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SOCIO-ECONOMIC CONSEQUENCES OF MILITARY CONFLICTS IN THE DONETSK REGION AND PRIORITY AREAS OF THE REGIONAL RENEWAL

Formulation of the problem. Socio-economic development is the process of continuous change of the material basis of production and also of the whole set of diverse relationships between economic entities and social groups of the population. Socio-economic development is the difficult contradictory process, in which interact positive and negative facts and periods of progress change into periods of regress. Political and military upheavals, social conflicts, ecological disasters can halt the economic development of any country, reject it for several decades, and sometimes lead to ultimate destruction. Thus, Donetsk region before the beginning of the conflict was a powerful natural resource potential of the country. But the war significantly changed the existing situation. Therefore, at present the renewal of the territory of these areas is a matter and the task number one of the Ukrainian authorities.

Analysis of recent researches. Problems of socio-economic development of the Donetsk region and the issues of the renewal of territories are solved by such researchers as O. Amosha, V. Antonyuk, L. Bezzubko, V. Gorbulin, S. Ilyin, A. Lavriv, E. Libanova, O. Lyashenko, V. Lyashenko, O. Novikova, S. Pirozhkov, G. Popova, O. Vlasyuk etc.

The purpose of the article is to analyze the socio-economic status of the Donbas as a result of military conflicts and to develop priority areas for the renewal of the territory.

Presentation of the main research material. Before the military conflict in the Donetsk region was concentrated coal mining, coke, chemical, machinery industry, that employed a large number of highly skilled workers. Favorable geographical position, proximity of sources of raw materials and sales markets, developed network of transport communications, high population density, distinguished Donbas among other economic regions of Ukraine.

The Donetsk economic region was one of the most powerful district in the economic complex of Ukraine. The economy of the Donetsk economic region is a complicated complex, which combines a powerful industry with the predominance of heavy industry with diversified agriculture. In the total gross output of the economy, the industry accounts 89%, agriculture amounts 11%. Branches of specialization are: fuel and energy industry, metallurgical, chemical, machine building in-

dustry and construction materials industry. The analysis of the branch structure of the economy based on gross added value shows the preference of the service sector. This situation is typical both for the Donetsk region and for whole Ukraine [1].

During 2014-2015, due to the conflict and hostilities, densely populated and unique in terms of urbanization of the Donetsk and Luhansk regions (correspondingly, 90.7% and 86.7% of citizens, as compared to 69.0% in Ukraine) sustained the greatest casualties of urban settlements on the background of disorganization of the life of the population and provision of social services, full or partial destruction of the housing stock and strategically important infrastructure objects.

The state of the structural elements of damaged houses and apartments is rapidly degrading, that increases the cost of their restoration; damage of walls, roofs and windows leads to heat losses and makes houses unsuitable for living in the winter period.

Due to the conflicts in the Lugansk and Donetsk regions, the destruction of transport and energy infrastructure, a lot of enterprises had to pause or stop production processes. Machine building, heavy and mining industry, especially coal industry as a significant part of its enterprises is located in the ATO zone, were significantly affected. Destruction and damage were experienced by the main enterprises of the industries that form the budget of the region, the activity of the significant number of city-forming enterprises was stopped [3].

In Donbas the significant capacities of the metallurgical industry of Ukraine are concentrated – even without taking into account part of the ATO zone, the part of the Donetsk region in the volume of sales of metallurgical products in 2014 amounted to 34.6% (in the total volume of industrial production sold in the region was 42.4%). The conflict led to a significant deterioration of the main financial and economic indices of the industry.

In 2014, as a result of hostilities in the region, the majority of chemical enterprises suspended the production process and shipment of finished products due to man-caused threats. The industrial infrastructure of some enterprises was damaged (Donetsk State Chemical Plant), a significant part of the enterprises (including PJSC Concern Stinol in Horlivka) remained in the occupied territory. As a result the production potential of the

chemical industry of the region was substantially decreased [1].

Different foreign countries have been supporting Ukraine in the implementation of infrastructure and humanitarian projects to renewal infrastructure of the Donetsk region since 2014. The foreign and Ukrainian programmes were aimed at restoring the eastern regions of Ukraine, providing equipment for medical institutions, medical equipment for the eastern regions of Ukraine, and humanitarian assistance for the internally displaced persons. The assistance is also aimed at rebuilding of critical infrastructure in the eastern regions of Ukraine, which will promote social cohesion and support for

small businesses in communities affected by the conflict in Donbas, building up the educational potential in the Donetsk region under the control of the Ukrainian government [12].

