

ЕКОНОМІКА ТА УПРАВЛІННЯ НАЦІОНАЛЬНИМ ГОСПОДАРСТВОМ

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OF INSTITUTIONALIZATION OF INVESTMENT
ACTIVITIES STIMULATION MEANS
IN THE NATIONAL ECONOMY****ВИКЛИКИ І ПЕРСПЕКТИВИ
ІНСТИТУЦІОНАЛІЗАЦІЇ ЗАХОДІВ
СТИМУЛЮВАННЯ ІНВЕСТИЦІЙНОЇ
ДІЯЛЬНОСТІ В НАЦІОНАЛЬНІЙ ЕКОНОМІЦІ**

Urgency of the research. Stimulation of investment activity in Ukraine has always been justified and carried out as one of the priorities, but lack of clear institutional scheme for the regulating of investment activity under the influence of administrative-territorial reform progress stipulate the urgency to determine the current up-to-date order of institutionalization of the means for the activization of investments in the national economy.

Target setting. The essence of the problem is to substantiate the theoretical and practical principles of favourable institutional environment formation for investments attracting into the national economy in up-to-date condition on the basis of institutionalization process essence definition, considering foreign and domestic experience.

Actual scientific researches and issues analysis. The theoretical and practical bases for stimulation of investment activities are determined in works of B. V. Burkynskyi, V. M. Heyets, V. P. Juk, V. F. Martynenko, A. Pavlyuk, A. A. Peresada., I. Pidorycheva, A. M. Poruchnik, Ye. V. Redzhyuk, V. P. Seminozhenko, I. Z. Storonianska, N. O. Tatarenko.

Uninvestigated parts of general matters defining. There are unsolved aspects concerning the estimation of the level and degree of institutionalization of various stimulation measures of investment activity in the national economy in the context of decentralization reform.

The research objective. The article aims to determine the theoretical and applied principles of the formation of favorable institutional environment for the attracting of investments into the national economy, taking into account the influence of decentralization processes and domestic & foreign experience.

The statement of basic materials. The article substantiates the essence of the category of favorable institutional support of investments. The list of measures of fiscal-budgetary, organizational-informational, marketing, administrative character for the stimulation of investment activities in the national economy is determined; the order of their institutionalization under the influence of decentralization processes is substantiated.

Conclusions. The prospects of the set of measures for the stimulation of investment activity in the national economy, provided by territorial communities consist in creation of favorable institutional environment that is able to attract additional investment into the points of economic growth.

Keywords: investments; institutionalization of investments; special economic zones; institutional provision of investments; investment environment.

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Актуальність теми дослідження. Стимулювання інвестиційної активності в Україні завжди обґрунтовувалось і здійснювалось в якості одного з першочергових завдань, однак недостатність інституціоналізації провадження регулювання інвестиційної активності в умовах адміністративно-територіального реформування обумовлює необхідність визначення актуалізованого порядку інституціоналізації заходів активізації інвестиційної діяльності в національній економіці.

Постановка проблеми. Існує необхідність обґрунтування теоретичних та прикладних засад формування сприятливого інституціонального середовища для залучення інвестицій в національну економіку в сучасних умовах на основі визначення сутності процесу інституціоналізації, та з врахуванням іноземного і вітчизняного досвіду.

Аналіз останніх досліджень і публікацій. Теоретичні та прикладні основи стимулювання інвестиційної діяльності визнають в своїх роботах Б. В. Буркинський, В. М. Геєць, В. П. Жук, В. Ф. Мартиненко, А. Павлюк, А. А. Пересада., І. Підоричева, А. М. Поручник, Є. В. Редзюк, В. П. Семіноженко, І. З. Сторонянська.

Виділення недосліджених частин загальної проблеми. Невирішеними є питання оцінки ступеня та рівня інституціоналізації різних заходів стимулювання інвестиційної діяльності в національній економіці в контексті реформи децентралізації.

Постановка завдання. В статті необхідним є визначення теоретичних та прикладних засад формування сприятливого інституціонального середовища для залучення інвестицій в національну економіку на основі врахування децентралізаційних процесів, вітчизняного та іноземного досвіду.

Виклад основного матеріалу. У статті обґрунтовується сутність категорії сприятливого інституціонального забезпечення інвестування. Визначено перелік заходів для стимулювання інвестиційної діяльності в національній економіці, обґрунтовано порядок їхньої інституціоналізації в умовах впливу децентралізаційних процесів.

