Elena Golovchenko, Doctor of Economis, Professor at the Department of Economics and international economics relations, International Humanities University, Odessa[1]

Nikolai Golovchenko, Doctor of Law, Associate Professor of the Department of Constitutional law and public relations, International Humanities University, Odessa[2]

PROSPECTS OF FINANCING SUPPORT OF REGIONAL CULTURAL PROGRAMS IN UKRAINE

Abstract: *The article deals with the formation of programs for cultural development, as well as the ways to attract investment in the implementation of these programs, depending on the characteristics of the historical and cultural development of the territory.*

It is proved that along with economic and political concepts the idea of development and preservation of culture should be appear. Using the example of Odessa and the Odessa region, the extent to which historical and cultural characteristics can become an element of attracting investment through the development of tourism business is explored, and the presence of an independent program could become a means for determining priorities, coordinating and prioritizing the necessary changes in the cultural sphere regional levels.

The article also analyzes the world experience in financing, supporting and developing the cultural sphere, and identifies three main types of cultural economics, depending on the mechanism of its investment, namely: "Romance" type, "German" type and "Anglo--American" type, is carried out. The possibility of transforming foreign experience in financing cultural programs in terms of the ratio of budgetary and non-budgetary funds is being considered. Based on the results of this study, conclusions were drawn on the need to identify real sources of funding for cultural programs at the regional and municipal levels, calculate the necessary balance between budget and non-budgetary funding for cultural activities, prioritize budget funding and accumulate funds for these purposes from possible sources, which is especially important for regions that have a tourist specialization.

Keywords: *Investment sources, investment mechanisms, cultural development programs, the economic model, cultural economics, budgetary financing, patronage, sponsorship, commercial activities of a cultural institution.*

---

[1] Affiliated to University of Economics and Humanities (Bielsko-Biała, Poland)

[2] Affiliated to University of Economics and Humanities (Bielsko-Biała, Poland)

Introduction

The analysis of the relationship between culture, cultural processes and the state proves that the modern state should not only guarantee freedom of creativity, not interfere in artistic processes, not limit its support only to the national culture in the narrow, cultural and ethnic sense, but to take care of all the variety of creative manifestations in society, the preservation and enrichment of all cultural, spiritual potential. It is also impossible to imagine the process of interaction between the sphere of culture and the state without the lawmaking of state bodies, without directing the efforts of the state to increase the economic capacity of the national cultural product, support applied to cultural research, and develop cultural infrastructure. The main task of the state in the framework of the implementation of the cultural function is to ensure the realization of the cultural rights of citizens, the protection, preservation and enhancement of the cultural heritage, the formation of a single national cultural space while simultaneously incorporating world culture into the space.

The issues of the formation of programs for cultural development, depending on the specific features of the historical and cultural development of the territory, have not been sufficiently developed to date. In addition, the issues of sources and expediency of investments in cultural programs and individual cultural objects remain open. All of the above and allows you to raise the question of how to develop and implement cultural programs at the regional level and what sources of funding can be attracted.

The problems of place and role of culture in the new economic relations were raised by such authors as Alexander Ageev [Ageyev 1991], Fernand Braudel, Hillman Chartrand, Claire McCaughey [Chartrand, McCaughey 1989], Lev Vostryakov [Vostryakov 2011], Mikhail Gelvanovsky [Gelvanovsky 1992], Natalia Zarubina [Zarubina 1994], Gregory Tulchinsky [Tulchinsky 2001], Ekaterina Shekova and many others. However, none of them considered the question of investing cultural programs, and the ratio of sources of investment in cultural projects.

Consideration of the possibility of developing urban and regional programs of cultural development, depending on the cultural and historical specifics of different regions of Ukraine, as well as ways to attract investment in the implementation of these programs.

Basic material

The whole history of existence and development of the state shows that economic and political rights can not be realized in isolation from social and cultural rights. If the economy and politics determine the standard of living, human rights and freedoms, the economic model that will later

shape future development, it is cultural factors that influence which of the possible economic and political models, other things being equal, will be elected in the future.

Culture is the basis for the formation of a system of values, tolerance, coexistence, forms the behavior and the way of thinking of man. In this way, the concept of development and preservation of culture should be developed on an equal basis with economic and political concepts. Investments in culture shape public development to the same extent as investment in production and the development of political strategies [Golovchenko 2014].

The main priority in the direction of developing a cultural strategy, which meets the requirements of this century, is the formation of a cultural environment that combines the social orientation of development and the cultural needs of the individual.

The state is the main subject of the state cultural policy, it possesses the necessary resources and relevant administrative bodies that directly influence different sectors of the cultural sphere [Vostryakov 2011, p. 47].

