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## **FINANCIAL INSTRUMENTS FOR SOCIAL INFRASTRUCTURE DEVELOPMENT OF THE REGION IN CONDITIONS OF DECENTRALIZATION**

**Abstract.** Non-governmental organizations have a potential to meet social needs and perform important civil tasks. Non-governmental organizations make a significant impact to the social life in Poland. They perform activities that provide social infrastructure development of the regions. The cooperation between governmental and non-governmental sector in Poland have different forms. Some of them could be adapted to Ukrainian decentralization conditions. In this connection, studying Polish experience in order to find financial instruments for social infrastructure development of the region in the conditions of decentralization of Ukraine is prospective. As education is one of the most powerful instruments for social infrastructure development and sustainable economic growth, educational projects have been analyzed in the paper in the context of financial cooperation between authorities and non-governmental sector.

The objective of the paper is to compare the basic forms of financial cooperation between local government and non-governmental organizations as the determinants of social infrastructure development in Poznan (Poland) and Chernihiv (Ukraine).

The paper contains recommendations needed to increase the role of Ukrainian non-governmental sector in creating public policies and implementing public tasks in the social infrastructure development. The paper includes own studies on the data of open offers contests to support the implementation of Poznan City tasks in the area of science, tertiary education, secondary education and pedagogical work.

The results of the research will contribute to the development of financial instruments for social infrastructure development of the region in conditions of decentralization in Ukraine based on Polish experience of cooperation between authorities and non-governmental organizations through the implementation of educational projects on the frameworks of open offers contests approach. The practical value of the research is in the usage of the study's results in educational and scientific-practical activities in the field of civic budget implementation.

**Keywords:** social infrastructure, regional development, decentralization, educational projects, civic budget, social participation.

**JEL Classification** I22, L31, R51

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## **ФІНАНСОВІ ІНСТРУМЕНТИ РОЗВИТКУ СОЦІАЛЬНОЇ ІНФРАСТРУКТУРИ РЕГІОНУ В УМОВАХ ДЕЦЕНТРАЛІЗАЦІЇ**

**Анотація.** Неурядові організації мають потенціал для задоволення соціальних потреб та виконання важливих громадських завдань. Неурядові організації здійснюють значний вплив на суспільне життя в Польщі, реалізуючи заходи, що забезпечують розвиток соціальної інфраструктури регіонів. Співпраця урядового і неурядового секторів у Польщі має різні форми. Деякі з них можуть бути адаптовані до умов української децентралізації. У зв'язку з цим актуальним убачається вивчення польського досвіду щодо пошуку фінансових інструментів розвитку соціальної інфраструктури регіону в умовах децентралізації України. Оскільки освіта є одним із найпотужніших інструментів розвитку соціальної інфраструктури та сталого економічного зростання, проаналізовано освітні проекти в контексті фінансової співпраці між владою і неурядовим сектором.

Метою статті є порівняння основних форм фінансового співробітництва між місцевими органами влади і неурядовими організаціями як детермінанти розвитку соціальної інфраструктури в Познані (Польща) і Чернігові (Україна).

Стаття містить рекомендації, необхідні для підвищення ролі українського неурядового сектору при формуванні громадської політики та реалізації владних повноважень щодо розвитку соціальної інфраструктури. Представлено авторські дослідження статистичних даних у сфері відкритих конкурсних пропозицій для підтримки виконання завдань у місті Познані в галузі науки, вищої освіти, середньої освіти та виховної роботи.

Результати дослідження сприятимуть розвиткові фінансових інструментів розвитку соціальної інфраструктури регіону в умовах децентралізації в Україні на основі польського досвіду співпраці владою і неурядовими організаціями шляхом упровадження освітніх проектів у рамках запровадження підходу відкритих конкурсних пропозицій. Практична цінність дослідження полягає у використанні його результатів для навчальної, наукової та практичної діяльності у сфері впровадження громадського бюджету.

