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# ANALYSIS OF INVESTMENT ACTIVITIES IN THE AGRICULTURAL SECTOR OF UKRAINE: DETERMINATION OF FACTORS AND WAYS OF ITS ACTIVATION

Inna Tomashuk<sup>1</sup>, Olha Khaietska<sup>2</sup>, Liudmyla Boltovska<sup>3</sup>

**Abstract.** The *purpose* of the article is to study the theoretical aspects of investment activity, analyse the current level of investment activity in the agricultural sector of Ukraine's economy and identify factors and methods of its increase. *Methodology.* The theoretical and methodological basis of the study is the fundamental principles of national economic management, investment activity and development of agricultural production entities. The research used the following scientific methods: axiomatic (to establish basic definitions that clarify the essence of the study), systematic (to identify components within the agricultural production sector), institutional (to construct the subject-object framework of the institutional environment for investment activity in agricultural production), correlation-regression analysis (to identify key predictors influencing investment activity in the agricultural sector), abstraction (to prioritise the stimulation of investment activity in agricultural production), and reproductive (to substantiate alternative strategies for attracting investment in agricultural enterprises). The *results* of the study show that diversification of investment sources and modernisation of technological infrastructure of agricultural production are important prerequisites for institutional reforms in the agricultural sector of the country. Increasing investment activity in agricultural enterprises can be achieved by creating a favourable investment climate. This includes government initiatives to create a transparent and stable regulatory framework, simplify bureaucratic processes, and ensure legal and financial stability. Another key aspect is to facilitate access to financial instruments such as low-interest loans, grants and subsidies to support the development of agricultural enterprises. The results of the study are presented in the form of tables, figures, graphs, diagrams and charts. *Practical implications.* Given the high level of integration of the domestic agricultural sector into the global food market, it is worth exploring the potential of using customs instruments to stimulate investment processes. Such instruments could include a zero VAT rate for investment agricultural goods and measures to prevent double taxation. *Value / Originality.* Investment activity in Ukraine can be intensified under the following conditions: ensuring financing for innovations; developing and implementing a system of measures to increase the investment activity of commercial banks; promoting the development of the stock market and venture capital; developing investment infrastructure; borrowing the best international experience in assessing the efficiency of business centres and business incubators; forming an investment and innovation culture in society, etc.

**Keywords:** investment, investment activity, foreign investment, direct investment, agrarian sector of the economy, agro-industrial production.

**JEL Classification:** F20, L23, Q10, Q18

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## 1. Introduction

Investment attractiveness is one of the most relevant and widely used concepts in economics today. It applies not only to individual projects or companies but also to entire industries, indicating their profitability from an investment point of view. A high level of investment attractiveness in an industry is a crucial factor in increasing its competitiveness and ensuring robust and sustainable economic growth rates (Tkachenko, 2021).

The development of investment and innovation in agriculture is a dynamic process involving the effective use of financial resources, the attraction of additional sources of finance and the involvement of potential investors. This process is closely linked to the generation of new knowledge and ideas, the promotion of technological innovations based on new scientific discoveries, inventions and developments. It also includes implementation of innovations and adoption of optimal modern forms of production organisation and management (Tkachenko, 2021).

Activation of investment activity in agro-industrial production can be achieved by mobilising domestic resources and attracting foreign capital (Rogach, Vdovenko, Polishchuk, 2019). Although agriculture is the industry with the lowest presence of foreign investors, this is largely due to its complexity and high-risk nature compared to some other industries, which makes capital outflows almost impossible (Nazarenko, 2015). In any case, a favourable investment climate is essential for the mobilisation of domestic resources and their effective investment in agro-industrial production.

The article is aimed at studying the theoretical aspects of investment activity, analysing the current level of investment activity in agriculture of Ukraine and identifying factors and methods of its increase.

In order to achieve this goal, the following tasks were undertaken: to define the conceptual and terminological framework of the research topic; to examine the formation of the investment climate in Ukraine since independence and to clarify the positive and negative factors influencing it; to analyse the current specifics of the domestic investment market; to determine the factors influencing the investment attractiveness of the agricultural industry; to conduct an analysis of the dynamics of investment activity in Ukraine and to assess the share of foreign investment in the overall structure; to study the factors influencing the investment climate; To classify the characteristics of investment activity in agricultural enterprises; to analyse the dynamics of capital investment in Ukraine; to develop indicators of changes in the investment attractiveness index of Ukraine; to propose the main directions for increasing the investment efficiency of agricultural enterprises; to study the indicators

for determining the investment attractiveness of the industry; to propose a conceptual framework for calculating the regional investment attractiveness index; to identify possible directions for improving the investment climate in agricultural enterprises in the future.

The article uses the following research methods: axiomatic (to establish definitions of basic categories revealing the essence of the research); systematic approach (to identify components within the agricultural production sector); institutional approach (to form the subject-object framework of the institutional environment of agricultural investment activity); correlation-regression analysis (to identify key predictors influencing investment activity in the agricultural industry); abstraction (to prioritise the stimulation of investment activity in agricultural production); reproductive approach (to substantiate alternative strategies for attracting investment in agricultural enterprises).

This study focuses on key aspects of investment activity in Ukraine's agricultural sector and identifies factors and methods to improve it. The study emphasises that investment involves the use of capital (money, assets, intellectual property) to generate future profits. It emphasises that attracting investment is crucial to getting the domestic economy out of a prolonged crisis and improving both the country's overall economic situation and the state of the agricultural sector. The activation of the investment process and the adoption of innovative technologies depend on a favourable investment climate and a regulatory framework in business legislation.

## 2. The Essence of Investment and Problems of Attracting Investment in the Agricultural Sector

Investing involves allocating a portion of income to replenish social or individual capital with the ultimate goal of generating new, higher profits or social benefits in the future. Investment resources include all forms of capital raised for investment in tangible and financial assets. The formation of investment resources is crucial for initiating the investment process. The investment of capital in real projects and financial instruments requires preliminary accumulation in sufficient quantities, without which the investment process cannot begin.

Investments are divided into:

- Investment in means of production (real investment);
- financial investments (funds of enterprises and budgetary funds allocated for capital reproduction, credit resources of banks, securities, household savings, and funds of foreign investors);
- intellectual investments (copyrights, know-how, licences, experience, qualifications, knowledge, etc.).

