate the value created for beneficiaries and taxpayers;

- the issue of conditionality of programs is important: respect for open markets in the EU (rules of competition for state aid, rules of open public procurement);

respect for environmental policy and regulations; respect for the principle of equal opportunities; an approach based on partnership and democracy;

– transparency of the strategy and program implementation process [15, p. 14].

In our opinion, the experience of implementing the Integrated Territorial Investments (ITI) instrument in the EU is useful.

The ITI is a tool designed to increase the effectiveness of the implementation of EU cohesion policy (2014-2020). In financial programming, cohesion policy focuses on financial interventions, taking into account specific types of territories. The territorial approach involves moving away from the perception of the area through the prism of administrative boundaries, taking into account internal potentials, challenges and obstacles to development [16]

The ITI was proposed by the European Commission (EU) in order to carry out comprehensive interventions not only territorially but also thematically. The development and use of this tool is designed to support and implement both thematically diverse and complementary and interrelated projects [ibid].

This tool should support the sustainable development of urban areas, designed to encourage local governments to cooperate, motivate them to solve the problem together. Thanks to ITI, cities and their functional areas are included in the management of operational programs and can implement large-scale projects tailored to their needs. The main goal of ITI is to ensure long-term cooperation of members of local governments in a particular functional area through cooperation in the implementation of projects that should solve socio-economic problems. Due to its structure, ITI is a tool that can help unlock untapped potential at the local, city and regional levels [17].

ITI plays an important role in the development of cities and functional areas of cities due to:

– directing support to urban areas, playing a key role in the system of settlement of territories or areas with structural problems (contributing to the

achievement of regional policy goals, national regional development strategy and development strategy of individual territories);

- identification of individual needs of urban areas and implementation of more effective policies in the form of comprehensive support (implementation of the territorial approach in practice will have a lasting effect);

- promotion of thinking from the point of view of a certain territory and its functional zone (functional approach);

- building a multilevel management system and supporting cooperation of local governments in functional areas,

- promoting the effectiveness of development policy (by integrating various instruments directed at the national and regional levels and disseminating strategic thinking to the operational level of ongoing projects) [ibid].

The analysis allows us to identify the main features of ITI (fig. 3).

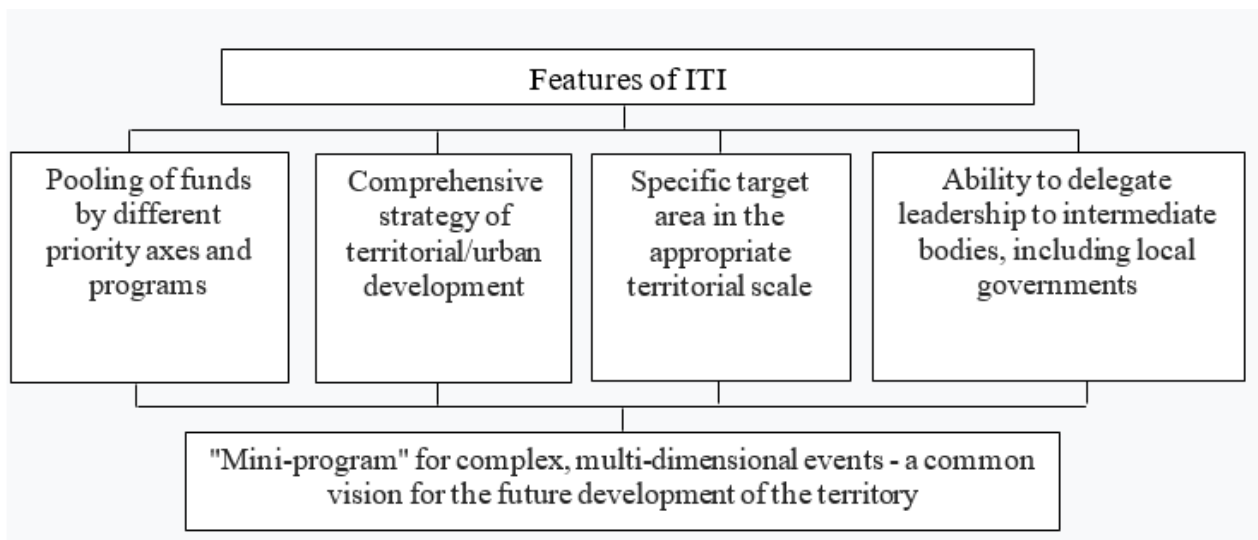


Fig. 3. Features of Integrated Territorial Investments (ITI)

In general, positive assessments of the results of ITI implementation are given in [18; 19; 20; 21].

In particular, in [22] the author states: "Integrated territorial investments have become a fact and allowed to develop cooperation between the central points and neighboring municipalities It should be emphasized that integrated territorial investments have become a part of the political and meaningful landscape of large

cities and their surroundings. The effects of cooperation in these areas should be presented as "a good practice" at both European and national levels, which should be an impetus for the continuation of this tool in the next programming period for 2021-2027.

The ITI concept provides an incentive to implement, implement and further extend to other areas of the new integrated approach, which includes, in addition to the logic of relationships, also intensive cooperation of actors and principles based on evidence and territory. This requires not only the provisions laid down in the documents, but also a change in thinking when it comes to development, since otherwise resources are spent mainly on infrastructure, instead of investment in human capital [23].

Conclusions

Changes in state regional policy, in particular, the focus on decentralization in regional governance, European integration and globalization processes have led to changes in the approaches and tools used to manage regional development.

An effective tool for regulating regional development is programming and program-target method, which allows to ensure equal and competitive interaction of all business entities, their direct involvement in the management process; involves the development of management decisions based on clear quantitative and qualitative parameters over a period of time.

In Ukraine, the main source of funding for regional development programs is the state budget. However, the use of budget funds is not always effective: due to the lack of quality projects and their late submission to the government, the funds are not spent in full and on time; projects at the expense of the SFRD create a burden on the budget; become an additional burden on local budgets; there are opportunities for political intervention in the distribution of funds.

For Ukraine, the experience of implementing regional development programs in the EU and the features of implementing Integrated Territorial Investments (ITI)

as the implementation of an integrated territory development strategy, which provides for key investments to solve the problems of this area with more than one priority axis, one or more programs that are funded by European structural and investment funds, is useful.

The main advantages of the ITI concept are the following: targeted support of territories (regions); identification of individual needs of certain territories and implementation of a more effective policy, which is considered in the form of an integrated approach; promoting thinking in the categories of the smallest territorial units (urban area) and functional environment; building a multilevel system of governance and strengthening cooperation between local governments in all functional areas; decentralization of decision-making at the regional and local levels; unlocking untapped potential at the local, city and regional levels.

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