

## ECONOMICS

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**ORGANIZATIONAL AND ECONOMIC SUPPORT FOR THE APPLICATION OF STATE SUPPORT MEASURES FOR INVESTMENT PROJECTS IN THE REGION****Y. O. Druzhynina***Ph.D in Economics, Associate Professor of the Department of Accounting, Analysis and Audit of Brest State Technical University, Brest, Belarus, e-mail: eodruzhynina@g.bstu.by***Abstract**

The article discusses the issues of increasing the validity of the application of measures of state support for investment projects by management bodies. The importance of making decisions on the provision of benefits in the implementation of investment projects, taking into account the criterion of social responsibility of the initiator of the project, is substantiated. The characteristics of the organizational and economic mechanism of regulation of investment activity are given, the organizational and economic components are disclosed and directions for improving the mechanism are proposed, taking into account the priority of social and environmental factors within the framework of sustainable regional development. It is proposed to supplement the structure of the sections of the business plan with indicators of social responsibility for the project. Practical recommendations on the application of state support measures to stimulate the implementation of socially responsible investment projects are given.

**Keywords:** investment project, investment activity, business plan, social responsibility of business, state support, organizational and economic mechanism of regulation of investment activity.

**ОРГАНИЗАЦИОННО-ЭКОНОМИЧЕСКОЕ ОБЕСПЕЧЕНИЕ ПРИМЕНЕНИЯ МЕР ГОСУДАРСТВЕННОЙ ПОДДЕРЖКИ ИНВЕСТИЦИОННЫХ ПРОЕКТОВ В РЕГИОНЕ****Е. О. Дружинина****Реферат**

В статье рассмотрены вопросы повышения обоснованности применения мер государственной поддержки инвестиционных проектов органами управления. Обоснована важность принятия решений по предоставлению льгот при реализации инвестиционных проектов с учетом критерия социальной ответственности инициатора проекта. Дана характеристика организационно-экономического механизма регулирования инвестиционной деятельности, раскрыты организационная и экономическая составляющие и предложены направления совершенствования механизма с учетом приоритета социального и экологического факторов в рамках устойчивого регионального развития. Предложено дополнить структуру разделов бизнес-плана показателями социальной ответственности по проекту. Приведены практические рекомендации по применению мер государственной поддержки, позволяющие стимулировать реализацию социально-ответственных инвестиционных проектов.

**Ключевые слова:** инвестиционный проект, инвестиционная деятельность, бизнес-план, социальная ответственность бизнеса, государственная поддержка, организационно-экономический механизм регулирования инвестиционной деятельности.

**Introduction**

Improving the competitiveness of the regional economy is the main complex task. Ultimately, the result of the work of the entire economic system of the country depends on it. Investment activity is an important component of the development of any economic system, an indicator of the state of the country's economy. Fluctuations in investment investments are considered as an indicator of changes in aggregate demand and, in the future, the volume of national and regional production, as well as the level of employment of the population.

Currently, the National Strategy of Sustainable Socio & Economic Development of the Republic of Belarus until 2030 is being implemented in the Republic of Belarus. The Belarusian model of sustainable development takes into account the sustainable development goals developed by the UN, national interests and peculiarities of the Belarusian economy. The main characteristics of the model include: strong effective state power, participation of civil society in solving problems of sustainable development, effective state and public support for socially vulnerable groups of the population, environmentally sound state policy and others [1].

Regional concepts of sustainable development have been adopted at the regional level, aimed at achieving a reasonable balance in solving social, economic and environmental problems of the region, meeting people's needs for material and spiritual well-being, a favorable state of nature, based on mechanisms for implementing these requirements and monitoring their implementation.

The implementation of investment activities in the region is the most important condition for the implementation of strategic and tactical tasks

of social and economic development, the implementation of innovative, agro-industrial, environmental policy.

