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The convergence of Ukrainian mega-economic city's management with European model

ACTUALITY

In terms of progressing global tendencies cities are not only forwards of their national economies, complicated multi-structured systems which attract the most of population and capitals from in and out of the country, but they are strategic assets of global competitiveness. Any theoretical and practical models of society transformation as well as in sphere of urban planning were absent in period of the transition from centralized-command to market economy in CEE. Consequently the scenarios of economic transformation of most post-soviet countries occurred to have experimental character as well as different level of performance. The economic convergence of CEE countries, including Ukraine, with EU and exceeded formation of efficient common European economic environment is significantly connected with further urban development policies and standards alignment.

The significant success in searches for theoretical bases of economic convergence belongs to such scientists as Gelbreit J., Tinbergen Y., Giddens E., Saks J., Aaron R., Strachy J., Bruker G., Sorokin P., Chyzhikov V., Filipenko A., Galchynsky A., Sidenko V., Shnirkov O., Rymyantsev A., Shevchyk A. and others. The urban economy transformation had become the mainstream of scientific studies of O'Sullivan A., McCann P., Cappelo R., Nijkam P., Arnoff R., McMillan D.P., Alonso W., Kahn M., Garren J., Isard W., Jacobs D., Sala-i-Martin H., Yamaguti T., Porter M., Sassen S., Krugman P., Florida R., Landry Ch., Taylor P. and others. Although the general aspects of regional policy design and management transformation for convergence of developing countries were worked out in numerous scientific researches, the multi-level model of urban sustainable development in context of approximation CEE to European Union standards on example of Ukraine still have not been experienced and calls for further explorations.

Thus the object of research presented in this paper is urban development model of Ukraine. The transformation of Ukrainian urban development model in context of convergence with EU stands out as the subject of this study. The aim

of this research paper is to discover the principles of Ukrainian model of balanced urban development in terms of European cohesion. While moving toward the goal the analysis is devoted to the evolution of European urban development strategy in terms of regional policy, evaluation of its instruments performance, and determination of crucial successful factors and principles of planning and managing sustainable economic development of European cities. Consequently the comparative analysis of Ukrainian to European multi-level urban managing is obtained considering contemporary obstacles and objective level of urban system evolution. As a result the model of sustainable urban economic development in terms of convergence with European standards is developed.

CONVERGENCE OF ECONOMIC SYSTEMS

Convergence of economic systems is divided into two types concerning the sphere of influence: the convergence of real sectors of economy and convergence of regulatory sphere [Lukyanenko et. al., 2010, p. 51–56]. The last is perceived as process of assimilating of countries in sphere of social-economic institutes functioning, e.g. formal institutes, as well as informal institutes, obligatory in national economies. While convergence of regulatory sphere occurs to be fairly homogeny notional category, the convergence of real sectors of economy stands out as more differentiated and in its turn being divided into real and nominal. The last is revealing in exploratory research of real spheres of economy and paradigms influence. Real convergence of real spheres of economy can be equated to the reduction process of disparities between the levels of economic development and quality of life in different countries. In this context economies can converge absolutely if they are characterized by similar structure parameters, e.g. technology, levels of savings, natural accretion or depreciation of physical capital, etc. and they move toward balanced growth with sustainable levels of capitals and production per capita. However relative convergence opens lots of opportunities of harmonized growth and appears in situation when countries structure parameters differ. Thus any country inclines to have its own way of balanced growth. As it was mentioned above there is also a nominal kind of convergence in real spheres of economy and in economic analysis it's connected to convergence criterions, formulated in Maastricht Agreement of EU which orients on countries and territorial cohesion.

