

INSTITUTIONAL CONDITIONS FOR ENSURING RESILIENCE OF NATIONAL ECONOMY: ON THE EXAMPLE OF UKRAINE

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Abstract. The national economies are closely interconnected in a globalized world. Shock impacts spread across the globe from one economy to another instantly. In the same time, national economies are characterized by different levels of resilience and respond differently to shock effects. From a theoretical and practical point of view, there is an important task to study the institutional conditions for ensuring the resilience of the national economy to existing and potential shocks. *The purpose of this research* is to substantiate and characterize the institutional conditions for ensuring the resilience of the economy on the example of the Ukraine's economy. *The theoretical and methodological basis* of the research is the scientific works and reports on the methodology of evaluation and determination of mechanisms and conditions for ensuring the resilience of the economy. Common scientific methods are used: theoretical generalization, analysis and synthesis, comparative analysis, system method, and criterion approach. *Results.* The research describes institutional conditions that strengthen internal reserves (including financial, material, food) and increase the adaptive potential of the economy to shocks. Adaptation of the economy depends on the effective and rational management of the country's resource potential. Resource potential is an internal immunity of the economy and increases its level of resilience at all stages of development. The country's resource potential is characterized by available resources and consists of such basic types of potentials as economic, natural, labor, social, financial. In the process of resource management the government should take into account the basic institutional conditions for ensuring resilience of the economy, which are aimed at improving the state's ability to protect property rights, increasing the financial capacity of the insurance market, anti-corruption and economic potential of the country, and institutional capacity of public authorities. *Practical implications.* Institutional conditions for ensuring the resilience of the economy are able to reduce the vulnerability of the economic system to shock influences, to facilitate their effective counteraction and to prompt economic recovery after their onset. The development of institutional conditions depends on effective government policies and mechanisms to counteract shock influences. *Originality.* The study focuses on the role of the government in the implementation of institutional conditions. In order to improve certain institutional conditions, government policy instruments have been proposed, the application of which will contribute to the effective development of the entire system of institutional ensuring resilience of the economy.

Key words: resilience of the economy, institutional conditions, ensuring resilience, shock influences, economic growth.

JEL Classification: E02, E60

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1. Introduction

Resilience of the economy is the ability of the economic system of the country to reduce vulnerability to shock influences, counteract them and quickly recover from their impact. Resilience of the national economies began to be actively investigated in connection with the global economic crisis of 2007-2008. In particular, L. Briguglio in "Economic Vulnerability and Resilience: Concept and Measurement", defined resilience as the policy-induced ability of an economy to withstand or recover from the effects of shocks (Briguglio, Cordina, Farrugia, 2009).

Organization for Economic Co-operation and Development (Caldera, Rasmussen, Rohn, 2015) believes that resilience can be enhanced by implementing policies aimed at mitigating both the risks and consequences of serious crises. To address the risks effectively, it is necessary to identify policy options and mechanisms that can be created in advance to help deal with the effects of a serious recession. However, the benefits of such a policy must be balanced against their costs.

N. Kotys published the research on the assessment of institutional support for the household sector development. The author identified the key institutional factors for resilience: social, psychological, economic, political. The author emphasized that the development of the sector was regulated, on the one hand, by the relevant socio-economic institutions and, on the other, by the activities of the economic entities themselves (Kotys, 2016).

The European Central Bank (ECB, 2016) believes that the resilience of the economy is essential to better counteract adverse shocks and reduce the economic costs associated with them. The ECB is exploring the role of institutional settings and political institutions that are able to increase resilience to adverse shocks and reduce the overall crisis. In conditions of shock, a country with weaker economic institutions can suffer on average twice the cost of production compared to a country with advanced institutional settings. Similarly, the likelihood of a serious economic crisis is greatly reduced if the country has the most flexible and adaptable institutions.

Empirical studies of the level of resilience of the Ukrainian economy (FM Global Resilience Index, 2019; Boiko, 2019) show a low level for the effective functioning and stable development of the economic system in the conditions of shock influences. It is worth noting that a key role in the process of ensuring resilience belongs to the government, which is conditioned by the fulfillment of its defined tasks and functions, which regulate economic processes in the country. This necessitates the establishment of a proper system of institutional support for resilient development of economy.

