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INCREASING THE FINANCIAL AND INVESTMENT POTENTIAL OF THE REGION TO ENSURE SUSTAINABLE DEVELOPMENT OF THE NATIONAL ECONOMY

Abstract: The article examines the theoretical aspects of the formation of financial potential of the region in terms of sustainable development. The relationship between the financial potential of the region and its financial self-sufficiency and stability has been investigated. The main approaches to the interpretation of the definition "financial potential of the region", which is widely used in the literature, are described. The financial potential of the region is widely interpreted in the context of a systematic and holistic research approach.

Key words: region, financial and investment potential, sustainable development concept, economic modernization, sustainability.

Introduction

One of the strategic tasks of the state in the transition to innovative development in the context of modernization of the economy is to increase the financial capacity, which is the basis for ensuring the sustainability of socio-economic development of the country. In solving this problem, the social, economic, human, innovative and institutional potential of the society is important in the regenerative regions.

At the same time, the socio-economic status of the regions and the reduction of the level of interregional differences in quality of life. Achieving this goal is determined mainly by the possibility of maximizing the economic efficiency of the existing economic space in terms of ensuring sustainable socio-economic development of the region.

The financial and investment potential of the regions of the country is diverse, and the issue of their correct assessment and analysis, accurate forecasting of financial and investment opportunities in the context of financial instability is one of the most pressing issues.

At a time when the inflation rate in the country is two-digit, the regions do not use discounted methods of assessing their financial investment potential and planning for future periods, and insufficient research on these topics realizes the need for research in this area.

The purpose of this article is to develop an author's approach and practical proposals based on the study of various scientific theoretical views on the economic significance of the financial and investment potential of the regions and their assessment.

For this purpose, the following tasks have been identified:

- Disclosure of the economic nature of the financial and investment potential of the region
- scientific substantiation of the need to study the financial potential of the region in terms of a structural-functional approach to the possible use of the region;
- Development of an author's model of financial and investment capacity management;
- identification of the main tools and factors affecting the financial and investment potential;

Literature review

According to a critical analysis of existing definitions of the sustainability of socio-economic systems, no universally accepted concept has been developed in modern science. Here we can distinguish four approaches of foreign economists (Table 1).

Table 1

Approaches to describing the sustainability of socio-economic systems[1]

The essence of the approach	Authors
Sustainability of the socio-economic system depends on the security, stability, reliability, integrity and robustness of the system	L.I.Abalkin, A.L.Bobrov, D.V.Gordienko, A.Livshits, T.M.Konoplyanik
Sustainability is the relative invariance of key parameters in a socio-economic system, as the ability of a system to remain unchanged for a certain period of time	A.L.Gaponenko, S.M.Ilyasov, V.D.Kalashnikov, T.G.Krasnova, O.V.Kolomiychenko, V.E.Roxchin, A.G.Shelomentsev
Sustainability is interpreted as the ability of a socio-economic system to maintain dynamic balance	E.S.Bodryashov, V.A.Kretinin, N.V.Chaykovskaya
Sustainability of the socio-economic system depends on the ability of the system to function sustainably, to develop, to continue to move along a defined trajectory, to develop itself	A.I.Drujinin, O.N.Dunaev, B.K.Esekin, M.Yu.Kalinchikov, A.M.Ozina, Sh.Sapargali, L.L.Terexov

One of the economists of the Republic A. Vahobov, A. Sodiqov, B. Valiev, A. Although Islamov and others have studied various aspects of the regional economy, no specific research has been conducted on the financial investment potential.

[1] Compiled by the author based on the results of the study

Analysis of scientific sources leads to the conclusion that typically, the level of economic security is evaluated with indicators. However, these methods do not always correspond to the modern economic environment conditions [9].

In our view, a key element of regional stability is financial stability, which is determined by the balance of financial flows, the availability of funds that allow the region to maintain its activities for a certain period of time.

Research methodology

The methodology of this article consists of deduction, abstraction, classification, generalization, comparative, theoretical interpretation and analytical methods.

Analysis and discussion of results

Today, despite the fact that the category of financial stability of the region is new, it attracts the attention of many economists with its diversity and practical significance. Its content covers almost all objects that study economics - resources, production, social sphere, population, and so on. Research in this area focuses on the problems of financial flow management and the financial condition of the region as a whole, and, as a result, the ability to achieve marginal values of financial stability for the sustainable operation of the region.

