

# The practice of state regional support for the development of investment attractiveness (on the example of the Khanty-Mansiysk Autonomous Okrug–Yugra)

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**Abstract.** In pursuance of the Decree of the President of the Russian Federation "On Long-term State Economic Policy", a number of systemic measures aimed at improving the investment and business climate were implemented. Significant work has been carried out to create a favorable investment climate in the Russian Federation: the measures of the National Entrepreneurial Initiative aimed at improving the conditions for doing business in the most important and problematic areas of state regulation are being implemented; the Standard of Activity of the executive authorities of the subject of the Russian Federation for the formation of a favorable investment climate in the region has been introduced, providing for the creation of key institutions and tools at the regional level promotion and development of investment activity; a national rating of the investment climate in the constituent entities of the Russian Federation is conducted, reflecting the assessment of the perception by the business community of the efforts made by authorities at all levels to improve the investment climate in the constituent entities of the Russian Federation. Thus, regional measures of state policy in the field of increasing investment attractiveness are aimed at introducing organizational mechanisms to improve the effectiveness of existing programs, as well as the process of implementing target models. The article addresses the following issues: analyze the portfolios of projects formed in the region; study the directions of state support for infrastructure organizations that ensure the creation of a favorable investment climate; consider the risks of implementing the state program. In this study, the authors use general scientific and special methods, in particular methods of synthesis, analysis, observation, system method, etc. The problem of the study is as follows: the implementation of measures for state regional support for the development of investment attractiveness contributes to the formation of a favorable investment climate in the region.

## 1 Introduction

Pursuant to the Decree of the President of the Russian Federation dated May 7, 2012 No. 596 "On Long-term State Economic Policy" in 2012-2017, a number of systemic measures

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were implemented aimed at improving the investment and business climate, united by the general concept of "National Entrepreneurial Initiative" (hereinafter - NEI). These measures are implemented by the Government of the Russian Federation with the most important role of the Agency and all-Russian associations of entrepreneurs. A key element of the NEI was the development and implementation of a set of "roadmaps" – action plans prepared by the working groups of the National Entrepreneurial Initiative and aimed at improving the investment climate in Russia – simplification, reduction in cost, acceleration of business procedures. The Government of the Russian Federation has developed and approved 12 "roadmaps", the implementation of which is aimed at improving the quality of the business environment. To date, seven of these twelve roadmaps have been fully implemented. The implementation of the remaining roadmaps continues at the moment. Of the 955 road map activities, 875 have reached the deadline for implementation, of which 89% have been recognized as completed. It should be noted that most of the planned performance benchmarks of the roadmaps have been achieved. This is reflected in the improvement of Russia's position in international rankings, which are used as criteria for the effectiveness of the "road maps". Thus, the Russian Federation has significantly improved its position in the "Doing Business" rating, taking 35th place at the end of 2017 (the "Doing Business 2018" rating), while in the "Doing Business 2012" rating it took only 120th place.

At the same time, the further implementation of the measures of the National Entrepreneurial Initiative has a number of risks that can have a negative impact on the achievement of the set goals and require appropriate measures:

- non-fulfillment of the "road maps" (currently 73 events out of 955 have not been executed);
- adoption of regulatory legal acts that are not related to the implementation of the "road maps" and worsen the conditions for conducting business and investment activities;
- the emergence of additional administrative barriers for business and the deterioration of Russia's position in the "Doing Business" rating due to the weakening of control over changes in the regulatory environment by the business community after the completion of work on the "road maps". At this stage, measures are needed to overcome these risks.

Measures of state policy in the field of increasing the investment attractiveness of the Russian Federation in the medium term should also be aimed at the introduction of organizational mechanisms to improve the effectiveness of existing programs, as well as the process of implementing target models.

All of the above explains the need to study the practice of state regional support for the development of investment attractiveness.

The works of M.B. Grinchel, I.V. Grishina, T.S. Kolmykova, A.A. Nikitin, T.E. Bragin, G.M. Drubetskaya, V.M. Anshin, E.V. Belyaev, V.V. Bocharov, N.Yu. Bryzgalova, N.Yu. Bryukhovetskaya, O.B. Veretennikova, A.G. Gilyarovskaya, G.L. Igolnikova, M.N. Kreinina, E.I. Krylov, L.V. Minko, S.V. Nekhaenko, N.N. Petukhova, N.V. Smirnov, L.S. Tishin, L.N. Chaynikov, Yu.M. Sklyarova, V.M. Myakshin, I.V. Bitkina, T. Rakhimov, A. Shakhnazarov, V. Sekrekov, L. Gurieva, L. Semina and others are devoted to the issues of assessing and increasing the investment attractiveness of the region.

