

ЕКОНОМІКА ТА УПРАВЛІННЯ НАЦІОНАЛЬНИМ ГОСПОДАРСТВОМDOI: [https://doi.org/10.25140/2410-9576-2025-2\(31\)-52-59](https://doi.org/10.25140/2410-9576-2025-2(31)-52-59)

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E-mail: ekeonoraz@ukr.net. ORCID ID: <http://orcid.org/0000-0002-2659-5909>ResearcherID: [57219289565](https://orcid.org/57219289565)**PROJECT PUBLIC INVESTMENT IN THE STRATEGIC SOCIO-ECONOMIC DEVELOPMENT OF THE ECONOMIC SYSTEM**

Abstract. The article examines the role of investment project as a key instrument for stimulating development projects of socio-economic development of region systems. It analyzes theoretical approaches to defining the essence of investment project, its classification, and main areas of implementation in a regional context. It identifies factors affecting the effective use of budget resources, mechanisms for attracting additional financial flows, and the impact of the institutional environment on the effectiveness of investment programs. Particular attention is paid to the interaction between the state, local government, and business in shaping the investment climate. An analysis of existing experience in attracting and using public investment has been carried out. Examples of positive practices in regional investment policy are given and the risks of its implementation are outlined. Methodological tools for evaluating effectiveness, a strategic planning model, and a system of monitoring indicators are proposed. Key channels of influence (infrastructure, human capital, innovation, support for small and medium-sized businesses) are substantiated, and the risks of project implementation and mechanisms for their minimization are identified. Ten key steps for implementing the strategic planning model for public investment (from analyzing regional needs to the final assessment of best practices) are proposed. The recommendations to authorities on prioritizing, preparing, and evaluating investments, as well as the parameters for introducing public-private partnerships and mixed financing, are of practical importance. The results of the study emphasize that investment project is not only a financial but also a strategic resource for increasing the competitiveness of regions and ensuring their sustainable development.

Keywords: investment project, socio-economic development, regional development, performance evaluation, public-private partnership, multiplier, monitoring, strategic planning.

Fig.: 1. References: 8.

Problem statement. The current development of economic systems at any level largely depends on the effectiveness of attracting and using project investments. Regional systems are becoming key players in Ukraine's socio-economic development. In the context of Ukraine's decentralization and integration into the European space, finding new mechanisms to ensure the financial stability of local communities and regions is becoming an important task. In this regard, project-oriented investments are not only a source of financing for socio-economic projects, but also a tool for stimulating entrepreneurial activity, developing infrastructure, and creating new jobs.

Analysis of recent studies and publications. In scientific literature, project investments are considered a targeted and key factor in long-term economic growth. Foreign researchers [1; 2] emphasize the positive impact of public capital investments in transport and social infrastructure on the productivity of the private sector. Domestic scientists [3] emphasize the need to develop effective mechanisms for the use of budget funds aimed at achieving strategic regional development goals. The concept of "project investments" is interpreted ambiguously. In general, it covers long-term capital investments in the implementation of a specific investment project, which involves the creation or modernization of production, the acquisition of technologies and equipment, as well as the training of personnel with the aim of making a profit or achieving other economic benefits. In the context of regional development, such investments can be directed towards the combined

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financial resources of the state and local self-government, which are directed towards the development of infrastructure, the social sphere, and economic sectors.

In European Union countries, public investment is an important tool of regional policy. For example, in Poland and the Czech Republic, a significant share of investment is financed by EU structural funds, which allows for the modernization of infrastructure and stimulates economic activity in the regions [4].

In Scandinavian countries, public investment is focused on the development of innovation, education, and environmental projects. This creates a sustainable growth model focused on the quality of life of the population [5].

Identification of unexplored aspects of the general problem. Despite the wide range of research on investment activities, there is a need for substantive research on the formation of public investment projects for socio-economic development. Based on the methodology for measuring effects, the possibility of forming a strategic planning model and a set of key performance indicators (KPIs) with the formation of appropriate recommendations for management has not been studied.

