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Ensuring the environmental development of the far east

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Abstract. Within the economic sectors, priorities (directions) are identified related to the most promising development of individual sectors of the economy of the Far East (agriculture, industry, fuel and energy complex, transport complex, health resort sector, etc.). The following priorities (directions) are also highlighted separately: environmental safety, innovative and technological development, increasing the life safety of the population, etc. From the point of view of making management decisions for the sustainable environmental development of the Far East: the degree of priority of elements of financial security within the framework of ensuring the financial stability and security of the Far East is considered; the main characteristics of the components of financial security are proposed, the types of risks in the region are identified in the context of its main elements; criteria have been identified that determine the priority of elements for ensuring sustainable development, threats, and the interconnection of elements of the logical "security chain"; a conceptual model for ensuring sustainable development of the Far East has been constructed. In order to maintain a harmonious blend of technology, innovation, and sustainable growth in the region, it is suggested that the key focus of the strategy should be on embracing the principles of ESG development. This includes promoting sustainable practices in the environmental, social, and managerial sectors through a project-based approach. By evaluating development projects based on ESG principles, the region can attract financial support from private investors at lower rates, amidst growing interest from both local and foreign investors, investment funds, private individuals, and banks.

1 Introduction

Ensuring financial security is a vital aspect of the financial system, designed to mitigate a wide range of risks and promote socio-economic growth at both national and regional levels through the successful implementation of sound financial and economic strategies.

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Ensuring financial stability in the socio-economic realm of the state is crucial to safeguarding the region's economic security, with a strong emphasis on promoting the well-being of the population at a local level.

The aim of the article is to suggest strategies for guaranteeing financial stability, emphasizing key factors for guiding management choices towards the enduring growth of the area.

2 Results and Discussion

Various authors have defined the concept of "regional financial security" through a range of methods and perspectives, providing insights into the diverse factors that contribute to the establishment and maintenance of financial stability within a region. In crafting a comprehensive definition, it is essential to take into account functional, situational, factor, and institutional perspectives.

Table 1 - Different methods of defining the concept of "regional financial stability"

An approach	Concept
Functional	provision of the consolidated budget of the region, key areas of the regional economy and households with financial resources sufficient to satisfy physiological and economic needs, as well as to perform guaranteed functions and implement independent financial and economic policies in the region
Situational	the process of state regulation of the financial system of the region in accordance with the current situation in a specific time period in order to ensure the necessary standard of living of the population, sustainable economic growth while maintaining the environmental parameters of the territory at an acceptable level
Factorial	the process of ensuring the relative stability of the region's financial system to the effects of negative factors, internal and external threats in order to maintain a balanced budget and tax system, the financial solvency of economic entities and the ratio of savings and household needs
Institutional	the process of forming framework conditions for the functioning of the financial system and financial market institutions in the region, facilitating the effective and targeted redistribution of financial flows between creditors and consumers in accordance with legislative norms

Source: compiled by the authors

Each approach to financial security impacts various aspects of economic activity in its own unique way. The functional approach focuses on the relationship between subjects and financial resources, emphasizing their formation and utilization. Financial security in this context serves as the foundation for a stable financial system within a region. It enables government authorities to effectively carry out the reproduction process, ensuring consistent socio-economic development. In the situational approach, financial security is viewed as a unified mechanism for utilizing tools based on the specific circumstances within the region. The factor approach analyzes the various negative causes and threats that could potentially destabilize the region's financial system. Lastly, the institutional approach highlights the role of financial transactions, asset exchanges, and risk management by markets and institutions in shaping the financial system.

As previously mentioned, financial security has distinct typological characteristics that set it apart. This level of security is defined by a unique set of elements that are specific to its nature. To better understand these elements, let's establish the hierarchy of security priorities (Table 2).

Table 2 - Ranking the importance of financial security elements in the context of ensuring sustainable development in the region, as perceived by decision-makers in management.

Directions for ensuring financial security	Assessing the priority of areas of ensuring financial security
Budget security	++
Tax security	++
Stock Market Security	-
Security of financial and monetary circulation	+
Inflation-price security	+
Investment security	++
Security of the credit and banking system	+
Currency security	-

Source: [1-29]

The topmost important factors in safeguarding the region's financial stability are as follows:

1. Financial stability is essential to maintain a balanced budget system in the region, ensuring that expenses are covered through reliable funding from both state and municipal authorities.