Attracting investment is a key factor in the development of the agricultural sector. It promotes economic growth, technological progress, infrastructure development, increased competitiveness and social development. Investment enables the agricultural sector to achieve greater sustainability, environmental safety and adaptability to global changes and challenges. However, there are a number of barriers to their entry into agricultural production (Figure 1) (Kaletnik, Lutkovska, 2020; Honcharuk, Tomashuk, 2022).

Comprehensive reforms are needed to address these challenges, including improvements in the regulatory framework, the creation of favourable investment conditions, the development of infrastructure and the upgrading of labour skills. Ensuring stability and transparency in business operations is crucial to attracting domestic and foreign investment in the agricultural sector.

Attracting investment is of paramount importance for the development of the agricultural sector.

### 3. Peculiarities of Investing in the Agricultural Sector of the Economy

An important condition for supporting investments in increasing the production potential of agriculture is the identification and application of instruments of influence of management entities on management objects to achieve their goals. In this case, such an instrument is an effective investment policy.

Agricultural investment policy should be aimed at the following:

- Stimulation of investment activity by establishing preferential taxation for business entities that make investments at the expense of domestic sources (Lucechko, 2021);
- development of mortgage relations, which is quite attractive for most investors, as it involves pledging inflation-resistant real estate;
- interest of financial institutions in attracting their resources for production and investment purposes;

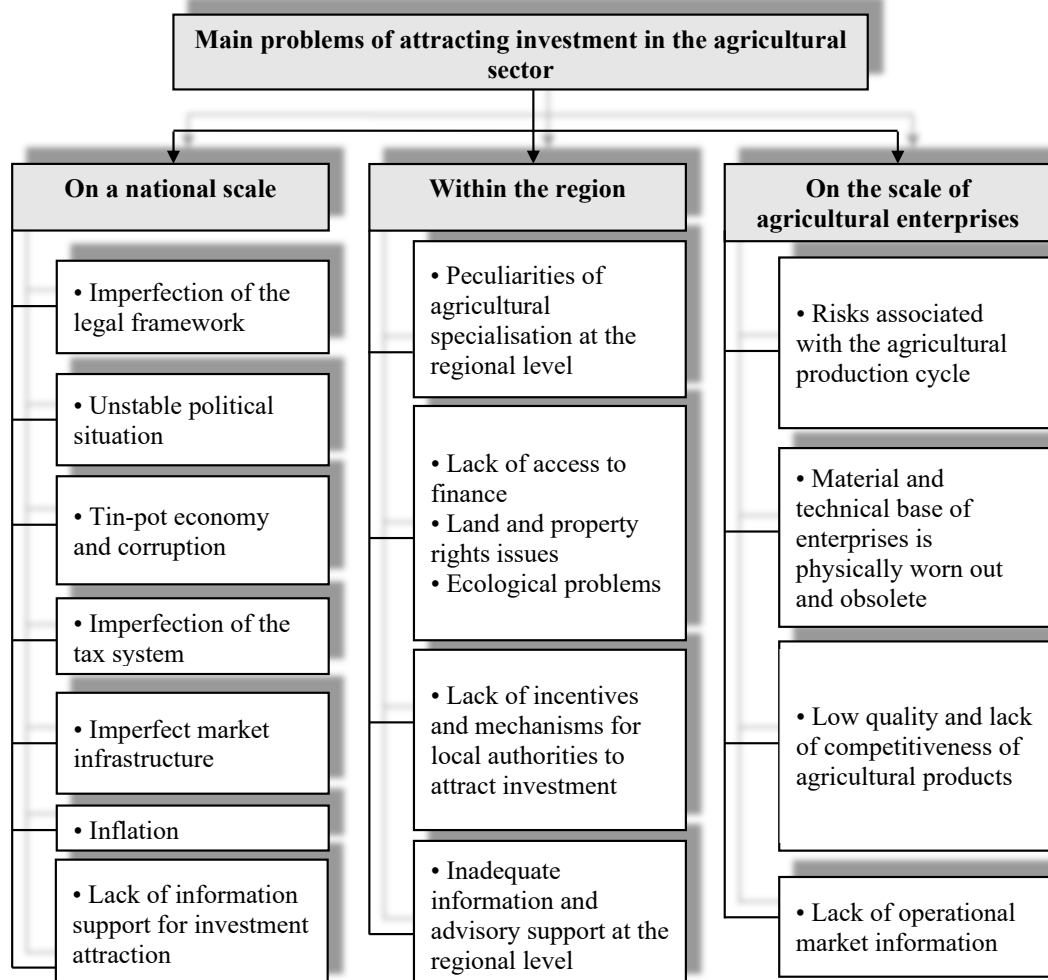


Figure 1. Main problems of attracting investment in the agricultural sector  
 Source: (Bezpyata, 2015; Axèle Giroud, Jacqueline Salguero Huaman, 2019)

– development of investment and innovation infrastructure;

– creating a favourable regulatory framework for attracting foreign investment in the agricultural sector, which will be of great importance for building up production capacity; it should be borne in mind that the stability of Ukrainian legislation is not the main criterion for making an investment decision, but rather the stability of Ukrainian legislation (Rybina, 2017). Figure 2 shows the factors that shape the investment climate, including the level of investment attractiveness, risk insurance, and others.

Investment activity in the agricultural sector plays a key role in the economy for several reasons. Investments contribute to the modernisation of technology, product quality and labour productivity, thereby increasing the competitiveness of the agricultural sector. In addition, they stimulate an increase in production, which in turn creates new jobs and contributes to higher employment in agriculture. This is crucial for ensuring the country's food security. In addition, investments contribute to the development of rural areas through infrastructure projects, such as the construction of roads, railways and other communications, thereby improving the quality of life of rural residents.

In view of the above, investment in the agricultural sector is a crucial factor in the sustainable development of the economy and social progress of the country. Figure 3 shows a classification of the characteristics of investment activity of agricultural enterprises with regard to ensuring food security of the state.

Over the past 12 years, Ukraine has seen mixed dynamics in capital investment, particularly in agricultural production. During the full-scale war between Russia and Ukraine, these investments declined significantly (Figure 4). In 2022, capital investment in Ukraine decreased by 39% compared to 2021.

One of the advantages of investing in the agricultural sector is its relative resilience to economic crises compared to other sectors of the economy. This resilience is due to the steady demand for food. Investments in agriculture help to ensure the country's food security and create new jobs.

