INTRODUCING MODELS OF LOCAL ECONOMIC DEVELOPMENT IN PUBLIC ADMINISTRATION

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Local economic development issues are becoming increasingly important for communities. Thanks to budgetary decentralization and local government reform, they have gained more resources and authority to manage them, and it is right now that they have a serious approach to their further development, to determine opportunities and main directions. After all, the economically developed capable communities will be able to provide adequate services, jobs, social assistance, welfare and good roads for the residents. Improving the life quality for citizens is the main goal of the reform.

Analysis of recent research and publications

A lot of studies of domestic and foreign scholars are devoted to implementing the models of local economic development in public administration. O. Berdanova, V. Vakulenko, I. Valentiu, A. Tkachuk, H. Vasylchenko, I. Parasuiuk, N. Yeremenko, V. Kashevskyi, P. Mavko, I. Kobylianska, S. Hrechana, D. Zaiets, O. Moroz, V. Herasymchuk, K. Shkrebko dedicated their theoretical and methodological studies and practical guidelines to the issues of strategic planning at the level of separate administrative territorial units, in particular amalgamated territorial communities. A number of publications point to the importance and, at the same time, imperfection of the strategic planning procedure in amalgamated territorial communities (ATCs), as well as the need to adhere to the participation principles in this process. Active processes of creating amalgamated territorial communities require the specific management tools development and sound decision-making at the local level.
Unsolved aspects of the problem

In modern Ukraine, implementing the models of local economic development in public administration has not been considered widely enough. To date, approaches to planning the communities economic development do not fully meet modern requirements and European standards. Therefore, further study is needed in order to implement management experience in strategic planning for the affluent territorial communities development with a focus on improving the residents’ life quality.

The aim of the article is to form a strategic vision of a community development, to assess its strengths and weaknesses, to identify competitive advantages, to plan socio-economic processes in the medium and long term, to predict possible consequences from realization of such goals and tasks – this, as of today, is a priority direction of communities activity.

The main part

In the conditions of public administration processes democratization, decentralization policy implementation, strengthening the regions and territories for resources competition in the conditions of their deficit, the strategic planning system formation becomes urgent, which provides for reasonable adoption and full realization of strategic decisions, which are directed on using all the potential of newly created amalgamated territorial communities (ATCs). Most areas of the ATCs life require a strategic approach, which makes it necessary to expand the horizon of forecasting and planning, to increase the balance of planned activities with organizational and resource capabilities. At the same time, the process of planning and the mechanism of strategic documents preparation for the ATCs development should be based on the principles of party-based organization, which allow to actively involve citizens in this process and to coordinate the directions of using community funds with residents.

In Ukraine, the principles of party-based management have been increasingly used in local self-government as a model of territorial communities management. This vector is also supported in regulatory and legal documents. In particular, the State Strategy for Regional Development for 2021-2027, approved by the Cabinet of Ministers of Ukraine of 5 August 2020 № 695, defines that the new policy of regional development during strategic planning will «include building a culture of partnership and cooperation, oriented on interaction between citizens and public institutions in relation to development». In other words, using the intellectual potential, knowledge and skills of the population in the socio-political and economic life of the country is becoming more and more urgent, and the population’s involvement in public administration is the main resource for improving the efficiency and competitiveness of the country, region and community [1].

Strategic planning starts with setting goals related to priority selection and mobilizing community resources. The main feature of strategic planning is the target character, i.e. the most important priorities identification. Ensuring the coordinated interaction of the strategic planning process participants is carried out with respect to the strategic planning principles at the stages of strategic planning documents development and realisation in monitoring and control of these documents implementation.

A survey of all the amalgamated territorial communities (ATCs) was conducted for the selection purpose. According to the survey results, the selection of those ATCs, which introduce the strategic planning elements of territorial development, and local self-governments bodies (hereinafter – LSGB) – are ready and willing to work in depth with consultants with local economic development (hereinafter – LED) [2].

The ATCs selected for the survey (hereinafter – the pilot communities) receive from the consultants an algorithm of action, counseling, training and full intellectual support for the implementing the model developed for it. The training is focused on target groups involved in a comprehensive model formation and implementation, as well as necessary to increase the competence of the LSGB officials and local public activists in LED issues, community involvement in local development, corporate community thinking around development, teamwork, etc [3].

