

ELIMINATION OF OBSTACLES IN IMPLEMENTATION OF THE
STATE INVESTMENT POLICY AT THE REGIONAL LEVEL

Annotation

Formation of investment sources to build the capacity in the regions is analyzed. The level of investment in infrastructure at the regional level is discussed.

Keywords: investment policy, infrastructure, region.

Анотація

Досліджено формування джерел інвестицій щодо нарощування їх потенціалу в регіоні. Визначено рівень розвитку інвестиційної інфраструктури на регіональному рівні.

Ключові слова: інвестиційна політика, інфраструктура, регіон.

Аннотация

Исследовано формирование источников инвестиций по наращиванию их потенциала в регионе. Определен уровень развития инвестиционной инфраструктуры на региональном уровне.

Ключевые слова: инвестиционная политика, инфраструктура, регион.

Introduction

The main objective of state regulation of investment activity at the regions of Ukraine at the present stage is scientifically grounded investment policy, aimed at creating a favorable investment climate.

At the regional level investments are necessary primarily to ensure normal operation and development of enterprises' activities in the future. They are necessary to: ensure the expansion of production; prevent the moral and physical depreciation of fixed assets and increase the technical level of production; increase the quality of products; implement measures to protect the environment; achieve other goals of enterprises.

Analysis of recent research

Problems of state regulation of the regions' development are investigated by both foreign and local scientists. Works by P. Samuelson, A. Smith, J. Fischer, D. Hicks, and W. Sharp should be noted among the foreign scientists; local scientists are O. M. Alymov, P. Y. Byelenkiy, M. P. Butko, M. I. Dolishniy, O. O. Yeroshkina, O. M. Ivanytska, O. V. Ivanchenko, V. Y. Keretsman, M. H. Koretskiy, Y. B. Korotych, O. P. Kraynyk, M. A. Latynina, A. S. Lisietkiy, O. H. Topchiev, Y. M. Hvesyk, and others. In particular, the essence, the main directions and the priorities of state regional policy have been identified by M. M. Mykolaychuk and D. V. Nekhaychuk.

Statement of research objectives

- to examine the formation of investment sources to build their capacity in the region;
- to determine the level of development of investment infrastructure at the regional level.

Results

The main objective of state regulation of investment activity at the regions of Ukraine at the present stage is scientifically grounded investment policy, aimed at creating a favorable investment climate.

At the regional level investments are necessary primarily to ensure normal operation and development of enterprises' activities in the future. They are necessary to:

- ensure the expansion of production;
- prevent the moral and physical depreciation of fixed assets and increase the technical level of production;
- increase the quality of products;
- implement measures to protect the environment;
- achieve other goals of enterprises.

State is one of the most influential components of the investment market, which is considered in the context of the content and focus of state investment policy. In this case it acts simultaneously as a source of policy, its key actor, and as an object of this policy, acting as an investor (and the role of state investment

and legal regulation remain undervalued and unsatisfactory); as a direct regulator of behavior of other market players; and as a legislator, which creates a general legal framework of such market's functioning [5, p. 45].

Therefore, the state as the subject of development and implementation of state policy in the regional economy should consider attracting investment resources for:

- implementation of its own legislative functions;
- achieving its own regulatory function related to operation of economic processes, the market itself;
- realization of investment projects in the state sector of economy;
- implementation of state investments in nongovernmental sector of economy.

This interaction of state and the investment market makes it necessary to determine the ratio of named forms of implementation of the state investment policy. One of its most important principles is to ensure the harmony of interests of investors, given two conditions: providing investment pluralism as unavoidable priority in the conditions of investment resources' shortage and providing active, expansive role of state in investment processes, with the need to achieve public interest in the process of the investment market's operation [1, p. 12].

Regional investment policy plays an important role in the processes of increasing the efficiency of inter-regional economic ties. The process of investment should be seen as one of the main factors of economic growth at the national and regional levels.

The implementation of regional investment policy in Ukraine since independence is associated with many negative tendencies that impede the processes of influx of domestic and foreign capital. These are insufficient investment attractiveness of the domestic economy to foreign investors, which leads to certain restrictions on the provision of investment loans (due to lack of guarantees, imperfect regulatory legislation, and as a result of other factors that raise the risk); low availability of new advanced technologies and lack of practice of modern forms of investment activity in macro- and microeconomic levels.

Formation of investment sources to build their capacity in the region is made at the expense of internal and external financial resources. Local budget funds, own funds of enterprises, funds

received from privatization of property, personal savings of citizens and leasing should be included as the internal sources of financial support of the region's investment resources. Centralized state funds and foreign investments are referred to external sources.

Possibilities of creating special operating conditions, which stimulate the investment process at the regional level, are limited. That is why the regional component of national policies of creating a favorable investment climate should focus primarily on removing barriers to the implementation of state investment policy.

