

# DEVELOPMENT OF ECONOMIC DEVELOPMENT STRATEGY OF THE GROUPS OF REGIONS OF UKRAINE UNITED BY ECONOMIC DEVELOPMENT LEVEL

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## ABSTRACT

The article analyzes the existing legislative framework of Ukraine, that regulates the development of the entire country and its individual regions. The article proposes development of an economic development strategy for groups of regions united according to predetermined parameters, which will allow, on the one hand, to take into account characteristics of each of the groups, and, on the other hand, to save limited financial and human resources that are spent on implementing the strategy by reducing the number of developed economic development strategies.

**Keywords:** strategy, development, region, cluster, territory, economic development

The development of the territory of regions of Ukraine today is faced with a number of objective and subjective factors that have led to its asymmetric nature. The basis for this was the uncertainty of the strategic priorities of regional development in the crisis and post-crisis periods, the unpreparedness of regions for the steadily growing competitive pressure in the domestic and foreign markets in the struggle for material, financial and human resources, the possibility of effective use of the geopolitical location of regional systems and complexes. Tactical miscalculations of the regional development of Ukraine in the short and medium term are due to the lack of clearly defined, scientifically based economic and social strategic priorities, features of long-term trends in regional development operating at the post-crisis stage of economic modernization [1].

Strategic planning is the process of developing a long-term plan for the development of an object by formulating management goals and objectives, analyzing internal problems and the external environment of activity, determining the advantages and disadvantages of an object, choosing development scenarios, predicting the socio-economic development of the entire industry of the object.

The purpose of developing a strategy for the development of the territory is to find ways to improve the efficiency of the functioning of the territory and increase the level of socio-economic development of the country or region

The development of a strategic plan for the development of the region today is an important scientific and practical task that can be solved by joint efforts of representatives of local governments of the region and prominent scientists in the field of regional management [2].

A lot of scientists pay attention to the research of issues of strategic planning and development of the territory development strategic plans, among them S. Bila, O. Shevchenko, V. Zhuk, M. Kushnir, I. Valiushko and others. However, the analysis of the current state of strategic planning processes and development a strategies of economic development of the regions, requires further study

The purpose of writing this article is to develop an economic development strategy for groups of regions united according to predetermined parameters.

To achieve this goal, the following tasks are supposed to be solved:

analysis of the existing legislative framework of Ukraine, which regulates the development of the territory of the entire country and its individual regions;

development of an economic development strategy for groups of regions united according to predetermined parameters, which will allow, on the one hand, to take into account the characteristics of each of the groups, and, on the other hand, to save limited financial and human resources that are spent on implementing the strategy by reducing the number of developed economic development strategies.

The regulation of the development of the territory of Ukraine and individual regions is regulated by a number of legislative acts, among which the following

should be noted: the Law of Ukraine "On the promotion of the development of regions" [3], the Law of Ukraine "On the foundations of the state regional policy" [4], the Decree of the Cabinet of Ministers of Ukraine "On approval State Strategy for Regional Development 2021-2027" [5].

Legislative acts The Law of Ukraine "On stimulating the development of regions" [3] and the Law of Ukraine "On the foundations of state regional policy" [4] consider the development of regions from the point of view of the depressiveness of territories: ways of recognizing a territory as depressive, features of state support for depressive territories, financing the development of depressive territories , monitoring the implementation of state regional policy.

Another characteristic feature of these legislative acts is that a relatively small area is considered as an object of development, which is indicated in the principles of state stimulation of the development of depressed areas [3, Article 8]. Such a solution allows to concentrate the limited resources that the state allocates for the development of territories and accelerates the receipt of results from the applied measures for the development of the territory. However, it should be noted that such measures can be effectively used specifically to solve the problem of depression in a limited area and are limitedly applicable for the development of an entire region.

Possible solutions for the integrated development of regions were proposed in a later legislative act - the Resolution of the Cabinet of Ministers of Ukraine "On approval of the State Strategy for Regional Development 2021-2027" [5]. The text of this legislative act contains a comparative analysis of approaches to the formation and implementation of the state regional policy. Modern state regional policy will be carried out on the basis of an integrated territorial approach, in contrast to earlier strategies, the purpose of which was to solve specific problems of a limited area.

