DEVELOPMENT OF REGIONAL MODEL OF UKRAINE

Olga Shulga,

Ph.D., Assistant professor of economics, National Pedagogical University named after M.P. Dragomanov, Kyiv, Ukraine



Abstract. The current socio-economic situation of regions of Ukraine The reasons for disparities in socio-economic development of regions. Priorities and directions of development of the regions of Ukraine. The models of further development of each region depending on the chosen development strategy.

Key words: disparity, the index of industrial production index for sustainable development, human development index, production specialization of regions, the gross regional product, the model of regional development.

1. Introduction

The harmonious development of the economy and efficiency of any state is impossible without a stable development of its regions. World experience shows that the most effective regional policy is a policy compromise between leveling socio-economic development and promotion of the regions that quickly adapt to new conditions.

2. Materials and methods

The study of socio-economic development of Ukraine are engaged in domestic economists as Z.S. Varnaliy, V. E. Vorotin, M.I. Dolishniy, A.V. Fedorchak, S. A. Romaniuk, V.I. Chuzhykov and others. However, several issues require further study pohlyblehnoho.

The purpose of the article - to analyze the current socio-economic situation of Ukraine's regions, determine the causes of uneven regional development and offer a model for further development in each region depending on the chosen development strategy.

Regional policy in Ukraine is based on the Law of Ukraine "On Stimulation of Regional Development" National Strategy for Regional Development until 2015, "Schemes of development and location of productive forces by 2030" in each region of Ukraine, as well as strategies for economic and social development of the individual Regions that are approved regional councils. The main objectives of these regulations is to ensure effective socio-economic development, increase their competitiveness and improve living conditions.

3. Results

However, you should note that today there is a significant difference in the socio-economic development of regions of Ukraine, which only deepened in recent years. This situation is largely due to the fact that for many years no one saw an increase in disparities between regions threat to the state. Meanwhile, escalating subsidies such regions has created a new problem - the reluctance of regions working on its economic development.

Do not address the problem and change of governments and heads of regional administrations. Indeed, in this situation, each sought to demonstrate its management capacity in the short term, which gave only short-term positive.

There are reasons for these socioeconomic disparities in the development of regions of Ukraine:

- An objective difference inherited socio-economic development and specialization of regions;
- Different quality regional management and varying degrees of adaptation of population and regional economies to market conditions;
 - Centralization of governance;

- Lack of an integrated system of effective implementation of the state regional policy;
- The lack of effective mechanisms and instruments of state policy of regional development;
- Incomplete legal framework in the regulation of regional development (although it is worth noting that in 2005-2012 years of work with regulatory support significantly more active regional policy);
 - Unjustifiably high dependence of local budgets from national transfers;
- A significant difference of revenues and local expenditures (including transfers) per capita. Moreover, the disparity in the costs of greater disparities in income;
- Inconsistency of financial security in social functions transferred to the state at regional and local level.

Regional uneven development is quite naturally led to accelerated growth of some regions on the background of chronic backlog others. A higher level of economic development has led to varying degrees of involvement of regions in the state budget and the best social indicators in industrially more developed regions (income levels, unemployment, etc.).

This situation naturally formed regional conflict - between the industrially more developed and less developed regions - and caused a sharp reaction territorial authorities. Consequently, methods have become more popular synthetic "circuit" financial flows, intensified the desire for food self-sufficiency and more.

Disintegration phenomena in Ukraine's economy over time further increased due to globalization processes in the world; increased depending on the regions of the world economy (especially industrial); focus on the external market; The mineral export specialization and more. In addition, the specificity of commodity and geographical structure of foreign trade in the region has put them dependent on Ukraine's relations with the importing country.

Speaking of socio-economic development of regions of Ukraine in 2012, it should be noted a slight increase in output in Ukraine in general and in most of its regions. Industrial output increased by 0,9-1,4%.

However, at the same time, a decrease in the index of industrial production in 21 regions of the country. Of particular concern are the Odessa region, where this index is 83.2%, Chernivtsi (88.0%) and Kherson region (92.7%). That this is largely due to the deterioration in regional labor markets, wage dynamics unsatisfactory and its significant differentiation in the country.

The highest rate of average wages was registered in Kyiv region (including the city of Kyiv), and the lowest - in Ternopil and Kherson regions. In most regions the average salary below the average level in the economy. Only in five regions of the average wage above average wage relative to the industry, in other regions it is significantly lower.

This gap in wages by region due to the presence in the more successful regions developed industry, extensive infrastructure and product markets and grants which receive local budgets. With higher amounts of subsidies, the greater allowances for public sector employees.

As a result, vidsalyh regions increased poverty population, which, in turn, causes social tensions in the region. For those who can not find decent work, often more acceptable is forced to labor migration to other regions and work in the informal economy, especially in agriculture and forestry, fishing, hunting, trade, provision of public services, repair of motor vehicles and household goods, hotel and restaurant business, construction.

