Kyiv National University of Trade and Economics

The Department of World Economy

FINAL QUALIFYING PAPER (PROJECT)

on the topic:

« IMPLEMENTATION OF INTERNATIONAL INVESTMENT PROJECTS IN UKRAINE»

(based on the data of International Chamber of Commerce (ICC Ukraine), Kyiv)

Student of the 2nd year, group 2am, speciality 051 "Economics", specialization "International economics"	__________	Panivnyk T.V.
Scientific adviser Doctor of Economics, Professor of the Department of World Economy	__________	Duginets G.V.
Manager of the educational program Candidate of Sciences (Economics), Associate Professor	__________	Kravets K.P.

Kyiv, 2020

CONTENTS

INTRODUCTION

The transformation of the socio-economic model of Ukrainian society has led to the formation of a new investment mechanism, the main task of which is to increase investment efficiency. This is due to the fact that investment affects the deep reproduction processes and is a determining factor in the economic growth of any country. Since 1996, the average annual growth rate of investment in Ukraine's economy has outpaced the growth rate of gross domestic product, which indicates the unsatisfactory efficiency of the national economic complex in the country.

The investment activity of economic entities is determined by the investment climate, but the climate does not guarantee the achievement of the expected results in the implementation of the investment project. Low indicators of the efficiency of the national economy in general and investment activities in particular, lead to a loss of positive growth dynamics of the national economy and competitive advantages in world markets.

In the process of developing and implementing investment projects, investment entities are faced with the issue of evaluating the effectiveness of investment projects in conditions of significant uncertainty and risk. In modern conditions, at the stage of institutionalization of the national capital market, accompanied by the separation of property relations from management relations, traditional management approaches to assessing the effectiveness of investment projects and investment decisions do not meet the requirements of business owners.

International experience in evaluating the effectiveness of investment projects and the evolution of methods of such evaluation indicates the global nature of the problem, so the adaptation of international methods of evaluating the effectiveness of investment projects to the conditions of the Ukrainian economy becomes especially important.An objective of the paper is to define the essence of food security and its components in order to make a comprehensive review of different approaches to such term; analyze internal and external factors which affect food security; form a number of suggestions, how to eliminate possible risks and barriers and ensure food security provision on a high level.

The relevance of the topic is that now Ukraine is in the process of reforming and needs economy significant investment of projects representing different segments. Firstly, foreign direct investment can be made in full meet the needs of innovative and technological development of the country. Secondly, funds of public financial institutions are not enough for financing of investment projects and the country needs to attract international financial resources organizations. So the building an effective system for financing investment projects will help strengthen it technological potential of the country and increasing the competitiveness of the national economy and its individual segments.

The object of the final qualification work is the process of improving the implementation of international investments projects in Ukraine economy and increase of the efficiency of international investment projects.

The subject of the research is theoretical and methodological principles of the implementation of international investments projects in the environment of international economic activity in the context of increasing efficiency of projects ICC Ukraine with international partners.

The tasks of qualification work are:

- to research modern aspects of international investment projects - research in economic science;
- to anylyze approaches to determining the effectiveness of international investment projects;
- to analyze of international investment projects in the world economy;
- to evaluate the real economic situation in Ukraine;
- analyze of the effectiveness of international investment projects in ICC Ukraine;
- research of the measures proposed for optimizing international investment projects in Ukraine.

Different aspects of international investment and international investment projects are analyzed and researched in the works of such Ukrainian and foreign scholars as M. Denisova, O.A. Kirichenko, N.S. Medvedkova, D. Stiglitz, I.V.Soslovskaya , V.G. Soslovsky, A.I. Zimin.

The theoretical basis of the study were general scientific methods of cognition (dialectics, analysis, synthesis, systematization, complexity, analogy, historicism), methodological principles of systems analysis.

Features of evaluating the effectiveness of investment projects identified using the following methods: dialectical (to reveal the theoretical foundations of efficiency), system (to determine the components of the investment project and the nature of the links between them), analysis and synthesis (in developing methods to evaluate investment projects economic efficiency of financing of investment projects by commercial banks) and comparative analysis (when choosing the optimal indicators for assessing the effectiveness of investment). The solution of the tasks set in the work and data processing were carried out on a PC using simulation methods.

Information scope of sources contain laws and regulations of Ukraine governing the organization and methodology for evaluating the effectiveness of investment projects,guidelines for international financial institutions, scientific papers of domest ic and foreign scientists.

Scientific novelty of final results implies theoretical and practical justifications towards strategic decisions and efficient mechanism for implementation of investment projects and increase of effectiveness of investment projects.

Approbation and utilization of research results: article “Modern aspects of international investment projects - research in economic science” in collection of scientific articles “International economics”, KNUTE, Kyiv, 2020.

Paper consists of an introduction, three parts, conclusions and recommendations, references, appendices. The volume of thesis is 57 pages. List of references includes 42 sources.

PART 1
|THEORETICAL AND METHODOLOGICAL FOUNDATIONS

1.1 Modern aspects of international investment projects - research in economic science

The development of any country is highly depend on activation of the investment activity and proper financial security. A variety of investment needs leads to the development of new forms of financing for projects and programs, one of which is the main - project financing. At the same time a problematic issue in the implementation of projects involves the participation of a large number of economic entities and sources of funding, which in turn can attract funds from international financial markets, financial, investment, leasing and insurance companies, long-term loans from international financial institutions and more.

Therefore, building an effective system for financing investment projects will help strengthen it technological potential of the country and increasing the competitiveness of the national economy and its individual segments.

In order, to understand the essence of international investment projects, we should know definition of "investment". Investment - it is the investment of intellectual, financial, material assets into objects entrepreneurial activity of the country and beyond its borders in order to obtain economic benefits both in the short and long term (Fedorenko, 2015).

Accordingly, when investing in selected business entities activities, this should be determined by a specific project. In the Law of Ukraine " About investment activity" indicated that an investment project is a collection purposeful organizational-legal, managerial, analytical, financial and engineering activities undertaken by the entities investment activities and designed in the form of planning and settlement documents necessary and sufficient for justification, organization and project management (Law of Ukraine «About investment activity», 1991).

A.I. Zimin treats investment project as a feasibility investment program, economic feasibility, volume and term of realization of investments, including with the compilation of all necessary design documentation and describing specific practical steps for implementing a business plan (Majorova, 2017). O.A. Kirichenko gives the following definition of an investment project. Project - an investment action that involves investing a certain amount of resources in that amount of intellectual, financial, material, human, to receive the intended result and the achievement of certain goals in a timely manner (Kirichenko, 2015).

From the approaches given in the Table 1.1 we can see that quite often under investment-this project means something larger than just an idea. Therefore, we suggest to define the essence of the investment project as a set of activities that make up the life cycle, the end point, which is the implementation of the initiative plan of the investor.

Table 1.1

Interpretation of the essence of the concept of "investment project"

Author	**Definition**
Business dictionary	Long-term allocation of funds (with or without recourse to the project's sponsor) to carry an investment idea through to its stable-income generation stage. A viable investment project aims at achieving a profitable return that ensures (1) timely payment of interest and principal, (2) attractive return on the invested capital, and (3) positive and consistent cash flows.
V. Fedorenko	Setting goals and features for specific investment and substantiation of its expediency.
Y. Nesvetaev	Any activity aimed at achieving the set goals (economic or social in nature), and which it requires the cost or use of capital resources (natural resources, machines, equipment, etc.), that is capital formation investment.
V. Vitlinsky	A plan or program of activities related to the implementation of capital investments for next return and profit.
V. Grinova	The main document that determines the need for real investment in which in the conventional sequence of its sections main project characteristics and financial indicators are presented, related to its implementation.

Sourses: compiled by the author based on (Fedorenko, 2015; Nesvetaev, 2017; Vitlinsky, 2016; Grinova, 2018)

As we know, any investment project requires funding for its implementation, so the organization of project financing is a basic requirement investment activities.

The financing of the project is intended to provide the flow of cash needed to timely implementation of project steps.

One of the sources of financing investment projects is foreign investment.

International investment is one of the most effective tools for increasing competitiveness of the Ukrainian economy in the world market. Highly developed countries were able to achieve high levels of socio-economic development through accelerated investment economy. Foreign investment plays a significant role because domestic long-term and the available investment resources are not sufficient to meet the needs of all market participants.

International investments allow:

- to disseminate innovation and high technology, which can be a decisive factor in investment and changes in the structure of the global economy;
- to develop economic integration unions;
- stimulate investment at regional and multilateral levels.

Collaboration with international financial institutions for each aspiring country organizations are inevitable. But the forms, mechanisms and consequences of such collaboration may vary, despite the fact that each of these countries seeks to maximize its usefulness.

For Ukraine, this problem is especially urgent because the activities of global financial institutions is a factor that has a significant impact not only on the development of its economy through the implementation of programs, aimed at market reform, structural restructuring of the national economy and stabilization of the national currency, but also the development of the social sphere.