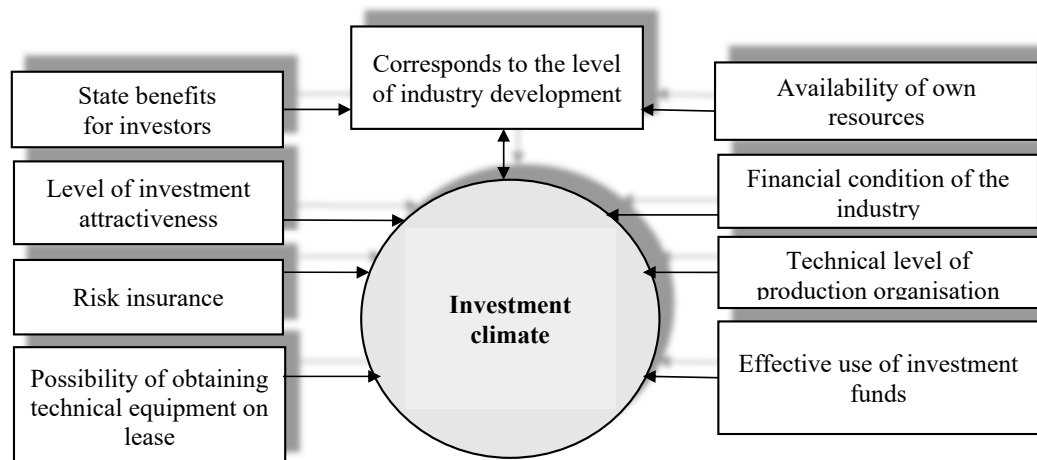
One of the risks associated with such investments is the typically long payback period in the agricultural sector. This is because profitability often depends on the growth and harvest cycles of crops.

Achieving sustainable economic growth in the Ukrainian economy directly depends on improving the investment climate. Ending the war between Russia and Ukraine would significantly improve the mechanisms for attracting foreign investment.

#### 4. Analysis of Investment Activity in Ukraine

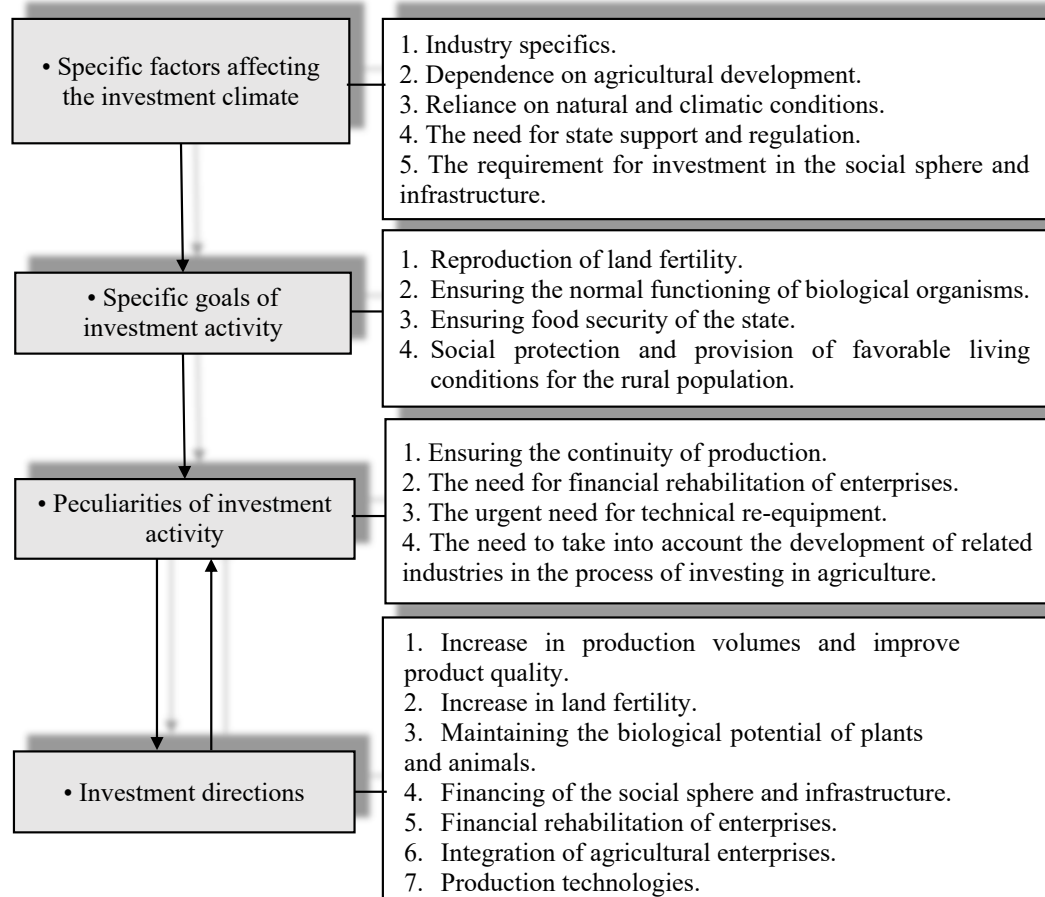
The investment attractiveness of a country encompasses political, social, institutional, environmental, macroeconomic and microeconomic conditions in the national economy. These conditions together ensure the stability of investment activity for both domestic and foreign investors. The investment attractiveness of a country is determined by the investment attractiveness index calculated by the European Business Association (EBA, 2021). The dynamics of Ukraine's investment attractiveness index for the period 2012-2022 is shown in Figure 5.