Ensuring the financial and economic security of the country requires the cessation of the practice of capital flight, which is one of the most powerful internal threats to the economic security of the country as a whole. The basis of capital flight is an extremely low level of confidence in the national currency with a high level of inflation, the specifics of the economic and political system. Thus, the problem of financial security is linked to a wider complex of problems, caused not only by globalization processes, but also by internal problems of the country [10].

In general, the financial stability of the region is such a socio-economic situation of the region that it improves the quality of life of the population through the effective operation of financial flows within the territorial unit, while maintaining their balance of inflows and outflows. The financial stability of the region is mainly determined by the competitiveness of the economy.

It is known that highly competitive regions have large domestic financial resources, which affects their financial stability. And, conversely, the region will be competitive due to financial stability.

The financial stability of the region means the balance of revenues and expenditures of the region and their proportional changes under the influence of internal and external factors in order to ensure the powers of regional authorities, its current and long-term socio-economic and political development [1].

Describing financial stability, it should be noted that this is, first of all, the ability of the region to pay for its obligations, as well as the state of the economy, which creates conditions for the implementation of expanded reproduction from its own resources. The main criteria for qualitatively assessing the financial stability of the region is its financial capacity.

The following approaches are used in the economic literature to define the definition of “financial potential of a region”:

1. Resource approach, which reflects the volume of financial resources, the financial potential of the region, which varies over time. At the same time, proponents of this approach define different areas of financial capacity building, namely: public finance; public authorities of the region, financial resources of business entities, financial resources of the financial and credit sector, financial resources of public organizations, financial resources of the population and external sources.

2. An effective approach to determining financial capacity is based on obtaining potential income (outcome). Under this approach, financial capacity is defined as a complex indicator of the effectiveness of fiscal policy, which is an element of planned and forecast calculations and includes: the sum of budget potential, income of the population, funds of monetary and insurance organizations, as well as borrowed funds. The indicator reflects the potential values of income, taking into account "parameters of unused reserves, unaccounted income and losses due to various risk factors."

3. In the resource-oriented approach, financial capacity is defined as the targeted use of resources for the socio-economic development of a region or territories that provide the process of reproduction of individual economic entities.

4. In the process-resource approach, financial capacity is defined as the process of formation of financial resources of the region.

Systematization of existing approaches allows to define a broad and narrow interpretation of the definition of "financial potential of the region." Thus, according to the narrow interpretation, the financial potential is reduced to the definition of "financial potential of the region", ie the sum of the financial potential of the enterprises located in it. The broad concept of financial capacity includes the following elements: consolidated (consolidated) budget; extra-budgetary funds, inter-budgetary flows, securities issued by federal entities or local governments and administrations, financial capacity of enterprises and organizations of all forms of ownership, cash or bank funds of the population in the form of financial institutions, as well as various securities; financial resources of the institutions of the regional credit and financial system, as well as the inflow of funds attracted by banks from other regions [2].

The economic significance of the region's financial potential is determined by the sum of four aspects:

1. Financial capacity as the ability to produce a resource base to ensure the sustainability of the region's production and economic activities, the fulfillment of social functions and the development of the regions.

2. Financial potential as a set of financial and monetary resources available in the region, necessary to maintain the stability of economic activity in the region.

3. Financial potential as a result of economic relations in the region.

4. Financial potential as a resource that can be used to protect regional development from the effects of risk factors and uncertainty.

Based on the above considerations, the main features of the region's financial potential are:

1. Demonstrate the available financial capacity in the form of money in practice, as all sources of financial capacity are value-based and reflected in different levels of financial documents.
2. Dynamics - the financial potential of the region is associated with a constant flow of financial resources in order to attract social and economic benefits, ensuring the sustainable operation of the region.
3. Purposefulness - the movement of financial resources is characterized by a clear purpose. The main flow-generating factors of the region are: sources of cash flow: credit, budget, investment; purposefulness, production, social, budget, transfer, etc.; form of ownership: state (representative of regional government), mixed, private; temporary focus: permanent (periodic), seasonal, one-time.