Висновки. Перспективи застосування запропонованого набору заходів стимулювання інвестиційної діяльності в національній економіці, які можуть провадитись територіальними громадами, полягає у формуванні сприятливого інституціонального середовища, здатного приваблювати додаткові капіталовкладення в точках економічного зростання.

Ключові слова: інвестиції; інституціоналізація інвестицій; спеціальні економічні зони; інституціональне забезпечення інвестицій; інвестиційне середовище.

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Urgency of the research. Stimulation of investment activity in Ukraine has always been justified and carried out as one of the priorities, but the lack of systematic organization of this process and the lack of clear institutional scheme for the regulation of investment activity against the backdrop of ever-increasing capital investment needs justify the necessity to determine the current up-to-date order of institutionalization of investment activation means in the national economy. Conditions of the transformation of the investment system under the influence of administrative-territorial reform determine new challenges and perspectives for the institutionalizing of regulation measures for the investment process at the local level - i.e. at the points of economic growth that can be turned into the locomotives of the development of the national economy. In particular, the theoretical and practical principles of application of the widespread approach to capital investment activation through the creation of special economic zones (SEZs) should be reviewed in terms of national economic characteristics. The united territorial communities, whose creation today is actively supported by the government [1], potentially can become those institutions that will perform the functions of territories with special economic regimes, assuming the authority of investment process stimulation by means of different sets of tools including tax regulators.

Target setting. The essence of the problem is determined as the necessity to substantiate the theoretical and applied principles of the formation of favorable institutional environment for the attracting of investments into the national economy in the current transformational conditions, on the basis of the determining of the essence of the process of institutionalization of the regulation measures in the national investment system, and taking into account of foreign and domestic experience of the investment regulators applying. The definitions are required to theoretical and practical aspects of the application of incentive measures through institutional formations such as SEZs or united territorial communities.

Actual scientific researches and issues analysis. The theoretical and practical bases for realization and stimulation of investment activities in the national economy are determined in works of V. F. Martynenko, A. Pavlyuk [2], A. A. Peresada., A. M. Poruchnik, Ye. V. Redzhyuk, N. O. Tatarenko. Particular attention is paid to the formation of the institutional environment for the activation of investments, including the mean of the creation of special (free) economic zones or priority development areas, in publications of B. V. Burkynskyi, V. M. Heyets, V. P. Juk, Yu. V. Makogon, I. Pidricheva, V. P. Seminozhenko, I. Z. Storonyanska, S. M. Tkach.

Uninvestigated parts of general matters defining. There are unsolved aspects concerning the estimation of the level and degree of institutionalization of various stimulation measures of investment activity in the national economy in the context of transformation and increase of the significance of horizontal links between investors due to decentralization reform progress in Ukraine and due to the redistribution of budgetary and financial authorities between levels of governance. The question of the topical instruments choice for activation of investment activity is still insufficiently studied, and such instruments are to be compatible with the institutional challenges of the modern state of the national economy.

The research objective. The article aims to determine the theoretical and practical principles of the formation of favorable institutional environment for the attracting of investments into the national economy, taking into account the influence of decentralization processes and domestic & foreign experience concerning the different types of investment activities stimulators application.

The statement of basic materials. Capital investments in the development of the Ukrainian economy have always been characterized by acute shortages, their weak dynamics and non-appropriate structure that often led to the use of measures that are to intensify investment processes through the stimulation of domestic and foreign investors. Numerous attempts to stimulate the investment activity in Ukraine by state regulation measures were not sufficiently successful. Despite of the almost annual GDP growth, the investment component of this indicator rarely exceeded for the last years the mark of 20%, while the critical threshold of the ratio is 25% at least. In 2015 and in 2016 the level of GDP was at 1.99 trillion UAH and 2.4 trillion UAH, respectively, while the volume of capital investment was no more than 13-15% of GDP or 273 bln UAH in 2015 and 359 bln UAH in 2016 years [3]. In recent years, there has been a steady decline in direct foreign investments in Ukraine: in the first half of 2017 - 1.5 billion dollars, while in the first half of 2016 it was 2.1 billion dollars, despite of the world trends in relation to positive dynamics of foreign direct investment [4], which is currently characterized by a 6%

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growth. Taking into account, that complex modernization of the national economic system requires numerous resources, the volume of which is estimated at 2 trln dollars [4], at the current rate of investment, it will take at least 142 years to attract such amount of capital.