In the Proceedings of the Conference [2], it was emphasized that the most effective is the development of an economic development strategy for each of the territories. Such a territory can be a region or region, district or city territory. The

development of a smaller area (district or city) will require fewer resources and will have a relatively shorter implementation period. However, such development will not have a significant effect on the economic situation in the country or industry. The most appropriate unit for creating an economic development strategy is the region for a number of reasons:

- the region is an independent and legislatively fixed administrative unit;

- increasing the level of decentralization of power provided the local self-government of the regions with opportunities for the integrated development of the territories of the regions, taking into account historical, economic, environmental and cultural characteristics when planning the development of the territory of the region and endowing local self-government with a sufficient level of authority and resources;

- sufficient area of any of the regions of Ukraine to have a significant impact on the economic situation in the country or in a particular industry.

However, when drawing up strategic plans for the development of the territory, it is necessary to take into account the limited resources that can be used in the course of implementing the economic development strategy. This may lead to strategic plans for economic development being drawn up by more developed and resource-rich regions. If such a situation arises, the complex and uniform development of the territory of the entire country will be complicated.

In such a situation, it is possible to propose the development of a unified strategy for economic development simultaneously for a number of regions that are similar in a number of ways, that is, the allocation of clusters of regions.

Analyzing the level of economic development of regions, three clusters are traditionally distinguished: regions with a high level of economic development, medium and low.

To identify clusters of regions, we select data that characterize the level of economic development of regions: gross regional product, which is a set of goods and services, expressed in monetary terms, produced in the territory of a particular region; total income of the population of the region; the population of the region

for a certain period of time. The analysis uses the indicated indicators for 2020. Initial data for clustering regions of Ukraine [6] are given in Table 1.

Table 1

Initial data for clustering regions of Ukraine

Region	GDP, mln UAH	Population, people	Income, mln UAH
Vinnitsya	135867	1537269	138552
Volyn	77404	1029409	77720
Dnipropetrovsk	398732	3159341	384511
Donetsk	206309	4116044	210207
Zhytomyr	91365	1201853	102465
Zakarpattya	62022	1251960	84270
Zaporizhzhya	167260	1676958	178172
Ivano-Frankivsk	90398	1364603	106202
Kyiv	242406	1784787	186594
Kirovohrad	75208	926618	76911
Luhansk	43204	2128617	71087
Lviv	236254	2504917	235055
City of Kyiv	1014693	2964770	754263
Mykolayiv	96648	1114128	99040
Odesa	220242	2372669	245164
Poltava	188424	1379253	138898
Rivne	71901	1150708	88077
Sumy	80432	1060850	96629
Ternopil	62661	1034629	74502
Kharkiv	257805	2646148	263215
Kherson	68467	1022310	83199
Khmelnyskiy	96380	1249245	105067
Cherkasy	108822	1185202	99767
Chernivtsi	45054	899099	62695
Chernihiv	84068	983998	82929

The above initial data were normalized and clustering was carried out using special STATISTICA software. In the course of clustering, the program identified three clusters of regions, shown in tables 2, 3, 4 with an indication of the Euclidean distance.

Table 2

The first cluster of Ukrainian regions obtained in the course of cluster analysis

	Dnipropetrovsk	Donetsk	Lviv	Odesa	Kharkiv
Distance	0,62	0,84	0,35	0,43	0,22

Table 3

The second cluster of regions of Ukraine obtained in the course of cluster analysis

	Vinnytsya	Zaporizhzhya	Kyiv	Luhansk	Poltava
Distance	0,13	0,15	0,31	0,52	0,24

Table 4

The third cluster of regions of Ukraine obtained in the course of cluster analysis

	Volyn	Zhytomyr	Zakarpattya	Ivano-Frankivsk	Kirovohrad	Mykolajiv	Rivne	Sumy	Ternopil	Kherson	Khmelnytskyi	Cherkasy	Chernivtsi	Chernihiv
Distance	0,07	0,09	0,11	0,19	0,13	0,07	0,04	0,04	0,09	0,07	0,13	0,11	0,20	0,09

Analyzing the resulting clusters of regions, we can conclude that the first cluster includes regions with the highest level of economic development, the second cluster - with an average level of economic development, and the third - with a relatively low level of economic development.

Each of the above clusters needs to propose its own economic development strategy, which will take into account, first of all, the level of economic development of the region, expressed in this model by three indicators, and which will allow using the limited financial and human resources of the group's regions to achieve the greatest economic effect.