Today, the importance of intensive reproduction factors is growing, as well as the importance of the qualitative characteristics of financial capacity. The financial potential, which reflects the general spectrum of existing economic relations in the region, is a qualitative indicator of economic development and management decisions in the region. Therefore, managing the financial potential of the region is one of the important elements of strategic, tactical and operational management of the region.

From the point of view of ensuring the sustainable development of the region, the financial potential of the region and its management should be studied by scientists not from the point of view of traditional sources of formation, but from the point of view of structural-functional approach. This approach ensures that time is taken into account between available resources and available tools [7].

However, the opportunity to develop the regions only at the expense of internal reserves and the attraction of temporarily vacant financial resources is almost lost. Regions also do not have the right to own all the financial resources accumulated in their territories (a certain portion is high-level government revenues). In addition, the amount of financial resources accumulated at the local level in the process of internal redistribution of funds in the upper echelons of the financial system, carried out in order to equalize the level of financing of regional development, may exceed the available financial capacity.

Therefore, the investment component of the region's financial potential is important today. In addition, investment orientation in financial relations is one of the key factors in ensuring the socio-economic development and stability of the region.

The financial and investment potential of the region is a relatively new concept, the essence of which is the unity of three interrelated features: the ability to produce and accumulate internal resources and reserves of the region; ability to collect and attract external, financial, credit and investment resources; the ability to turn resources and savings into investments.

In general, financial and investment potential can be studied as a set of factors of production and areas of capital investment available in the region. In the narrow sense, financial and investment potential is a quantitative description that takes into account the main macroeconomic aspects, the saturation of the region with factors of production (natural resources, labor, fixed assets, infrastructure, etc.), consumer demand and other indicators [8].

Structurally, the financial and investment potential of the region can be expressed as a set of three components: economic, resource and social. These components are interconnected, complement each other, and occur when used as its trinity essence (Figure 1).