The measures and tools that are used to intensify investment activity in the Ukrainian economy did not bring about the desirable capital inflow because of the unsystematic nature of the treatment of such regulators and because of their inadequate institutionalization. The institutionalization, in this case, we determine as the process of the defining and consolidation of social norms, rules, statuses and roles, bringing them into capable system of acts for satisfaction of certain social needs, i.e., the identification and legalization of regulatory instruments in the economic system of society. In world practice, special (free) economic zones have become almost the most widespread means of investment activity stimulation because of their institutional nature and complexity in comparison with other instruments. Particularly positive is the experience of the creating of special economic zones in China, in global dimension, and in Poland - in the European area.

The experience of the Polish Republic shows systematic order of reforms and high degree of institutionalization of the means that are aimed on creation of special economic zones, which brought positive results: Poland - the only EU country that during the crisis of 2007-2009 demonstrated GDP growth at 18%; has 14 active economic zones with an average volume of accumulated investments in each of them from 3 to 5 billion euros; according to the world ratings of the performance evaluation, the Polish SEZs are among the leaders (Katovitska SEZ awarded the 2nd place in the global TOP-50 SEZs rating in 2016); the special conditions of the economy have been retained for the Polish SEZs, despite the EU requirements about open and common conditions for all participants in market relations. The period of operation of the SEZs in Poland has been extended twice: from 2008 to 2020 and in 2014 – up to 2026 [5]. The key characteristic of the Polish SEZs, which contributed to the formation of investors' confidence, is their systematic institutionalization, that is, in formal and informal dimensions and in the long-term aspect with stability, which, in turn, creates favorable environment for investments [6]. Effective instruments for creation of favorable investment climate are applied by Asian countries, in particular, in China, where during the last 11 years there were only increases in investment activity tendencies without significant losses even in periods of global crisis phenomena (since 2005 net inflow of foreign direct investments in the country has increased from 104 billion USD to 250-290 billion USD annually – in 2014-2015-2016 [6; 7]). Such powerful position of Chinese economy has been achieved due the internal organization of the investment process and the implementation of policy for the supporting of regional features and territorial priorities, being based on the effective use of existing benefits. The territory of China has 4 the most powerful free economic zones, 54 state technical and economic development zones, 53 state zones of development and 14 zones of border economic cooperation. The permits for creation of local special economic zones are issued in China in quantity of tens of thousands items [8]. Not the very fact of territorial allocation of the point of economic growth is a key factor in the success of the implementation of the SEZs' best practices. Effective combinations of economic preferences in the form of tax incentives and other measures with the established regulatory policy create sense of stability for investors. A key factor is the creation of comfortable regulatory environment with real property rights guarantees and with dominant of the use of local preferences for the attracting of investment as source of economic development, that is based on the strateging and planning. Serious changes in the institutionalization of Chinese investment rules were made because of the WTO accession in 2011 [8]. However, substantial losses of foreign investment did not result in the abolition of tax privileges, growth rates did not slow down, which indicates a comfortable investment climate in the country and a combination of positive factors and guarantees that are more powerful than direct tax incentives.

Unfortunately, the domestic experience of the favorable investment climate creation, with the help of special (free) economic zones, cannot be called successful, since the application of tax privileges as means of attracting of financial capital that play role of temporary economic stimulus without creation of favorable regulatory environment in other spheres, strategic guidelines for the ensuring of socio-economic development of the territories have not been implemented, because the process of the

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strategizing and taking into account of experience of the functioning of existing zones with special economic conditions have not been completed.

On the territory of Ukraine, the existing legislation provides possibility for the establishing and the functioning of basic types of units with special economic regimes as: territory of priority development, special economic zones, free economic zones, technological parks, industrial parks.

