

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

**Summary of Scientific Novelty for the Research
«Ensuring Regional Economic Development and Cooperation in the Context of
Local Government Reform»**

(No. 0119U002419, performance period 01.07.2019–31.12.2021)

The scientific novelty for the research is as follows:

Originally developed:

- A mechanism for activating the attraction of financial resources from European funds to stimulate economic development and interregional and cross-border cooperation of communities with EU countries has been developed, which includes:

a) toolkit for targeted competitive use of surplus local budget resources and resources of the State Fund for Regional Development (SFRD) to cover the costs of participation by domestic institutions in European interregional cooperation programs. These programs focus on implementing joint policies and developing territorial-economic and communication networks aimed at integrating into international labor distribution chains in a territorial-sectoral dimension, based on the realization of national interests (as outlined in Goals 1-3 of the State Strategy for Regional Development, the Concept of Local Government Reform, and the National Economic Strategy).

b) an institutional framework for the interaction between state authorities and beneficiaries for the adapted implementation of European rules for financial and organizational monitoring of the results of domestic partners' participation in grant projects for economic development (Burkynskyi B.V., Laiko O.I.).

Improved:

- The financial support toolkit for economic development and interregional and cross-border cooperation of Ukraine's regions and communities that involves the development of a procedure for utilizing temporarily free local budget funds generated from excess tax and fee revenues by redirecting them from deposit and bond term investments to the creation of guarantee funds and the initiation of capital investments in projects deemed priorities in accordance with strategic spatial development documents at the local, district, and regional levels (Laiko O.I.).

- A mechanism for horizontal equalization of financial and budgetary capacity of territorial communities that is based on the principles of subsidiarity, anti-paternalism, and participatory governance by abolishing in the Budget Code of Ukraine the procedure of withdrawing surplus personal income tax revenues from economically developed communities, exceeding the regional average per capita value and introducing a mandatory procedure for directing such funds toward ensuring the implementation of economic cooperation agreements that would involve partnerships between economically developed and underdeveloped communities to jointly execute projects aimed at overcoming divergences and economic underdevelopment (Burkynskyi B.V., Laiko O.I.).

- A methodological approach to identifying the key characteristics of a mechanism for activating innovative cooperation through diagnosing regional

innovation development issues using a system of indicators that enables, unlike existing methods, the identification of participants in innovative cooperation by innovation generation and consumption institutions, as well as the intensity and effectiveness of such cooperation (Iermakova O.A).

- A methodological approach to diagnosing the state of infrastructure support in the field of innovation within a region, specifically through the development of a system of indicators that, unlike existing methods, enables an assessment across functional groups of innovation infrastructure institutions, namely: financial, production-technological institutions, information structures, and institutions for innovation commercialization (Iermakova O.A).

- Institutional support for the development, updating, and implementation of sustainable development strategies for communities and intermunicipal cooperation through the creation of a standard provision for local development agencies, defining functions such as: coordination of managerial decisions, integrated use of resources and reserves in economic, environmental, and social spheres, as well as in the spatial dimension at the local government level; synchronization of long-term, medium-term, and current planning processes; and the accumulation and adaptation of global and national experience in organizing and facilitating economic cooperation (Osipov V.M.).

- Scientific foundations for defining the powers of local self-government at the district level through the development of measures to ensure the realization of the shared interests of territorial communities of villages, settlements, and cities, specifically in providing public and social services, implementing functions of district economic development, attracting investments, distributing subsidies and transfers, coordinating the implementation of joint projects of amalgamated territorial communities (ATCs), and ensuring their co-financing (Goryachuk V.F.).

- Institutional-functional foundations for substantiating scenarios of local self-government reform levels through the identification of criteria for financial-budgetary rationality, functionality, sufficiency, and the presence of human social capital, which align with the implementation of the subsidiarity principle and confirm the necessity of maintaining district-level management and governance bodies with a clear definition of their powers and financial support for performing coordination functions and representing the shared interests of communities, in accordance with Article 140 of the Constitution of Ukraine (Goryachuk V.F.).

- A methodological approach to evaluating the effectiveness of the administrative-territorial reform in Ukraine and local self-government, based on the principles of subsidiarity, efficiency and self-sufficiency, which includes groups of indicators: territorial organization of power, distribution of powers between local self-government bodies and executive authorities, financial-budgetary decentralization, and economic self-sufficiency of basic-level communities (Goryachuk V.F.).