One of the major sources of investment is the implementation of projects with the World Bank, the European Bank for Reconstruction and Development, the European Investment Bank.

The World Bank is a multilateral credit institution bringing together five institutions, activities aimed at improving living standards in developing countries at the expense financial assistance from developed countries. Among the World Bank institutions, the most active in financing of investment projects is the International Bank for Reconstruction and Development; International Finance Corporation; Multilateral

Investment Guarantee Agency (State and Prospects of Cooperation between Ukraine and the World Bank, 2018)

The World Bank is involved in financing environmental projects. According to the Ukrainian office are financing projects worth more than $ 700 million from the World Bank (State and Prospects of Cooperation between Ukraine and the World Bank,2018)

International financial institutions' funds are the source of credit.

Ukraine cooperates with many international financial institutions (IFIs) that provide credit and grant resources to support its economy. In addition to resources to the General Fund of the State Budget and to the NBU's reserves, international financial institutions provide Ukraine with financial resources for investment projects implemented in the public sector.

According to its mandate, the International Bank for Reconstruction and Development (IBRD) credits the public sector and provides government guarantees. To date, eight IBRD investment projects in the fields of social policy, health care, energy, infrastructure, municipal lending are being implemented in Ukraine.

The European Investment Bank (EIB), which is a bank of the European Union, has for the last three years been providing Ukraine with the largest volumes of investment lending among international financial institutions. It mainly credits energy, infrastructure and the municipal sector, and helps rebuild municipal and social infrastructure in the regions of Ukraine affected by the military conflict.

The European Bank for Reconstruction and Development (EBRD) is the third largest international bank in terms of lending to Ukraine and, in addition to the public sector, lends to the private sector. Main lending areas are energy, infrastructure and the financial sector.

The cost of IFI lending is very favorable, the credit terms are sufficient to complete the projects. In the process of preparing new projects, negotiations are underway between the Ukrainian delegations and the IFIs to determine the directions, conditions, stages of credit implementation, that is, banks provide loans that are needed by the state and directed to the most important areas of economic development. Project implementers (beneficiaries) often complain about the existence of rigid bureaucratic procedures for cooperation with

IFIs in Ukraine and the rigid bureaucratic procedures of IFIs themselves. Meanwhile, IFI projects operating in the private sector of Ukraine overcome these difficulties and successfully use credit. (Analysis of the implementation of investment project, 2017)

However, there are different perspectives on the role of international financial institutions in developing countries.

In particular, D. Stiglitz criticizes the International Monetary Fund's policies in his publications and speeches and the International Bank for Reconstruction and Development for developing countries, considering that not only the economies of these countries, but also the programs of social transformation, are exclusively dependent on these institutions. This view is also supported by practitioners and financiers (Stiglitz, 2016).

For example, the policies of the International Monetary Fund are criticized by M. Stovpiv and M. Denisova. (Stovpi and Denisova, 2018)

Research on the impact of financial support for international financial development organizations domestic economics were engaged in such scientists as N.S. Medvedkova (Medvedkova,2015), I.V. Soslovskaya, V.G. Soslovsky (Soslovska and Soslovskyy, 2015). In their writings, these scholars confirm that they are from international funding investment projects depend on the state of the national economy of the country. Therefore, the issue is international financing of investment projects in Ukraine is becoming more relevant.

Foreign direct investment can be made in full to meet the needs of innovative and technological development of the country. Therefore, the Government of Ukraine must facilitate the investment of foreign resources in innovative projects and in production and during development of markets for national products, taking into account the interests of the economy of the country. Common financing of investment projects by domestic and foreign investors is possible in the process establishment of reputable investment centers or consulting firms that will provide reliable information on possible investment objects, legal and economic conditions of cooperation.

Creating an effective system of financing investment projects involves activities in Ukraine's reliable financial institutions. Funds of public financial institutions are not enough for financing of investment projects, so the country needs to attract international financial resources organizations, the most active of which is European in financing investment projects of Investment Bank, European Bank for Reconstruction and Development, International Bank for Reconstruction and Development, International Finance Corporation, Multilateral Investment Guarantee Agency.

1.2. Approaches to determining the effectiveness of international investment projects

Analyzing the existing approaches to assessing the investment attractiveness of the enterprise, we can identify the following areas:

- approach based on the analysis of financial performance of the enterprise;
- a comprehensive approach, which, without denying the need for financial analysis, takes into account other aspects of the operation of the entity and evaluates the company in various ways;
- market approach, which is based on assessing the attractiveness of the company's securities and analysis of stock market indicators;
- cost approach, in which the criterion of investment attractiveness of the enterprise is the growth of its value.

The simplest and most convenient to use are methods based on the analysis of the financial condition of the enterprise. The prevalence of this approach is due to the ease of application of this analytical tool, the ability to comprehensively assess the current financial position of the enterprise. This approach does not require the collection of additional information that is not presented in the financial statements of the enterprise.(Satyr,2017)

Analysis of the development of business plans and evaluation of the effectiveness of various projects showed that, despite the use of generally accepted criteria in world practice, the calculation of domestic experts often conduct different algorithms using different cash flow structures and is limited to the use of traditional methods of bringing future receipts to the current level (discounting method), as well as methods of bringing the current level to the future (the method of accumulation). There is also no single view on the tasks to be solved and the rationale for choosing a discount rate. The main indicators of the efficiency of the investment project are presented in table 1.2.

Table 1.2

The main indicators of the officiency of the investment projects

Indicator	Necessity
Net present value (NPV)	Allows to get the absolute the magnitude of the effect of implementation project.
The internal rate of return (IRR)	Shows the upper limit of the allowable level of the discount rate, exceeding which makes the project unprofitable.
Modificate internal rate of return(MIRR)	The modified Internal Rate of Return (MIRR) provides an internal rate of return that equates the current estimate of ivestment costs with the future value of the project's cash flow and is calculated at a specified interest rate.
Profitability index (PI)	Allows to get the relative magnitude of the effect of the project.
Accounting Rate of Return (ARR, %)	Shows the ratio between average annual income and initial investment.
Payback periof (PBP)	Allows to determine how long it takes to recoup the initial investment.
Discounted Payback Period	Allows to determine how much time is needed to recoup the initial investment based on time.

Sourses: compiled by the author based on (Gerasimenko, 2015)

The results of the study of appropriate methods of analysis of investment attractiveness, conducted by O.Yu. Chyhryn, showed that the majority of scientists (68.75%) propose to determine the investment attractiveness of the enterprise, assessing the financial condition. Justifying this by the fact that the investor, seeking to invest their investment resources, already knows in which country, industry and region will invest. For him, the issue of choosing the most optimal company in terms of its financial condition remains a priority (Chyhryn, 2017).

However, such an assessment of the enterprise is not sufficient, as both satisfactory and unsatisfactory financial condition of the entity does not reflect the prospects for development and reserves to improve performance. And, as T. Kopeland notes, investors pay for the results they expect from the company in the future, not for what the company has achieved in the past, and, of course, not for its current assets. (Kouplend, 2015).

The authors of complex methods try to correct the one-sided approach to the assessment of investment attractiveness on the basis of financial indicators. The number of indicators of efficiency of investment projects is significant, we have grouped the advantages and disadvantages of their use, which will take into account the views of the authors on their practical application in each case (Table 1.3).

Thus, the most important problematic issues of the theory of efficiency can be reconciled with the study of H.Ya. Yaremyk and M.I. Yaremik , which emphasize the following problems: when calculating the effectiveness of investment projects by the above methods do not take into account the depreciation of fixed assets, the methods do not specify how to justify most of the basic indicators (discount rate, how long to discount, how to justify the value of money flow, etc.), the value of the mathematical apparatus, which is used (Yaremyk, 2015).

Statement of the problem of evaluating the effectiveness of participation in the project of the company's shareholder provides focusing on the following.

When assessing the effectiveness of participation in the project of the company's shareholder:

1) the market value of the share capital of the company implementation of the project and the value are estimated one share;

2) the size of the block of shares owned by the shareholder is taken into account;

3) the difference between the estimated market price of the package and the cost of its acquisition characterizes the potential income of the shareholder (the ratio of income to the cost of purchasing the package gives ability to determine the return on investment in shares) (Mamontenko, 2018).