Free economic zones in Ukraine were created since 1992. In total, 11 special (free) economic zones were created in Ukraine, among them there are zones of foreign trade, trade and production, scientific and technical, tourism and recreational destinations: "Kurortopolis Truskavets", "Yavoriv" (Lviv region), "Donetsk", "Azov" (Donetsk region), "Porto Franco", "Reni" (Odessa region), "Transcarpathia" (Transcarpathian region), "Nikolaev", "Interport Kovel", "Port of Crimea" (Kerch, AR of Crimea), "Slavutich" (city of Slavutych, Kiev region). Since 2005, the creation of new free (special) economic zones has been canceled, and since 2005, all subjects of special economic zones and priority development territories have implemented investment projects in the general taxation regime. The introduction of the practice of creation of free economic zones on unsystematic basis without requirements to strategies of development of free economic zone territories and the subsequent abolition of previously granted tax preferences has led to inefficiency of such SEZs on the territory of Ukraine. After the abolition of the preferential tax regime, withdrawal of capital and reduction of investment activity started, due to the lack of an effective institutional environment. According to the data of the Odessa State Regional Administration, the volume of revenues from investment resources in the SEZ "Porto Franco" from 2000 to 2005 amounted 22.8 million UAH, but, since the abolition of tax privileges in 2005, the amount of capital investments fell to 761 thousand UAH. Thus one of the main institutionalization feature which is to be determined in the national legislation is clear establishment of the terms of tax and other economic privileges duration.

The main mistake that took place during creation of SEZs in Ukraine was lack of the legislative institutionalization. There was adoption of imperfect legislative act on the general principles for the functioning of the SEZ in the country and of its additions in the form of laws that concern the creation process of some SEZs (in Odessa, Lviv, Luhansk and other regions). There were no preventive measures for the negative influence of elements of the informal institutional environment: corruption, abuse of tax privileges and optimization of taxes without strategic investment plans. The legislative framework for creation of favorable investment climate in the country is not fully developed and does not correspond to the accepted course for decentralization of the economic governance system; it does not foresee the use of special economic and administrative measures to stimulation of investment activity in the context of projects in the community, and not with the attachment to business entities. Despite of the existing political risks of the use of SEZs as a means for investments stimulation, there are numerous scientifically substantiated arguments regarding the feasibility of the establishing of economic growth centers in the form of territories with special economic conditions [4; 5]. Also, the role of institutions that can stimulate investment activity in Ukraine can be executed by united territorial communities (hereinafter UTCs), due to the implication of the practice of EU countries regarding tax investment competition of territories. The role of the investment activity stimulation measures in the national economy can be provided with help of different regulative tools, but really powerful effect can be reached only through the system of their harmonized institutionalization (Fig. 1).

The activation of SEZs functioning in Ukraine should be accompanied, firstly, by systematic legislative changes - the establishment of general terms for the SEZs functioning throughout the country, with the similar procedure for the application of tax, customs and other privileges, with clear requirements and criterias for selection of investment projects, depending on the volume of investments, the number of employees and the definition of priority investment types of economic activities in order to promote the development of national economy growth points on territories. The use of united territorial communities as a measure for the stimulating of investment processes is possible in case of delegation to them of new fiscal authorities.

Thus, personal income tax is a key source of revenue for UTCs' budgets, because 60% of its total collection remains in the revenue of local budgets. Direct stimulation of investors, employers with help of rising of the level of employment and salaries by the administrations of UTCs through the mecha-

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nism of taxation of individuals' incomes is not possible, but the implementation of EU practices of tax competition of territories in the investment sphere can really be implemented. The regulators are to be represented by local taxes (single tax on entrepreneurs, land tax, real estate tax, etc.), rates of which are set by local governments. The application of zero rates of local taxes by the administration of UTCs must be applied for those wage-earning employers whose level of charged salaries is in several times higher than the average level in this territory and can serve as real incentive for the development of productive forces. In addition to economic incentives, UTCs can use numerous informational, infrastructural and social measures to promote new investors and capital concentration. At the same time, it should be emphasized that there are numerous institutional traps in the process of implementation of similar investment initiatives in the communities: insufficient level of formal institutionalization and problems with the activation of the links for the horizontal interaction of the members of the UTCs. The realities of practice tell that the general principles for the association of territorial communities, framed by laws on the general principles of UTCs formation and are not sufficient enough to establish economically meaningful units. The general principles for the association of territorial communities are to be supplemented with the organizational rules of their cooperation, with methodological principles for assessing of the financial capacity of communities. Informal horizontal ties cannot always be formed effectively and quickly due to subjective factors, mismatches of interests, because of their dependence on the level of social self-organization of community members. However, the proposed measure of the stimulation of investment activity in UTCs is promising enough, since it corresponds to the vector of transformation of the national economic system.