Russia's comprehensive military assault on Ukraine persists as the primary impediment to a favourable investment climate, with the disruption of the Ukrainian energy system and corruption representing secondary factors. Among the few positive changes, business leaders rated Ukraine being granted the status of a candidate for EU accession, the cancellation of customs duties and quotas for Ukrainian exports, and the acquisition of "transport visa-free" status with the



**Figure 2. Factors shaping the investment climate**

Source: (Investing in the future of agriculture, 2022; Dubok, 2022)



**Figure 3. Classification of peculiarities of investment activity of agricultural enterprises**

Source: (Rybina, 2017; Sydoruk, Sava, Korzhenivska, Zdyrko, Khaietska, 2021)

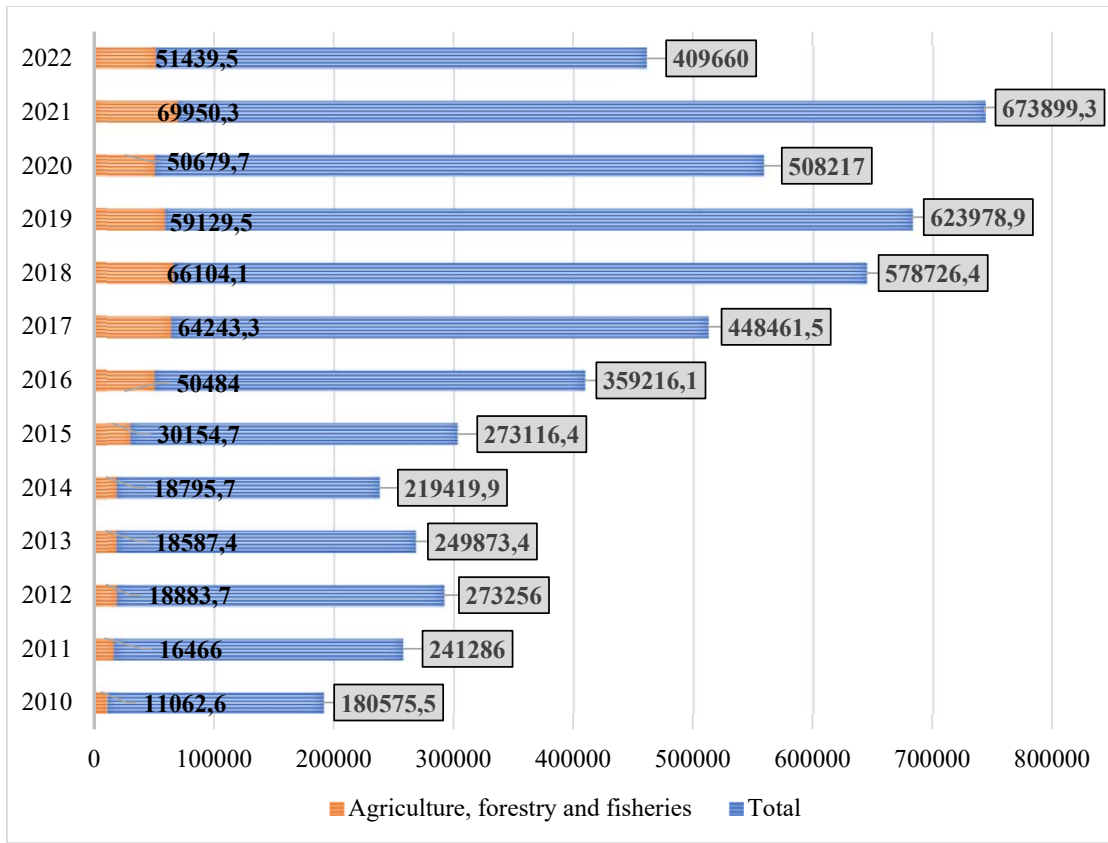
EU highly (Derevyanko, 2022; Slavkova, Kolisnyk, 2023). As reported by the National Bank of Ukraine, the total amount of direct foreign investment in Ukraine's economy as of December 31, 2022, was 50,986.7 million USD. The majority of these investments were allocated to industrial enterprises (41.9%) and institutions and organisations engaged in wholesale and retail trade, repair of motor vehicles, and motorcycles (16.3%) (Official website of the Ministry of Economy of Ukraine).

In 2022, the principal investor countries contributing to the Ukrainian economy were Cyprus (33.1%), the Netherlands (19.5%), Switzerland (5.1%), the United Kingdom of Great Britain and Northern Ireland (4.8%), Germany (4.97%), Austria (3.2%), Luxembourg (2.5%), and France (2.2%) (Official website of the Ministry of Economy of Ukraine). As indicated in the balance of payments published on the website of the National Bank of Ukraine, the net inflow of foreign direct investment in 2022 is estimated at 587 million USD, inclusive of reinvestment of income at 655 million USD.

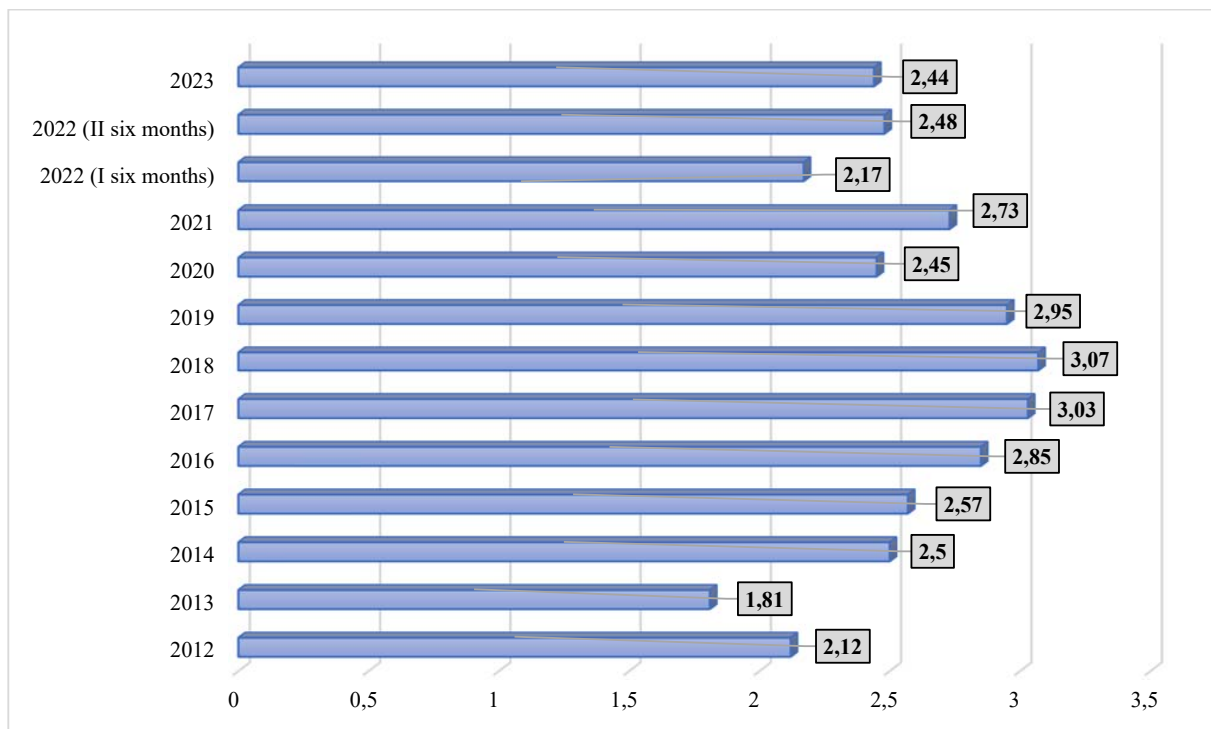
For the first two months of 2023, net foreign direct investment inflows are estimated at 384 million USD

