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INVESTMENT ATTRACTIVENESS OF TERRITORIES IN THE CONTEXT OF RESTORING AND STIMULATING THE DEVELOPMENT OF THE POST-WAR ECONOMY OF UKRAINE

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***Abstract:** the article is devoted to the scientific and methodological justification of investment attractiveness of territories in the context of restoring and stimulating the development of the post-war economy of Ukraine, developed a scale for promoting investment in the territory by class, according to the level of its destruction, to consider the risks affecting the investment attractiveness of the economy.*

Keywords: investment activity; innovative attractiveness; territory restoration; territory stimulation; investment risks.

The current conditions for the development of Ukrainian society can be described as the most difficult in the recent history of Ukraine. The deliberate destruction of Territorial Infrastructure by the aggressor country, and in some cases its destruction, are disastrous consequences for the country, regions, and each territorial community. This applies not only to those regions where military operations are actively conducted but also to those that are exposed to high-precision missiles.

Modern Ukrainian science has no experience in restoring and stimulating the development of regions in war conditions and does not have the appropriate tools for adapting existing scientific and methodological approaches to the development of territories in the conditions of huge destruction of cities and settlements, regional infrastructure, rapid economic decline, rising inflation, impoverishment of the population, mass migration, etc. So, for the socioeconomic reproduction of regions, it is necessary to propose ways that would allow restoring the economic complex of Ukraine with maximum efficiency in the short term.

To solve the tasks set for Ukrainian scientists, it is advisable to use the existing experience of applying special management regimes in the territories of Priority Development in Ukraine, the purpose of which was to overcome depressive manifestations in the regions, attract domestic and foreign investment and create new jobs.

The introduction of a regime for restoring and stimulating the development of the post-war economy of Ukraine is to attract investment for the development of infrastructure damaged as a result of military aggression and ensure sustainable development not only of the territory where this regime is applied but also the use of such a tool for the development of the national economy as a whole.

The activation of investment activity, where the regime of restoration and stimulation of development of territories is applied, allows for creating conditions for the restoration of infrastructure, the introduction of innovations, optimization of production processes and production, increase, and renewal of production capacities, expansion of existing and conquest of New Sales markets, implementation of strategic tasks, etc.

The investment attractiveness of a territory is a characteristic that reflects the quality of the macroeconomic environment and its ability to meet the requirements of modern economic realities. In this context, determining the level of investment attractiveness of the territory, taking into account the existing negative trends, is an important task, the solution of which is necessary to develop effective directions for increasing the investment attractiveness of the economy of both the country and each region.

Under these conditions, the question arises, which is aimed at increasing the investment attractiveness of the territory, which provides the basis for restoring and stimulating the development of the post-war economy of Ukraine.

According to Article 2 of the law of Ukraine "on investment activity", investment activity is a set of practical actions of citizens, legal entities, and the state to implement investments [1]. So, this definition already sets out the levels of investment activity – these are, firstly, citizens and legal entities – enterprises,

and secondly, this is the state with its regions. The structure of investment activity in Ukraine is as follows (fig. 1).

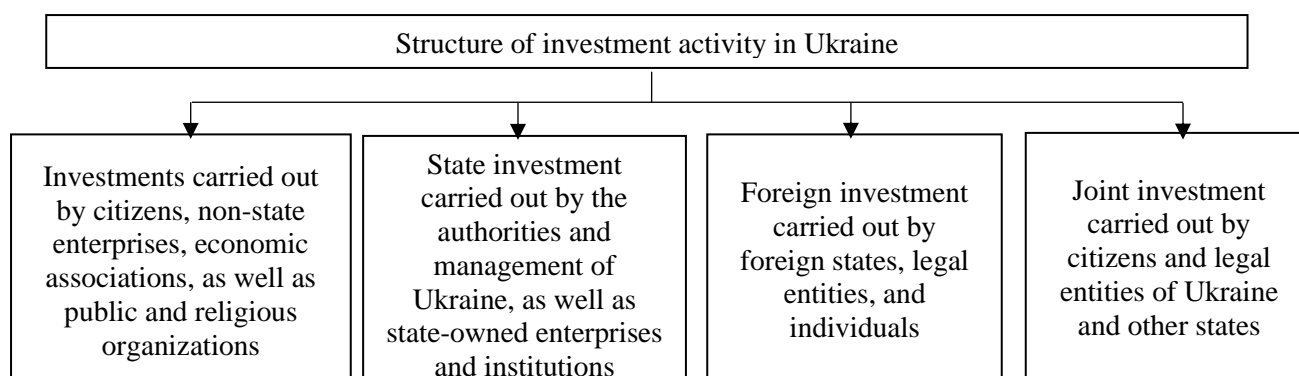


Fig. 1. structure of investment activity in Ukraine

Source: built by the authors on the basis of [1]

According to International Financial Reporting Standards, the concept of "investment activity" is considered in a broader sense and is interpreted as activities related to the acquisition and sale of non-current assets, as well as with the implementation of financial investments that are not an integral part of cash equivalents.

