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## MANAGEMENT OF INVESTMENT PROCESSES IN UKRAINE AT THE REGIONAL LEVEL: THE STATE AND PROBLEMS OF IMPROVEMENT

### УПРАВЛІННЯ ПРОЦЕСАМИ ІНВЕСТУВАННЯ В УКРАЇНІ НА РЕГІОНАЛЬНОМУ РІВНІ: СТАН ТА ПРОБЛЕМИ ВДОСКОНАЛЕННЯ

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*Добрянська Н.А., Торішня Л.А., Пульча Д.О. Управління процесами інвестування в Україні на регіональному рівні: стан та проблеми вдосконалення. Науково-методична стаття.*

На сучасному етапі розвитку України важлива роль відведена процесам регіонального інвестування. Всі вони є необхідною умовою стабільного економічного зростання країни, так би мовити, на перспективу, збільшення зайнятості та підвищення соціального рівня життя населення. У статті проаналізовано динаміку освоєних капітальних інвестицій в Україні за період 2018–2020 рр. Виявлено тенденції використання капітальних інвестицій у розрізі окремих галузей. Проаналізовано особливості структури капітальних інвестицій за видами активів. Проведено дослідження регіонального аспекту освоєних капітальних інвестицій, дано оцінку рівня інвестиційної активності окремих регіонів. Розкрито основні причини, що перешкоджають налагодженню ефективного процесу інвестування в економіку регіонів нашої країни. Викладено основні заходи, спрямовані на вдосконалення управління процесами інвестування в Україні загалом та її регіонах.

*Ключові слова:* інвестиції, процес інвестування, регіональне інвестування, джерела інвестування, управління інвестиціями

*Dobryanska N.A., Torishnya L.A., Pulcha D.O. Management of investment processes in Ukraine at the regional level: the state and problems of improvement. Scientific and methodical article.*

At the present stage of Ukraine's development, an important role is assigned to regional investment processes. All of them are a necessary condition for stable economic growth of the country, so to speak, in the long run, increase employment and improve the social standard of living. The article analyzes the dynamics of capital investments in Ukraine for the period 2018-2020. Trends in the use of capital investments in terms of individual industries are identified. The peculiarities of the structure of capital investments by types of assets are analyzed. The research of the regional aspect of the mastered capital investments is carried out, the level of investment activity of separate regions is estimated. The main reasons that hinder the establishment of an effective process of investing in the economy of the regions of our country are revealed. The main measures aimed at improving the management of investment processes in Ukraine in general and its regions are outlined.

*Keywords:* investments, investment process, regional investment, sources of investment, investment management

**I**n modern socio-economic conditions, the topic of financing and investment attractiveness of Ukraine in the international arena is quite relevant. The investment market in our country is quite weak and shaky, because our country and all cities are not experiencing the best of times. In today's conditions, to increase the role of investment attractiveness of the country, it is necessary to develop the latest and most promising projects for their implementation.

#### Analysis of recent research and publications

Theoretical and methodological foundations of investment activity are devoted to the work of T.V. Mayorova [1], A.S.Zaverbny [2], I.O. Blanco [3] I.V. Dragan [4], M.V. Trokhimchenko [5], T.V. Umanets [6], B.O. Yazlyuk [7], Ya.D. Krupki [8], B.Ye. Peresadi [9], V.V. Stadnyk [10] and others.

The purpose of the article is to analyze the dynamics of capital investment in Ukraine in 2018-2020, identify the main reasons that prevent the establishment of an effective process of investing in the economy of our regions, clarify the features of capital investment in terms of individual industries, analyze their structure by type of assets, research regional aspect of the developed capital investments and determining the level of investment activity of individual regions, determining the main measures aimed at improving the management of investment processes in Ukraine as a whole and its regions.

#### The main part

Let's reveal the essence of the concept of "investment activity". In the economic literature, the

concept of "investment activity" is interpreted by various authors, selection of specific objects for their investment, development and implementation of the investment program and ensuring its effective implementation for profit or other positive result [11].