As a reference strategy that can be proposed as a plan for the economic development of the region, it is possible to use the Program-planning scheme for the implementation of regional strategies proposed in the analytical report "Strategies for the development of regions: ways to ensure efficiency" and the texts of the speeches of the participants in the round table "Strategies for the development of regions : ways to ensure effectiveness", held on December 22, 2010 at the National Institute for Strategic Studies [1]. According to this scheme, the development of a regional development strategy should include the following items, which must be drawn up in the form of a set of program-planning and regulatory documents:

1. An action plan for the implementation of the strategy, during which certain tasks, responsible organizations, deadlines, indicative amount of funding, sources of funding and expected results should be implemented. The developer is the regional state administration. The plan must be approved by the regional council.

2. Annual programs for the socio-economic development of the region, developed on the basis of the strategy and action plan for the implementation of the strategy. The developer is the regional state administration. The plan must be approved by the regional council.

3. Targeted regional programs aimed at solving specific problems of the regional economy, achieving guaranteed social protection of the population, solving problematic situations in the field of housing and communal services, foreign economic activity and environmental safety. They are developed in order to specify the provisions of the strategy and the action plan for the implementation of the strategy in a particular area. Financing of regional targeted programs is carried out within the approved budget allocations for the corresponding year and with the involvement of extrabudgetary sources of funding.

4. Strategies for the development of the internal territories of the region, which determine the main priorities and goals for the development of territories within the framework of the implementation of the general priorities and tasks provided for by the strategy and target programs. The developer is local executive authorities, approved by local governments of the appropriate level [1].

Organizations responsible for the implementation of economic development strategies regional local governments, regional state administrations.

The regions, in the course of statistical analysis, found themselves in the first cluster are the most economically developed regions of Ukraine, with the largest volume of GRP and income of the population. Basically, these are regions that specialize in the production of industrial products and, in the analysis of historical, economic, environmental and cultural characteristics, are industrial. For this clus-

ter, two options for the developed economic development strategy can be proposed:

for a relatively fast and resource-saving way of economic development, it is possible to further expand the range of manufactured industrial products, increase the output of already developed industries. However, the expected economic effect of such a strategy will be relatively small and may worsen the ecological situation in the regions;

another way requires a thorough analysis and search for yet unrealized opportunities in the region, which is the creation of a new branch of the region's specialization. It should be taken into account that the implementation of such a strategy in economically developed regions can lead to overspending of resources and too long implementation and payback periods for developing enterprises.

The second cluster, regions with an average level of economic development, is the most profitable cluster for developing and implementing an economic development strategy. Here, both the further deepening of the existing regional specialization and the successful development of new industries that have not yet been mastered in the territory of this region are possible. The implementation of any of the chosen strategies, with a competent and economically justified application, can guarantee a relatively fast and resource-saving economic effect.

The main problem in developing a strategy for the economic development of the territories of the regions of the third cluster is the lack of resources for the successful implementation of the economic development strategy. Most often, the territories of these regions do not differ in a sufficient amount of financial resources, minerals and a large volume of sufficiently qualified personnel. The development or deepening of the specialization of these regions in industrial production is either completely impossible or severely limited by the above factors. A more successful economic development strategy for the regions of the third cluster will be the development and expansion of agricultural production, since the absence of a developed industry guarantees a favourable ecological situation for agriculture.



Analysis of the legislative framework that regulates the state regional policy allows us to draw the following conclusions: legislative acts adopted before the reform of decentralization of power contain the basics and general recommendations for regional development Law of Ukraine "On the Fundamentals of the State Regional Policy" [4]; or applicable to solving a narrow range of problems of the territory: solving the problem of depressiveness of the territory, accelerated development of a limited area of the territory Law of Ukraine "On Stimulating the Development of Regions" [3].

Later legislative acts, an example of which is the Decree of the Cabinet of Ministers of Ukraine "On approval of the State Strategy for Regional Development 2021-2027" [5] take into account the tendencies of decentralization of power, allow both local governments and private investors to participate in territorial development programs. Also, such legislative acts at the legislative level emphasize the need for an integrated approach to the development of the territory, taking into account its features and economic situation.

In the course of developing a strategy for the economic development of a territory, it must be taken into account that the development of a strategy requires a large amount of attracted financial, human and time resources. In order for the expenditure of these resources to be economically feasible, it is necessary to compare the amount of resources spent and the predicted economic effect from the successful implementation of the strategy being developed. In some cases, to save resources, it would be advisable to develop an economic development strategy not for each individual region, but to single out groups of regions united according to predetermined characteristics, clusters, and propose an economic development strategy for each of the clusters, which, taking into account the parameters of the regions selected for clustering, with a high degree of probability will be able to guarantee the successful economic development of the territory of the regions of each of the clusters.

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