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PRIORITY DIRECTIONS OF ACTIVATION OF INVESTMENT ACTIVITY OF THE REGIONS OF UKRAINE

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ПРІОРИТЕТНІ НАПРЯМИ АКТИВІЗАЦІЇ ІНВЕСТИЦІЙНОЇ ДІЯЛЬНОСТІ РЕГІОНІВ УКРАЇНИ

The article highlights the key aspects of the modern development of investment activity in the regions of Ukraine and identifies the actual challenges of intensifying investment activity. On the basis of statistics the peculiarities of investment activity in Ukraine are investigated; characteristics of regional development potential, distribution of capital investments by regions are given, analysis of sources of financing of investment activity is provided. In the process of analyzing motives of investment activities investors were found market motives. Important motives were the cost of labor, the level of overcoming barriers to import. The study identified a number of objective factors that impede investment activity are particularly acute: the imperfection of instruments to unlock the internal potential of the regions, — insufficient institutional support for investment policy in the regions and on the ground (investment policy development is traditionally the prerogative of the central authorities), tools to unlock the internal potential of regions through regional strategies. The severity of the problem of activation of investment activity is complemented by equally important subjective factors (corruption, low level of infrastructure development, poor protection of property rights, lack of sufficient financial sources for investments, excessive involvement of local authorities in the activity of enterprises).

As a result, it is necessary to increase the level of competitiveness of regions by optimizing and diversifying the structure of the economy, ensuring the effective specialization of regions with priority use of their own resource potential.

It is necessary to achieve balanced development of territories, development of interregional cooperation, prevent deepening of socio-economic inequality by forming "growth points", activate local economic initiative and strengthen rural potential, ensure socio-economic unity and unification of regional human development.

It is necessary to apply new approaches to the formation and implementation of regional development policy, the creation of a unified system of strategic planning and forecasting of the development of the state and regions, optimization of the system of territorial organization of power.

У статті висвітлено ключові аспекти сучасного розвитку інвестиційної діяльності в регіонах України та визначено актуальні виклики активізації інвестиційної діяльності. На основі статистичних даних досліджено особливості інвестиційної активності в Україні; надано характеристику потенціалу регіонального розвитку, розподілу капітальних інвестицій за регіонами, надано аналіз джерел фінансування інвестиційної діяльності. У процесі аналізу мотивів інвестиційної діяльності основними мотивами назвали ринкові. Вагомими мотивами були вартість робочої сили, рівень подолання бар'єрів при імпорті.

У ході дослідження встановлено низку об'єктивних чинників, що перешкоджають інвестиційній діяльності особливо гостро постають такі: недосконалість інструментів розкриття внутрішнього потенціалу регіонів, недостатня інституційна підтримка інвестиційної політики в регіонах та на місцях (розвиток інвестиційної політики традиційно залишається прерогативою органів центрального рівня), недосконалість інструментів розкриття внутрішнього потенціалу регіонів за допомогою регіональних стратегій. Гострота проблеми з активі-

зації інвестиційної діяльності доповнюється і не менш важливими суб'єктивними факторами (корупція, низький рівень розвитку інфраструктури, слабкий захист прав власності, відсутність достатньої кількості фінансових джерел для інвестицій, надмірне втручання місцевих органів влади в діяльність підприємств).

У підсумку зазначено, що для активізації інвестиційної діяльності в регіонах необхідно передусім підвищити рівень конкурентоспроможності регіонів за рахунок оптимізації та диверсифікації структури економіки, забезпечення ефективної спеціалізації регіонів з пріоритетним використанням власного ресурсного потенціалу. Також дуже важливо досягти збалансованого розвитку територій, запобігти поглибленню соціально-економічної нерівності шляхом формування "точок зростання", активізації місцевої економічної ініціативи та посилення сільського потенціалу, забезпечити соціально-економічну єдність та рівномірність регіонального людського розвитку.

Key words: investment potential, investment, activation of investment activity, development of the region, investment activity, development of territories.

Ключові слова: інвестиційний потенціал, інвестиції, активізація інвестиційної діяльності, розвиток регіону, інвестиційна діяльність, розвиток територій.

