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### ENSURING REGIONAL DEVELOPMENT UNDER DECENTRALIZATION: FRENCH EXPERIENCE FOR UKRAINE

#### | Abstract

- ▶ *Goal* – the article considers the issues of state regional policy formation in the French Republic, mechanisms of interregional disparities equalization and ensuring regional development under decentralization of power.
- ▶ *Research methodology* – the methodological basis of the paper includes comprehensive and interdisciplinary analysis of regional administration development in France. Synthesis, generalization, observation and comparison, as well as other general scientific methods were used while conducting research.
- ▶ *Score/results* – different regional development models available in the French Republic within the last century, their foundations, legislative basis, and other aspects were examined in the context of further implementation of the best foreign practices in Ukraine.
- ▶ *Originality/value* – based on the analysis of main problems within development and implementation of regional policy in the independent Ukraine and the best regional development practices of France, the possibilities of using the French experience in the context of decentralization and implementation of administrative-territorial reform are outlined. Therefore, the research remains relevant in the scientific and practical aspects.

| **Keywords:** region, regional policy, decentralization, regional development.

## 1. Introduction

The issues of state regional policy implementation, development of regions, central and local authorities' interaction have become extremely important for Ukraine today. The long-term absence of an effective state regional development policy has led to interregional disparities increase, exacerbation of economic and social problems, and the emergence of interethnic contradictions. Consequently, the following priority challenges have to be addressed by the state: optimization of relations between central and regional authorities, effective regional policy implementation, and ensuring sustainable socio-economic development of the regions. The practical implementation of these tasks requires reforming regional administration system, administrative and territorial reform realization, improving local self-government as well as strengthening and successful development of territorial communities, especially the newly created ones.

The issues of determining the public administration foundations at the regional level, substantiation of theoretical principles for state regional policy and state regional development regulation are covered in the scientific works of H. Atamanchiuk, V. Bakumenko, B. Danylyshyn, M. Datsyshyn, I. Dehtiarova, M. Dolishnyi, M. Izha, V. Keretsman, V. Mamonova, N. Nyzhnyk, A. Tkachuk, O. Vasylieva, Z. Varnalii and others. The problems of improving regional administration in the context of European integration processes, research of European administrative principles and regional administration experience of the EU countries are reflected in the works of: Z. Balabaieva, T. Bezverkhniuk, T. Berehoi, N. Fomit-ska, V. Kuibida, M. Lakhyzha, M. Mykolaichuk, L. Prykhodchenko, S. Sakhanenko, V. Tolkovanov, O. Topchiiev, Y. Sharov, V. Vakulenko and many other researchers. At the same time, the conceptual principles of state regional policy in Ukraine under the new external and internal conditions, as well as the practical aspects for its implementation remain relevant and require further studies.

Defining approaches to the principles of state regional policy are enshrined in the Constitution of Ukraine. In particular: Article 132 stipulates that “the territorial structure of Ukraine is based on the principles of unity and integrity of the state territory, ... balance of socio-economic development of regions, taking into account their historical, economic, environmental, geographical and demographic characteristics, ethnic and cultural traditions” [*Konstitutsiia Ukrainy*, 1996].

In 2001, the Concept of State Regional Policy was adopted. In 2006 the State Strategy for Regional Development until 2015 declared the focus of state regional policy on creating conditions for increasing the competitiveness of

regions as a basis for their dynamic development and eliminating significant interregional disparities.

In 2010–2011, attempts were made to strengthen the institutional foundation for state regional policy by forming both centralized and regional strategic institutions. In the first stage, it played a positive role in strengthening the subjectivity of the regions in regional policy and shifting the “growth centers” to the local level. However, later on, due to the administrative centralization increase and the formation of corruption power verticals, there was “manual control” consolidation and limitation of local governments’ responsibilities. The spread of local authorities’ paternalistic orientations was cultivated. Objectively conditioned by the logic of economic and social processes, the capacity of regional communities’ reinforcement was in conflict with the strengthening of administrative centralism in the relations between the center and the regions, which formed the basis for a deep social conflict [*Nova rehionalna polityka*, 2017].

For a long time, Ukraine did not have a special law “On the Principles of State Regional Policy”, which was adopted only on February 5, 2015. The Law [*Pro zasady derzhavnoi...*, 2015] contains the basic legal, economic, social, environmental, humanitarian and organizational grounds for the state regional policy; definition of its purpose, principles and priorities, as well as financial support and monitoring instruments.