**Ключові слова:** соціальна інфраструктура, регіональний розвиток, децентралізація, освітні проекти, громадський бюджет, соціальна партиципація.

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## **ФИНАНСОВЫЕ ИНСТРУМЕНТЫ РАЗВИТИЯ СОЦИАЛЬНОЙ ИНФРАСТРУКТУРЫ РЕГИОНА В УСЛОВИЯХ ДЕЦЕНТРАЛИЗАЦИИ**

**Аннотация.** Неправительственные организации имеют потенциал для удовлетворения социальных потребностей и выполнения важных общественных задач. Неправительственные организации осуществляют значительное влияние на общественную жизнь в Польше, реализуя мероприятия, обеспечивающие развитие социальной инфраструктуры регионов. Сотрудничество правительственного и неправительственного секторов в Польше имеет различные формы. Некоторые из них могут быть адаптированы к условиям украинской децентрализации. В связи с этим актуальным есть изучение польского опыта по поиску финансовых инструментов развития социальной инфраструктуры региона в условиях децентрализации Украины. Поскольку образование является одним из самых

мощных инструментов развития социальной инфраструктуры и устойчивого экономического роста, проанализированы образовательные проекты в контексте финансового сотрудничества между властью и неправительственным сектором.

Целью статьи является сравнение основных форм финансового сотрудничества между местными органами власти и неправительственными организациями как детерминанты развития социальной инфраструктуры в Познани (Польша) и Чернигове (Украина).

Статья содержит рекомендации, необходимые для повышения роли украинского неправительственного сектора при формировании общественной политики и реализации властных полномочий по развитию социальной инфраструктуры. Представлены авторские исследования статистических данных в сфере открытых конкурсных предложений для поддержки выполнения заданий в городе Познани в области науки, высшего образования, среднего образования и воспитательной работы.

Результаты исследования будут способствовать развитию финансовых инструментов развития социальной инфраструктуры региона в условиях децентрализации в Украине на основе польского опыта сотрудничества власти и неправительственных организаций путем внедрения образовательных проектов в рамках подхода открытых конкурсных предложений. Практическая ценность исследования заключается в использовании его результатов для учебной, научной и практической деятельности в сфере внедрения общественного бюджета.

**Ключевые слова:** социальная инфраструктура, региональное развитие, децентрализация, образовательные проекты, общественный бюджет, социальная партиципация.

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**Introduction.** Social infrastructure development of social-humanitarian sphere requires an open civic dialogue as well as an efficient local partnership between government, self-government and civil society. In the conditions of social economy non-governmental organizations play the role of one of the main agents between the government and the citizen. It is important to note, that in the high developed countries authorities act in order to raise the awareness as well as local communities engagement into the solving of societal problems (social participation). Non-governmental organizations play a special important role in that process.

**Analysis of the research and setting out of the task.** Various aspects of social infrastructure development are investigated both of native and foreign scientists, such as: R. Brol [1], M. Butko [2], J. Kroshel [3], T. Pepa [4], S. Shkarlet [5] etc.

**The purpose** of this article is to study the basic forms of financial cooperation between local government and non-governmental organizations as the determinants of social infrastructure development in Poznan, Poland and Chernihiv, Ukraine.

**Research results.** In the conditions of socio-economic transformation in Ukraine, the social infrastructure development is an important element of human development, improving quality of life, formation and reproduction of healthy, creative and active generation. Social infrastructure influences on the level of satisfaction of the needs of society in education, culture, health care spheres [6].

According to the paragraph 4 of the Public Benefit and Volunteer Work Act [7] the sphere of public tasks related to the development of social infrastructure in Poland includes the tasks in such fields as: science, tertiary education, secondary education, pedagogical work; culture, art, preserving of cultural and national heritage; health protection and prevention, medical activity.

Local public policies could be considered as the sum of systemic actions taken by local self-government in order to improve the quality of inhabitants` life, systematic development and meeting the needs of all social groups [8].

