



IMPLEMENTATION OF INNOVATION MANAGEMENT ACHIEVEMENTS IN REGIONAL PUBLIC GOVERNANCE PRACTICE

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ABSTRACT

The article summarizes the research for methodological approaches to the formation of a new system of regional public administration. The main purpose of this article is to study the current state of innovation in regional public administration, identify and overcome the problems of strategic plans implementation in the public sector of Ukraine. The systematization of literary sources and approaches to solving the problem of strategic plans implementation has shown that understanding of the continuous development of the system, as a supreme management function, still remains methodologically unfounded. The urgency of solving this scientific problem lies in the fact that the implementation of strategic plans for economic and social development of the regions remains poorly prepared at the tactical level, both within individual territorial units and the state as a whole. At the tactical level of regions strategy implementation, the project approach is used, but in many authorities the methodology of project management is not supported by professional application. The research of this issue is based on the identification of powerful capabilities of methodological support of project management and its actual application in the implementation of local government reform in Ukraine. Methodical tools of the

research were methods of content analysis of legal acts, available reports and statistics in the field of local public administration, during 2015-2019. The object of the research is the All-Ukrainian competition of projects and programs of local self-government development, which is held annually by the State Fund for Regional Development of Ukraine. The article presents the results of the empirical analysis of the projects, which are the winners of the Regional Development Competition and financed by the state budget. The study empirically confirms and theoretically proves that there is an urgent need to increase the project competence of persons involved in the working-out of the program-target documents for the development of regions, especially in newly formed united territorial communities. The findings of the research may be useful to local governments and newly formed united territorial communities.

Key words: innovation, project, program, strategy, tactics, Ukraine.

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1. INTRODUCTION

Ukraine has chosen integration into the European Union as the basis for economic and social development. However, the current state of Ukrainian society shows that the public administration system does not always adequately respond to changes that occur. Because of this, some of the problems of society become the subject of theoretical research after they have become quite acute. The democratization of society as a whole, the development of local self-government, the course for European integration, the formation of civil society, the growth of information flows – all this causes an increasing pressure on public institutions, forcing public managers to seek new instruments of adaptation to the conditions of continuous changes. In such circumstances, we can say that Ukraine needs mechanisms for rapid adaptation to the changes that accompany democratization processes.

The search for ways to form a new system of public administration is associated, above all, with the right methodological approaches. The solution to the problems of public administration reform can be a rethinking of the application of methods and tools of classical management with the application of the principles of systemic management theory. One of the activities that should be given priority to the self-governing bodies of the united territorial communities is strategic planning, focused at least on the term of their term. And most communities in Ukraine successfully cope with this task. However, the development and approval at the session of the relevant village council of the strategy for the development of united territorial communities (UTC) is only the first stage in achieving a strategic future of the community [1]. At the tactical level, a project approach should be used to implement the strategy. The strategy cannot be fully implemented if it has not been brought to the tactical planned level, without proper operational support. Very often such strategy remains only in the form of empty slogans and wishes. The strategic goals of the UTC and the tactical portfolio of projects for its implementation are inextricably linked and influence each other.

This article presents our attempt to link strategic and tactical planning at the regional level to the necessary leadership actions. Our key assumption is that the application of the project approach can overcome the problem of a formal attitude to the development and implementation of regional development strategies.

Despite the considerable experience gained in the application of strategic planning and project management at the corporate level, the problem of understanding the continuous development of systems at the subnational level of public administration remains open. What remains insufficiently studied are the tools of transformation of strategic plans in the portfolio of programs and projects that contribute to the achievement of strategic goals of the region's development. Although some heads of state recognize the crucial role of professional program / portfolio management, they are in no hurry to acquire the necessary knowledge or involve certified professionals in the development of projects and programs. To address these issues, we do not need to reinvent new tools, as they have been used successfully in the corporate sector for more than 30 years [2]. We only need to adapt them to the conditions of regional sustainable development. The most effective in this process, according to the authors, should be a combination of strategic and tactical (project) planning as a powerful mechanism for regional development. This methodology is based on the general theory of systems development and should take into account the evolution of the dominant values in the system [3].