The State regulation of regional development was carried out in the form of: transfers directed from the state budget to local budgets in order to equalize the financial security of the region; additional financial support for depressed regions; state targeted programs aimed at solving territorial problems (achieving accelerated growth of the regional economy priority sectors, growth of export potential of the region); budget investments and specific investment projects (so-called development budget), etc.

The state regulation for territorial development in Ukraine has faced many difficulties. The main obstacles for effective state regulation of regional development included: lack of systematic approach to regional policy, uncertainty of strategic regional development prospects, i.e. long-term non-acceptance by the authorities of the “regional development planning” concept, which led to inefficient use of mechanisms for regional development regulation [Horbyk, 2018].

Consequently, despite the creation of regulatory and institutional framework for regional policy implementation, there was neither significant reduction of interregional disparities, nor creation and stimulation of “growth points”. The state’s efforts did not affect the systemic solution of depressed areas’ problems.

The unsystematic realization of regional development state policy, which has been observed in Ukraine for a long time, has become one of the main reasons for economic, social and informational unpreparedness of regions and the country in general for new external and internal challenges, a certain loss of Ukraine's position in the international economic space, emergence and exacerbation of numerous local problems. For many years, no one has seriously assessed the deepening social and humanitarian disparities between the regions as a threat to state security [Kuibida, 2017].

The problems faced by regional policy in Ukraine are not unique or caused solely by internal crisis phenomena. Such problems, in fact, have a global dimension, and they have motivated the formation of new models for regional policy and local development on a pragmatic basis [*Nova rehionalna polityka*, 2017].

Our state has identified integration into the European community as a foreign policy priority, which is currently enshrined in law. Ukraine's European perspective necessitates further detailed study of European principles and standards of public administration, whereas the development of effective regional administration should be carried out in the context of pan-European trends of power decentralization, based on the best European administrative practices for ensuring state and regions' development.

## 2. Regional policy formation in the French Republic

In most foreign countries a three-tier system of territorial socio-economic development has been formed. Therefore, institutions directly responsible for regional development have been established and operate within the system of central authorities. Central bodies of territorial administration carry out macroregulation of socio-economic development processes. At the same time the legislative environment regulating all activities in the field of territorial administration is created. Along with the central authorities, large regional and local territorial structures are engaged in administrative activities [Kinshchiak, 2017]. It should be borne in mind that the administration of most European countries is based on the decentralization principles, where the regions play a significant role that is constantly growing. Decentralization is defined as one of the key principles of democracy development in the European Union and the Council of Europe, the basis for their regional policy, along with the principles of subsidiarity, concentration, complementarity, partnership and program approach. This prin-

principle is enshrined in the European Charter of Local Self-Government, the Draft European Charter for Regional Democracy, etc., dealing with the redistribution of powers to regions in order to effectively use internal capacity, encourage regional initiatives and delineate functions and powers between different levels of government. Decentralization is a key condition for EU candidate countries and is the basis for all sectoral policies developed and implemented within the EU [Naumenko, Rylska, 2015].

In the context of effective decentralization reform and a clear division of powers at all levels of government, the experience of the French Republic is significant for many so-called “new democracy” countries. Historically, France was a centralized state with a strong bureaucracy. During several centuries of royal, imperial or republican centralism, the balance of power between the French territories was simple: on the one hand – Paris, where practically everything was decided, on the other – the province, treated as a simple object [Dumont, 2018].

Today, the entire system of administration is based on the principles of decentralization, while the French reforms have become evidence of the introduction of the subsidiarity principle. Such a profound approach to the problem of public administration decentralization in France can be considered a real way to ensure the implementation of the constitutional principle enshrined in Article 2 of the Constitution of the French Republic – “Rule of the people, at the will of the people and for the people” [*Constitution de la France*, 1958].

France has considerable experience in stimulating the regions. However, the implementation of regional policy and regional development first came into force in the 40–50s of the twentieth century. Before World War II, the French did not think at all about planning territorial development. The authorities of the Third Republic did not consider this issue as a priority. Even children at school were taught about the harmony of the “French hexagon”. However, in the 1960s the disparities between regions became apparent. It was primarily about the difference between the industrialized regions of northeastern France and southern and western France – the land of villages and traditions. The difference between Paris and the province was even more striking [Fremont, 1993].

The development of French regional policy began in the late 1940s, when the government decided to decentralize industrial enterprises from the Paris region. This decision was based on the fact that against the background of the reduction of the total of the country population, the number of the capital citizens tripled in 1880–1936, its employment rate increased by almost 50 percent, while in the

rest of the territory – only by 3 percent. The key reason for such administrative centralization was the transport problem. All roads from the regions led directly to Paris, while there was almost no connection between the provinces. During the 1950s, the French government took a number of measures to address this problem. The government’s policy focused on the relocation of industrial enterprises from the capital to the provinces and was carried out through financial incentives: various tax benefits and subsidies, as well as huge taxes for enterprises in the Paris region [Gryshchenko, 2018].