Investment activity is a set of practical actions of legal entities, individuals, and the state to attract and invest funds and other valuables in investment objects in order to achieve a significant result (making a profit, income, solving a social problem, etc.). The choice of an object for investment is made by the investor based on the effectiveness of the project. However, the development of science, culture, the creation of other socially significant objects, environmental protection can not always bring income, and are more often unprofitable. Therefore, the intrusion of the state into the investment sphere is a normal world practice aimed at harmonizing the investment process and solving priority tasks related to the development of society.

In addition, investments in the development of production, the introduction of new technologies are accompanied by risks of impact not only on the economic, but also social, and environmental spheres in the implementation of investment activities. The duration of the environmental crisis and its impact on the quality of life of society are inextricably linked with the economic activities of the subjects and cause increased attention to preventive measures that provide for the integration of social, environmental and economic factors when making investment decisions.

Thus, the State is obliged, on the one hand, to support investments by providing various support measures, and on the other, to direct investment activities to the implementation of measures included in the state's economic, scientific, technical, social and environmental policy.

Based on the highlighted problem, it is possible to formulate the **objectives of this study**, which are to provide an integrated approach to the application by management bodies of measures to support investment projects of economic entities in the region with the help of an organizational and economic mechanism for regulating investment activities in the region based on the principles of corporate social responsibility.

*Corporate social responsibility CSR* (or business social responsibility) is a voluntary contribution of business to the development of society in the social, economic and environmental spheres, directly related to the main activity of the company and going beyond the minimum defined by law.

Based on this, the *social responsibility of the initiator of an investment project (SRIP)* is a planned voluntary contribution, laid down in the indicators of the investment project, to the development of society in the social, economic and environmental spheres, directly related to the main activity of the company and going beyond the minimum defined by law.

### **Theoretical and practical aspects of state support in the implementation of investment projects**

State support is provided to economic entities for the implementation of investment projects – financial and other assistance in accordance with the legislation, in the form of budget subsidies and other financial assistance, budget loans and loans, tax and tariff benefits, external government loans, guarantees of the Government of the Republic of Belarus on loans and loans and other preferences. Financing of investment projects is carried out at the expense of budgets of all levels, extra-budgetary funds, as well as other sources. Reasonable and responsible allocation of budgetary funds and extra-budgetary funds is the task of the State. When allocating funds, various approaches and regulatory and instructional materials are used, including separately for different levels of decision-making. Financial and other support for investment projects is provided through the application of various measures and instruments for regulating investment activities. In order to increase the validity of the application of state support measures for investment projects, information on their social orientation is needed, which will allow more efficient allocation of funds allocated for their financing.

The results of the socio-economic assessment of investment projects are used to increase the validity of the use of instruments for regulating investment activities, as well as state support measures aimed at activating the activities of socially responsible business entities, reducing or preventing the destructive impact of investment projects on the socio-economic system of the project area and adjacent regions.

This task is solved with the help of an **organizational and economic mechanism for regulating investment activity** in the region, which is a set of forms, methods, tools and levers of influence on investment activity, interconnected into a single mechanism that allows determining the volume, structure, directions and implementation of investments that ensure the implementation of regional goals and objectives of socio-economic development of the region.

Let's consider specific measures, methods and tools of the mechanism of regulation of investment activity. To ensure the socio-economic and environmental security of the region, it is important to use organizational measures to facilitate the implementation of projects that meet the goals of socio-economic development of the regions. These are socially significant projects, innovative and infrastructure projects, environmentally efficient, which, in fact, are implemented according to the principles of social responsibility. For such assistance, the interaction of regional government bodies and investors is necessary. Subjects are regional management bodies that perform the functions of a regulator, initiators of investment projects (commercial and non-profit organizations, individual investors). The object is commercial investment projects proposed for implementation in the region.

Different levels of management systems combine administrative and economic methods of regulation. Administrative (direct) methods involve a direct impact on the subjects of investment activity: prohibitions, restrictions, permits, regulations established by legislative and regulatory acts.