Ukraine lacks a understanding of economic development strategy, as a system of interconnected and mutually agreed elements, both at the national and regional levels [4]. The inconsistency of the methodology for assessing the economic and social efficiency of state target programs with existing international and domestic standards has led to the fact that the target programs do not identify responsible performers and mechanisms for assessing the achievement of the planned result. The solution to the problems of reforming public administration can be to rethink the application of methods and means of classical management with the application of system theory principles.

2. LITERATURE REVIEW

System approach and system analysis is a fairly broad and distinct area of expertise that is constantly being improved. Project management is a versatile activity that takes a systematic approach to implementing change, using other areas of expertise. The general methodology of system development is considered as strategic management in the theory of active systems [5], theory of complex systems [6], models of proactive development [2], evolutionary theory of values [7] and others. Thus, according to the above theoretical foundations "... strategic thinking is a set of interconnected stages of the analytical process aimed at finding and justifying optimal decisions about the development and use of the capabilities of a system" [8].

In the professional literature there are three approaches to the formation of strategic plans: investment, resource and potential (taking into account the development potential of the system). Each of these approaches has its own scope, its advantages and disadvantages, which does not allow to solve the problem of planning the development of the system unambiguously.

Drawing attention to the need for specific approaches choice to solving strategic problems, P.B. Crosby notes: "... Strategic planning and strategic management are more than just management tools. They form a comprehensive position, an approach to considering changes in the external and internal environments faced by managers. The strategic use of planning and management tools includes a special way of thinking, intellectual basis or method, as well as a set of analytical tools " [9].

The existence of such provisions has led to the emergence of the principle of limited rationality in decision-making, which consists in the process of selecting the desired states and planning their implementation within the internal limitations of human computing power. The author of this principle of limited rationality G. Simon argued that the behavior of an

individual can not reach a sufficiently high degree of rationality and it is difficult to even imagine an approximation to objective rationality [10]. Therefore, in reality, a person is looking for a satisfactory or good enough decision to reasonably improve the current state of the system. We emphasize that the recognition of the option "good" is also to some extent subjective and directly related to the level of training and experience of the decision maker.

The most common approach to the development of systems is strategic planning, as a reflection on the future state of processes, things, phenomena. It is related to time, that is, to the establishment of a certain relationship between the future and the past. Therefore, in the process of strategic planning, the issue of identifying those significant trends and events of the past and present that should be taken into account when developing scenarios for the future should be addressed [11]. The information basis for strategy formation is the results of strategic analysis of the external and internal environment of the system. However, issues of innovation at different scale levels of the economy are only occasionally considered within the framework of a systematic approach [12]. At the same time, development management is changing in the direction of dynamic project-oriented systems, which is enshrined in the new standards of project, program and portfolio management [13].

According to the definition of R. Ackoff, development is associated with the emergence of qualities that reflect new organizational skills and competence [14]. The methodology of project management allows to solve the most important tasks of reforming the state in the conditions of strict limitations of resources and time. The purpose of the project management is to ensure changes implementation according the plan with the minimum possible variations in the quality of the project product, timing, budget and satisfaction for all project participants [13]. Therefore, today, without the implementation of projects, it is difficult to imagine the development of both commercial organizations and government agencies. Unfortunately, the conducted research shows that specialists involved in the development and implementation of state projects and programs are sometimes only superficially familiar with the project management methodology, which contradicts the urgent need of society – rapid implementation of reforms.

3. METHODOLOGY AND RESEARCH METHODS

In the second half of the twentieth century, strategic management has become widely used in business systems in Western countries, and in recent years has been firmly established in public and regional government. The main paradigm of strategic management is as follows: the subject of management creates such conditions for the object of management that the latter cannot make changes in all possible directions, except for the direction determined by the subject. Strategic management in regional management is a set of tools, approaches, principles that constitute the technology of regional management in conditions of increased instability and uncertainty of the external environment.

The weakness of strategic planning is that it does not contain an unequivocal implementation mechanism. This shortcoming can be addressed through tactical management at the level of projects, programs and project portfolios. The experience of developed countries proves that the project management methodology is the best, proven tool for tactical implementation of strategic plans. However, the analysis of the situation regarding the implementation of project management in Ukraine gives grounds to conclude that the state of scientific elaboration of the problem of system integration between the levels of strategic, program and project management is insufficient [3]. Strategic goals are achieved through a portfolio of projects, in other words, strategy and tactics are a detailed comprehensive plan to achieve the goals.