The state of the cultural development of a territory is one of the most objective indicators of not only the spiritual health of society, but also the completeness of the solution of those problems, including the economic ones that are facing it.

The basis of socio-cultural development of Odessa and the Odessa region is its cultural and spiritual historical values. Odessa is a special territory for the degree of preservation of cultural traditions. No wonder that “Odessa culture”, “Odessa language”, “Odessa traditions” and the alike stand out as special concepts. The basis of Odessa culture has always been multinational and spiritual unity, which resulted from the intersection of economic and cultural interests of many nationalities, traditions and religions.

This spiritually moral community formed consciousness, to guarantee the stability of the society and the continuity of culture. Spiritual orientation, which did not develop consciously, is very strong in the Odessa character. The cultural heritage of Odessa and the Odessa region should become the basis for building the entire system of cultural policy in the region. The accumulated potential of culture stipulates the need for comprehensive and targeted support for the development of the most important areas of the culture of the region.

The main function of cultural bodies is to organize the cultural life of the region, that is, the whole range of opportunities for human communication with artistic culture. The way of such organization is supported by program regulation, coordinating traditional and experimental forms, ethnic and general cultural diversity, elitist and mass in culture, professional and amateur creativity, use of inheritance and creation of new values [Rybakov 1992, p.57].

Nowadays, in all the proposed socio-economic development programs in Odessa, culture is mentioned in one or several paragraphs, and, sadly, an independent municipal or regional program for the development of the cultural sphere of the city of Odessa and the region as a whole has never been offered.

The means for determining priorities, coordinating and prioritizing the necessary changes in the sphere at the municipal and regional levels should be the existence of an independent program. The program regulation provides for special principles of financing, when not individual cultural objects are financed, but cultural policies are regional oriented socially.

The regional program for cultural development should take into account new conditions that include "pressure" of the market, the process of deregulation, privatization of state functions. The program may focus on preserving and developing the cultural potential and cultural heritage of Odessa and the Odessa region, providing the needs of the population of the Odessa region in the services provided by cultural institutions and educational institutions in the field of culture and art. Sources of funding for the implementation of the state program should be funds coming from the state budget, the regional budget, the local budget and funds from the non-budgetary activities of state institutions of culture of the Odessa region and municipal institutions of culture of the Odessa region.

Practice confirms the effectiveness of solving problematic issues of cultural development within the system. The program approach allows to solve the task of cultural development, preservation and augmentation of cultural values, familiarizing with cultural goods and creative activity of different categories of population with the maximum social and economic efficiency. The formation of an investment policy is one of the top most problems of Odessa and the Odessa region. And here we have serious opportunities for solution which culture can offer. Investing in culture, the city and the region decides not only economic, but also social and cultural tasks.

Having at its disposal a powerful cultural potential, the Odessa region is a promising area for the development of cultural tourism as a means of attracting additional financial sources, forming its investment attractiveness. This way is economically justified in the existing market conditions in Ukraine, the experience of other countries proves its effectiveness and is especially important for those territories that own the richest potential of cultural and historical heritage.

Positive aspects of cultural tourism as a resource for social and economic development of the Odessa region are:

- social influence-in supporting the sustainable development of Odessa and the Odessa region, which is important primarily for the local population;
- economic importance-in the development of the economy, creating jobs, attracting the means of the business world interested in its future.

In addition, in Odessa and Odessa region an important role is played by the model of cultural development, focused on the importance of local cultural services and support for cultural initiatives that promote the development of individual cultural programs.

The role of Odessa in the formation of program priorities is growing, which contribute to the preservation of the cultural integrity of the region. An important role in the regional program of cultural development is the strategy of stimulating traditional kinds for the Odessa and Odessa region, and the genres of amateur artistic creativity, the stable working of art collectives as an effective means of cultural services to the population, expanding opportunities for self-actualization of the local community; support of festivals, holidays and other cultural events that form a positive image of the region.

The role of culture as a factor in the development of human capital is most vividly illustrated by the example of international cultural cooperation. Therefore, international cultural cooperation should become an important component of the regional program of cultural development. Indeed, it is international cultural cooperation that makes a great contribution not only to the quality of the cultural environment, but also to the spreading of Ukrainian culture in the world. The regional program for cultural development, like any other program, requires funding sources.

The following models of state activity regarding the implementation of the cultural function are distinguished:

The main characteristic of liberal cultural activity is the private ownership of the means of producing and distributing cultural goods. The crucial role is played by the market of cultural goods. However, the proposed model of the liberal realization of the cultural function does not contain an analysis of the role of the state. What concessions does the state make for the private sector, how does it combine the directive to achieve socially significant goals with the elements of the free market.

