FINANCIAL POTENTIAL OF BALANCED DEVELOPMENT OF REGIONS OF UKRAINE

POTENȚIALUL FINANCIAR AL DEZVOLTĂRII ECHILIBRATE A REGIUNILOR UCRAINEI

Nadiia DAVYDENKO, ORCID: 0000-0001-7469-5536
State Tax University, Irpin, Kyiv region, Ukraine

Natalia MOCANU, ORCID: 0000-0002-8523-1080
Moldova State University State University of Moldova

Andrei BOTEZATU, ORCID:
Universitatea Tehnică a Moldovei

CZU: 330.4:336.02(477)

e-mail: davidenk@ukr.net
e-mail: mocanunatalia@gmail.com
andrre2011@yahoo.com

The purpose of the article is to study the level of financial potential of the regions of Ukraine and to determine the strategic direction of its increase.

The research used the following methods of scientific research: theoretical generalization, scientific abstraction, system analysis, dialectical method of cognition (for researching the theoretical foundations of the financial potential of regions); system-structural analysis (when determining the system of indicators for assessing the financial potential of regions); graphic (to illustrate research results).

The financial potential of the region is the basis of its economic development. According to the method of grouping the economic development of regions, it was established that Ukraine is characterized by a significant disproportion in the development of its regions, in the presence of about 14 regions with rather low financial potential. Precisely, therefore, the primary provisions in the development of regional programs and regional policy should be stabilizing measures for the economic development of these regions.

Keywords: *economical development; financial potential; financial resources; region.*

INTRODUCTION

The need for effective processes of decentralization, balanced development of the regions of Ukraine in modern conditions is determined by the need to increase the financial well-being of citizens, full and timely financing of the functions of local self-government bodies, stimulation of the development of financially capable territorial entities based on the principles of democracy and cohesion. This will make it possible to strengthen regions, strengthen their real influence on economic processes and reduce inequality in society.

Decentralization processes make it possible to generate larger amounts of own financial resources, to attract grant funds for the implementation of social and economic projects from state and foreign funds, but the effectiveness of these processes is significantly reduced due to the imbalance in the development of individual regions and inequality in their financial support [1].

Considering the above, the chosen research topic is relevant and takes into account the existing challenges of today.

Financial resources play an important role in ensuring various aspects of the development of the region, including investments, infrastructure projects, social programs, education, scientific research and others.

METHODOLOGY

The research used the following methods of scientific research: theoretical generalization, scientific abstraction, system analysis, dialectical method of cognition (for researching the theoretical foundations of the financial potential of regions); system-structural analysis (when determining the system of indicators for assessing the financial potential of regions); graphic (to illustrate research results).

RESULTS AND DISCUSSIONS

According to M.A. Kovalenko, the financial potential of the region combines both spatial and temporal characteristics and simultaneously concentrates three levels of connections and relations: the past — a collection of accumulated resources; modern — the level of practical application of available opportunities and resources; the future — orientation towards development by following per under changes in the economic and financial systems [2].

The financial potential of the region is the basis of its economic development. In the research of O. Demyanchuk [3], using the method of macroeconomic assessment, the main trends in the development of the regions of Ukraine were determined. According to the method of grouping and evaluation of the coefficient of differentiation of the economic development of regions, it was established that Ukraine is characterized by a significant disproportion in the development of its regions, with about ten regions with rather low financial potential. Therefore, the primary provisions in the development of regional programs and regional policies should be measures to stabilize the economic development of these regions and support the implementation of all state reforms at the regional level, which will ensure the effective use of both existing and potential financial resources, organizational and managerial components of the financial potential of the regions of Ukraine.

Analyzing the statements of scientists regarding the concept of "financial potential of the region", based on the hierarchical structure of the term "potential", we will present the relevant genealogy of this concept (Fig. 1).