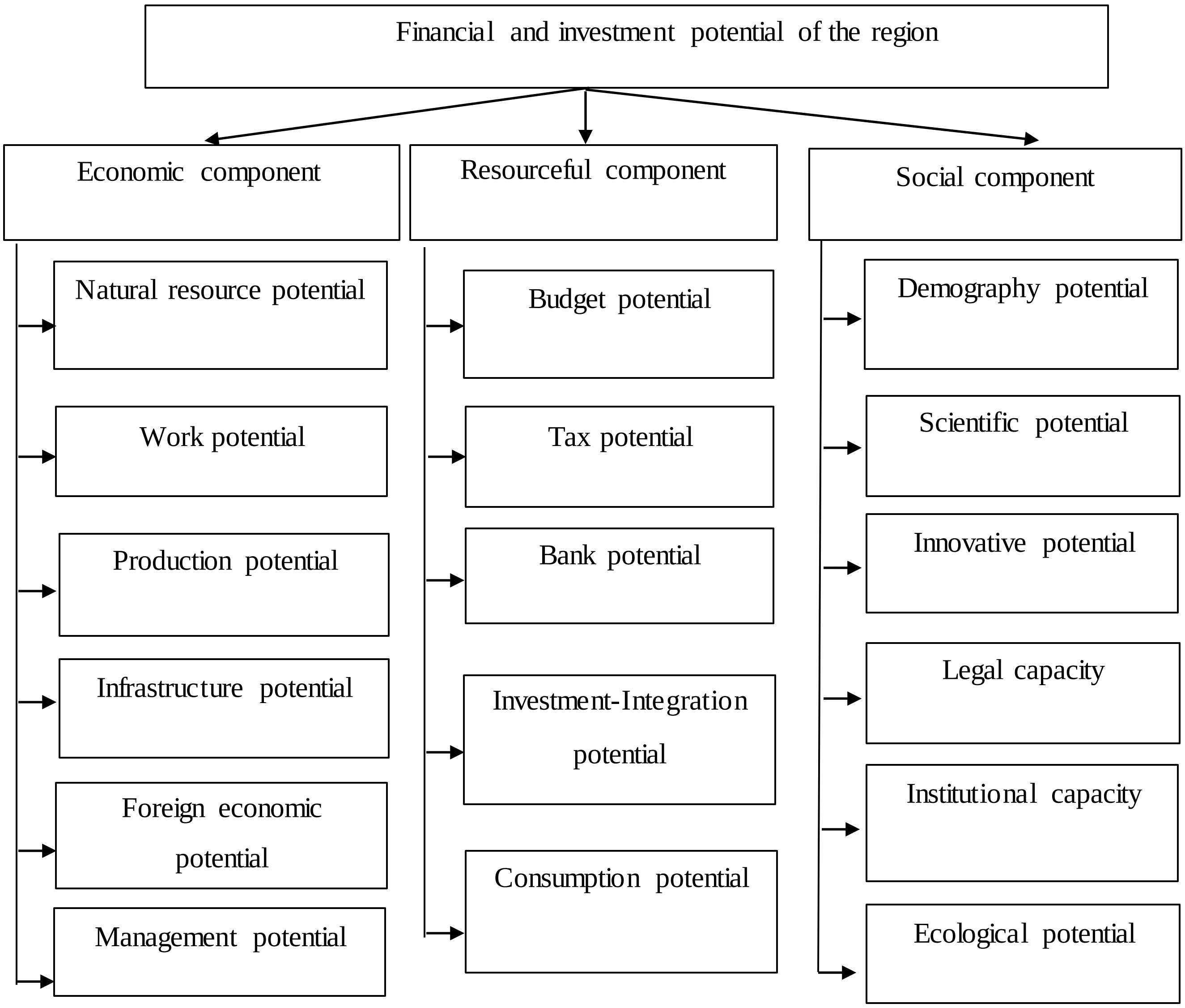

Figure 1. The structure of the financial and investment potential of the region[2]

[2] Compiled by the author based on the results of the study

The economic component of the region's financial and investment potential is focused on expanded reproduction and the solution of social problems, which can be achieved only when all its elements are actively implemented and interact.

This includes the development of the economic component of the financial and investment potential of the region, on the one hand, its economic potential (natural resources, labor, production, infrastructure potential), on the other hand, the ability of government institutions to create effective mechanisms for its management (governance and foreign economic potential) determined by [3].

The less developed the economic component of the financial and investment potential of the region, the more the region will depend on the process of economic interdependence with external resources and other regions. Thus, the main criterion for the effective use of the economic component of the financial and investment potential of the region is to increase the acceptability of management decisions, which must have political support and certain areas of planning and represent the interests of public opinion.

The resource component of the financial and investment potential is the sum of the financial resources of the region. In terms of ensuring the sustainable development of the region, its importance in the formation of financial and investment potential is threefold: the ability of the region's financial resources (financial resources) to support (ensure) its economic activity; structure and volume of financial resources; the maximum attraction of financial resources should be studied in terms of the real effect of the development of the economic object, which can be achieved through the optimal structure of the resources used.

In terms of resource component formation, the following should be highlighted:

1) created (educated) resources - financial resources received as a result of production and economic activities of economic entities operating in the region, as well as funds of the population of the region;

2) financial resources at the disposal of the region - financial resources formed taking into account the balance of redistribution of resources on monetary funds, ie the amount of resources available for industrial and social development in the region.

The main task of increasing the resource component of financial and investment potential is to ensure the full and timely supply of the required amount of financial resources from guaranteed sources of funding until the deadline. This supply facility in the regional system is a process of maximizing the financial and investment potential of the region to finance current and investment activities in the region and increase its financial stability.

The process of forming the resource component of financial and investment potential in the region is based on the inflow and outflow of financial resources or the results of their differences in the economic system over a period of time (reporting). This process should provide the maximum positive balance of financial resources, which will allow to form a limit of financial stability for the development of the regions [4].

Regional resource flows (incoming financial flows) include: the region's tax and non-tax revenues over a period of time; resources of non-financial investors involved in the development of the regional economy over a period of time; resources of the regional credit system, providing capital investments in the development of economic entities in the region over a period of time; inter-budgetary transfers received by regions as part of federal support for regional development.

Outflow of resources in the direction of investment of resources over a period of time (initial outflow): allocation of resources to finance consumers of budgetary services (implementation of current budget expenditures); financing of investment programs (budget capital expenditures and capital investments of investors); payment for resources received from the regional credit system; transfer of funds to the state budget within the system of redistribution of budget revenues.

