

# STRATEGIC PRIORITIES AND MECHANISMS FOR ENSURING THE COMPETITIVENESS OF AMALGAMATED HROMADAS IN THE CONTEXT OF DECENTRALIZATION OF POWER

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**Abstract.** *The purpose* of the article is to summarize and present strategic priorities and mechanisms for ensuring the competitiveness of regions in decentralization. The sequence of actions, the algorithm that will determine the strategic importance of development and select appropriate means to ensure the area's competitiveness. *Methodology.* The SWOT-analysis method is based on the analysis of factors and factors of competitive advantages of regions with the help of fundamental parameters (accessibility, the economic feasibility of use; sufficient transport potential; involvement of the local population in resource development). To determine the priorities of directed financial flows, the structure of community expenditures was considered (Velykomostyska city Amalgamated hromada as a representative of Amalgamated hromada with a city centre; Solonkivska rural Amalgamated hromada as a representative of Amalgamated hromada – a satellite of a large city; Slavske village Amalgamated hromada as a representative of Amalgamated hromada tourism). The effective use of tools has been identified, and the priorities facing the region (including Amalgamated hromada) need to be clearly defined to achieve enhanced competitive advantages. *Results.* Results show that an additional mechanism to strengthen competitive advantage is the inclusion of local producers of products or services in the global chain of multinational companies while considering the threat of significant dependence on foreign markets. The implementation of mechanisms must include at least two components: financial, economic and organizational. All measures include synchronization of actions of local authorities, public organizations, business to ensure mechanisms for implementing strategic development programs based on analytical research and monitoring in the context of adaptation to global challenges, the need to implement the rules of the Association Agreement between Ukraine and the EU. *Practical implications.* The active position of the community in defining strategic priorities and clearly defining the mechanism for strengthening the competitive advantages of Amalgamated hromada will significantly improve the quality of life and, consequently, the attractiveness of the territory for potential residents. Increasing the population intensifies the development of the social sphere and the sphere of trade, which will increase revenues to the community budget. Thus, a clear vision of the community leadership of strategic guidelines allows the community to develop faster than before the reform. *Value/originality.* Strategic priorities and mechanisms for ensuring the competitiveness of regions in the context of decentralization of power provide a better understanding of their effectiveness by the budget process of the area or Amalgamated hromada.

**Key words:** strategic priorities, cooperation mechanisms, competitiveness, support mechanism.

**JEL Classification:** H72, O12, P27

## 1. Introduction

The practise of increasing the competitiveness of territories, as well as the study of foreign experience on this issue, showed the need to find new forms and

methods to increase community competitiveness, develop a systematic approach to identifying strategic competitiveness goals, and implementing measures to achieve them. Strengthening competi-

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tive advantages is the key to the effective functioning of the united territorial community, including the achievement of such results as increased revenues to the community budget, efficient use of natural, demographic, financial, infrastructural, and other resources to achieve community self-sufficiency and meet all needs.

In today's conditions of decentralization, ensuring the competitiveness of local communities is a difficult problem because the level of socio-economic development of newly created communities differs dozens of times, and budget revenues can not meet all the needs of the community.

Strategic priorities and mechanisms for ensuring the competitiveness of regions in the context of decentralization of power in Ukraine since 2014 are natural processes of Ukraine's transition to liberal conditions of functioning in the economic environment and the economic environment in the socio-political one. Decentralization processes consist of redistribution of responsibilities, powers and financial flows from the state to the regional level.

For the regions, especially in the era of decentralization processes, the priority areas in which the newly received revenues from the redistribution of the revenue part of the Consolidated Budget of Ukraine will be spent become significant decentralization of power.

## 2. Research results

Significant experience of enterprise competitiveness should be adapted to the conditions of communities and take into account that local governments are not directly producers of marketable products (Koshlupov, 2012). Let's form the list of tools to increase of competitiveness of Amalgamated hromada: a thorough study of consumer demands and analysis of competitors; advertising; creation of new Amalgamated hromada products or services; improving the quality characteristics of products/services; modernization of equipment, infrastructure;

comprehensive cost reduction; service improvement; qualification of the workforce; labour costs; development of the transport system; cost of energy, approach to suppliers; quality of the management system; local tariffs and taxes; quality of the local banking system; availability of higher educational institutions; availability of research institutions; positive image of the city/region; living conditions; strengthening the health care system; institutions of culture, sports, recreation; public safety, etc.

For a quality solution, the evaluation of ways and tools to increase competitiveness, as a result, must meet the requirements shown in Figure 1.

