

## PECULIARITIES OF THE STATE POLICY ON PROMOTING DEVELOPMENT OF THE INVESTMENT AND BUILDING COMPLEX OF UKRAINE IN THE CONDITIONS OF POWER DECENTRALIZATION

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**Abstract.** *The article considers topical issues of formation and implementation of the state policy on promoting development of the investment and construction complex of Ukraine and the construction industry as a whole in the context of the decentralization of power. In accordance with the outlined scope of issues it is determined that the objective of the article is to investigate the subject matter, problems and prospects of formation and implementation of the state policy on promoting development of the investment and construction complex of Ukraine and the construction industry as a whole in the context of the rollout of power decentralization. The methodology of this study involves the use of problem and factor analysis in combination with a discourse approach, which leads to the focus of scientific attention on the study of factors and features of the decentralization of power in Ukraine on formation and development of the investment and construction complex. The conditions for conducting effective economic activity which is attractive for stakeholders in the housing sector of public policy have been analyzed. The main tasks of such a policy and key principles of stimulating investment processes in the construction industry have been identified. The directions of perspective state policy on stimulation of formation and development of the investment and construction complex taking into account reforms of decentralization of Ukraine and strengthening of regions and united territorial communities from administrative, political, budgetary and economic perspectives have been suggested. It has been substantiated that in the new conditions the role of regional public authorities and regional investment and construction complexes is significantly increasing.*

**Keywords:** *state policy, construction industry, investment and construction complex, decentralization.*

**JEL Classification:** H10, H13, L24

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**Introduction.** Elinor Ostrom is known to have won the Nobel Prize in the field of economics for her theory of institutional mechanisms related to effective management and administration of shared resources by efforts of local communities. The American economist proved the need to form such a state economic policy that would stimulate extended participation of local communities in economic management processes, which is especially important for Ukraine as it has carried out a large-scale reform of decentralization of power over the past two years.

During this time it became clear that at the stage of political, administrative and budgetary decentralization the domestic construction industry needs significant transformations, primarily through construction of effective public policy on reforming and regulating construction, stimulating development of investment and construction in the regions and in Ukraine as a whole. The fact remains that low competitiveness of construction companies leads to a decrease in investment attractiveness, low financial and economic indicators and insignificant realization of the potential of the national construction market, its investment and construction

complex. A successful solution of these problems is closely related to increasing the level of process management of formation and regulation of investment and construction activities in accordance with innovative requirements in the context of decentralization. This is explained with the fact that numerous current guidelines, regulations, methods of formation, planning and evaluation of effectiveness of investment resources in activities of the investment and construction complex do not have a general theoretical and methodological basis, they are fragmented and incomplete.

**Literature review.** The subject of formation and implementation of the state housing policy, including the policy of promoting development of the investment and construction complex of Ukraine is quite common in the Ukrainian scientific discourse space. The official website of the Vernadsky National Library displays 97 scientific articles and 277 titles from the abstract database based on the keyword search "housing policy", and 24 scientific publications based on the keyword search "investment and construction complex". Such scientists as O. Bilousov [1], E. Vylgin [2], L. Danchak [3], O. Kononova [5], V. Semenov and K. Frolina [7, 10], A. Tkachenko and E. Plaksina [8], O. Yurkevich [11] have been quite actively researching this issue in recent years.

**Aims.** In accordance with the outlined scope of issues it is determined that the objective of the article is to investigate the subject matter, problems and prospects of formation and implementation of the state policy on promoting development of the investment and construction complex of Ukraine and the construction industry as a whole in the context of the rollout of power decentralization.

**Methods.** The methodology of this study involves the use of problem and factor analysis in combination with a discourse approach, which leads to the focus of scientific attention on the study of factors and features of the decentralization of power in Ukraine on formation and development of the investment and construction complex.

**Results.** One of the key tasks of the state in modern conditions of transition to "the fourth information revolution" [9, p. 6] is creation of conditions for development of the economic system, in particular of the construction sector as an infrastructure sector, which leads to the revival of many other related areas and industries of the domestic economic complex. One of the most active sectors of the construction activity in Ukraine today is the housing sector, which dominates the structure of construction in Ukraine as a whole.

Stirring up the role of housing is one of the most important directions of continuation of the country's reforms. In conditions of the market economy, housing and social infrastructure is the most significant indicator that reflects the dynamics and confidence of the population in their future and the future of their country. The housing market and the level of its development characterizes the degree of maturity of the national economy. According to L. Danchak, it is no coincidence that "The government of each country aims to influence the social structure of the population and the most effective of the redistributive functions is housing. Housing fund is also an indicator of how successful the national policy is. It is more visible

than other sectors of the economy as the lower the welfare of the population is, the greater the importance of housing in the range of social problems is" [3, p. 70].