It should be noted that the role of financial resources in the formation of financial and investment potential is unclear. On the one hand, due to their limitations, they are forced to look for a more economical option and increase the use of existing factors, ie. activates the whole system. On the other hand, its limited appearance may slow down or eliminate the formation and realization of financial-investment potential.

The social component of the financial and investment potential of the region is a set of opportunities to provide the most comfortable living conditions for the population of the region.

It should be noted that the increase in the importance of this component in the structure of financial and investment potential is associated with the development of society and the knowledge economy, the reserves of information resources do not decrease, but increase.

The interdependence of economic, resource and social components of financial and investment potential in practice (according to their role and importance in the formation and development of opportunities) determines the need to determine their optimal ratios. A change in one element automatically leads to a decrease in profitability or a decrease in the operational efficiency of the remaining elements because they operate in a structural unit.

In general, the financial and investment potential of the region reflects the accumulation of the necessary financial and investment resources to carry out investment activities aimed at building a diversified economy and developed infrastructure. Combining different financial and investment resources and directing them to investment programs to change the regional economy requires the management of financial and investment potential [6].

In terms of effective governance, it is expedient to divide the financial and investment potential of the region by level: real potential (achieved potential) - the resources of different characteristics of the region, the real means and resources that can participate in the reproduction process to achieve a certain level of regional development package; prospective potential - the maximum amount of available opportunities for the region, the probability of achieving it is determined by the quality of regional governance and the favorable influence of the external environment.

The difference between the region’s prospective and real potential is the region’s real reserves. In terms of ensuring the sustainable development of financial flows in the region, management effectiveness is determined using a systematic and integrated approach (figure-2).