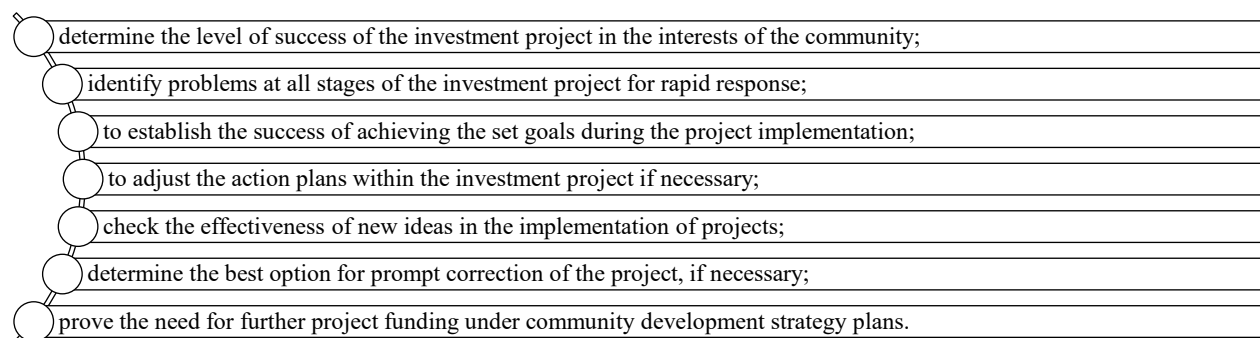
Summarizing the content of Figure 1, note that at all stages of the evaluation of measures aimed at strengthening competitiveness, it is necessary to identify obstacles, overspending and ways to optimize the budget expenditures of the community.

The use of tools used to ensure the competitiveness of Amalgamated hromada in the context of decentralization reform in Ukraine alone will not have a sufficient effect to strengthen competitive advantage.

Therefore, in our opinion, it is necessary to form a sequence of actions. This algorithm will determine the strategic priorities of development and select appropriate mechanisms to ensure the region's competitiveness (Figure 2).

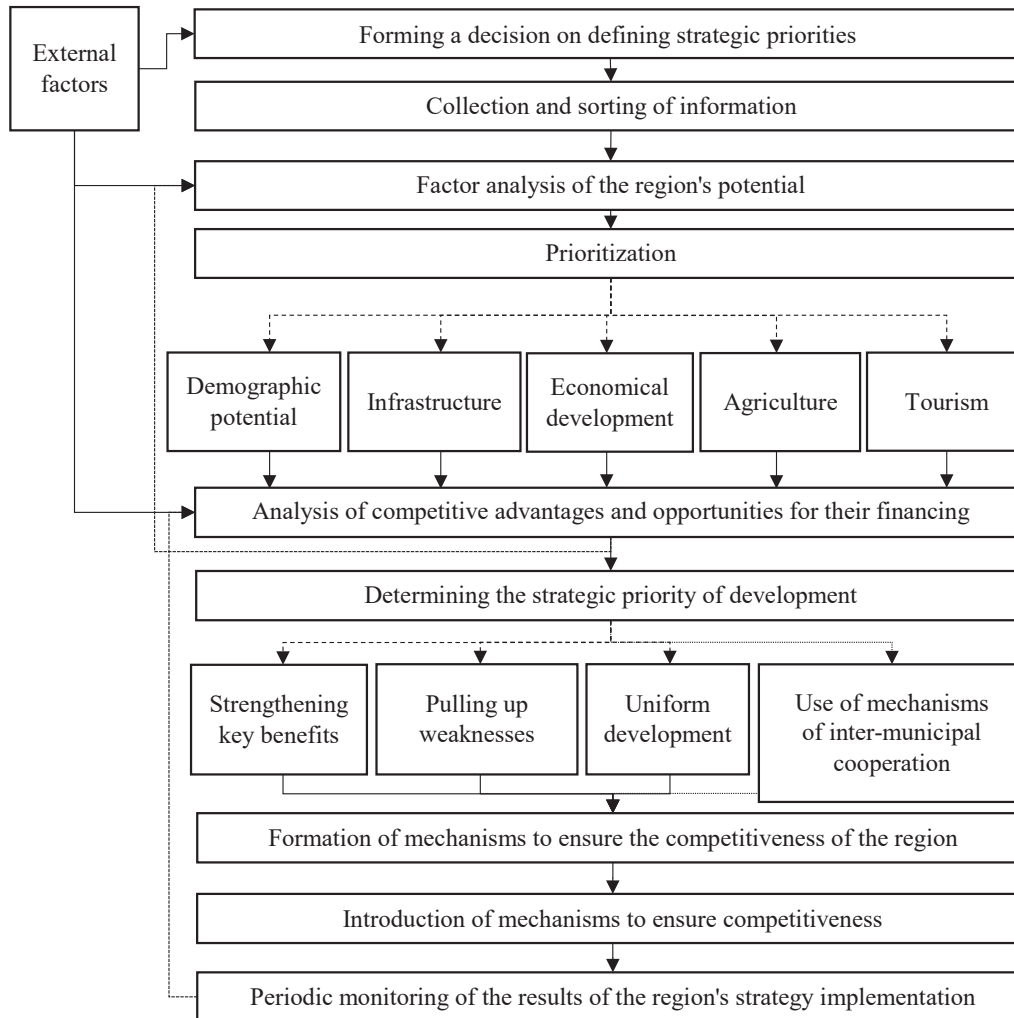
When forming a decision on defining strategic priorities, first of all, it is necessary to determine:

- the purpose of managing the region – what is the value created for the region (incoming cash flow, growth of customer base, increasing the number of innovations, etc.);
- identify a system of factors that affect regional potentials and their transformation, which are determined by the actual quantitative and qualitative availability, as well as management efficiency;
- to determine the person responsible for developing the organizational component, which will be tasked with the main tasks of implementing the strategy of the region through mechanisms to ensure regional competitiveness.



**Figure 1. Requirements for evaluation of Amalgamated hromada investment projects.**

Source: developed by the author on the basis of (Vasilchenko, Parasiuk, & Eremenko, 2015)



**Figure 2. Algorithm for determining strategic priorities for regional development and implementation of mechanisms to ensure their competitiveness**

Source: author's own development

We must not forget the external factors influencing competitiveness, which are objective for local communities. Their impact must be taken into account at almost every stage of determining the region's strategic priorities. For example, a change in state policy for the development of regional agriculture may provide Amalgamated hromada with additional resources in grants. Therefore, strategic priorities should be reconsidered.

An important place in the proposed algorithm is given to the collection and sorting of information. After making a final decision on the need to determine strategic priorities, it is worth considering the region's potential: resource, demographic, investment, economic, social and more. It is complete information about the area's features, and its potential will significantly improve its competitiveness.

To do this, a careful accumulation of available information about the potential and problems of the

region and the appropriate sorting, in our opinion, it is advisable to use the method of SWOT-analysis.

### 3. The sequence of analysis of factors and factors of competitive advantage

The following parameters should analyze factors and factors of competitive advantage:

- availability;
- economic feasibility of use;
- sufficient transport potential;
- involvement of the local population in resource development, etc.

After conducting an analysis of competitive advantages and identifying key areas, the general direction of the necessary funding is formed either from local budgets or (if possible) from specialized funds, such as the State Fund for Rural Development (1)

$$SP = \sum \max f(x_1, x_2, x_3, \dots, x_n), \quad (1)$$

where  $SP$  is a strategic priority,  $f(x)$  is an aggregate expert assessment of the parameters of competitive advantage.

As an alternative to expert evaluation, evaluating the effectiveness of the implementation of funded projects can serve (2)

$$ESP = \frac{\sum \text{Development costs}}{\sum \text{Revenues from projects}} \quad (2)$$

If the calculated efficiency is less than one, then the financing of these projects can be confirmed by a significant social effect. Otherwise, there may be irrational financing of the competitive advantages of the region.

When choosing a strategic priority for the region's development by "pulling up weaknesses", state support mechanisms are often used. The issue of support and regulation of regional development by the state is quite deep, and we will consider in detail the means for increasing the competitiveness of regions through state influence:

- "stimulating" (with the predominance of market instruments and the creation of a favourable environment for the development of environmentally friendly industries and other activities in the ecosphere);
- "hard" (using administrative and financial and economic instruments of coercion and suppression through a strict tax policy for the development of environmentally hazardous industries);
- "soft" (with the establishment of a liberal restrictive environmental framework, which partially affects the pace and scale of ecological development). Ukraine has now formed a soft regulatory mechanism.

Also, Ukraine pays considerable attention to the foreign economic activity of the regions, for example, at the national level (in the Export Strategy of Ukraine ("road map" of strategic trade development) for 2017–2021) identifies the country's efforts to export knowledge-intensive innovative products for sustainable development and entering global markets. Including through the development of regional enterprises. The priority sectors of the economy for export development are the following (Zvit po Ukraini, 2018):

- development on an innovative basis of enterprises that are currently in a state of decline or the pace of development of which has slowed down, and which are concentrated in the aerospace industry and related (creation of software, information and communication technologies, production of spare parts, components and maintenance services for the aviation industry and mechanical engineering);
- promising in terms of improving the image of Ukraine abroad, which are in the process of formation (tourism sectors and creative industries) to attract tourists and promote the country's appearance on the world market by holding some relevant events by the government;

- strategic in terms of processing in Ukraine of raw materials for the production of high value-added products, which are in the growth stage and depend on the agro-industrial complex (food, processing industry and related industries, which provide positive results shortly).

To determine the priorities of financial flows, it is necessary to consider the cost structure of communities, taking into account the preferences and competitive advantages for analysis were taken Amalgamated hromada:

- Velykomostsy city Amalgamated hromada, as a representative of Amalgamated hromada with the centre in the city;
- Solonkivska rural Amalgamated hromada, as a representative of Amalgamated hromada – a satellite of a large city;
- Slavske village Amalgamated hromada, as a representative of Amalgamated hromada tourist direction (Figure 3).