FORMULATION OF THE PROBLEM

One of the main functions of the state in a market economy is to promote the economic development of the country. Forming development institutions that stimulate the introduction of the latest technologies and the implementation of innovative activities, the state creates the conditions for investment activity and economic development. The growing roles of the regions in the socio-economic development of the country, the decentralization of economic management determine the increasing responsibility of state authorities for creating a favorable investment climate in the regions.

ANALYSIS OF RESEARCH AND PROBLEM STATEMENT

For theoretical basis of the article the author chose the results of topical studies of investment attractiveness of regions, as well as analytical materials of leading institutes, which explored the main directions of increasing investment activity and provided a comprehensive analysis of key factors that determine the investment attractiveness of regions.

The purpose of the article is to analyze the characteristics of the investment activity of the regions and to systematize the key obstacles to the investment activity.

RESEARCH RESULTS

The concept of investment climate is complex and complex and is considered at both macro and micro-

economic levels. The macroeconomic level, which includes indicators of the political, economic and social environment for investment, is crucial for analyzing the investment attractiveness of regions. The microeconomic level manifests itself through the bilateral relations of the investor company and specific state bodies, suppliers, buyers, banks, as well as trade unions and labor collectives of the host region. Macro- and micro-levels of the investment climate are mainly perceived by investors as a whole, as, for example, any efforts by government bodies to create an attractive investment climate may be blocked by specific actors in the region. The investment climate of the region is the set of political, social and economic factors that the investor takes into account when making investment decisions. Most important among these factors are the economic parameters of the region that attracts investment. The list of specific indicators characterizing the investment climate depends on the form of investment, the investor himself, the term and conditions of investment. For international credit and financial institutions, a prerequisite for investing is basically a government guarantee. Private investors in their decisions are guided above all by the parameters of development of the credit-financial system of the recipient region (debt indicator, availability of bank lending, fulfillment of previous debt obligations, etc.). For persons making portfolio investments, the prerequisites are the availability of an appropriate investment environment (a developed stock market with elements of the servicing infrastructure) and

the possibility of income repatriation. In addition to financial indicators, investors who make direct investments are also interested in the characteristics of the recipient's domestic market (market capacity, purchasing power, market access, market infrastructure), resource base, tax level, availability of benefits for investors, and trade policy. The study [1 p. 30] shows the results of a survey of foreign investors regarding the motives for making investment decisions.

According to this questionnaire, the main motives were called marketing options. Significant motives were the cost of labor, the level of overcoming barriers to imports. There are various approaches to assessing the investment climate of the national economy, which vary depending on the objec-

Table 1. The list of motives for making an investment decision

Motive	Motive characteristic				The motive does not concern investor activity
	A very important motive	An important motive	Not an important motive	An insignificant motive	
Low labor costs	5	6	6	3	-
Longer work week	1	2	3	13	1
Not very stringent environmental requirements	3	10	2	5	-
Better opportunities for procurement and financial support	2	3	1	9	5
Entry into new markets	12	7	1	-	-
Prospects for conquering potential markets	13	7	-	-	-
Preservation and development of existing markets	5	4	2	9	-
Overcoming barriers to import	5	5	6	4	-
Increasing the competitiveness of products organizing production in the country of sale	2	6	8	4	-

tives of the study, in terms of the number of indicators analyzed, their qualitative characteristics, and the choice of indicators.

Domestic scientists suggest assessing the investment climate in Ukraine on the basis of highlighting the resulting entrepreneurial risk, the components of which are: socio-political risk, domestic economic risk, foreign economic risk.

Based on our study, it is advisable to assess the investment climate of the regions according to a point system, the advantage of which is the possibility of quantitative comparison of the main characteristics of the investment climate and the allocation of the indicator, the result taking into account the values of all components and is a criterion for the attractiveness of the region.

The most complete system for assessing the investment climate in the region was developed by Yu.V. Orlovskaya.

Let us analyze the current state of economic activity of the regions of Ukraine.

In January-December 2019, economic development in most regions was characterized by a positive trend in the areas of industrial, agricultural and construction production, as well as a slowdown in inflationary processes in the consumer market.