The decisive indicator of regional economies is gross regional product. It should be noted that this figure varies considerably by region. GRP per capita Kyiv 2.9 times greater than the national average, and a 6.4 times greater than that of Chernivtsi region.

All regions in terms of GRP per capita can be divided into four main groups:

- 1) The highest value of the indicator (23 639-70 424 USD.) Recorded in Kiev (70,424), Dnipropetrovsk (34 709), Poltava (29,652), Donetsk (28 986), Kyiv (26 140), Zaporozhye (23,657) and Kharkiv (23,639) regions;
- 2) high value target, but below average (19 788-20 455 USD.) Characteristic of Sevastopol (20 455), Odessa (22 544), Mykolaiv (20 276) and Luhansk (19 788) regions;
- 3) low value indicator (15 406-17 325 USD.) Characteristic Cherkassy region (17 325), Crimea (16 507), Lviv (16 353), Sumy (15 711), Kirovograd (15 533) and Chernihiv (15406)



regions;

4) very low GRP per capita (10 939-14 814 USD.) Observed in nine regions of the country. In last place on this indicator were Ternopil (11 713) and Chernivtsi (10 939) area.

Thus, the leader in contribution to the country produced national product, is the city of Kyiv (18.08%), second place is Donetsk region (11.9%), third - Dnipropetrovsk region (10.7%), the fourth - Kharkiv region (6 %). The most essential of GDP Ukraine has some of the most developed industrial regions. Capital holds high rankings due to a large number of enterprises registered in its territory.

The most common indicator of evaluating the effectiveness of regional policy is the differentiation of regions in terms of human development. This technique allows comparison of socio-economic development of individual regions on indicators of demographic situation, labor market development, material prosperity, the living conditions of the population, education, health, social protection, environmental and finance human development. Analysis of indices and ratings of the components of the indices of human development, the index of regional human development shows that for Ukraine characterized by significant regional asymmetry indicators of social development, which continues to grow. This applies to almost all components of human development, leading to difficulties in ensuring uniform national standard of living, the welfare of the population in poverty and the formation of the middle class in the country, overcoming shadow economy regions.

Of the 27 regions of Ukraine the first position on the index of regional human development takes m. Kyiv (0.698), which leads in five positions (this integral indices of demographic development, material well-being, living conditions of the population, education and finance human development). However, it should be noted that the environmental situation is estimated to last place in this ranking.

Second place belongs in Sevastopol. (0.598), which is leading the development of the labor market and health care, occupies the second position by the demographic development, education and living conditions of the population, the high places of the funding of human development and material welfare, but has the worst condition social environment, it is only the integral index of 0.303, which corresponds to 27 positions.

Third place goes to Kharkiv region (0.561), which has the second position in the ranking for the development of the labor market, the third - by level of education and high places in terms of material well-being, living conditions and health. The fourth and fifth position with a slight margin occupy Kiev (0.532) and Khmelnytsky (0.516) region. Closes ten regions with high ranking regional human development index Ternopil region (0.486), due to one place for the environmental situation and 4th place by the demographic development.

Last place is occupied by this school of Donetsk (27 place), Turkey (26th) and Lugano (25th) region, significantly behind the human development index of most regions of Ukraine. Yes, Donetsk region on all analyzed parameters has a high rating only integral index of material wellbeing (2nd place) and the development of the labor market (5th place); Kirovohrad and Lugansk regions do not have a ranking integrated indexes that make up the top five. With the highest rating is 8th on the development of the labor market in Kirovograd region and 8 place in terms of material well-being in the Luhansk region. So the area in which the most developed industry, were outsiders in the ranking of regional human development index [3].

The search for effective approaches to solving the above problems urge to clarify the impact of regional production specialization in public infrastructure since it is obvious that it affects the identification of areas struktury transformation of the regional economy, economic culture in the region, the level of welfare. All regions Ukraine (depending on how you relate to the share of agriculture in gross value added in the region and, consequently, the share of industry) by type of production specialization are divided into three groups.

The first group includes the so-called agro-promyslovi regions with the lowest proportion of urban population and the highest share of employment in agriculture, and better performance of investments in agriculture. As positive features should vidznachyty better than the other types of regions, demographics, including a greater number of births, low crime rates, high indeksy social environment and favorable ecological situation. However, this type rehionah larger proportion of



the unemployed, the lowest incomes, the lowest rate of investment in fixed assets was financed and human development. These are areas such as Zakarpattva, Vinnytsva, Khmelnytsky, Ternopil and others.

The second group includes promyslovo-agricultural regions, in areas where higher pokaznyky entered the home, the largest index of investment in fixed assets and generally these regions mostly better than the human development index. Vodnochas regions have the worst ratio of the number of deaths narodzhenyh. These are areas such as Kyiv, Kherson, Zaporizhzhya, Chernigov and others.