According to Figure 3. there is a significant disproportion of expenditures, namely the concentration of urban Amalgamated hromada expenditures on education (60%) and health care (15%) of the local population. Thus, in our opinion, there is an attempt to optimize such a strategic priority of the city Amalgamated hromada as human potential, improving education and health care.

Maintaining the strategic direction of the region's development is especially important due to the circumstances that:

- Taxpayers – individuals and legal entities are the primary source of local budget. Therefore, the growth of their number is highly relevant to this community and region.
- Mostyska Amalgamated hromada is exceptionally close to the border with Poland, and therefore emigration processes are highly developed. Emigration of the working population creates unemployment and increases labour resources, which reduces the competitive advantages of this Amalgamated hromada.
- Given the fact that, on average, expenditures on education and medicine were the most significant expenditures before the decentralization process, it can be argued that Mostyska Amalgamated hromada has established a strategic priority aimed at strengthening competitive advantages over residents and employees of this Amalgamated hromada (weak alignment).

Lets's consider the tourist Slavske Amalgamated hromada and Amalgamated hromada – satellite Solonkivske Amalgamated hromada. There is a noticeable distribution between budget items aimed at national functions (e.g., fire protection), education and economic activity. This situation is due to the peculiarities of the functional direction – providing

Amalgamated hromada budget structure

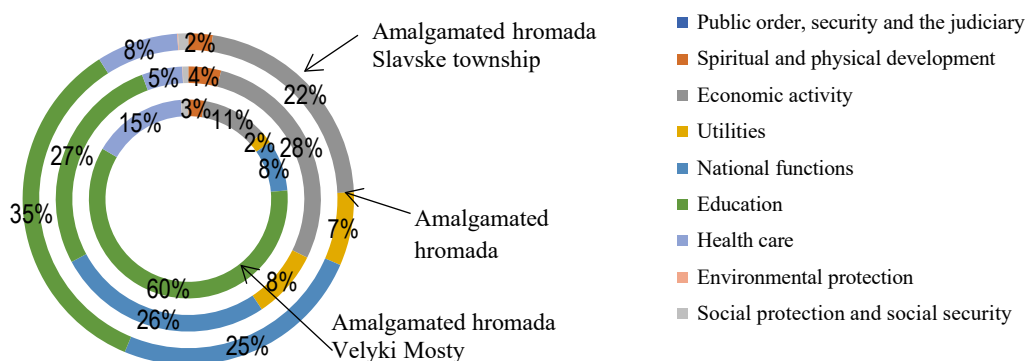


Figure 3. Amalgamated hromada budget structure

Source: compiled by the author on the basis (Karta donoriv detsentralizatsii)

Solonkivska Amalgamated hromada space for the construction of residential complexes and directing funds Slavske Amalgamated hromada for education to meet their own needs with highly qualified staff.

It should also be noted that Solonkivska Amalgamated hromada spends only 5% of the budget on health care (support of paramedics), as a large part of the population has the opportunity to visit hospitals located in the regional centre. Thus, there is a strategic priority – strengthening the strengths of Amalgamated hromada.

To determine strategic priorities, it should be noted to conduct both an analysis of resources and potential and the possibility of implementing mechanisms to increase the competitiveness of regions, as a combination of existing and potential tools to increase competitiveness into a single system.

4. Strategic priorities for increasing the competitiveness of regional development

For example, consider such a strategic priority as human development. To achieve this, you can use a variety of tools: thorough study of consumer demands and analysis of competitors; advertising; qualification of the workforce; cost of energy, approach to suppliers; quality of the management system; local tariffs and

taxes; quality of the local banking system; positive image of the city/region; living conditions; public safety, etc.

Some measures will be sporadic and will not, in our opinion, have a significant impact on achieving the interest of citizens to immigrate or look for work in a particular region.

It would be better to combine these tools into a single system. Thus, increased public safety, infrastructure and high living conditions will interest potential immigrants to the region, and low tariffs due to the proximity to the supplier and the availability of a sufficient number of bank branches and ATMs will be an additional incentive pay attention to this Amalgamated hromada. At the same time, reducing this information to a single presentation, for example, in the form of infographics compared to other regions in the form of advertising, will potentially increase immigration due to its accessibility, informativeness and ease of presentation.

Thus, the mechanisms can differ – depending on the strategic priority of increasing competitiveness and the target audience.

For effective use of tools, it is necessary to clearly define the region's priorities (including Amalgamated hromada) to achieve enhanced competitive advantages (Figure 4).