The most relevant areas of the LED communities, which were accompanied by consultants, were:
— community development strategies elaboration, plan for its realization and system for monitoring the strategies implementation;
— formation of communities profile, investment passports;
— the local economy structure assessment;
— creating an investment portal for communities and a roadmap development for the data collection process for such a portal formation;
— project applications development for participation in the competition for the projects selection for funding from the State Fund for Regional Development, subventions from the state budget to local budgets for the formation of the ATCs infrastructure, grants for international;
— introducing the program complex "Municipal Fiscal Register";
— communities intermunicipal cooperation development of (hereinafter – IMC);
— tourism sector development;
— tools development for supporting small and medium-sized businesses and the establishment of communications between LSGB and the business sector through the establishment of a community advisory body on entrepreneurship (Coordination Council);
— the roadmap development for creating an industrial park;
— preparing a local programme for communities international cooperation, establishing links, signing the cooperation memoranda with communities of other countries, joint projects preparation and implementation;
— a register development of vacant buildings and structures that can be used for business activities and new workplaces creation;
— Organizing local business products promotion in foreign markets, holding presentations of a city’s capacity for a wider range of potential partners;
— analysis and selection of attractive areas for the enterprise location for household waste collection and disposal, t a new landfill construction.

Local economic development (hereinafter – LED) consultants help pilot communities to develop and implement a specific (special, separate) model of economic development or implement at least one effective project that promotes the community economic development. Indicators of success of the model or object are indicators that show positive qualitative and quantitative changes in the public: own revenues growth, increase in the number of workplaces, increase of average salary by the community (or growth rate will be higher than similar indicator in the region or country in the previous periods without taking into account growth of minimum wages), increasing volumes of foreign direct investments in the community, increasing investments volumes from other regions of Ukraine, etc [3].

According to the results of LED consultants, the average growth rate of local taxes and fees in the budgets of pilot ATCs in 2020 was 122.1%, compared to the average for all the ATCs of Ukraine, i.e. 121.4%.

Thanks to the consultants’ work, as of the end of September 2021, the strategies were approved in 26 more ATCs. In addition, the following results were obtained in terms of economic development of pilot communities (Figure 1).

**Figure 1. The Survey Results on Local Economic Development in 2020-September 2021 with the Selected Amalgamated Territorial Communities**

*Source: compiled by authors on materials [3]*

Thus, the volume of attracted investments in January-September 2021 amounted to 130.7 million Euro (despite 143.3 million Euro in 2020), 411 workplaces were created (despite 154 in 2020), 6 LLCs were opened, registered 140 physical persons-entrepreneurs.

The result of quality community economic development planning is an effective LED model.

The LED model is a set of various actions, methods and tools that (based on horizontal communication in the community cooperation) are interconnected by a certain algorithm and a common long-term goal to maintain and realize one / two competitive advantages of the community (international technical assistance projects, active activities of NGOs or agencies to attract external resources or grants, create tourism products, open small businesses, attract investment, etc.) and which will ensure / ensure the rational and efficient use and filling of the budget, income growth of local residents [4].

The LED planning model is a purposeful impact on community development (scenario development as a system), in particular on the balance of external and internal forces necessary for sustainable changes in the system and its environment, which will "reverse" the system trajectory in a given direction (Figure 2).
The LED tools implementation is aimed at:

1. Support and business development: training, workshops, consultations, information, support, simplified conditions for obtaining permits, access to start-up lease, incentive system, incentives to create business, creation of business support centres.

2. Attracting external resources and strategic investments: the procedure algorithm of opening a new enterprise, an investor's road map, industrial sites preparation, the territory promotion, a specialist's availability to accompany the investor in the territory, purposeful work with donors.

3. Creating an attractive image of the community: festivals, competitions, landscaping, recreation areas, playgrounds, local myths, tourist attractions, special dishes, animations. An indicator of the creation of a successful LED model can be one of the "chain indicators":
   — the model itself, written, for example, in the LED Programme or the LED Concept of the respective community (it can be part of the strategy now, if the strategy is available or in the future strategy being developed) and approved by the relevant council;
   — creating intermediate conditions and achieving intermediate results (for example, created the development Agency, allocated land, signed a memorandum with a potential investor, created conditions and signed an inter-municipal partnership agreement, conducted training for those wishing to start a business, made a startup);
   — opening new businesses, attracting investors, attracting international technical assistance projects and creating workplaces;
   — increase in local budget revenues as a result of the above actions (increase in personal income tax (hereinafter – PIT));
   — growth of the single tax and social contributions; growth in the number of workplaces, increase in real estate tax, land tax, increase in other local taxes and fees, increase in investment in the community, innovative products registration, growth in products export, etc. [5].