Awareness of the important role of institutions in economic policy implementation has led to a significant

increase in the interest of scientists in the study of institutions, their functions, composition and properties. Among the key publications in this field there are the works of such scholars as Coase R. (1990), North D. (1993), Beck T., Laeven L. (2005), Geyets V. (2005), Dutraive V. (2009), Mantsurov I. (2011), Ferrini L. (2012), Kling A. (2013), Vitola A., Schenfelde M. (2015), Hancke B., White J. (2019). While the institutional conditions of the public administration for ensuring resilience of the economy, as a rule, remain out of the scientists' attention. Therefore, *the purpose of this research* is to substantiate and characterize the institutional conditions for ensuring resilience of the economy on the example of the Ukrainian economy. This purpose has been achieved by using common scientific methods: theoretical generalization, analysis and synthesis, comparative analysis, system method, graphic modeling.

In the context of institutional theory, the problem of ensuring the resilience of the economy is explored through the institutional conditions that characterize key aspects of the country's institutional development. Under the *institutional conditions for ensuring the resilience of the economy*, we understand the system of rules and regulations (legal, ethical, economic) and institutions established in the country to reduce the vulnerability of the economic system to shocks, counteract them and quickly restore the economy after their onset.

The main sources of resilience of the economy are resources (natural, financial, labor), which jointly form its potential. Resource potential is an internal reserve (immunity) that the economy uses to counteract shock influences. In defining the institutional conditions for ensuring the resilience of the economy, we focused on the *criterion of resource conservation*. That means the rational use of natural, material, financial, labor and other resources.

By this approach, we identify the following institutional conditions for ensuring the resilience of the economy: protection of property rights, development of insurance, prevention and counteraction to corruption, protection of national economic interests, development of corporate culture.

2. Protection of property rights

The economic growth is one of the basic conditions for resilience of the economy. This statement is confirmed by the results of previous empirical studies (MacLeman, Miller, Marty, 2017; European Commission, 2018; International Monetary Fund, 2019). Among other things, the economic growth in transition economies and developing economies comes from foreign investment. Investors value the existence of state guarantees for the protection of property rights.

In economics, property characterizes people's attitudes toward appropriation of material goods

created by nature or human labor in the process of production. Property is usually revealed through such attributes as ownership (the right to earn income from the good), the right to use and the right to dispose (the right to transfer the good to others, alter it, abandon it, or destroy it). The rules of law establish the content of property relations. They also determine the rights and obligations of subjects of law to certain objects of the material world, including natural resources. As an institutional condition for resilience, we consider the protection of property rights in two directions: 1) protection of property rights for natural resources and 2) protection of private property.

Firstly, protection of property rights for natural resources plays an important role in stimulating economic growth, ensuring equal opportunities of using natural resources for individuals, and efficient realization of the economic potential. Property rights are emphasized as one of the most important institutions of economic growth (Coase, 1990). This is due to the fact that state-protected property rights to natural resources stimulate long-term investment, since such resources are protected from expropriation (forced deprivation of property) by the government or influential elite.

Natural resources shape the national wealth. Furthermore, Sustainable Development Goals 2030 are about conserving and restoring natural resources. Also the Constitution of Ukraine states that land, its subsoil, atmospheric air, water and other natural resources are objects of property of the Ukrainian people (public property) (The Constitution of Ukraine 254к/96-ВР, 1996). On behalf of the Ukrainian people, the owner's rights are exercised by public authorities and local self-government bodies. Ukraine has a number of problems related to the violation of this right (Shkuropadska, 2018), such as the following:

– illegal deforestation to produce wood. For example, in 2018 in the forestry fund of forestry enterprises, which are subordinate to the State Forestry Agency of Ukraine (approximately 2/3 of the country's forests) over 7000 cases of illegal logging were detected. The total amount of damage caused to the economy was about 6.4 million USD. The timber trade is in high demand in the world market and its value will increase in the conditions of deforestation;

– illegal extraction of natural gas in the temporarily occupied territories of Donetsk and Luhansk oblasts, annexed the Autonomous Republic of Crimea (ARC). In particular since March 2014, 7.2 billion cubic meters of natural gas were illegally extracted in ARC. The total loss of the state budget of Ukraine is above 5 billion USD;

– illegal extraction of minerals, including amber. Due to the illegal production of amber, the state budget of Ukraine underperformed from 1.5 to 3 billion UAH (State Service of Geology and Subsoil of Ukraine, 2018).

Secondly, Protocol № 1 of the Convention for the Protection of Human Rights and Fundamental Freedoms and the Constitution of Ukraine guarantee that no one may be unlawfully deprived of his or her property rights. In developed democracies, property rights are the next rights that are protected after the individual rights and freedoms (Protocol of the Convention for the Protection of Human Rights and Fundamental Freedoms 994_535, 1997). Ukraine does not support the assertion of the inviolability of property rights sufficiently. In particular, public authorities do not act systematically in responding to violations of this right, and the courts make decisions in violation of property rights (Ukrainian Helsinki Human Rights Union, 2016).