Investment is an extremely relevant phenomenon in the modern economy, as any economic activity is carried out through financing and investment. Investment is the next component of total costs after consumption. Investments are divided into three groups: investment in housing, fixed capital and increasing inventories. Any investment is a value that investors invest in investment objects in Ukraine in

order to make a profit or achieve a social effect. Foreign investments are values that are invested by foreign investors in investment objects, taking into account the legislation of Ukraine in order to make a profit or achieve a social effect [12].

The implementation of investment financing has a positive effect on the functioning of the economy as a whole.

Let's trace the main features of changes in the volume and structure of investment resources in Ukraine invested in fixed assets. Figure 1 shows the dynamics of investments in Ukraine in 2018-2020.

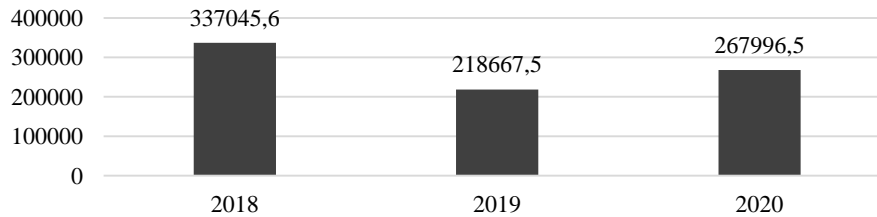


Figure 1. Dynamics of mastered (used) investments in Ukraine in 2018-2020, UAH million

Source: compiled by autor on materials [13].

From the above data we can conclude that after the positive trend of growth of used investments in Ukraine, which was in 2018, there was a decline, which lasted one year, and then began to increase again in 2020, indicating an intensification of the investment process, however, the partially positive dynamics of the studied indicator was offset by inflationary processes in our country.

In 2020, capital investments in the amount of UAH 267996.5 million were disbursed in Ukraine, which is 122,5% of the previous year's level. The largest share of investments was directed to the development of industry – 37.7%, which in value terms amounted to UAH 100918.1 million. 9.7% of investments or UAH 25018.9 million were invested in agriculture, forestry and fisheries. 15.6% of the total

investment resources or UAH 27453.5 million were directed to the construction industry. Transport, warehousing, postal and courier activities were characterized by an investment of 5.8% of total investment resources, which is in monetary terms 15396.1 million. UAH In the field of information and telecommunications, 5.0% of total investments or UAH 13502.3 million were used. The share of mastered investments in the field of public administration and defense, as well as compulsory social insurance amounted to 9.8% or UAH 26306.9 million. The amount of investments in real estate transactions in 2020 was equal to UAH 13450.1 million, or 5.0% of the total.

Figure 2 shows the structure of capital investment in Ukraine by type of assets in 2020.

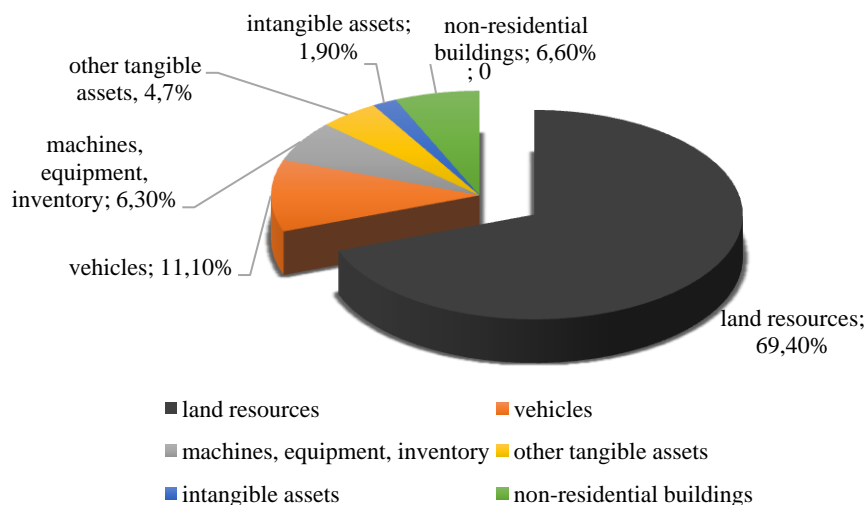


Figure 2. The structure of capital investment in Ukraine by type of assets in 2020

Source: compiled by autor on materials [13].