Successful implementation of investment activities is possible if there is a certain investment attractiveness of the territory. The investment attractiveness of the territory is understood primarily as an independent economic category, characterized by the totality of the investment potential of the region (conditions and opportunities) and investment risks that affect the volume of attracted capital on mutually beneficial terms with investors and distinguish this region from others. Consequently, investment potential and investment risks form the basis of the region's investment attractiveness.

The essence of this methodology is to calculate three estimates for each region, which are used to determine its investment attractiveness. The first assessment is the establishment of a general rating, which is calculated based on ratings of the corresponding groups of indicators, taking into account their weight coefficient. The second assessment is to determine the location of the region following the obtained assessment of investment attractiveness. The third assessment is the division of regions into classes, which characterizes the degree of investment promotion (fig. 2) [2].

1st Class	3rd Class	5th Class
Favorable situation for investing	Controversial investment situation	Seriously unfavorable situation for investing
2nd Class	4th Class	6th Class
Relatively favorable situation for investment	Unfavorable situation for investing	Dangerous situation for investing

Fig. 2. degree of investment promotion by class

Source: built by the authors based on data [2]

The incentives provided to investors in territories with special recovery conditions should be determined taking into account the assessment of damage to its infrastructure (fig. 3).

0%	up to 20%	from 20% up to 40%	from 40% up to 60%	from 60% up to 80%	over 80%
I group	II group	III group	IV group	V group	VI group

Fig. 3. scale of the level of damage to the territory's infrastructure, according to the degree of its destruction, %

The basis for assessing damage to the territory's infrastructure may be the resolution of the Cabinet of Ministers of Ukraine "on approval of the methodology for assessing losses from the consequences of man-made and natural emergencies" [3].

For each group, which reflects the degree of damage to the territory's infrastructure, the corresponding class of investment attractiveness is compared (fig. 4).

Level of damage to the territory's infrastructure					
0%	up to 20%	from 20% up to 40%	from 40% up to 60%	from 60% up to 80%	over 80%
I group	II group	III group	IV group	V group	VI group
1st Class	2nd Class	3rd Class	4th Class	5th Class	6th Class
Favorable situation for investing	Relatively favorable situation for investment	Controversial investment situation	Unfavorable situation for investing	Seriously unfavorable situation for investing	Dangerous situation for investing

Fig. 4. the degree of promotion of investment in the territory by class, according to the level of its destruction

Source: compiled by the authors

The formation of investment attractiveness of the territory occurs in the context of risks. The purpose of determining the risk that affects the investment attractiveness of the economy is to establish its possible consequences and take into account its actions when assessing the investment attractiveness of the regional economy, thereby increasing the reliability of the assessment obtained. It is important to note that the impact of risks should be considered as an action in which quantitative and qualitative changes occur in the components of the investment attractiveness of the regional economy. We can distinguish the following types of risks that contribute to the emergence of a "situation of uncertainty".

Production risk, which reflects the main trends in the development of business activities in the region. Social, which reflects the level of social tension in the region. Management risk is a characteristic of management activities that are carried out in conditions of uncertainty caused by the following reasons: insufficient or unreliable information, making a management decision that is associated with a high probability of unfavorable performance conditions, and so on. Environmental risk arising from environmental pollution; man-made accidents and emergencies caused by technical and technological features of human production and economic activity, as well as the accumulation of a large amount of industrial and household waste; emissions into the atmosphere of exhaust gases from internal combustion engines of motor transport; the use of mineral fertilizers and plant protection products, etc. Criminal risk characterizes the level of regional crime and the size of the shadow sector of the economy in the territorial and economic system.

It is important to note that any methodological approaches to determining risk have subjective characteristics. Thus, determining the impact of risk on the formation of investment attractiveness of the regional economy is a rather conditional procedure that has subjective characteristics.

In the context of Ukraine's martial law, the use of a special regime for restoring and stimulating the development of territories can become an effective mechanism for restoring its regions. To justify the conditions for introducing a functional type of special regime for restoring and stimulating the development of territories, it is advisable to develop methodological recommendations for its choice.

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