To evaluate the development of property rights in Ukraine in 2018-2010, we consider the dynamics of the International Property Rights Index, calculated by the Property Rights Alliance in partnership with the Foundation for Economic Freedom (Figure 1). International Property Rights Index is fully dedicated to measuring intellectual and physical property rights. The index reflects the results of studies in the areas of legal and political environment, physical property rights and intellectual property rights. It is measured on a ten-point scale. In 2010-2018 Ukraine's property rights index ranged from 3.4 to 4.3 points. This indicates a low level of development of the system of property rights protection in the country.

The neglect of private property has been followed in many criminal cases about the seizure of property from illegal possession and recognition of ownership of real estate. Raiding in Ukraine is a method of illegal takeover and seizure of enterprises, that is, control over them against the will of the owners. This poses a real threat to the national and economic interests of the state. The scale of seizure of private property threatens not only certain sectors of the economy, but also the state as a whole. It provokes a deterioration of the investment climate, the destruction of certain sectors of the economy, the reduction of resource efficiency, as well as contributes to the development of corruption in the executive, judicial and law enforcement agencies. Figure 2 shows the dynamics of raider attacks in Ukraine in 2013-2018.

In the aftermath of the Dignity Revolution (2013-2018), there have been 1690 raider seizures in Ukraine. In 2014-2017, the number of raider hikes has been increasing every year, which is related to the change of political and business elites in the country. Raiding spreads to different types of businesses, destroys the entrepreneurial class and destroys the legal foundations of the state. In the conditions of construction boom and active construction of cities, raiders are appropriating construction sites, residential complexes, houses.

In 2017, the Anti-Raid Commission under the Ministry of Justice of Ukraine has started its work.

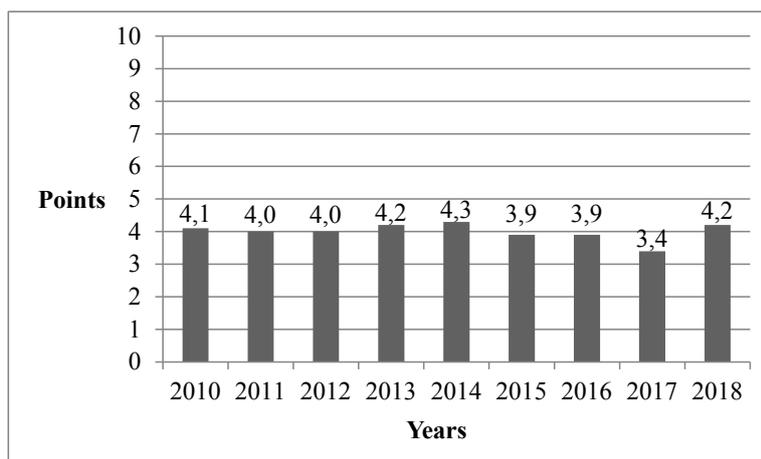


Figure 1. Dynamics of the International Property Rights Index of Ukraine in 2010-2018

Source: based on (Property rights alliance, 2018)

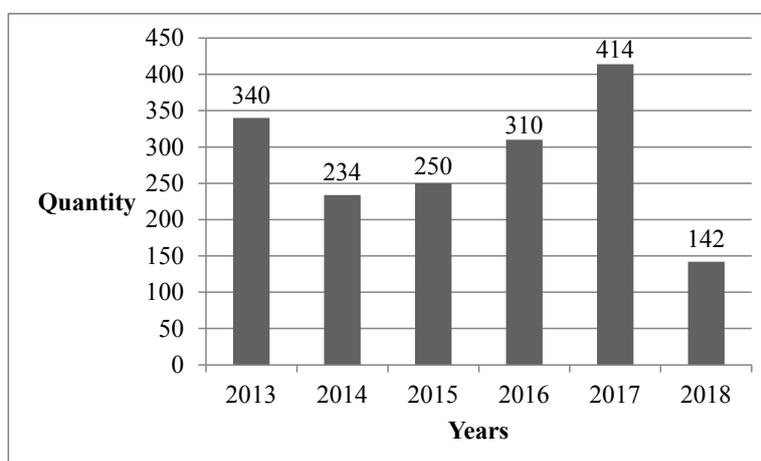


Figure 2. Dynamics of raider attacks in Ukraine in 2013-2018

Source: based on (OpenDataBot, 2018)

This Commission has the right to cancel suspicious registrations out of court promptly and to release "black" registrars with further criminal liability. Such powers should be able to block attempts by raiders to seize business and real estate quickly and effectively.