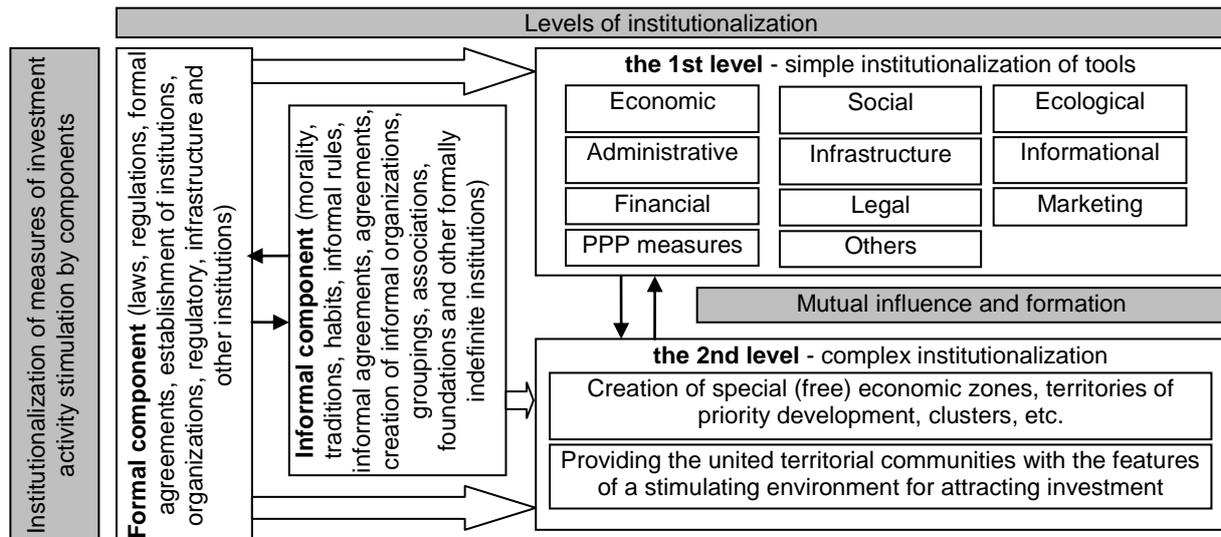


Fig. 1 Conceptual scheme of institutionalization of measures of investment activity stimulation in the modern national economy

Conclusions. The viability of the proposed set of measures of stimulation of investment activity in the national economy is explained by the ability to create a favorable institutional environment, based on flexibility and adaptability. The requirements of informal institutional provision of investment processes in the national economy are characterized by the emerging need for activation and systematization of regulatory instruments. However, horizontal interrelationships and mechanisms of interaction in society are still poorly developed, are heterogeneous in quality and require additional regulation influence. The formal component of institutionalization needs to be substantially improved and is to be brought into line with the urgent requirements of society. For the proposed options of the 2nd, i.e. integrated level of institutionalization of measures of stimulation of investment activities it is necessary to improve both formal and informal levels. Legislative and institutional improvements are needed to reinvigorate measures of the creation of special economic zones. Namely: in the unified law on the in-

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roduction of the stimulating regime for the carrying out of investment activities there are to be established the criteria for effectiveness estimation, timelines, measures for the identifying of prioritized economic activities at the points of economic growth, possible tax and customs privileges should also be defined, but in the manner that is to be consistent with the requirements of the WTO and the EU association. In order to strengthen the regulatory functions in the field of investments in the united territorial communities, the formal institutional framework is already formed in raw form and requires methodological improvements and details. But the heterogeneity of status and of quality of the informal institutional environment on the territories of different communities testifies the need of essential informational and educational actions that are currently already partly executed by the authorities and public organizations. It is important, at the initial stage of the formation of UTCs as institutions for stimulation of investments, to direct the transformation vector and efforts of implementation of individual projects on the formation of better infrastructure, social, business, ecological environment, i.e. to form positive image of the territories – the points of economic growth. This mean is to facilitate the capital involvement process, even without additional economic, tax and financial stimulus, the use of which causes some difficulties in terms of legal, fiscal and budgetary processes.

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