

Infrastructure for Regional Development Investment Projects

Azat R. Safiullin*

Kazan Federal University, Russia

Niyaz R. Shakirzyanov

Kazan Federal University, Russia

Dilyara I. Ravzieva

Kazan Federal University, Russia

Abstract

Business support infrastructure facilities were introduced into the practice of Russian state management due to the increasing need to change the development guideline, the increasing share of innovative and high-tech products in the gross product structure, and also in connection with the search for new growth points for highly differentiated regions of the Russian Federation. The formation of such territories with special economic regimes was designed to ensure the stability of the socio-economic situation of the regions, to ensure a positive dynamics of key indicators of their competitiveness, to attract additional domestic and foreign investment in the economy and, as a result, to give new impetus to development and access to new markets for technological products. The created territories with special economic regimes are designed not only to ensure the implementation of the stated targets, but also to become impulses for the development of regions by increasing their investment attractiveness. In order to ensure the stated goals for residents of special territories, a list of key performance indicators and threshold values are generated, the provision of which is the primary obligation for each project. However, the achievement of these indicators and their qualitative monitoring are still difficult issues for both residents and project initiators, as well as for public authorities.

Keywords: Regional development; Business support infrastructure; Industrial.



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1. Introduction

The investment attractiveness of a country and a region is an integral assessment based on a combination of factors, indicating the feasibility of investing funds in a specific territory. The relevance of this issue, designated as the direction of state development, has led to a multiplicity of interpretations of this term by various scholars and experts. Existing ratings assess investment attractiveness, business activity, and ease of doing business offer their own sets of factors, according to the creators that have the greatest impact on the investment attractiveness of the territory. The enlarged grouping of factors can be represented in the following categories: factor of saturation of the territory with necessary resources (financial, natural, labor, industrial, consumer, etc.), factor of availability and development of infrastructure (industrial land, production premises, necessary communications, etc.), factor of the sophistication and efficiency of institutions (the effectiveness of procedures for obtaining permits, licenses, connecting to the engineering infrastructure, etc.). Creating a business support infrastructure in the form of territories with special regimes for residents is a way to ensure high values of each of the factors of investment attractiveness due to the requirements for their creation (Vilenskii, 2015).

The issue of development of business support infrastructure on the territory of the Russian Federation is formalized and updated in the framework of the state programs Economic Development and Innovative Economy and Development of Industry and Raising Its Competitiveness. In order to create a favorable business climate and conditions for doing business, increase business innovation and create a competitive, sustainable, structurally balanced industry, the tasks were to create conditions for developing competition and attracting investment in the economy, building a knowledge and high technology economy, increasing business activity and development of small and medium-sized businesses, creating an innovative infrastructure for the development of traditional and new industries, upgrade technological and material bases of the civilian industry. Thus, in response to the existing external global threats and internal bottlenecks of the national economy by developing special measures aimed at ensuring socio-economic and industrial balance, Russia creates the prerequisites for combining efforts to increase investment, develop technologies and improve the production base of both Russian and foreign investors in the territories of the Russian Federation (Guadix, 2016).

2. Methodology

One of the ways to solve these problems was the creation and development of business support infrastructure, in particular, special economic zones (SEZ), where a special mode of doing business is and the customs procedure of a free customs zone can be applied. Territories of advanced social and economic development (TASED) is a territory

*Corresponding Author

with a special legal regime for entrepreneurial and other activities in order to create favorable conditions for attracting investments, ensuring accelerated socio-economic development and creating comfortable conditions for ensuring the vital activity of the population. Federal Law No. 448 on Industrial Policy introduces categories of industrial parks, which are a combination of technologically connected land plots with the necessary infrastructure to ensure the smooth functioning of residents (Eberts, 1990).