One of the key steps to ensure the protection of property rights is the adoption of the Law of Ukraine "On Amendments to Certain Legislative Acts of Ukraine on Counteracting Raiding" No. 340-IX dated December 05, 2019. The main provisions of the law include: termination of the activity of accredited entities; introduction of obligatory notarization of agreements on the alienation of corporate rights; implementation of the principle of simultaneous notarization and state registration of rights; raising responsibility for violation of the relevant registration procedures.

Also in 2019, the President signed a Decree on Counteraction Measures to Protect Business Owners. The Decree involves using the tools to combat raiding.

That will give investors more confidence and protect individuals from encroachment on their property.

Thus, the problem of securing property rights remains one of the most pressing for Ukraine at the current stage of economic development. The low level of protection of property rights negatively affects the investment attractiveness of the national economy, impedes the effective development of its industries and sectors.

3. The role of insurance in ensuring resilience

The developed insurance market is one of the institutional conditions for minimizing risks in turbulent economy and an uncertain economic climate. This market performs specific and necessary functions to ensure the resilience of the economy, such as:

- mobilizes international and national savings for rapid economic growth. Investment funds of insurance companies are a stabilizer of the whole economy and the

stock market in particular. At the expense of insurance premiums the funds are formed, which are further invested in economy. Institutional development of the national insurance market leads to an increase in the rate of savings and the rate of economic growth;

- promotes production and trade, reducing the production costs;
- maintains financial stability, ensuring the insured against various risks, and contributes to ensuring the state financial resilience;
- promotes the efficient redistribution of financial resources in the economy.

Insurance provides protection of property interests of individuals (households) and legal entities (enterprises) at occurrence of adverse events (insured events) at the expense of monetary funds formed from insurance premiums. For households, insurance is socially oriented (social protection, preservation of income and savings, protection of consumer interests). For business, property interest insurance (property interest protection, transfer of financial risks, liability insurance) prevails.

The level of the insurance market development depends on macroeconomic conditions and political stability, national traditions, insurance and tax legislation. The ratio of insurance premiums to GDP is the main indicator that characterizes development of insurance in the country. Figure 3 shows the dynamics of the ratio of insurance premiums to GDP of Ukraine and the European Union (EU) in 2000-2018.

In 2000-2018, the level of insurance premiums in Ukraine was twice lower than the average level in the EU. Herewith in 2000-2005, the level of insurance premiums increased significantly, which was associated with an increase in the number of insurance companies (in 2004, compared to 2001, their number increased by almost 59 units or 18%). After the global economic

crisis of 2008-2009, the parameters of the insurance market development worsened in Ukraine. The main reason was the reduction in gross and net insurance payments. Compared to the EU average, Ukraine lagged far behind the development of insurance market, as was also evidenced by the value of insurance payments in GDP.

It is worth emphasizing that the developed insurance market exempts government from additional financial costs caused by adverse events (shock influences). Otherwise, the need to compensate for consequences of shock influences falls on the state and local budgets. In the conditions of shock influences, the insurance market provides protection of property rights and interests of legal entities and individuals, supports resilience of the economic development of the country.

4. Preventing and combating corruption

Further we consider preventing and counteracting corruption as an institutional condition for resilience of national economy. Annual expenditures on international corruption amount to 3.6 trillion dollars in bribes and stolen money (Guterres, 2018). The United Nations regards corruption as one of the key obstacles to the sustainable development and resilience of national economies.

Corruption can take many forms: bribery, squandering, money laundering, tax evasion, fraud. Regardless of the form of manifestation, corruption always occurs at someone's expense and leads to a weakening of state institutions, a reduction in employment and a decrease in the well-being of the population, and an economic downturn. Corruption is a source of shock influences that weaken the economic potential of the country by:

- loss or reduction of money to the state budget;
- reduction of the country's natural resource potential;

