

PROJECT MANAGEMENT AND FINANCIAL AND ECONOMIC SECURITY IN THE CONDITIONS OF GLOBALIZATION

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POST-WAR RECONSTRUCTION DIRECTIONS FOR THE ZAPORIZHZHIA REGION

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Zaporizhzhia region, as a constituent part of Ukraine, is located in the southeastern part, almost in the very center, at the intersection of important routes from Europe to Asia. The region has developed all types of transportation; its territory is crossed from north to south by railway and highway routes of transit significance. The region has rich and diverse natural resources (significant reserves of iron and manganese ores, granite), predominantly black soil. The geographical location of the region is favorable for economic and cultural development. Prior to the full-scale invasion, Zaporizhzhia region had every chance of becoming one of the largest industrial centers in Eastern Europe. However, such a geographical location has always had another side for Zaporizhzhia region, and it has always been at the epicenter of significant historical events, as it is now during the full-scale invasion by the Russian Federation – the region is under constant shelling from the Russian army, and part of it is in occupation.

It is very important to develop a post-war reconstruction strategy for Zaporizhzhia region today to prevent the loss of industrial potential and its transformation into a depressed region.

НАПРЯМИ ПОВОЄННОЇ РОЗБУДОВИ ЗАПОРІЗЬКОГО РЕГІОНУ

Батракова Т.І., Целуйко Л.С.,*Запорізький національний університет**Україна, 69600, м Запоріжжя, вул. Жуковського, 66***Ключові слова:**

промисловий потенціал, війна, економічна криза, виробництво, «депресивний регіон», людський потенціал.

Запорізька область, як складова України, розташована в південно-східній частині, майже в самому центрі, на перехресті важливих шляхів з Європи в Азію. В області розвинені всі види транспорту, її територію з півночі на південь перетинають залізничний та автомобільний шляхи транзитного значення. Область має багаті і різноманітні природні ресурси (значні запаси залізної й марганцевих руд, гранітів), переважно чорноземні ґрунти. Географічне положення області сприятливе для господарського і культурного розвитку. До повномасштабного вторгнення Запорізька область мала всі шанси стати одним з найбільших промислових центрів Східної Європи. Однак, таке географічне розташування завжди мало для Запорізького краю іншу сторону медалі, Запорізький край завжди знаходився в епіцентрі масштабних історичних подій, як і зараз під час повномасштабного вторгнення р.ф. – область знаходиться під постійними обстрілами з боку російської армії, а частина її в окупації.

Дуже важливо, уже сьогодні розробити стратегію повоєнної перебудови Запорізького краю, для недопущення втрати промислового потенціалу, та перетворення в депресивний регіон.

Problem statement

Preserving the country’s industrial center during war-time and its effective post-war reconstruction are crucial components of Ukraine’s overall economic security. Currently, Ukraine’s economic security is under threat; Russia’s military actions against Ukraine could lead to a global economic crisis and deal a devastating blow to the entire world. Therefore, it is important to familiarize and study the experience of other countries in rebuilding depressed regions and restoring their potential in post-war times.

Analysis of research and publications

The issue of «depressed regions» in the country has become the subject of research by both foreign and domestic scholars and economists. Many of them believe that a territory qualifies as depressed when there is stagnation in the key sectors of the economy. According to the definition by A.M. Novikova, «depressed areas» should be understood as industrially developed territories, the crisis state of which is a manifestation of the structural crisis of the economy and disparities in the development of industrial production by sectors and regions of Ukraine.

The question of «depressed regions» has been investigated in their scientific works by such domestic and foreign scholars and economists as Y.Z. Drachuk and L.O. Sav’yuk. They studied the urgent need for the preparation for the reconstruction of the machinery complex and its transformation into a high-tech and innovative industry in the conditions of partial occupation of the old industrial regions.

Forming the goals of the article

The main goal of this work is to study the most modern model of reconstruction of «depressed areas» and find ways to their possible use in Zaporizhzhia using the example of the English city of Sunderland, which has experience in restructuring the economy on modern lines.

Outline of the main material of the research

Ukraine is one of the largest countries in Europe. Ukraine has great potential for the development of the economy, especially if you focus on including agriculture, industry, energy and services. Exports of raw materials, especially iron ore and agricultural products, are important parts of the economy. But, unfortunately, from the full-scale invasion, some regions of the country suffered great losses and destruction. A large number of people left the country, especially the eastern part. This is why recovery is so important.

