

## STATE AND PROSPECTS OF INVESTMENT IN POLTAVA REGION

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**Introduction.** At the present stage of economic development Ukraine has a rather complicated situation. Among many problems that were contributed to the economic crisis and slowed down Ukrainian path towards economic growth was low investment activity as well. The process of attracting investment lies in the deepest foundations of economic activity and defines the process of economic development in general. Today's investment is particularly needed in those areas of the economy, the activation of which will help bring them out of crisis, remove social tensions in society. First of all it is the production of food, goods and services. It is not only to satisfy the population with necessary goods and services, but also to their substitutes, releasing foreign exchange resources that are used to import consumer goods or raw materials for their production.

**Analysis of last researches and publications.** Analysis of scientific sources and recent publications shows that Ukrainian and foreign scholars pay a lot of attention to the subject of the state, problems and perspective of investment activity development. Among them are O.I. Amosh, H. Birman, I.O. Blank, V.M. Hrynirov, B.V. Hubsnyi, A.H. Zahorodnyi, V.V. Kovaliov, M.D. Kondratyev, M.H. Lapusta, Yu.V. Makohon, P.H. Pererva, V.D. Shapiro, U. Sharp, V.V. Sheremet, O.M. Yastremska and others. In this case, some questions on the development of strategic policy regarding priority areas of development and attraction of foreign investment into industrial enterprises to revitalize and produce more efficiently do not have proper coverage and require further, more detailed development and improvement.

**The purpose** of the study is the assessment of investment activity state and investment income in industries of national economy, the detection of adverse factors, issues, and evaluating the prospects of investing in Poltava region.

**Summary of basic material investigations.** At present stage of economical development various sources of funding can be used by enterprises in carrying out investment activities. They are: own financial resources and internal reserves; borrowed financial means; involved financial means obtained from the sale of shares, equity, and other contributions of labour groups, citizens and legal entities; money that is centralized by enterprise association; extra-budgetary funds and funds of the state budget; the funds of foreign investors, etc. Own sources of financing are given a special role for businesses in Ukraine due to limited external sources of investment in the form of debt and borrowed funds. At their expenses at the domestic enterprises certain amount of investment is financed, but the ratio between equity and debt is different than abroad.

Investment is a crucial source of funding for production and business enterprises, that is why the given research is actual. Investment activity in the region is formed by different sources of funding and directed the construction of social facilities, reconstruction, modernization and recovery capacities of existing enterprises. Every year interest of foreign investors to Poltava region increases, due to the advantageous geopolitical location. Increased investor interest to Poltava region in 2015 compared to 2010 is evident in the table 1.

Thus, the industrial enterprises made \$839,4 mln (83,1% of total direct investment), including the mining industry and development of quarries – 796,6 mln. In the wholesale and retail trade; repair of motor vehicles and motorcycles concentrated \$68,3 mln (6,7% of the total), organizations that operate in administrative and support services – \$42,9 mln. (4,2%), companies engaged in real estate transactions – 27,1 mln. USD. (2,7%). Picture 1 shows the sectoral structure of Poltava region investment in 2015.

