

DOI 10.31558/2307-2318.2021.3.11

UDC 330.322:338.2(477)

JEL: R11

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ROLE OF INVESTMENTS IN FORMATION OF ECONOMIC GROWTH IN THE REGIONS OF UKRAINE

Investments play a huge role in the economy of any country. A necessary factor for attracting investment to the regions is the presence of a favorable investment climate in the country. The problems of increasing the investment attractiveness of regions and enhancing the investment activity of enterprises remain the most urgent. The role of investments in the overall financial system of Ukraine can hardly be overestimated. They play an important role not only in the development of economic activities of enterprises, but also have an impact on overcoming regional socio-economic problems, infrastructure development, and improvement of regional competitiveness indicators. In conditions of tough competition, it is investment resources that contribute to new construction, technical re-equipment, the development of innovative technologies, the expansion and reconstruction of production. The article analyzes the attraction of foreign investment at the regional level, identifies the most investment-attracted industries. The directions of investments in the analyzed regions are investigated. The foreign experience of several countries is analyzed. The negative reasons for the outflow of investments from the country have been identified. A number of recommendations are proposed to improve the investment attractiveness of regions.

Keywords: *investments, investment attractiveness, capital investments, industrial parks.*
Fig. – 2, Tab. – 2, Ref. – 15.

Problem definition. In the formation of an effective economic system, investments are an important source at the present stage. The development of the economy requires significant injections of investment resources. A necessary factor for attracting investment to the regions is the presence of a favorable investment climate in the country.

The problems of increasing the investment attractiveness of regions and enhancing the investment activity of enterprises remain the most urgent. The role of investments in the overall financial system of Ukraine can hardly be overestimated. They play an important role not only in the development of economic activities of enterprises, but also have an impact on overcoming regional problems of a socio-economic nature, development of infrastructure, and improvement of regional competitiveness indicators.

In conditions of tough competition, it is investment resources that contribute to new construction, technical re-equipment, the development of innovative technologies, the expansion and reconstruction of production.

Review of recent research and publications. Currently, there are many scientific studies, opinions, theoretical aspects regarding regional investment attractiveness, which are

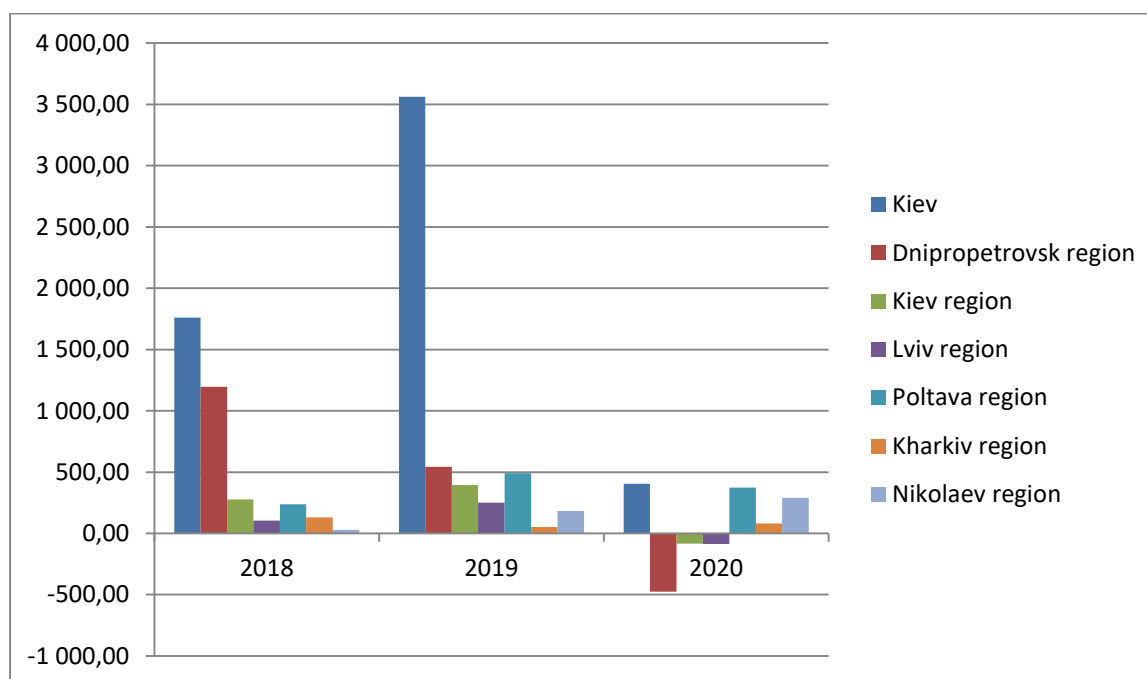
reflected in the works of such scientific researchers as: L. S. Bordanova, N. A. Birchenko, I. V. Milko, N. V. Roshchina, N. I. Ryzhikova, N. E. Skorobogatova, V. P. Potapova, G. M. Puriy, Y. G. Prav, V.V. Yakimenko and others [1-6]. Despite a significant amount of research on this topic, many works are devoted precisely to reflecting the problematic aspects of attracting foreign direct investment in the national economy of the country. Attraction of investments at the level of a separate region, industrial enterprise is not fully reflected.