Table 1.3

Advantages and disadvantages of methods for evaluating the effectiveness of investment projects

Indicator	Advantages	Disadvantages
Net present value(NPV)	- taking into account the factor of time value of cash receipts; - ensuring an increase in the market value of the enterprise, additive; - forecast assessment of the economic potential of the enterprise characterizes the forecast value of capital growth	-absolute indicators do not make it possible to assess the "reserve" of enterprise security, it is impossible to assess the degree of risk, there is uncertainty in the calculation of future cash flows; - the discount rate is usually chosen to be constant for the entire investment cycle, although it may be carried out depending on economic conditions

The internal rate of return (IRR)	- the relative value of the indicator is easy to understand and use, takes into account the time value of cash investments, reflects the maximum values of interest rates and payback periods; - does not depend on the discount rate; - focus on increasing the income of investors	- erroneous ranking of mutually exclusive projects with different amounts of capital investment; - non-additive method; - is not sure that the discount rate is constant during the life of the project; - indicates only the maximum level of costs (if the IRP of two projects is greater than the cost of borrowed funds, the choice of the best option for this method is impossible); - problematic application for project evaluation in the case of investment by year, rather than one-time
Modificate internal rate of return (MIRR)	- allows you to evaluate the project without reinvesting funds in the project	- with different amounts of investment costs, the results of evaluating the effectiveness of projects may not ensure the accuracy of the choice
Profitability index (PI)	- allows for comparative evaluation of projects; - relative indicator, which determines its ease of use; - allows you to judge the security reserve of the enterprise	- non-additive, depends on the discount; - in the comparative assessment of mutually exclusive projects with different amounts of investment costs contradicts the NPV
Accounting Rate of Return (ARR,%)	- simplicity of calculations and use in practice; - focuses on investment options directly related to the level of income	- does not take into account the time assessment of investments; - the calculation is based on profit, not cash flow; - does not take into account the difference in the duration of operation of assets created as a result of investment projects
Payback periof (PBP)	- simplicity of calculations and understanding	- does not take into account the time value of cash flows; - does not take into account cash flows outside the payback period; - non-additive method; - cannot be used to determine the profitability of the project

Sourse: developed by author based on (Rzayev, Vakulova, 2016)

These indicators allow to give an express assessment of the attractiveness of the project (Table 1.4). It should be noted that these indicators are poorly used to evaluate venture projects, because it is difficult to predict what will be sales, revenues and demand in this project. The indicators have proved themselves well in the evaluation of already implemented projects with well-established business processes.

The use of evaluation coefficients of investment projects allows you to choose the most attractive objects for investing money. We have considered both statistical and dynamic valuation methods, in practice, the first are suitable for displaying the overall characteristics of the object, while dynamic allow you to more accurately assess the parameters of the investment. In today's economy, the use of these indicators is effective for a relatively small investment horizon (Borymskaya, 2016).

Table 1.4

Table of investment project / investment selection criteria based on the considered coefficients

Indicator	**Project selection criteria**
1. Statistical methods of evaluation of investment projects	
PP, Payback Period	PP → min
ARR, Accounting Rate of Return	ARR > 0
2. Dynamic methods of evaluation of investment projects	
NPV, Net Present Value	NPV > 0
IRR, Internal Rate of Return	IRR > WACC
PI, Profitability index	PI > 1
DPP, Discounted Payback Period	DPP → min

Sourse: developed by author based on (Mamontenko, 2018)

In addition to external factors, the assessment is influenced by internal - the difficulty of accurately determining future cash flows from the project. The indicators largely reflect the financial description of the life of the investment and do not disclose the causal links with the income (it is difficult to assess venture projects and startups). At the same time, the simplicity of calculating the coefficients allows to exclude unprofitable projects at the first stage of the analysis.

Conclusion to Part 1

Having studied the theoretical essence of the formation and features of the implementation of international investment projects, identifying the mechanisms of implementation of investment projects and summarizing we can draw the following conclusion:

- Investment - it is the funding of intellectual, financial, material assets into objects entrepreneurial activity of the country and beyond its borders in order to obtain economic benefits both in the short and long term.
- Investment project - an investment program related to the justification of economic feasibility, volume and timing of investments, including the preparation of all necessary

design estimates and a description of specific practical actions for the implementation of the business plan.

- building an effective system for financing investment projects will help strengthen it technological potential of the country and increasing the competitiveness of the national economy and its individual segments.
- The use of evaluation coefficients of investment projects allows you to choose the most attractive objects for investing money. We have considered both statistical and dynamic valuation methods, in practice, the first are suitable for displaying the overall characteristics of the object, while dynamic allow you to more accurately assess the parameters of the investment. In today's economy, the use of these indicators is effective for a relatively small investment horizon.

PART 2
FEATURES OF IMPLEMENTATION OF INTERNATIONAL INVESTMENT PROJECTS IN THE XXI CENTURY

2.1. Analysis of international investment projects in the world economy

When people think about globalization, they often first think of the increasing volume of trade in goods and services. Trade flows are indeed one of the most visible aspects of globalization. But many analysts argue that international investment is a much more powerful force in propelling the world toward closer economic integration. Investment can alter entire methods of production through transfers of knowledge, technology, and management techniques, and thereby can initiate much more change than the simple trading of goods.

The global economy is in the midst of a severe crisis caused by the COVID-19 pandemic. The immediate impact on FDI will be dramatic. Longer term, a push for supply chain resilience and more autonomy in productive capacity could have lasting consequences.

But COVID-19 is not the only gamechanger for FDI. The new industrial revolution, the policy shift towards more economic nationalism, and sustainability trends will all have far-reaching consequences for the configuration of international production in the decad e to 2030.

The overall directional trend in international production points towards shorter value chains, higher concentration of value added and declining international investment in physical productive assets. That will bring huge challenges for developing countries. For decades, their development and industrialization strategies have depended on attracting FDI, increasing participation and value capture in GVCs, and gradual technological upgrading in international production networks.

The expected transformation of international production also brings some opportunities for development, such as promoting resilience-seeking investment, building regional value chains and entering new markets through digital platforms. But capturing these opportunities will require a shift in development strategies.

Export-oriented investment geared towards exploiting factors of production, resources and low-cost labour will remain important. But the pool of such investment is shrinking, and the first rungs on the development ladder could become much harder to climb. A degree of rebalancing towards growth based on domestic and regional demand and promoting investment in infrastructure and domestic services is necessary.

That means promoting investment in SDG sectors. The large amounts of institutional capital looking for investment opportunities in global markets does not look for investment projects in manufacturing, but for value-creating projects in infrastructure, renewable energy, water and sanitation, food and agriculture, and health care.

The findings in the dedicated chapter in this report on investment in the SDGs show that sustainabilitythemed funds in global capital markets are growing rapidly. At the same time, they show these finances are not yet finding their way to investments on the ground in developing countries.

Global flows of foreign direct investment (FDI) will be under severe pressure this year as a result of the COVID-19 pandemic. These vital resources are expected to fall sharply from 2019 levels of $1.5 trillion, dropping well below the trough reached during the global financial crisis and undoing the already lackluster growth in international investment over the past decade. Flows to developing countries will be hit especially hard, as export-oriented and commodity-linked investments are among the most seriously affe cted.

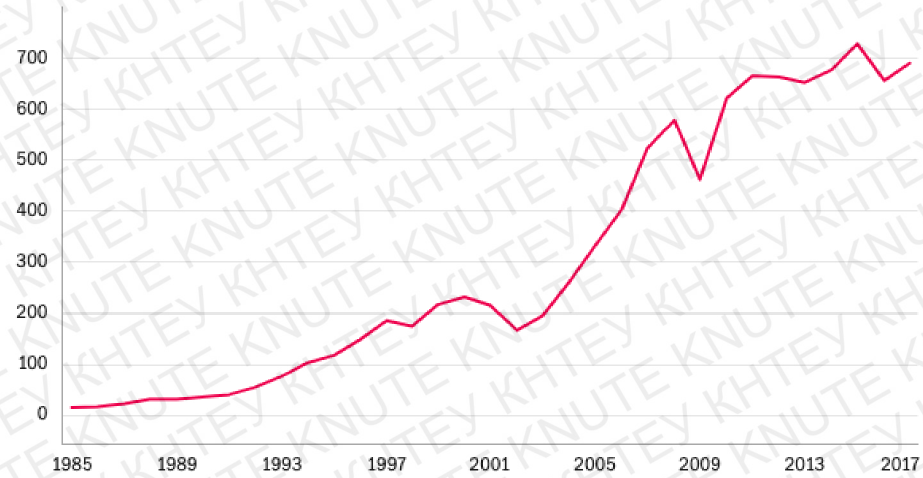
The consequences could last well beyond the immediate impact on investment flows. Indeed, the crisis could be a catalyst for a process of structural transformation of international production this decade, and an opportunity for increased sustainability, but this will depend on the ability to take advantage of the new industrial revolution and to overcome growing economic nationalism. Cooperation will be crucial; sustainable development depends on a global policy climate that remains conducive to cross-border investment (UNCTAD, 2020).

COVID-19 is uprooting economic globalization. With both supply and demand experiencing simultaneous shocks due to containment measures, global production networks are being disrupted on a scale never witnessed before. The pandemic has exposed how globally interconnected the flow of goods and services has become, and countries are now rethinking their international trade strategies to reduce their vulnerability to global economic shocks.

Disruptions to flows of foreign direct investments (FDI) — which are part and parcel of economic globalization — are no exception. In late March, the International Monetary Fund announced that investors had removed 83 billion US$ from developing countries since the beginning of the COVID-19 crisis, the largest capital outflow ever recorded. According to the UN Conference on Trade and Development (UNCTAD), global FDI flows are expected to contract between 30% to 40% during 2020/21. All sectors will be affected, but sharp contractions in FDI are especially evident in consumer cyclicals, such as airlines, hotels, restaurants and leisure, as well as manufacturing industries and the energy sector.