(including reinvestment of banking sector profits – 89 million USD). Net equity capital inflows (excluding reinvestment of profits) amounted to 159 million USD (compared to 89 million USD in the first two months of 2022). The volume of capital investments used by Ukrainian enterprises in 2022 amounted to 409,660.0 million UAH (according to the official website of the Ministry of Economy of Ukraine). Own funds of enterprises and organisations remain the main source of capital investment financing, accounting for 68.6% of capital investments in January-December 2021. The share of bank loans and other borrowings in total capital investments in 2021 was 5.0%. In January-December 2021, 17.6% of capital investments were made at the expense of state and local budgets. The share of foreign investors' funds was 0.1% of total capital investment, and households' funds for housing construction accounted for 5.4%. Other sources of funding accounted for 3.3%.

The Law of Ukraine "On State Support of Investment Projects with Significant Investments in Ukraine" was adopted to stimulate the attraction of strategic investors to Ukraine's economy, increase the investment attractiveness of Ukraine, create new high-paying



**Figure 4. Dynamics of capital investments in Ukraine in 2010-2022, million UAH**  
 Source: (Official website of the State Statistics Service of Ukraine)



**Figure 5. Investment Attractiveness Index of Ukraine, 2012-2022, points**  
 Source: (Dubok, 2022)



jobs and improve the competitiveness of the economy through state support for large investment projects (Official website of the Ministry of Economy of Ukraine).

A public-private partnership represents a potentially effective tool for attracting additional investments in the public sector of the Ukrainian economy. Concurrently, it functions as an efficacious mechanism for cultivating relations between state entities and commercial enterprises. The state ensures that private partners adhere to the conditions set out in Ukrainian legislation for their activities. It also guarantees that contracts concluded within the framework of public-private partnerships are honoured and that private partners' rights and legitimate interests are protected (Official website of the Ministry of Economy of Ukraine). The investment process is a complex economic category that characterises the socio-economic state of the country and provides a basis for modelling its future.

### 5. Efficiency of Investment Activity of Agricultural Enterprises

The essence of the efficiency of investment activity in agricultural enterprises is to achieve the maximum return on investment in agriculture. The main directions of improving the efficiency of investment activity in agricultural enterprises are illustrated in Figure 6, with an emphasis on the importance of optimal use of resources.

The efficacy of investment activity in agricultural enterprises is contingent upon the ability to achieve

a balance between the pursuit of profit, the optimisation of resource utilisation, and the assurance of stability and resilience in the context of a changing environment (Savitska, Zaika, Svystun, Koval, & Haibura, 2020). In addition, the efficiency of investment activity of agricultural enterprises depends on various factors, which can be divided into several main groups, among which political and legal factors play a key role (Table 1).

Effective investment management takes into account all of the above factors, ensuring the optimal use of resources and maximising the profit of an agricultural enterprise.

In 2022, the principal spheres of economic activity in Ukraine, in terms of the volume of capital investments, are as follows: industry (30.8%), agriculture, forestry, and fishing (12.6%), transport, warehousing, postal and courier activities (12.1%), wholesale and retail trade; repair of motor vehicles and motorcycles (9%). The remaining 0% is attributed to public administration and defence; compulsory social insurance, 8.9%; construction, 8.0%; healthcare and social assistance, 4.3%; information and telecommunications, 4.1%; and real estate transactions, 3.5% (Figure 7) (Official website of the Ministry of Economy of Ukraine).

The level of investment attraction largely depends on the investment attractiveness of the sector. The investment attractiveness of agricultural production is influenced by the combination of natural resources, growing demand for food, economic profitability, technological and infrastructure development, as well as socio-economic and political factors.

Table 1  
The main factors of effective investment activity of agricultural enterprises

No.	Name of the factors	Areas of activity	Essential characteristic
1	Economic factors	Current state of the economy	• The overall economic situation in the country, inflation, investment in the agricultural sector, etc.
		Cost structure	• The distribution of investment funds between different areas of an agricultural enterprise, such as production, technology, and marketing.
		Availability of funding	• Availability of loans, investment programmes, and subsidies for agricultural enterprises.
2	Technical factors	Use of modern technologies	• The use of advanced agricultural technologies can increase productivity and reduce costs.
		Infrastructure	• The availability of the necessary infrastructure, such as irrigation, roads, and storage facilities, can also affect the efficiency of investments.
3	Social factors	Infrastructure	• The level of education and skills of the workforce: a skilled workforce can ensure that investments are used more efficiently.
		Demographic factors	• The region, its size and structure can also affect the labour market and demand for agricultural products.
4	Natural conditions	Climatic conditions	• Affect yields and the types of crops that can be grown.
		Land resources	• Availability of fertile soils and their availability for use.
5	Political and legal factors	Tax policy	• The level of taxes and benefits for agricultural enterprises.
		Legal environment	• Stability of legislation governing the agricultural sector and protection of property rights.
6	Market factors	Demand for products	• Market conditions, competition, sales opportunities.
		Price situation	• Product prices and production costs.