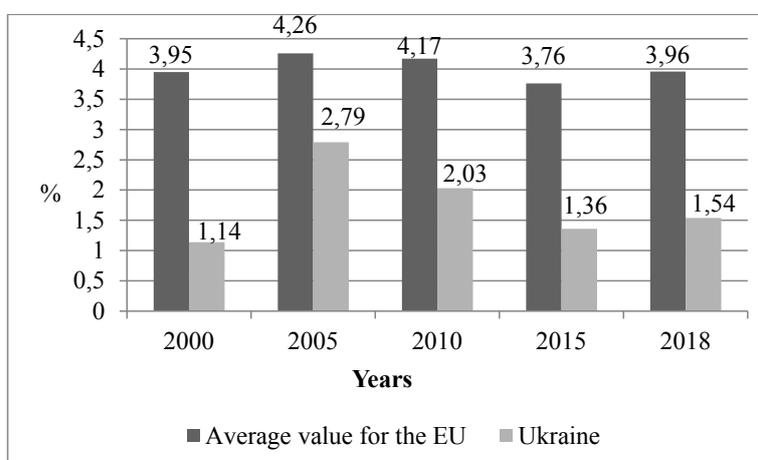


Figure 3. The ratio of insurance premiums to GDP of Ukraine and the EU in 2000-2018

Source: based on (World Bank Open Data, 2018)

- reduction of GDP growth;
- decrease in the level of capital productivity.

For Ukraine, the problem is the lack of receipt of tax revenues to the state budget. According to the Center for Strategic Studies of Ukraine, 62% of the Ukrainian companies evade taxes and 47% give bribes. One of the reasons for this phenomenon is the reluctance of companies to show their real (high) income, since this can lead to numerous inspections by regulatory authorities. Corruption is also a bribe of companies to representatives of regulatory authorities, so that they do not "notice" violations in the process of checking their activities. According to the IMF, GDP growth slows down by 2% per year in Ukraine due to the high level of corruption. If Ukraine were to overcome corruption by effective measures, then the economy would grow by 5% per year.

Transparency International publishes an annual report on the situation of corruption in the world. According to methodology of rating, the minimum corruption score is 100 points, the maximum is 0 points. Table 1 shows the Corruption Perceptions Index and GDP per capita of Ukraine in 2012-2018.

Table 1
The Corruption Perceptions Index and GDP per capita of Ukraine in 2012-2018

| Years | The Corruption Perceptions Index (points) | GDP per capita (dollars) |
|-------|---|--------------------------|
| 2012 | 26 | 3856.8 |
| 2013 | 25 | 4030.3 |
| 2014 | 26 | 3014.6 |
| 2015 | 27 | 2115.4 |
| 2016 | 29 | 2185.9 |
| 2017 | 30 | 2640.3 |
| 2018 | 32 | 3095.2 |

Source: based on (Ministry of Finance of Ukraine, 2018; Transparency International Ukraine, 2018)

One of the key forms of corruption in Ukraine is an embezzlement of public funds. In other words, this is the intentional misappropriation of someone else's property for personal gain through the use of official position. Government bodies, represented by civil servants, carry out the management of state property and control over the use of natural resources. This creates opportunities for the transformation of national wealth into a personal one through the illegal privatization of land, felling of forests, fishing, and mining. It should be emphasized that minerals are non-renewable natural resources (they include fossil fuels, metals, non-metals, water, etc.) and their irrational use leads to damage to the state, poses a danger to society and the environment. The use of natural resources for personal gain is not a crime against the environment, but against property. According to the State Geological

Survey of Ukraine, in 2019, there were more than 30 cases of illegal mining. The total loss of the state budget of Ukraine was hundreds of thousands USD.

Corruption also has the effect of reducing capital productivity. The decrease in capital productivity means that the country produces less with the same amount of invested capital (labor, land, materials). The resources are the same and the return is less.

5. Protection of national economic interests

In the face of permanent global instability, the protection of national economic interests is one of the key institutional conditions for ensuring the resilience of the economy. The Law of the Fundamentals of National Economic Security of Ukraine stipulates that the national interests of Ukraine are vital interests of the individual, society and state, the realization of which ensures the state sovereignty of Ukraine, its progressive democratic development, as well as safe living conditions and well-being of its citizens (Law of Ukraine 2469-VIII, 2018).

The realization of national interests means achieving food security; raw material security; financial security; infrastructure security; industrial development; development of entrepreneurship; innovative development; scientific and technical development; social development. The protection of these national economic interests ensures the formation of the internal reserves for economic stabilization. Figure 4 provides a diagram of the relationship between resilience of national economy and the protection of national economic interests.

The level of resilience of the national economy is the degree of prevention, overcoming and recovery of the economic system from shock influences, which is characterized by quantitative and qualitative indicators. Investigating the level of resilience of the national economy should be based on its main sectors or areas (OECD, 2017; Boiko, 2019), that will allow to determine the environment for identifying the shock influences that occurred during the period under review and affected the development and level of resilience of the national economy as a whole. Depending on the location of the shock influences, they are divided into internal and external (Kryuchkova, 2010).