It is true that, in France in the 1950s and 1960s, the State had an abundance of financial resources which enabled it to impose itself on poorly endowed local authorities and to offer subsidies to those who would be willing to accept them. “Local authorities do not have control of the rules of the game, even if their elected representatives participate in parliamentary life, because they are prisoners of a distributive logic that feeds on their own needs” [Dumont, 2018].

In 1963, Interministerial Delegation for Territorial Planning and Regional Attractiveness (Délégation interministérielle à l’aménagement du territoire et à l’attractivité régionale, DATAR) was established, which was subordinated to the Prime Minister. It became the main institution for regional development, responsible for the implementation of regional aspects of the national economic development plan of France, as well as the coordination of regional development planning. The agency had the competence to allocate the finances of special development funds [Gryshchenko, 2018].

DATAR played the role of “a coordinating and stimulating body responsible for preparing and coordinating the elements necessary for government decisions in terms of land use planning and regional action and for ensuring that the technical administrations adjust their respective actions in this area, and bring together the means at their disposal towards objectives which, overall, go beyond the action and responsibility of each of them. It was an interministerial task which constantly required the possibility of resorting to arbitration and the authority of the Prime Minister” [Palard, 1993].

France took effective steps to equalize interregional disparities and bring regions out of a depressed state. In the city of Lyon (Rhône-Alpes region), there was a transition from heavy industry to the development of clusters and the implementation of government programs for the establishment of training and research centers. The realization of the programs resulted in the development of three global and eight national clusters (urban transport, sporting goods, video games, film clusters, etc.). The state program “Chemical Valley” with the

development of chemical, biotechnological, training, research and coal mining centers was implemented in the basin of Saint-Etienne. Restructuring of the region, cleaning of non-operating mines, development of technologies became possible due to co-financing and application of public-private partnership instruments.

In 1968, Grenoble in the Rhône-Alpes region was to host the Winter Olympics. Grenoble has long been in competition with the larger and more conveniently located Lyon. This resulted in depressive phenomena in the city and surrounding mountainous areas. However, properly organized activities within preparations for the Winter Olympics have turned Grenoble into a powerful pole of economic competitiveness, an advanced research and university center, that generates innovations in such areas as fundamental and nuclear physics, medicine, nanotechnology, biotechnology, chemistry and alternative energy. In addition, positive socio-economic effects were observed in almost all areas within a radius of 150 km from Grenoble. In other words, the organization of the 1968 Olympic Games was a shining example of the competent use of a significant event for regional development.

Diversifying the economy and improving the situation in depressed regions is not possible without creating new jobs. To stimulate this process, France used a range of financial incentives comprising, (a) tax exemptions, (b) reduced-rate loans or interest subsidies, (c) disposals of land and buildings on preferential terms, (d) capital grants. In the latter case, these are regional development grants, the amount of which is adjusted according to the geography of the priorities (maximum of 50,000 F per job created or 25 percent of the investment). In 1982, regional development grants contributed to the creation or maintenance of around 40,000 jobs [*Fonds européen...*, 2020].

Another important component of French policies was “reducing distances” by simultaneously developing transport and communication infrastructures. Consequently, the motorway network went from 1,300 km in 1970 to 4,550 km in 1983 [*ibidem*].

### 3. Regional development based on power decentralization

A significant impetus for regional development is associated with the decentralization of 1982–1983. The institutional framework, due to the decentralization laws, enabled local elected officials to rehabilitate and revitalize many city

centers which, at times, had lost all dynamism (Bordeaux, Le Havre, Nantes, Nice, Toulon, etc.). The decentralization effects have been felt in many other smaller municipalities. There are such examples at all scales: Vitré in Brittany, having fewer than 20,000 inhabitants; Espelette in the French Basque country, having fewer than 2,000 inhabitants; Saint-Bonnet-le-Froid in the Massif Central, having fewer than 200 inhabitants [Dumont, 2018].

In the context of modern reform processes in Ukraine it is interesting to study the experience of France in uniting municipalities. (Numerical size and demographic weakness of basic administrative units go hand in hand: 33,000 municipalities have fewer than 2,000 inhabitants and 26,000 – fewer than 700).