The formation of the housing market in Ukraine is seen as one of the main factors in the transition to the market economy, which stimulates other productive and service areas. The state should make every effort to promote development of the investment and construction complex of Ukraine in these conditions, which provides for qualitative changes in the entire system of economic relations between participants of the investment and construction process.

It should be noted that the lack of a clear housing policy in a changing external and internal environment became one of the reasons that the pace of housing construction began to decline, and a housing problem became one of the most acute social problems in the country, leading to such a negative phenomenon as corruption [6 ], which is the most widespread in the field of housing. Among such problems and ways to solve them, Ukrainian experts and researchers also lay emphasis on the following:

- 1) imperfection of the state policy in the field of stimulation of investment processes of construction organizations, which negatively affects the investment activity of economic entities [8, c. 7]:

- 2) prevention and cessation of further decline in construction production, preservation and development of the potential of investment and construction complexes of the regions and Ukraine as a whole;

- 3) creation of necessary preconditions for stabilization of volumes of construction production and conditions of further progressive reform of construction organizations, modernization of their fixed assets and technological base;

- 4) gradual transition to sustainable growth of construction production in the country and in some regional investment and construction complexes by optimizing the increase of investment in equity with a qualitative change in their nature and structure, a general scientific and technical level of material and technical base of the construction complex and construction products created in it [2, c. 40];

- 5) increasing the investment value of construction companies in order to create a favorable investment climate and strengthen positions of the construction industry in the national market [10, c. 268].

A significant shortcoming of the Ukrainian state's approach to reforming the construction sector is neglecting the regional aspect of the sector's development and the dominance of uncertainty over the segregation of functions between the public and private sectors. This has led to a number of phenomena that hinder development of the construction industry, including the lack of an effective system of scientific support for the industry, destruction of vocational training for the construction industry and the lack of effective organizational mechanisms for development of economic entities in the construction market.

In the context of the decentralization reform of Ukraine and the administrative, political, budget and economic strengthening of the regions and united territorial communities, the role of regional public administration bodies and regional investment and construction complexes is significantly increasing. In our opinion,

development of economic relations is possible only on the basis of the overall economic policy of the region in general and the construction policy in particular. The latter should be formed depending on the current market situation, the state of factors of production and opportunities, i.e. on the regional economic potential. This determines the scale of the goals and the timing of their achievement. At the regional level, to promote development of the investment and construction complex in the rollout of power decentralization are among the most important goals of the state policy. Today such goals are as follows:

1. High level of employment. One of the manifestations of socially oriented economic policy is the level of social protection, which is realized, in particular, in the form of housing that an employee can buy. Improving living conditions is possible if the working conditions of the employee improve. This can also be used as an additional incentive, in particular, at the regional level.

2. Continuous and proportionate economic growth. Economic growth should, in addition to material consumption, help improve the quality of life by creating better environmental conditions, humanization of the workplace, better health care system and providing for old age.

3. Balance of economic operations with other regions. In economic relations with other regions and countries, it is important that economic ties develop so that all trading partners can remain solvent.

4. Participation of local self-governments bodies, public authorities in public and private partnership, which guarantees solvency, reliability, return of prepayment to customers by the state, and observance of social guarantees towards the state regarding saving jobs for citizens by the business integrated structure with vertical management [5, c. 83].

In the conditions of modern decentralization to solve such tasks under pre-formulated conditions the united territorial community can use the powers provided by the state and regional legislation in order to implement its policy of development of the investment and construction complex of the region according to the following principles:

- amiability in relations with participants of the economic mechanism;
- презумпції сумлінності учасників процесу житлового будівництва  
presumption of good faith of participants in the housing construction process;
- balance of regional and private interests;
- openness and accessibility of information for all participants of the housing construction process;
- clarity and simplicity of the process of housing construction in the state;
- equality of participants of the process and unification of public procedures;
- objectivity and common sense in decision-making;
- invariability of taken decisions;
- mutual responsibility of the country's authorities and participants of the process.