Table 1

## Capital investment in regions, 2010-2015

|                 | 2010     | 2011    | 2012    | 2013     | 2014     | 2015     |
|-----------------|----------|---------|---------|----------|----------|----------|
| Ukraine         | 180575,5 | 241286  | 273256  | 249873,4 | 219419,9 | 273116,4 |
| Vinnitsia       | 3544,7   | 5081    | 5824,1  | 6109,5   | 5674,6   | 7373     |
| Volyn           | 1767     | 2577,1  | 3254,4  | 3327,1   | 3389,7   | 6166,8   |
| Dnipropetrovsk  | 16016,9  | 22116   | 22509,3 | 21290,1  | 20356,5  | 25919,9  |
| Donetsk         | 14993,9  | 26802   | 31721,9 | 27912,4  | 13155,3  | 8304,3   |
| Zhytomyr        | 2011,5   | 2519,8  | 2892,6  | 3005,4   | 2904,9   | 4044,4   |
| Zakarpattia     | 2205,4   | 3051,9  | 2736,1  | 2645,8   | 2638,7   | 3778,4   |
| Zaporizhia      | 7963,8   | 6676,5  | 7204,4  | 6838,8   | 7034,5   | 7794,3   |
| Ivano-Frankivsk | 4378,7   | 4256,2  | 5166,9  | 4797,2   | 6837,5   | 9609,3   |
| Kyiv            | 11331,4  | 17672,9 | 20366,8 | 20696,6  | 19653,5  | 24359,1  |
| Kirovohrad      | 2123,1   | 3993,2  | 4576,2  | 3224     | 3122,4   | 4057,1   |
| Luhansk         | 5646     | 6979,7  | 8222,6  | 11369,3  | 5222,6   | 2060,1   |
| Lviv            | 8830,2   | 12114   | 11173,3 | 9816,7   | 9555     | 13386,5  |
| Mykolaiv        | 4422,2   | 4297,8  | 4696    | 5008,7   | 3771,4   | 5989,9   |
| Odessa          | 9723,8   | 9347,3  | 14631,2 | 11872,2  | 9361,3   | 9983,5   |
| Poltava         | 6289,4   | 7859,4  | 10217,4 | 9536,3   | 8827,8   | 8337,9   |
| Rivne           | 1937,1   | 2565,8  | 2770,9  | 2837,3   | 2804,6   | 4334,2   |
| Sumy            | 2187,6   | 3022,1  | 2871,2  | 2721,3   | 2798,1   | 3663     |
| Ternopil        | 2138,4   | 2524,2  | 3374,8  | 2976,2   | 2590     | 3827,5   |
| Kharkiv         | 8063,4   | 13035   | 14759,2 | 9292,6   | 8032,3   | 11246,7  |
| Herson          | 1890,6   | 2688,1  | 2435,7  | 2124,8   | 2208,1   | 3107,4   |
| Khmelnyskiy     | 2947,6   | 3546,8  | 3489,3  | 3637,6   | 4078,3   | 6809,3   |
| Cherkasy        | 2831,4   | 3225,3  | 3781    | 3413,3   | 3262,1   | 4485,8   |
| Chernivtsi      | 1714,7   | 1794,3  | 2229,3  | 2257,4   | 1686,9   | 2789,2   |
| Chernihiv       | 1890,9   | 2397    | 2737,3  | 2842     | 2621,2   | 3550,2   |
| m. Kyiv         | 53725,8  | 71142,4 | 79614,2 | 70320,6  | 67832,6  | 88138,6  |

Investment activity is promising in Poltava region, because the region is rich in natural resources and is located at the crossroads of transport links. Features of the local economic system are favorable, carried out the reform of property relations, creation of new small and medium enterprises for the development of highly profitable industries such as forestry, light and food industry, wood industry, tourism. Also positive is the fact that investors expect the investment climate to improve in the future, which finds expression in improving business optimism index and the growth rate of the region by this factor. In addition, business leaders noted the successful experience of investment projects. This allowed the region to improve their position [1].

In the total volume of capital investments, Poltava region takes the 8th place, its share is only 3,05%. The lion's share of capital investment enterprises Poltava region is directed at the formation of tangible assets (99% in 2015) [1]. Same amount of investment in intangible assets is insignificant for the period 2010-2015 years fell from 1,5% to 1%. (fig. 2).

The majority of (77,8% of the total) capital investments covered by own funds of enterprises and organizations (fig. 3). At the expense of the population for individual housing construction utilized 10,7% of local budgets – 5,1%, bank loans and other loans – 4,1% of the state budget – 1,6% due to foreign investments – 1,6% [1].

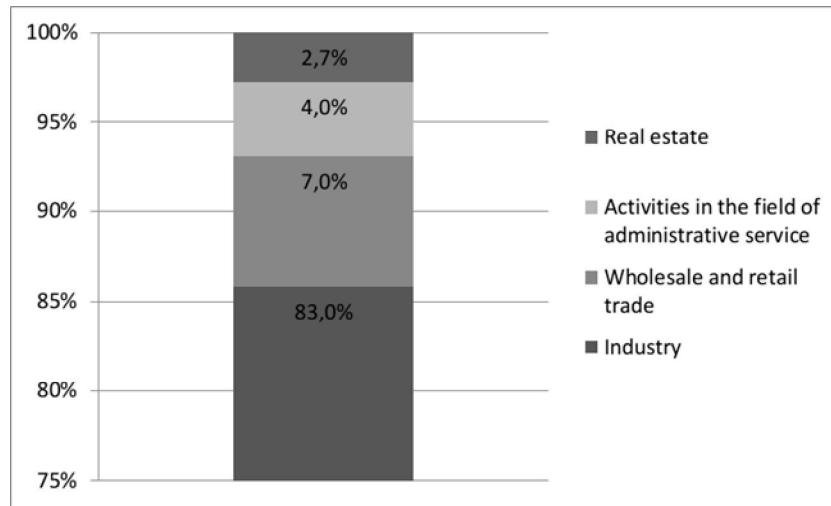


Fig. 1 Sectoral structure of Poltava region investment [4]