Thirty years ago, the French government sought to initiate a forced territorial reform aimed at merging municipalities created during the French Revolution, which, however, actually originated in church parishes established in the Middle Ages. The forced merger rejected by the population was transformed into the process of creating inter-municipal associations, which took over almost all issues of public funding (investment and running costs) at the local level [Vakulenko, Orlaty, 2014].

Due to the large number of small communes, various inter-communal administration systems have developed in France. Public establishment for inter-communal cooperation can be classified mainly into the association type and the union type. An association type administration system operates on contributions from the individual communes to perform a single or multiple administrative duties transferred from the communes to the association. A union type has its own financial resources, as well as taxation rights, and can further be classified roughly into four (*communauté de communes*, *communauté d'agglomération*, *communauté urbaine*, *métropole*) in accordance with its size of population and other factors. Inter-communal systems number 2,599, cover 95 percent of the communes, and account for 91 percent of the population [*Development of Inter-Communal...*, 2017].

The local authorities and their groups have several levers of intervention: aid to companies, which can take the form of exemptions, subsidies, participation in the financing of companies, the land offer, with the creation of activity zones, the creation of specific infrastructures intended for the reception of companies, the establishment of consulting services, etc. These tools can intervene in various sectors: industry, commerce, crafts and agriculture. Local authorities and their groups directly conduct their interventions in the area of economic development, or support specialized organizations, such as economic expansion committees,



economic development agencies, regional innovation agencies, tourism development agencies [*Les collectivités territoriales...*, 2013].

Cooperation of municipalities can be implemented for the purpose of joint management of state facilities or services (collection of household waste, sanitation, urban transport, etc.), elaboration of economic development projects, landscaping on a scale larger than the municipality size. Initially conceived as a collective management of basic services, inter-municipal cooperation has become project cooperation. This cooperation is implemented within public establishments of inter-municipal cooperation (Établissements publics de coopération intercommunale, EPCI).

In 2002, France passed a law creating so-called agglomerations, i.e. associations of settlements, associations of communes. On the one hand, it helps to solve problems concerning residents of neighboring communities, and on the other – saves public resources and creates conditions for the territory itself to earn money, i.e. creates conditions for self-development [Arkhyenko, 2018].

It is important to note that in France, the region has become the main administrative unit through which the state regional policy is implemented. This is clearly confirmed by the successful experience of concluding planning contracts between the state and the regions.

Contracting is not a new phenomenon. Feudalism, a complex system of territorial government, was based on contract. From the 19<sup>th</sup> century, public works or public service concessions (railways, sanitation, etc.) could be considered as forms of management by contract of public initiatives [*Décentralisation: nouvelle...*, 2005].

Conceived by the National Council of Resistance during World War II, the national planning of economic activity and major infrastructure works appeared in 1947 in order to facilitate reconstruction after the war. On December 31, 1958, a decree created regional plans for economic and social development and land use planning. Greater importance is gradually being given to regional differentiation of the plan content and to the development of consultation with local authorities. In 1964, the administrative divisions of the various ministries were reorganized around the perimeters of regions. After the failure of the 1969 referendum proposing that the regions become elected communities, the regions acquired the status of regional public establishments (Établissements publics régionaux, EPR) by the law of July 5, 1972. They have since been represented by two unelected assemblies: the regional council and the regional economic and social council, but the executive remained in the hands of the regional prefect.

It was with the decentralization law of March 2, 1982, relating to the rights and freedoms of municipalities, departments and regions, that the region obtained a status comparable to that of departments and municipalities. Decentralization, a new era in the distribution of skills and resources between the state and local communities, then results in the transfer of the regional executive to the presidents of regional councils.

State-Region planning contracts (*Contrats de plan État-Région*, CPER) constitute a development tool between the State and the regions, through the implementation of structuring projects. The CPERs reinforce the development policy in the service of territorial equality. The regions, therefore, got the particularity of having not only their own skills (vocational training, high schools, etc.), like the departments and municipalities, but also general skills that they share with the State: regional planning and economic and social development strategies. Spatial planning was no longer just a matter of state action, and the regions became a partner with whom it had to reckon.

The content of the planning contract consists of determining the state of development of the region in various areas (socio-economic and environmental ones). The document covers problems, their impact on the economic situation and prospects of economic development, assessment of opportunities and forms of coordination of national and regional interests, outlines obligations, measures and deadlines for their implementation, as well as financial participation of agreement parties to address relevant issues. For the implementation of the concluded agreements there is a need for a special organizational and financial mechanism. The functioning of this model is supported by special legislation [Kinshchiak, 2017].