The contraction in FDI is going to hit developing countries particularly hard. The reasons for this are that first, FDI inflows to developing countries are expected to drop even more than the global average, considering that those sectors that have been severely impacted by the pandemic account for a larger share of FDI inflows in developing countries. Second, developing countries have become more reliant on FDI over the last few decades. FDI inflows to developing countries increased from 14 billion to 690 billion US$ (current prices) between 1985 and 2017. This represents an increase from 25 per cent to 46 per cent as a share of world FDI inflows. The increase in FDI to developing countries is underpinned by a rise in both offshoring and global fragmentation of economic activities, especially within the manufacturing and services sectors (OECD, 2020). The drop in global FDI is therefore very much related to the disruptions in global supply chains, which we have also witnessed as a result of the COVID-19 pandemic (fiqure 2.1).

FDI inflows to developing countries are not uniform in either quantity or quality. Fast-growing economies in Asia with large populations have been driving the surge over the past few decades, most importantly China, but also Cambodia, India, Indonesia, Malaysia, Myanmar, Philippines, Thailand and Vietnam.



Fiqure 2.1. FDI inflows to developing countries (in billions $ USA)

Sourse: OECD, 2020

The COVID-19 crisis will cause a dramatic fall in FDI. Global FDI flows are forecast to decrease by up to 40 % in 2020, from their 2019 value of $1.54 trillion. This would bring FDI below $1 trillion for the first time since 2005. FDI is projected to decrease by a further 5 to 10 % in 2021 and to initiate a recovery in 2022. A rebound in 2022, with FDI reverting to the pre-pandemic underlying trend, is possible, but only at the upper bo und of expectations. (OESD, 2020)

The impact, although severe everywhere, varies by region. Developing economies are expected to see the biggest fall in FDI because they rely more on investment in global value chain (GVC) - intensive and extractive industries, which have been severely hit, and because they are not able to put in place the same economic support measures as developed economies (Daniel Johnston, 2018).

• Among developed countries, FDI flows to Europe are expected to fall by 30 to 45 per cent, significantly more than those to North America and other developed economies (with falls of 20 to 35 per cent on average), because the region entered the crisis on a relatively more fragile footing. In 2019, flows to developed economies as a group increased by 5 per cent to $800 billion.

• Flows of FDI to Africa are forecast to fall by 25 to 40 % in 2020. The negative trend will be exacerbated by low commodity prices. In 2019, FDI flows to Africa already declined by 10 per cent to $45 billion.

• Flows to developing Asia will be severely affected due to their vulnerability to supply chain disruptions, the weight of GVC-intensive FDI in the region and global pressures - $1 trillion < 40 % COVID impact FDI falling to Greenfield Q1 2020 -50% Key Messages xi to diversify production locations. FDI is projected to fall by 30 to 45 per cent. In 2019, FDI flows to the region declined by 5 per cent, to $474 billion, despite gains in SouthEast Asia, China and India.

• FDI in Latin America and the Caribbean is expected to halve in 2020. Investment prospects are bleak because the pandemic compounds political turbulence and structural weaknesses in several economies. The industry profile of FDI in the region also makes it vulnerable. In 2019, FDI in Latin America and the Caribbean grew by 10 per cent to $164 billion.

• FDI flows to economies in transition are expected to fall by 30 to 45 per cent. The decline will largely undo a recovery of FDI to the region in 2019 (up 59 per cent to $55 billion) after several years of low inflows.

• The outlook for FDI in structurally weak and vulnerable economies is extremely negative. Many least developed countries (LDCs) are dependent on FDI in extractive industries, many small island developing States are dependent on investment in tourism, and landlocked developing countries are disproportionally affected by supply chain blockages. In 2019, FDI inflows to LDCs declined by 6 % to $21 billion, representing just 1.4 % of global FDI.

Despite the drastic decline in global FDI flows during the crisis, the international production system will continue to play an important role in economic growth and development. Global FDI flows will remain positive and continue to add to the existing FDI stock, which stood at $36 trillion at the end of 2019 (UNCTAD, 2020).

The Regional Comprehensive Economic Partnership (RCEP) agreement, signed on 15 November 2020, is one of the world's largest trade and investment pacts. It could give a significant boost to foreign direct investment (FD) in the region. The investment provisions in the agreement mostly consolidate existing market access as contained in myriad bilateral agreements. However, the provisions related to market access and disciplines in trade, services and e-commerce are highly relevant for regional vakue chains and market-seeking investment. RCEP is already an important FDI destination. It accounts for 16% of global FDI stock and more than 24% of flows. While global FDI has been stagnant for the last decade, the RCEP group has shown a consistent upward trend until last year. The agreement comes at a time of major upheaval caused by COVID-19. The pandemic will lead to a drop in FDI in the region of about 15%. However, this compares favourably to a fall of 30-40% in global FDI, and the region looks set to lead the FDI recovery (World Economic forum, 2020).

2.2. Assessmant of the investment climat of Ukraine

Modern mechanisms for the development of economic systems influenced by the market transformations dictate the need for reforming of existing approaches to the provision of financial resources of the state. Unstable economic and political situation in Ukraine, exacerbated by the negative consequences of the global financial crisis, necessitates closer attention of the country's leadership to the processes of economic growth stabilization. Since Ukraine has chosen the way of European integration, an urgent need has arisen for the adapting of innovative development model that would ensure the economic growth of the country, increase its potential and economic security, and allow resolving existing problems of social protection of the population.

Ukrainian and foreign scientists and practitioners, as well as the pace of European countries development, prove that investment, as a component of the innovative model of economic development, makes it possible to improve and ensure sustainableeconomic growth. Accordingly, investment is a significant factor of develop ment, both at the state and regional levels (Focus Economics, 2020)

Under the conditions of today, the process of effective management system development, investment activities regulation, as well as the activation of an investment mechanism aimed at developing strategic and priority sectors of the economy are of key importance.

At this stage, investment activity in Ukraine, despite some positive trends, faces certain problems. Thus, the investment activity of Ukrainian and foreign investors is significantly constrained due to the unfavorable investment climate, imperfection of the legal framework; inadequate generation of investment projects and programs; as well as weak development of investment instruments and investment market. It is also worth noting that there exist certain regional imbalances in the concentration of investment resources and the outflow of foreign direct investment.

Taking into account all these factors, we understand that nowadays there is a huge demand to improve existing mechanisms for attracting investments, and support them at the state level (SHS Web of Conferences, 2018).

Ukraine's economy has been hit hard by the COVID-19 outbreak. Overall, GDP declined by 11.4 % year-on-year (y-o-y) in the second quarter of 2020, causing GDP to decline to 6.5 % y-o-y in the first half of the year. The negative impact appears to be less severe than initially anticipated, as the full-scale lockdown lasted only from mid-March to early May and has been replaced by an adaptive quarantine that has enabled many services (except passenger transport) to return to normal functioning. Domestic demand has also been supported by a recovery in real wages (up 4.8 % y-o-y in June compared to -0.4 % in April) and continued remittance inflows. On the supply side, metals and mining as well as manufacturing have been significantly impacted by weak external demand (Kubah, 2019).

Improving terms of trade (due to lower energy prices and higher iron prices) and import compression (amid slower investment activity) contributed to a current account surplus of 4.8 % of FY GDP in January – July 2019. Remittances have been relatively resilient, down 10 % in the first half of the year, while private capital inflows have also recovered following a brief period of limited outflows in the second quarter. This has helped to reduce external financing needs and rebuild international reserves, which, at US$28.5 billion at end-July, amounted to about 4.6 months of next year's imports (Tretyak, 2019)

Since 2019, tight monetary policy, together with controls over public sector wages and current expenditures, have helped to reduce inflation from over 9 % in 2018 to 2.4 % in July 2020. This was below the Central Bank's 5 % inflation target, enabling it to cut its key policy rate by more than 10 % points to 6 percent in June 2020. With inflation expectations averaging 6.7 % in August, real interest rates are close to zero, and further easing may contribute to inflation pressures in light of more accommodative fiscal policy.

Credit demand contracted in the second quarter, reflecting the impact of the COVID-19 shock. Banking liquidity remains supported by robust growth in deposits. At 25 %, (Tier-2) capital buffers are well above regulatory minimums, while nonperforming loan cover age ratios amounted to 96.8 % in the second quarter of the year.

Fiscal pressures in 2020 arose from declining revenues, additional spending related to COVID-19 support measures, and large debt repayments coming due. As a result, a supplementary budget was passed in April that targeted a budget deficit of 7.6 % of GDP (versus 2.5 percent in the original budget). However, fiscal outcomes in the first half of the year indicate an almost balanced budget, reflecting low expenditure execution and better-than-expected revenue performance, and a deficit outturn of 5 percent of GDP is anticipated in 2020. Significant financing needs during 2020 have been alleviated by official European Union (EU) and International Monetary Fund (IMF) financing of US$2.7 billion, plus the issuance of a US$1.3 billion 12- year Eurobond in July. Domest ic financing remains sufficient to cover domestic debt repayment needs (Kubah , 2019).