According to the results of 2019, the volume of industrial production in Ukraine remained at the level of the corresponding period of the previous year (in 2018 an increase of 2.4% was observed).

According to the results of 2019, the index of capital investments in Ukraine was 115.5% (the fall was 0.9%), the fall in the volume of capital investments was observed in only 9 regions.

The main directions of investment direction are characterized by concentration of capital investments in the branches of manufacturing (20.1%) and construction (17.7%), and direct investments (equity) from other countries — in the branches of manufacturing (27.1%), financial and insurance activities (25.3%), wholesale and retail trade, repair of motor vehicles and motorcycles (12.8% in total). Instead, there is a lack of capital investment in mining and quarrying (11.3%) and agriculture, forestry and fisheries (7.3%) and direct investment in construction (2.8%), rural, forestry and fisheries (1.3%), mining and quarrying (3.1%) [4].

As can be seen from Table 4, the main source of financing for capital investments remains the own funds of enterprises and organizations, through which 73.3 percent of capital investments have been utilized in 2019.

The share of bank loans and other loans in the total investment amounted to 7.7 percent.

State and local budgets utilized 9.0 percent of capital investments. The share of foreign investors' money accounted for 0.8 percent of all capital investment, and the share of household funds for housing construction — 6.6 percent. Other funding sources account for 2.6 percent.

Volume of development of capital investments of Ukrainian enterprises in

In 2019, they amount to UAH 584.4 billion, which is 2.3% more than the volume of capital investments for the corresponding period of 2018.

The leading areas of economic activity in terms of capital investment development in 2019 remain: industry — 40.3%, construction — 10.8%, agriculture, forestry and fisheries — 10.1%, information and telecommunications — 3.7%, wholesale and retail trade; repair of motor vehicles and motorcycles — 7.9%, transport, warehousing, postal and courier activities — 8.4%, public administration and defense;

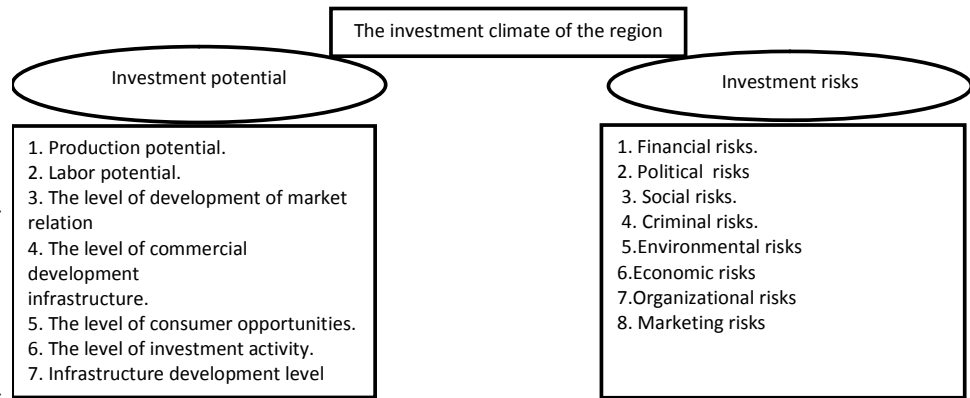


Fig. 1. The composition of indicators for assessing investment attractiveness according to the method of Orlovskaya Yu.V. [2, p. 143]

Table 2. General economic development of the regions of Ukraine

Region	Indices of industrial production, by region for 2019	Agricultural product indices by region in 2019
Ukraine	99,5	101,1
Vinnitsya	114,7	102,1
Volyn	94,9	100,2
Dnipropetrovsk	101,0	107,2
Donetsk	100,6	117,3
Zhytomyr	94,3	100,3
Zakarpattya	86,1	99,1
Zaporizhyya	95,5	123,2
Ivano-Frankivsk	95,6	98,2
Kyiv	99,7	94,2
Kirovohrad	103,6	106,7
Luhansk	96,0	110,7
Lviv	97,0	100,7
Mikolayiv	98,3	104,1
Odesa	107,4	89,4
Poltava	98,8	96,6
Rivne	106,9	100,1
Sumy	98,3	100,2
Ternopil	98,3	98,1
Kharkiv	96,7	101,6
Kherson	104,4	102,8
Khmelnyskiy	85,5	99,6
Cherkasy	101,3	97,5
Chernivtsi	100,3	98,1
Chernihiv	89,9	97,5
City of Kyiv	98,0	-

Source: Ukrstat Annual Report [3].

compulsory social security — 5.4%, real estate transactions — 4.9% [5].