The third group includes industrial regions with the highest share of municipal naselennya employed in industry, and investment in the industry, slightly higher share of large enterprises in their total number. In these regions the highest incomes and most funded human development. However, they have entered lowest housing and population share of investment in individual housing construction, the highest pokaznyky crime, the lowest indexes of social protection and environmental situation worse. These are areas such as Donetsk, Lugansk, Nikolaev and others.

Another important indicator that provides an integrated assessment of the social, economic and environmental development of the regions is the index of sustainable development, in which all regions of Ukraine can be divided into five main groups:

- The first with the highest index (m. Kyiv, Chernivtsi, Transcarpathian, Ternopil, Ivano-Frankivsk region);
- The second group with high index (Kiev, Khmelnytsky, Kharkiv, Lviv, Rivnenska, Poltava region);
- The third group with an average index (Volyn, Vinnytsia, Zhytomyr, Chernihiv, Cherkaska):
- The fourth group with a low index (Donetsk, Sumy, Zaporizhzhya, Dnipropetrovsk, Odesa, Kherson region);
 - The fifth group the lowest index (Mykolayiv, Kirovohrad and Lugansk region).

According to the environmental component lidyruyut: Chernivtsi, Volyn, Lviv, Khmelnytsky and Zhytomyr region worst ecological situation in Dnipropetrovsk, Donetsk, Zaporozhye and Lugansk regions, which is not surprising, because the five outsiders - a region industrial region where the level of pollution the air was always higher than in western regions. For economic leaders are part of the city. Kyiv, Donetsk, Dnipropetrovsk and Kharkiv regions, the lowest observed in Chernivtsi, Ivano-Frankivsk and Zakarpattia regions. In this case, observe inverse situation - the leaders in the economic sphere - is industrial regions with the worst environmental performance by Ukraine, and Kyiv - is the economic center of Ukraine, where concentrated all the central financial institutions.

For social development leading m. Kyiv, Khmelnytsky, Kyiv, Chernivtsi and Chernihiv regions, in the last positions Donetsk, Zakarpattia, Kirovohrad and Kherson region [4].

Thus, the characteristic features of the regional development of Ukraine at the present stage are:

- 1) uneven regional development and high differentiation conditions and living standards in the regions of Ukraine
 - 2) disintegration and weakening of inter-regional economic ties.

Trends of Regional Development of Ukraine in conditions of global challenges necessitate the development of new state regional policy, which has overcome current threats and create new opportunities for regional development. An important development in the new regional policy is to study the experience of the European Union. Regional policy in these countries aimed at smoothing regional disparities, the development of depressed areas, to ensure a high level of competitiveness of their economies.

Therefore, the main strategic directions of regional development of Ukraine should be:

- 1. improving the competitiveness of regions and strengthening their resource potential;
- 2. ensuring the development of human resources;
- 3. create institutional conditions for regional development;
- 4. The development of regional cooperation.

To achieve these goals need to improve public policy priorities of regional development,



which will provide:

- transition from the policy of support to the promotion of regional development policy;
- creation of conditions for sustainable regional development, promote the harmonization of the structure of the region;
- reduction and gradual elimination of significant differences between regions in living standards, providing its citizens equal social opportunities;
 - innovative development:
 - Development of human capital;
 - Avoids new depressed areas;
 - efficient use of resources.

Under this new paradigm has formed regional development - regional self, which is to create conditions for the implementation of regional interests with the responsibility of local authorities. So, to be held decentralization and deconcentration of public authority. Under the new powers must be formed on the resource base, reinforced polytychno-legal responsibility of public authorities. In particular, it means a change in funding from various sources, for not only is a source of budget financing of regional social programs.

The implementation of regional development policy and join with local businesses and community organizations through the creation of regional clusters. And the government should only stimulate economic players to this initiative and support them by all means available to it, but not impose them. It must first be formed culture of cooperation and created a favorable climate.

Thus, to ensure sustainable economic development must:

- Transfer of regional economies to innovation model of development through the establishment of an effective competitive environment in the system of economic activities at national and regional levels;
- To ensure the formation and functioning at the regional level of infrastructure investment and innovation development business centers, business incubators, venture funds;
- Create mechanisms for increased economic activity in the regions and to improve public policy on financial support for small and medium businesses to improve employment and selfemployment and an increase in additional own resources, accompanied by rising real incomes and revenues to budgets of all levels;
- Restructuring of basic industries to address the negative social and environmental impact of their operation;
- To establish inter-regional cooperation areas, promote vertical and horizontal clustering technology companies, staff exchange, innovation and more. That strengthening inter-regional economic relations on the basis of deepening regional and sector specialization will make the most use and disclose internal potential areas, and also ensure the full integration of Ukraine's regions into a single national economic complex;
- To promote the full development of human potential through the stabilization and improvement of the demographic situation, achieving productive employment, development of social infrastructure;
- Ensure the development and modernization of infrastructure of regional development to increase the investment attractiveness of regions, improving the implementation of advanced innovative technologies;
- Improve the system of environmental protection and use of natural resources, mechanisms and tools for developing and implementing regional environmental policy;
- Strengthen regional economic integration based on the most efficient use of their competitive advantages and more.