However, despite some elaboration of the issues of increasing the investment attractiveness of territories, the theoretical and methodological basis, socio-economic dynamics of regional development and attraction of investment resources require adaptation to modern conditions of development of specific territories.

The purpose of this study is to assess the practices of state regional support for the development of investment attractiveness of the oil and gas producing region. The article addresses the following issues: 1) analyze the portfolios of projects formed in the region; 2) study the directions of state support for infrastructure organizations that ensure the creation of a favorable investment climate; 3) consider the risks of implementing the state program. In this study, the authors use general scientific and special methods, in particular methods of

synthesis, analysis, observation, system method, etc. The problem of the study is as follows: the implementation of measures for state regional support for the development of investment attractiveness contributes to the formation of a favorable investment climate in the region.

Research hypothesis: when implementing measures of state regional support for the development of investment attractiveness, the role of the state as a guarantor of maintaining a favorable and predictable regulatory regime of economic activity of investors is strengthened, while the role of regional authorities in solving problems of increasing the investment attractiveness of regions is increasing

## **2 Materials and methods**

An important factor in the sustainable socio-economic development of the Khanty-Mansiysk Autonomous Okrug - Yugra, increasing the competitiveness and investment attractiveness of the economy is the presence of an effectively functioning system of state strategic management.

A strategic approach to managing the socio-economic development of the autonomous okrug as a whole, as well as in certain sectors of the economy, increases the importance of developing a long-term forecast of socio-economic development, which is the basis for planning the activities of the executive bodies of state power of the autonomous okrug and determining the main parameters of long-term budget projections taking into account demographic and socio-economic development trends.

The autonomous okrug implements measures aimed at improving the effectiveness of measures to support small and medium-sized businesses: on the availability of financial resources; improving special tax regimes; in organizing the promotion of goods and services to the external and internal market of the autonomous okrug.

In order to increase the export potential of enterprises of the autonomous okrug, the Foundation "Center for coordination of support for export-oriented small and medium-sized businesses of Yugra" conducts international and interregional business missions, training events in municipalities of the autonomous okrug on conducting foreign economic activity [8].

A comprehensive approach is provided to support and develop small and medium-sized businesses operating in the social sphere, providing for measures to conduct educational events, organize support, promote and replicate social projects.

Measures for the development of small and medium-sized businesses are focused on innovative production, agriculture, domestic tourism, handicraft activities, the provision of social services, as well as increasing the initiative of young people in order to engage in entrepreneurial activity.

In order to create conditions for the implementation of investment projects in Yugra, a register of investment sites is maintained, including land plots, the provision of which is possible without bidding, a plan for the creation of investment infrastructure facilities and a register of priority investment projects of Yugra, including projects for the implementation of which it is necessary to attract extra-budgetary investments.

For the development of competition in Yugra, a set of "roadmap" measures has been developed to promote the development of competition in the autonomous okrug, which contributes to improving the competitive environment, improving the implementation of antimonopoly policy, ensuring competition protection, as well as the level of consumer protection, including these functions in the priorities of the executive bodies of state power, local self-government bodies of municipalities of the autonomous okrug.

In order to develop the retail trade infrastructure and achieve a variety of trade structures, a regulatory legal framework has been formed.

In order to respond in a timely manner to changes in the assortment and retail prices for food, weekly information and analytical monitoring of the state of the market of individual goods is carried out in all municipalities of the autonomous okrug (urban districts and municipal districts), including average retail prices for 24 names of certain types of food staples [7].

To ensure the access of agricultural producers to the market and the expansion of sales channels, the executive bodies of the state power of the autonomous okrug, together with the business community, carry out organizational measures: to increase the number of non-stationary retail facilities selling agricultural products and food products; to form a reference public system of fairgrounds for organizing and holding fairs in municipalities of the autonomous okrug; to ensure access to trading places in retail markets, agricultural producers on preferential terms in a simplified manner.

### 3 Results and discussion

KhMAO-Yugra develops and implements mechanisms of public control over the activities of subjects of natural monopolies, analyzes information on tariff levels for the current and past period established by the regional tariff regulation authority for subjects of natural monopolies; monitoring the activities of subjects of natural monopolies, the share of participation of the autonomous okrug or municipality in which is 50 percent or more in terms of the volume (share) of revenue in the total value of the market turnover and the volume (share) of goods, works and services sold on the market in kind.

As a result of the measures taken to promote competition, according to the results of the rating of heads of regions by the level of competition promotion conducted by the Analytical Center under the Government of the Russian Federation in 2016, Yugra took 11th place in the Russian Federation (2015 - 21st place).

To form investment attractiveness in KhMAO-Yugra, projects and portfolios of projects have been developed. Let's look at the most popular ones in Table 1.

