

Institutional principles of realization of European economic development in Ukraine

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Abstract

This paper presents the European experience of budget planning of capital expenditures for economic development in Ukraine based on an institutional approach.

Keywords: economic development, budget funds, capital expenditures, institutionalization, European Union

1 Introduction

Economic development of the state is of great importance for achieving the goals of integration into the European community, because Ukraine's success depends on directing financial and innovation potential to the development of the most competitive spheres of economic activity. The experience of the European Union states that the most successful economic development was where they were able to build the institutional structure of a market economy, taking into account traditional values, norms and rules of social life. Obviously, there is a correlation between levels of economic development and the state of institutions, between economic and institutional dynamics [1].

2 General

In this context, the classification and hierarchy of institutions and institutions should be in line with the level of economic development of the country, which is an evolving system, defines the institutional order, environment and structure of the national economy.

The creation of this hierarchy aims to clarify and streamline the terminology used in describing the institutional organization of the economy, the innovation system, public finances on the example of the European Union.

The problem of developing the institutional framework for the policy of investment support for the development of the Ukrainian economy should be considered in the context of the European integration course and the implementation of the Association Agreement with the EU.

The strategic objective of the European economic policy of Ukraine is to identify and create conditions for the realization of long-term investment priorities. Due to the acute limited budget resources, economic development at their expense is impossible. Therefore, embodying measures to stimulate economic development and solving social problems, the state should focus on certain areas, investments in which will provide cumulative effect in certain areas, activate reproduction processes and direct private capital to

state-defined priorities. In essence, in order to prevent the scattering of scarce budgetary resources in the state, both at the national and local levels, priority directions of budget investments of economic development should be established.

Among the priorities of the socio-economic development of the country, the importance of attracting investments for modernization, renewal of fixed assets and further development of mechanisms of public-private partnership, in particular in the institutional sphere, are not lost. At the same time, it is planned to invest in the development and implementation of reforms at the expense of not only budget resources, but also the use of foreign direct investment in the economy of Ukraine.

At the state policy level, it is important to set up a program of capital investments for the medium and long-term, taking into account national priorities that will be implemented with the involvement of budgetary funds and under state control, organizational measures for implementation of the program, mechanisms for monitoring its implementation, financial sources and preparation of proposals. on adjusting for its results [2].

The European experience of budget planning of capital expenditures in the formation of an institutional environment gives grounds for distinguishing its institutional components as analytical elements and structural factors. Analytical elements are needed to inform participants of the process of capital expenditures allocation on investment needs and priorities, and include macro-analysis, sectoral (sectoral) analysis and evaluation of specific projects.

The need to take into account structural factors is due to the limited amount of budget expenditures allocated for capital financing. In view of this, there are issues related to the addition of capital expenditures to budgets with funds from other sources, including the structural funds of the European Union. Taking into account the provisions of Chapter 28 of the Association Agreement with the EU, Ukraine can participate in the work of some EU agencies and programs. It should be noted that not all agencies and programs of the European Union are currently open to our country, and the participation of third countries in these countries often

requires the implementation of EU directives, as defined by their charters. The selection of projects for budget financing may be due to the need to comply with the EU directives, as defined in the Association Agreement with the EU.

General directions of forming a model of European macroeconomic policy should be based on institutional constraints identified by analytical elements and structural factors. In order to solve institutional problems, it is important to approve, at the legislative level, the priorities of economic development, which may be carried out in the medium-term budgetary outlays.

In Ukraine, when preparing proposals for capital expenditures, the relevant ministries carry out the analysis and selection of projects within the limits of their annual budget for the short-term perspective. The transition to the

medium-term planning of capital expenditures in the framework of the formation and implementation of innovative strategies for economic development is necessary. The European practice of ensuring the efficient use of budget funds for capital expenditures indicates the need for specialized institutions to establish common priorities for economic development.

3 Conclusions

It is proved that for the development of the Ukrainian economy the greatest problem is to ensure the efficient use of budget funds in the context of the European integration course and the implementation of the Association Agreement with the EU.

References

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