THE POTENTIAL OF UKRAINIAN URBAN SYSTEM TRANSFORMATIONS

The convergence of urban development policies of Ukraine with European refer primarily to convergence of regulatory system and after only to conver-

gence of real spheres of economy due to its post-soviet legacy and contemporary level of city development. Despite the fact that Ukraine ranks 19th place in list of countries with big number of megapolises, these days it is hardly ever possible to give an example of a city that performs its functions appropriately and assure the residents proper standards of life and services. Almost all cities fail to achieve the equilibrium between economic development and protection of a safe environment. On the contrary, the overwhelming majority of Ukrainian cities face quite a number of problems: the poverty of city residents, the destruction of historical centers, the excessive concentration of motor vehicles, air, water and soil contamination, lack of sufficient accommodations at fair prices, as well as problems in the field of health care. High levels of unemployment especially among the young and growing level of crime and law infringement are also common problems. Over 60% of total Ukrainian population is city-dwellers. It has 349 small depressed towns with a population of 10.000–50.000, comprising 22% of the population [*Official...* (<http>)]. Regarding the tendency of disparities increasing between the level of localities development and qualitative indicators of life and business Ukraine lags behind from developed countries and in some cases can't compete with developing countries. The model of economic growth based on reloading of old industrial forces, privatization of governmental ownership, speculation with land raising cheap bank loans has proved its inefficiency. Ukrainian big regional centers and megapolises – which list is headed by Kyiv, Kharkiv, Dnipropetrovs'k, Odessa, Donetsk, L'viv (more than 12 mln.ppl. that is equal to 27% of total population) – they are developing horizontally in quantities dimension of space, and comparing between themselves they show growth [Danilyuk, 2009, p. 22]. However regarding to European tendencies and quality standards they evidently degrade in demographic, infrastructure and economic dimensions.

The formation of the urban self-government institutions in Ukraine are among the most complicated tasks of new state development [Соловьев, 2008, p. 7–11]. There exists a complex of problems: economic (nonconsecutive character of market relations), financial (restriction of revenues and misbalance of city budgets), social (destruction of existing social infrastructure; the decline of living wage), and political (trust of the population [Масловська, 2008, p. 72–79]). The institution of local self-government occupies an increasingly important position in Ukrainian society. However, the contemporary system of local self-government in Ukraine is still not consistent with the principles of the European Charter of Local Self-government [Syzchyk, Dedelyuk, Motovils'ka, 2008]. This problem is connected with the heritage of Soviet Union in face of hard centralized management system, which in fact still operates on the all levels of government. Inevitable market transformations in many spheres were not undertaken and resulted in deepening of social-economic problems in rural areas, small, medium and even in whole regions [Недогрєва, 2006, p. 65–68].

In these circumstances evolution of European regional policy that is connected with urban development strategies serves as role-model experience for positive changes and convergence of Ukraine and EU. Moreover in terms of new support agreements in sphere of regional policy development between EU and Ukraine set in 2010, which have planned allocation of €10 mn. for the period of 2011–2013 [*Europe...*, 2010 (<http>)], the complex EU experience analysis starting with a very origins becomes of a vital importance.

THE EU URBAN DEVELOPMENT STRATEGIES EVOLUTION

Considering the history of European countries collaboration till EU formation and till nowadays it reveals that the strategic view onto development of urban territories has been changing substantially and has formed into three waves and governing policies of development stimulation and restriction (table 1). Regarding that 70% of expanded EU inhabitants are city-dwellers its cities are assumed as the motor that drives regional growth and the key to increasing the EU's competitiveness worldwide. But still they suffer from demographic problems, social inequality, social exclusion, lack of affordable and sustainable housing and environmental problems [Масловська, 2008, p. 72–79]. The policy of urban regulation on the national level appeared in the European countries as reaction on world finance crisis of 1929–1932.

Table 1. The waves of urban development policy evolution in Europe

Period	Policy mainstreams	Main initiatives
1930–1950s	“Offloading” of agglomerations and development of depressive	<ul style="list-style-type: none"> – Special permission for establishing business in city – Subsidies and preferences for starting business in depressive regions – Replacement of governmental and educational institutions out of agglomerations – Restriction methods of registration controlling – Creation of “cities-gardens” around existing agglomerations and inverting their poly-structure development
1970–1980s	“Inner-areas” development in agglomerations	<ul style="list-style-type: none"> – Transformation of depressive areas of cities into new functional areas – Stimulation of assimilation of marginal groups by formation formal and informal organizations
1980s – present	Extended support of main agglomerations development	<ul style="list-style-type: none"> – Developing great scale infrastructure projects – Increasing workforce quality – Enhancement of place image – Stimulation of SME activity

Source: developed by author on the base of [Артоболевский, 2003, p. 261–271].