Therefore, in accordance with the abovementioned material, it is necessary to summarize and form a list of necessary actions and methods for implementing the optimized LED (Figure 3).

As an example let’s consider the Bilovodsk and Broshny-Osadsk ATCs, respectively (Figure 3, Figure 4).

In order to strengthen the agro-industrial cluster competitiveness:

1. There are stable prerequisites for the placement of flour production with the potential to create bakeries on the territory of the Belovodsk ATC. Demand for bakery products is growing due to the increase in the number of internally displaced people (hereinafter – IDP). A surplus of grain is grown on the territory of the ATC, which is exported outside the territorial community. The creation of a flour mill and a bakery will provide the population of the Belovodsk ATC, as well as the neighbouring ones, with the necessary amounts of flour and bakery products.

2. There is an imbalance of grain and vegetable storage facilities in the community. There are no grain-receiving enterprises on the territory of the agrarian community, and the nearest ones are at a distance of about 100 km, the capacity of which does not allow to place storage orders from local entrepreneurs and farmers. As a result, agricultural producers are forced to sell finished products at reduced prices, which leads to significant losses of value added products. Therefore, it is essential to create an infrastructure for storing grain and fruit and vegetable products.

3. There are two filling stations in the community, which do not cover the needs of residents in the volume and quality of fuels and lubricants. On the other hand, farms are forced to purchase fuels and lubricants for agricultural purposes in the Kharkiv
region and organize storage on their own. The filling station construction that will serve farms and the local residents will significantly improve the conditions for providing fuel and lubricants for the agricultural sector in the relevant seasons and the local residents.

Further actions of LSGB for agro-industrial complex development

- Establishing flour-milling industry
- Creating infrastructure for storage of grain and fruit and vegetable products
- Opening filling stations
- Establishing an enterprise for extraction and bottling of mineral drinking water
- Establishing a slaughterhouse for meat processing

Further actions of LSGB for tourism development

- Opening a cultural heritage centre
- Establishing the tourist centre
- Opening art education institutions
- Holding annual equestrian festival
- Tourist routes modernization

Figure 3. The Necessary Steps for Implementing the Selected Model of Local Economic Development

Source: authors’ own development

4. On the territory of the community it is possible to establish a competitive enterprise for the extraction and bottling of mineral drinking water. An investor can gain a strong position in the regional market of mineral waters. In order to achieve this goal, the investor can invest in the purchase of a water bottling line, an advertising campaign, as well as in the preparation of all necessary permissive documentation.

5. It is important to establish a meat slaughterhouse in the community with facilities for storage and primary processing of meat products (rolling, cooling, packaging), as well as a laboratory for checking the quality of agricultural products in accordance with production standards. The average annual production volumes of meat products is 620 tons, and the number of cattle is 8 thousand heads and 6 thousand pigs [6].

For tourism development it is necessary to [7]:
- to create conditions for green tourism development in the Belovodskaya ATC by opening a cultural heritage centre;
- to create a tourist center that will provide services for: organizing excursions (transport, guide services); rental (bicycles, cameras, boats); adventure tourism (fishing, hunting); game tourism (routes-quests, routes with QR-codes);
- to organize the work of creative master classes, pottery studios, open an art gallery;
- to organize the annual equestrian festival «Golden Horseshoe»: horse racing; theatrical performances;
- to modernize tourist routes: setup of thematic installations, observation decks, signs, landscaping.

Other activities that will contribute to the community development:
- establishing business center and launching the systematic training for entrepreneurs;
- creating objects inventory that are not used or used inefficiently, creating a register and its publication;
- presentations development for the community investment opportunities;
- inclusion in the database of investment objects Invest Ukraine (Ukrainian Centre for Foreign Investment Promotion);
- a hotel construction;
- identifying types of souvenirs for tourists and guests of the community;
- development and design of products with the participation of local historians, artists, designers and photographers, souvenirs production [8].
An important unifying role in the community was played by the strategy, or rather, the its formation process, which took into account the interests of different target groups, fostered mutual trust and became an agreement on joint action of government, business and community. Nowadays, such a partnership with the residents contributes to the implementation of those tasks and those areas of development for which in the future social resistance will be the least, and the economic result is the most possible.

Intellectual partnership resources were used in the community, which ensured not only the involvement of the community budget, infrastructure subvention and SFRD, but also charitable funds of local businesses, local residents’ own resources, budgets at various levels and grant funds. Improving the attractiveness of housing encourages active residents to stay and work in the community, develop local business, create and expand businesses, improve quality of life and working conditions.