Definition of objectives. The purpose of the article is to study the possibilities of attracting investment at the regional level.

Outline of main researching. According to the data of the National Bank of Ukraine, USD 4.46 billion was attracted in 2018; in 2019 – 5.86 billion dollars; in 2020 a negative value of 868.2 million dollars. Over the past two years, there has been an outflow of foreign direct investment from Ukraine, despite the planned increase in investment in the country at the level of 3.1 billion dollars [7].

A strong economy, structural innovation policy and decentralization of foreign direct investment are needed to attract foreign capital. Of course, the pandemic crisis had a significant negative impact on attracting investment.

To attract investment to the regions, an investor must have an assessment of the degree of investment attractiveness and the level of existing risks. For a long period of time, in the rating of investment attractiveness of regions, the first place belongs to the city of Kiev, fig. 1. Foreign investment was directed to such spheres of economic activity as: wholesale and retail trade, financial and insurance activities, technical maintenance of transport, information services, telecommunications and real estate services, professional and scientific and technical activities.



Source: built by author.

Figure 1. Distribution of foreign direct investment by regions of Ukraine for 2018-2020 (USD million)

For the period 2018–2019 the second place in the rating of regional investment attractiveness belonged to the Dnipropetrovsk region, however, in 2020 there is an outflow of

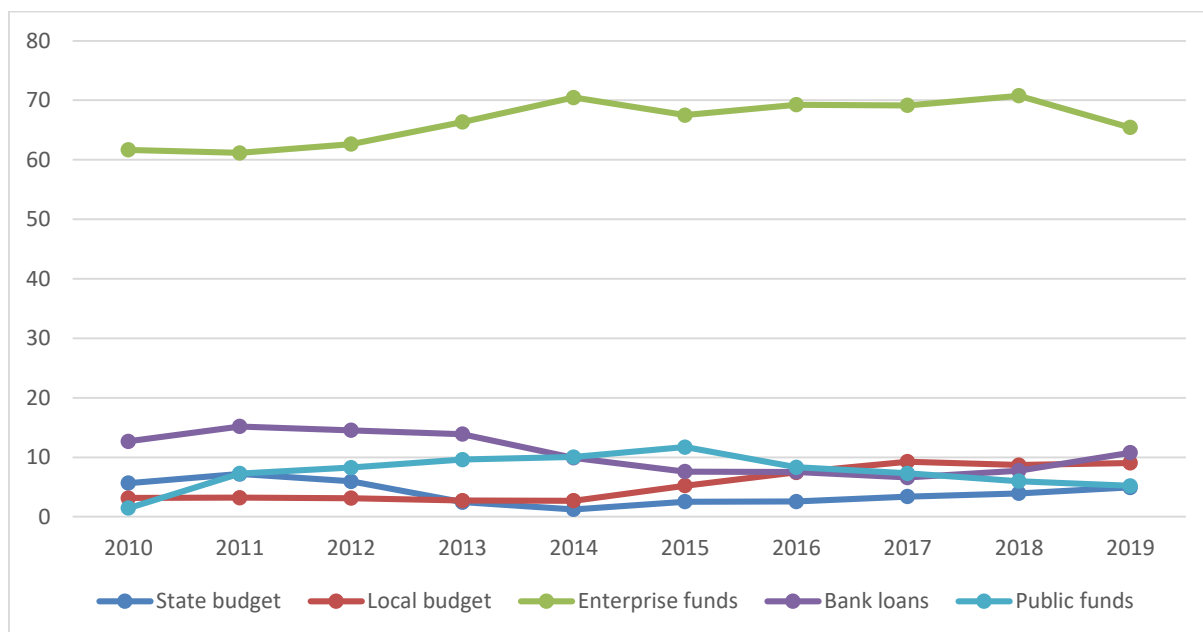
investments in the amount of 475.1 million US dollars. Investors were interested in the industrial sector, which includes the metallurgical industry, mechanical engineering and mining, construction and services. The main investors are Cyprus, Netherlands, Turkey, Austria, Germany and France.