Conceived as an instrument of articulation between the national plan and the plans of the regions, the State-Region planning contracts make it possible to harmonize the orientations of the various plans on co-financed actions, which may also fall within the scope of both state and region's competence.

French regional development plans (in the form of a contractual agreement) are one of the means of optimizing the division of responsibilities for regional planning between different public authorities. They normatively determine the administrative, legal and financial interest of the state authorities to be engaged in the development of the country (and its regions) in the medium term. The planning process includes a dialogue between the various levels of government and coordination at each level between the responsible authorities. In terms of content, a standard contract consists of justification of a joint action program

between the state and the regional administration. Funds for regional planning are directed by the French ministries in four areas: development of physical infrastructure; coordinated action programs targeting areas with special challenges: education and research, increasing employment and revitalizing economic development (improving the business environment for small businesses through grants and consulting) [Liba, 2016].

The preparation and signing of CPERs falls to the president of the regional council and the regional prefect. Preliminary projects (diagnostics, strategies) are drawn up by the regional prefects on the basis of guidelines defined at the national level. These preliminary drafts are examined by the Government, which then draws up negotiation mandates for the prefects. As a final step, the projects resulting from negotiations in the regions are approved by inter-ministerial consultation, in order to ensure their compatibility with national priorities.

The negotiations of State-Region planning contracts have themselves become a key moment in regional life, during which the various choices on the future of the territory and the orientations of public action are discussed and fixed. The development of these contracts allows the State and local authorities to be brought together around the same table, fostering the dialogue between central administration and decentralized services.

There is a mechanism through which you can monitor the effectiveness of the planning contracts implementation. In a report published in October 2014, the Court of Auditors took stock of the 2007–2014 planning contracts. It recalls the local actors' attachment to CPERs, an essential mechanism allowing the mobilization of actors and the development of a partnership and multi-year strategy, securing the funding of major projects which, in their absence, would struggle to emerge. However, the Court highlighted the gap between the initial ambitions and the effective implementation of the contracts. The Court's conclusions join those of various reports (report by the General Council for the Environment and Sustainable Development – CGEDD, report by Senator Georges Labazée), published between 2010 and 2012. The latter call for an overhaul of the system, insisting on the necessary construction of a concerted strategic framework between the State and the regions, based on a stronger territorial dimension and greater selectivity of projects [*Rapport d'information* 2014].

One year was devoted to the analysis of the information received, after which France returned to planning contracts concluding. By relaunching for the years 2015–2020 the contractualization of public investments through planning

contracts, the Government wished to record, for six years, the priorities on which the State, the regions and the sub-regional communities agree. Six essential areas for investing have been defined: multimodal mobility; higher education, research and innovation; ecological and energy transition; digitalization; innovation, sectors of the future and factory of the future; territories to which is added a transversal priority: employment. Through the planning contracts, more than 30 billion euros was injected into the regional economy by 2020 [*Contrats de plan état-région*, 2019].

The planning contracts have played a major role in regional planning policies since the 1980s. They underwent significant changes over the generations, in their guiding principles as well as in their development and implementation methods. They also managed to constitute around the State-Region couple a real space for dialogue between the State, local communities and many other operators of territorial development.

It should be noted that Ukraine has had experience in introducing a similar form of contractual relations. The State Strategy for Regional Development for the period up to 2015 provided for the preparation and implementation of pilot projects in the field of concluding agreements on regional development between the Cabinet of Ministers of Ukraine and the regions.

The agreements were conceived as a radical tool to stimulate the development of regions through the contractual relations institute. Although drafts of such agreements were approved by many oblast (region) councils, such agreements were concluded only with Donetsk (15.09.2007), Volyn (12.01.2010), Lviv (25.06.2009), Vinnytsia (26.01.2010), Ivano-Frankivsk (6.10. 2010) and Kherson (19.10.2010) oblasts.

In general, conclusion and implementation of the agreements had the following positive features:

- possibility of widespread implementation of strategic planning for regional development;
- concentration of state and regions' resources for the most acute problems solution;
- coordination of the interests of executive and local self-government bodies on strategic tasks of regional development;
- diversification of regional development resources, including the possibility of wide attraction of private capital;
- increasing responsibility of local authorities for the efficient use of resources aimed at solving the problems of the region;

- clear definition of the parties' obligations, joint responsibility of the government and local authorities for the final result of the certain tasks implementation, etc. [Izha, 2011].