As a result, the measures taken to renewal life and damaged infrastructure of the settlements of the region as of January 1, 2016 were restored (Fig. 1): residential buildings, electricity supply, heat supply, water supply, gas supply, drainage, health care institutions, educational establishments, pre-school educational institutions, vocational schools, physical culture and sports facilities, cultural objects, trade establishments, objects of road transport infrastructure, etc [12].

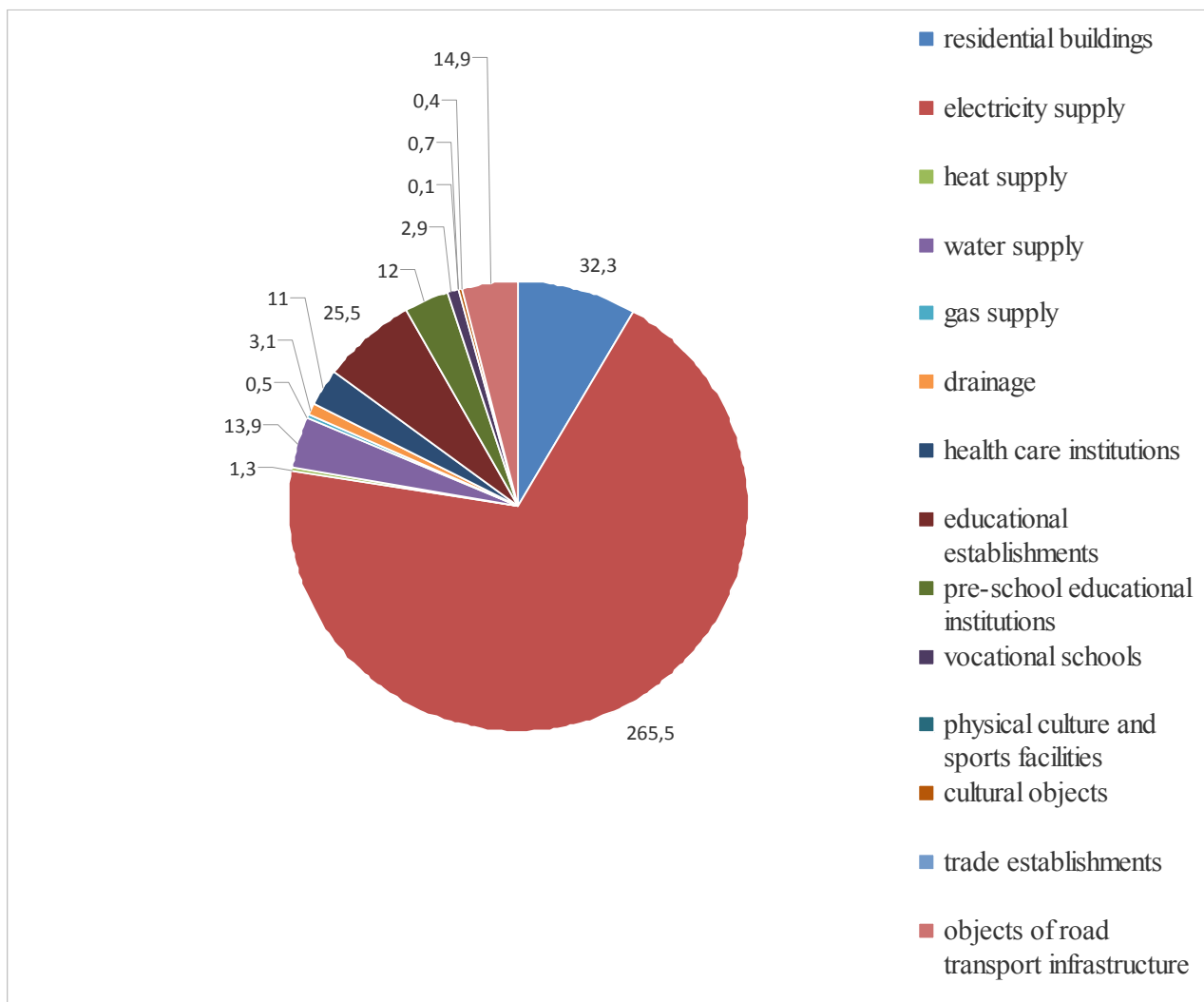


Fig. 1. Restoration of damaged infrastructure of settlements of the Donetsk region as of January 1, 2016

Recently two destroyed bridges have been restored in the Donetsk region. These are the bridge in the village of Semenivka, Kramatorsk City Council, and a 300-meter bridge across the river Seversky Donets in the village of Zakotne, Limansky district.