According to the data from the Monitoring of cooperation between authorities and the non-governmental sector, in 2015 in Poland, 71% of non-profit organizations declared cooperation with administrative units at the local government level; nearly 98% of local government administration

offices provided non-governmental organizations with financial resources for the implementation of public tasks [9, p. 98—101].

Local self-government has its strategy in order to give the public tasks in the sphere of social infrastructure development.

The Strategy of City Poznan Development to 2030 defines the directions of activities in the sphere of public tasks` implementation in the location of city Poznan (Poland). It is important to note, that there are two documents specifying the cooperation of the city with non-governmental organizations in Poznan. One of them is the yearly plan, and the other is for long-lasting prospective. The directions of cooperation for the years 2017—2020 and the framework for collaboration are determined by the Multi-Yearly Program of Cooperation of the City Poznan with Non-Governmental Organizations and entities for the years 2017—2020 (art. 3 par. 3 of the Public Benefit and Volunteer Work Act from 24 April 2003). The Annual Cooperation Program of City Poznan with NGOs for 2017 defines the principles of the policy implemented by the public administration body towards non-governmental organizations. It is a mandatory document in the aspect of the Public Benefit and Volunteer Work Act.

The preparation of the Annual Program for 2017 involved non-governmental organizations through their participation in meetings and consultations. In the framework of the Programme NGOs co-create law in the city, act in the framework of the Civic Dialogue Committees, promote their activities, have the right to use consultations, trainings and local facilities, receive subsidies.

There are many possibilities and forms of local partnership between local government and non-governmental organizations in the field of the development of education, culture and health protection. However, local government and non-governmental organizations mostly implement public tasks in the forms of financial cooperation (delegations of public tasks to non-governmental organizations) and non-financial cooperation (for example, competition commissions, partnership projects, patrons, sharing of housing resources).

The basic form of financial cooperation between local authorities and non-governmental sector is the delegation of the implementation of public tasks through open contests of offers and small grants. Public tasks could be commissioned in the form of support (a self-contribution of a non-governmental organization is required) or entrusting (it is fully financed from the budget of the city). In 2017, 84% of tasks were implemented in the form of support and 16% — in the form of entrusting.

The structure of small grants in 2017, by the areas of public benefit, related to the development of social infrastructure, is presented in Table 1.

Table 1

Small grants in 2017, by areas of public benefits

	The name of the area	The number of submitted offers	Signed contracts	Disbursements, EUR
1.	Health protection and prevention	12	7	1727,85
2.	Science, tertiary education, secondary education, pedagogical work	11	1	2985,48
3.	Culture, art, preserving of cultural and national heritage	164	88	16696,17

Source: [10].

In 2017, 96 offers were submitted by non-governmental organizations for small grants in public benefit areas related to the development of social infrastructure, and an additional 21409,5 EUR were disbursement. It is also worth mentioning that local government units are responsible for tasks that are called public tasks. In addition, it is important that the local government may delegate the public task to the non-governmental organization. In this case, open contests of offers are announced, through which emerges the organization — executor of a public task. In 2017, 66 competitions were announced in 19 areas of public benefit activity.

The structure of one-year subsidies divided into public benefit areas in 2017 regarding the development of social infrastructure is presented in Table 2.

Table 2

One-year subsidies by areas of public benefit in 2017 in Poznan, Poland

	The name of the area	Number of offers	The amount applied for, EUR	The amount granted, EUR	Disbursements, EUR
1.	Health protection and prevention	49	29970,78	27506,61	27450,71
2.	Science, tertiary education, secondary education, pedagogical work	76	18940,84	18147,79	18147,54
3.	Culture, art, preserving of cultural and national heritage	616	356044,82	158956,16	155526,38

Source: [10].

In 2017, 741 one-year offers were submitted by non-governmental organizations in public benefit areas for the social infrastructure development and subsidies in the amount of 201124,63 EUR were disbursed. Admittedly, the local partnership of the Poznan City with non-governmental organizations in the sphere of culture, education and health protection is not uneven.