2. Revenue Protection - focused on consistently boosting the local budget by ensuring taxes and fees are collected in a timely and thorough manner, ultimately reducing risks in a particular area.

3. Security of investments - designed to mitigate risks and minimize the adverse effects of various factors on the effectiveness of investing in local economic assets.

Banking security focuses on regulating the flow of funds within a specific area, facilitating the transfer of financial resources, and ensuring equitable distribution among all stakeholders in the business community.

Overall, it can be noted that among the various factors discussed, the importance of investment security stands out as especially crucial, given the increasing prominence of investing globally. Additionally, these elements each possess unique traits that contribute to safeguarding the financial stability of the area, as outlined in Table 3.

Table 3 Outlines the key features of financial security components that are crucial for informing management decisions aimed at promoting sustainable regional development.

Element	Characteristic
1	2
Budget security	- the degree of balance of local budgets and their execution; - the scale of budget financing and subsidies to local budgets; - presence or lack of budget reserves; - the line of cash budget fulfillment; - maintaining budget discipline.
Tax security	- resource factor in the hands of the state and local authorities; - an instrument of influence on economic and social processes; - a factor of inverse dependence of the functioning of the state on taxpayers , because a violation of tax security can become a real threat to the effective state structure and the region in particular.
Investment security	- the ability of regions to accumulate, attract and effectively use investment resources to create a competitive regional economy; - resource factor for the reproduction of scientific, technical, innovative and intellectual potential of territories; - source and strategic reserve of expanded reproduction of the region; - a factor of constant growth of regional GDP and its socio-economic development; - a factor in overcoming depressive phenomena in the regions, etc.
Banking security	- state of functioning of banking institutions; - efficient use of banking resources;

	- conditions for realizing the economic interests of banking institutions; - stability of the monetary unit and its support; - accessibility of business entities and the population to credit resources; - lending to the real sector of the regional economy in order to grow and increase the level of income of the population; - level of efficiency of the payment system.

Source: compiled by the authors

Emphasizing the primary dangers that impact the financial stability of the region is crucial. By promptly identifying and reducing these risks, the region can maintain a secure financial system. A detailed breakdown of these risks can be found in Table 4.

Table 4 – Various threats to the economic stability of the area in relation to its key components

Element	Types of threats
1	2
Budget security	imperfection of regulatory support for the budget process and miscalculations in budget planning; a decline in business activity, a decrease in production volumes and an increase in the number of unprofitable business entities in the region; insufficient or untimely filling of sources to cover the budget deficit; untimely budget planning and formation of local budgets; illegal and ineffective use of budget funds; ineffectiveness of the system for monitoring compliance with budget legislation, which requires more detailed consideration
Tax security	excessive number of taxes that negatively affect the quantity, structure and quality of tax revenues; tax legislation and the procedure for collecting taxes and fees take into account exclusively the interests of the state; tax regulation is short-term in nature in order to eliminate the budget deficit; ignoring the consequences of the distribution of the tax burden between the parties to taxation when introducing new taxes or changing tax rates; inefficiency of the current tax system (presence of numerous unjustified tax benefits, low level of tax collection, violation of the principle of measurement: increasing rates beyond the maximum level for bona fide taxpayers leads to a reduction in tax revenues); fictitious reduction by subjects of the tax base and failure to include certain income in the object of taxation (interest on loans, fees received for credit resources, funds from the sale of foreign currency, etc.); ambiguous interpretation of regulations governing taxation; incorrect application of tax benefits; failure to comply with the requirements of tax authorities for the purpose of non-payment of taxes
Investment security	chronic underfinancing of the real sector of the regional economy; lack of an effective system of measures to stimulate the transformation of additional income of citizens and economic entities into investment; lack of priority for budget expenditures on investment measures for regional development; lack of participation of local budgets in the reproduction process of the territorial economy; unfavorable investment climate in the regions; lack of special investment regimes with increased control over their development
Banking security	deterioration of the structure of means of payment in circulation; movement of significant amounts of foreign currency within the region; regional price imbalances; artificial regulation of the volume of money circulating supply; a significant share of non-bank money circulation and the presence of a tendency to increase it; increase in non-payments; lack of an effective credit system

Source: compiled by the authors

Therefore, the economic stability of the area is dependent on the interconnectedness of the strategies and components mentioned above, ultimately helping to define what is meant by "financial security of the region." It encompasses the overall condition of mechanisms dictated by the robustness and enduring nature of budget, tax, and other financial aspects. analyzing the banking and investment sectors of the local economy involves considering various approaches, such as functional, situational, factor, and institutional, to maintain a stable financial system in the region and promote long-term socio-economic development.