At the same time, the practice of concluding and implementing the agreements on regional development has shown their certain features:

- duration of procedures for development and conclusion of the agreements in time. From the moment of signing the protocol of intentions on concluding the agreements to the moment of their actual signing, it has passed: for Donetsk oblast – a little less than 1 year; for Lviv oblast – 1 year and 9 months;
- dependence of the procedures for drafting and concluding the agreements on the political situation. Share of financing of the Agreement on development for Donetsk oblast from the state budget was 82.6 percent; the Agreement on the development for the Lviv oblast – 56.6 percent;
- priority for concluding agreements with the regions having high and medium level of development, due to relatively smaller amount of required funding and the possibility of attracting local capital;
- different structure of sources for financing the concluded agreements. The shares of funding from local budgets and other sources of funding for the Agreement on the development for Donetsk oblast were 6.7 percent and 10.7 percent while for Lviv oblast these indicators were, respectively, 41.1 percent and 2.3 percent [Izha, 2011].

Among the obstacles to the effective use of regional development agreements as a tool to stimulate regional development were: miscalculations and shortcomings in the strategic planning of regional development; conflicts between oblast state administrations, oblast councils and influence groups at the regional level; different visions of the region's development priorities, which significantly hinders the timely preparation of relevant regional strategies; inertia of central executive authorities on preparation and conclusion of agreements [Izha, 2011].

In Ukraine the agreements have not yet justified their purpose in terms of achieving the desired results, primarily due to insufficient funding. Their institutional context also raises many questions, the main one being the rather symbolic role of local self-government bodies as the main signatories of the agreements. In addition, there are no mechanisms for irresponsible attitude to the agreements implementation.

#### 4. Cohesion policy and public-private partnership instruments

The active use of the European Union financial resources became an important component for promoting the development of the French territories. European Union's territorial action in France mobilizes two structural funds specifically intended for cohesion policy: the European Social Fund (ESF) and the European Regional Development Fund (ERDF). Although these two funds have different priorities, the strong complementarity between ERDF and ESF is essential for the success of EU cohesion policy.

ERDF is a financial instrument of the European Union intended to subsidize projects serving the development of European regions, while permanently minimizing the development gaps between them. In this perspective, the projects co-financed by the ERDF in France concern various sectors: the environment and energy transition, research and innovation, the competitiveness of small and medium enterprises (SME), or even local development and urban areas.

ERDF also has a component intended for European territorial cooperation, which is divided into three axes:

- cross-border cooperation (Interreg A);
- transnational cooperation (Interreg B);
- interregional and network cooperation (Interreg Europe).

In France, ERDF has four key priorities:

- research, technological development and innovation;
- competitiveness of SMEs;
- information and communication technologies;
- transition to a low carbon economy.

These four priorities are the driving force behind projects that adapt to each territory in order to meet the challenges specific to each region, whether urban, rural or even outermost [*Trois questions...*, 2017].

The ERDF management is entrusted to the regional councils – with the exception of the Saint-Martin, Mayotte and “Europ’Act” programs which are managed by the state.

The mode of management of ESF and ERDF is said to be “shared between the EU and the Member State” according to the principle of subsidiarity. In fact, these funds involve, in their governance, monitoring and evaluation, a sharing of responsibilities between the European Commission, the Member State and

the managing authorities. In this context, it is the Member State which proposes to the European Commission the most efficient administrative organization for managing cohesion policy funds. The law “On the modernization of territorial public action and the metropolises establishment” of January 27, 2014 entrusted the Regional Councils with the management of almost all of ERDF and of 35 percent of ESF credits (the State, for the intermediary of the General Delegation for Employment and Vocational Training (Délégation générale à l’emploi et la formation professionnelle, DGEFP), remaining the managing authority for 65 percent of the European Social Fund envelope) [ibidem].

Finally, it is up to the Member States and their regions to be responsible for implementing the operational programs, i.e. selecting, monitoring and evaluating the thousands of projects submitted to them and deciding which ones will benefit from the funds. This work is organized by the managing authorities specific to each country or region. In France, this is the General Commission for Territorial Equality (Commissariat général à l’égalité des territoires, CGET) and the Regional Councils. The Commission must then allocate the funds, in order to enable the countries to start the programs. The partnership agreement between France and the European Commission for the period 2014–2020 was adopted on August 8, 2014. It mentioned that EU support in France amounted to 15.9 billion euros [*Quels sont les objectifs...*, 2020].

Between 2014 and 2020, the European Union has devoted 351.8 billion euros to its cohesion policy, or nearly a third of its budget. These resources were allocated to projects which contribute to the implementation of the Europe 2020 Strategy of the European Union for “smart, sustainable and inclusive growth” [ibidem].