The purpose of the article is to conduct a comprehensive study of project investments as a tool for the socio-economic development of the system: from the concept and methods of evaluation to implementation practices, risk management, and the construction of a monitoring system.

Presentation of the main material. Project-based public investments are targeted capital investments by the state and local authorities in the creation, modernization, or maintenance of infrastructure, human capital, and the innovation ecosystem. They form the material and institutional basis for long-term growth, ensure spatial cohesion, reduce regional disparities, and improve the well-being of the population.

The regional dimension of public investment is particularly important for countries with heterogeneous economic geography and imbalances in access to services and markets. For Ukraine, this is particularly relevant in the context of decentralisation, war damage to infrastructure, the need for rapid recovery and the simultaneous transition to a green and digital economy.

An important task of economic policy is to increase the effectiveness of public investment in specific regional development projects. This requires improving the strategic planning system, introducing modern public-private partnership mechanisms, and increasing public participation in decision-making processes. The experience of EU countries shows that the effectiveness of investment policy increases when public and private financing are combined and international financial institutions are actively involved [4].

In Ukraine, public investment has traditionally been project-oriented and has a significant impact on regional development. However, there are problems related to insufficient transparency, fragmented financing, and low levels of coordination between the state and local levels of government [6].

We have identified the following institutional aspects of investment policy:

- multi-level governance (national – regional – local levels) requires coordination of strategies, plans, and budgets, which ensures consistency of priorities and avoids duplication;
- high-quality project preparation (feasibility studies), competitive selection, independent expertise, proper procurement planning, coordination with territorial plans and spatial data;

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– public-private partnerships and mixed financing mechanisms allow for the attraction of private capital, risk sharing, and reduction of the fiscal burden, while maintaining control over the public value of assets.

The results of the analysis show that project-based public investments contribute to the development of regional infrastructure, increase the investment attractiveness of territories, and strengthen their economic base. At the same time, a number of problems have been identified related to insufficient transparency of fund allocation procedures, ineffective management, and corruption risks. Furthermore, despite an understanding of the importance of public investment, its implementation faces a number of problems and challenges: limited budget resources; corruption risks; insufficient strategic planning; weak integration with the private sector; low level of monitoring and evaluation of project performance.

Problematic issues remain, such as low quality of project preparation, fragmented financing, imperfect selection and prioritization procedures, limited analysis of effectiveness from the perspective of social value, and weak integration of private capital into large regional projects. With this in mind, we attempted to synthesize approaches from institutional economics, endogenous growth theory, and project cycle management into an applied framework for decision-making on regional investments, taking into account risks and resource constraints. The practical significance of this approach lies in the formation of a step-by-step algorithm for the selection, preparation, and evaluation of public investment projects, which can be used by municipal authorities, regional development agencies, and business partners.

The theoretical basis for this approach consists of the following components.

1. Conceptual and categorical framework. Public investments differ from current expenditures in that they create or significantly increase the future flow of social benefits. They include capital expenditures from budgets, funds from state/municipal development banks, subsidies for capital repairs, grants for research and innovation, as well as investments in human capital (education, health care), if there is a long-term effect.

2. Scientific and theoretical justifications. For example, the Keynesian school of economics emphasizes the multiplier effect of government spending, which stimulates demand and employment. Endogenous growth approaches emphasize the role of investment in knowledge and R&D, which increase long-term productivity. New economic geography explains how infrastructure reduces transaction costs, integrates markets, and influences the spatial distribution of economic activity.

3. Principles of effectiveness: additionality (crowding-in of private investment – a phenomenon where increased public spending on certain projects leads to the crowding out of private investment in similar areas due to increased demand for resources, higher prices, and interest rates), complementarity (consistency with sectoral policies), results orientation (from results to impact), transparency and accountability, open data, competitive procurement, environmental and social sustainability.

Our analysis of the experience of attracting and using public investment [7, 8] has allowed us to make the following generalizations.

1. The EU's cohesion policy uses multi-annual programming, thematic concentration, and a partnership approach. Projects are selected on the basis of a logical framework matrix and feasibility criteria, with clear performance indicators.