Simultaneously, while establishing the importance of factors in maintaining financial stability, distinct criteria can be distinguished (Fig. 1).

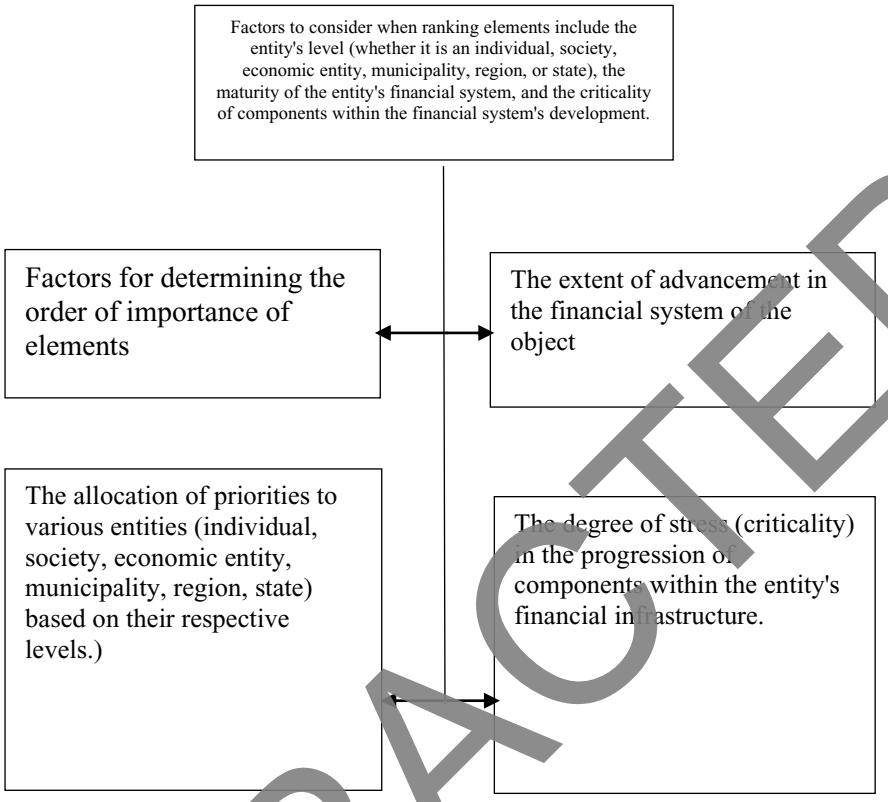

Fig. 1 – Factors influencing the prioritization of elements for financial security in management decision-making to promote sustainable regional development. Source: compiled by the authors

The various components of financial security work together to maintain the stability of a region's finances. When certain elements of the regional financial system are out of balance, it creates both internal and external risks that can threaten the overall financial security of the area.

The financial stability of a region is determined by any occurrence or series of events within its financial sector that can either enhance or diminish its overall financial security.

Overall, it is worth mentioning that various issues such as inadequate execution of budgetary, tax, investment, and banking security objectives could be contributing factors.

Figure 2 illustrates the potential risks to the economic stability of the area.

Given the risks at hand, it is worth noting that internal threats hold particular significance as they wield a significant influence on the socio-economic landscape of the area. However, they also present the most opportunities for resolution if proactive preventative measures are effectively crafted.

