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## **EFFICIENCY OF INVESTMENT ACTIVITY REGULATION IN THE SPHERE OF AGROINDUSTRIAL PRODUCTION**

**Abstract.** *The efficiency of investment resources attraction into agro industrial complex of Ukraine and Kiev oblast is analyzed. The rates of investment resources growth and agro industrial production values are studied and compared. The ways to improve the investment process regulation efficiency are developed for both state and regional levels. The main methods of investment process regulation, priority directions of state and non-state financing sources utilization are defined. Main factors slowing down the process of investment attraction are summarized.*

**Keywords.** *Resources, investment policy, investments, state regulation, investment process, state support.*

**Formulation of the problem.** Broadly recognized, that investments are able to solve a number of key problems of development, among which the most crucial for the agroindustrial complex of Ukraine and its regions is world leading technologies application and productive funds upgrading and, on this basis, increase of production, sales and income, increase of profitability of branch constituents of agrarian production. There is a necessity to analyze the efficiency of investment resources attraction in agroindustrial complex of the region with the comparison of indices of agroindustrial production development.

State statistics monitors such indices as amounts of capital investments in the fixed assets of region's economy and direct foreign investments flow, their territorial and branch distribution, origin, volume of import and export of products and services by enterprises with foreign investments, and also the interest of investors from different countries in the investment of capital into certain industries. The forms and currency of investing are additionally monitored. The attention is

concentrated first of all on the overall indices of investment processes and on their distribution structure, while efficiency of their functioning actually remains beyond the attention of authorities and experts.

The issues of investment activity regulation system improvement in agroindustrial complex draws much attention, that is explained by first of all growing necessity in the resources to upgrade the material and technical base of the agrarian industry, facilitation of investment activity. The problems of state regulation, development and implementation of investment policy in the agrarian sector of economy of Ukraine are studied within the works of many scientists: K. Berestovoho, O. Bobrovoi, O. Bondarenka, O. Bondarchuka, S. Hutkevych, O. Dufeniuk, M. Kisilia, V. Kovalova, M. Kodenskoi, H. Laiko, O. Mohylnoho, N. Vdovenko, N. Korobova, H. Pidlisetskoho, H. Sieninoi, A. Chupisa, V. Shebanina and others. However many questions related to the increase of efficiency of investment processes regulation mechanism in agroindustrial complex of Ukraine and its regions need further research. The problem of transformation of organization-economic mechanism of regulation of investment activity of agrarian enterprises into the effective system able to mobilize all internal possibilities to make sure agrarian economy development and create conditions for external investment inflow remains extremely actual. The aim of the article is a methodological and practical analysis of modern investment policy in agroindustrial complex of Ukraine and Kiev oblast and development of ways to increase investment processes regulation efficiency both on state and regional levels.

**Presentation of basic material.** The economic category of investment process efficiency must be examined differentially from the point of view of dialectical intercommunication between the micro level of agrarian enterprise, mezzo level of the region and macro level of the state. The achievement of the integrated result of investment process efficiency (economic, budgetary,

organizational, and social) in a decisive level will depend on the reasonable state, regional and branch policy of investment processes regulation.

From national economic policy and its part - investment policy aims and principles of regional investment activity regulation can be derived.

The primary objective of investment policy, that is transformed into regional and branch, is the resource support of positive structural changes in the agrarian economy of the region and support of the economic growth processes that include:

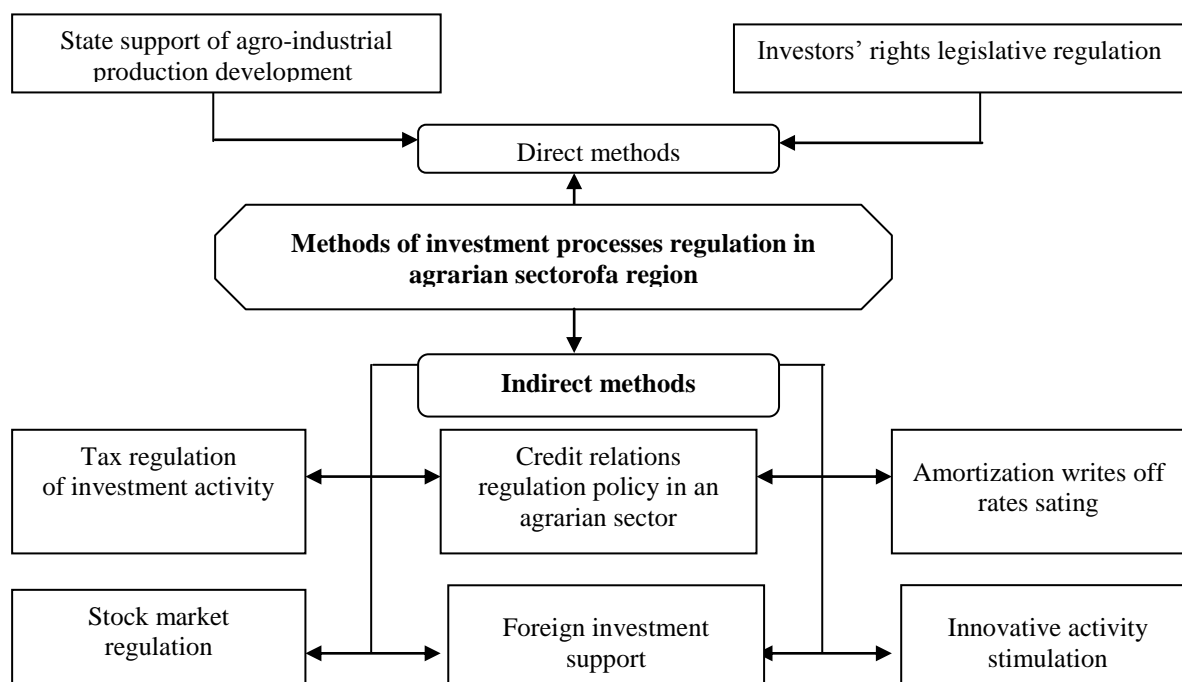
- Determination of region's agroindustrial branches priority;
- Investment support of branch structure of regional agroindustrial complex regarding branch priority;
- Stimulation of agroindustrial complex raw material base development processes;
- Creation of favorable investment climate;
- Stimulation of capital investments in agroindustrial production;
- Mobilization of all investment resources and their effective use;
- Creating conditions for the internal investment resources growth;
- Securing increase of gross regional product.