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2. Central and Eastern European countries demonstrate that strengthening the capacity of beneficiaries and creating project preparation funds are critical for absorption capacity. Investments in roads, water resources, and energy efficiency have had a significant multiplier effect.

3. The Scandinavian model emphasizes human capital, innovation, and climate neutrality, which reduces long-term costs and improves quality of life. Important mechanisms include green taxonomy, carbon footprint, and social consideration.

Methodological basis for investment assessment:

– research questions: what are the channels of influence of public investment on regional growth; which instruments yield the greatest return; how do project characteristics affect effectiveness; how to build a KPI system to monitor results;

– analytical tools: cost-benefit analysis (CBA), cost-effectiveness analysis (CEA), input-output models, computable general equilibrium models (CGE), difference-in-differences (DiD), and synthetic control for assessing the impact of public investment;

– basic formulas for cost-benefit analysis (CBA): net present value (NPV); internal rate of return (IRR); Benefit-Cost Ratio (BCR) – an indicator that compares the monetary or quantitative benefits of a project with its costs to assess its feasibility (for public investments, it is also advisable to assess shadow prices, externalities, and discounting of the social value of time);

– Key data for analysis include: budgets and cash expenditures, project passports, official regional statistics (labor market, productivity, investments, exports), household and business surveys, open procurement data, spatial data (accessibility);

– Indicators: output (km of roads built, places in kindergartens), outcome (reduction in travel time, increase in service coverage), impact (productivity, employment, income, quality of life).

The development of a model for the selection, preparation, and evaluation of public investment projects that can be used by municipal authorities, regional development agencies, and business partners is inextricably linked to a clear understanding of the content of the channels of influence and the corresponding analytical results. It is quite logical to identify the following channels.

1. The infrastructure channel, which is focused on improving transport accessibility, reduces logistics costs, integrates local labor markets, and promotes business clustering. The effect manifests itself through increased productivity and investment attractiveness of territories.

2. Development and prospects of the human (intellectual) factor (capital) – investments in schools, vocational education, and medicine improve the qualifications of the workforce and the duration of healthy life, increasing the potential for innovation and the income of the population.

3. Support for small and medium-sized businesses – infrastructure programs for industrial parks, processing centers, logistics hubs, and digital platforms reduce barriers to entry, accelerate business scaling, and expand exports.

4. Innovation and digitalization. Public investment in research and development aimed at finding innovative solutions in the field of information technology, technology transfer centers, and open data stimulate cooperation between universities and businesses and accelerate the commercialization of developments.

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5. Assessment of multipliers. Under conditions of effective implementation, the multiplier of capital expenditures is higher than the multiplier of current expenditures, particularly in regions with unused resources. At the same time, it depends significantly on the openness of the economy and the import component of projects.

The implementation of various regional development projects involving public investment is inextricably linked to risks that require appropriate mechanisms to minimize them. Thus, corruption and reputational risks should guide local authorities toward open data on procurement, independent technical supervision, external auditing, and clear escalation procedures. Potential technical risks should be prevented by measures to create reserves for unforeseen expenses, phased testing of relevant technology and equipment, and the involvement of independent engineers in conducting expert assessments. Measures to prevent financial risks include hedging currency risks on loans from international financial organizations, guarantee instruments, and multi-channel financing. Social and environmental risks require special attention, involving substantive consultation with various stakeholder groups and the development of a clear mechanism for handling potential complaints.

Based on the results of our research, we can propose an algorithm for strategic planning of public investments (figure), which consists of ten consecutive steps (fig. 1).