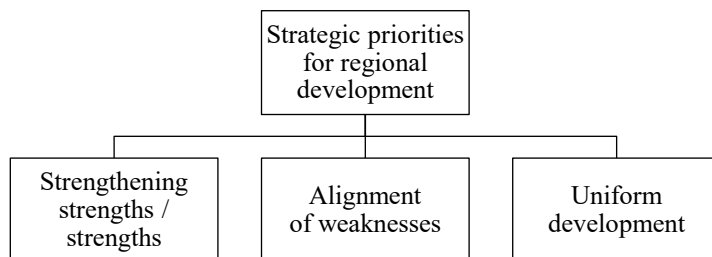


Figure 4. Regional development priorities

Source: author's own development



According to Figure 4, the main strategic priorities are determined as a result of the analysis of the resource, social, political and economic component. Depending on the available potential, the direction of investing funds in the region is determined.

1. Strengthening of strengths (e.g. tourism or industry) due to the sufficient current development of non-priority competitive advantages in the region, for example in the presence of transport infrastructure in Solonkivska Amalgamated hromada (close location of the regional centre formed the necessary utilities) to prioritize infrastructure development is inappropriate from an economic point of view. Therefore, it is needed to focus on other competitive advantages of the region. This approach should be applied to Amalgamated hromada leaders in terms of competitiveness, such as tourism or economic development. Thus, due to the growth of the local budget, Amalgamated hromada can compete not only within the region but also within Ukraine (for example, tourist complexes).

2. Equalization of weaknesses involves investing funds in solving the region's most complex and problematic regional problems. If we continue the parallel with the infrastructure, the lack of quality road surface in Vilshanska Amalgamated hromada significantly reduces the competitive position of the part. Thus, preference should be given to infrastructure projects that aim to improve the quality of transport connections between the studied Amalgamated hromada and other centres of the area or country (economic, social, industrial, etc.). In our opinion, this approach should be used by Amalgamated hromada outsiders to improve the existing competitive advantages.

3. In the absence of significant gaps in competitive advantage and sufficient funding, the region (including Amalgamated hromads) can evenly allocate available resources to a variety of socio-economic needs. Such development, in our opinion, is not compelling enough, as the priority development of potential strengths of the region will significantly increase the occupancy of local budgets over time. In our opinion, this approach should be used by those Amalgamated hromads that do not have significant competitive

advantages, but their unprofitability (a local budget deficit) is not substantial.

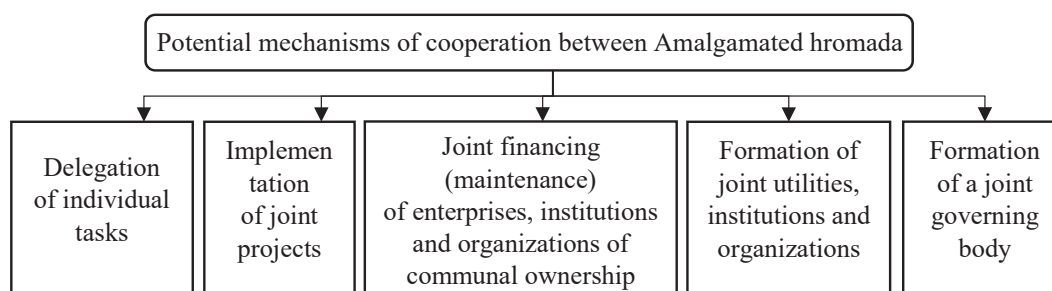
It is worth noting the alternative of focusing on the individual development of the region. Yes, there are options for several Amalgamated hromadas to work together to complement the "weaknesses" of communities. Such a mechanism is provided by the existing Law of Ukraine "On Cooperation of Territorial Communities" since 2014 (Pro spivrobotnytstvo terytorialnykh hromad, 2014). To date, such a mechanism is not actively used due to the incompleteness of decentralization reform, the focus of communities on their resources or state support, low awareness of existing tools for cooperation. Consider the means of collaboration of united territorial communities in Figure 5.

Given that decentralization reform aims to self-determination by communities of Amalgamated hromada boundaries, problems arise when objects essential to the existence of communities are absent in newly created districts. Thus, as a mechanism of community cooperation, it is best represented in the commission of fire safety. In this example, both authority and finances are delegated to one of the Amalgamated hromads under the cooperation agreement. As of April 1, 2020, there are at least 40 similar agreements (Reiestr dohovoriv po spivrobotnytstvu terytorialnykh hromad, 2020).

The following mechanism of cooperation in implementing joint projects, usually infrastructure, includes the creation of archives, garbage collection, preschool education and more.

Cooperation mechanisms consisting in the joint formation and financing of enterprises and institutions of organizations can also have infrastructural or social significance, for example, provision of gas, water and energy supply to residents and enterprises of Amalgamated hromada, creation of new infrastructure (dams, reservoirs of power plants, etc.) which funding from one Amalgamated hromada will not be enough.

The formation of a joint governing body is not a popular mechanism for cooperation (about ten cooperation agreements have been signed (Reiestr



**Figure 5. Mechanisms of cooperation between communities**

Source: compiled by the author on the basis (Pro spivrobotnytstvo terytorialnykh hromad, 2014)

dohovoriv po spivrobotnytstvu terytorialnykh hromad, 2020)), and they usually deal with environmental issues.