At present in Ukraine, almost all local executive bodies and local governments are involved in the development and implementation of strategies and targeted programs of socio-economic development of the territories and regions, but do not use a single methodology and approaches to management, which adversely affects the efficiency and results. Mastering the basics of project management methodology by Ukrainian managers would allow the country's leadership to implement its strategic priorities and commitments.

The sources of the research were available data consisting of selected literature, regulations, available reports and studies of state institutions in the field of local self-government management. To analyze the legal acts, the authors also used the dogmatic research method. In this case, the method of targeted selection was considered as the most appropriate. In this research, the term «scale» will be used to reflect different levels of system management. The presented aspects are descriptive and explicative and the authors' contributions should be treated equally.

Despite the considerable experience gained in the application of strategic planning and project management, the problem of understanding the continuous development of the system, as a higher management function remains open. According to the authors, the most effective in this process should be the combination of strategic and tactical planning of state development. Such methodology is based on a general theory of systems development with taking into account the evolution of values, which dominate in the system.

The aim of this paper is to present the current state of innovations implementation in the field of public administration, identify and overcome the problems of implementation of strategic plans in the public sector of Ukraine, as well as identify ways to improve the practice of public administration in accordance with the concept of service state.

The development of the concept of a service state is the result of the democratization of public relations and the blurring of the borders between the public and private sectors. At the same time, it is important to keep in mind that the state service guidelines in separate strategic documents of Ukraine are in conflict with the existing system of functioning of state authorities (opacity of decision-making, complexity of administrative procedures, constant changes of rules in different spheres of public relations). This confirms the need to achieve harmonization between the value content of the state services and the functioning of its public administration. The experience of Ukraine in recent years has shown overwhelming attention to the provision of administrative services, the need for which is produced by the state itself. In addition, for the sustainable development strategies of regions and territorial communities, it is necessary to have a national development strategy that would be understood and accepted by society as a whole.

4. RESULTS

Public administration reform theory and practice around the world determines that reform takes time and a thoughtful, result-oriented approach. In recent years, Ukraine has made a major step forward in shaping contemporary public policy, but its attempts to implement it demonstrate a partial unwillingness of public institutions to work in new conditions. Implementation of strategic plans for economic and social development remains a function of public authorities both at the level of individual territorial units and at the state as a whole. At the tactical level, the project approach in the area of regional strategy implementation is widely used. However, for many authorities the project approach remains a popular motto for a number of reasons, and project management tools do not find appropriate professional use. In some regions, the system remains an outdated management system that is ten years behind management practices in private business. Preparation of financial plans by the accounting

department, not by specialized units, lack of medium-term budget planning, including based on strategies and budget programs - all leads to unnecessary spending of budgetary funds.

Strategic planning as a function of strategic management is now regarded as a universal tool for balancing the state's goals and opportunities for its development [1]. Most often, strategic planning refers to a set of specific methods, principles, and rules for making management decisions aimed at achieving long-term goals [15]. As any system develops according to certain laws, the elaboration of a development strategy requires taking into account these laws, namely determining the stage of the life cycle of the system, the level of values that dominate in it, and the ability of its collective intelligence to create new value constructs. Logical-structural approach to the development of the system allows us to analyze the morphological properties of the system taking into account the above components (Figure 1). By now, a number of clear decision-making algorithms have been developed and put into practice a number of effective methods that are successfully used in the strategic planning process. Among them, in particular: SWOT analysis, scenario method, simulation method, various modifications of the brainstorming method, and methods of fuzzy set theory. To date, practically all local executives and governments in Ukraine are involved in the elaboration and implementation of strategies and targeted programs for socio-economic development of the respective territories and regions but do not use a single methodology and management approaches that are detrimental to efficiency. However, no strategy can be implemented if it is not worked out at the tactical planning level and its proper operational support and post-project management quality analysis do not occur.