Moderate poverty (the World Bank's national methodology for Ukraine) declined from a peak of 26.9 % during the crisis of 2015 to an estimated 17.8 % in 2019 due to a reduction in the unemployment rate to 8.6 % and 9.8 percent growth in real wages. Disposable income grew by 6.6 % in the first quarter of 2020, but the COVID-19 outbreak is likely to negatively impact employment and real wages and create conditions for an increase in poverty rates (Official site of the European Business Association, 2020).

Economic Outlook. The economy is expected to contract by 5.5 % in 2020, as weakness in the first half of the year is only partly offset by a recovery in domestic demand in the second half and positive contributions from net exports. The baseline assumes a possible re-imposition of containment measures in response to a "second wave" (given that daily reported infections are still increasing) and a slower pace of reforms. Ukraine still expects to raise US$2.9 billion in additional official financing (from the IMF, World Bank, and EU) in the remainder of the year. If these funds are delayed, the Government will have to contain spending or borrow more domestically (Tretyak, 2019)

Going forward, growth is expected to remain modest at 1.5 % in 2021, rising to about 3.7 % by 2023. The outlook depends on the duration of the health crisis and reforms that address bottlenecks to investment and safeguard macroeconomic sustainability. With the recent loss of reform momentum, fixed investment is expected to reach its pre-crisis level only at the end of 2022, and net exports (as import demand revives but the pace of export diversification remains slow) will continue to be a drag on growth in 2021. Poverty based on the international US$5.5 a day poverty line is low in Ukraine and is expected to increase by 0.2 percentage points in 2020. At higher thresholds, the poverty increase will be larger, with poverty based on the World Bank's national poverty line for Ukraine expected to increase by 2 percentage points. Sustainable economic growth is needed to r educe poverty rates in the medium term. The investor, intending to invest in the country, analyzes and evaluates its macroeconomic indicators. Therefore, to assess the investment climate in Ukraine, we analyze the main macroeconomic indicators in recent years. (Official site of the European Business Association, 2020)

Every investor who wants to invest in a country's economy must analyze and evaluate macroeconomic indicators. Therefore, to assess the investment climate in Ukraine, we will analyze macroeconomic indicators for 2015-2019 (Table 2.1).

Table 2.1.

Ukraine economy data 2015-2019 years

	2015	2016	2017	2018	2019
GDP per capita (USD)	2,055	2,175	2,686	3,120	3,678
GDP (USD bn)	87.5	92.3	113	131	154
Economic Growth (GDP, annual variation in %)	-9.8	2.4	2.5	3.4	3.2
Consumption (annual variation in %)	19.8	2.7	9.5	9.3	11.9
Investment (annual variation in %)	-9.2	20.4	16.1	16.6	14.2
Industrial Production (annual variation in %)	-12.3	4.0	1.1	3.0	-0.5
Retail Sales (annual variation in %)	-21.0	4.4	8.6	5.6	11.6
Unemployment Rate	9.1	9.3	9.5	8.8	8.2
Fiscal Balance (% of GDP)	-1.6	-2.3	-1.4	-2.1	-2.2

	2015	2016	2017	2018	2019
Public Debt (% of GDP)	79.1	80.9	71.8	60.9	50.3
Inflation Rate (CPI, annual variation in %)	43.3	12.4	13.7	9.8	4.1
Inflation Rate (CPI, annual variation in %)	48.5	14.9	14.5	11.0	7.9
Policy Interest Rate (%)	22.00	14.00	14.50	18.00	13.50
Stock Market (annual variation in %)	-37.8	10.2	18.8	77.5	-8.9
Exchange Rate (vs USD)	24.03	27.10	28.16	27.71	23.70
Exchange Rate (vs USD,%)	21.95	25.56	26.60	27.19	25.81
Current Account (% of GDP)	1.8	-1.5	-2.2	-3.3	-0.9
Current Account Balance (USD bn)	1.6	-1.3	-2.4	-4.4	-1.3
Trade Balance (USD billion)	-3.5	-6.9	-9.7	-12.7	-14.3
Exports (USD billion)	35.4	33.6	39.7	43.3	46.1
Imports (USD billion)	38.9	40.5	49.4	56.1	60.5
Exports (annual variation in %)	-29.9	-5.3	18.3	9.2	6.4
Imports (annual variation in %)	-32.6	4.2	21.9	13.6	7.8
International Reserves (USD)	13.3	15.5	18.8	20.8	25.3
External Debt (% of GDP)	135	122	101	87.7	79.2

Sourse: developed by author based on State Agency for Investment and Innovation of Ukraine(2019)

From table we can see, that population of Ukraine significantly reduced every year. That means, that a lot of people leave our country and go abroad. GDP per capita is growing every year, there is slight increase. But, it should be noted that GDP per capita in Ukraine is one of the lowest amon European countries.

Investment decreases significantly each year, in 2016 it was very high and had a high rate of 20.4. But after that it was reduced every year and reached in 2019 the holiday of 14.2. The unemployment rate in 2017 peaked at 9.5 but then declined slightly. Ukraine's exports and imports are increasing every year. but imports far outweigh exports. this means that more goods are imported to Ukraine from abroad than Ukraine exports.
(State Agency for Investment and Innovation of Ukraine, 2019)

The promotion of Ukraine in the ratings and the improvement of certain indexes also prove positive:

-investment iattractiveness index of Ukraine according to the version of the top managers of the member companies of the European business association is not negative now and in 2017 it's level is the highest for that reason 6 years (3.15 scores out of 5).

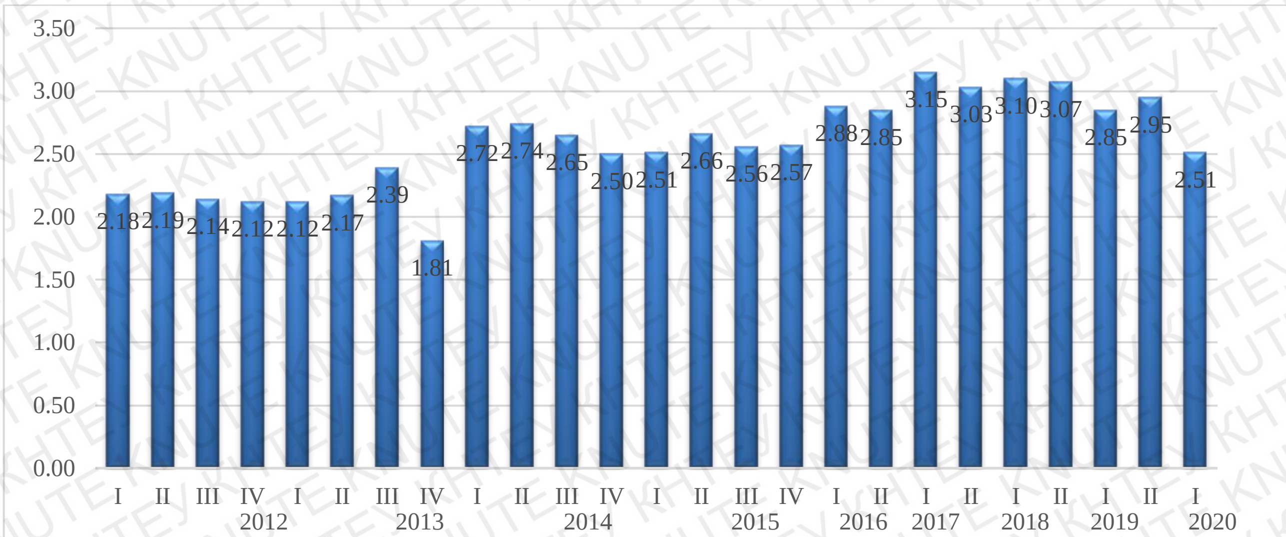
-The 2016 investment climate survey BTI shows that for future prospects about 59% of the companies expect to see minor improvements in Ukraine's business environmen and investment climate, while very few 8% expect a major deterioration.

-Ukraine has improved its position in the ranking Doing business 2018 by a several key indicators compared to the previous years. Dealing with Construction permits Ukraine has made permitting easier by reducing fees, which is the 35th in the world in 2018 ranking (in 2017 it was the 140 th).

-protecting minority investors: they Ukraine straightened minority investor protection by requiring a detailed immediate disclosure of related party transactions the 81st position in 2018 compared to the 101st in 2016.

Due to foreign direct investment there is a positive impact on the economic development of the country. Namely, there is an efficient use of resources, which increases the productivity of factors of production. They affect material production, its development, as well as the scope of services.

In today's economic environment, the vast majority of international associations and rating agencies are interested in assessing the investment climate through ratings.