Participation in the implementation of the EU regional policy, support from the European Structural Funds in combination with internal measures have led to the fact that France has no “poor” regions left. Subsequent to the 2000–2006 period, France has not had any convergence regions with a per capita national income of less than 75 percent of the EU average, except overseas [*Development of Inter-Communal...*, 2017].

Ukraine is not a European Union member and therefore does not have comparable opportunities to use European money. However, within the framework of the European Neighborhood Policy, cross-border cooperation, and EU operational programs, Ukraine can join regional development projects. However, the uncertainty of the region’s subjectivity, the lack of qualified staff in public authorities capable of working in European projects, and the lack of private sector involvement hamper the effective use of this mechanism.

In France, there is a Regional Development Agency (RDA) in each region, whose main mission is to help the government to support business, innovation and employment. As such, RDA deploys the financing mechanisms defined by the region to anchor employment on a long-term basis in the territory. The agency's activity is structured around four directions corresponding to the needs of entrepreneurs: growth, innovation, international and market conquest, and economic attractiveness [*L'agence est le bras...*, 2020].

The Interministerial Delegation for Territorial Planning and Regional Attractiveness (DATAR), established in 1963, was historically the first institution of this kind, which began the formation of modern regional policy in France. The progress in decentralization since the 1980s led to the strengthening of the roles played by the regions, resulting in the promotion of spatial improvement and development through multi-tiered collaboration among the state, regions, local autonomous bodies, and inter-communal organs, taking the EU's principles and philosophy into consideration as well [*Development of Inter-Communal...*, 2017].

A typical modern RDA is a non-profit association. Its Board of Directors is made up of three colleges:

- Institutional college: a representative of the Regional Prefecture, two representatives of the Regional Council, a representative of the Regional Chamber of Commerce, the President of Regional Innovation and Development Council;
- Higher education college: a representative of a high school, a representative of competitiveness clusters, a representative of innovation parks, a representative of research organizations;
- College of economic actors: business leaders [*L'agence*, 2020].

They perform a wide variety of functions, which depend on the economic project of their funder and on the distribution of roles carried out with other actors, such as consular chambers, as well as on the needs of businesses. However, their main areas of activity are:

- supporting startups and companies in their innovation and industrial performance projects;
- developing entrepreneurship;
- support of economic development policies in the region [*ibidem*].

The territorial reform of 2015 had a significant impact on the implementation of the regional policy in the French Republic. The number of regions was



reduced from 22 to 13. In addition, the 22 largest urban areas have the status of “metropolis”, with distinct competencies. The competencies of the local authorities have been clarified along with the ways in which they are articulated. The government has implemented the State-Metropolises Pact. Two hundred twenty-two cities in all regions benefited from a five-year revitalization agreement to revitalize their city center.

This was part of the Town Centre Plan (*Action coeur de ville*), which had the dual ambition of improving the living conditions of inhabitants of medium-sized cities and consolidating their role as a driving force for territorial development. One hundred twenty-four “industrial territories” got benefit from state support to accelerate the development of their industrial potential. Four hundred eighty-five contracts for rural development were signed between 2016 and 2018 in order to revitalize rural areas through actions promoting social cohesion, economic attractiveness, access to public services, mobility solutions, access to digital technologies, and the ecological and energy transition. The National Conference of the Territories has been created. It was presided over by the Prime Minister and was made up of members of the government, representatives of local authorities, presidents of consultative bodies and representatives of the parliament [*Regional Development Policy...*, 2019].

Due to the reform, fewer in number but stronger, the Regions are in charge of coordinating all actions in favor of the economy and the animation of competitiveness clusters within their territories. They steer all regional express train (TER) transport policies, as well as inter-urban transport.

The regions have been fully responsible for vocational training since January 1, 2015. They also received the management authority for European funds since 2014. The Regions have the power of “financial corrections and sanctions” which has hitherto been vested in the State. Already delegated management authority until 2014, they now have the duty to select and co-produce territorial projects with other communities.

Strengthening the competences of the Regions in the area of economic development and regional planning confirms their role as a true pilot of agriculture and rural development policies at the regional level. The Regions become responsible for the writing and proper implementation of regional operational programs, the regional Rural Development Programs (RDPs) for 2014–2020, and now manage nearly 1.8 billion euros per year [*La région...*, 2020].

In the context of the analysis of the regional policy in the French Republic, European trends should be taken into account. Decentralization on the subsidia-

rity principles is a characteristic feature for the evolution of the regional policy institutional support in the EU countries. Regional policy is multilevel and is implemented by the authorities of the center, regions and local governments.