Internal shock influences are associated with changes in economic conditions, legislation, and governmental actions in a particular country (e.g., aggregate supply and demand shocks, inflationary shocks, monetary shocks, credit shocks). *External shock influences* occur outside the country and are associated with changes in the global space (e.g., reduced exports, rising costs of imports, outflows of capital).

Globalization causes changes in economic conditions that can adversely affect the protection of national economic interests. They can be compensated by the

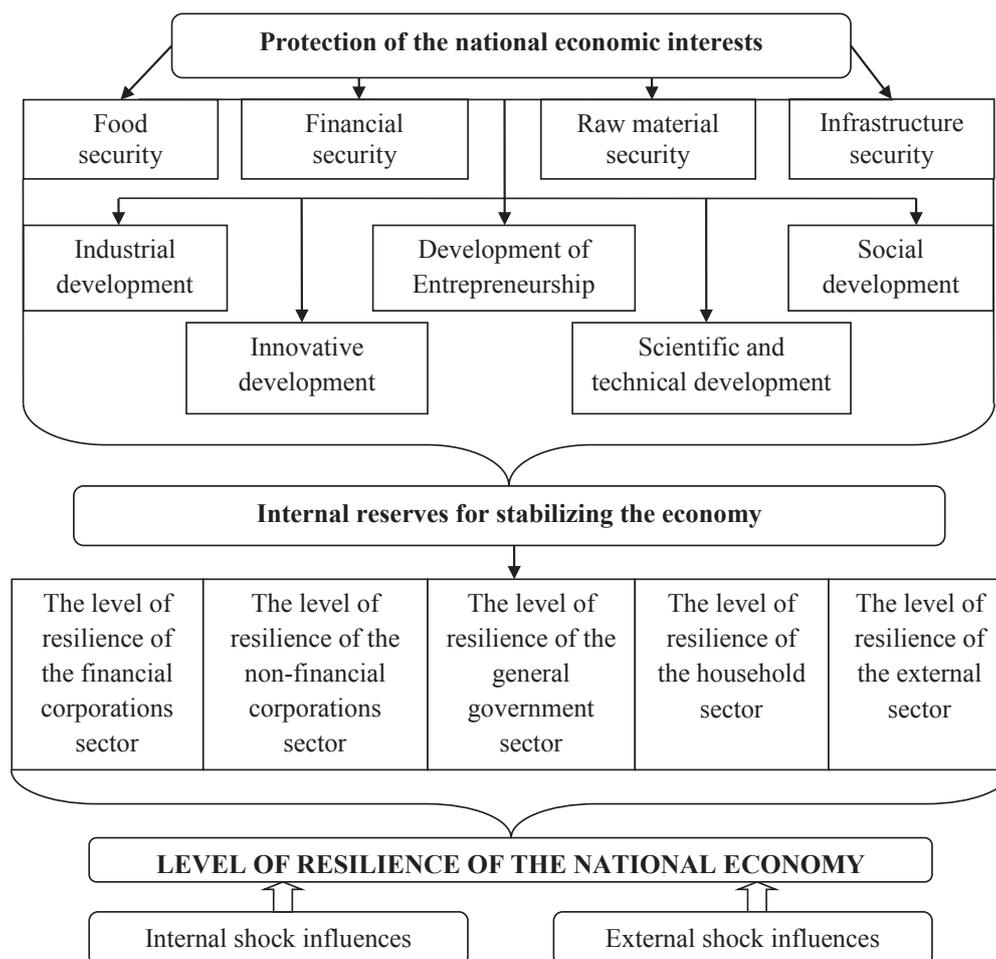


Figure 4. The relationship between resilience of the economy and the protection of the national economic interests

Source: processed by the authors

formation of adaptation institutions that ensure the entry of economic entities – carriers of the national economic interests of the country into the global economic space, both macro- and meso-level in the form of mixed organizational structures (public-private partnership).

6. Development of corporate culture

Next, we consider the corporate culture of public authorities as an institutional condition for ensuring the resilience of the economy. Corporate culture influences the level of achievement of the set goals and fulfillment of tasks. Corporate culture means the totality of values, norms, rules formed under the influence of external and internal factors that ensure the development and effective activity of the organizations. External factors include legislation and government measures in relation to the activities of a particular organization (e.g., the most-favored-nation regime, tax exemptions, activity requirements). Internal factors are due to

the peculiarities of the organization and its internal environment (e.g., personnel policy, organization structure, prevailing leadership style). The quality of these factors determines the type of corporate culture and its trends.