At the same time, given the lower level of investment attractiveness of Ukrainian economy in comparison with other countries, it is fundamentally important to ensure absolutely equal conditions to make investments for domestic entities [2, p. 133].

Defining aspects of implementation of the policy of investment resources' attraction in the regional economy, we propose to consider the notion of investment attractiveness of the region, which can be evaluated according to the following generic parameters:

1. The level of general economic development of the region.
2. The level of investment infrastructure's development in the region.
3. Demographic characteristics of the region.
4. The level of development of market relations and commercial infrastructure in the region.
5. The level of criminal, economic and other risks.

Each of the listed generalized parameters is based on a set of analytical parameters obtained from the regional statistics and other sources. Stated list of indicators to a large extent can be used to characterize the most developed segment of the investment market – market of capital investments.

The level of general economic development of the region characterizes the potential need in investment volumes, the possibility of their formation from own sources, and the total capacity of the regional market. The following indicators can be used in the region for this assessment:

- share of the region in the GDP and the national income;
- the volume of industrial production in the region per capita;
- the level of self-sufficiency of the region in basic food products (production's volume of the types of agricultural products per capita);

- average level of workers' wages;
- the volume and dynamics of capital investments in the region per capita;
- the share of unprofitable enterprises from the total number of operating companies, firms and others.

The level of investment infrastructure's development at the regional level can characterize the pace of investment projects. The following indicators are used for this purpose:

- number of contract construction companies and firms of all ownership forms;
- the volume of local production of basic types of construction materials;
- production of energy resources (in terms of electric power) per capita;
- length of railway lines per 100 km² area;
- length of highways with hard surface.

Demographic characteristics of the region characterize the potential volume of demand for consumer goods and services and also opportunities to attract skilled labor force into production. The following indicators are the subject of analysis in the region:

- the share of population in the total number of inhabitants of Ukraine;
- the ratio of urban and rural residents in the region;
- share of population employed in social production enterprises of all forms of ownership;
- level of qualification of workers employed in social production etc.

The role of population in the investment policy is largely associated with the duality that it plays in social and economic processes. This duality is due to the fact that, first of all, people are consumers of social goods and services produced by organizations of social sphere. Improvement of qualitative and quantitative indicators of quality of life and quality of life in general are the most important indicators of formation and implementation of state investment programs. Evaluation of the population's size allows judging how well the social sphere works. Condition of the main indicators that characterize composition of the population and its basic processes of life is the most important indicator of the efficiency of formation and implementation of state investment programs. That means that through some demographic, social and cultural characteristics of life society draws conclusions about the effectiveness or ineffectiveness of investment policy, which is held by the state at national and regional levels [3, p. 22].

In addition, the population is an active subject of social processes. Real effectiveness of public investment programs can be achieved only if these investment programs are actively supported by the population that participates, particularly in the investment processes by means of cash.

When we talk about public support for certain measures of state investment programs, we anticipate several mechanisms for such support. One of the most common mechanisms is the democratic choice within the various political parties and companies, when voters support a particular political platform associated with certain approaches to the formation and implementation of state investment programs.

The level of development of market relations and commercial infrastructure in the region characterizes the attitude of local authorities to the implementation of market reforms and the creation of an appropriate business climate for attraction of investment resources in the regional economy. The following indicators may be used to assess this level:

- share of privatized enterprises in the total number of municipal enterprises;
- share of companies and firms in private ownership in the total number of industrial enterprises of the region;
- the number of joint companies and firms with foreign partners;
- the number of banking institutions in the region, investment departments of banks and investment banks;
- the number of commodity exchanges in the region etc.

The level of criminal, economic and other risks characterizes degree of investment security (and eventually of production security) in the region. For this purpose it is necessary to analyze the following indicators:

- the level of economic crimes (by major types and in general) per 100 thousand inhabitants;
- the share of enterprises with hazardous emissions in the total number of industrial enterprises;
- the average background radiation in the cities of the region;
- share of unfinished construction projects in the total number of construction projects started in recent years, and etc.

Informational and analytical work should be a necessary function of information system in addition to monitoring as observation. Here, above all, must be carried out the following:

- analysis of projects' accordance to regional priorities, standards of safety and others;
- evaluation of investment volumes' dynamics and factors of the investment climate that provide control of factors stimulating and not stimulating investment processes in the region;
- evaluation of the effectiveness of investment performance and investment process in general.

Creation of an information system should become a prerequisite for more complete use of the region's own investment and socio-economic potential, its preservation and economic development [4, p. 36].

For the development of implementation of the policies to attract investment resources in the regional economy important is an aspect related to the geopolitical interests of different states or international groupings, which is effectively implemented by them through various forms of export of capital (the program of technical assistance, import of capital in the form of loan and functioning capital). This aspect is of a crucial importance for our country, given its scale, economic and social ties that have developed historically in different regions with neighboring countries. That is why the geography of capital imports may be a significant factor in the geographical orientation in the process of foreign trade's integration of Ukraine in general.