As a whole, 2331.9 mln. UAH were allocated for the implementation of the Program activities, including 362.7 mln UAH from the state budget, 1046.5 mln UAH

from local budgets, 851.2 mln UAH from enterprises' funds and 71.5 mln UAH from other sources [10].

Infrastructure plays a key role in the development of the economy, as its existence is connected with the state of productive forces and the territorial division of labor, as well as the efficiency of the sphere of material production. The infrastructure of the country's economy, on the one hand, depends on the pace of modernization;

on the other hand, it is itself a supplier of economic growth. Therefore, Ukraine is putting enormous efforts to restore it [1].

The Donbas catastrophe has already caused enormous economic losses in Ukraine and continues to require a huge amount of funding every day for the maintenance and rearming of the army, for social assistance, for the renewal of the infrastructure of the affected areas, for assistance to internally displaced persons throughout the country.

Speaking about the social problems of the development of the Donetsk region, it is clear that, as a result of recent events, almost all spheres of social life concern internally displaced persons (IDPs). The population that had to leave the Donetsk region as the result of occupation, during the armed confrontation faced numerous problems such as possibilities and ways of departure, looking-for the temporary accommodation, employment opportunities, educational establishments for children, obtaining medical aid, etc. A lot of people were left without documents. This fact raised the complex issue of reissuing of documents certifying a person, his/her affiliation to the Ukrainian citizenship, legalization of the temporary registration, as well as employment opportunities [2].

The vast majority of IDPs suffered substantial material and moral losses connecting with:

1. by the fact that they left home and property accumulated over decades in the occupied territory. A lot of the movables and immovables were damaged (or destroyed) as a result of hostilities;

2. loss of work and a stable source of income, in connection with which most migrants could not quickly find employment in a new place, and a significant part of them are still unemployed;

3. moving and arranging in a new place that needed a lot of money; long-term unemployment, which led to a significant reduction of available savings or debt growth;

4. loss of the usual social and domestic environment (relatives, friends, colleagues, neighbours, familiar workers of social services, etc.), that is the necessary condition for sustainable resettlement;

5. the fact that the majority of IDPs in the occupied territory have relatives and property requiring periodic trips to the uncontrolled territory of Ukraine. The cost of transportation services has increased several times, that complicates the already difficult material situation of IDPs;

6. the state does not fully fulfill its financial obligations to IDPs. This concerns the timely payment of purpose-oriented targeted assistance and the gradual reduction of these payments.

As of October 17, 2016, Ukraine registered 1 681 725 internally displaced persons, or 1 360 898 families from Donbas and AR Crimea [5]. In terms of the number of migrants, Ukraine takes the first place in Europe and is among the leaders of the world (Table 1).

Table 1

Countries with the largest number of internally displaced persons as of December 31, 2015, people

Place	Country	Number of IDPs
1	Syria	6 600 000
2	Colombia	6 270 436
3	Iraq	3 290 310
4	Sudan	3 182 286
5	Yemen	2 509 068
6	Nigeria	2 095 812
7	Southern Sudan	1 696 962
8	Ukraine	1 678 587
9	Democratic Republic of Congo	1 500 000
10	Pakistan	1 459 000

The analysis of the socio-economic situation in the Donetsk region shows that the region needs the immediate renewal. The destruction of the technologically outdated economy and the rupture of traditional ties with the temporarily occupied territories lead not only to the formation of a fundamentally different economic complex, but also to the search for new markets for the supply of the necessary raw materials, components and sales of manufactured products. Therefore, now it is very important to consider the countries that provide assistance in implementing these measures and are the largest sources of funding for the renewal of our territory [1].

According to the "Extraordinary Credit Program for the Restoration of Ukraine", which is implemented by the Cabinet of Ministers of Ukraine together with the European Investment Bank, projects for financing totaling over UAH 627 million have been identified. More than UAH 204 mln from these funds will be spent on the renewal of the infrastructure of the part of the Donetsk region controlled by Ukraine and more than UAH 89 mln of the Luhansk region. At the expense of these funds the renewal and reconstruction of schools, kindergartens, dormitories and infrastructure objects, including heating and water supply, will be provided. The Government of Ukraine revealed the amount of financing for the reconstruction of the Donbas infrastructure [10].