In summary, as of April 1, 2020, there are 603 cooperation agreements between Amalgamated hromadas (Reiestr dohovoriv po spivrobotnytstvu terytorialnykh hromad, 2020), while the number of Amalgamated hromadas created on the same date is 980 communities. Thus, there is little activity in the direction of establishing cooperation between communities. To improve this situation, in our opinion, it is worth: introduce preferential lending for such projects; to carry out explanatory works among community leaders; intensify public-private partnerships, including on a competitive basis; actively implement cross-border cooperation between communities; create networks for the exchange of information on interregional cooperation, etc.

Given the orientation of the regions based on resource potential, it is advisable to identify the prospects for the development of areas (including state assistance in the form of project financing, such as SFRD), where production facilities are located through the following mechanisms:

- achieving a world level of efficiency in the use of material and production resources in production activities;
- formation of the optimal production structure of the region (including Amalgamated hromada groups) for integrated development using available resources and natural competitive advantages of the areas;
- stimulating the creation and renewal of communication and transport infrastructure;
- involvement of business entities of other regions to create interregional cooperation;
- expert assessment of the state and trends of scientific and technical achievements in combination with marketing forecasting of changes in consumer demand;
- improving the quality of material resources used in production;
- structural transformation of production complexes to increase the volume of competitive products, reduce energy consumption and material costs;
- creation of regional and interregional economic alliances between enterprises and local governments to increase the competitiveness of regions;
- synchronization of the activities of territorial authorities, local governments and public institutions in motivating innovations and increasing the competitive advantages of the regions;
- concluding agreements between higher education institutions, research institutions and industrial companies to stimulate the fulfilment of orders to be used in industrial production.

An additional mechanism for enhancing competitive advantage is the inclusion of local producers of products or services in the global chain of multinational

companies while considering the threat of significant dependence on foreign markets.

About regions that focus on the development of demographic potential, the primary mechanisms for the development of these regions can be the following:

- identification of trends in demand for the profession, the need for qualified personnel, the development of staffing plans;
- support of small enterprises based on production cooperation with leading business structures of the regional level;
- diversification of financial support of economic activity through subsidies of research and development in priority areas at the regional level, increasing the motivation to invest in scientific and practical results;
- raising the level of qualification of labour resources, first of all with engineering, production or design skills;
- improvement of living conditions, subsidizing at the expense of the local budget part of mortgage loans to young people in the region;
- active privatization of non-residential areas for sale for construction for cheap property, which will be sold exclusively to residents of the region;
- active financing of the social sphere (hospitals, schools, kindergartens, sports grounds, etc.).

Strategically oriented agricultural regions, and especially Amalgamated hromada with a centre in villages and their groups, in our opinion, should use the following additional mechanisms:

- strengthening the efficiency and intensification of innovation and investment activities to ensure resource-efficient and environmentally friendly production (primarily for the formation of export supply);
- financial incentives for intersectoral integration of agro-industrial production and scientific organizations;
- formation of processing capacities near agricultural areas for production and sale not of semi-finished products, but finished products;
- increasing the amount of funding for scientific and practical developments in the agricultural sector to increase the level of high-tech industry and competitiveness of enterprises and the region.

For example, we give the structure of exports from Ukraine (Figure 6).

According to Figure 6, A third of exports (36.8%) are products of the agricultural sector of the economy, and another 10% are products of the extractive industry, which are sent for export.

And given the growing demand for food in world markets and growing demand for organic products in the EU and other countries, agricultural exports to the regions can be a beneficial factor in increasing the competitiveness of Amalgamated hromada among other areas.

Consider the mechanisms for increasing the competitiveness of regions that focus on infrastructure development:

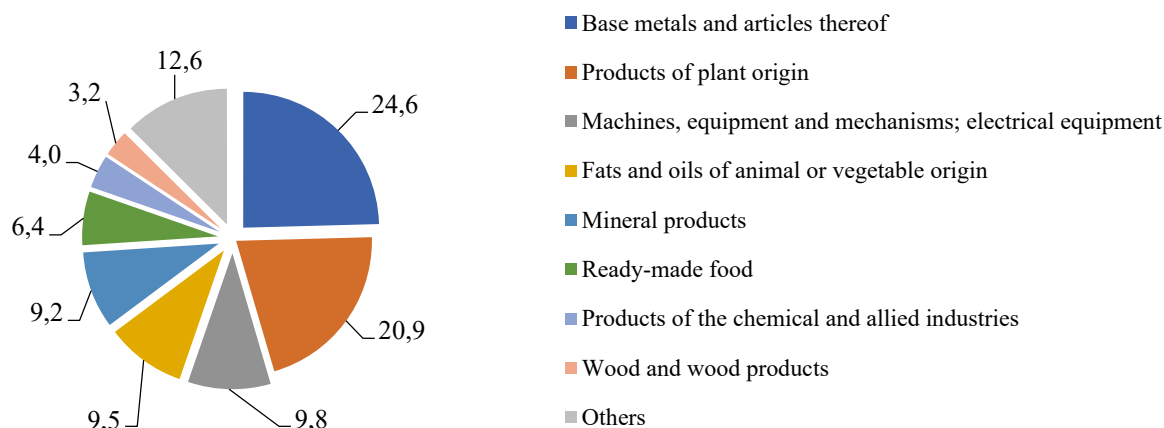


Figure 6. Structure of exports from Ukraine in 2018, %

Source: compiled by the author on the basis (Tovarna struktura zovnishnoi torhivli, 2018)

- use of mechanisms for implementation of programs and projects through the State Fund for Regional Development and creation of a system of transparent selection and evaluation of projects for state support of infrastructure projects;
- formation of regional transport and logistics clusters, including warehousing for the transit of goods through Ukraine;
- joint financing of institutional infrastructure projects at the expense of financial resources of EU funds and national institutions;
- carrying out technological re-equipment and diversification of production, products (goods) based on new technologies;
- formation and effective use of transport and logistics potential (including Lviv region) to promote domestic, regional products on the world and interregional markets.

The implementation of mechanisms must include at least two components: financial, economic and organizational. The financial and economic component in increasing the region's competitiveness should stimulate the implementation of tasks to ensure the timely finding of financial resources and differentiation of sources for the performance of priority mechanisms to increase the region's competitiveness in terms of changing competencies.

The organizational component should include the development and implementation of tools, creating incentives for business development, which will allow the development of products that form the region's innovative potential.

All measures include synchronization of actions of local authorities, public organizations, business to ensure mechanisms for implementing strategic development programs based on analytical research and monitoring in the context of adaptation to global challenges, the need to implement the Association Agreement between Ukraine and the EU.

Turning to monitor, it should be noted that the periodicity of reviewing the effectiveness of mechanisms to increase the competitiveness of the region should be carried out following the budget process of the part or Amalgamated hromada, for example, annually, and in case of inefficiency, inconsistency or bias, strategic development priority and competitive priority area to which special attention should be paid.

### 5. Assessment of development priorities of Trostyanets city Amalgamated hromada

Let's consider using strategic planning mechanisms and determining the priorities of the region's development on the example of the Trostyanets city united territorial community.

Given the fact that Trostyanets Amalgamated hromada has a population of almost 22 thousand people, and the community budget for two years (2017–2018) has quadrupled – to nearly 200 million hryvnias, including increased development budget, the community sent funds for the construction and renovation of parks, hospitals, schools, sports facilities, etc. Thus, there is a community orientation on demographic specialization. It is worth noting that according to the long-term plan, 11 more village councils are to join the community, which will increase both the number of residents and the objects of taxation, as well as funding from the budget.

A concrete example of the development of human potential as a competitive feature is that in the village of Kamyanka, Amalgamated hromada repaired roads, bought buses, and were allowed into the town. These measures were implemented for the first time in the last 12 years.

Trostyanets, as the centre of Amalgamated hromada, aims to continue within the strategy of Amalgamated hromada development, to develop the following priorities:



- working places;
- investments;
- infrastructure development;
- tourism.

In 2018, the Amalgamated hromada "Card of a resident of Trostyanets city Amalgamated hromada" began to operate, allowing select categories of citizens to travel free of charge on public transport in the city. Local readers have unique readers for such cards. Cardholders are served in the public library on an emergency basis, and they also receive a discount in one of the city's pharmacy chains. The purpose of introducing this card is, in particular, transparent accounting and optimization of budget expenditures allocated for social purposes.

The Trostyanets community uses the Open City platform so that utilities can quickly learn about faults in the city and respond accordingly. With its help, residents can indicate on the map the place where the problem occurred. The Open City system was created as a platform for the whole of Ukraine. The community pays 35,000 hryvnias a year to the Association of Open Cities, supporting various electronic services.

As for the infrastructure, during the operation of Amalgamated hromada, in the city: modernized communal infrastructure and installed energy-saving technologies; by 2018, all apartment buildings in the city were converted to individual heating; all roofs of the housing stock are repaired; communications have been replaced in the entrances, and intelligent lighting systems that respond to traffic have been installed; pumps and automatic water supply systems have been installed in all water intake facilities of the city. Now wells from the wells enter the network directly, bypassing the water towers, mostly clogged.

Most city yards do not have garbage containers. The garbage truck arrives on a precise schedule, beeps, and residents take out the garbage. People decided that such a system was more convenient for them. 98% of residents have concluded contracts for a garbage removal. After the unification, the community began removing garbage from villages at the city rate.