Fiqure 2.2. Index of investment attractiveness of Ukraine

Sourse: (The State Agency for Investment and National Projects of Ukraine, 2020)

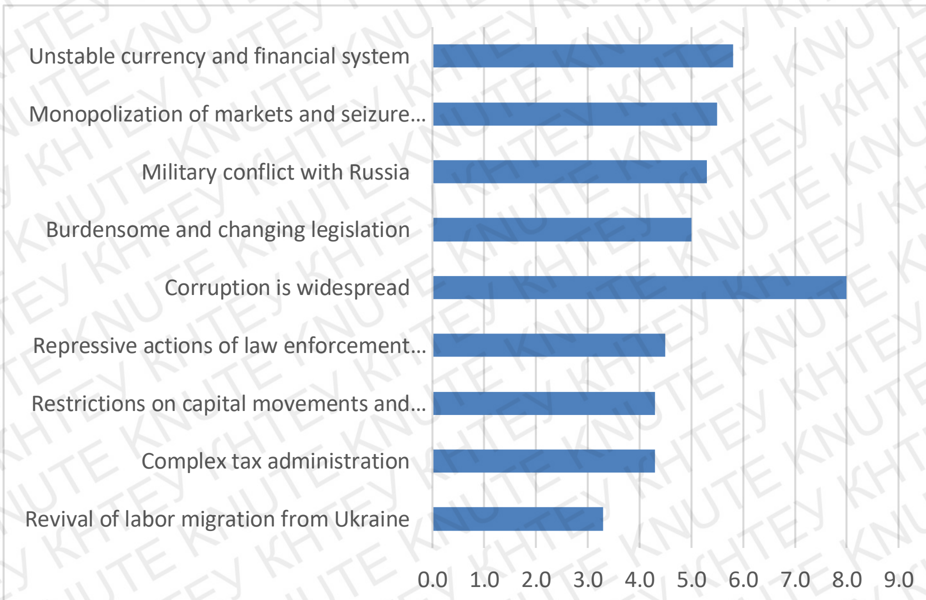
According to the Investment Attractiveness Index survey, conducted by the European Business Association (EBA) every 6 months since 2008, 34% of surveyed businessmen expect an improvement in the investment climate in the next six months. And 48% believe that it will not change, 21.8% of investors believe that Ukraine's inves tment climate is attractive.

The EBA stressed that for the second year in a row the index is above three ─ this means that the index has moved from the negative plane to neutral (indicators above 3 indicate positive changes).

Thus, in 2017 it was 3.03, in 2016 ─ 2.85, in 2015 ─ 2.57. Doing Business 2018 rating shows that our country out of 190 countries occupies 76 positions, and in the Global Index rating Competitiveness (GIC) 2017/2018 ─ 81 place out of 137.

The rating of Moody’s Investors Service indicates an improvement in Ukraine’s credit rating. From a stable value, it has changed to a positive one.

Analyzing the research of the European Business Association, which is shown in Figure 2.3, many businessmen see a high level of corruption in Ukraine. That is, bribery hinders the favorable investment climate in Ukraine. According to Figure 2.3, corruption ranks first among the problems of the investment climate.



Fiqure 2.3. Top 10 obstacles to foreign investment in Ukraine (Tretyak, 2019)

The second place is occupied by the judicial system of the country. Namely, the inconsistency of the legislation with international norms and the level of its observance. In third place – unstable monetary and financial system. In 2018, this figure increased by 2 steps. This was due to further cooperation with the International Monetary Fund, which is the country's main creditor, and significant foreign debt payments.

The fourth place is occupied by the monopolization of markets and the formation of oligarchic power, which leads to strong competition and bankruptcy of the enterprise in general.

The fifth obstacle to foreign investment is the military conflict with Russia. This obstacle is less of a threat to investors' investment activities. If we take into account the situation in eastern Ukraine in 2018, we can conclude that the active military aggression of Russia and its collaborators is slowly fading. The media have long disseminated information about reducing the number of combat clashes.

Insufficiently transparent legislation, repressive actions of law enforcement agencies, restrictions on capital movements and foreign exchange transactions, complex tax administration, revival of labor migration from Ukraine, still thriving smuggling, which prevents legal business in the country, as well as lack of land legal certainty negatively climate. (Investment attractiveness index. EBA, 2019)

There are also certain actions of branches and government officials that lead to a decrease in investment incentives, which has a negative impact on the investment climate in Ukraine. These are unreasonable expectations of default on public debt, political pressure on the NBU, the danger of deviating from the course of democratic values, as well as independent anti-corruption institutions, non-transparent fiscal policy, fears of administrative price regulation, political pressure on independent anti-corruption bodies (Hrytsaenko, 2017).

Having analyzed the factors of formation, key macroeconomic indicators and international ratings of investment attractiveness and investment climate, as well as direct investment, foreign direct and capital investment for the period 2015-2020, we can conclude that Ukraine's investment climate at this stage is still unfavorable.

Conclusion to part 2

To sum up, the analyzys of international investment projects in the world economy has shown he global economy is in the midst of a severe crisis caused by the COVID-19 pandemic. The immediate impact on FDI will be dramatic. Longer term, a push for supply chain resilience and more autonomy in productive capacity could have lasting consequences.

The impact, although severe everywhere, varies by region. Developing economies are expected to see the biggest fall in FDI because they rely more on investment in global value chain (GVC) - intensive and extractive industries, which have been severely hit, and because they are not able to put in place the same economic support measures as developed economies.

Ukraine’s economy has been hit hard by the COVID-19 outbreak. Overall, GDP declined by 11.4 % year-on-year in the second quarter of 2020, causing GDP to decline to 6.5 % year-on-year in the first half of the year.

Having analyzed the factors of formation, key macroeconomic indicators and international ratings of investment attractiveness and investment climate, as well as direct investment, foreign direct and capital investment for the period 2015-2020, we can conclude that Ukraine's investment climate at this stage is still unfavorable.

A number of specific measures need to be taken to improve investment attractiveness. Such as the development of state infrastructure, production assets and innovative technologies. Create new projects to attract foreign investors and support the development of small businesses. Fight corruption, improve the legal and information base.

PART 3
IMPROVEMENT OF THE IMPLEMENTATION ON THE EXAMPLE OF ICC UKRAINE

3.1. Analysis of the effectiveness of international investment projects in ICC Ukraine

The Ukrainian National Committee of the International Chamber of Commerce (ICC Ukraine) is authorized by the World Business Organization to present modern business trends on the national territory and to promote the development of international cooperation.

The International Chamber of Commerce, ICC (headquartered in Paris), is an influential global business organization that enjoys undisputed authority in developing modern rules and standards that govern international business. Leading Association in the segment of international cooperation and a partner for all participants in global business, government and the world community.

ICC cooperates with such influential international organizations as the UN, WTO, World Bank, IMF, OECD. The International Chamber of Commerce is represented in 127 countries and has a network of 94 National Committees.

The Ukrainian National Committee of the International Chamber of Commerce (ICC Ukraine) is the first national committee in the CIS. Founded in 1998, today it unites national and non-resident companies representing large and medium-sized businesses.

ICC Ukraine is a non-profit, non-profit organization. According to the Charter, it is registered as the Association of Enterprises "Ukrainian National Committee of the International Chamber of Commerce".

The main mission of that organization is promoting the development of international trade and investment with the introduction of world best practices.

Strategic goals of ICC Ukraine are formation of a positive international image of Ukraine and creating a favorable business environment for sustainable development and prosperity. ICC Ukraine's core preferences are partnerships with The World Business

Organization's National Committees in 94 countries to promote international trade, explore new markets, find partners and attract investment.

The main activity of ICC Ukraine is international cooperation, creation of conditions for integration of Ukrainian business into the international business community. ICC Ukraine provides comprehensive professional assistance to national enterprises through:

- expert consultations and dialogue: "government-business";
- participation in the work of 12 ICC Commissions and Working Groups;
- representation and chairmanship in Public Councils at leading ministries and departments of Ukraine in order to promote the creation of conditions for doing business through dialogue between representatives of business and government.

The main activities of the ICC are:

1. Development of global business standards: Incoterms, trade finance. force majeure, international contracts (their conclusion and standard forms), international arbitration.
2. Settlement of commercial disputes by the International Court of Arbitration in Paris
3. ICC Commercial Crime Services
4. Conducting research on international business
5. Conducting trainings-seminars and conferences concerning all spheres of activity of ISS
6. Advocating international business as an advisory body to the UN, EBRD. The World Bank, the WTO and the official partner of the G20 summit
7. Association of Chambers of Commerce and Industry through the World Federation of Chambers of Commerce (WCF)

ICC Ukraine offers current programs and products to promote national entrepreneurship:

1. "Partnership of countries" - assistance in the development of foreign economic activity through a network of partners in 94 countries, holding business forums; information and analytical support.
2. "GREENERGY Initiative" - policy formation and implementation of projects

for the development of "green economy" in Ukraine.

3. "Single window-local solution" - simplification of international trade procedures.

The ICC Ukraine Project Office is a unit that performs functions related to the centralization, coordination and standardization of project management provided by ICC Ukraine partners in order to attract a foreign partner, investor or financial resources to their project.