Therefore, the main determinant of social infrastructure is education, which ensures the qualitative human development by creating a complex of life goods necessary for the development of human potential.

The Department of Education of the Poznan City Office cooperates with non-governmental organizations by announcing Open Offers Contests to support the implementation of the Poznan's City task in the area of science, tertiary education, secondary education, pedagogical work. This cooperation based on Act of 24 April 2003 on activities of public interest and voluntary work [7], Resolution No. XXXVI / 612 / VII / 2016 of the Poznan City Council of October 18, 2016 regarding the Multi-annual Program of Cooperation of the Poznan City with Non-governmental Organizations for the years 2017—2020.

The characteristics of Open Offers Contests to support the implementation of Poznan's City tasks of the of in the area of science, tertiary education, secondary education, pedagogical work in the years 2015—2017 are provided in the Fig. 1.

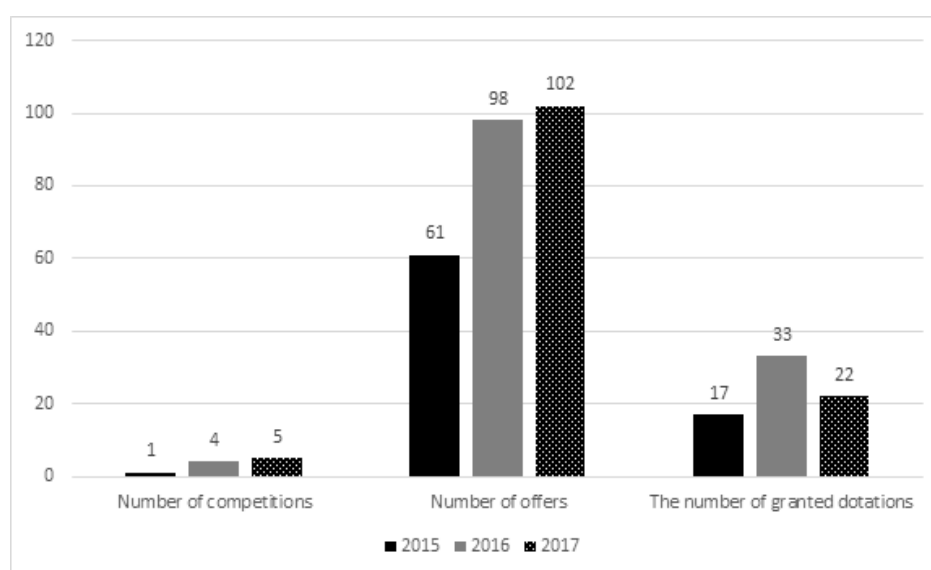


Fig. 1. The characteristics of Open Offers Contests to support the implementation of Poznan's City tasks of the of in the area of science, tertiary education, secondary education, pedagogical work in the years 2015—2017

Source: own study.

In 2016, 33 projects were implemented by non-governmental organizations (52% more than in the previous year — 2015). Thus, the ongoing systematic increase in the number of competitions announced by the Department of Education of the Poznan City from 1 in 2015 to 5 in 2017 has continued. In 2017, the number of submitted offers increased (compared to 2015, the number of submitted offers increased by approx. 60%). This is mainly due to the higher number of announced competitions.

Fig. 2 shows how the relation of the total value of projects within the Open Offers Contest in the area of science, tertiary education, secondary education, pedagogical work to the City budget and the contribution of its own non-governmental organizations has been developing in recent years.

