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REGIONS IN THE SYSTEM FINANCIAL RESOURCES AND ECONOMIC THE RESULTS INTEGRATED ASSESSMENT

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Abstract

When determining the results of financing the regional economy, assuming that the administrative region where the funds were spent is the same as the region where the economic benefit is generated leads to serious accounting problems. For example, an electricity network or logistics facility built in one mahalla may also serve manufacturers in neighboring mahallas, and employees of an enterprise operating in one district may live in another district. If the location of the project, the addresses of service users and additional income recipients are not separated, budget spending is erroneously attributed to one region, and the economic result is attributed to another. Such reporting does not adequately reflect the economic connections between districts and increases the risk of repeatedly counting the same result at different levels.

The spatial distribution of regional outcomes is a central issue in regional economic theory. M. Fujita, P. Krugman, and E. Venables (1999) explore the interplay between the location of production, market size, transportation costs, and the spatial concentration of economic activity. This approach helps to explain how economic change in one region can have spillover effects in neighboring regions. P. Klein and E. Moretti (2014) demonstrate the importance of assessing who benefits from local economic development programs and the difference between local accumulation of benefits and overall well-being. Their findings provide a methodological basis for accounting for the spatial linkages between financing a particular facility and the individuals who benefit from it.

The OECD's Place-Based Policies for the Future study, published in 2025, emphasized the need to take into account the interrelationships between levels of governance in the development and implementation of territorial policies. The practical expression of this issue in financial accounting is

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associated with the separate recording of the source of expenditure, geographical location, actual user and economic entity benefiting from the result for each project. At the same time, theoretical works on the distribution of territorial results do not specify in detail the procedure for collecting, generalizing and eliminating duplicate calculations at the "mahalla-district-region" level. The mechanism proposed in paragraph 4.1 of the dissertation is aimed at this computational task.

The study adopted the “project-source-user-result-territory” relationship as the main unit of account to link the movement of financial resources and economic results. The single account of each project records its location, mahalla and district, type of economic activity, form of financing, actual allocated funds, deployed capacity , service coverage, employment and local labor and entrepreneurial income. The planned costs for project implementation are kept separately from the actual results confirmed by bank payments, work performed or official reports. This requirement prevents confusion between the appropriation of funds and the services provided or additional income.

At the mahalla level, direct users of the service, employed production capacity, wages of employees living in the area, and local entrepreneurial income are allocated. At the district level, the costs and results of facilities serving several mahallas are aggregated based on a single project calculation. At the regional level, inter-district facilities, labor movement, and service use dependencies are taken into account. The total amount of money is not added as new funds when transferred to a higher level, but is allocated to the relevant regions according to the scope and economic results of the project. For example, when one water facility serves two mahallas, its capital cost is not counted twice; the scope and users are recorded at the level of the relevant mahallas.

Maintaining the economic nature of financial resources is another important requirement of this mechanism. It is not advisable to equate the actual expenditure from the budget, bank loans, the entrepreneur's own funds and the state guarantee into a single indicator. A bank loan is a repayable financial resource, and a guarantee represents the risk of incurring a financial obligation; the nominal value of the guarantee itself is not considered as budget funds spent. Therefore, in the financial account of the project, the

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source of funds, the actual use of funds and the contingent liabilities of the state are stored in separate columns. Failure to separate the sources of financing from each other may artificially overestimate the total volume of resources for the region.

The local economic result is also not interpreted only as an increase in the enterprise's revenue. The structure of the enterprise's sales includes raw materials from other regions, imported equipment, and financial costs. Therefore, when calculating the local result, the wages of employees living in the mahalla, local entrepreneurial income, the scope of services actually employed, and the corresponding capacity indicators are separately distinguished. It is not possible to simultaneously recalculate the same wage payment as the enterprise's profit and the population's income. To justify which part of the economic result is due to the impact of the financed measure, the initial situation, comparative data, and other influencing factors are needed; a single calculation mechanism determines the location of the result, but does not by itself prove the cause-and-effect effect.

The practical significance of the mechanism can be expressed in three interrelated questions: where did the funds come from, in which region is the facility located, and who receives the economic result? If a logistics center is located in one district and reduces the sales costs of manufacturers in a neighboring district, the location of the expense and the location of the beneficiary will differ. Also, the labor income of an employee working for one enterprise and living in another district will have different economic meanings in terms of jobs created in the region where the enterprise is located and income in the region where the population lives. These two results do not add up to the same indicator. These examples are given to illustrate the accounting procedure and are not considered to be the result of the impact measured for specific projects.

The time factor is also of particular importance in the reconciliation of accounting data. Budget funds may be allocated in one year, and the facility may be put into operation the following year, and its impact on population incomes may be observed even later. Combining the reporting date of expenditure with the period in which the result appeared will incorrectly indicate the effectiveness of funds. Therefore, in a single project account, the date of conclusion of the contract, actual payment, completion of

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construction or procurement, the time of commencement of operation, and the measurement period of the economic indicator are reflected separately. Also, when distributing the same economic result between different programs, the causal relationship between the volume of allocations and the actual additional result is not confused. The territorial account regulates which indicator was formed for which project first; assessing the actual impact requires an appropriate comparison method and initial data.

When distributing regional results, instead of using a single common coefficient, each result should have its own unit of account. For example, in road construction, the population and enterprises using transport, consumers connected to the electricity network and available capacity are counted independently, and in a production project, the equipment put into operation and local wages are counted independently. It is possible to separate the population of two districts using the same facility, but the total capital cost of the facility is not fully charged to the budget of both districts at the same time. If it is necessary to distribute cost shares by district, a predetermined basis is indicated, such as the number of users, actual use of the service, or contractual share. In the absence of data, it is not allowed to present a conditional share as an official financial result.

The purpose of each form of financing should also be clearly stated in the report. If financial assistance is aimed at creating public infrastructure, its effect is primarily reflected in the quality and scope of services; when resources are provided to private production, the product market and labor income become important. These effects can occur at the mahalla level and be reflected in district and regional indicators. However, in the higher-level calculation, it is necessary to preserve its source and territorial relevance, rather than repeatedly adding the mahalla result as a new result. Thus, an integrated calculation protects against artificial inflating the effectiveness of financing and forms a verifiable data set for subsequent comparisons.

The scientific result of the research is an integrated assessment procedure that links the single accounting data of projects at the mahalla, district and regional levels, and distinguishes the source of funds and the territorial destination of economic benefits. It serves to eliminate double counting of financial resources, demonstrate the interregional coverage of public infrastructure, and correctly determine the destination of local income. As a

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result, an accounting approach is emerging in the assessment of regional policy, based not only on the sum of allocated funds, but also on where the economic result of each project is formed and to whom it belongs.

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