The purpose of the ICC Ukraine Project Office is to attract a foreign partner or investor to the project, which is included in the Register of projects, facilities, commercial proposals and placement of proposals from ICC Ukraine partners.

Register of projects of ICC Ukraine partners (objects, commercial proposals) is a database containing information from ICC Ukraine partners, which has been previously approved by experts of the ICC Ukraine Project Office and the procedure of consideration by the ICC Ukraine Investment Commission. Permission to enter a project in the Register of ICC Ukraine Partner Projects is issued by the relevant Minutes of the ICC Ukraine In vestment Commission.

Creating a Register of projects and commercial proposals of ICC Ukraine partners is one of the most effective steps to bring order to the management system of initiatives and services in ICC Ukraine.

The task of the Project Office is to generalize the experience of project support, develop scheduling rules for different levels of project management, standard decomposition of work (Work Breakdow-Structures - WBS) for different types of projects, extend planning technology to all projects and implement algorithm to verify master data and assumptions. used to describe the project and its main provisions.

The main list of tasks of the Project Office of ICC Ukraine looks like :

● assistance to ICC Ukraine partners in preparing information for placement in the Register of projects (+ objects and commercial proposals) of ICC Ukraine partners;

● conducting legal, financial and organizational analysis of the project or commercial proposal to increase its effectiveness in finding a foreign partner or investor;

● creation, support and coordination of the process of using the data of the Register of projects (+ objects and commercial proposals) of ICC Ukraine partners;

● presentation of the Register of projects (+ objects and commercial proposals) of ICC Ukraine partners at ICC Ukraine events taking place both in Ukraine and abroad;

● preparation for publication of the English-language periodical “Investment projects and commercial proposals of ICC Ukraine partners” and its further distribution among foreign missions and at international events;

● preparation and implementation of the project's web presence, accompanied by the ICC Ukraine Project Office;

● promotion of projects included in the Register using the ICC Ukraine website, appeals to foreign embassies in Ukraine and ICC national committees of other countries, cooperation with diplomatic and other foreign structures of Ukraine, including the use of resources of the Ministry of Foreign Affairs of Ukraine and the Ministry economic development and trade of Ukraine, etc .;

● processing and analysis of requests from foreign organizations to the ICC Ukraine Project Office for finding a partner or service in Ukraine;

● preparation, organization and holding of effective negotiations between foreign and Ukrainian partners of ICC Ukraine;

● management of Portfolios of projects that are accompanied by the ICC Ukraine Project Office;

● on behalf of the Board and the President of ICC Ukraine, manages the implementation of individual projects;

● administrative management of personnel involved in projects supported by the ICC Ukraine Project Office;

● training of qualified project managers or support of outsourced projects;

● maintaining an archive of ICC Ukraine projects (about ICC Ukraine, iccua.org)

Further in this section we will consider practical aspects of application of methods of an estimation of efficiency of the international investment project of ICC Ukraine.

Calculation of investment attractiveness of project with
information and analytical research

To assess the investment attractiveness and accuracy of the international partner as a way to achieve the socio-economic goal of the boiler modernization project, to improve the situation in the field of heat supply, we will analyze an alternative option to achieve the international investment goal on the example of the Oster project.

№ 1. Option to achieve the goal of international partner with the involvement of a private partner:

1. The international partner undertakes financing of investments on project.

2. The state partner provides premises to the boiler house in Oster, Chernihivreg. as part of joint activities.

3. The international partner bears all operating costs.

4. A international partner sells heat to the consumer 10% cheaper than heat, which was produced during the combustion of natural gas.

5. The public partner designates the international partner as the service provider and approves tariffs to a private partner on an economically justified basis levels that include the investment component and profit.

6. After the expiration of the Agreement, the equipment becomes the property community of the city.

7. Reduction of the cost of 1 Gcal due to the difference in the cost of fuel (natural gas – local fuels).

8. The object is the property of the city community.

№ 2. Option to achieve the goal of international investment without the involvement of a private partner:

1. Installation of modern heating equipment at the expense of the community of Oster.

2. Reduction of the cost of 1 Gcal due to the difference in the cost of fuel (natural gas local fuels).

3. The facility remains the property of the Oster community.

A comparative analysis of the factors of alternative scenarios is given in table 3.1. Algorithm for evaluating alternatives:

A. Factors that can significantly affect success are identified project implementation.
B. An assessment of the significance (rank) of each of these factors. The sum of all ranks must be equal to one.

C. The project alternative is evaluated for each evaluation factor. The maximum score for each factor for the project is 100.

D. Expert assessment of the impact of each of the factors is obtained by multiplying the proportion of each factor by the assessment of this factor for each option. An integrated expert assessment of project priority is defined as the sum of the values in a column.

Table 3.1

Comparative analysis of alternative options for achieving the goal of international investment

Factors	**Significance indicator**	**№ 1**	**№ 2**	**Integral assessment**	
				№ 1	**№ 2**
Solvency	0,5	90	10	45	5
Speed of decision making	0,3	80	20	24	6
Effective management	0,1	50	50	5	5
Introduction of innovative technologies	0,06	90	10	5,4	0,6
Ecological safety	0,04	50	50	2	2
Total	**1,0**			**76,4**	**18,6**

Sourse: developed by author

As can be seen from the calculation, the choice should be made in favor of the project option that has the highest integrated assessment, option № 1.

To calculate the key financial indicators, the financial model specified in the methodology of work, the method of discounted estimates was used. For the convenience of the analysis of investment activities developed statistical tables (Annex A.1, A.2), which tabulated the values of compound interest, taking into account discount factors, discounted values of the currency, etc. depending on the time interval and the value of the discount rate.

For quantitative analysis, a discount rate of 17% was applied. To determine the discount rate, the yield of long-term government bonds was taken as a result of the planned placement of domestic government bonds on January 26, 2015, the yield of which is 17%.

Given the probability of attracting credit resources, the following initial data were used for calculations: Banking institutions usually require a contribution of at least 10% of the total investment (possibly in the form of works and services on the project).

Table 3.2

Amount of funding at different stages of project implementation

I. The estimated cost of a set of equipment	**II. Cost of engineering works**				**III. Cost of capital investments for conversion of boilers for combustion of local fuels to pyrolysis boiler**
Pyrolysis boilers	Design work	Construction and installation work	Commissioning	Total cost of engineering works	
UAH	UAH	UAH	UAH	UAH	UAH
950000	150000	1155000	145000	1450000	2400000

Sourse: developed by author

The maximum loan amount is UAH 2,400,000. on the following terms: interest 24-30%, repayment period 5 years.

The composition of funds directed to capital investments depends on who is the investor and what form of ownership he owns. Thus, the investor is a legal entity, capital investments are made at the expense of borrowed funds. Interest on the loan is accrued in the amount and terms stipulated by the loan agreement. In this case, the interest rate of 27% (loan in UAH) and the loan repayment period of 5 years were used for calculations.

The project envisages a 10% reduction in the cost of 1 Gcal of heat. The data in Annexes A.1 and A.2 indicate the following:

1. Calculated investment costs, which amount to - 2 million 400 thousand UAH. and operating costs, which amount to UAH 977,412 thousand. and net present value (NPV).
2. Comparison of basic estimates for the involvement of a private partner and without the involvement of such is given in table 3.3.

Table 3.3

Comparison of project effectiveness with the involvement of a private partner and without the involvement of a private partner

Economic indicators	**Baseline assessment of project effectiveness (without the involvement of international partner)**	**Baseline assessment of project effectiveness(with the involvement of international partner)**
Discount rate	17%	17%
Net Present Cost (NPV)	-1 986 823,55	117 231,62
Profitability index (PI)	0,172156854	1,048846507

Internal rate of return (IRR)	-13,94%	3,09%
Simple payback period (PP)		4,3
Discount payback period (DPP)		5,28

Sourse: developed by author

Comparative Table 3.3 shows that an investment project involving an international partner will be more attractive because the Net Present Value will be higher and more positive than the public partner.

From these calculations we see that the project pays off from the seventh year (excluding the cost of capital) and given the discount payback period, we see that the international partner contract to create attractiveness for private investors should be concluded for at least 10-15 years.

The terms of cooperation do not provide for outgoing or incoming financial flows of either state or local budgets.

Execution of the international partner agreement stipulates that the private partner provides heat production services to certain budget institutions, these budget institutions on the basis of separate agreements pay for utilities provided by the private partner. That is, in case of proper provision of services and proper payment, no outgoing or incoming financial flows of either the state or local budget are envisaged.

The provision of utilities by a international partner is carried out in accordance with the tariff approved by the state partner. In the case of economic justification of the tariff and taking into account the investment component, in accordance with the terms of the international partner agreement, no outgoing or incoming financial flows of either the state or local budget is provided.