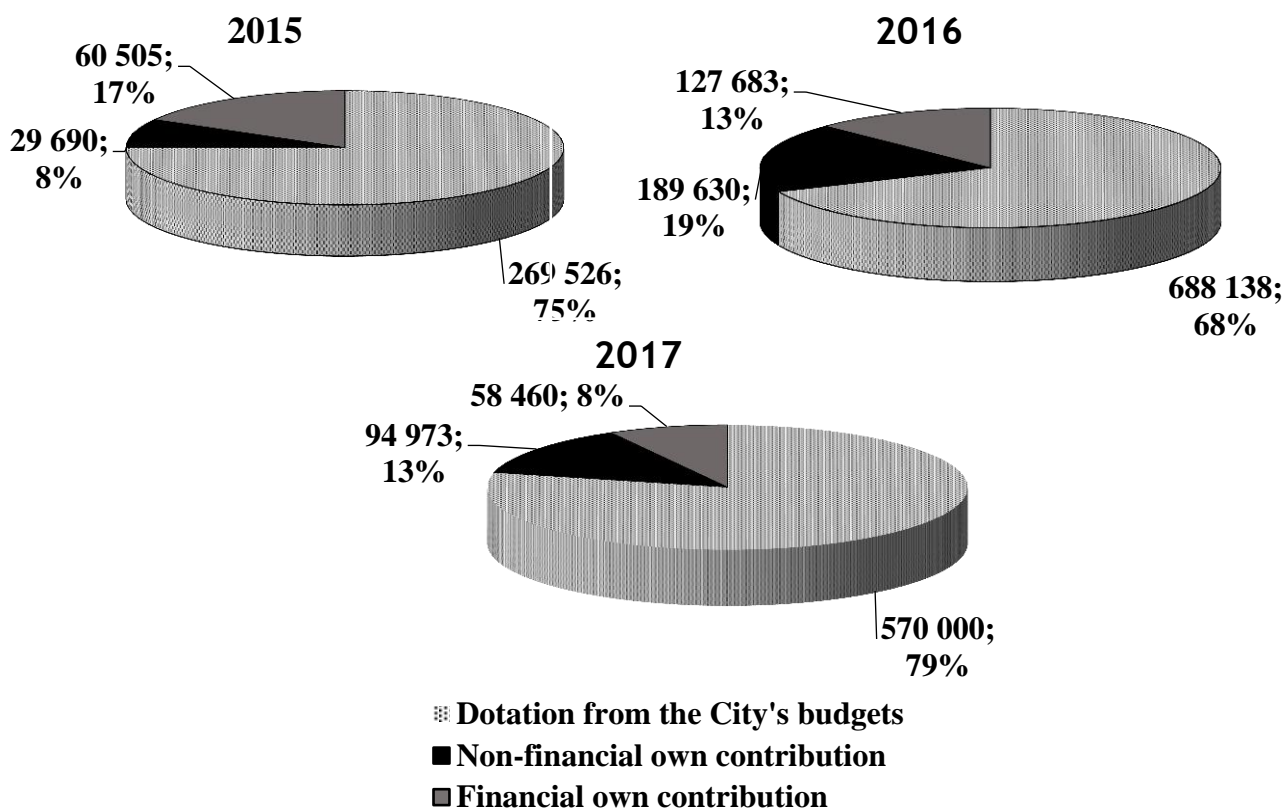


Fig. 2. Value of projects within the Open Offers Contest of the Poznan City in the area of science, tertiary education, secondary education, pedagogical work in the years 2015—2017

Source: own study.

Over the past three years, the value of projects implemented under subsidies increased by 7880 EUR (or 36,5%), of which funds transferred from the city budget increased by 10278 EUR (or 47.2%), and the amount of own organization's contribution increased by 1141 EUR (or 24.9%). Therefore, the higher level of own contribution declared by the organization in 2016 is evident.

Unfortunately, in Ukraine there is no local partnership with non-governmental organizations at the city level through Open Offers Contests to support the implementation of the City's task in the area of education. From 2015, the budget for participation (civic budget) was introduced in Chernihiv. Chernihiv was one of the first cities in Ukraine where civic budget was implemented. The total amount of budget (civic budget) in Chernihiv for 2016 fiscal year is up to 1% of the approved amount of own and guaranteed income.