One of these regions is Zaporizhzhia. In the pre-war period, the Zaporizhzhia region was one of the most important industrial regions of Ukraine. It is famous for its metallurgical, energy and chemical industries. The region has natural wealth, including rivers, lakes and steppe landscapes. National nature parks and reserves are located on its territory. It is also important for agriculture, with the cultivation of grains, oil crops, vegetables and fruits. According to Forbes, we have one of the expensive territories, where the value of minerals reaches 605 billion dollars (Fig. 1). That is why it is important to rebuild us after the war.

Zaporizhzhia is a city of regional importance, the administrative center of the Zaporizhzhia region. It is located on the main waterway – the Dnipro River. It is one of the largest administrative, industrial and cultural centers of southern Ukraine. The fourth largest industrial center of Ukraine with developed mechanical engineering, ferrous and non-ferrous metallurgy, chemical and construction industries. The city has a river port, an international airport and is an important transit railway hub [1].

The peculiarity of the city of Zaporizhzhia is that it is home to about 65% of the region’s productive capacity and about 43% of the region’s population [2].

Zaporizhzhia is the main city of the region, the regional center. Before the full-scale invasion, the city lived an

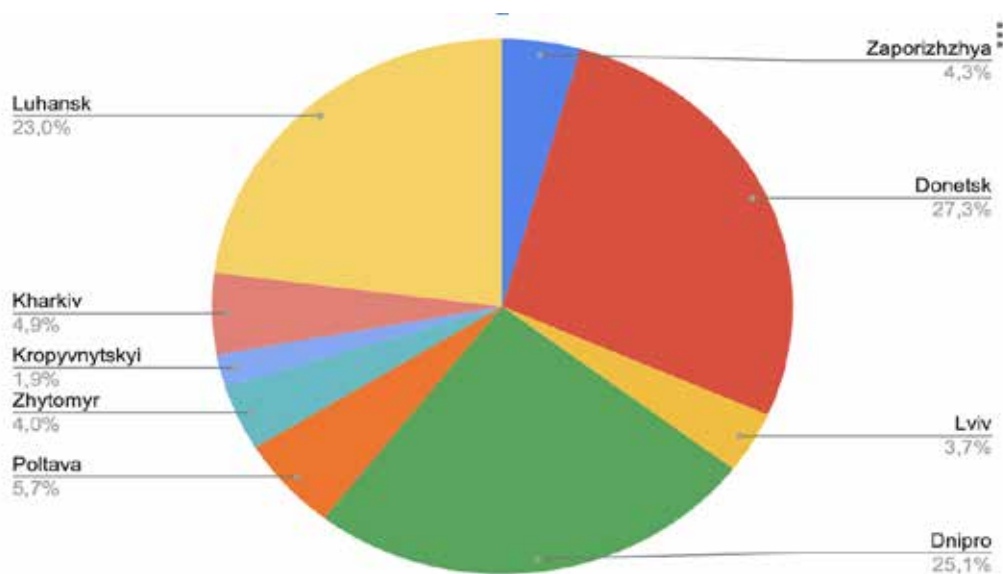


Figure 1 – The cost of minerals in the regions of Ukraine – the 9 most expensive regions

active economic, social, and cultural life. The city was the industrial center of Eastern Ukraine. About 60 industrial enterprises operated on its territory – this is the largest concentration in Europe. But already in pre-war times, it was clear that some of the industrial giants were gradually turning into scrap metal, and the chances of resuming production depended on effective privatization. Even in the pre-war period, Zaporizhzhia lost jobs, people gradually left, starting from 2017, the city’s population decreased by almost 1% every year (0.82% on January 1, 2017, -0.7% on January 1, 2018, -0.7% on January 1, 2019, 9%, as of January 1, 2020 -0.92%, as of January 1, 2021 -1.26%) [1], even before the war, Zaporizhzhia as gradually turning into a depressed city. Over five years, from 2017 to 2022, the population in the region and city of Zaporizhzhia decreased by 4.1% and 1.7%, respectively. During the full-scale war, about 26 Zaporizhzhia enterprises moved to the west of Ukraine, two large enterprises were relocated, which is an additional loss of jobs and a demotivation for the return of displaced persons. Almost a quarter of the entire population left Zaporizhzhia region, that is approximately 24% – 280-290 thousand people. Approximately 200,000 currently live in other regions of Ukraine. Almost 87% of those who left the occupied territories are primarily women with children, 65% of these women are of working age – from 18 to 55 years old. This is an economically important figure. About 70% of immigrants have a higher education, and this should also be taken into account when we understand what share of the population we may lose as a whole in the future [3].