The problem of the effective regional investment process regulation system is one of the most actual in a period of integration of the Ukraine's economy into international market. Its improvement and development must be held through study, analysis and creative comprehension of both national legislation and world experience in an investment sphere.

Within the framework of investment processes regulation it is necessary to facilitate the economic activity increase, market conditions favorable for the development of priority industries of agrarian economy, regulation of proportions in the economic pattern of production and exchange, proportions in the development of productive forces, implementation of the balanced social policy.

Reasonable and effective mechanism of investment processes regulation in a region has to form a favorable investment climate that is characterized by the following terms: availability of domestic savings and their mobilization into investment; affordability of credit resources for businesses; foreign capital inflow into a regional economy.

Also for the improvement of investment climate in a region, the investment policy has to focus on consolidation of investment resources both from internal (domestic) and external (foreign) sources. For this purpose the state have levers of direct action as the centralized state capital investments in the objects of national importance and development of public sector of economy as well as the indirect measures of investment environment regulation by means of the budgetary and monetary policy. The basic methods of investment processes can be presented as follows (picture.1)



Picture 1. Basic methods of investment processes regulation.

When forming the state investment policy it is necessary to take into account the following priority ways of state and non-state sources exploitation:

- Transition from the administrative methods of investment processes management to market methods through taxes, amortization write off rates and credit rates;
- Improvement and development of the system of budget financing of priority directions of development of agro-industrial complex of the region;
- Transition to cost and profit based investing into promising export-oriented agribusiness sector in the region;
- Sufficient priority financing of social sphere development in rural areas.

The important aspect of the investment policy is assistance to the investment resources inflow from non-residents, which play a considerable role in the investment process activation in the country. Also an important role in the investment policy is played by the taxation system, monetary system, amortization writes off rates, stock market and innovation policy.

Analyzing the practice of investment processes regulation in Kiev oblast, we have to point out, that the regional Rada ratified the Program for investment attraction and improvement of investment climate in Kiev oblast for 2013-2015 [6]. The Program for investment attraction and improvement of investment climate in Kiev oblast for 2013-2015 is developed on the basis of the complex approach to the problem of activation of the investment maintenance of economy and determines the aim, measures and basic tasks set to create a favorable organizational and economic conditions to increase of receivables' the amount of investments in the economy of Kiev oblast, to use industrial, agro technological, scientific and intellectual potential of the region more effectively.

The Program is based on the conditions of Laws of Ukraine «About local state administrations», «About the foreign investment procedure», «About investment activity», «About stimulation of investment activity in the priority industries of economy with the aim to create new workplaces» [6]. The primary objective of the Program is to form favorable conditions for the improvement of investment climate, increase the level of investment attractiveness of the region,

activate investment processes for the attraction of domestic and foreign investment resources to make sure the sustainable growth of economy and upgrade of population life quality level.

Kiev oblast has all possibilities for mutually beneficial and fruitful international cooperation. As a confirmation there are over 800 joint ventures successfully working on territory of Kiev oblast in different industries and spheres. In the region the steps are constantly taken to further increase the investment inflow in the economy of Kiev oblast by the active work aimed at creation of favorable investment climate and stimulation of investment activity of enterprises and organizations. For the period of 2011-2014 in the sphere of agro-industrial complex of the region investment projects of total value over 1 billion US dollars were implemented (table 1).