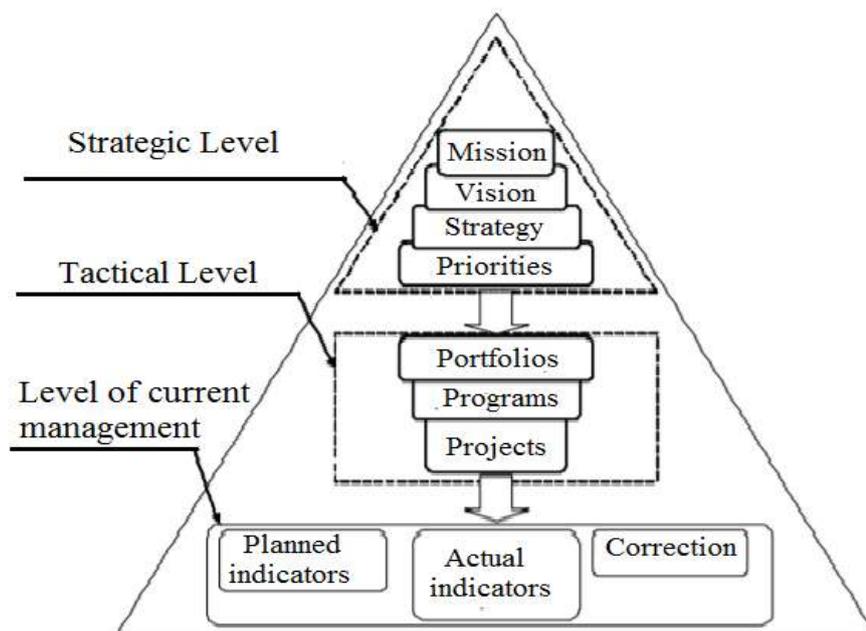


Figure 1. Logical-structural approach for managing of the system development

Interest in professional project management as a tool for innovative transformation of the economy and society, as a whole, has been growing rapidly. Heads of State recognize the extremely important role of professional program / portfolio management. However, a common misconception is that many civil servants do not pay attention to the clear correspondence between the region's development strategy and project portfolio implementation. Mastering the basics of project management methodology by Ukrainian executives would allow the country's leadership to realize its strategic priorities and commitments. Based on the study of the general managing task of the organizational and

technical systems' development, the authors proposed a conceptual model of system development, which includes four stages:

1. Development of a development strategy for a certain period.
2. Planning the implementation of the strategy through a portfolio of projects.
3. Project portfolio management.
4. Re-evaluating strategy and portfolio over a specified period.

Let us take a closer look at these steps.

Stage 1. Design of a value-oriented development strategy for a defined period. At this stage, the study of the internal values of the system and comparison of its characteristics with similar characteristics of external systems, the study of the influence of the external environment. The purpose of such diagnostics of the current system's values state is to identify the opportunities and constraints on which the development strategy will be formulated.

Stage 2. Planning the implementation of a strategy through a portfolio of development projects. In the general case, when forming a portfolio, we must choose projects with a sufficiently large set of parameters, that is, solve the multi-criteria decision-making task, and deal with many alternatives, multiple criteria and multi-criteria rating scales. To simplify this task, a sequential convolution of the characteristics of alternatives is used, for example, based on the hierarchy analysis method proposed by T. Saati at the end of the last century [16]. It is necessary to create a portfolio of projects in such a way that the portfolio maximally ensures the implementation of the strategy, taking into account existing restrictions.

Stage 3. Monitoring and control of portfolio performance are based on the tracking of deviations of actual indicators from planned and determination of expediency of adjustment of changes. A comparison of the actual indicators of portfolio development with the target allows determining the magnitude of some mismatch. Minimizing this mismatch is the task of ongoing project portfolio management.

Stage 4. The re-evaluation of the development strategy is regularly carried out after certain periods and serves to adjust the overall results of the system development. Depending on the magnitude of the mismatch between the planned and actual indicators of the system development, problematic situations are possible, which are respectively the states of preemptive development, stability and degradation of the system. These processes of achievements assessing are associated with determining the social utility received from the implementation of projects and programs. Monitoring and evaluation of results should be publicly available in order not only to evaluate success but also to control the profitability of the results.

In mature private sector organizations, project management has long been in the form of project portfolio management in line with development strategies. Project portfolio management is more than a few coordinated projects. The principles of portfolio formation must, among other things, take into account current rules and budgetary constraints, the level of risk that the system is prepared to accept in connection with portfolio implementation, and clearly define the key performance indicators (KPIs) for monitoring and evaluating results.