The direct participation of the state in investment activities includes the adoption of state investment programs and their financing at the expense of the republican budget, the provision of centralized investment

resources from the republican budget to finance investment projects, the state comprehensive examination of investment projects and others.

Economic (indirect) methods involve influencing the subjects of investment activity by stimulating investment decisions both in the interests of the subjects themselves and in the interests of society as a whole. The creation of favorable conditions for the development of investment activities includes the provision of state support to investors, the definition of conditions for the ownership, use and disposal of land, subsoil, water and forests, the privatization of state-owned facilities, and others.

The instruments to be improved for the purposes of regional regulation according to the principles of social responsibility are: competitive selection of investment projects, state support, state participation, state financing based on a socially responsible approach. Accordingly, it is necessary to form information support for the assessment of the social responsibility of the initiators of the project; improving the procedure for selecting investment projects to provide state support, taking into account an additional criterion that takes into account the contribution to the development of the region's economy; establishing the relationship between regulatory instruments and indicators of social responsibility of the project; justification of project financing at the expense of budgetary and extra-budgetary funds in the context of the implementation of the concept of sustainable socio-economic development of regions.

In order to activate the activities of socially responsible business entities, to prevent the destructive impact of investment projects on the socio-economic system of the region, it is necessary to improve the organizational and economic mechanism for regulating investment activities in terms of supplementing the project selection procedure with measures to assess the social responsibility of the initiator of the investment project (SRIP). The *economic component* of the organizational and economic mechanism for regulating investment activity includes the proposed methodological approach to assessing the social responsibility of the initiator of the investment project, which determined the content of the developed methods for assessing the level of SRIP and assessing the economic effect of SRIP (information support) [2]. The *organizational component* of the mechanism is represented by the development of practical recommendations on the reasonable allocation by management bodies of financial support for socially responsible investors based on the SRIP criterion. In contrast to existing approaches, not only socio-economic indicators of the project's effectiveness are evaluated, but also the voluntary contribution of the investor to the social and environmental spheres of the region's development.

To analyze the compliance of the project data of investment proposals with the principles of CSR and to ensure the implementation of socially responsible investment, it is necessary to supplement the information and analytical support for the development and evaluation of business plans for investment projects with an independent section "Indicators of social responsibility for the project", including the main calculation indicators reflecting the contribution of the initiator of the project to the development of the region.

The implementation of an investment project (related to the creation of a new production facility by placing it on the premises of a decommissioned facility, on existing vacant areas, during new construction, technical re-equipment, reconstruction) requires the preparation of permits, justifying and evaluating documentation, the formation of which begins at the pre-investment stage. The set of documents contains fundamental information, confirmed by studies, justifications, calculations, allowing you to make a decision on the feasibility of implementing an investment project, taking into account internal and external effects and consequences.

Project support of the investment process in construction, taking into account the current legislation in the Republic of Belarus and foreign practice, as a rule, consists of the main stages:

- A) Pre-investment stage: stage 1 – submission of a petition (declaration) of intent to the local executive authority by the customer (investor) in accordance with the established procedure. Obtaining a decision of the local executive authority; stage 2 – development of a justification for investments in construction. Receipt from the relevant executive authority of a decision on preliminary approval of the location of the object (act of site selection) (Table 1).