Restoration of transport and communications. The restoration of transport and communications operation in Donbas should be based on the idea of integration into the system of international transport corridors and the trans-European transport network. Future prospects of joining to the European Infrastructure Network will stimulate the formation of a highly developed economy of Donbas, promote investment attraction, integration with the regions of the EU, that will significantly strengthen Ukraine's position in the transport and communications market.

Modernization of the social sphere provides the restoration of health care objects, education, culture and sports. Proper development of this sphere will allow the fully usage of the potential of the region, increase social mobility of the population, as well as it will formulate social policy for ensuring sustainable development [10].

The benefits of introducing in the Donbas controlled areas of the community development corporations and non-profit financial institutions of local development are: the concentration of capital in communities through the development of residential and commercial real estate, from affordable housing to shopping centers, enterprises and industrial parks; direct participation of the public in making managerial decisions; increasing of activity of inhabitants and public organizations and empowerment of the community to ensure effective social communication and interaction of all social subjects involved in the renewal of Donbas.

Conclusions and perspectives of further research. Thus, the renewal of Donbas requires the purposeful and systematic work of the authorities, the broad engagement of civil society and international organizations, as well as the adaptation and maximum usage of the experience of other countries.

The Donbas Recovery and Development Program has become a national project for the comprehensive modernization of the economy and infrastructure of Ukraine. At the initial stage of rehabilitation, more than 90% of public funds are sent for the rehabilitation and reconstruction of life support systems and infrastructure, as well as not only public funds and international assistance, but also resources of Ukrainian business are obtained.

The renewal and modernization of the housing stock, economic, transport and social infrastructure are carried out depending on the degree of damage, based on the priorities of post-conflict recovery, investment efficiency criteria and reasonable cost minimization [1]. Due to limited resources, situational instability and social tension, forming the organizational and managerial support for the renewal of Donbas it is expedient to implement priority directions of activity that will depend on the effectiveness of further actions and the requirements of decentralization of the management system, namely:

- 1) modernization of the state administration system;
- 2) strengthening public oversight of duties;
- 3) regulation of the powers, competence, duties and responsibilities of central and regional executive authorities for overcoming the consequences of a military conflict and renewal of Donbas;
- 4) providing information security in post-conflict areas, minimizing information risks and dangers and preventing them from appearing such risks, strengthening control over the information space, stimulating mass

media to form a positive attitude of the society towards the restoration of Donbas;

5) intensifying the attraction of international and domestic investments for the renewal of production, transport, social and other infrastructure of Donbas;

6) the formation of relations of subjectivity between civil society, the state, business according to the restoration of Donbas, etc.

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Єфременко В. В., Гавриш О. Г. Соціально-економічні наслідки воєнних дій в Донецькій області та пріоритетні напрями відновлення території

Оцінено соціально-економічні наслідки воєнних дій в Донецькій області за видами економічної діяльності, проаналізовано стан пошкоджених та відновлених об'єктів інфраструктури Донецької області внаслідок воєнних дій, визначено проблеми соціально-економічного розвитку Донецької області, проаналізовано джерела для відновлення соціального та економічного життя на території Донецької області та розроблено пропозиції по відновленню території Донецької області.

Ключові слова: соціально-економічний розвиток, Донецька область, інфраструктура, проблеми, воєнні дії, відновлення території.

Єфременко В. В., Гавриш Е. Г. Социально-экономические последствия военных действий в Донецкой области и приоритетные направления восстановления территории

Дана оценка социально-экономических последствий военных действий в Донецкой области по видам экономической деятельности, проанализиро-

вано состояние поврежденных и восстановленных объектов инфраструктуры Донецкой области в результате военных действий, определены проблемы социально-экономического развития Донецкой области, проанализированы источники для восстановления социальной и экономической жизни на территории Донецкой области и разработаны предложения по восстановлению территории Донецкой области.

Ключевые слова: социально-экономическое развитие, Донецкая область, инфраструктура, проблемы, военные действия, восстановление территории.

Yefremenko V., Gavrysh O. Socio-economic consequences of military conflicts in the Donetsk region and priority areas of the regional renewal

The socio-economic consequences of military conflicts in the Donetsk region by types of economic activity are analyzed, the state of damaged and restored objects of the infrastructure of Donetsk region as a result of military actions is analyzed, problems of socio-economic development of the Donetsk region are determined, sources for the renewal of social and economic life on the territory of the Donetsk region are analyzed and proposals for the restoration of the Donetsk region territory are developed.

Keywords: socio-economic development, the Donetsk region, infrastructure, problems, military conflicts, the renewal of the territory.

Received by the editors: 27.11.2017
and final form 22.12.2017