The most important achievement of project management is manifested in its structuring on three levels: portfolio of projects, programs and individual projects. The relationship between portfolios, programs and projects is such that the portfolio is a collection of sub-portfolios, programs, projects and other works for the achievement of strategic goals [17]. The programs consist of subprograms, projects, or other works that are coordinately managed to support the portfolio. Certain projects, both inside and outside the program, are still considered part of the portfolio. Although projects or programs in the portfolio may not necessarily be

interdependent or directly related, they are linked to the strategic plan through the development portfolio.

In Ukraine, at the level of project portfolios, public administration is practically absent, since the public administration system is weakly responsive to changes in the environment. Applying the methods of selecting, balancing and evaluating project portfolios, as well as reviewing and refining the strategy, the government must address conflicting requirements that will maximize the aggregate value of any system.

The state programs management is regulated by the following documents: "On State Forecasting and Development of Economic and Social Development Programs of Ukraine"[18]; "On approval of the Procedure for development and implementation of state targeted programs" [19]; "On the Principles of Regulatory Policy in the Field of Economic Activity" [20]. They establish the general procedure for the design, approval and implementation of economic and social development programs in Ukraine. When analyzing the documents, it should be noted, that they do not clearly identify who is responsible for the results of the programs, thus violating one of the basic principles of modern project management methodology - personal responsibility for the result. The methodological recommendations for the state target programs do not reflect the value-oriented management principles.

In the program management standard [21], the program lifecycle is 3-5 years and must end with program evaluation. There is no medium-term budget planning in Ukraine at all, so if the program is scheduled for three years, next year it may simply be closed, since next year the budget may not include its further financing. In such circumstances, it is possible to speak about the effectiveness of state targeted programs only in the theoretical aspect.

It has been over five years since the Cabinet of Ministers of Ukraine approved the Concept of Local Government Reform in Ukraine [20]. Reform is our great asset, but at the same time, we must pay attention to the mistakes and trends that pose risks for the future. The reform has created new opportunities for implementing strategies through local development programs and projects. Unfortunately, almost all regional strategies are not innovative. These are traditional, socio-economic strategies of the region that have been developed without taking into account the global trends and internal capabilities of the region. The main methodological drawback of such strategies is to bind to the average Ukrainian development trends; they do not set the task of increasing the competitiveness of the region in order to break the existing trends in the future. In addition, development strategies developed in newly created larger communities are not always successfully implemented. Quite often, such strategies remain merely a printed document, developed on a general pattern and embedded in a beautiful cover. Such strategies are not underpinned by a set of interconnected actions that are subordinated to a single purpose. These strategies are not monitored by the system for monitoring their implementation; they do not have criteria for evaluating the measures being implemented. That is why there is an urgent need to master civil servants effective tools for integrating strategic and tactical planning, which will provide a basis for achieving each of the strategic goals.

This year, the National Strategy and Regional Development Strategies for the period until 2020 is ending. In the new strategic period, a new procedure was introduced for developing national and regional development strategies, including action plans for their implementation, as well as monitoring and evaluating the effectiveness of their implementation, taking into account the EU experience in "Smart specialization" [20]. Smart specialization is a local approach that draws on the assets and resources available to the regions and their specific socio-economic challenges, in order to identify unique opportunities for development and growth. Another difference is that the state budget provides for a minimum amount of funding

for one project that can be financed (UAH 1 milion). This avoids small acquisitions (printers, carpets, stage costumes) that are intended to promote socio-economic development and are actually spent for the agitation purposes of political parties.

New strategy papers should be logical, motivational, supported by real projects and programs. Exactly the strategies and plans for their implementation should underpin budget planning at local and regional levels. For this purpose, the Ministry of Regional Development has developed a new manual for preparing projects for the funding competition.