**Table 1** – The main content of the pre-investment stage of the implementation of investment projects

Stages	Content	Intelligence
Submission by the customer to the local executive authority of a petition of intent	Contains preliminary information: formation of an investment plan, determination of investment objectives, purpose, capacity and location of the construction object; possible impact of the planned activity on the environment; assessment of investment opportunities and achievement of the planned technical and economic indicators	<i>Declaration of intent</i> Investor, location, technical and technological data of the construction object, number of employees, need for raw materials, water, land, energy resources, etc.
Development, coordination, examination and approval of the justification of investments in the construction of the facility	Implementation of alternative studies, calculations of investment efficiency, determination of social, environmental and other consequences of the construction and operation of the facility, assessment of investment opportunities and achievement of the planned technical and economic indicators; preliminary approval of the location of the land plot; obtaining an expert opinion on the justification of investments	<i>Justification of investments in the construction of the facility</i> Investment objectives; general characteristics, purpose, capacity, location of the facility; basic technological solutions; provision of resources (material, labor, etc.); architectural and planning concept; environmental impact assessment; social development; project budget; investment efficiency
Section of the feasibility study	Assessment of the technical feasibility and economic feasibility of the project; environmental impact assessment	During the construction of industrial facilities, it is part of the justification of investments in construction
Development, approval, examination and approval of the <i>business plan</i> of the investment project	Development in cases of justification: the possibility of attracting investments in fixed assets, external loans, loans; the expediency of providing state support measures; for the purposes of: detailed verification of feasibility and economic efficiency; short- and medium-term planning; search for an investor	<i>Business plan</i> Summary, description of the industry, products, production, marketing, organizational, financial plan; risk analysis, sensitivity and sustainability of the project; calculation tables; other aspects
Defining a project management scheme	Reflection of the most key events of the project, their planned parameters and management decisions (actions) to achieve them	<i>Project management plan</i> Register of project stakeholders; organizational structure of project management; project implementation schedule; project cost plan (budget); resource plan; project quality management plan; project risk management plan; project supply management plan; project implementation control plan; project communications management plan; project change management plan; other aspects
Development of a design assignment	The basis for the design; permits for design and construction, transferred to the project organization-contractor for the development of project documentation; information about construction; technology requirements	<i>Design assignment</i> Basic data and design requirements (depending on the complexity, type and purpose of the projected object), information about the land plot and planning restrictions; basic technical and economic indicators based on economic calculations performed in the business plan

Source: compiled by the author.

The basic information provided in the declaration of intent, justification of investments in the construction of facilities, on social aspects include the approximate number of workers and employees, sources of satisfaction of labor needs, provision of workers and their families with housing and communal and social facilities, etc., on environmental aspects – the approximate demand of the construction object for water resources (volume, quantity, source of water supply), energy resources (electricity, heat, steam, fuel), land resources (with appropriate justification of the approximate size of the land plot and the terms of its use), etc.

B) Investment stage: stage 1 – justification of investment in construction; stage 2 – architectural project; stage 3 – construction project. This stage includes the development, coordination, examination and approval of project documentation, the implementation on its basis of the allotment of land for construction, the development of architectural and construction projects, the examination of project documentation; construction and installation works, commissioning, commissioning of the facility.

Thus, the information provided in the pre-project documentation contains a fairly high level of generalization of data, mainly includes permits and supporting documentation for the implementation of the project, which does not allow for a comprehensive economic assessment of the socio-environmental parameters of the investment project. More detailed information is reflected in the business plan developed to assess the necessity, commercial efficiency, financial feasibility and contribution to the economy of the region of investments in the construction, reconstruction of the construction object.

To date, the pre-project documentation and business plan contain a significant amount of data, including, among other things, information about the social and environmental effects and consequences of the project. But this is not enough to assess the social responsibility of the initiator of the project (SRIP). Rather, the information is presented only from the qualitative side, mainly without a monetary assessment of social and environmental consequences, without comparing project indicators with the average values in the region, comparing with international standards and determining a voluntary contribution to the development of the region in excess of legislative norms. To determine the initiator's active or passive position in solving social and environmental problems, it is necessary to provide a more detailed explanation of income and expenses in addition to the one that is currently reflected in the business plan: expenses for environmental protection measures, environmental training of personnel, expenses for the formation of a social package for employees and others. At the same time, the absence, on the one hand, of established requirements, and on the other hand, of the initiators' interest in disclosing additional information about the social and environmental impact of the project, including both regulated and initiative components, does not allow for a comprehensive economic assessment of the social and environmental parameters of the investment project and to determine the social responsibility of the initiator of the project.