State bureaucratic or educational cultural activities. Its integral feature – the dominance of the state, with the help of the apparatus (legislative, political, ideological) and finance controls the cultural sphere. Such a model was typical for socialist countries. The Social Order Institute provided cultural creativity with relevant content and style.

National liberation cultural activity. This is most typical of former colonies, as well as in Eastern European countries. Its main feature is the development or approval of the original cultural traditions, suppressed in the colonial (or socialist) period. This may be accompanied by rejection of works of art of previous periods, denial of the culture of national minorities, alternative and experimental art.

Cultural activities of the state of transition.

A distinctive feature of this method of implementation is that within its framework even democratic guidelines are implemented through the structure of the state, which is not able to immediately abandon the command-bureaucratic methods.

Activities aimed at organizational modernization. Such a model is usually due to organizational problems arising from the financial crisis that the cultural institutions of Great Britain once faced.

Perspectives for the development of the cultural function of the state can be assessed by considering the basic models for implementing the cultural policy of the state, because cultural policy determines the basic, general directions for the realization of the cultural function.

At the present time, the Government of Ukraine has adopted legislative acts that define the legal, economic, social, organizational bases for the development of culture and its focus on the following objectives:

- realization of sovereign rights of Ukraine in the sphere of culture;
- the revival and development of the culture of the Ukrainian nation and the cultures of national minorities residing on the territory of Ukraine;
- ensuring freedom of creativity, free development of cultural and artistic processes, professional and amateur artistic creativity;
- realization of the rights of citizens to access to cultural values;
- social protection of cultural workers;
- creation of material and financial conditions for the development of culture [Fesenko 2008].

In the financing of culture, the main administrators of budgetary funds are the Minister of Culture of Ukraine, ministers and heads of state committees and departments of Ukraine, in charge of which are enterprises, organizations and institutions of culture.

From the budgets of cities of district subordination, village councils, villages and settlements, financing is carried out by the respective executive committees of local self-government bodies.

So, in budgetary financing, all parts of the budgetary system of Ukraine participate in the costs of culture and art.

Each individual enterprise, organization or institution of culture receives allocations from only one budget.

The distribution of cultural and art institutions to those financed from the state budget, and those that receive allocations from local budgets, is carried out depending on their importance and subordination.

The level of development of culture in the country is an important factor of the competitiveness of domestic goods and services on the international market. Ukraine is interesting to the world for its cultural face, traditions and customs, because the competition in the world actually takes place at the level of national cultures.

Many countries, especially European ones, have huge revenues from the cultural industry for the state budget, because culture is a self-sufficient phenomenon that gives a lot of profit and at the same time attains a high artistic and spiritual level. That is why in Ukraine at the present stage of its development the government should support and promote the development of the sphere of culture so that it can earn as a self-organizing mechanism that will provide an opportunity to live and earn well [H. H. Chartrand, C. McCaughey 1989].

Nowaday, an extremely important and urgent issue that needs an urgent solution is the effective financial support for the development of culture in the regions of Ukraine, where cultural policy is directly formed and stable, reliable financial support from the state is formed.

World experience in financing, supporting and developing the sphere of culture has shown that there are three main types of the culture economy, depending on the mechanism of its investment [Vostryakov 2011, p.45]:

1. “Romance” type (for example, in Italy, Spain, France), when the culture is financed mainly centrally, at the expense of public funds. So, in Italy, funding of cultural and public organizations or individuals who enjoy the confidence of the state.
2. “German” type, typical for the FRG and the countries of Scandinavia. In this case, the central authorities are provided only with paternalistic support, as well as state funding through the Internet.
3. “Anglo-American” type: the state is only the inspiration and patron of certain areas, and financing is carried out by attracting private capital, including through tax benefits.

Most cultural institutions do not have their own sources of income, or their level is low and not enough to cover all necessary costs. Therefore, they are either fully funded from the state

budget (by the level of ownership of the institution), or receive from it the funds necessary to cover part of the expenses. In this case, there is funding for the estimated current expenditure [Ageyev 1991]. In the 1990s, the situation changed somewhat due to the introduction of the programmatic principle of financing. The analogy of the budget subsidy has been preserved in the form of minimum guarantees for supporting the material and technical base and economic maintenance of cultural institutions.