Source: created by the authors based on the results of research

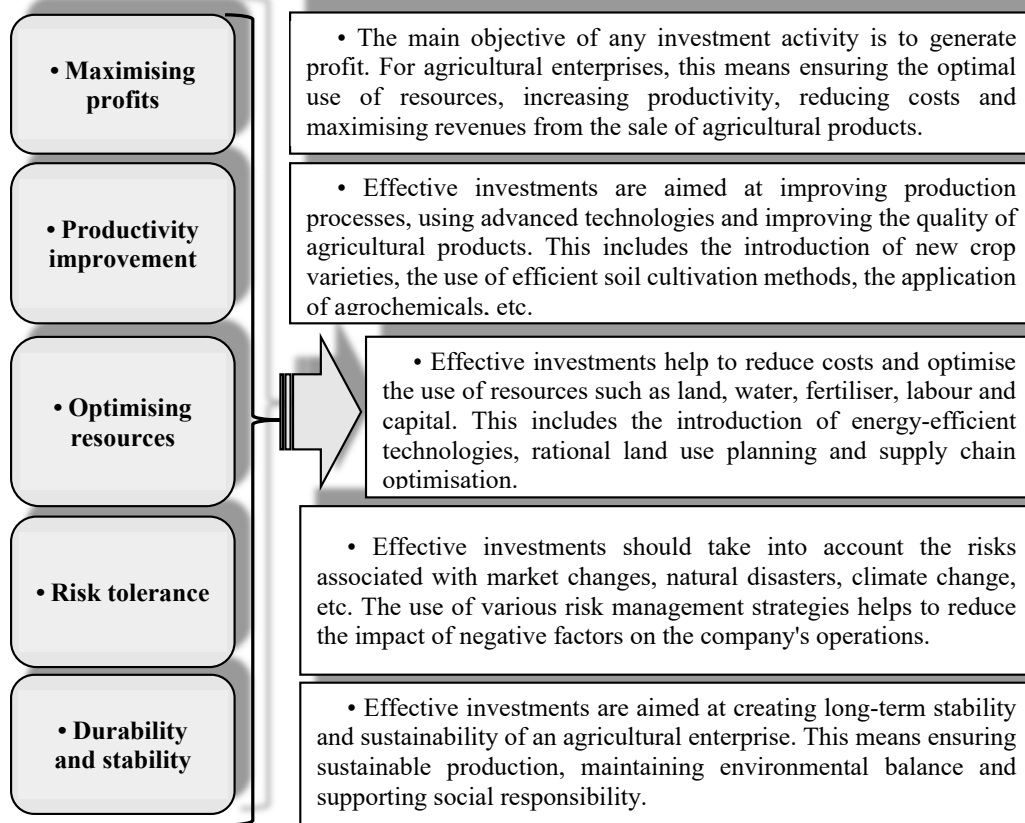


Figure 6. Main directions of improving the efficiency of investment activity of agricultural enterprises

Source: created by the authors based on the results of research

Indicators for determining the investment attractiveness of the industry are presented in Table 2, where the importance of the industry in the national economy is taken into account among the assessment criteria.

To maximise investment attractiveness, it is necessary to create favourable conditions for investors, including stable legislation, government support, infrastructure development and the introduction of modern technologies.

At the conceptual level, a technology for calculating the index of investment preferences of a region is proposed, which provides for:

- Systematic analysis of the problem, its structuring and representation in the form of a hierarchy.
- Selection of regional statistics indicators that characterise the investment advantages of the region.
- Determination of indicators (characteristics) that do not significantly affect the state of the investment climate in the region using the coefficient of variation ( $V_j$ ):

$$V_j = \frac{S_j}{\bar{X}_j},$$

where  $S_j$  is the standard deviation of the  $j$ -th characteristic (index);

$\bar{X}_j$  is the average arithmetic value  $j$ -th characteristic (index).

After determining  $V_j$  for each  $j$ -th feature, the inequality is checked:  $V_j < \epsilon$ .

If  $V_j$  is less than the value  $\epsilon$ , which is equal to 0.1, the features are considered quasi-constant and excluded from the list of further studies.

- Determination of indicators: stimulators (+), destimulators (-).

- The formation of information databases, that is, the formation of the matrix of initial data  $[X]$ :

$$X = \begin{bmatrix} X_{11} & \dots & X_{1j} & \dots & X_{1m} & \dots \\ X_{21} & \dots & X_{2j} & \dots & X_{2m} & \dots \\ \dots & \dots & \dots & \dots & \dots & \dots \\ X_{i1} & \dots & X_{ij} & \dots & X_{im} & \dots \\ \dots & \dots & \dots & \dots & \dots & \dots \\ X_{n1} & \dots & X_{nj} & \dots & X_{nm} & \dots \end{bmatrix},$$

where  $m$  is the number of signs ( $j=1, 2, \dots, m$ );

$n$  is the number of blocks for which it is advisable to conduct a study of the region's ( $i=1, 2, \dots, n$ ) investment advantages;

$X_{ij}$  is the value of the  $j$ -th feature that characterises the state of the  $i$ -th block of investment advantages of the region.

- Ranking the indicators in ascending order to determine the maximum and minimum values of the indicators.