As a result of the analysis of the structure of capital investments in Ukraine in 2020 by types of assets, it was found that the amount of investments in other tangible assets amounted to UAH 7942.5 million, and their percentage was 4.7%. The largest share of investments was in land, namely 69.4%, and in monetary terms it amounted to UAH 10927.4 million. The second position in 2020 was occupied by investments in vehicles, the share of which was 11.1%, and the value was UAH 23981.6 million. The third position in the studied period of the year belonged to investments in non-residential buildings – 6.6%, and their absolute amount was equal to UAH 40685.9 million.

Consider the regional aspect of capital investment in Ukraine for January-December 2020 (table 1).

According to Table 1, in Ukraine there was a significant unevenness of the intensity of capital investment in individual regions. Thus, the largest volumes of disbursed capital investments were typical for the city of Kyiv, where 32.4% of the total volume of capital investments of the whole country was used, which in value units amounts to UAH 135948.7 million. Compared to the previous year, the increase in used investments in the capital of Ukraine was 63.7%. Among the regions of the country, the largest volumes of investments were directed to the following: Dnipropetrovsk (the share in total volumes in 2020 was 12.5%), Kyiv (5.5%), Lviv (3.9%), Odessa (4.0%), Kharkiv (4.1%) and Poltava (5.2%).

Table 1. Capital investments by regions in January-December 2020

Areas	Volume of capital investments				
	thousand UAH	In % to		per person, UAH	Indices of capital investment in housing construction, in% to the corresponding period of the previous year
		total volume	the corresponding period of the previous year		
Ukraine	419836662	100.0	61.8	10030.0	62.1
Vinnyska	9991743	2.4	55.6	6463.7	77.7
Volynska	10193768	2.4	70.6	9890.6	67.3
Dnepropetrovska	52355694	12.5	65.9	16421.4	78.2
Donetska	25103887	6.0	65.6	6069.7	70.3
Zhytomyrska	7687643	1.8	79.9	6327.4	56.4
Zakarpatska	4175791	1.0	42.0	3334.1	32.7
Zaporizhyska	11652565	2.8	68.0	6871.3	82.6
Ivano-Frankivska	5408796	1.3	54.7	3953.9	49.4
Kyivska	23046407	5.5	43.0	13030.0	49.9
Kirovogradska	5637925	1.3	63.3	6043.3	43.9
Luhanska	2685433	0.6	73.0	1255.3	46.4
Lvivska	16220679	3.9	49.2	6491.7	65.0
Mykolayivska	7821594	1.9	52.0	6954.0	79.3
Odeska	16977021	4.0	72.7	7170.2	78.2
Poltavaska	21789803	5.2	77.2	15722.8	56.4
Rivnenska	4934715	1.2	66.4	4275.9	46.6
Sumska	6252005	1.5	69.9	5828.6	92.9
Ternopil'ska	5981984	1.4	57.7	5757.2	67.8
Kharkivska	17231854	4.1	67.3	6499.2	60.9
Khersonska	3934081	0.9	32.7	3814.5	50.1
Khmelnyska	9210144	2.2	81.9	7329.8	62.0
Cherkaska	7084828	1.7	55.4	5925.7	68.8
Chernivetska	2433706	0.6	56.8	2704.3	48.6
Chernihivska	6075853	1.4	59.1	6137.4	66.2
City of Kyiv	135948743	32.4	63.7	46593.2	73.5

\*The data are given without taking into account the temporarily occupied territory of the Autonomous Republic of Crimea, the city of Sevastopol and the temporarily occupied territories in Donetsk and Luhansk regions.

Source: compiled by autor on materials [13].

It should be noted that in 13 regions of Ukraine the volume of used capital investments was less than 2% of their total volume in the country. This was typical for the following regions: Mykolaiv, of which the share of investments used in 2020 was 1.9%, Zhytomyr (1.8%), Cherkasy (1.7%), Sumy (1.5%), Ternopil and Chernihiv (1.4%), Ivano-Frankivsk and Kirovohrad (1.3%), Rivne (1.2%), Transcarpathian (1.0%), Kherson (0.9%), Luhansk and Chernivtsi

(was 0.6%).