During its work, the community received funding for about 20 projects: an inclusive playground, restoration of architectural monuments, creation of an educational centre, etc.

These infrastructural measures are aimed primarily at improving the social component of the city. Therefore the statement about the Strategic Priority of Demographic Development of Trostyanets Amalgamated hromada has found additional confirmation.

As for the economic component, it should be noted that since 1994 the chocolate factory "Ukraine" (located in Trostyanets) has become part of the international corporation Kraft Foods (since 2012, the company is called Mondelēz International). The factory performs a

complete cycle of cocoa bean processing. The company employs more than 1,000 people.

The company was actively invested: in 2012–2018 in the amount of about \$ 200 million investment. People from other villages and settlements of Amalgamated hromada go to work at the factory. A significant number of employees and a large manufacturer allows filling local budgets with large enough amounts of funds, which are redirected, including for the renovation of Amalgamated hromada medical facilities.

At the beginning of 2018, and primary care facilities, the Trostyanets community, took over the district hospital, which serves almost 40,000 patients. For six months, significant repairs were made in the therapeutic department, gynaecological and maternity departments. By 2022, the community plans to complete renovations throughout the hospital:

Wi-Fi systems are installed all over the floor. There is video surveillance as a nurse so she can see what is happening in the corridor. There are call buttons next to each bed. The beds are adjusted to the needs of each patient. Each room has a TV set, a refrigerator, a washbasin, a toilet and a shower.

About two million were worth repairing the therapeutic department and about a million – equipment. This is all – exclusively community funds.

A large part of the community budget goes to education. In addition to maintaining schools and kindergartens, Trostyanets invests in the repair of classrooms, new equipment and software:

Schools that have joined the community have not previously been involved in energy saving, have no multimedia equipment, and so on. In 2018, 13 classes were repaired at the expense of Amalgamated hromada budget funds.

In 2018, a renewed public library was opened in Trostyanets on City Day. In addition to the reading room, the library has a coworking centre, communication rooms, a multimedia hall-transformer for events, a children's area.

In the summer of 2018, an inclusive resource centre for children with disabilities opened in Trostyanets. The institution provides psychological and pedagogical assistance to children, as well as promotes their social adaptation.

Sports and tourism are actively developing in Amalgamated hromada (Trostianetska hromada).

Trostyanets' quarries are an additional source of Amalgamated hromada's budget and are actively used to supply the region's construction projects with sand and clay.

In general, we summarize that the strategic priority of Trostyanets Amalgamated hromada, which is reflected in the Development Strategy of Trostyanets Amalgamated hromada, is to develop a human reserve and encourage the immigration of residents of surrounding villages to the region.

At the same time, in the strategic document of the regional level, among the shortcomings, it is worth emphasizing that there is a justification of the main directions and accumulation of recommendations without detailed interpretation and development of tactical plans to achieve goals, as well as lack of identification of resources.

The implementation of such documents may be hindered by the political instability of the country, insufficient funding (for example, Trostyanets Amalgamated hromada is not sufficiently outlined, as it is united around the city, but rural communities are less protected from scarce trends), limited stakeholder participation, the shadow sector. Economy, which complicates their implementation.

## 6. Conclusions

The need to improve the institutional and economic mechanisms to ensure the competitiveness of regions in the context of decentralization reform is due to both the slowdown of the reform itself and the lack of significant experience of community leaders in implementing such reforms.

Algorithm for determining the strategic priorities of the region's development and implementation of mechanisms to ensure their competitiveness, the phased implementation of which will simplify and systematize the bureaucratic element of identifying strategic priorities. This algorithm is based on the need for Amalgamated hromada leaders to understand the importance of strategic priorities. In the case of a formal approach, this algorithm will not be effective at a sufficient level.

It should be noted that the strategic priority should be based on the potential of both resource and demographic and financial. Attracting additional funding will reduce own costs, but will increase dependence on third parties, including the state. Sufficient resources will strengthen the strengths, and low stocks – will save almost all costs, which is relevant for rural Amalgamated hromada, away from important infrastructure or administrative facilities.

Inter-municipal support as a mechanism to increase the competitiveness of Ukrainian communities is actively developing, however, compared to the total number of functioning Amalgamated hromada, cooperation agreements between communities have been signed only about 60%, which indicates both the potential and low interest of communities in this mechanism.

In general, when setting strategic priorities, communities should realistically assess social, economic, political, infrastructural, demographic, and other components not only in retrospective analysis but also as development potential.

In conclusion, we note that the active position of the community in defining strategic priorities and clearly defining the mechanism for strengthening the competitive advantages of Amalgamated hromada will significantly improve the quality of life and, consequently, the attractiveness of the area for potential residents.

Increasing the population intensifies the development of the social sphere and the sphere of trade, which will increase revenues to the community budget. Thus, a clear vision of the community leadership of strategic guidelines allows the community to develop faster than before the reform.

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