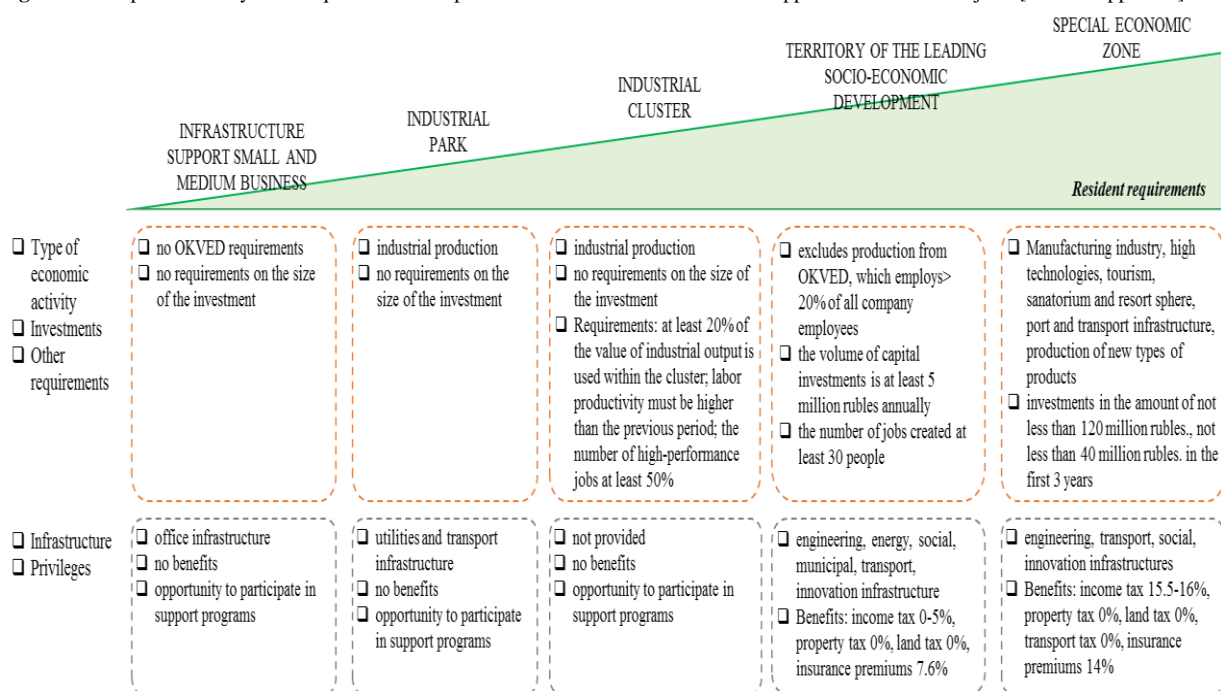
448-FZ also introduces the concept of an industrial cluster, which is a set of stakeholders in the field of industry, linked by relations due to proximity and functional dependence, producing industrial products. Accelerator is an organization whose goal is the intensive development of companies through mentoring, training, financial and expert support in exchange for a share in the capital of the accelerated company. Business incubator is an organization dedicated to supporting business projects at all stages of development: from exploring an idea to its commercialization. Technological Park is an infrastructure facility for technology companies that provides residents with a wide range of services aimed at reducing costs and sustainable growth of key indicators. The existing diversity of support infrastructure facilities suggests a wide range of options for localizing regional development projects, depending on the individual goals of the project and key parameters, including the estimated amount of investment, the planned number of jobs and the main type of activity (Ainabekova et al., 2018; Zheng, 2016).

3. Results and Discussion

The creation of territories with special regimes as a way to ensure investment attractiveness has a long history within the global economic space. Different countries define for themselves their own typology of these territories, industry specifics, accommodation conditions and preferential regimes. For example, China, as a country where the creation and development of special economic zones has occurred since the end of the 20th century, has its own typology of business support infrastructure: economic and technological development zone (ETDZ), high-tech development zone (HTDZ), free trade zone (FTZ), export processing zones (EPZ) and industrial parks. The key difference is in the level of administrative regulation, as ETDZ and HTDZ have macroeconomic affiliation, and all others - meso-economic. ETDZ, with ready-made infrastructure, is focused on attracting foreign investment in priority activities. HTDZ have preferential tax regimes and are focused on high-tech industries. FTZ and EPZ are focused on trading with foreign partners and exporting their products, they have tax concessions in terms of export taxes, VAT and customs duties. Industrial parks, on the other hand, are organized similarly to the Russian - these are sites provided with all the necessary infrastructure.

In Europe, these ideas are embodied in a generalized form of science and technology parks (STP), which are focused on high-tech production, include representatives of universities for scientific advice and produce a significant share of R&D. Having become a classic, the example of Silicon Valley is organized in the format of a clastic cluster, described by M. Porter, which combines universities with a scientific component and business with platforms for implementation. Industrial parks in Canada, with the necessary infrastructure and communications, are home to a large number of small and medium-sized enterprises. Parks are mostly regulated at the meso-level, and government regulation is more concerned with individual industries than parks. The Russian approach to the formation of the business support infrastructure is in many respects similar to the global practice, the typology of the support infrastructure objects has a similar purpose and administrative affiliation. We conducted a comparative analysis of the infrastructure support facilities, ranked by the level of requirements for residents, as well as the size of benefits and preferences provided (Figure 1).