Starting with 1930s some European countries, e.g. Great Britain considered their agglomerations and even certain regions as overdeveloped. The high density of population and business activities concentrations in them started to be regarded as the main problem of regional policy in first decade after II WW in France, Netherlands, Italy and Hungary and others except for German Federal Republic, Switzerland, Austria and Belgium [Артоболевский, 2003, p. 261–271]. The main reasons for establishment the policy of main agglomeration “offloading” served such phenomena as decline of life quality standards and economy functioning connected with troubling of new economic areas creation because of old industrial potential domination without any perspectives of further realization, such as production spaces, transport limits and ecological dilemma [McCrone, 1969]. In its turn situation has been troubling by crisis deepening in peripheral regions which did not have agglomerations (e.g. South Italy) and certain depressive territories (North territories of Great Britain and France). The “offloading” was of a quite discursive value for business as they wanted to displace their actives to hinterland not far away regions with bad image, low level of infrastructure development and quality of workforce. Thus the main role was devoted to governmental stimulation of mobile capitals and in this period the term “production migration appeared” [Григорецъ (http)].

The “offloading” measures occurred to be quite successful but their effect was exceeded by natural process of suburbanization, when reach layers of society inclined to live in private houses in “green zones” out of city. It is important that in European employer traditionally followed their target employees not the other way and it also accelerated “production migration”. However the new phenomena replaced old problems in regional policy. It was the decline of certain inner city areas. The social segregation appeared to be so strong that even nearby streets could serve dwelling for super reach and super poor citizens, so called crisis areal. It led to social exclusion and marginal groups appearance, as well as could not afford relatively expensive apartments in suburbs and extremely expensive in central areas of the city. This challenge was an urgent problem in Italy, Great Britain, France and Belgium and it led to formation of “inner city areas development” strategy which became the leitmotiv of regional policy of European counties till the beginning of 1990s [Inforegio..., 2010, p.18–20 (http)].

The new realities were brought by globalization tendencies exceeding and consequent expanding of capital mobility possibilities. Accompanied by informational revolution of 80-ies all this could not help influencing the role of cities in maintaining of country competitive advantages of a global scale. Thus the dual nature of urban development revealed by shift from exclusive providing positive changes in crisis inner-areas to more extended development projects, e.g. place marketing and huge infrastructure projects implementation, etc. This strategy found its further development as a part of Regional Policy of EU, exactly in EU Cohesion Policy as a Community Initiative Programme ‘URBAN’ in 1994 [Provisions... (http)].

THE CURRENT MECHANISMS AND INSTRUMENTS OF BALANCED URBAN DEVELOPMENT IN EU

Integrated urban development formed as a central to European cohesion policy and a goal which is supported throughout its urban programmes. It means simultaneous and fair consideration of the concerns and interests which are relevant to urban development, thus a process in which the spatial, sectoral and temporal aspects of key areas of urban policy are co-designed and co-ordinated by all levels of governing. Cities and regions across the Union use integrated policy-making to support sustainable, inclusive and innovative urban development. The last two decades have seen a flurry of EU initiatives launched in support of urban development. These kicked off with the Urban Pilot Projects (1989–99), which focused on economic development, environmental action linked with economic goals, revitalization of historic centers and exploitation of the technological assets of cities. In two phases, 59 projects were supported in 14 Member States.

The URBAN Community Initiative (1994–2006) was built on the experience gained from the pilot projects in 200 cities across Europe [*Ex-Post...*, 2010 [http](#)]. In the two programming periods, URBAN offered €1.6 billion in Community assistance. URBAN mainstreaming (2007–13) saw the main legacy of the URBAN Community Initiative included in the national and regional Operational Programmes (OPs) under the Convergence and Regional competitiveness and employment objectives and for its realization €10 bln. were allocated. This important step allowed the integration of different sectoral and thematic policies in cities throughout Europe. For the first time, all European cities became potential beneficiaries of the European Regional Development Fund (ERDF).

