

# **State Organization «Institute of Market and Economic & Ecological Researches of the National Academy of Sciences of Ukraine»**

## **Summary of scientific novelty for the research**

**"Formation of a favorable institutional environment for the socio-economic development of regions (on the example of the Ukrainian Black Sea region)"  
(№ 0116U008689, performance period: 01.01.2017–30.06.2019)**

The scientific novelty of the research results is as follows:

### ***Originally developed:***

- mechanisms for the formation of favorable institutional support for the investment development of the region, on the example of the Ukrainian Black Sea region, under decentralization conditions, have been elaborated, which consist in the creation of funds for financial support of investment activity by concentrating temporarily free funds from the base-level budgets, the use of local taxes as stimulants of cooperation between regions and communities and the formation of economic ties chains at the functional territories level, the implementation of a project-based approach to the investment activity in regions and communities regulation, and which meet the goals of implementing the local government reform, and the task of socio-economic development of regions at the interregional, national, cross-border, international levels;
- an assessment of the favorableness of institutional support for the development of regions of Ukraine was carried out, according to the developed methodical approach to determining the quality of the institutional environment of regions and territories at the basic level, which includes indicators in the following five groups: indicators of the state of regulatory and legal support; indicators of the informal institutional environment; indicators of the quality of functioning of institutions in the field of socio-economic development of territories; indicators of communications, interaction and cooperation; indicators of the state of the functional basis of the territory, presented from the standpoint of sustainable development (indicators of economic, social, environmental directions) and taking into account aspects of decentralization and multi-level integration (formation of united territorial communities and participation of regions in cross-border cooperation);
- a conceptual and methodical approach to determine the levels, types and stages of institutionalization of measures to form a favorable environment for stimulating the socio-economic development of territorial communities (regions) by attracting investments has been developed, which includes the allocation of simple and combined levels of institutionalization, its two types (formal and informal) and four stages (formal-normative, formal-institutional, informal-normed, informal-institutional), the sequence of which determines the specifics of the territorial community (region) in terms of institutionalization of measures to stimulate socio-economic development;
- a methodical approach to determining scenarios for the region's innovation policy formation has been worked out, based on a matrix for selecting individual profiles of institutional support for the implementation of regional innovation policy in each region of

Ukraine, and an institutional framework for implementing innovation policy in the Ukrainian Black Sea regions has been defined, in which instruments for stimulating the development of social capital, the development of international and internal horizontal ties between participants in the innovation process should prevail;

- a methodical approach to determining the effectiveness of investment instruments to stimulate the economic development of the region has been created, which includes an integrated assessment of regional target budget programs at all stages of the "life" cycle (planning, during implementation and after completion) based on the principle of compliance with the goals and priorities of regional development strategies, analysis of the system of financial and budgetary support for the economic development of regions and communities in the context of decentralization and assessment of the informal institutional component of the socio-economic development of the region by identifying hidden assets of enterprises and increasing the capitalization of the region's economy, using the example of the Ukrainian Black Sea Region;

***Improved:***

- a methodological approach to improving the institutional support for the socio-economic development of territorial communities (regions), by determining the system and procedure for applying investment incentive measures, using the example of the Ukrainian Black Sea region, consisting of: economic, financial, legal, information, infrastructure, social, marketing regulators, formulated in the form of proposals to the Tax and Budget Codes of Ukraine and other legislative acts aimed at the effective implementation of the Concept of Reforming the Local Self-Government System in Ukraine;

- scientific principles of institutional support for the comprehensive development of regional and subregional economic systems, based on which mechanisms for the formation of agglomerations, territories of economic experiment, entities based on public-private partnership, clustering, as forms of multi-level integration of territorial communities into the processes of international economic exchange through their adaptation to modern conditions of decentralization reform and tasks of reducing divergence of the territorial communities socio-economic development level;

- methodological principles for the formation of institutional support for the implementation of investment instruments system to stimulate the socio-economic development of the region, using the example of the Ukrainian Black Sea region, by setting goals (economic, social, environmental); principles (compliance with the state strategy for regional development priorities; financial security; subsidiarity, purposefulness, effectiveness, mutual complementarity, non-duplication, independent monitoring, control, regulatory support, taking into account foreign experience and the influence of the external institutional environment); a conceptual model of regulatory measures, the core of which is an agreement on regional development, which systematizes the action of such instruments as: the State Fund for Regional Development, regional target programs, agreements for the implementation of interregional, cross-border projects, programs to overcome the depression of territories;

- methodical provisions on the diagnosis of the state of innovative development of the region and its institutional support, namely, a system of indicators has been formed, which, unlike the existing ones, provides an analysis of the innovative development of regions in terms of

such components as effective (Index of innovative activity in the region), local (Index of social capital in the innovation sphere of the region), global (Index of international activity in the innovation sphere of the region), institutional (Index of the institutional environment of innovative development of the region) and by the integral indicator - the Index of Innovative Development;

- a mechanism for competitive selection of innovative projects for financing from local budgets, which, unlike the existing ones, is based on the principles of subsidiarity, feedback, transparency, competition, participation, clarity of selection criteria, reporting, inter-sectoral cooperation and financing, taking into account the priorities of innovative development of a particular region;

- scientific principles for ensuring effective reform of the local government system, which, unlike the existing ones, consist in forming an institutional framework of the administrative-territorial structure and economic management based on the principles of compliance and sufficiency of the local government bodies functions with financial, resource, personnel and organizational support and provide for the transfer of budgetary powers to finance the functions of supporting the socio-economic development of the community to the basic level, together with an assessment of the regional and basic level authorities work effectiveness according to the criterion of increasing the economic base, which corresponds to European principles and best practices of local government and is proposed for implementation in the Ukrainian Black Sea region;

- a methodical approach to the development, updating and implementation of the local communities sustainable development strategies in the context of decentralization, which, unlike existing ones, consists in strategizing the development of territorial communities with reference to the area of a single territorial-production cluster (on the example of the Vyzyr Autonomous Community of the Lymansky District of the Odessa Region), and includes an assessment of the favorableness of institutional support and takes into account the asymmetry of exogenous and endogenous factors influence on the functioning of socio-economic systems of the basic level, expressed using of sustainable community development indicators, the economic, social and environmental components of which are expanded using assessments of tax capacity, budget subsidies and the level of participation in intermunicipal cooperation;

***Have been further developed:***

- conceptual and methodological approaches to the elaboration of strategic and program documents in the field of innovation policy of regions by determining an integral indicator of the state of the institutional environment of innovation activity in the region, which includes relevant elements of the regional innovation system: 1) institutions of state regulation in the field of innovation (regulatory and legal institutions, human resources institutions, institutions of financial stimulation of innovations, institutions of non-financial stimulation of innovations); 2) institutions of generation and consumption of innovations (subjects of demand and supply of innovations); 3) institutions of market infrastructure (diffusion) of innovations (financial institutions in the field of innovation, production and technological and information institutions in the field of innovation); 4) institutions of human and social capital, which represent links between all elements of the innovation system;

- scientific and methodological provisions on the economic development of regions institutional regulation by forming scenarios for effective stimulation of local government reform; a draft of powers distribution between different levels of administrative-territorial units according to the principle of subsidiarity, which defines the level of provision of each service (by territorial basis: community, district, region) and determines the procedure for selecting entities providing services based on the principles of possibility, sufficiency and greatest efficiency.

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