In Ukraine, since 2003, the State Regional Development Fund (SRDF) has conducted the All-Ukrainian Competition for Local Government Projects and Programs. The main goal of the SRDF is to accelerate the socio-economic development of the regions. During the 14 years of the Contest, more than 1650 projects have won and received state funding. Only in 2019, state support for the winning projects amounted to UAH 7,670 million allocated from the state budget [22]. According to the conditions of this competition, financing from the state budget should not exceed 80% of the total cost of projects, and financing of local budgets not less than 20%. One of the indicators of the effectiveness of the competition is that due to the implementation of the projects, the investment attractiveness of the territories is enhanced. For the implementation of investment programs and regional development projects for 2015-2019, UAH 18.7 billion was spent in total according to the activities shown in Figure 2. In the draft budget for 2020, which was approved by the Parliament in the first reading on October 18, 2019 the size of the State Regional Development Fund is UAH 9.5 billion. This is almost 1% of the total budget of the State Budget for 2020, which amounts to UAH 962.7 billion.

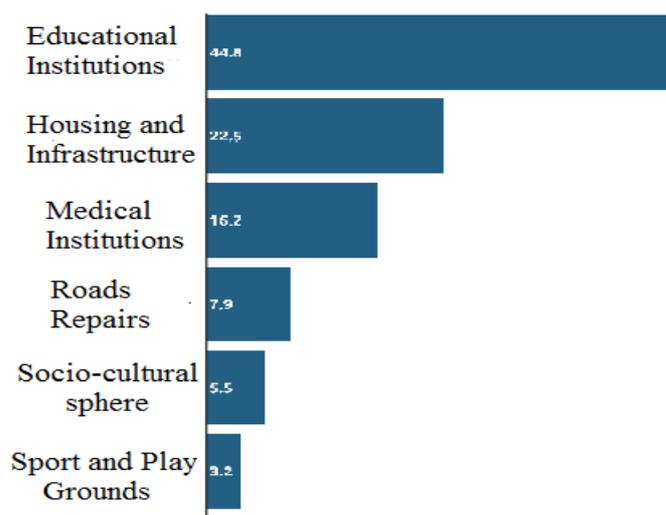


Figure 2. Distribution of the State Budget costs for the years 2015-2019, % [22]

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A study of project products in terms of value-oriented management has revealed that among the projects of the winners, we are dealing with four areas of value: education, health care, housing and road infrastructure. Although educational projects occupy the largest share among the winners of the competition, it should be noted that in most cases, educational projects are projects for the repair of educational institutions. Thus, the dominant values created by these projects on the scale of the evolutionary theory of values [7], belong to the lowest level of values – the level of survival (repair of old infrastructure). It is likely that the

investment attractiveness of the territories is increasing due to the implementation of such projects, but they can hardly be called development projects. Projects to enhance local economic initiatives strengthen rural productive capacity and other projects related to increased reproduction and employment stimulation were virtually not funded. A small number of new jobs in projects for 2015-2019 are impressive (Figure 3).

Often, regional development projects funded by SRDF are downright weak. As is known, the regional commissions conduct preliminary selection of projects for the SRDF competition. Projects are often selected on a competitive basis according to financial and time criteria, without taking into account their impact on the achievement of strategic goals. This leads to the surprisingly "winning" of projects that are openly lobbied by local authorities. One reason for this is that the major goal of most projects is to rebuild obsolete infrastructure that is usually required in any region of Ukraine. The law of system development states that long-term use of an outdated system guarantees the stability of its performance because the implementation of such projects does not provide an impetus to the development of the region. Such projects are considered to be of the lowest level of value - the level of survival and do not lead to economic growth in both the territory and the region as a whole.