With regard to the growth rate of capital investments in 2020 compared to the previous year, the highest level was observed in the following five regions: Khmelnytsky (81.9%), Zhytomyr (79.9%), Poltava (77.2%), Odesa (72.7%) and Volyn (70.6%). In terms of capital investments per capita in 2020, the leading positions were occupied by: Kyiv (UAH 46593.2), Kyiv (UAH 13030.0), Dnipropetrovsk

(UAH 16421.4) and Poltava regions (15722.8 UAH). All these regions are characterized by an excess of capital investment per capita. At the same time, Chernivtsi (UAH 2704.3) and Zakarpattia regions (UAH 3334.1) occupied the lowest position according to this indicator.

Therefore, the state must take measures to reduce the existing economic differentiation of regions.

Here are the main reasons that hinder the establishment of an effective process of investing in the economy of the regions of Ukraine:

- imperfection of the legal and regulatory framework, which leads to significant investment risks due to insufficient state guarantees to protect the interests of investors in the long run;
- high level of corruption at various levels of government, which hinders the arrival of domestic and foreign investors;
- the presence of political and military risks, the lack of a clear political and economic course of the state and its regions in the future;
- underdeveloped investment market in Ukraine and elements of its infrastructure;
- lack of effective organizational mechanisms for establishing cooperation between local authorities and potential investors and other.

Therefore, in our country it is necessary to develop and implement a program of actions aimed at improving the management of investment processes in the country as a whole and in its regions. At the national level, it is necessary to carry out real reforms aimed at creating a favorable investment climate and providing various types of support (legal, organizational, advisory, etc.) to investors. It is necessary to stop the unconstructive struggle between different political forces and currents, to separate politics from business, to help overcome contradictions in the actions of the legislative and executive branches of government..

Local authorities and local governments should strengthen their role in creating conditions to improve the investment attractiveness of the region by establishing cooperation with NGOs and enterprises by:

- assistance to enterprises in the development of investment projects;
- conducting trainings for local employees, in particular on the formation of the investment map

of the region;

- advertising and information support of the domestic market, active advertising of natural resources and economic potential of the territory;
- creation of councils on attracting foreign investments, which should develop passports of territories with indication of production chains;
- conducting a survey of company executives in order to identify their investment preferences;
- promoting the development of market infrastructure;
- introduction of a system for assessing the effectiveness of the use of public investment and establishing strict accountability of officials for this [14-17].

### Conclusions

The most important obstacle in the activities of foreign investors in Ukraine is the imperfection of relevant regulations. Attempts to improve regulations in line with Ukraine's goals, as well as the motivation of foreign partners, have led to frequent changes in Ukrainian legislation. Until recently, no legal act was proposed that was sufficiently developed and universal. Complicates the situation and practice of adjusting regulations when they move from higher to lower levels of government. This is due to the fact that laws and regulations are often declarative in nature. Therefore, lower-level governments treat them as they see fit.

The main factors hindering the creation of an economic environment conducive to attracting foreign investment are uncertainty about the priorities of market transformation and the slow pace of privatization. At the same time, foreign direct investment will have only positive consequences for us. Thanks to foreign investment, it is possible to modernize the production base, create new jobs, develop important sectors of the economy, and so on. At the same time, we save money from the state budget, which can be directed to any other equally important areas of the economy, such as social security.

Therefore, Ukraine's investment policy needs to be revised, and a clear strategy to attract foreign investors to invest money in the economy is an important organic part of any country's investment policy.

### Abstract

At the present stage of Ukraine's development, an important role is assigned to regional investment processes. All of them are a necessary condition for stable economic growth of the country, so to speak, in the long run, increase employment and improve the social standard of living. The article analyzes the dynamics of capital investments in Ukraine for the period 2018-2020. Trends in the use of capital investments in terms of individual industries are identified. The peculiarities of the structure of capital investments by types of assets are analyzed. The research of the regional aspect of the mastered capital investments is carried out, the level of investment activity of separate regions is estimated. The main reasons that hinder the establishment of an effective process of investing in the economy of the regions of our country are revealed. The main measures aimed at improving the management of investment processes in Ukraine in general and its regions are outlined.

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