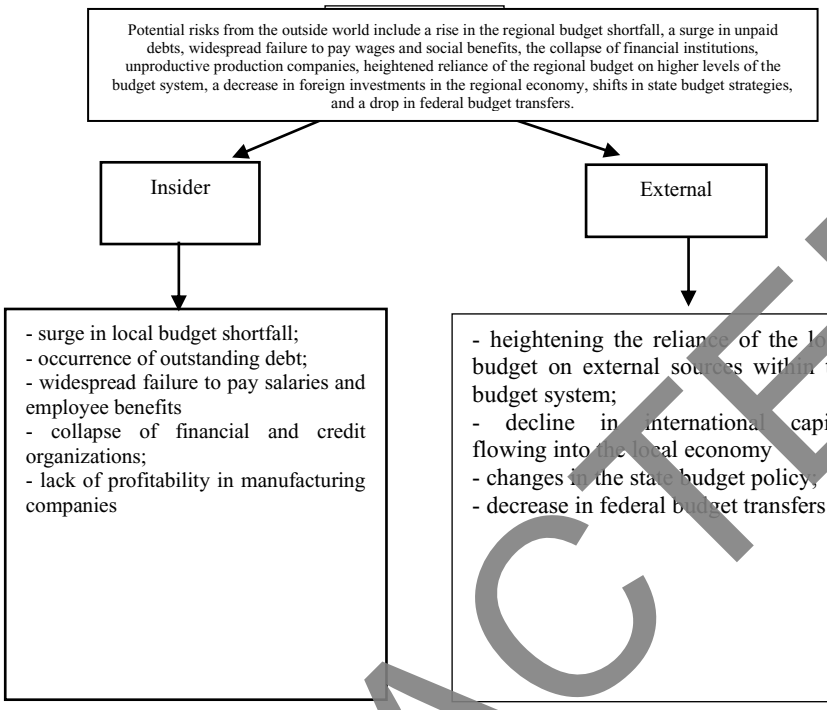

Fig. 2. Risks to the economic stability of the area. Source: compiled by the authors

When discussing the economic stability of the area, certain writers point out a "safety net" that encompasses the essence of the issue of financial security (Figure 3).

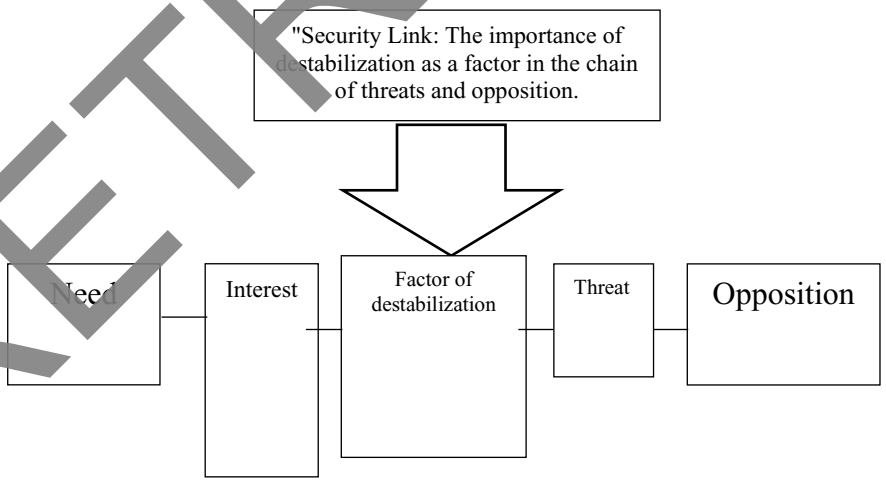

Fig. 3 Illustrates the interconnectedness of components within the logical "safety chain. Source: compiled by the author

This program aims to safeguard the financial well-being of all components of the local financial system by considering various threats to financial security and obstacles to regional growth.

It is important to emphasize the conceptual framework for guaranteeing the financial stability of the area (FSR), considering the unique aspects of the financial security assurance system (Figure 4).