The urban development network programme URBACT (2002–13) has given additional support to the exchange of know-how and experience between cities and urban experts across Europe. Since 2003, the Urban Audit provides a solid evidence base to assess the state of European cities and now offers comparative data for 321 cities across the EU. In 2010, this was complemented by the publication of the Urban Atlas, which offers detailed digital maps for more than 300 Urban Audit areas based on satellite imagery.

The ‘Leipzig Charter on Sustainable European Cities’ (2007) recommended making greater use of integrated urban development policy approaches and paying special attention to deprived neighborhoods [*Leipzig...*, 2007 ([http](#))]. A promising initiative in this respect was launched in 2008 in Marseille, where the Member States agreed to establish a common European Reference Framework for Sustainable Cities to foster the implementation of the Leipzig Charter at local level. This framework is currently being developed on a broad participatory basis involving cities, the Member States, the European Commission, and urban experts. On a voluntary basis, it will offer cities a practical tool to help them to apply an integrated approach when developing strategies and projects and to balance different needs and interests.

The analysis of urban policy evolution and functioning in Europe allows making several general conclusions important for Ukraine. First of all, European experience shows that government can accelerate or slacken natural processes which take place in cities and towns, but they are incapable of changing their trend. All regulatory urban policies were first directed onto the development of depressive regions by restriction of big agglomerations growth, further globalization dictated the strategy of competitive integrative development of cities network which focal points are big agglomerations of a global meaning, so called global cities. There are decades needed for notable positive changes in urban development. The effective urban development should be integrated into strong regional policy and the main factor of success is connected with decentralization of power and functions and functioning between the multi-level governing systems. Fairly well, that it is easier to develop the territory of city than obtain the development of marginal groups. As the instruments of urban development restriction-prohibiting measures appeared to be less efficient than encouraging.

There is a set of instruments and principles which have already proved their worth during almost 60 years of regional policy experience. They are indispensable for further improving the competitiveness of EU cities and can serve model for Ukrainian cities development.

Table 2. Set of effective instruments of EU urban development policy

Tasks	Instruments	Principles of implementation	
Greater use of integrated urban development policy approaches	Creating and ensuring high-quality public spaces	<ul style="list-style-type: none"> – Decentralization and multi-level governing – Multi-annual projects – Sufficient critical mass of population and associated support structures – Stimulating of innovative approach – Strong inclusive local partnership – Integration and synergy with other initiatives – Sharing experience – Social-balancing – Appreciation of diversity – Sustainability of impact – Integration of economic, social, environmental, security and transport aspects, including equality of access to education and training – Equality of opportunities between men and women – Flexible and open process – Local community participation and commitment 	
	Modernizing infrastructure networks and improving energy efficiency		
	Proactive innovations and education policies		
Development of deprived neighborhoods within the city	Pursuing strategies for upgrading the physical environment		
	Strengthening the local economy and local labor market policy		
	Proactive education and training policies for children and young people		
	Promotion of efficient and affordable urban transport		
Funding	Structural Funds: European Regional Development Fund, European Social Fund; Cohesion Fund		Urban development funds and SME funds by JESSICA and JEREMIE initiatives

Source: developed by author on the base of [*Provisions...* (http); *Ex-Post...*, 2010 (http); *Leipzig...*, 2007, (http); *A new...*, 2007 (http); Heinelt, Niederhafner, 2005 (http); *European...*, 2001, p. 97–184; *Inforegio...*, 2008, p. 22–25; Pichler-Milanović, 2007, p. 103–133].