Previously, the main role in the development and implementation of regional policy was played by central executive bodies, but now local and regional self-government institutions, as well as supranational governing bodies representing the European Union Structural Funds, are increasingly involved in regional development processes. The role of the central government, which remains a key element in the institutional infrastructure of regional policy, is increasingly reduced to the development of conceptual grounds and necessary regulatory framework. At the same time, the role of regional and local self-government, private structures, public organizations representing the interests of communities and regions, as well as professional structures (including regional development agencies) designed to promote regional initiatives is growing in the implementation of regional policy [Kinshchiak, 2017].

European Union regional policy recognizes the key role of decentralization for ensuring regional development. At the same time, decentralization alone does not guarantee the successful development of regions. The state must also make its specific contribution so that the development of territories serves the achievement of national goals. This must be accomplished through the development of a clear national policy, where regional development will play an important role.

An important factor is the recognition of the local government as a subject of development, which is a condition for positive relationship between decentralization reforms and regional development. To make the most of the regional development potential, local authorities must have a sufficient level of autonomy and competences. If the center is not ready to share power with the local authorities, the chances for progress are greatly reduced.

## 5. Conclusions

In conclusion, it should be noted that the experience of the French Republic in the field of regional development is useful to Ukraine primarily in the context of successful decentralization. The reform of decentralization in France has led to the expansion of subnational autonomy, the reduction of the central government functions, the weakening of the prefects' role and the creation of an autonomous regional level.

Today, the decentralization of power has become the leading process for strengthening the role of subnational actors in Ukraine as well. It is realized through the transfer of competences from the central government to the localities and the formation of consolidated territorial communities. At the same time, an important difference between French and Ukrainian reforms should be noted. The process of delegating authority to the community level is largely limited to the administration of medicine, education, and administrative services provision, when state functions are delegated to communities as local self-governments, albeit with financial support. On the other hand, communities do not receive powers in the areas that would form the basis for territorial development. The transfer of power and resources to the community level reduces the importance of the regional level of government. The lack of subjectivity of the region as the main element for state regional policy implementation significantly limits the balance of regional development.

It is extremely important for Ukraine to complete the decentralization reform, but regional policy cannot be reduced to expanding the powers of territorial communities alone. In France, the role of the region, which has become the main partner of the state in addressing territorial development issues, has grown. This is clearly seen in the analysis of the contractual form of relations between the state and the regions. French planning contracts have become one of the means for optimizing the distribution of powers in the regional development field, when regional government role has significantly increased.

It should be also taken into account that successful application of regional development mechanisms in France is not limited to decentralization. This success is due to the balanced regional policy that correlates with the European Union's cohesion policy making effective use of its tools and resources.

France's leading role as the EU founding member and one of the leaders of the modern European Community provides significant opportunities for the use of the EU funds, the resources of which are implemented through operational programs that meet the objectives of the common European regional policy. This approach, which links the goals and instruments of regional policy, deserves special attention, because in this case the resources go to solving clearly defined specific problems, being a priority for regional development of a particular country.

Ukraine should make more active use of public-private partnership mechanisms. In this context, the experience of France offers a well-established form of institutional support for regional development – regional development agencies.

They effectively cooperate with local and central authorities, playing the role of the main centers of planning and support of territorial development projects, ensuring effective intersectoral cooperation between government and business. Such agencies should become advisory offices for preparation and implementation of regional development programs and projects. For its part, the public authorities' participation should ensure control and compliance of RDA activities with the regional development strategy.

The implementation of Ukraine's European integration guidelines encourages a fuller consideration of the European cohesion policy components. The new regional policy for the new Ukraine must be a symbiosis of European approaches and its own strategy, adequate to the today's challenges.

In this context, it is necessary to form a mechanism for effective attraction of investment, credit resources and technical assistance from international financial organizations to implement the tasks of systemic rehabilitation of Ukraine's regions on the basis of development programming, and coordination between public authorities, local governments, communities, and business.

The solution of these problems requires paying much more attention to the personnel component, professional and competence-oriented approach to staff selection, and refusal to politicize local leaders' appointments. The implementation of regional policy and effective use of decentralization benefits for sustainable regional development require trained professionals armed with new modern knowledge and skills. Consequently, achieving regional development goals in Ukraine is possible only with high-quality staffing.

Therefore, the successful completion of decentralization in Ukraine should be the basis for the development and implementation of the new regional policy aimed at developing the potential of the regions. At the same time, the regions, as the main partners of the state in regional development matters should receive the relevant powers from the center and become a key link in its implementation.

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