

## SECTION 5

# DEVELOPMENT OF PRODUCTIVE POTENTIAL AND REGIONAL ECONOMY

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### **REGIONAL DEVELOPMENT AGENCY: MODERN REALITY**

The modern theory of regional policy, which was formed during 1980s, follows the principle that decisions on regional development must be accepted involving, and ideally – directly by regional authorities that establish system of partnership with other public, community, business institutions. The main objective of regional policy was to eliminate the negative effects of the imbalance in the levels of development of regions. State solved this problem through direct investments, financial transfers or introducing tools that indirectly affected the economic development in depressed regions. These included the regional development agencies.

The article aims at comprehensive study of the institutional mechanisms of regional governance, through the example of functioning of regional development agencies using international experience and elaboration of national practices in the context of legislation and realities of functioning in the country.

Implementation of regional policy requires a “staff center” in the executive branch, which accepts major tactical decisions and provides coordination of institutions and other institutes involved in the process of such implementation. Depending on the stage of development of regional policy in a country and the goals of state regulation of regional development, in European countries have been organized specialized ministries or regional policy was coordinated by general purpose central government authorities, consisting of specially created organizational units.

For effective implementation of the state regional policy it is necessary to create a network of non-governmental institutions of regional and local development. These institutions are designed to increase the role and responsibility of local communities, private businesses and every citizen for the development of relevant areas, ensure their real participation and impact in solu-

tions of important issues of regional and local development. Such an institution could be a network of Regional Development Agencies (RDAs) representing government, public and private interests.

According to some researchers, “the tasks of regional development agencies in Europe were determined primarily by existing paradigm of regional development. By the early 1980s main objective of RDA was to promote industrial development to diversify the economic structure of the region”. New tasks assigned to the RDAs during 1990s are support of economic competitiveness of the region through training for staff, improvement of management of regional projects. As testified by the world practice, RDAs effectively cooperate with local and central authorities as target centers for strategic planning and support of projects of territory development, providing effective

intersectoral collaboration of authority, business and community creating a qualitatively new economic environment.

Foreign experience of functioning of institutional intermediaries in implementation of strategies of socio-economic development of areas should be a useful lesson for Ukraine, which has chosen the way of European integration. Many questions regarding the operation of RDAs require scientific development, organizational and legal support, in particular, such as the relationship between RDAs’ approaches to regional development and traditional government approaches, clear division of powers between the RDAs, local state administrations and local self-government. Only after adaptation to local realities of algorithm of RDAs’ operation, they will be effective agents of future changes in the socio-economic development.