The growth of investment attractiveness is observed in the Kiev and Lviv regions. Investors from Cyprus, Poland, Netherlands, Germany, USA, Denmark directed investments in the industry of this region, as well as financial, insurance, transport, courier activities and warehousing.

Investors are constantly interested in the Poltava region, from 236.8 million US dollars in 2018, the amount of investments in this region has more than doubled, but in 2020 there is a certain decline, however, a foreign investor is still interested in investing in the region. Investments in the Poltava region come from 42 countries of the world. The main investing countries are Switzerland (73.3%), the Netherlands (13.8%), Cyprus (9.3%). Most of them are accumulated in the extractive industry and quarrying - 77.5%, processing industry enterprises - 13.6%. Now there are 221 enterprises with foreign investments in the region. [8].

Another region of Ukraine draws attention, namely the Nikolaev region, over the past 3 years, investments have increased 10 times from 28.7 in 2018 to 289.6 in 2020. Investors are mainly interested in: the development of the sea-economic complex, machine-building complex, processing industry and food production. The main investments come from Cyprus, Singapore, the Netherlands, the USA and Belgium.

In the context of market transformations in the Ukrainian economy over the past decade, the main sources of capital investment formation are the own funds of enterprises, fig. 2.



Source: built by author on [9]

Figure 2. The part of sources of formation in the total structure of capital investments for the period 2010-2019, %.

Funds from the state and local budgets occupy an insignificant part in the overall structure of capital investments and are in the range of 3-5% and 7-9%, respectively. Investments of the population in 2014 and 2015 were at the level of 11-12%, but in 2019 they decreased to 5.2%. Over the past 2 years, banks have shown interest; their share in the total structure of capital

investments ranged from 8 to 12%. The share of foreign investment is not shown in the diagram, because in the general structure of capital investments is from 2 to 1%.

The main reasons why investors do not invest in Ukrainian enterprises are: oligarchization of the economy; high rates of corruption, mistrust of the judicial and financial systems; monopolization of markets; difficulty in understanding tax legislation and its constant change; military operations in the southeast of the country, population migration from the country. Table 1 presents a comparative analysis of investment indicators in relation to GDP for countries geographically neighboring Ukraine.

Table 1. Investment indicators for the period 2010–2020, % of GDP.

Country	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Ukraine	20.9	22.4	21.7	18.5	13.4	15.9	21.7	20.7	18.6	12.6	6.59
Poland	21.5	22.7	21.3	19.3	20.7	20.6	19.7	19.9	20.8	19.7	17.3
Turkey	26.8	31.0	28.1	29.6	29.0	28.2	28.0	30.7	29.3	24.8	31.5
Russia	20.7	24.3	24.6	23.3	22.4	22.1	23.1	23.7	22.0	22.8	23.4
Slovakia	23.8	25.2	20.6	20.9	21.7	24.3	23.0	22.9	23.2	23.6	16.9

Source: built by author on [10].

Table 1 shows that Ukraine at the end of the analyzed period has the lowest rates in comparison with neighboring countries. This indicates that the chosen strategy for the country's development until 2024 was imperfect. In March 2021, the National Economic Strategy for the period up to 2030 was approved. This strategy provides for economic growth by 40% and attracting foreign investment, efficient use of the land market, continuing the concession, activating non-state pension insurance, reducing the unemployment rate to 5%. Table 2 presents an analysis of this indicator in comparison with some neighboring countries with Ukraine.

Table 2. Indicators of the unemployment rate, % of the total labor force.