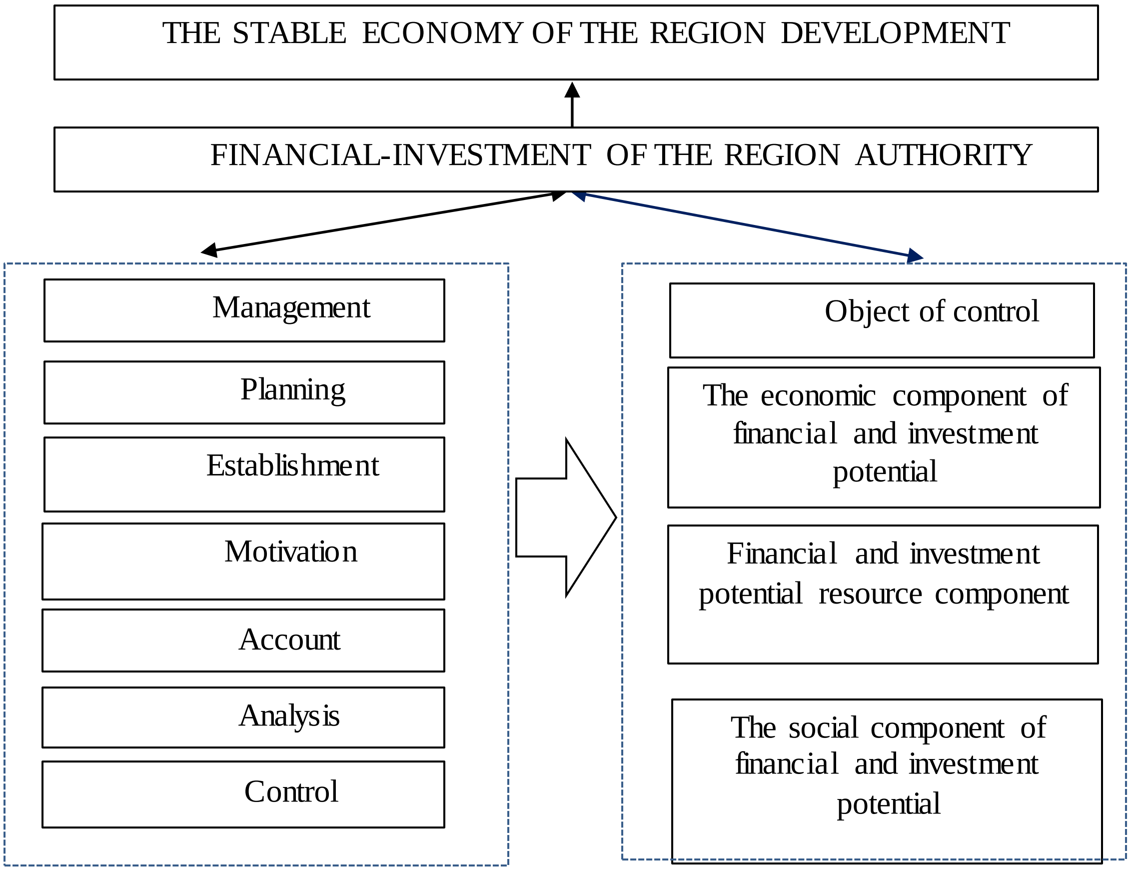

Figure 2. Financial and investment capacity management[3]

In developing a systematic model of financial and investment potential in the region in terms of future use in the regional governance process, it is necessary to take into account the following key aspects of system analysis:

1) elemental aspect - identification of potential types, formation of differential properties of potential elements, assessment of the generality and strength of potential elements;

2) systemic aspect - the definition of the structural features of the system of potentials (types of connections, quantitative and qualitative interdependencies) is to determine the hierarchy of potentials, the importance of sustainable development of coordination of the potential system with the external environment;

[3] Compiled by the author based on the results of the study

3) functional aspect - a comparison of functions in order to identify potential functions in the system of regional development, to identify similarities and differences in potentials, to determine the functional structure of regional potential;

4) the integral aspect is the identification of contradictions in the system of potentials, ways and means of resolving the identified contradictions.

The main principles of this model should be: complexity, ie taking into account all important aspects of the financial and investment potential of the region; systematization of indicators, including the interdependence of key indicators and the use of a hierarchical structure of specific and integral indicators of regional development; calculation of comparative reliability factors of primary data in the selection of key indicators of regional development; information on the output parameters of the model in terms of ensuring maximum, making appropriate decisions at the federal and regional levels of government; achieving an optimal level of variability of regional indicators on key and integral indicators [5].

In general, the formation of a model for optimizing the financial potential of the region includes the following areas:

1. Identify and systematize a set of factors that may affect the level of financial capacity and the final option at the level of development of the region. The influence of these groups of factors can change the direction of the vector of economic development in the region.

2. Assess the nature and extent of the impact of factors on the level of financial capacity. Situations that are likely to lead to a lack of resources or an excess are formed, and a potential deficit or excess is quantified.

The level of financial potential is considered optimal so that losses are kept to a minimum, the region's resource base is used to the maximum, which ensures the further economic development of the region.

3. Identify “problem areas” where full or partial destruction reduces the amount of resource loss.

4. Identify “problem areas” where full or partial destruction reduces the amount of resource loss.

5. Development of organizational measures, their implementation will strengthen the financial capacity of the region.

Conclusions and suggestions

Thus, in terms of forming the financial and investment potential of the region and ensuring its sustainable development, management is an important task that attracts and effectively uses the financial and investment resources of the region. Limited resources may necessitate reconsideration of programs and projects selected for implementation, or ways to influence potential components.

The main tools that affect the financial and investment potential should be:

1) capacity building through the establishment of a multi-channel financing system;

2) formation of financial and investment infrastructure institutions;

3) activation of regional markets of financial resources.

At the same time, due to limited resources, the opportunity to increase the financial and investment potential can be provided through the establishment of a comprehensive regional system of financing investment activities. This system should be multi-channel, that is, it should be based on a combination of traditional and some new types and methods of attracting financial resources that can be used comprehensively and independently.

These tools include: public-private partnership system, project financing mechanism, concentration of resources of the regional financial and credit system for the implementation of syndicated lending; expanding the use of investment financial instruments based on the issuance of its own securities; use of investment opportunities of insurers to expand life insurance operations and place reserves in special government securities; unconventional sources.

Thus, ensuring sustainable socio-economic development of the region is associated, on the one hand, with the formation and development of financial and investment infrastructure, on the other hand, the availability of various optimal financial instruments for financial and investment activities in the region.

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