**Table 1.** Portfolios of KhMAO-Yugra projects [11].

Name	Project concept
A system of measures to stimulate the development of small and medium-sized businesses	provides for the implementation of a system of measures to support both new and existing small and medium-sized businesses and improve the efficiency of state and municipal management in the field of small and medium-sized businesses
Improvement and implementation of the provisions of the regional investment standard	provides for improving business conditions and improving the assessment of the effectiveness of institutions that ensure business security, as well as achieving the indicators of target models "Availability and quality of regional legislation on mechanisms for investor protection and investment support", "Efficiency of feedback and direct communication channels between investors and the management of the subject of the Russian Federation", "Efficiency of the specialized organization for attracting investments and working with investors", "Quality of the investment portal of the subject of the Russian Federation", aimed at ensuring a favorable investment climate in the region.
A system of measures to stimulate the development of small and medium-sized businesses, improvement and implementation of the provisions of the regional investment standard	are aimed at achieving goals and solving tasks that are reflected in the indicators of the state program that characterize the state of the economy of the autonomous okrug as a whole and its individual areas.

Thus, the process of creating a favorable environment for investment in the autonomous okrug does not stand still.

Another proof is the program to create favorable conditions for attracting investment in the economy.

Directions of the main activity:

- monitoring of projects and formation of the register of priority investment projects of the autonomous okrug, provided for in the action plan for the implementation of the Strategy of socio-economic development of the Ural Federal District in the autonomous okrug until 2020;
- monitoring of the implementation of the standard of activity of the executive bodies of state power of the autonomous okrug to ensure a favorable investment climate;
- creation of favorable conditions in the municipalities of the autonomous okrug to attract investment in the economy;
- interaction with federal development institutions to attract investment in the economy [14].

An important component of the state support for the development of the investment attractiveness of the Khanty-Mansiysk Autonomous Okrug - Yugra are measures aimed at ensuring the availability of financial, property, educational, information and consulting support for small and medium-sized businesses.

Assistance to the development of small and medium-sized businesses in municipalities operates in several directions:

- creating conditions for the development of small and medium-sized businesses;
- financial support for small and medium-sized businesses engaged in socially significant activities in municipalities;
- financial support of enterprises operating in the social sphere;
- financial support for small and medium-sized businesses registered and operating in the regions of the Far North and equivalent localities with limited delivery times of goods (products) of the Khanty-Mansiysk Autonomous Okrug - Yugra.

State support for infrastructure organizations that ensure the creation of a favorable business climate and conditions for doing business is implemented in the following areas:

- ensuring the activities of the Fund "Center for coordination of support for export-oriented small and medium-sized businesses of Yugra";
- microfinance support for small and medium-sized businesses, which provides for the formation of funds of a microfinance organization intended for the issuance of microloans to entities and the formation of mandatory reserves for possible losses on microloans, increasing the availability of credit resources for business development, including through the capitalization of the Fund "Yugra Regional Microcredit Company" and the implementation of microfinance support;
- replenishment of the guarantee capital of the guarantee organization for the provision of surety commitments to business entities and the formation of mandatory reserves to ensure the portfolio of continuing commitments under suretyship and bank guarantees;
- targeted financing to provide compensation for the bank interest rate;
- targeted financing to provide compensation for lease payments, down payment costs under finance lease agreements;
- targeted financing for the promotion and popularization of entrepreneurial activity, involvement of the population of the autonomous okrug in entrepreneurial activity;
- targeted financing to provide compensation for expenses related to the training, retraining and advanced training of personnel, the organization and implementation of educational programs on the basics of entrepreneurship, the main areas of business, advanced training, training (retraining) of personnel;
- ensuring the activities of the Yugra Entrepreneurship Support Fund;

- targeted financing for the development and operation of the portal of small and medium-sized businesses on the principle of "one window" (single portal), including the development and operation of the portal of the permanent virtual exhibition "Business of Yugra", which is aimed at increasing the proportion of residents of the autonomous okrug who have access to information about the forms and types of state support in the development of small and medium-sized businesses;
- targeted financing for the implementation of business incubation activities, including coworking centers, and for the creation of service delivery centers;
- ensuring the activities of the Social Innovation Center;
- stimulating the development of youth entrepreneurship in the autonomous okrug [6].

The mechanism of implementation of the state program includes the development and adoption of regulatory legal acts of the autonomous okrug necessary for its implementation, annual clarification of the list of program activities for the next financial year and planning period with clarification of the costs of program activities in accordance with monitoring of actually achieved targets for the implementation of the state program, as well as related to changes in the external environment, taking into account the results of sociological research conducted in the autonomous okrug, informing the public about the progress and results of the implementation of the subprogram, financing of program activities.