His refers to such items as the wages of full-time employees, the cost of heat, electricity and other "protected" budget items that guarantee a minimum of current maintenance funds, support the activities of cultural institutions. The necessary capital investments are financed from the state budget from special estimates. At all levels of formation, special funds are formed from the budgetary funds, the purpose of which is to finance the network of cultural institutions, but the implementation of specific activities. We are talking about state, regional and local cultural programs, which are financed from the corresponding funds for the development of culture and art. Program financing is actually a distribution of the mechanism of contractual relations to budget funds. In other words, from the 90's r. budgetary funds began to be allocated not only in the form of subsidies, but also in contract cost-accounting forms. The activities of cultural institutions can be financed not only from budgetary funds for the cultural sphere, but also from interbranch and interregional programs, and local integrated programs. However, all these budget funds are used to finance the service provider in the sphere of culture.

It is necessary to recall the practice of a number of foreign countries, where part of the budgetary funds goes to direct financing of the consumer in the socio-cultural sphere [Rybakov 1992]. We do not mean consumers in general, but about those of its groups and categories that need support by budgetary means (poor, children, etc.). Representatives of these categories can be given coupons for a certain minimum of services in the cultural sphere (this can include visits to libraries, museums, preferential tickets to the theater). These coupons are extinguished in the relevant institutions and paid to cultural institutions under budget guarantees. In this case, the problem of compensation payments to unprotected groups of the population is removed, and cultural institutions become interested in such clients, realizing, thus, a minimum of services is needed.

In addition, sponsorship remains not a form of financing for all but certain areas of cultural development programs. Sponsorship is targeted subsidies for achieving mutual goals, that is, mutually beneficial cooperation, implementation of common projects. Sponsorship can be carried out in the form of allocation of financial resources, payment of bills, in whole or in

part, – return payments, purchases of equipment, tools, equipment, bonuses, scholarships, fees, prizes, etc.

A separate form of financing cultural programs is patronage-intercession, not only financial, but also organizational, which is done on a stable and long-term basis.

Usually, the care of specific institutions and organizations, individuals. Patronage can take the form of a long-term contract or even organizational documents, when the patron is among the co-founders of a cultural institution with certain rights and obligations. An example is "membership", which is widely practiced in foreign museum business. More common, for example, in neighboring Russia is another form of patronage-foundation-the creation of funds for the support and development of relevant cultural institutions. Such funds are created, for example, at the Bolshoi Academic Drama Theater. G. Tovstonogov, St. Petersburg Theatrical Academy. The board of such funds includes the main representatives of large commercial organizations, banks, trading firms. Another important source of funding for cultural programs (or, most likely, their components) can be charity. Charity is a manifestation of philanthropy, which does not allow for any financial or other obligations from those institutions that receive support. The benefactor demonstrates the act of free will in providing support. Therefore, charity is usually formalized by an act of talent [Zarubina 1994].

Also the source of funding for cultural programs are international projects and programs. Currently, there are international organizations such as UNESCO, ICOMOS, Soros Foundation, International Science Foundation. Grants for financing are allocated to legal entities and individuals. Information on the timing of applications, the nature and directions of possible support is published in the media.

And, finally, the traditional non-budgetary source of financing in the sphere of culture is the own commercial activity of the institution of culture. In this case, it is a clear focus on the needs of visitors, on those activities that have increased demand. In addition to traditional paid cultural services, it can be a bank deposit, renting out space, and the like.

Therefore, additional active commercial activities should be developed. For example, we can talk about creating a culture bank - a traditional commercial bank, with the only difference that it will have a preferential tariff rate, the difference of which, for example, with an average weighted rate can go to the needs of support and development of the cultural sphere, including through special funds for the development of culture and art. It seems extremely promising and the development of insurance activities in the sphere of culture.

Conclusions

Analysis of possible sources of financing for cultural development programs allows us to draw the following conclusions.

First, to develop and implement the program of cultural development in Odessa and the Odessa region, it is necessary to identify sources of funding.

Secondly, it is necessary to calculate the possible correlation between budgetary and non-budgetary funding of this program. In other words, what part of the cultural development program can be provided on a commercial basis, and which is only on the basis of budgetary financing.

Thirdly, the definition of priorities for budget financing: to whom and what should be guaranteed in the sphere of culture by the state.

Fourthly, how can funds from different sources be attracted and accumulated (collected together) for the implementation of the cultural development program?

