

## INSTITUTIONAL PROMOTION OF INNOVATION AND INVESTMENT DEVELOPMENT IN UKRAINE

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### **Abstract**

*The article describes the optimal solution of the problem of institutional and personnel capacity to ensure the implementation of regional policy and regional development management, taking into account the project approach. The key prerequisites for the problems of institutional support of innovative and investment development in Ukraine (in general and in regions in particular) are considered. The main rating indicators of Ukraine's competitiveness and some static data on grants and other resource revenues in Ukraine and Ivano-Frankivsk region are presented. The solution of the research problem in each region is proposed through the creation of a Project-Educational Center for the development of innovations and investments in science parks and universities. The main activities, target groups, specific products of the institution's activities and expected results are described. The strategic goal of creating such Center is defined, which is the raising of the level of innovation and competitiveness of the region's economy.*

**Key words:** *Innovation, Competitiveness, Investment, Project Approach, Institution, Regional Development*

**JEL CLASSIFICATION:** O17, O31, R58, F36, H79

Starting from 2014-2015, Ukraine's state regional policy was changed in the context of decentralization reforms, taking into account the approaches and practices of the European Union. As a basis, the project approach was taken as the most effective mechanism for the introduction of multilevel regional development management in the state.

Several fundamental positive developments have contributed to a paradigm shift in Ukraine's regional policy and its approach to the principles inherent in EU member states and to change approaches to implementing, monitoring and evaluating the effectiveness of effective public administration in the field of regional development. The new paradigm envisages the transition from an overly centralized model, which has dominated until recently, from a sectoral (top-down) approach to a balanced partnership between central executive authorities and local authorities in the context of the introduction of multilevel regional development management. The focus on enhancing the existing potential for development of state regional policy objects (regions and other territories) involves integrated "hard" and "soft" development projects, "top-down" and "bottom-up" development, and state investments in tangible and intangible assets. The main focus of change is to build a competitive region by involving all development actors in this process and exploit the potential of all assets in the region.

As a result, at this stage, most regions of Ukraine faced the problem of the lack or lack of permanent institutional and skilled staffing for implementing regional policy and managing regional development, taking into account the project approach.

It should be noted that Ukraine lost six positions in the global competitiveness index (Global Competitiveness Index 2016-2017<sup>1</sup>) and dropped from the 79th place among 140 countries, to the 85th among the 138 states. The competitiveness index of Ukraine is 4 on a seven-point scale - this is the worst result in four years (last time this mark was achieved in the GCI rating 2011-2012).

The level of development of institutions in the regions of Ukraine is traditionally a deterrent to the growth of competitiveness. The average score of the regions of Ukraine as an integral part of the institution (3.83 points) is lower than the world average (3.98 points)<sup>1</sup>. According to the

"Institutions" indicator in the Global Competitiveness Index 2016-2017, Ukraine ranks 129th out of 138 countries, with 94th place in the "Staffing level"<sup>2</sup>.

However, taking into account that with the introduction of multi-level management of regional development with the project approach, significant grant, budget and other funds for the implementation of various types of projects (*soft / social, hard / investment, research / research, individual mobility / partnership projects, etc.*) became available for Ukraine, including Ivano-Frankivsk region. One of the possible solutions of the problem, mentioned above, is the creation of Project-educational Center for the Development of Innovations and Investments at the scientific parks and universities in each region (hereinafter referred to as the Center). For example: 62 projects in Ivano-Frankivsk oblast are funded by international technical assistance for a total of \$ 455,114,552, more detailed in terms of funding sources and budgets can be found on the Open Aid Ukraine website<sup>3</sup>; At the expense of the State Fund for Regional Development in 2015, 35 projects were submitted for the amount of 127.0 million UAH, the percentage of funds utilization - 98.7%; the percentage of implementation of projects - 68.6%, 9 of which continued in 2016<sup>4</sup>).

On the other hand, the need to create such a Center is also caused by:

- absence of the specialty for training specialists in the region;
- the lack of permanent centers of integrated training for specialists in the PM in terms of their possible types and sources of financing, as well as institutions that provide on a permanent basis information and advisory support at all PM stages;
- a partial lack of developed long-term strategies for the development of institutions, business entities, etc. based on the project approach;
- lack of a single and affordable for all stakeholders the platform of information and education provision in PM;
- Inappropriate and inaccessible to a wide range of stakeholders logistical and software support in PM, etc.

The strategic goal of creating such a center is to increase the level of innovation and competitiveness of the region's economy by strengthening its institutional capacity and improving information and education provision on project management issues.

**The main activities should be provided at the Center:**

- formation of a team of PM specialists and providing of the internship;
- development of software and methodical materials;
- conducting trainings (workshops, webinars, online consultations);
- development of strategic documents for strategic development;
- organization of student practice;
- development of various types of project forms by users of the Center's services;
- the launch and support of a website and platform for information and consulting, project and educational activities, etc.

**The target groups to which the Center's activities will be directed include:**

- entrepreneurs in the region (in particular, SMEs); civil society institutions; establishments in educational, social, cultural and artistic spheres, health care; representatives of territorial communities (OTG) and other interested persons, etc., who will receive the improvement of knowledge and skills in PM, constant informational and consultative support;
- university management, which will receive assistance in developing strategies for the university development, continuous information and advisory support for the units of the Center, ensuring the internship for students, joint preparation and implementation of high quality projects;
- students, postgraduate students, academics, teachers, other interested university staff, who will receive advanced knowledge and practical skills in PM, in terms of their types and sources of funding;
- bodies of state authority, local self-government, the benefits of which will be the improvement of knowledge and skills of employees in PM, in terms of their types and sources of funding;

creation of balanced partnership between central executive authorities, local authorities, science, business, community; preparation and implementation of integrated development projects.

**The specific benefits and expectations of the Center's activities will be:**

- improvement of institutional conditions for the development of innovation infrastructure, in particular consulting and educational orientation;
- development of personnel potential of innovation activity;
- Improvement of software and methodological support in PM;
- Improvement of professional knowledge and skills in PM by representatives of target groups;
- improvement of the structure of the project activity of the universities and the methodology of strategic planning of its development.

**According to the authors, the specific products of the Center's activities will be:**

- created project-educational institution for the development of innovation and investment activities in the region;
- formed team of experts (expert trainers) in PM;
- website and online platform for improving the information base on PM issues;
- training sessions, webinars, online consultation on PM issues;
- provision of internship for students;
- developed strategies for the development of universities and their key units based on the project approach.

## CONCLUSIONS

Consequently, the creation of the Project-Educational Center for the Development of Innovations and Investments will contribute to solving the problem of inadequate institutional and insufficiently skilled staffing in project management in the following issues:

- support projects at each stage of their implementation;
- providing effective communications;
- development and improvement of the PM system;
- accumulation of experience in the field of management, implementation and reporting;
- Projects portfolio management for university, subdivisions, etc. institution, business entity, etc.;
- resource management for projects, budgeting, etc.

**Failure to resolve these problematic issues can lead to:**

- reduction of the volume of attracted grant, budget, etc. development funds for universities and for stakeholders in the region;
- unsystematic implementation of projects that will not ensure the implementation of the overall strategy for the development of the institution;
- reduction of chances of successful participation in grant competitions on EU funds, budget support or other development resources;
- slower pace of technology transfer;
- restriction of the development of scientific and innovative cooperation of the state sector of science, higher education institutions with the real sector of the economy;
- reducing the level of innovation and investment capacity of the region.

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