Country	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Ukraine	8.1	7.9	7.59	7.2	9.3	9.1	9.4	9.6	9.0	8.5	9.0
Poland	9.6	9.6	10.1	10.3	9.0	7.5	6.2	4.9	3.89	3.3	3.2
Turkey	11.1	9.1	8.4	9.0	9.9	10.2	10.9	10.9	11.0	13.7	13.1
Russia	7.4	6.54	5.5	5.55	5.15	5.6	5.56	5.26	4.86	4.6	5.8
Slovakia	14.5	13.7	14.0	14.3	13.2	11.5	9.7	8.16	6.56	5.8	6.7

Source: built by author on [10].

As can be seen from the data in Table 2, currently the country has a fairly high unemployment rate of 9% (but it should be borne in mind that these are official data, in fact, the unemployment rate is much higher).

Ukraine should learn from the experience of neighboring countries, such as Slovakia (the indicator has decreased by more than 2 times) and Poland (the unemployment rate has decreased by more than 3 times).

Ukraine can still attract investors to the industrial sector, construction, IT companies, high-tech production due to the creation of industrial parks at the regional level. Investing in industrial parks provides for the provision of a number of tax benefits to this investor, namely: tax - on profits for five years, and in the future, subject to the export of products (goods, works, services), payment of only 50% of this tax; on VAT - will allow to apply a rate of 3% for equipping an industrial park with imported equipment within 10 years. The same preferential

VAT rate is also applicable when imported raw materials are used for the manufacture of finished products if products are exported with a volume of at least 50% of the manufactured one. It should be noted that when importing equipment for the operation of an industrial park, no import duty is levied, and if a loan is used to equip the park, a partial reimbursement of interest on the loan is provided.

As of 01.06.2021, 49 industrial parks operate in Ukraine, two more are being registered. Of course, in comparison with South Korea (1200 parks, the USA - 400, China - about 1600 [11]) this is a drop in the ocean, but changes at the legislative level will allow us to take a closer look at Ukraine. Industrial parks are located in 20 regions of the country, their largest concentration in the Kiev region (11), Lvov (8), three parks are registered in each region of Vinnitsa, Donetsk, Dnepropetrovsk, Sumy [12].

Many factors contribute to the development of industrial parks in Ukraine, and this geographical location expands the possibilities of transport logistics; high qualifications of both management personnel and production links; transport connection; long-term lease of a land plot for 30-50 years; natural resources; climatic conditions.

However, the most important factor in attracting investment is precisely the trust of investors. The data of the annual rating of investment attractiveness Doing Business-2020 positively testifies to the improvement of the investment climate in Ukraine. In the structure of 190 countries of the world, Ukraine improved its indicators by seven positions and took 64th place. Among the post-Soviet countries, the best place, 7th, belongs to Georgia, Estonia in 18th place, Poland in 40th place, Slovakia in 45th place [13]. It should also be noted that in 2019 S&P Global Ratings raised the long-term sovereign credit ratings of Ukraine in foreign and national currencies from «B-» to «B», and the ratings on the national scale in Ukraine - from «uaBBB» to «uaA», thereby confirming the short-term ratings at the «B» level [14].

Despite the improvement in the investment attractiveness of Ukraine, in 2020 foreign investments in Ukraine amounted to less than 52% of investments in 2019. This indicates a low corporate social responsibility and inefficient corporate governance, as a conclusion there is capital outflow from the country. As of the beginning of 2020, USD 6.272 billion was invested from Ukraine in other countries [9].

Therefore, Ukraine needs to use the foreign experience of such countries as: Turkey, Czech Republic, Poland, Slovakia, China, United Arab Emirates. Attention is drawn to the development of eco-industrial parks in China, which make it possible to use ecological production. The created investment parks can have a positive impact on improving the trade balance, increasing efficiency in foreign markets, are able to attract a significant number of investors, improve infrastructure at the regional level, fill local budgets, create jobs, help reduce unemployment in the country and the outflow of labor to other countries.