Regarding the information presented in table above important conclusions can be made for Ukraine in context of efficient urban development policy. It is vital to insure state – local authorities – local business – local community cooperation on all levels of urban development projects design and realization. Importantly all cities of the urban network should be perceived as equal in face of city-region development. As well Ukrainian government should organize efficient funds for urban development not only by state budget planning, but also arranging financial engineering instruments to leverage private capital into urban strategic plans which European analogs are JESSICA and JEREMIE initiatives [Григорєць (<http>)]. It is basically important to design dual nature projects of city development which base on general and neighborhoods upgrading and revitalization.

THE PRINCIPLES OF UKRAINIAN URBAN TRANSFORMATION MODEL DESIGN IN TERMS OF EUROPEAN INTEGRATION

The general level of Ukrainian city development should be connected with creation of high-quality public spaces. For its realization interaction of architecture, infrastructure planning and urban planning must be increased in order to create attractive, well-designed, safeguard, user-oriented public spaces and achieve a high standard in terms of living environment. Modernizing infrastructure networks and improving energy efficiency is connected with initiatives aimed to insure sustainable, accessible and affordable urban transport with a city-region transport networks. Also technical infrastructure, especially water supply networks, must be improved at an early stage and adapted to changing needs in order to meet future requirements for high quality urban living. Energy efficiency of buildings must be improved in addition to renovation of housing stock and large prefabricated, old and low quality buildings. As well cities must contribute in spatial and urban planning which prevents urban sprawl by strong control of land supply and of speculative development. It is of sufficient value to enhance citizens' quality of life and attractiveness as business locations by making use of sophisticated information and communication technologies in the field of education, employment, social services, health, safety and security, etc. Proactive innovations and educational policies should insure opportunities for lifelong learning, the excellence of the universities and non-university research institutes and transfer network between industry, business and scientific community.

In managing of Ukrainian cities deprived neighborhoods economically and to integrate them socially it is urgent to upgrade their inner-city physical environment and transport infrastructure, that will stimulate the start-up of new business in this area. The access opportunities to local labor markets must be

improved by offering demand-oriented trainings. There should be paid a special attention to proactive projects of children and young people education improvement in deprived neighborhoods.

CONCLUSIONS

Evidently the whole period of independence of Ukraine served for strengthening of urban polarization. But due to economic crisis the economic potential of different cities has been equalized. Accompanied by unprecedented deepening of ecological problems these raise the indispensable aspect of regional policy efficient planning and governing need. The real value of natural and global meaning advantages of Ukrainian cities arise – the same high esthetic and physical development of public places, the level of social culture and local citizenship education, favorable community infrastructure throughout all regions of the country. The competitive model of sustainable urban development first of all starts with decentralization of power. This implies the process of delegation of functions and competencies to local level with parallel straightening of its rights, e.g. in sphere opportunities or local budgets formation. This process serves the main goal of optimization and increasing of socially meaningful projects, timely and qualified providing of services for local communities members, fulfillment of local interests, transparency and democracy providing in relations of local authorities with their communities. Thus the constructive model should find place in contemporary system and it will serve functional division into central (political, strategic, control) and local (economic, performance, report).

Finally, the productive decentralized, not redistributing economy, which bases on qualitative growth characteristics and innovations should be designed and realized. Its efficiency can be ensured by integrated long-term projects and effective multi-level management and strong local partnership. European experience which proved its efficiency in long time period serves role-model for design and implementation of integrated urban policy in Ukrainian realities.

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Summary

In the article the evolution, main course and instruments of contemporary urban development in terms of EU regional policy is determined. The possibility of European model implementation in context of Ukrainian urban economic development convergence is investigated. The principles of sustainable urban economic development model in context of Ukrainian-EU cohesion are presented.

Konwergencja zarządzania w ukraińskich metropoliach z modelem europejskim

Streszczenie

W artykule została określona ewolucja, główne ścieżki i instrumenty współczesnego rozwoju urbanizacyjnego w kategoriach regionalnej polityki UE. Badaniom poddano możliwość implementacji modelu europejskiego w kontekście konwergencji ukraińskiego rozwoju gospodarczego terenów zurbanizowanych. Zaprezentowano zasady zrównoważonego rozwoju gospodarczego obszarów zurbanizowanych w kontekście spójności Ukrainy i UE.