There are government organizations that directly or indirectly implement measures for ensuring the resilience of the national economy. It is necessary to maintain mutual coherence and coordination of actions for the effective functioning of such organizations. The main government organizations that take measures to ensure the resilience of the economy of Ukraine are:

- *The Financial Stability Council* identifies threats to financial stability and develops recommendations to counteract the impact of threats on the financial system;
- *The State Agency of the Reserve of Ukraine* implements a policy in the field of the state material reserve. The purpose is to provide state support to certain sectors of the national economy, enterprises, institutions and organizations in order to stabilize the economy in case of temporary breaches of the supply timing of important

raw materials and fuel and energy resources, food supply, imbalances between supply and demand in the domestic market;

– *The Reserve Fund of the Cabinet of Ministers of Ukraine* is used to make un-foreseen expenditures, which are not permanent and cannot be foreseen when drafting the budget.

Figure 5 structurally depicts the dependence resilience of the national economy on the corporate culture of public authorities. Under the influence of external and internal factors, three levels of corporate culture are formed: the level of artifacts (ethics, customs, traditions), the level of values and the level of ideas (internal organizational norms, rules) that create a model of organizational and professional behavior of civil servants. The model of organizational and professional behavior should correspond to the type of corporate culture.

Cameron and Quinn’s theory of competing values is used to study corporate culture. According to this theory, there are four types of corporate culture based on the competing values framework, namely clan, bureaucratic, market, adhocratic (Cameron, Quinn, 2005). These types of corporate culture are mostly applied to commercial non-governmental organizations. State managerialism is applied to the civil service. In this case, government, represented by civil servants, seeks to meet the needs of the citizens, which leads to increased trust in the government and reduced social tensions. This is especially important in unstable socio-economic conditions, when people are unable to solve their own problems without the help of the government.

However, shock influences are mostly unpredictable and their effects are devastating to the national economy. In such circumstances, it is necessary for public authorities to form (or maintain) signs of a bureaucratic and adhocratic type of corporate culture:

- high level of professionalism and responsibility of civil servants;
- use of key performance indicators, prevention of facts of non-fulfillment, untimely or poor performance of tasks;
- flexible response to the needs of the external environment;
- forecasting the future needs of economic development;
- ensuring effective coordination of activities with other authorities implementing measures to ensure the resilience of the economy.

The type of corporate culture that is reflected in the model of organizational and professional behavior of civil servants depends on the level of achievement of the set goals and accomplished tasks for ensuring the resilience of the national economy. If, according to the results of the monitoring, the corporate culture has not changed in two years, further implementation of the changes is a futile task and a complete staff change is required. It is important to provide monitoring procedure for a corporate culture (at least once every six months) and to form a staff reserve.

In Ukraine the level of corporate culture development is low. In 2017-2018, Ukraine ranked 106th out of 137 countries in terms of ethics and corruption in public authorities. These data were included in the calculation of Ukraine's Global Competitiveness

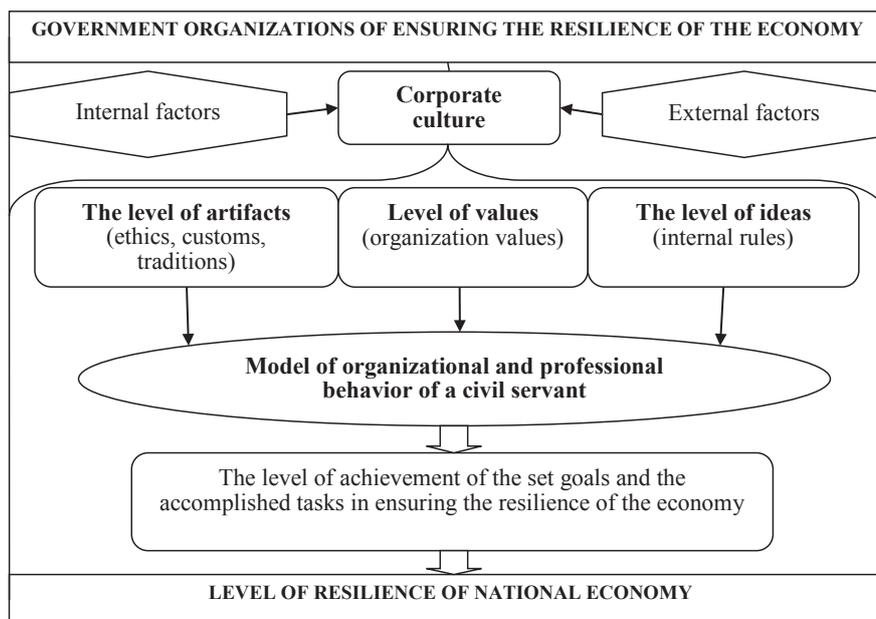


Figure 5. The relationship between the level of resilience of the national economy and the corporate culture of public authorities