Changes in the legal framework should make positive adjustments for the investment attractiveness of the country. But it remains an essential and negative fact that the documentation processes of creation of an industrial park can sometimes last for years, which naturally only repels the investor. One of the directions in solving this problem can be applied to the Chinese experience. To speed up the workflow for the creation and commissioning of an industrial park in China, they use a single management company-developer. Its responsibilities include:

- drawing up a plan for the development of an industrial park, as well as a plan for the location of companies;
- coordination of building projects and construction management;
- mediation between the residents of the park and the regional administration;

- provision of enterprises, located in the park, courier, secretarial, accounting, logistics services;
- creation and maintenance of engineering, transport and social infrastructure;
- assisting residents in connecting to communications, as well as in solving other infrastructure issues;
- ensuring the protection of the territory of the industrial park, fire safety [15].

The development of industrial parks in China creates more than one million jobs annually.

Conclusions. The study of the investment attractiveness of Ukraine reflected the decline in this index. The outflow of foreign investments over the past 2 years is negative. Changes in regulatory and legislative acts should positively influence the investor's decision in the development of industrial parks in the regions of the country, and reforming the economic system is a necessity for an effective domestic investment policy. The availability of tax incentives, favorable conditions for doing business will attract investors and entrepreneurs to the regions. Attraction of investments at the regional level will make it possible to develop transport, engineering infrastructure, produce ecological and high-tech production, increase the number of jobs, and contribute to the growth of tax revenues to the budget. Thus, the development and creation of investment parks will significantly optimize the economic situation in the country.

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РОЛЬ ІНВЕСТИЦІЙ У ФОРМУВАННІ ЕКОНОМІЧНОГО ЗРОСТАННЯ РЕГІОНІВ УКРАЇНИ

Інвестиції відіграють велике значення в економіці будь-якої країни. Необхідним чинником для залучення інвестицій в регіони є наявність сприятливого інвестиційного клімату в країні. Найбільш актуальними залишаються проблеми підвищення інвестиційної привабливості регіонів та активізації інвестиційної діяльності підприємств. Роль інвестицій в загальній фінансовій системі України важко переоцінити. Вони грають важливу роль не тільки в розвитку господарської діяльності підприємств, але і впливають на подолання регіональних проблем соціально-економічного характеру, розвитку інфраструктури, поліпшенню показників регіональної конкурентоспроможності. В умовах жорсткої конкуренції саме інвестиційні ресурси сприяють новому будівництву, технічному переозброєнню, розвитку інноваційних технологій розширенню і реконструкції виробництва. У статті проведено аналіз залучення іноземних інвестицій на регіональному рівні, виявлені найбільш інвестиційно залучаються галузі. Досліджено напрямки інвестицій в аналізовані регіони. Проаналізовано зарубіжний досвід різних країн. Виявлено негативні причини відтоку інвестицій з країни. Запропоновано ряд рекомендацій для поліпшення інвестиційної привабливості регіонів.

Ключові слова. Інвестиції, інвестиційна привабливість, капітальні інвестиції, індустриальні парки.

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РОЛЬ ИНВЕСТИЦИЙ В ФОРМИРОВАНИИ ЭКОНОМИЧЕСКОГО РОСТА РЕГИОНОВ УКРАИНЫ

Инвестиции играют огромное значение для экономики любой страны. Необходимым фактором для привлечения инвестиций в регионы является наличие благоприятного инвестиционного климата в стране. Наиболее актуальными остаются проблемы повышения инвестиционной привлекательности регионов и активизации инвестиционной деятельности предприятий. Роль инвестиций в общей финансовой системе Украины сложно переоценить. Они играют важную роль не только в развитии хозяйственной деятельности предприятий, но и оказывают влияние на преодоление региональных проблем социально-экономического характера, развитию инфраструктуры, улучшению показателей региональной конкурентоспособности. В условиях жесткой конкуренции именно инвестиционные ресурсы способствуют новому строительству, техническому перевооружению, развитию инновационных технологий расширению и реконструкции производства. В статье проведен анализ привлечения

иностранных инвестиций на региональном уровне, выявлены наиболее инвестиционно-привлекательные отрасли. Исследованы направления инвестиций в анализируемые регионы. Проанализирован зарубежный опыт ряда стран. Выявлены негативные причины оттока инвестиций из страны. Предложен ряд рекомендаций для улучшения инвестиционной привлекательности регионов.

Ключевые слова: *инвестиции, инвестиционная привлекательность, капитальные инвестиции, индустриальные парки.*