The structure of the civil budget of the Chernihiv City of in the years 2015—2017 presented in Fig. 3.

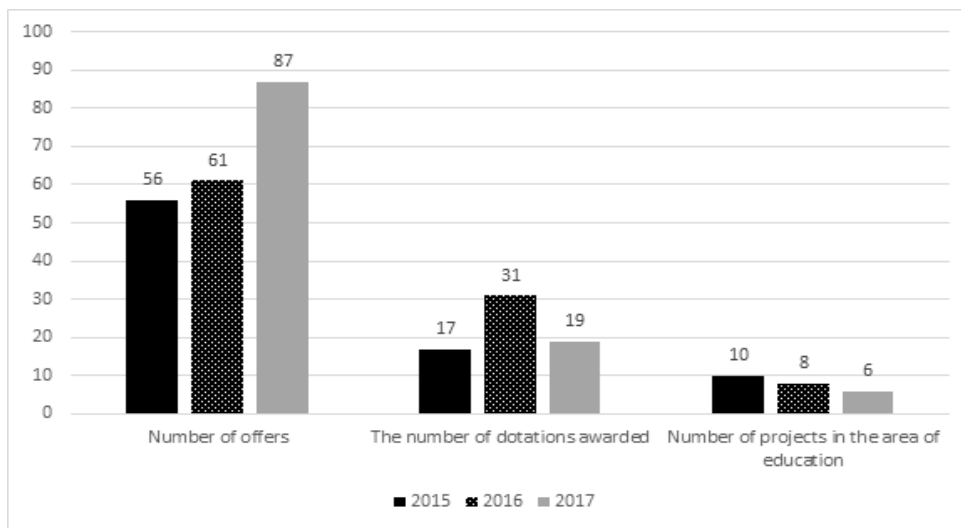


Fig. 3. The structure of the civic budget of the Chernihiv City in 2015—2017

Source: own study.

In 2016, 31 projects were implemented by non-governmental organizations (by 55% more than in the previous year — 2015). Thus, the ongoing systematic increase in the number of submitted offers has been maintained from 56 in 2015 to 87 in 2017. In this case, a negative tendency to decrease the role of non-governmental organizations in the implementation of projects in the field of education using the civil budget as a finance mechanism of social infrastructure development is observed. The reduction in the number of projects in the area of education in 2015-2017 (from 10 projects in 2015 to 6 in 2017) is demonstrated it. In addition, the number of subsidies granted in 2017 was 9.5 million UAN (by 3 million UAN (or 46%) more than in 2015, in which it accounted for only 6.5 million UAN).

Educational projects play particular role in the social infrastructure development of the region such as consolidation of personnel potential, financial and material resources in the region; the development of life-long learning; individual potential development; collegial management [11, p. 136].

Non-governmental sector promotes the development of innovative social culture to raise the level society's susceptibility to new changes, reforms and other innovations [12, p. 56].

Thus, one can speak about the necessity of shaping a civil society that could take responsibility and take an active part in important social processes, namely in the implementation of educational projects, as a basis for the social infrastructure development that will contribute to the transformation of Chernihiv region into the European region.

It follows from the considerations that, although the role of non-governmental organizations in social infrastructure development in Ukraine is increasing (increasing the number of offers submitted), the educational projects implemented by them are still insufficient.

**Conclusions.** Increasing the role of Ukrainian NGOs in creating public policies and implementing public tasks in the social infrastructure development may be supported by:

- 1) greater involvement of local authorities in direct relations with entities operating within its borders;
- 2) improving communication between the City Hall and non-governmental organizations;
- 3) introducing public consultations announced by the City and increasing the participation of non-governmental organizations in them;
- 4) creating conditions for mutual establishment of local partnership between business, non-governmental organizations and local government through the creation of the Contact Platform;
- 5) introducing the implementation of public tasks to NGOs not only through the civic budget, but through Open Offers Contest, non-competitive mode, regranting.

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