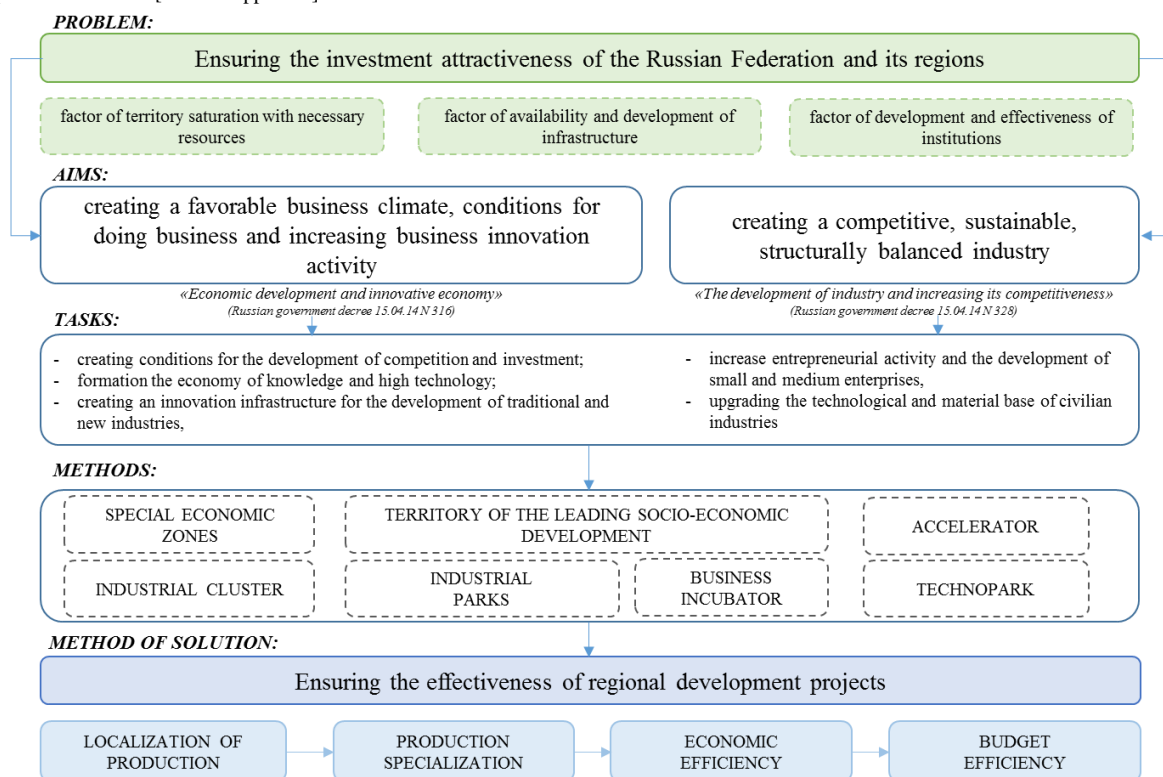
Figure-1. Comparative analysis of requirements and preferences for each of the business support infrastructure objects [author's approach]



Among the above-mentioned infrastructure facilities (SEZ, TASED, etc.), it is possible to conditionally allocate objects of support for small and medium-sized businesses — first of all, accelerators and business incubators; industrial parks can sometimes be attributed thereto, since no requirements are imposed for the size of investment for their residents, and in addition the regulatory framework governing the provision of benefits and subsidies in a special way determines residents of industrial parks. Industrial clusters have a border position, since their composition, as a rule, includes both large business represented by anchor productions and small business acting as a satellite and performing a supporting function in relation to anchor productions. The territories of advanced socio-economic development and special economic zones are focused on large-scale industrial production, and the requirements for the volume of investments and the number of jobs created are appropriately applied to them (Peck, 1996; Sabokbar *et al.*, 2018).