Accordingly, let us define the basic principles of strategic plan's development for creating a favorable investment climate in the region as follows. First of all, let us determine that the purpose of development and implementation of the strategic plan is the creation of an investment climate, competitive with similar regions of neighboring countries and Ukraine on the basic parameters.

Second of all, when developing the strategic plan, except for the general principles of planning, it is advisable to ensure compliance with such basic principles as:

- long-term orientation of planned tasks and measures in conjunction with a specific action plan to reduce investment risks and restore trust of investors to potential partners and public authorities;
- compliance with applicable legislation and coordination with program activities of the Government of Ukraine and the organs of state administration in oblast;
- the maximum possible balance of investors' interests and socio-economic interests

of regional development based on improving the validity, information and legal provision of investment projects;

- rationally permissible removal of barriers of organizational and technical character at the local level for the initial phase of activity.

An important aspect is to ensure consistent achievement of strategic objectives and fulfillment of planned tasks. For that let us distinguish several stages of this plan:

- 1) previous (one year);
- 2) basic (3 years);
- 3) stage of development (5 years).

The strategic objective of the first stage is to restore trust of investors to the partners and organs of state administration for the implementation of state investment policy; to more actively offer economic regional complex as the object of investment activity in foreign capital markets and, as a result, acceleration of growth of foreign investment.

In the second phase it is advisable to complete the formation of the system of investments' attraction that would ensure volumes of investments calculated for one resident in specifically defined quantities.

The strategic goal of the third stage is the creation of an investment climate, which basic parameters of competitiveness would ensure the competitiveness of the region as an object of investment activity at the level of similar regions of Ukraine and neighboring countries.

Strategic and operational goals of the first stage should include analysis of the situation in the capital market, specific trends and processes, refinement of analytical evaluations of the regional competitiveness as an object of investment activity and development of activities to improve it.

Then taking into consideration stated above, there is a need to provide an inventory of investment projects and programs undertaken in the region, to identify and solve problems and obstacles to activities of foreign investors.

Important is to coordinate preparation of the most important economic complex investment projects and programs, development and implementation of complex of international marketing of investment projects in foreign capital markets, and also implementation of concentration's measures and the increase of the efficiency of use of international assistance programs' financial resources, foreign funds and special financial institutions in the areas and

territories, which are in priority for the region. In addition, the development and implementation of subprogramme of image formation of the region as the object of investment activity with a relatively favorable investment climate, and also promotion of civilized and honest relationships with investors in the Ukrainian business environment and population are extremely important in competitive struggle for capitals.

As already noted earlier, the major direction of activity of administrative structures, inter-regional public bodies, unions and business associations is attraction of investors, the financial resources to the regions of Ukraine for major inter-regional projects.

Conclusions

Therefore, accumulated experience in the development and implementation of sectoral economic development projects shows the need for the regions to coordinate their economic and regional investment plans, legislative base and to consolidate existing resources. The special role

these factors receive during joint implementation of capital-intensive projects that have inter-regional or national importance, creation of conditions that ensure the flow of investments into the economy.

Currently it is difficult to finance inter-regional programs in sufficient quantity for the following reasons: insufficient level of revenue part of budgets of all levels aimed at program development and implementation of investment projects; high degree of investment risks; absent balance of the economic interests of the regions of Ukraine; underdeveloped domestic banking system and absent secondary market for financial instruments; disproportion between the real value of corporate assets and their privatization estimation; lack of efficiency of use of various assets which are under the jurisdiction of the state authorities of territories and local government; unbalanced current legislation and regional normative acts that regulate the investment activity.

References

1. Беленький П. Ю. Теоретико-методологічні засади регіонального розвитку економіки України / П. Ю. Беленький, О. О. Другов // Регіональна економіка: науково-практичний журнал. – № 4 (42). – 2006. – С. 7–12.
2. Камінська І. М. Економічна сутність та джерела фінансового забезпечення регіонально-го розвитку / І. М. Камінська // Регіональна економіка : зб. наук. праць ЛДТУ. – Луцьк, 2009. – № 3 (9). – Ч. 1. – С. 132–147.
3. Купалова Г. І. Зайнятість на селі / Г. І. Купалова, В. М. Скупий. – К. : Інститут аграрної економіки УААН. – 2008. – 44 с.
4. Надолішній П. І. Суспільні процеси як об'єкти державного управління / П. І. Надолішній // Актуальні проблеми державного управління : збірник наукових праць Одеського регіонального інституту державного управління. – Вип. 3(15). – Одеса : ОРІДУ НАДУ, 2008. – С. 26–44.