Table 1 List of the biggest investment objects implemented in Kiev oblast in 2011-2014

Investor	Amount of investments, million \$ USA	Expected results	Place of implementation
1	2	3	4
«Nibulon» LLC (Ukraine)	50	Building of 2 grain elevator silos. Capacity 150 ktons. 200 workplaces	Pereyaslav-Khmelnytsky and Tetiiv rayon's
«Complex» Agromars» LLC (Denmark, Ukraine)	170	Slaughter plant. Capacity 9000 heads per hour. Broiler farms. Capacity 760 ths. heads a year. Incubation plant. Total 400 workplaces	Vyshgorod rayon
«Kegichevske» Farming enterprise (Ukraine)	45	Construction of Kiev regional bakery. Capacity 320 tons per day. 3500 workplaces	Vasylkiv rayon
«Niva Pereyaslavshchyny» LLC (UK)	16	Another pig farm №4 put in operation. 30 workplaces Construction of pig farm № 6.	Zguriv rayon Baryshivka

		Capacity 30 ths. Heads. 100 workplaces	rayon
«Mareven Food Ukraine» (Vietnam)	30	Instant food factory, 600 workplaces	BilaTserkva
«PepsiCo» (USA)	15	Construction of baby food plant "Agusha" 58 workplaces	Kiev Svyatoshinskiy rayon
«Coca-Cola Beverages Ukraine Limited» (Netherlands)	26	Construction of energy saving power plant for its own production, 100 workplaces	Brovary rayon
«Capital comfort» company (Ukraine)	170	Construction of wholesale agricultural market «Capital», 4000 workplaces	Kiev Svyatoshinskiy rayon
«Baryshivka grain company» LLC (Ukraine)	2,5	Construction of cow barn for 500 heads, 50 workplaces	Baryshivka rayon
«First Capital bakery» LLC (Ukraine)	15	Construction of Bakery. Capacity 130 tons per day, 110 workplaces	Vyshgorod rayon
«Agro Holding» LLC (Ukraine)	75 n	Construction and reconstruction of fresh vegetables distribution complex. Capacity 72 ktons. 1-st section capacity of 14 ktons and 2-nd section capacity of 5 ktons are put in operation. 100 workplaces	Irpın rayon Gostomel
«SintalAgricole» company (Ukraine)	40	Construction of feed mill, pig farm, dairy farm, grain elevator silo capacity of 50 ktons 200 workplaces	Ivankiv, Polisia rayon's
«Agrotrade 2006» Farming enterprise (Ukraine)	5	Elevator silo, capacity 60 ktons	BilaTserkva rayon

As of 01.01.2013, at the stage of implementation there were still 58 agricultural projects: 15 - construction of dairy complexes, 8 - construction of pig farms, 7 - construction of vegetable storages, 5 - construction of grain silos, 7 - construction of food industry facilities.

The main factors hampering investment attraction are:



- Inadequate and inconsistent legislation governing the process of capital investment in Ukraine and taxation legislation;
- Untimely VAT refund mechanism and lack of transparency of its mechanism;
- Irregular, and in some cases totally absent funding of investment programs and activities promotion;
- Lack of insurance of commercial risks during the implementation of investment projects;
- Lack of innovation and refinancing stimulation mechanism;
- Underdeveloped mechanisms of public-private partnerships.

In order to provide scientifically-methodical bases for the effective regional agri-production investment development management organization it is necessary to substantiate the mechanism of current process efficiency level calculation. In our opinion, this complex index must embrace and take into account factors that influence the productivity of exploitation of economic and investment resources of a regional agro-industrial enterprise.

The efficiency of exploitation of region's agriculture and food sectors enterprises economic resources can be estimated through the assessment operational performance and efficacy of companies. A complex quantitative assessment of the investment process efficiency in the region can be measured by such an index that considers the impact of all factors forming this level.

In order to assess the impact of operational efficiency, investment agility and market adaptability on the investment process efficiency in the agricultural sector of Kiev oblast, which is estimated by a single complex index, we have to apply the integral-index method. The essence of this method is to calculate coefficients of operational efficiency and investment agility, their further integration (multiplication) and finding the root of corresponding degree. Complex criterion may be obtained by determining the arithmetical or geometrical average of the parameters. Thus, the model for calculation of the complex index, which provides a



comprehensive quantitative assessment of the investment process regulation efficiency in agriculture, will be as follows:

$$K_{int} = \sqrt{K_{oe} * K_{ia}} \quad (1)$$

$K_{int}$  - criterion for investment process regulation efficiency assessment;

$K_{oe}$  - operational efficiency rate;

$K_{ia}$  - investment agility coefficient.

The first of the factors in the formula reflects the operational performance of agriculture and food industry in the region. In our opinion, the most universal indicator of operational efficiency is the ratio of the profits from all activities to the costs that were incurred:

$$K_{oe} = P / C, \quad (2)$$

Where P - profit received;

C - costs incurred.

The next factor in the formula describes the inclination of regional agro-industrial production to the strategic investment development, which includes the impact of the investment process and market adaptability of enterprises. The basis of the adaptability is proactive investment activity of agricultural commodity and food producers focused on R&D, industrial, institutional, financial and other aspects of business. Efficiency of investment resources exploitation by enterprises engaged in agriculture and food industry has to reflect in the permanent technical, technological and organizational improvement of production. The presence of such trends in the production and efficiency of their implementation are the keys to successful survival and sustainable growth of agro-industrial production.

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