Answers to these questions will allow us to approach the determination of possible sources of investment in cultural development programs and determine the prospects for the development of cultural programs at the regional level, which is especially important for regions that have tourism specialization, since they are an additional source of attracting tourists

Bibliography:

1. Агеев А. И. Предпринимательство: проблемы собственности и культуры / А.И.Агеев. - М.: Наука, 1991.- 107 с. / Ageyev A. I. (1991), *Predprinimatel'stvo: problemy sobstvennosti i kul'tury* , Moskva : Nauka.
2. Бродель Ф. Материальная цивилизация, экономика и капитализм. XV-XVIII вв. .../ Ф. Бродель.- М.: Прогресс, 1986-. 623 с. Т. 2. Игры обмена. М.: Прогресс, 1988. -634 с. / Brodel' F. (1986, 1988) *Material'naya tsivilizatsiya, ekonomika i kapitalizm. XV-XVIII vv.* Moskva: Progress, T. 2. *Igry obmena.* Moskva: Progress.
3. Востряков Л.Е. Культурная политика: подходы и концепции западных исследователей / Л.Е.Востряков // Научные труды Северо-Западной академии государственной службы. 2011. Т. 2. Вып. 1. С. 42–52. / Vostryakov L.Ye. (2011) Kul'turnaya politika: podkhody i kontseptsii zapadnykh issledovateley *// Nauchnyye trudy Severo-Zapadnoy akademii gosudarstvennoy sluzhby*. T. 2. Vyp. 1, 42-52.
4. Гельвановский М., Крюкова А. Рынок: формула счастья или трудный путь к согласию / М. Гельвановський, А. Крюкова // Общественные науки и современность,1992, № 2. С. 5-12. / Gel'vanovskiy M., Kryukova A. (1992) Rynok: formula schast'ya ili trudnyy put' k soglasiyu // *Obshchestvennyye nauki i sovremennost'*, № 2, 5-12.

5. Головченко М.Ф. Сучасний стан та шляхи удосконалення реалізації культурної функції Української держави / М.Ф.Головченко // Науковий вісник Херсонського державного університету. – Сер. «Юридичні науки». -2014. – Вип. 1. Т.1. – С. 9-14. / Golovchenko M.F. (2014) Suchasniy stan ta shlyakhi udoskonalennya realízatsíĭ kul'turnoĭ funktsíĭ Ukraĭns'koĭ derzhavi // *Naukoviy vísnik Khersons'kogo derzhavnogo unіversitetu. - Ser. «Yuridichnі nauki*». - Vip. 1. T.1, 9-14.

6. Зарубина Н.Н. Социокультурные основы хозяйственной деятельности / Н.Н.Зарубина // Социологические исследования, 1994, №№ 8, 9. С. 47-58 / Zarubina N.N. (1994) Sotsiokul'turnyye osnovy khozyaystvennoy deyatel'nosti // *Sotsiologicheskiye issledovaniya*, 1994, №№ 8, 9, 47-58.

7. Тульчинский Г.Л. Менеджмент в сфере культуры / Г.Л.Тульчинский. – С.-Петерб. гос. ун-т культуры и искусств. – СПб.: Лань, 2001. – 382 с. / Tul'chinskiy G.L. (2001) *Menedzhment v sfere kul'tury*. - S.-Peterb. gos. un-t kul'tury i iskusstv. - SPb .: Lan'. 8

8. Фесенко Н.С. Політика держави у сфері культури: імплементація закордонного досвіду на українські терени / Н.С. Фесенко // Державне будівництво: Електронне наукове фахове видання Харківського регіонального інституту державного управління Національної академії державного управління при Президентові України [Електронний ресурс].
– http://www.kbuapa.kharkov.ua/e–book/db/2008–2/index.html– Назва з екрана.
/ Fesenko N.S. Polítika derzhavi u sferí kul'turi: ímplementatsíya zakordonnogo dosvídu na ukraĭns'kí tereni *// Derzhavne budívnitstvo: Yelektronnoye naukovedeniye fakhove vidannya Kharkívs'kogo regіonal'nogo ínstitutu derzhavnogo upravlínnya Natsіonal'noĭ akademíĭ derzhavnogo upravlínnya pri Prezidentoví Ukraĭni* [Yelektronniy resurs].
– http://www.kbuapa.kharkov.ua/e-book/db/2008-2/index.html – Nazva z yekrana.

9. Экономические отношения в социально-культурной сфере: Межвуз. сб./ Под ред. Ф.Ф. Рыбакова. – СПб.: Изд-во Санкт-Петербург. ун-та, 1992. – 145 с. / *Ekonomicheskiye otnosheniya v sotsial'no-kul'turnoy sfere: Mezhvuz. sb*.(1992) / Pod red. F.F. Rybakova. - SPb.: Izd-vo Sankt-Peterburg. un-ta.

10. Chartrand H.H. The Arm's Length Principle and the Arts: An International perspective – past, present and future / H. H. Chartrand, C. McCaughey// Who's to pay for the arts? The international search for models of arts support / M. C. Cummings, Jr., & J. M. D. Schuster (Eds.). – New York : ACA Books, 1989. – Pp. 43–80.