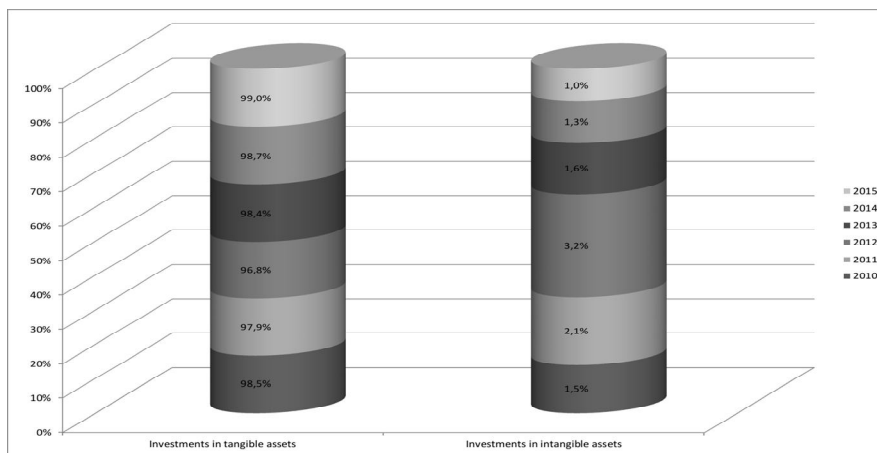


Fig. 2 Capital investment of Poltava region by means of assets

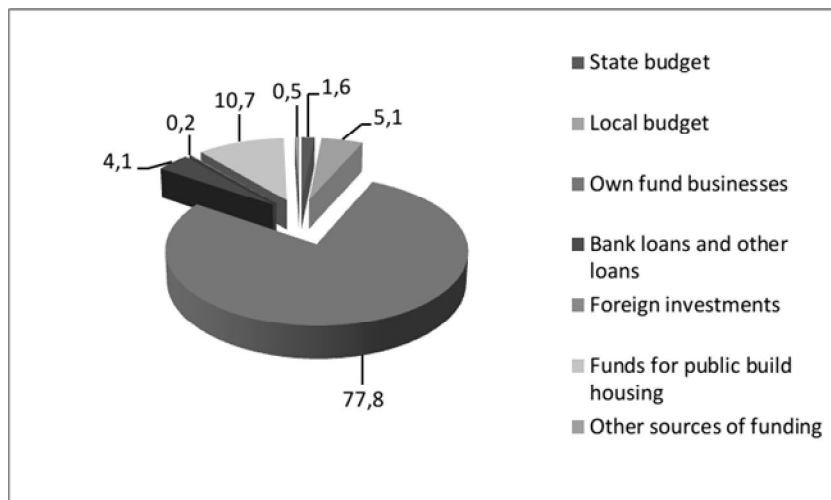


Fig. 3 Capital investment of Poltava region according to the sources of funding in 2015

Among all districts as of July 1, 2015 the largest amount of foreign investment cumulatively since the beginning of the investment involved in Lokhvytskyi, Zinkivskyi, Pyriatynskyi and Poltava regions. There are no companies with foreign capital involved in Velyka Bahachka, Hadiach, Kozelshchyna, Lubny and Shyshaky areas according to the Department of Statistics in Poltava region [4].

Information on the amount of investments in Hrebinkivskyi, Kobeliatskyi, Kotelevskyi, Mashivskyi, Myrhorodskyi, Chornukhynskyi and Chutivskyi regions is confidential according to the Law of Ukraine «On State Statistics». Among the cities of regional significance the first position in the ranking of foreign

investment takes Horishni Plavni (Komsomolsk) where the volume of accumulated foreign investment since the beginning of the investment as of July 1, 2015 is \$725,4 mln [4].