According to O. Bilousov, in the context of innovation and investment development of the construction industry a priority direction of implementation of the

investment policy is intensification of sustainable innovation and investment development of the construction industry through implementation of strategic development goals, which includes the following measures:

- optimization of investment financial resources and investment directions;
- formation of the mechanism of making investment decisions;
- minimization of investment risks;
- increasing the pace of implementation of investment programs (plans);
- creation of an effective mechanism for resolving issues of land ownership under buildings and structures;
- development of a motivational and indicative mechanism for regulating investment processes in the construction industry;
- introduction of innovative mechanisms of mortgage lending;
- involvement of construction work in progress into the economic turnover;
- stimulation and support for innovation activities;
- regulation of the accelerated depreciation process;
- stimulation of attraction of household savings into the investment process by using opportunities of no-capital involving growth [1, c. 33].

**Discussion.** One of the tasks of the housing policy is also to increase budget efficiency which is a positive change in the regional budget balance. In other words, the economic policy should lead either to increase of revenues or reduction of regional budget expenditures. In our opinion, the main conditions for the housing policy to be reasonable and attractive for participants of the economic mechanism are the conditions as follows:

- accessible and complete information about construction sites;
- established and written procedure for obtaining housing rights;
- criteria for determining winners in the case of tenders for the right to carry out construction;
- a clear mechanism for estimating the value of construction rights;
- the state institute of registration of rights;
- state measures to stimulate and support participants of the economic mechanism of the housing policy.

Today, analyzing the experience of stimulating investment processes in construction, we can identify the following conditions for building a promising investment policy for the construction organization [2, 5, 8, 10]:

- gradual and constant reorientation of construction organizations for application of advanced technologies, methods and tools of modern management of construction production;
- increasing the scientific level and practical efficiency of public administration in the field of development of investment processes of construction organizations; state support for the construction industry;
- further bringing production capacity, the number of employees in construction companies in line with new economic realities, market requirements, restructuring of the construction industry;

- preservation and development of scientific and production potential of construction organizations, creation of state research and production centers and associative units (product and function oriented) on their basis;
- more active development of cooperation and mutual cooperation between construction organizations;
- formation of a single technological base of construction organizations, stimulation of the processes of creating "breakthrough" technologies of the 21st century and acceptance of results of scientific and technological progress;
- solving the issue of effective support and development of mobilization capacities of construction organizations, normalization of working capital of the said organizations;
- reorganization of banking activities in the interests of development of investment and construction complexes and the construction industry as a whole;
- formation of favorable conditions for the work of construction companies, the environment of fair competition in the country;
- study of the domestic market of construction products and its organization taking into account protection of Ukrainian construction companies;
- development of analytical and marketing research of construction organizations;
- expanding a range of consulting and expert services for construction companies;
- a regular assessment of the state, trends and forecasts of development of investment and construction complexes, construction companies and the construction industry as a whole;
- in the field of development of investment and construction complexes;
- formation of programs for development of investment and construction complexes and construction organizations, improvement of approaches and technologies for their development;
- certification of construction industries, increasing the level of competitiveness of products of construction companies;
- intensification of coordinated activity of all components of the infrastructure of business circles in the field of development of investment and construction complexes and increase of efficiency of functioning of construction organizations;
- resource saving, concentration of efforts to improve efficiency of use of all types of resources by construction organizations;
- development of small business in cooperation with the activities of construction companies and investment and construction complexes;
- accounting of energy, environmental, social and personnel aspects of the scenario of development of construction organizations, investment and construction complexes and the construction industry as a whole;
- raising the level of image activity of construction organizations, regular publication of directories of construction products;
- further development and improvement of the legal field within which the construction industry is operating today.

The presence of all these conditions will ensure long-term efficiency and optimality of the long-term investment policy in construction and in terms of accounting of the evaluation criterion, i.e. of investment attractiveness of the region; the entire emphasis should be refocused on forming a system of evaluation of these conditions.

**Conclusions.** As can be seen from the above in accordance with the set goal, we can conclude that the prospects for solving the problems of formation and implementation of the state policy on promoting development of investment and construction of Ukraine and the construction industry as a whole in the rollout of decentralization processes boils down to three main areas:

1. Supporting regional housing initiatives by creating a regulatory framework to attract resources to housing construction on the region territory; creating a regional fund for housing insurance and business risks of participants of the housing construction process; creating a specialized regional coordination body of the housing construction process.

2. Attracting corporate housing initiatives by stimulating creation of active from investment perspective business entities and improving their image outside the region; supporting promising businesses involved in housing construction, bringing them from the micro- to the mesolevel; stimulating regional vertical and horizontal integration for increasing flexibility of the housing policy.

3. Stimulating civic (personal) housing initiatives by creating social and financial conditions for the purchase of housing; stimulating improvement of living conditions through guarantees and sureties; developing relations at the level of the developer vs consumer for direct target financing of housing improvement.

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