However, the effective implementation of the state program is affected by the following risks:

- macroeconomic: a decrease in the growth rate of the national economy and the level of investment activity, high inflation, crisis phenomena in the financial system (the pace of economic development of the country; change in the refinancing rate of the Central Bank of the Russian Federation; change in the exchange rate of currencies; the level of political stability);
- financial: related to the financing of the state program in an incomplete volume both from budgetary and extra-budgetary sources;
- regulatory and legal: the possibility of non-compliance with legislation or the absence of legislative regulation of the main directions of the state program;
- administrative: the probability of making ineffective decisions when coordinating interaction with the co-executors of the state program in the implementation of the activities of the state program;
- innovative development: maximum use by consumers of technologies available on the world market, which are purchased or attracted to the district together with foreign capital;
- infrastructure constraints: lack of proper transport, engineering, and energy infrastructure necessary for the investor to make decisions and implement projects directly.

The elimination (minimization) of risks is ensured on the basis of high-quality planning and implementation of the state program, monitoring of its implementation, monitoring the progress of the implementation of the activities of the state program, development, clarification and application of regulatory legal acts that contribute to solving the tasks of the state program [13].

Thus, the presented events are a tool for developing competition, improving the quality of strategic planning and management, ensuring a favorable investment and entrepreneurial climate and conditions for doing business in the region.

## 4 Conclusion

Thus, the evaluation of the system of parameters of the investment attractiveness of the oil and gas producing region allowed us to draw the following main conclusions.

The creation of a favorable investment climate in the regions of the Russian Federation and in the country as a whole in the last two years has become one of the most important and

independent macroeconomic tasks, the solution of which is given increased attention by state authorities, which has led to a noticeable improvement in the investment climate in the country. Currently, a multi-level management system (federal, regional, municipal) is being developed by the investment attractiveness of the region and there is a differentiation of the tasks of management bodies to solve problems in this area. Such a multi-level system of support for a favorable investment climate presupposes their synchronous interaction.

State regulation of increasing the investment attractiveness of regions is characterized by the following main features: the role of the state as a guarantor of maintaining a favorable and predictable regulatory regime of economic activity of investors is being strengthened, while the role of regional authorities in solving problems of increasing the investment attractiveness of regions is increasing; a system of measures has been developed and implemented at the state level, in which two main directions can be distinguished: the formation of institutions improving the investment climate (the RDIF, ASI, Investment Ombudsman, Export Credit and Investment Insurance Agency, a new format of the Advisory Council on Foreign Investment in Russia have been created and are functioning) and the development of the regulatory framework on the main aspects of the formation of the investment climate [12].

The analysis of the main features of the formation of the investment climate in the regions of the Russian Federation revealed that throughout the analyzed period, including the pre-crisis, crisis and post-crisis development of the country's economy, the positioning of regions in the rating assessment of their investment attractiveness changed.

The analysis of the investment attractiveness of the KhMAO-Yugra indicates that a favorable investment climate has been formed in the region, however, the presence of a - complex of problems in strengthening its investment attractiveness increases investment risks and, despite the active position of the regional administration, does not guarantee favorable prospects for increasing the investment attractiveness of the region. The effectiveness of the investment policy carried out at the regional level depends on the breadth of the range of economic methods of investment activity and constant work on flexible improvement of both economic and administrative measures aimed at increasing the investment attractiveness of the region.

The mechanism of implementation of the state program includes the development and adoption of regulatory legal acts of the autonomous okrug necessary for its implementation, annual clarification of the list of program activities for the next financial year and planning period with clarification of the costs of program activities in accordance with monitoring of actually achieved targets for the implementation of the state program, as well as related to changes in the external environment, taking into account the results of sociological research conducted in the autonomous okrug, informing the public about the progress and results of the implementation of the subprogram, financing of program activities.

The elimination (minimization) of risks is ensured on the basis of high-quality planning and implementation of the state program, monitoring of its implementation, monitoring the progress of the implementation of the activities of the state program, development, clarification and application of regulatory legal acts that contribute to solving the tasks of the state program [7].

With the growth of the economic importance of the regions and the allocation of regions as independent economic units, the role and importance of the quality of the management process itself increases the investment attractiveness of the region, which takes place in difficult conditions of economic globalization in the context of solving strategic tasks of innovative development of the domestic economy. At the same time, all countries of the world whose economies have undergone serious tests during the global financial crisis are developing and implementing investment policies, while forming positions for the future through new models of long-term development, the study of which and adaptation to Russian

conditions, along with the use of advanced domestic experience, will contribute to improving the management system to increase the investment attractiveness of the regions of the Russian Federation.

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