Effective realization of the prospects of increasing the investment capacity of the regions of Ukraine is hampered by a number of factors:

— insufficient institutional support for investment policy in the regions and on the ground (investment policy development has traditionally remained the prerogative of central level authorities);

— imperfection of instruments for discovering the internal potential of regions through regional strategies (current regional development strategies provide an analysis of individual industries and spheres of activity that form the economic basis for a given region, but lack a systematic and comprehensive analysis of the internal potential of the region and determine how to use it);

— falling investment volumes as a result of worsening socio-economic situation in the country and falling investment attractiveness of the regions of Eastern Ukraine due to hostilities in their territories.

Table 3. Distribution of capital investments

Region	Capital investment indices, by region, for 2018	Capital investment indices, by region, for 2019
Ukraine	116,4	115,5
Vinnitsya	137,8	98,4
Volyn	112,1	174,2
Dnipropetrovsk	129,4	123,6
Donetsk	154,6	124,7
Zhytomyr	102,4	106,7
Zakarpattia	117,3	126,4
Zaporizhyya	88,0	105,4
Ivano-Frankivsk	84,7	102,0
Kyiv	109,8	133,4
Kirovohrad	91,0	122,8
Luhansk	91,6	112,4
Lviv	101,9	115,5
Mikolayiv	87,4	140,1
Odesa	95,9	98,3
Poltava	105,5	139,7
Rivne	108,7	94,6
Sumy	108,5	106,7
Ternopil	103,7	123,6
Kharkiv	109,3	105,7
Kherson	89,3	166,1
Khmelnitskiy	96,5	94,2
Cherkasy	132,4	104,0
Chernivtsi	106,7	114,2
Chernihiv	117,7	102,0
City of Kyiv	130,6	109,0

Source: Ukrstat Annual Report [3].

CONCLUSIONS AND SUGGESTIONS

The development of the regional economy and the reduction of territorial economic differentiation contributes to sustainable economic progress in the country. The main factor in the development of regional investment activity is the attractive investment climate in the region.

To activate investment activity in the regions, you need:

- increasing the level of competitiveness of regions by optimizing and diversifying the structure of the economy, ensuring effective specialization of regions with priority use of their own resource potential.

- achievement of a balanced development of territories, development of inter-regional cooperation, prevention of deepening of socio-economic disparities through formation of "growth points", activation of local economic initiative and strengthening of rural potential, ensuring of socio-economic unity and uniformity of regional development human development.

- application of common approaches to the formation and implementation of regional development policy, creation of a unified system of strategic planning and forecasting of the development of the state and regions, optimization of the system of territorial organization of power.

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Table 4. Capital Investments by Financing Sources

	Capital investment utilized (used) in 2018		Capital investment utilized (used) in 2019	
	Mln.uan	as a percentage of the total	Mln.uan	as a percentage of the total
Total	526341,8	100,0	584448,6	100,0
including at the expense of the budget	21036,7	4,0	29536,7	5,0
including at the expense of local budgets	45743,1	8,7	56047,5	9,6
including at the expense of the own funds of enterprises and organizations	375309,1	71,3	397771,5	68,1
including at the expense of the bank loans and other loans	35299,8	6,7	40983,1	7,0
including at the expense of the funds of foreign investors	1540,2	0,3	3541,4	0,6
including at the expense of the funds of domestic investment companies, funds, etc.	4357,8	0,8	4817,7	0,8
including at the expense of the of housing funds	33838,9	6,4	32666,4	5,6
other sources of funding	9216,2	1,8	19084,3	3,3

Source: Ukrstat Annual Report [3].

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