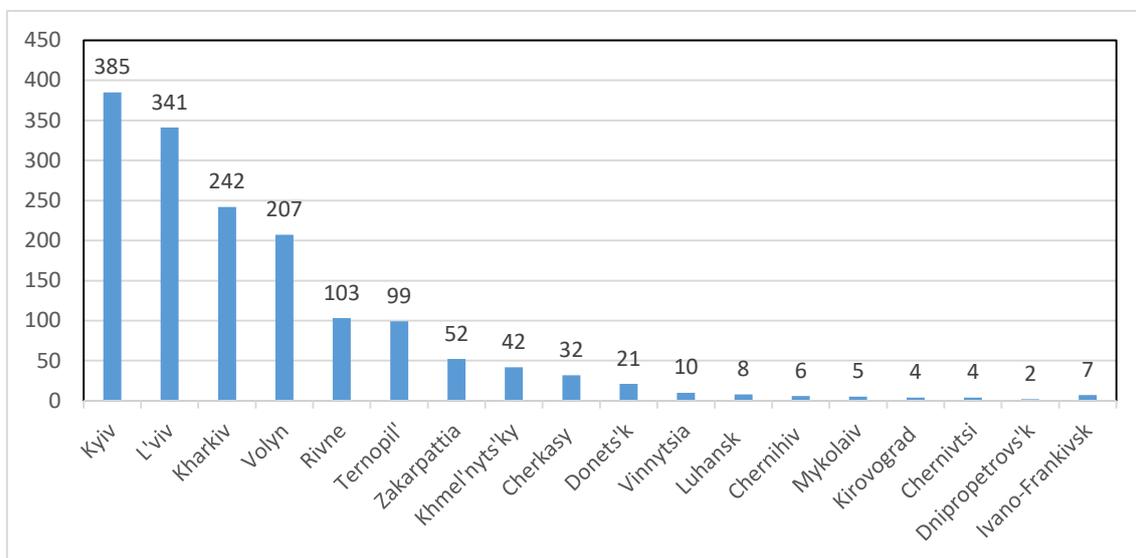


Figure 3. Number of new jobs created in projects for the years 2015-2019 [22]

That is why there is an urgent need to increase the level of project competence of persons related to the development of program-target documents (strategies, programs, projects, etc.) in the newly formed united territorial communities, namely: the competence of deputies of village, settlement, city councils, who are the expression of interests of the population in the territory and, in fact, are the initiators and directly executors of such project management. For this purpose with the support of the USAID under the DOBRE project in 7 target regions of Ukraine, a hundred leaders will be carried out the selection and training with using the experience of Poland, which will improve the educational opportunities for the public administration professionals.

If we want radical changes in the system, then it must be based on a new principle of action. Under the principle of action, we understand the peculiarities of the use of natural phenomena and consequences aimed at implementing the necessary actions. In formulating an innovation strategy in the region, attention should be paid to the process of managing its innovation advantages in order to increase its competitiveness. Therefore, if we want rapid economic development in Ukraine, then the qualitative composition of the projects must be

completely different, the largest share among the projects of the winners should be innovative projects that will ensure the rapid development of the regions.

The key to formulating implementation-oriented strategies is to coordinate the actions of all regional planning entities: companies and authorities of all levels and to bring together all the positions needed for strategic planning based on accurate information about their intentions. During the period 2015-2017, all projects funded from the state budget for the implementation of action plans of regional development strategies were aimed at achieving only 17% of the total number of strategic goals (Fig. 4).

Ideally, a regional strategy should be a mutually beneficial agreement, signed by all its members, who thereby assume the obligation to fulfill it. The process of regional strategy elaboration should be carried out by all stakeholders, including three main groups: the population, business, and management bodies.

Taking into account the fact that the monitoring period of the SRDF projects coincided with the validity period of most of the action plans for the regional development strategies (2015-2018), it is clear that the planned and actually achieved changes are inconsistent.