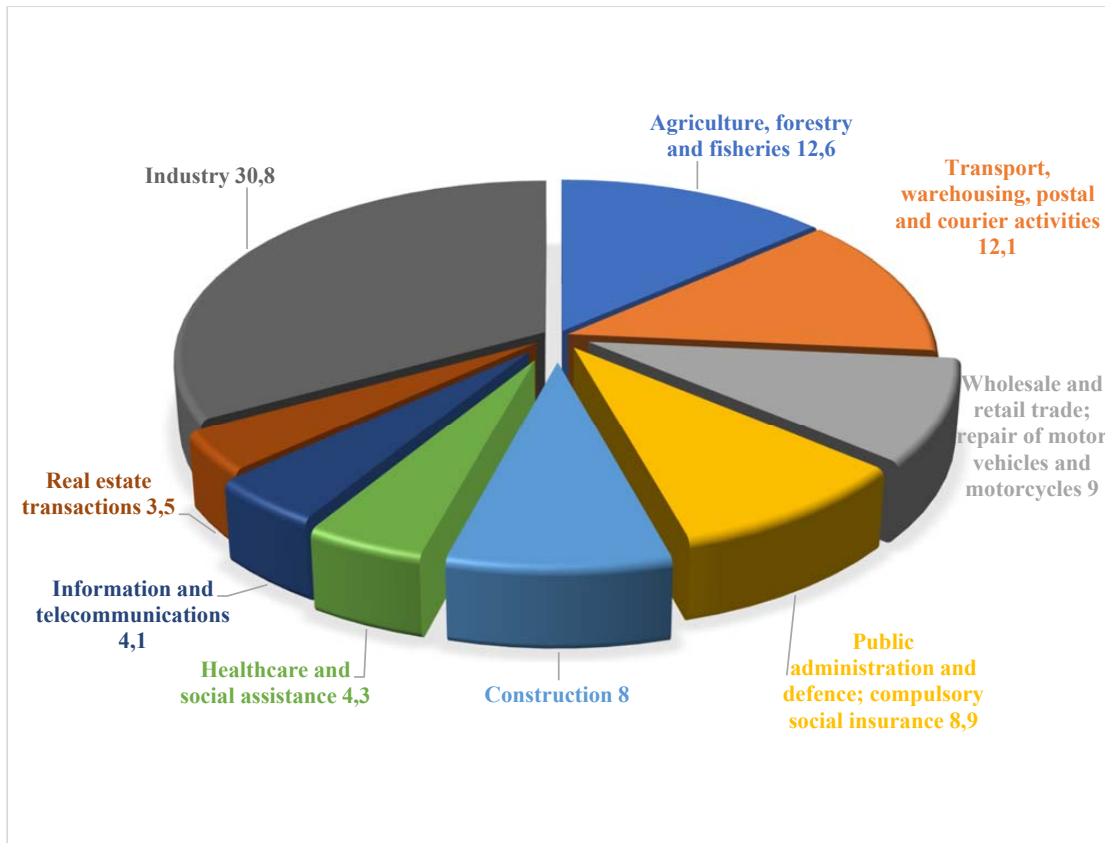


Figure 7. Leading economic sectors by volume of capital investment (Ukraine), 2022, %  
 Source: (Official website of the State Statistics Service of Ukraine)

Table 2

**Indicators for determining the investment attractiveness of the industry**

No.	Evaluation criteria	Name of indicators
1	• Industry profitability	1. Net profit ratio. 2. Return on sales ratio. 3. Cost recovery ratio (profitability).
2	• Efficiency of the industry's production activities	1. Refund. 2. The share of sales and exports of the industry in the total volume of products produced in the industry.
3	• Efficiency of capital investments in the industry	1. Return on investment ratio. 2. Return on equity ratio. 3. Investment potential index.
4	• Significance of the industry in the economy of the region and Ukraine	1. The share of the industry in the gross value added of the region. 2. The share of the industry in the total industrial production of the region. 3. The share of production volumes of the region's economy in the national production. 4. The share of the region's industry output in the national production.
5	• Resilience of the industry to the economic downturn production	1. Correlation between the dynamics of production volumes of economic and industrial sectors and the dynamics of Ukraine's GDP.
6	• Social significance of the industry	1. The share of the industry's employees in the total number of people employed in the economy.
7	• Degree of state support for the development of the industry	1. The ratio of the share of capital investment in an industry to the total amount of public capital investment in the economy, industry.

Source: (Dubok, 2022)



– Selection of the best value for each indicator characterising the  $i$ -th block in the construction of the integrated index of investment preferences of the region (maximum for stimulant indicators and minimum for discouraging indicators).

– Calculation of partial indices of a particular block, which characterise the level of a certain aspect of the regions' investment advantages, as the ratio of the actual value of the  $j$ -th indicator for each region ( $X_{ij}$ ) to the best in Ukraine (in a particular region), i.e., normalisation of indicators:

- for indicators-stimulators:

$$K_{part.i} = \frac{X_{ij}}{X_{ijmax}}.$$

- for disincentive indicators:

$$K_{part.i} = \frac{X_{ijmin}}{X_{ij}}.$$

Calculation of the product of partial indices characterising the  $i$ -th block of indicators of the region's investment advantages.

Calculation of group integral indices that characterise certain aspects of the region's investment advantages using the geometric mean formula of the partial coefficients included in the  $i$ -th block:

$$K_i = \sqrt[n]{K_{part.1} * K_{part.2} * \dots * K_{part.m}}.$$

Calculation of the consolidated integral index of investment advantages of a region by the formula of integral indices of the geometric group, which characterise its main aspects:

$$K = \sqrt[n]{K_1 * K_2 * \dots * K_n}.$$

Rating of regions by the composite index of investment attractiveness (Umanets, 2006).

Investments can be considered a factor that provides favourable conditions for overcoming the economic crisis and stimulating technological progress. They help to improve the quality and quantity of financial, economic and social performance of enterprises, as well as the welfare of the population.

## 6. Findings

There are several ways to boost investment activity in agricultural enterprises, including creating a favourable investment climate. Here, the state can facilitate investment in the agricultural sector by establishing transparent and stable rules, reducing bureaucratic obstacles, and ensuring legal and financial stability.

A further vector of support is the provision of financial instruments, including loans with low interest rates, grants and subsidies for the development of agricultural enterprises (Sakhno, Polishchuk, Salkova, Kucher, 2019). Furthermore, the provision of support for scientific research, the development of new technologies and innovative approaches to production

will serve to enhance the attractiveness of the agricultural sector for investors (Germanjuk, 2018).

Investments in infrastructure improvement, particularly in the construction and repair of roads, railways, and ports, will facilitate convenient and efficient transportation of agricultural products. The development of internal and external markets for agricultural products, including the support of exports through trade agreements and the expansion of international partnerships, will serve to enhance investment activities in agricultural enterprises. Furthermore, the implementation of contemporary management techniques and the reinforcement of corporate governance at agricultural enterprises will serve to augment their appeal to prospective investors.