Before the full-scale invasion, Zaporizhzhia was considered a platform for the development of heavy industry. The city developed alongside cities with a similar structure of economy and society – Kharkiv and Dnipro, which have always been competitors in the pursuit of investments and human capital (table 2).

Dnipro and Kharkiv are cities with a larger population and larger territory compared to Zaporizhzhia, but the average salary in Zaporizhzhia in 2022 was the highest, unfortunately, the number of registered unemployed was higher compared to competitors.

Analyzing the data in the tables, one can see how the population of Zaporizhzhia is gradually decreasing, despite the higher average salary compared to other cities. There is a reduction in jobs that began before the war, and after the full-scale invasion the statistics increased. According to the Zaporizhzhia Regional Employment Center: the number of employers has decreased by 40%, the number of jobs has decreased accordingly, and 8 unemployed people apply for 1 vacancy. The region ceases to be attractive for the population aged 18-40[5].

In general, the eastern part of the country, according to general statistics, lost more than 90% of the profit for 2022 in 2022, in the Zaporizhzhia region, the business lost more than 83% of the profit, while in Kyiv, Chernivtsi and Lviv regions, which are far from military operations, regions, the profit of enterprises increased due to the influx of internally displaced persons and the relocation of enterprises to this part of the state[6]. The problems of the front-line territory, associated with constant shelling, occupation of part of the territory, loss of jobs, falling wages, deterioration of the environment are the main factors contributing to the departure of young labor from the city, region and country.

If we consider the dynamics of business registration in some regions during the pandemic and full-scale invasion, we can see that the highest rate is in Lviv region, and the lowest is in Zaporizhzhia (Figure 2).

The presented dynamics of business registration in different regions during the war speaks eloquently about the rather difficult economic situation of the Zaporizhzhia region. But sooner or later the war will end, and already today it is necessary to understand how to prevent the transformation of the Zaporizhzhia region into a depressed region, for post-war reconstruction it is necessary to study foreign experience on the revival of depressed regions. An example can be the modern development of the English city of Sunderland, located in the United Kingdom, in the county of Tyneside, which has its own «depressed» history.

This is a city that used to give income to miners, metallurgists, glassblowers, but the world is changing, most of the mines in the region were closed in the 1980s and 1990s

Table 1 – Comparison of indicators of the city, region and country

Regions	Area, km2	Area in % of the total area of the country	Available population, people		In % to the available population of the country	
			2017	2022	2017	2022
Zaporizhzhia city	331	0,0	750 685	710 052	1,8	1,7
Zaporizhzhia region	27180	4,5	1 739 488	1 636 300	4,1	3,8
Ukraine	603549	x	4 258 450	4 113 400	x	

Source: created by the author based on [2, 4]

Table 2 – Comparison of the main indicators of Zaporizhzhia and the cities of "competitors" as of 2022

Indexes	Zaporizhzhia	Dnipro	Kharkiv
Territory	331	405	350
Population	710 052	968 502	1 421 125
Registered unemployed	39 127	32 200	23 600
Average salary	14 510,00	14 479,00	12 510,00

Source: created by the author based on [2, 4]