Have been further developed:

- Measures to activate intermunicipal economic cooperation in the context of decentralization through the development of:

a) tools for network planning and the placement of enterprises within communities, in accordance with prospective spatial development plans and the principle of rational use and development of resource, spatial, infrastructure, institutional, human, and financial potential for generating added value as a source

of financial-budgetary capacity for communities;

b) tax support measures in the form of deferred payment of local taxes during the period until the projects reach profitability, which are implemented as priorities for communities, districts and regions within the framework of ensuring interterritorial division of labor and cooperation (using the example of organizing food production and biofuel manufacturing in the regions of Ukraine's Black Sea coast) (Burkynskyi B.V., Laiko O.I., Yezhov, M.B.).

- Measures for implementing regional economic policy to ensure the capacity of territorial and economic systems through institutionalizing the procedure for the allocation of funds from the State Regional Development Fund (SRDF) and state budget equalization funds to cover the costs of differentiated co-financing of investment projects for intermunicipal economic cooperation between communities, in amounts determined by the level of budgetary capacity of the communities: 90% for subsidized communities, 50% for communities with zero equalization, and 30% for capable communities (Laiko O.I.).

- Systematization and typification of mechanisms for implementing regional innovation cooperation policy from the perspective of its modern concept, which reveals the motivational and goal-oriented guidelines for organizing the interaction process between innovations demand and supply entities, thereby ensuring their application in accordance with the needs of innovation activity participants in the region (Iermakova O.A).

- The regional brokerage mechanism in the field of innovation, aimed at facilitating the establishment of connections between innovations demand and supply entities in the context of their commercialization; key characteristics of regional innovation brokerage have been identified, the variations of which determine the formation of unique brokerage business models in the region depending on its needs (Iermakova O.A).

- Institutional foundations for the formation and functioning of European and national innovation partnerships in the following areas: creation of national platforms for innovation cooperation; integration of platforms at various levels (local, regional, national, cross-border, European); formation of the innovation broker institution, establishment of permanent consulting/brokerage services in the field of innovation; attracting resources from sectoral regional programs for the formation of innovation partnerships; development and adoption of a national concept and program for the formation of innovation partnerships (Iermakova O.A).

- Tools for activating cooperation between scientific entities and municipal management and economic structures through the development and adaptation of approaches to strategizing, designing, monitoring, and implementing sustainable development forecasts for territorial and economic systems in the interregional dimension, using the example of communities in Odesa and Mykolaiv regions (Osipov V.M.).

- Conceptual foundations for the formation of a regional development tool system through the adaptation of European approaches to its construction, including: regional development agreements, state regional programs, agreements on the implementation of interregional projects, state programs for overcoming territorial depression, cross-border cooperation programs, and regional targeted programs (Goryachuk V.F.).

- Proposals for institutional support of regional policy in Ukraine regarding amendments to the drafts of the Laws of Ukraine "On Amendments to the Law of Ukraine "On the Principles of State Regional Policy"", "On the Peculiarities of Stimulating Regional Development", and "On Amendments to the Budget Code of Ukraine Regarding the Improvement of the Effectiveness of the Use of State Regional Development Fund Resources", focusing on the systematization of legislation in the field of regional development regulation, defining the main goal of regional development in the context of European experience, forming and approving development strategies for territorial communities, considering the common interests of territorial communities, and taking into account the documents of the Council of Europe and the European Union in shaping the regulatory and legal framework, state regional policy, and the distribution of funds from the state regional development fund among the regions (Goryachuk V.F.).

Scientific Supervisors of the research:

Head of the Department of Interregional Economic Development
of the Ukrainian Black Sea Region,
"Institute of Market Problems and Economic-Ecological Research
of the National Academy of Sciences of Ukraine"
Academician of the NAS of Ukraine
Professor, Doctor of Economics

Borys BURKYNSKYI

Deputy Head of the Department of Interregional Economic Development
of the Ukrainian Black Sea Region,
"Institute of Market and
Economic&Ecological Research of the National
Academy of Sciences of Ukraine"
Professor, Doctor of Economics

Oleksandr LAIKO