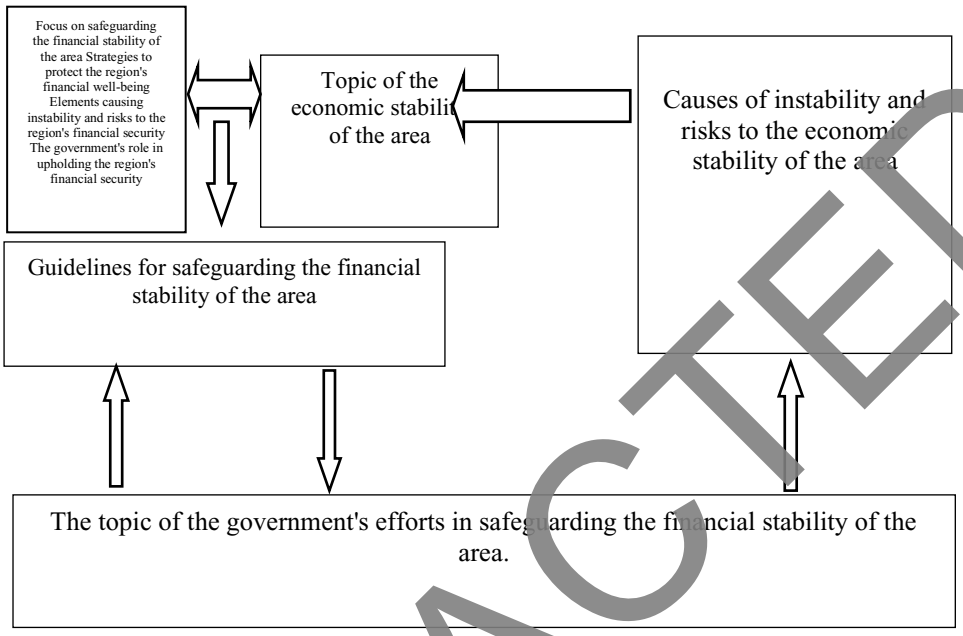

Fig. 4 Presents a conceptual framework aimed at guaranteeing the financial stability of the Far East region. Source: compiled by the authors

It is important to mention that mitigating these risks can be achieved by examining specific indicators, as changes in these indicators can have an impact on the financial stability of the area (Figure 5) [30-35].

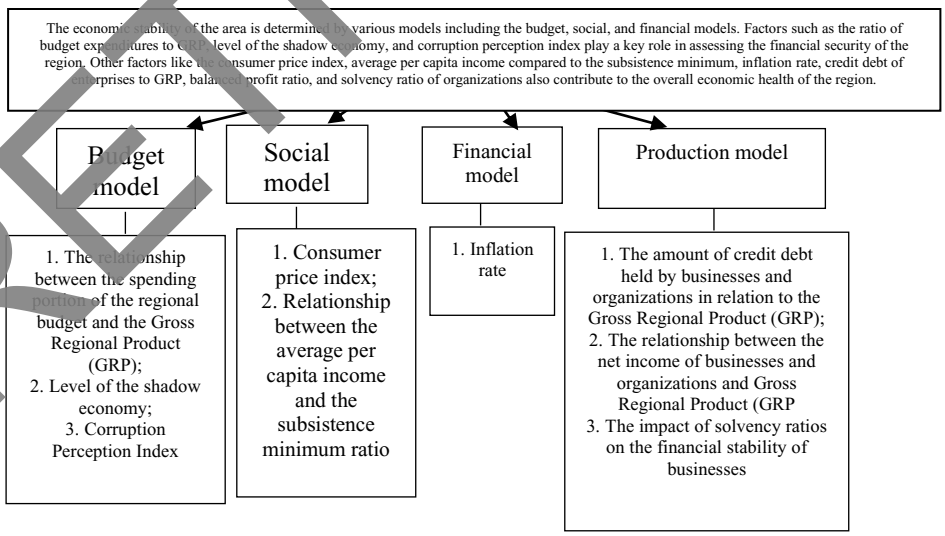

Fig. 5 Presents key metrics to guarantee the economic stability of the Far East, with a focus on guiding strategic choices to promote the region's long-term growth. Source: compiled by the authors

3 Conclusions

Securing the environmental advancement of the Far East region hinges on its financial stability, a crucial component for a self-reliant and resilient financial framework. This involves the region's capacity to infuse sufficient financial resources to maintain socio-economic stability, effectively address potential threats, and foster societal development. Hence, it is imperative for regional policies to address all financial security risks and threats that could potentially result in dire consequences such as economic downturn, widespread business insolvency, and ultimately, jeopardizing the well-being of the region's inhabitants.

In order to integrate ESG practices, the area must undergo evaluation processes, leading to enhancements in reputation, greater recognition, broader adoption of ESG initiatives, and the potential for issuing green and social bonds and securing financing at more favorable rates in an optimistic growth scenario.

The process of assigning a rating typically spans 1-2 months and involves several key steps: entering into an agreement, submitting necessary information, analyzing the data, holding a meeting with regional representatives, making a decision by the rating committee, receiving a notification of the rating action along with a draft release and rationale, and issuing a press release regarding the rating assignment (including any appeal process).

The evaluation of ratings is based on three key elements: environment (30%), society (50%), and management (20%). Each component has specific indicators that are analyzed to determine the overall rating. The environmental component includes factors such as the presence of an environmental strategy, costs of environmental protection, and impact on various aspects of the environment. The society component focuses on income levels, healthcare, education coverage, and other social factors. The management component considers factors such as socio-economic development strategy and budget discipline.

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