In this regard, it is proposed by processing the information provided in the pre-project documentation, business plan and other sources to form new data sets that, in our opinion, allow us to evaluate the SRIP.

The distinctive features of this approach are:

- 1) inclusion of comparative indicators: for social and economic indicators in comparison with the average values for the main types of economic activity in the region, and for environmental indicators also by comparing the values actually achieved with environmental impact standards (maximum permissible emission of harmful substances, maximum permissible discharge of harmful substances);
- 2) in contrast to the environmental impact assessment based on determining the impact in natural terms, it is proposed to assess the social and environmental component using a cost-based approach, which allows you to assess the contribution to the development of the region (or harm) in monetary terms.

The assessment of social responsibility is a characteristic in which the initiator (investor) of an investment project is interested, which counts on state support, as well as regional authorities that distribute financial resources to stimulate investment in the region. Therefore, we consider it most reasonable to allocate the indicators proposed by the author to a separate, initiative, section of the business plan, the information of which is not currently reflected in other sections according to the rules for developing business plans for investment projects [3].

To assess the social responsibility of the initiator of an investment project when developing a business plan, it is proposed to accumulate in a separate section of the business plan "Indicators of social responsibility for the project" the main calculated indicators determined on the basis of the application of the methods proposed by the author for diagnosing the potential impact on the socio-ecosystem of the region and calculating the effect of socially responsible investment [4]. Interrelated indicators are used, revealing social, environmental and economic benefits and losses from the position of influence on the socio-ecosystem of the region, necessary to assess compliance with the requirements of social responsibility standards. The initiator of the project calculates indicators in the context of economic, social and environmental components.

The main purpose of this section is to provide investors and other interested parties with the necessary information about the potential impact of an investment project on the socio-ecosystem of the territory of its implementation and the planned effect of socially responsible investment. The preparation of the section is carried out by the initiator of the investment project.

The significance of the section is: to identify both positive and negative consequences for the region induced by the implementation of an investment project that comprehensively characterizes its economic, social and environmental aspects; to determine the financial value of potential losses from the implementation of a business project for the socio-ecosystem of the region or, conversely, a contribution to improving the welfare of society and the development of the region, including the number in excess of the legally established requirements. This section includes aspects that allow:

- to improve the structure of the investment project during its preparation by the initiator and developer, to identify and solve problems in a timely manner, to avoid the appearance of adverse socio-environmental impacts, to respond to future events;
- to increase the interest of investors and initiators of the project in the implementation of the principles of social responsibility;
- increase the investment attractiveness of the project;
- to provide in the business plan the necessary income and expenses for compensation of socio-environmental losses, that is, to make an adjustment to the calculation of the overall effectiveness of the investment project;
- to form the non-financial aspect of the CSR of the proposed project in the context of key stakeholders;
- to conduct an examination of the social responsibility of investment projects to justify the decision on the application of regulatory measures aimed at preventing, reducing and compensating for socio-environmental losses and improving the quality of the environment and living standards, stimulating and supporting investment projects of a socially responsible orientation.

## Conclusions

Investments are one of the factors of economic progress at the macro-, meso- and micro- levels. The state is interested in investing in a prosperous and stable society, environmental protection, the institutional implementation of which can serve as a strategy of socially responsible investment in the development and implementation of business projects by economic entities of the region. A successful policy for the development of investment activity largely depends on the continuous improvement of its regulatory instruments, which takes into account the main trends of modern economic growth. When implementing versatile design solutions, the improvement of the system of stimulating socially responsible investments and preventing possible adverse consequences of the implementation of investment decisions for the environment and society becomes relevant. This leads to the need to improve the instruments for regulating investment activities available to management bodies, the most important of which are the financing of investment projects, the selection of which is based on criteria consistent with the priorities of socio-economic development. In the context of the implementation of the strategy of regional sustainable development, the application of the provisions of socially responsible investment will allow taking into account the social and environmental factors in the evaluation and selection of investment projects.

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