The corresponding ratio to the volume of investments is an indicator – volume of foreign direct investment per capita cumulative from the beginning of investment. The highest is in Komsomolsk – \$13,212.5 per capita, Lohvytskyi (\$1125,4) Zinkivskyi (\$1042,8) Pyriatynskyi (\$231,3) and in Poltava (\$412,9). The smallest amount of foreign investment in Lubny – \$5,1, Semenivskyi (\$7,1) Orzhytskyi (\$7,5) Hlobynskyi (\$10,1) Dykanskyi (\$11,2), Kremenchutskyi (\$14,3) areas [4].

Analysis of investment in fixed assets of Poltava region shows that the main sources of funding in this area are: the own funds of enterprises and organizations; public funds for private housing construction and bank loans. Bank loans and other financial institutions have several advantages compared to other borrowing instruments, flexible financing scheme, the possibility of winning on the difference in interest rates, the absence of costs associated with registration and placement of securities. The disadvantages of debt financing are a need to ensure, availability of credit limit and possible high interest rates. However, Pic. 2 concludes the information that in 2015 the region's economy by foreign investors invested funds in a fairly small volumes of 1.6%, it means that there was almost not foreign direct investment (equity). This is a negative trend in the development of Poltava region investment. Current state of investment sectors of the economy of Poltava region, Ukraine and the economy in general is poor. For last three years the annual quantitative reduction of investments in the economy of our country has observed. Every year interest of foreign investors to Ukraine as an investment object reduces. However, when analyzing the investment status, such important factors as inflation, economic recession, global economic crisis, political instability, which are available at the moment in our country, should be taken into account. The region needs to invest in heavy and light industry, also an important investment sector is still agriculture. Important for Poltava region is the development of small business, which is essential for a competitive environment and productivity, and provides the basis for the formation of medium-sized enterprises (in the medium and long term) and training employees (short term). To make this direction work it is necessary to simplify administrative procedures, reduce the number of permits related to registering and conducting business, to develop and implement a program to create a network of business incubators and industrial parks, to implement microfinance programs.

Such state of investment caused a number of adverse factors, including: the military and the political instability in the country, the presence of corruption and the degree of dissatisfaction with the economic situation in the country by various groups and NGOs inadequacy of the existing legal framework for investment, imperfect procedure of registration and participation investors in the privatization process, insufficient development of the securities market, lack of state support for entrepreneurship. Thus, the modern city economy requires significant investment in industry, which should be on a new level of innovation. But not all companies have the ability to innovate, because it requires considerable funding. The impetus for increasing investment should be to create favorable conditions for the performance of market regulators: the formation of a stable legal framework, protection of property rights, reducing the tax burden on enterprises, the development of markets and market instruments, the development of information infrastructure market.

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**O. Voloshyna**, Assistance Lecturer. **Ya. Hnatenko**, Lecturer. **O. Havrylenko**. Poltava National Technical Yuri Kondratyuk University. **State and Prospects of Investment in Poltava region**. The features of investment activities in Poltava region are explored. The structure of capital investment in Ukraine and its share in Poltava region are evaluated. The main sources of investment are covered. Investment income in industries of national economy is analyzed. The prospects of investing in Poltava region are outlined.

**Keywords:** investment, capital investment, sources of investment, investment activities.

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**Гнатенко Яна Василівна**, викладач. **Гавриленко Олександр Олександрович**. Полтавський національний технічний університет імені Юрія Кондратюка. **Стан та перспективи розвитку інвестиційної діяльності Полтавської області**. Розглянуто особливості інвестиційної діяльності Полтавської області. Оцінено структуру капітальних інвестицій України та їх частку в Полтавській області. Висвітлено основні джерела інвестицій. Проаналізовано інвестиційні надходження в розрізі галузей національної економіки. Окреслено перспективи розвитку інвестування у Полтавську область.

**Ключові слова:** інвестиції, інвестування, капітальні інвестиції, джерела інвестицій, інвестиційна діяльність.

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**Гавриленко Александр Александрович**. Полтавский национальный технический университет имени Юрия Кондратюка. **Состояние и перспективы развития инвестиционной деятельности Полтавской области**. Рассмотрены особенности инвестиционной деятельности Полтавской области. Оценены структура структуры капиталных инвестиций Украины и их доля в Полтавской области. Освещены основные источники инвестиций. Проведен анализ инвестиционных поступлений в разрезе отраслей национальной экономики. Определены перспективы развития инвестирования в Полтавскую область.

**Ключевые слова:** инвестиции, инвестирование, капитальные инвестиции, источники инвестиций, инвестиционная деятельность.