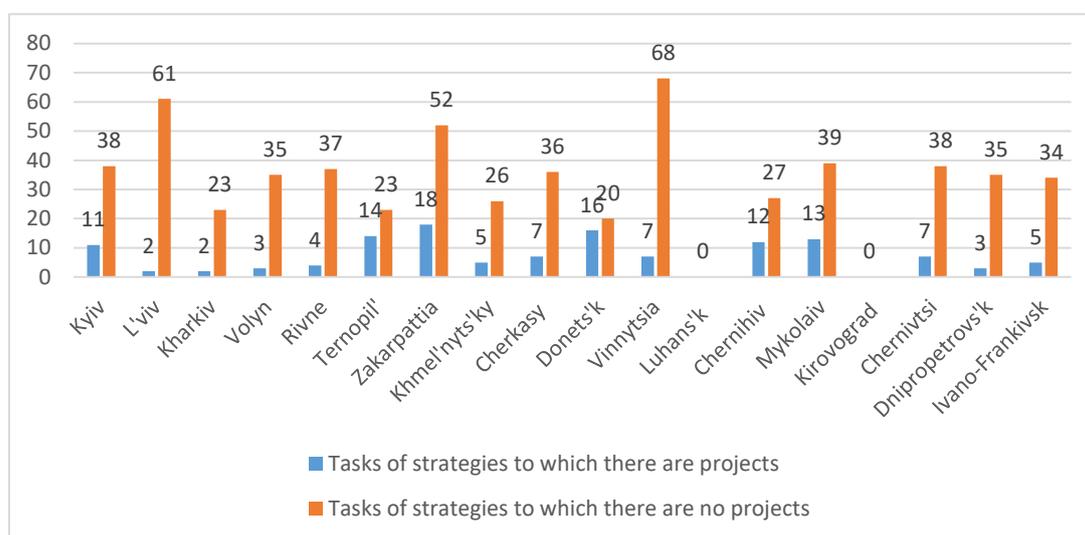


Figure 4. Compliance of 2015-2018 projects with the objectives of regional development strategies [22]

5. DISCUSSION

Unfortunately, the legislation in force in Ukraine has not yet become a proper legal basis for the state's transition to an innovative model of economic development. The foregoing allows us to conclude that at the stage of development and implementation of the strategy, the conditional region will have to create a new type of organizational structure – the centers of strategic regional development. There is no one perfect organizational structure for managing projects. The final choice depends on a weighing of the various factors of the nature of the task, the needs of the organization and the environment of the project.

Although in most cases, regional development agencies specialize in providing services in the field of information technology, audit, consulting, they can also be built on the strategic principle of interaction between participants. In the ideal regional strategy, we have a mutually reinforcing agreement that we'll subscribe to all the participants so that we can take over themselves. All stakeholders, including three main groups (population, business, government), should carry out the process of regional strategy working-up.

The institutional design of the regional development strategy may be different, multi-level and bring together representatives of the state, regional governing bodies, economic entities, representatives of public organizations and other stakeholders in the region. These should be independent professional organizations, such as the Strategic Regional Development Agency, the Strategic Planning Project Office, and others involved in the development and implementation of strategic decisions.

When choosing a project office model for a public authority, one must pay attention to the goals and objectives of its creation. In summarizing the task of setting up a project office in a public authority, the following steps should be carried out consistently:

- formulate goals and select the appropriate type of project office;
- determine its place and subordination in the organizational structure of the authority;
- to define interaction with users of the services of the project office – by departments of the authority and external customers;
- to develop the organizational structure of the project office.

The application of the project approach in strategic planning creates the prerequisites for ensuring a close logical connection between the strategy and its financial support system (budget). In public administration, targeted budgeting is focused on the socially determined outcome and transparency of taxpayers' spending.

6. CONCLUSIONS

In Ukraine, almost all local executive bodies and local governments participate in the development of strategies and targeted programs for the socio-economic development of the respective territories. However, from the experience of developing numerous strategies, roadmaps and reforms, it should be noted that probably none of the strategies has been fully implemented. The reason for this situation is that the strategies are not developed to the tactical planning level; they do not have their appropriate operational support and post-project analysis of the achievement of results.

The essence of strategic planning should be to find an answer to the question: what is the probability of their achievement given the possible actions at the tactical level (portfolios, programs, projects). The strategic goals of the region and the portfolio of its initiatives are inextricably linked and influence each other. Defining strategic directions of the region's development serves as a foundation for further creation of a portfolio of initiatives. The results and benefits gained from the implementation of these initiatives contribute to the implementation of the strategy and allow evaluating the effectiveness of the strategy and initiatives in creating value for the regional community. This relationship can be clearly illustrated as a cycle of the system model.

The effectiveness of public administration in strategic development largely depends on the quality of strategic and tactical planning, which should be based on the results of socio-political forecasting, the development of long-term forecasts and laws of systems development. Project-oriented management is seen as a new flexible method that provides the relationship of strategic and tactical levels of development of the region as an object of management. The combination of these two approaches (strategy and tactics) ensures effective functioning in the long run and rapid adaptation to changing environmental conditions.

The introduction of professional project management at the tactical level of strategy implementation can increase the efficiency of strategic activities and control the use of resources and time at the state level. At the same time, the success of targeted programs and

projects of socio-economic development should be measured not only by the economic component but also by the values that affect the sustainable development of the region.

Further research will be devoted to the methodological foundations of systems development based on the integration of strategic and portfolio value-oriented management, which will be considered at the methodological and instrumental levels.

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