Creating special territories with special regimes in the context of solving the main problem of ensuring the investment attractiveness of the country and its regions is a rational solution to ensure the comprehensive achievement of all the factors of investment attractiveness (Figure 2). The conditions for the creation and accreditation of these facilities imply the fulfillment of the mandatory requirements for the availability of the necessary infrastructure (factor of infrastructure availability and development) and the ability to quickly connect to it (factor of development and efficiency of institutions). And the fact of availability of labor, financial, natural and other resources (the factor of saturation of the territory with necessary resources) is key for the investor in terms of deciding on the localization of production in the territory of the business support infrastructure object.

Figure-2. A flowchart of solving the problem of the investment attractiveness of the country and regions through the development of business support infrastructure [author's approach]



The creation of special territories with special regimes is only one of the first challenges within the framework of solving the problem of ensuring the investment attractiveness of a country and a region that is currently being successfully solved by federal and regional authorities in the country. However, the subsequent development of such a territory and ensuring its effectiveness is a higher order task, the solution of which at the current moment, in our opinion, has not been fully found. Experts in this field also confirm that the stated targets for support infrastructure are not achieved, the allocated budget funds are spent inefficiently, and the organization of infrastructure is haphazard in terms of regional development. Often there are opinions that created special zones are ineffective. Thus, the assessment of the activities of special economic zones as of the beginning of 2017 allowed us to conclude that the real economic effect of their operation was not achieved, and during their existence they did not become an effective support tool (65% of the allocated land plots remain unused). Similar doubts are expressed about the effectiveness of budget investments in industrial parks by the Ministry of Finance of the Russian Federation.

The creation of such business support mechanisms as a territory with a special economic regime has become an attempt to improve entrepreneurial activity, increase investment attractiveness, the investment climate and, as a result, provide additional revenues to the budget in a difficult economic situation and a budget deficit. Since these support mechanisms involve the allocation of budget funds for the creation of these infrastructure facilities, as well as various subsidies and benefits, the question naturally arises of evaluating the effectiveness of budget investments and the desirability of their subsequent implementation. The effectiveness of the support infrastructure facilities is mainly ensured by the effectiveness of the residents localized in its territory. Ensuring the effectiveness of resident

projects involves solving several problems. Firstly, the choice of the localization area is an important issue for both federal and regional authorities in terms of developing the business support infrastructure, and for potential residents, in terms of the choice of the production localization area, taking into account production specialization. Secondly, it is necessary to achieve economic and budgetary efficiency, including compliance with statutory requirements. Thirdly, it is the need for follow-up monitoring of the implementation of these indicators, which are key issues of strategic choice and operational management of a regional development project. Localization of production is largely ensured by the presence of a factor of saturation of the territory with the necessary resources, which allows the investor to make a primary selection of regions of location. The aspect of industrial specialization and the ability to ensure that a project is located on a territory where a similar type of activity is a profile allows for greater efficiency due to the presence of favorable conditions for a particular industry, the availability of the necessary infrastructure and the possibility to integrate into the existing ecosystem of existing enterprises. Economic and budgetary efficiency are the consequences of the implementation of the first two aspects of ensuring the effectiveness of regional development projects, and can be achieved subject to proper planning and the subsequent condition of the declared indicators (Antúnez, 2016; Liu, 2018).

4. Summary

The creation of business support infrastructure itself is a positive impetus for the territorial development of industry in the context of a spatial development strategy, ensures the modernization of the Russian economy through the creation of new industries, and has a social effect in the form of creating new jobs, a budgetary effect in the form of tax and social contributions. And ultimately it allows ensuring the fulfillment of several tasks within the framework of solving the problem of increasing the investment attractiveness of a region.

The proposed conceptual approach to ensuring the effectiveness of regional development projects rolled out on the territory of business support infrastructure facilities allows for two key aspects to be taken into account. First, to quantify the various options for localizing the project, taking into account the production specialization of the region, the object of support, the project itself, thereby ensuring basic performance criteria. Second, to ensure an initial quantitative assessment of the attainability of economic and budgetary efficiency indicators, and subsequently to ensure monitoring of their implementation in order to identify possible deviations and take corrective actions.

5. Conclusions

Thus, among the variety of existing infrastructure facilities for business support, the choice of localization of a regional development project mainly depends on the production specialization of the project itself and the potential location, the scale of the business, and parameters in terms of the amount of investment, jobs created, labor productivity indicators that are legally regulated. Subsequent economic and budgetary efficiency is guaranteed by rational planning of key indicators (budget and project implementation timeframe, jobs created, etc.), quantitative assessment and careful monitoring.

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