Based on our proposed model for attracting and implementing public investment, in order to complete it, it is advisable to formulate appropriate policy and management recommendations in the context of the following areas of activity:

- Institutional: create permanent project preparation funds; strengthen the role of regional development agencies; introduce standardized CBA/CEA procedures;
- Financial: develop mechanisms for a strategic approach combining public and/or charitable funds (preferential capital) with private investment to mobilize additional funding for sustainable regional development; the main goal is to reduce risks for private investors, encouraging them to invest in projects that, although important for sustainable development (e.g., infrastructure, energy, healthcare), may be too risky or unprofitable for commercial investment (blended finance); use guarantees and risk convergence instruments between several parties to reduce their impact on a single investor (e.g., insurance, where the insurer assumes the risk of customer losses in exchange for insurance premiums, or joint participation in a project, where each partner bears a share of the financial or other risks); introduce green and social bonds at the local level;
- Technical: digital catalogs of typical solutions; unified BIM requirements (standardized rules, instructions, and criteria that determine how information models should be created, structured, documented, and used throughout the project lifecycle; these requirements ensure data consistency, effective collaboration between project participants, and the achievement of specific business goals); open price catalogs; integration of territorial and spatial data and asset management;
- Transparency: mandatory publication of project passports, estimates, calendars, and KPI; independent review boards; development of mechanisms for public participation;
- Human resource capacity: training programs for public investment managers; certification; mentoring; exchange of knowledge and experience between regions.

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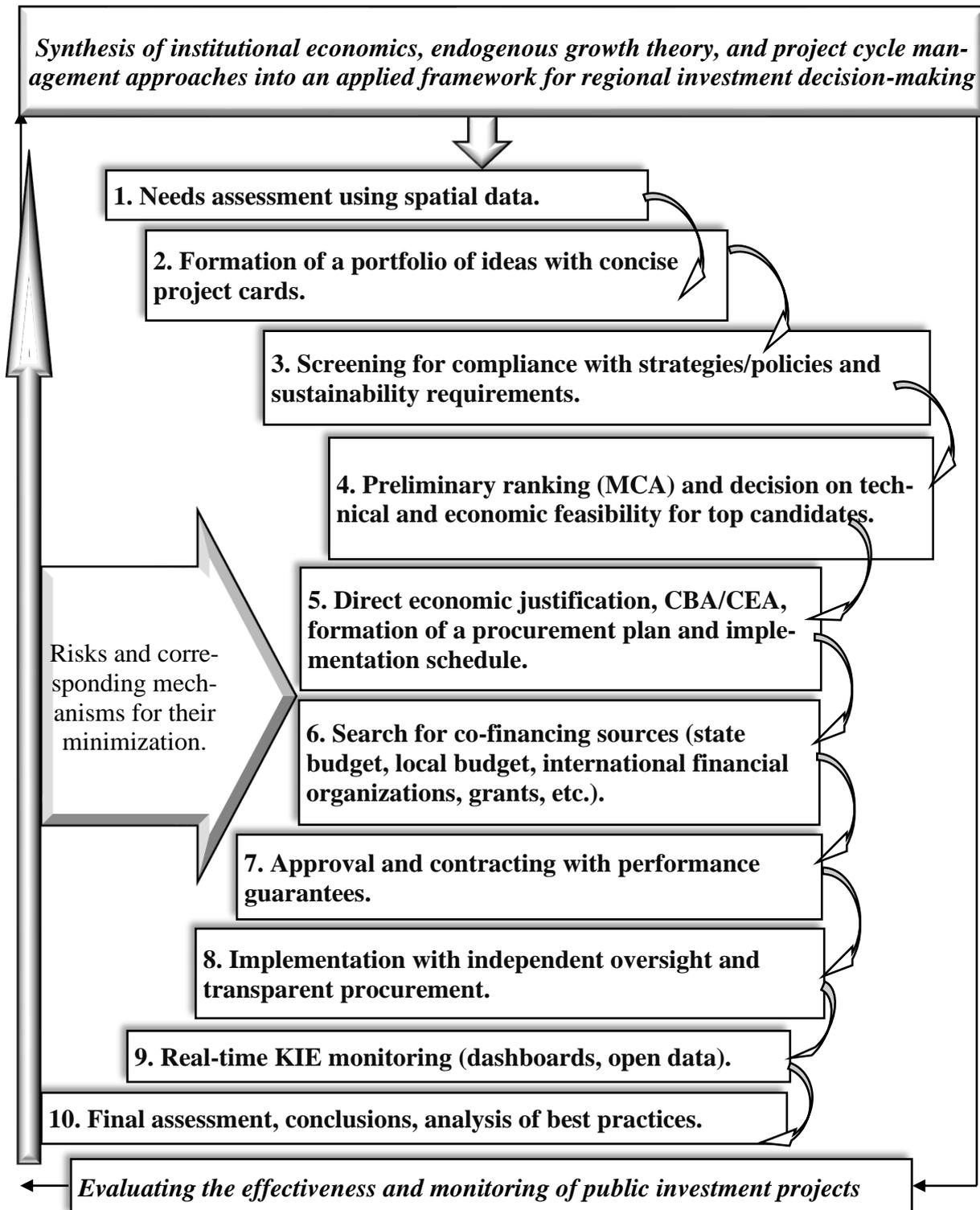