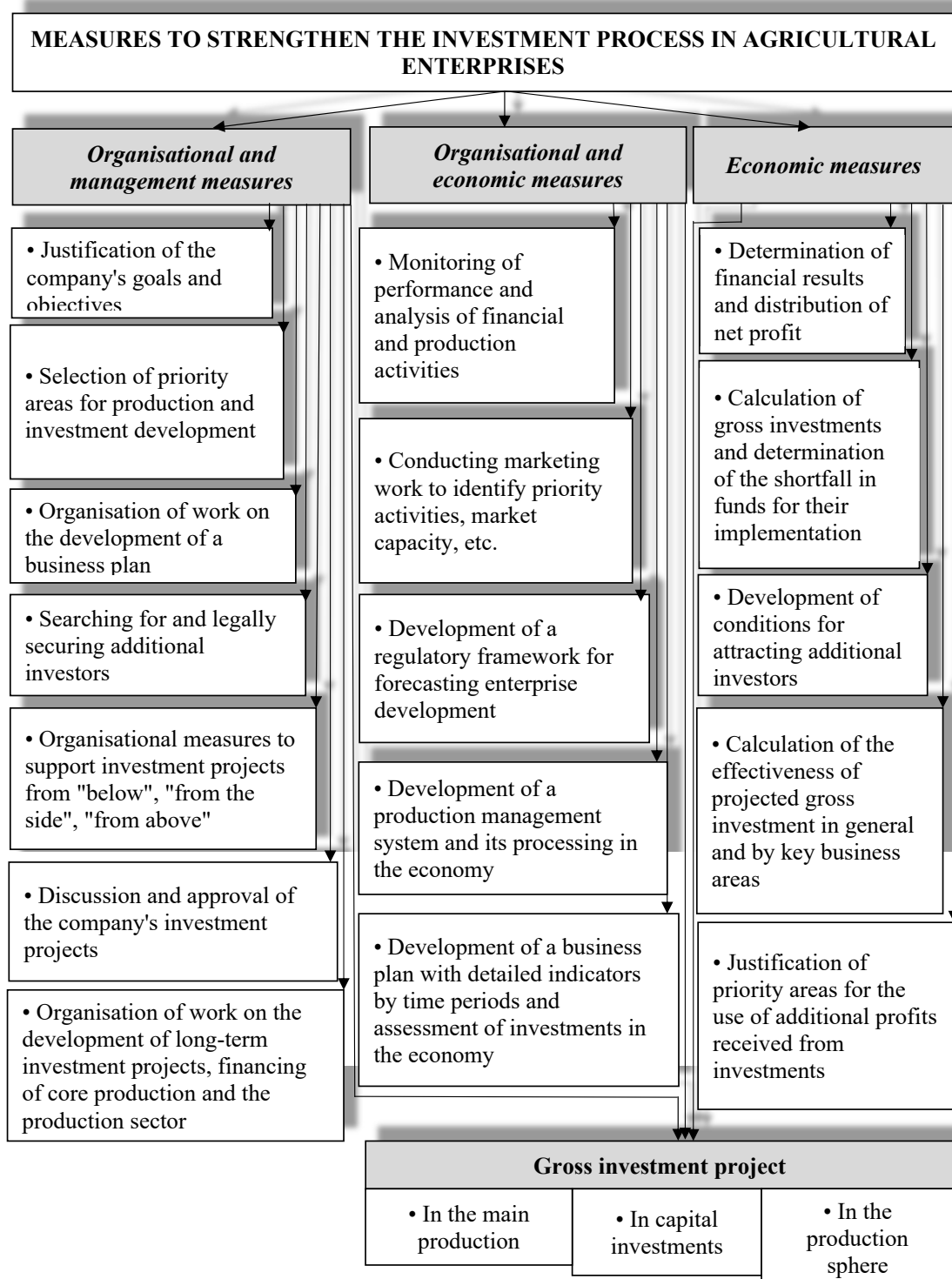
Figure 8 presents a system of fundamental measures to strengthen the investment process in agricultural enterprises, which includes organisational and economic measures, such as conducting market research to identify priority areas of activity and market opportunities.

These approaches can help to revive investment activity in the agricultural sector and contribute to its further development.

The success of investment projects largely depends on the openness of government and local authorities to dialogue with the public and the production sector (agribusiness). The state should play a key role in increasing the investment attractiveness of the agricultural sector in the regions of Ukraine, using both budgetary and extra-budgetary funds. This role includes identifying promising investment areas and projects on a national scale.

Concurrently, local self-government bodies and regional executive authorities must establish the principal directives of regional investment policy, with the objective of securing financial resources for promising investment projects. It is their responsibility to identify the principal investment priorities of the region, to coordinate investment projects and to monitor the efficient use of financial resources that have been allocated (Bezpyata, 2015).

At the same time, clear implementation mechanisms for investment policy at the national and regional levels are needed to increase investment activity. A comprehensive strategy for regional investment development is essential, focusing on determining investment priorities that take into account long-term and sustainable economic impacts rather than short-term and sporadic benefits (Sharayenko, 2011). The Law of Ukraine "On State Support of Investment Projects with Significant Investments in Ukraine" was adopted to stimulate the attraction of strategic investors to Ukraine's economy, increase its investment attractiveness, create new high-paying jobs and improve the competitiveness of the economy through state support of large investment projects in Ukraine



**Figure 8. System of basic measures to intensify the investment process in agricultural enterprises**  
 Source: (Vinichenko, 2009)

(Official website of the Ministry of Economy of Ukraine).

It is also possible to increase investment activity in Ukraine under the following conditions: ensuring the financing of innovations, developing and implementing a system of measures to stimulate the

investment activity of commercial banks, promoting the development of the stock market and venture capital, improving investment infrastructure, using international expertise to evaluate the effectiveness of business centres and incubators, and cultivating a culture of investment and innovation in society,

among other initiatives (Matsuka, 2020; Lyalina, Chavykina, 2020). With the intensification and further stabilisation of investment activity, regional investment policy and the economic and social situation become critical components of the overall economic development of the state.

## 7. Conclusions

Agriculture is one of the priority and strategic sectors for the development of the Ukrainian economy. Activation of investment activities in agro-industrial production can be achieved by mobilising domestic resources and attracting foreign capital. However, due to Russia's war against Ukraine, the volume of investment in the agricultural sector has decreased significantly and the investment climate remains less attractive for investors. Despite these challenges and obstacles, however, Ukraine offers valuable opportunities for foreign investors. A highly skilled workforce, abundant natural resources, dynamic economic reforms and a strategic geographic location are among the advantages that may appeal to investors.

A significant increase in the inflow of investments into the agricultural sector will be possible due to the institutionalisation of a set of fiscal, budgetary, price, credit, and customs methods and instruments aimed at stimulating investment activity in agriculture. The high investment attractiveness of the sector is a crucial factor in enhancing its competitiveness and ensuring high and sustainable economic growth. The efficiency of investments in agricultural enterprises is significantly increased by implementing innovative projects.

In order to ensure the sustainable development of investment attractiveness, Ukraine needs to reform its economy and improve its business environment. This requires, first and foremost, an end to the war, as well as improvements to the legal system, the fight against corruption, the protection of intellectual property rights, and the promotion of entrepreneurship and innovation. With the right strategy and effective measures, Ukraine can maintain and increase its investment attractiveness, leading to sustainable economic growth and an improved quality of life for its citizens.

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