The implementation of the above measures will reduce the level of differentiation of socioeconomic development of the country, to increase their competitiveness, and thus to stabilize the socio-economic situation, improve living standards, living conditions and welfare of the population, reduce poverty.

Also, pay attention to the fact that modernization of the economic situation of the regions of Ukraine provides for the introduction ekonomichnyh reforms based on the model selected rehionalnoho development strategy is based on rehionalnoho development.



The most common and relevant naybilsh in the implementation of development strategies of individual regions in Ukraine are determined by environmental, economic, innovative, innovation and investytsiyni, cluster, mobilization and innovative models and models of sustainable development

Features of the proposed models and elements to be considered in the implementation of economic reforms in the context of the state's economic development strategy of Ukraine's regions using innovative approaches to economic reform rehioniv (table).

Areas of reform of Ukraine's regions, depending on the model chosen

Table 1

Areas of reform of Ukraine's regions, depending on the model chosen		
Types of models of	Areas of reform	Regions of Ukraine
regional development		
Ecological and economic	The development of industrial and social infrastructure of national and international importance. Reform of the administrative-territorial system. Implementation of resource	Vinnytsia, Volyn, Dnipropetrovsk, Donetsk, Zaporizhia, Luhansk,
	and energy saving technologies, etc.	7. 7. 11. 0.01
Innovation and investment	diversification on a new technological basis. Improving competitiveness through spryyatlyvoho investment climate. Support for small and medium businesses. Building and upgrading the infrastructure to improve investment attractiveness, etc.	Vinnytsia, Dnipropetrovsk, Zhytomyr, Kirovohrad, Mykolaiv, Poltavska area
Innovation	Promoting creation and innovation, the spread of modern technology to reduce the risks of disasters. Enhancing cooperation in education and science. The development of high-tech and high-tech vyrobnytstva etc.	Zhytomyr, Zaporizhzhia, Kyiv, Kirovohrad, Luhansk, Poltava,
Cluster	The development of tourism and recreation. Expansion of interregional economic cooperation. The development of cross-border cooperation and yevrorehionapnoho. Expansion of financial and economic opportunities terytorialnyh communities, etc.	Based on the principles of economic regions and division of labor
Mobilization and innovation	Infrastructure development of the information society. Ensuring high standards of training available for employees of industrial activities, etc.	All regions
Sustainability	Full employment workforce. Ensuring priority development and export oriyentatsiyi leading industries, logistics, high technology. Rational use and restoration of natural resursiv, protection of the environment. Reform of the utilities. The introduction of high technologies in education, medicine, communications and telecommunications and so on.	All regions

Source: [2]

Thus, the regional policy of Ukraine should solve the triune task - to provide institutional support for the creation of new clusters as the basis for new macro-regions and create a modern infrastructure management macro-regions.

During the implementation of new approaches to the implementation of state regional policy should also take advantage of other instruments that were effective in the EU:

- Investment grants that provide co-financing from the budgets of different levels;
- Subsidization of interest rates;
- Tax relief for depreciation;



- Transport facilities.

Indeed, in the future, Ukraine as future EU members need to take care of convergence of regional policy with EU regional policy.

References

- [1]. Regiony Ukrainy: problemy ta prioritety cotsialnogo rozvytku: monografiia / [za red. Z. S. Varnalia]. – K.: Znannia Ukrainy, 2005. – 498 s.
- [2]. Tomareva-Patlakhova V. V. Modeli regionalnogo rozvytku v konteksti ekonomichnykh reform / V. V. Tomareva-Patlakhova // Derzhava ta regiony. – 2013. – №1 (70). – S. 76-80.
- [3]. Hryhoruk P. M. Natsionalni ta regionalni osoblyvosti stalogo rozvytku Ukrainy / P. M. Hryhoruk // Ekonomika:realii chasu. – 2015. – №1(17). – S. 25-29.
- [4]. Mykhalchenko H. H. Regionalny osoblyvosti rozvytku naselennia / H. H. Mykhalchenko // Upravlinnia proektamy ta rozvytok vyrobnitstva. – 2012. – №2(42). – S. 1-14.

Information about author

Olga Shulga, Ph.D., Assistant professor of economics, National Pedagogical University named after M.P. Dragomanov, Kyiv, Ukraine; e-mail for correspondence: shulga olga a@ukr.net