Fig. 1. Algorithm for strategic planning of public investments
 Source: generated by the author.

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Conclusions and recommendations. Project investments are a system-building tool for the development of any socio-economic system, operating through infrastructure, human, and innovation channels of influence. Therefore, public investments are not only a financial resource but also a strategic mechanism for ensuring sustainable regional development. They form the basis for economic growth, improving quality of life, and strengthening the competitiveness of Ukrainian regions in the global arena.

The effectiveness of investments depends on the quality of preparation, the choice of financing mechanisms, transparency of implementation, and effective monitoring of results and impact. To increase the effectiveness of public investments in Ukraine, it is necessary, first of all, to improve the strategic planning system; introduce modern financial control tools; and activate public-private partnerships. Particular attention should be paid to ensuring transparency and appropriate accountability for the use of funds, as well as critically considering the possibilities for integrating best international practices.

The proposed strategic planning model and set of assessment methods enable authorities to increase the return on investment, reduce risks, and accelerate the achievement of sustainable development goals. It should be noted that the formation of a modern model of regional development is facilitated by the systematic introduction of transparent investment mechanisms and partnerships with business, which requires further research and optimization.

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**ПРОЄКТНЕ ПУБЛІЧНЕ ІНВЕСТУВАННЯ В СТРАТЕГІЧНОМУ
СОЦІАЛЬНО-ЕКОНОМІЧНОМУ РОЗВИТКУ ЕКОНОМІЧНОЇ СИСТЕМИ**

Анотація. У статті розглянуто роль проектного інвестування як ключового інструменту стимулювання соціально-економічного розвитку економічних систем. Проаналізовано теоретичні підходи до визначення сутності проектних інвестицій, їх класифікацію та основні напрями реалізації в регіональному контексті. Визначено чинники ефективності використання бюджетних ресурсів, механізми залучення додаткових фінансових потоків, а також вплив інституційного середовища на результативність інвестиційних проектів/програм. Особлива увага приділена взаємодії держави, місцевого самоврядування та бізнесу у формуванні інвестиційного клімату. Наведено приклади позитивних практик регіональної інвестиційної політики та окреслено ризики її реалізації. Запропоновано методичний інструментарій оцінювання ефективності, модель стратегічного планування та систему індикаторів моніторингу. Обґрунтовано ключові канали впливу (інфраструктурний, людський капітал, інновації, підтримка малого та середнього бізнесу) і визначено ризики реалізації проектів та механізми їх мінімізації. Практичну значущість становлять рекомендації органам влади щодо пріоритетизації, підготовки та оцінювання інвестицій, а також параметри запровадження державно-приватного партнерства і змішаного фінансування. Результати дослідження підкреслюють, що проектні інвестиції є не лише фінансовим, а й стратегічним ресурсом підвищення конкурентоспроможності економічних систем будь-якого рівня та забезпечення їх сталого розвитку.

Ключові слова: проектні інвестиції; соціально-економічний розвиток; регіональний розвиток; оцінювання ефективності; державно-приватне партнерство; мультиплікатор; моніторинг; стратегічне планування.

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