Comfortable living conditions in the community, industrial and agricultural economy development, creating new services and leisure places, close location of the Carpathians and historical architectural heritage should create new opportunities for community development by developing the tourist component and make the Broshniv-Osad ATC an attractive place for tourists who are especially fond of travelling on mountain routes and want to return for the night and rest in a stable conditions with developed infrastructure.

The European practice of strategic planning shows the active involvement of the public in the strategic documents elaboration and implementation for territorial communities development. It is important that cooperation with the population takes place at all the stages of strategic management from strategy development to its implementation and control over the set goals implementation. In European countries different methods of interaction between local authorities and the community are used, most of which involve using of modern information technologies and communication through official community websites.

**Conclusions**

Thus, in order to solve urgent issues of the development of ATCs formed on the Ukraine’s territory, it is necessary to carry out certain actions to form an optimized and effective model of economic development that will allow to confidently realize all the potential of each ATC, will reveal powerful economic potential of separate features of each branch of the ATC life.

By completing certain organizational moments concerning the survey, gathering and support of local entrepreneurship, each ATC will be able to demonstrate powerful results of economic development.

There is a positive trend of involving citizens in the substantiation and decision-making of local authorities in Ukraine. Most processes in the strategic planning of territorial communities development are lobbied and supported by the European organizations, but there are also domestic organizations that provide methodological support. At the same time, there are amalgamated territorial communities that have their own experience of the model of local economic development of strategic planning. The practical results of decentralization reform in Ukraine have formed a modern vision of the laws of newly created amalgamated territorial communities development and awareness of economic approaches to organizing the strategic planning at the local level.

The main goal of the development strategy of any territorial community is to improve the living conditions of its population, which is achieved by involving residents in its development process. Therefore, for further implementation of local economic development model of strategic planning in ATC, population participation should cover all the stages of development, realisation and control over
the community development strategy implementation. In this way, it will be possible to reach an understanding between the residents and local governments to solve community problems, gain support for the projects implementation specified in the strategy and increase responsibility for implementing the strategy objectives. The proposed proposals will create conditions for achieving the goals of territorial communities socio-economic development in accordance with the priorities of public policy and taking into account the wishes and views of the public.

Abstract

Issues of local economic development are becoming increasingly important for communities. Thanks to budget decentralization and local government reform, they have been given more resources and more authority to manage them, and right now they need to take their further development seriously, identify opportunities and main directions. After all, economically developed, prosperous communities will be able to provide proper services, jobs, social assistance, amenities and good roads for residents. Improving the citizens’ life quality is the main goal of the reform.

For the purpose of selection, a survey of all the ATCs was conducted. According to the results of the survey, the selection of those ATCs was introduced, in which strategic planning elements of territorial development were introduced, and local self-government bodies (hereinafter – LSGB) are ready and willing to deepen cooperation with LED consultants.

Thus, at the end of spring 2018, 30 pilot ATCs were selected by the project. ATCs selected for the survey (hereinafter – the pilot communities) receive from the consultants an algorithm of action, counseling, training and full intellectual support for the implementing the model developed for it. The training is focused on target groups involved in a comprehensive model formation and implementation, as well as necessary to increase the competence of the LSGB officials and local public activists in LED issues, community involvement in local development, corporate community thinking around development, teamwork, etc.

Implementing LED tools is aimed at: 1. Support and business development: training, workshops, consultations, information, support, simplified conditions for obtaining permits, access to start-up lease, incentive system, incentives to create business, creating business support centres. 2. Attracting external resources and strategic investments: the procedure algorithm of opening a new enterprise, an investor’s road map, industrial sites preparation, the territory promotion, a specialist’s availability to accompany the investor in the territory, purposeful work with donors. 3. Creating an attractive image of the community: festivals, competitions, landscaping, recreation areas, playgrounds, local myths, tourist attractions, special dishes, animations. An indicator of the creation of a successful LED model can be one of the "chain indicators".

Thus, to solve the current problems of ATCs development formed in Ukraine, it is necessary to take certain actions to form an optimized and accurate model of economic development, which will confidently realize the full potential of each ATC, reveal the powerful economic potential of each sector of ATC.

By completing certain organizational aspects of the survey, meeting and support of local entrepreneurship, each ATC will be able to demonstrate strong results in economic development.

Список літератури:

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