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## **IDENTIFICATION OF RECOVERY AREAS AS A BASIS FOR ASSESSING THE RESULTS OF THEIR DEVELOPMENT IN WARTIME**

The development of economic relations between local business entities plays a significant role in the world in view of globalisation challenges. It is necessary to pay special attention to this, as it is the local level administrative-territorial units that are most affected by all socio-economic processes. Today, Ukraine is going through a time of great and complex transformations that require adaptation by citizens, business entities, territorial communities, regions and the state as a whole. Several years ago, the decentralisation reform already laid a solid foundation for socio-economic changes, as the emergence of territorial communities as new entities in the economic arena strengthened the country's European integration vector.

On the other hand, global localisation trends have long ago formed a new arena for the realisation of social and economic interests of business entities – the local level, where governance is most important in the context of the war in which our country is currently operating and post-war recovery. The regulatory changes that took place at the beginning of the full-scale invasion in 2022 introduced a new functional type of territory – "recovery areas", which define micro-regions, territorial communities on whose territory hostilities took place and/or which were temporarily occupied and/or whose territories suffered destruction of critical infrastructure, social infrastructure, housing facilities as a result of hostilities, and which are characterised by a sharp deterioration in socio-economic development and significant overcrowding [1].

In the context of war, these territories are considered a priority for development and recovery due to the degree of destruction/damage to infrastructure and the decline in socio-economic development. In order to classify certain communities as recovery areas, clear criteria have been established that the community must meet. Thus, the legislator specified the following criteria in the Resolution of the Cabinet of Ministers of Ukraine "On Approval of Procedures for the Restoration and Development of Regions and Territorial Communities" of July 18, 2023 No. 731: the presence of hostilities on the territory of the community; temporary occupation of the territorial community or part of it; destruction of critical and social infrastructure, housing facilities on the territory of the community as a result of hostilities; significant displacement of the population of the territorial community to other regions and/or other states and/or other countries and a sharp deterioration in the level of socio-economic development.

The fourth criterion is revealed through the following components: the population has decreased by at least 15 per cent compared to 1 January 2022; the unemployment rate has increased by at least 15 per cent compared to 1 January 2022; the number of internally displaced persons is more than 10 per cent of the total population of the territorial community as of 1 January 2022; the amount of revenues from taxes and fees to the general fund of the local budget from March to December 2022 compared to the corresponding period of 2021 is more than 15 per cent [2].

In order to acquire the status of a recovery area, a territorial community must meet at least one of the four criteria listed above, which will justify the existence of a significant number of recovery areas in Ukraine in the context of war and post-war recovery. According to researchers, the territorial communities of Luhansk and Donetsk oblasts have experienced the greatest impact of Russia's full-scale invasion of Ukraine, where constant military challenges complicate the socio-economic conditions for the restoration of these territories. If we compare the above criteria and indicators of the socio-economic situation in these regions, we can see that there are 23 potential recovery areas in Donetsk region and none in Luhansk region due to the ongoing active hostilities and temporary occupation. These facts should form the basis for further research in terms of assessing the key economic and social results of community development identified as recovery areas, which can be used to formulate practical recommendations for accelerating the development of Ukraine's recovery areas in the context of the armed conflict.

### **References:**

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2. On approval of procedures for the restoration and development of regions and territorial communities: Resolution of the Cabinet of Ministers of Ukraine of July 18, 2023, No. 731. Available at: <https://zakon.rada.gov.ua/laws/show/731-2023-%D0%BF> (accessed January 9, 2024).