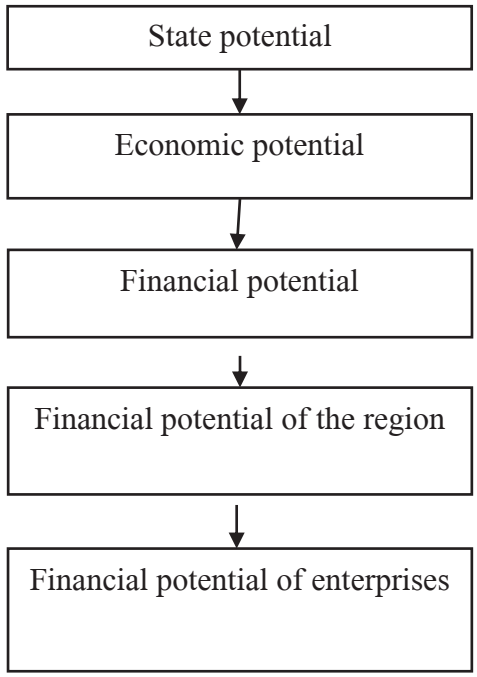


Fig. 1. The genesis of the concept of “financial potential*
Sources: compiled by the authors.

Financial potential is a type of economic potential, forms a functionally related family of procedural and operational financial potentials, including: budgetary, fiscal, monetary, investment, innovative, savings, etc.

Thus, financial potential, as a component of economic potential, is distinguished by a specific feature of financial relations in the economy.

Many factors affect the scope of the region’s financial potential, including public-political, industrial, financial-economic, institutional, innovative, infrastructural, social-demographic, etc. [4].

Assessing their value is quite a difficult task, since, on the one hand, the composition and significance of these factors are different for different regions, and, on the other hand, the applied expert, rating, or point assessment methods are mostly subjective in nature. In addition, it is practically impossible to determine the trends in the development of the investment potential of local territorial associations about to with concerning to the stock of available opportunities for investment resources, since currently the domestic methodology of statistical accounting and reporting of territorial communities is at the stage of formation, and the objects of statistical observation are only regions [5].

We will analyze the level of financial potential of the regions of Ukraine. It should be noted that the data of official statistics make it possible to determine the value of the

aggregate financial potential as the difference between the volume of gross regional product and the volume of final consumption (Table).

Table

Regions of Ukraine with aggregate financial potential for 2012-2020*

Indicator	Number of Ukrainian regions								
	2012	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
The size of the potential: up to 1 billion hryvnias.	1	1	2	-	2	2	1	1	2
1 - 20 billion hryvnias.	2	1	4	7	6	2	3	2	4
20 – 50 billion hryvnias	2	3	2	2	-	-	-	-	1
50 – 100 billion hryvnias	2	-	1	1	3	2	2	3	1
more than 100 billion hryvnias	-	-	-	-	-	1	1	1	-
A total of regions	7	5	9	10	11	7	7	7	8
Specific weight, % to the total amount	29	21	38	41	46	29	29	29	33

Source: own calculations based on the data from [http://www.ukrstat.gov.ua/ [6]]

According to table 1 calculations of the aggregate financial potential of the regions of Ukraine indicate that during the analyzed period there is a general tendency to increase the number of regions that had an aggregate financial potential for their development.

The most important issue of local self-government bodies should be the regulation of disparities in the development of Ukraine's regions [7]. The development of tactical programs to stabilize the development of the economy for the regions that suffer the most from Russia's war on the territory of Ukraine and the industrial decline of production should be the primary basis in the development of their socio-economic programs for the following budget periods.

CONCLUSION

Based on the conducted research, it can be stated that the financial potential of the region is the basis of its economic development. Thus, using the specified method of macroeconomic assessment, we determined the main trends in the development of the regions of Ukraine. According to the method of grouping the economic development of regions, it was established that Ukraine is characterized by a significant disproportion in the development of its regions, in the presence of about 14 regions with rather low financial potential. Precisely, therefore, the primary provisions in the development of regional programs and regional policy should be stabilizing measures for the economic develo-

pment of these regions. As well as promoting the implementation of all state reforms at the regional level, which will ensure the effective use of both existing and potential financial resources, organizational and managerial components of the financial potential of the regions of Ukraine.

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