Source: processed by the authors

Index as a component characterizing the quality of the institutional environment. The World Economic Forum, which calculates this index, considers ethics and corruption in one combination and emphasizes that the fight against corruption should become one of the key components of corporate culture of public authorities. Since, corruption has a negative impact on the achievement of goals and decision-making in the interests of the state. In terms of the development of ethics and combating corruption in the top five countries are Switzerland, USA, Singapore, Netherlands, Germany.

A high level of resilience of the economy cannot be achieved without effective activity of the public authorities. The low level of corporate culture is caused by ignoring the fact of corruption in the public authorities of Ukraine. In order to eradicate corruption in public authorities, it is necessary that the values and norms of corporate culture include openness and transparency in conducting activities, combating bribery. Transforming transparency into the core value of corporate culture is an important and challenging task. The main step in this process should be the regulation of anti-corruption behavior in the documentation of public authorities, and, first of all, in the code of corporate ethics.

7. Discussions

Having analyzed the institutional conditions for ensuring the resilience of the Ukrainian economy, we conclude that the main problems of effective implementation of these conditions are the imperfection of the legal framework and public administration system. In order to improve the institutional conditions for ensuring the resilience of the national economy, public authorities should effectively implement such institutional instruments as:

1. State target programs. Such programs are implemented using the State Budget funds and are coordinated by terms of implementation, composition of executors, and resources. Effective implementation of state targeted programs aimed at protecting national economic interests and protecting property rights will enable the state to accelerate economic development and attract investment.

2. Subsidies for payment of part of insurance payments (insurance premiums). Providing individuals and legal entities with state budget funds in the form of subsidies to pay part of the insurance payment (insurance premium), for certain types of insurance services, would allow to ensure growth of the country's insurance market.

3. Anti-corruption programs. Compulsory implementation of anti-corruption programs in public authorities ensures the gradual elimination of corruption in their activities.

4. Corporate Ethics Codes. The key goal of implementation of the corporate ethics codes in

public authorities is to increase public confidence in government agencies. The serve in public authorities requires constant contact with the public. That needs an active application of ethical rules and standards of conduct in the course of professional activity.

Government must also address the following issues in order to effectively develop the institutional conditions for ensuring the resilience of the economy:

- to distinguish ownership of all types of natural resources;
- to strengthen control and accountability for violations of requirements in the field of general environmental management;
- to ensure effective fight against corruption as an internal source of permanent negative influences in the economy;
- to increase the level of compliance with the requirements of anti-corruption programs;
- to increase the transparency of budget funds using within the state target programs;
- to adopt at national level a document or prescribe in the existing normative legal acts the generally accepted definition of the national economic interests;
- to develop measures for preventing and eliminating the impact of threats and destabilizing factors on the realization of national economic interests;
- to ensure that the Code of Corporate Ethics is complied by public authorities and strengthen accountability for violations of its rules.

It is worth noting that the key institutional condition for ensuring the resilience of the economy is the prevention and counteraction of corruption, since acts of corruption affect other defined institutional conditions adversely. If the government manages to fight corruption effectively, the problems of irrational and illegal extraction of natural resources, raider seizures, an embezzlement of state property, and misuse of public funds will be solved.

8. Conclusions

Sufficient level of resource potential is one of the key factors for resilient economic development of a country in the conditions of shock influences. The state policy of Ukraine in the direction of rational use of resources is insufficient for their increase and formation of a system of reserves. Having substantiated the institutional conditions for ensuring resilience of the Ukrainian economy, we came to the conclusion that the government lacks the institutional capacity to improve them, as evidenced by:

- low level of protection of national economic interests. The lack of an effective mechanism for the conservation and reproduction of natural, and labor resources does not satisfy the needs of society.
- low level of development of the system of protection of property rights. Besides during 2010–2018, the

dynamics of Ukraine's international property rights index did not change significantly.

– poorly developed insurance market with almost no insurance segment in the economy. The share of insurance premiums in the country's GDP during the period 2000–2018 ranged from 1.14% to 2.79%.

– low level of prevention and counteraction to corruption. The dynamics of the Corruption Perceptions Index of Ukraine ranged from 25 to 30 points during 2012–2018.

– corporate culture in the public authorities is not developed enough. The corporate culture of civil servants is closely linked to the manifestations of corruption in the public sector.

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