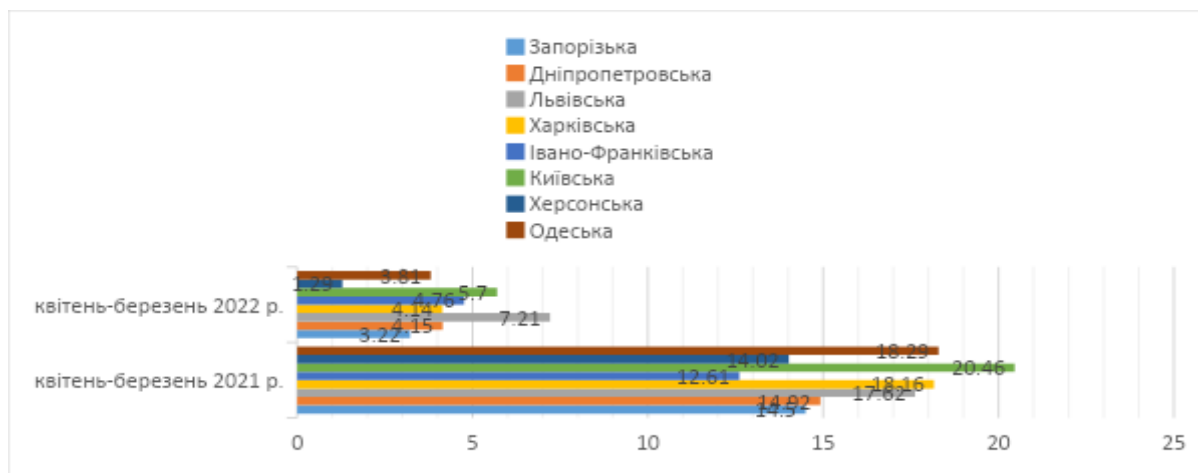


Figure 2 – Dynamics of business registration in the regions during the pandemic (2021) and full-scale invasion (2022)
Source: created by the author based on [4]

during the crisis of the coal industry in Great Britain. Also, the city has a football club Sunderland AFC, which plays in the English Football League. In some ways, our cities are similar, they have closed mines – we have factories, we also have our own football club – Metalurg.

Sunderland is still called a «depressed» town because of its mining history. At that time, there was no development of education and other services that the population needed. Residents periodically left the city, not seeing prospects and development for themselves. The authorities were concerned about such developments, and that is why they came up with a strategic plan for the development of Sunderland's smart city until 2035, which is aimed at the age group of 18-55 years.

Smart cities are cities that use innovative technologies and data to improve the lives of citizens, increase the efficiency of city management and reduce the impact on the environment. Sunderland, like other cities in the world, is developing in the direction of a smart city:

- construction of new houses according to modern standards and more affordable prices, it is more attractive for young people than old high-rise buildings. Affordable, modern housing will make it possible to bring back the youth;

- implementation of intelligent transport management systems, including real-time public transport schedules and electronic ticket systems. In our city, the EasyWay system is partially implemented, but it is imperfect, it only displays city buses, and it is not possible to buy a ticket in the same application;

- creation of information platforms for recording and analysis of traffic data in order to improve traffic flows [7]. In our place, it would be a good control of private carriers, namely minibuses;

- creation of a territory for learning – educational environment. These are more computer classes, more modern libraries where different generations could spend time, from children from kindergarten to older people – and everyone would be interested there, where young people can engage in self-development and study calmly;

- introduction of digital education, namely: introduction of programs to improve digital literacy among the population of different age categories;

- civil safety – installation of video surveillance and other technologies that can ensure safety for all. Also, implementation of instant response systems;

- loyal conditions for startups. The city is interested in a new business that will have the opportunity to develop, thanks to which new jobs will appear and people will stay for permanent residence;

- maximum digitization of all processes – registration, queues, payment. Creating applications to simplify life [3].

So, Sunderland is trying to get out of the 'depressed' state through digital development and job creation. This is what interests people aged 16 to 50. We consider this practice effective for the post-war development of Zaporizhzhia and the Zaporizhzhia region as a whole. It is clear that the reconstruction of the frontline region requires a comprehensive approach to prevent its transformation into a depressed region. Smart city policy can play an important role in this process, but it is not the only success factor. The development of infrastructure, including high-speed Internet, modern transport links and other technological initiatives, can attract investments and provide convenient conditions for business and life, but it is important to create a favorable business environment, support innovative technologies and new industries that can stimulate the economic development of the region and create new jobs, which will help retain young people in the city and return to Zaporizhzhia those who left during the military operations.

Conclusions from the study

Reconstruction of the country after the war is a complex and long process that requires a lot of time and resources. Before the full-scale invasion, 1,200,000 people lived in the Zaporizhzhia region. About 500,000 left, in particular, to other regions of Ukraine and abroad. According to experts' forecasts, 40 to 70% of people will return to Ukraine after the war. That is, 30% of those who left will ultimately remain abroad. But the number of Ukrainians

who will not return may reach 50%, i.e. approximately 3-3.5 million people. It will be a great loss [2]. And that is why we need foreign practices and strategies to restore and modernize the country. Smart city building policies can be a useful tool for ensuring sustainable development and improving the quality of life in the region, but it is important that these policies are integrated, taking into account the needs of local communities, economic realities and socio-cultural characteristics. Such an approach can

contribute not only to technological development, but also to ensuring sustainable and harmonious development of the Zaporizhzhia region and will help it become one of the most modern and attractive regions of Ukraine for young people. It should be noted that a large number of educational institutions operate in the region, which provides an opportunity to train and develop the skills of the local population, which is a key factor in ensuring the competitiveness of the region and attracting new investments.

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