The project on the basis of the municipal facility for heat supply in Oster should be implemented in the form of public-private partnership taking into account the following factors:

- the project envisages long-term provision of a service of similar (or higher) quality in favor of municipal property in the city of Oster at a lower price, which will lead to a more rational use of budget funds and is likely to ease the budget situation in the city;

- the use of alternative fuels (produced from waste from forestry and agricultural activities) will not only reduce the price of heat, but also improve the environmental situation, ensure the development of alternative energy, more rational use of local resources in compliance with public policy priorities;
- international partner (selected in the competition) will have sufficient financial resources, experience and expertise to provide quality and timely service at lower cost;
- investments made by a international partner will improve the economic situation in the city and region, demonstrate ways to more rationally use resources;
- Avoidance of budget financing of capital construction and reconstruction of heat supply facilities will provide quality ways for the development of the sector with the involvement of private operators.

In view of the above, it seems appropriate to implement the project in the form of international partner with ICC Ukraine and international fonds.

3.2 The measures, proposed for optimizing international investment projects in Ukraine

The investment potential of Ukraine is characterized by high heterogeneity, because the investment policy should be conducted based on the capabilities and needs of each region. Thus, the Western region can be effective with the use of local natural resources (sulfur, potassium salt, oil, gas), developing a network of health resort and tourist complexes. The Eastern region needs reconstruction and technical equipment of mines, metallurgical and engineering industries on the basis of waste, low-waste and clean technologies. The South is the most profitable as to the reconstruction and technical reports, development of production equipment for the food and canning industry, expansion of health resort and tourist complexes. The Northern region should use the newest technology and implement measures to their ecological, economic and social regeneration.(Petukhova,2017)

The introduction of joint investment vehicles should provide suitable conditions for investing. By improving the system of corporate governance, a transparent system for protecting the rights of all investors will develop.

Investment resources should grow with the effective use of public investment and increased long-term lending volumes for the real economy, at the same time as the possibilities of foreign investment are used in more traditional ways.

Government support for high technologies and the development of an innovation infrastructure in the country should help attract investment into innovations and bring the Treasury revenues from the use of this know-how.

By implementing the strategy for long-term economic development, Ukraine should see State Budget and local budgets investments on industrial and social projects grow, while the specific volumes are determined at the appropriate level of government.

Foreign investors are awaiting for the possibility to start exploring Ukraine’s rich resources, and creating a favourable climate for that would give a rise to Ukraine’s future prosperity.

Foreign investors can bring in scientific and technological know-how and cutting-edge management practice. In addition, attracting foreign capital to actual production is much more useful than borrowing to purchase the same goods, which only increases the country’s debt burden. At the moment, the flow of foreign capital is already vitally important to achieve mediumterm goals, such finding a way out of the current crisis and reviving economic growth.

At the same time, Ukraine’s national interests do not always coincide with interests of foreign investors. This makes it important to attract foreign capital in such a way that investors can satisfy their own needs while simultaneously helping the country reach is social goals.

The Government’s immediate objective must be to stimulate investment and to spur significant growth in investment volumes. Increasing investment flows was and continu es to be a priority for executive bodies. To spur investment, including foreign investment, a number of measures need to be taken at the national level:

• reduce the level of state regulation of commercial activity and ensure the stability of relevant legislation;

• eliminate ambiguities in legislation and regulations and finish judicial reform;

• improve regulations regarding the exercise of property rights;

• complete administrative reform, make the policy-making process both public and transparent, and, hence, eliminate red tape and corruption;

• institute effective corporate governance;

• foster the development of capital markets, first of all the banking sector and the stock and insurance markets;

• reduce tax pressure;

• ensure a stable political environment;

• increase efforts to establish a positive image for Ukraine.

The key policy objective regarding investment is to establish equal conditions for doing business and investing in Ukraine's economy for business entities of various forms of ownership, to ensure that investment happens in a transparent and civilized manner, and to improve the distribution of investment sources. Government policy should concentrate on:

• accelerating economic growth on its own renewable investment base and a suitably market basis;

• instituting open consultations between executive bodies and business, and disseminating information about the real economic situation, domestic and foreign markets, market pri ces, and regulations;

• significantly reducing the share of the shadow economy;

• establishing equal conditions for the activities of business regardless of their form of ownership or the origin of their capital;

• forming a working competitive environment;

• strengthening the stock market, developing vehicles for joint investment, insurance and pension funds, establishing a market for corporate securities and integrating it into international capital markets;

• providing additional economic incentives to attract investment to priority sectors;

• setting up an effective system for protecting intellectual property;

• establishing conditions for the development of high technologies and the infrastructure for innovation;

• developing and utilizing the country’s investment potential;

• establishing cooperation with key non-government and community organizations and institutions that are prepared to participate in formulating and implementing investment and innovation policy in Ukraine.

These elements of the new “investment and innovation system” aim at improving the business and innovation climate in the country and should be instituted by the State Investment and Innovation Agency as soon as possible. They reflect the ideas of domestic and international businesses and community organizations as presented during roundtables, sessions of the World Economic Forum in Kyiv, and numerous investment forums held in Ukraine, and propositions that were presented during debates on the working drafts of Green and White Papers on problems with attracting foreign investment to Ukraine.

Forming a legal base - of the most important factors for improving Ukraine’s investment climate is to establish a legal environment suitable to a market economy. This requires the state to take two key steps:

• conclude interstate agreements providing incentives, protecting investments and avoiding double taxation, exchange information about regulations and legislation governing investment activity, and establish stable legislation and other conditions;

• expand cooperation with the International Monetary Fund, the World Bank and the EBRD regarding financial assistance to Ukraine and carry out the necessary measures to complete accession to the World Trade Organization.

To gradually adjust national legislation to EU legislation and WTO requirements, regulations and legislation need to be adopted governing:

• further tax reforms;

• a legal base to facilitate a working stock market;

• the protection of individual contributions to life and health insurance programs, and to non-state pensions. (Tretyak , 2019)

Establishing transparent executive decision-making

The institution of transparent government procedures for making decisions related to investment projects financed by State and local Budgets and those investment projects that have vital significance for the general population must include:

• making decisions to hold public debate on draft regulations regarding developing business activity, setting up community councils and business councils under executive bodies, consulting with businesses, community organizations, academics, and other specialists to evaluate the effectiveness of existing regulations;

• participating in international events to promote Ukraine's investment potential, showcasing priority investment projects through the international media and the internet, holding exhibitions and similar events more frequently.

Privatization policy should aim at:

• replacing the fiscal model of privatization with an investment and innovation model and privatizing large companies and monopolies based on individual plans by selling controlling stakes to industrial investors;

• re-equipping enterprises technically and technologically using part of the proceeds from privatization.

Improving the investment climate in Ukraine depends considerably on resolving problems with the way the banking system operates: increasing the concentration of banking capital, expanding long-term lending to the real sector of the economy, and attracting personal deposits.

The main factors that restrain long-term commercial lending to businesses are high lending risks, the insolvency of most borrowers, lack of real guarantees that they will repay their loans and liquid collateral, and an ineffective tax system. To stimulate investment activity through long-term lending, the state needs to take steps to:

• institute a mechanism for effectively protecting lenders and a transparent procedure for selling off ;

• ensure that banking capital is concentrated more by increasing capitalization and solvency among banks and instituting procedures for reorganizing and eliminating the unstable ones;

• provide incentives for banks to attract more personal deposits;

• set up a specialized financial institution to provide long- and medium-term financing and loans for priority investment projects;

• institute mortgage lending;

• provide incentives for foreign capital flows to the banking sector.

Developing the stock market

The main objectives in developing the domestic stock market include:

• implementing a tax policy that will foster the stock market;

• establishing conditions for increasing stock market capitalization and liquidity;

• expanding cooperation with the OECD, the International Organization of Securities Commissions and other international organizations in order to institute international disclosure standards;

• simplifying the procedure for settling for securities contracted with non-residents;

• improving the system of accounting, settling and reporting for stock market participants;

• making the activity of joint investment vehicles transparent;

• concentrating trade on organized markets whose operations meet international standards;

• raising the effectiveness of the National Depository System in protecting the rights of holders of securities and in regulating settlements for operations involving securities by setting up a central depository based on the National Depository of Ukraine;

• developing a mechanism for insuring stock market participants.

Renewing territories with special investment regimes

The purpose of introducing a special investment regime in territories with unfavorable socio-economic and environmental conditions is to attract investment into priority industries in order to preserve existing jobs and create new ones, to introduce new technologies, to develop foreign trade, to increase the output of high quality goods and services, and to set up modern industrial, transportation and market infrastructure.

Another important investment policy goal is fostering industrial parks for hi-tech production. To renew investment processes in territories with special investment regimes, the government needs to take two key steps:

• develop and implement strategic and short-term development programs for each zone and territory where a special investment regime will be introduced;

• provide incentives for investing in priority sectors, facilitate the introduction of cuttingedge technologies and the manufacture of products that are competitive on external market by optimizing priority commercial activities.

Attracting investment to science, technology and innovation

To provide incentives for attracting domestic and foreign investors to science, technology and innovation, the government should ensure:

• a system of discounted refinancing for commercial banks, if they provide loans at discounted interest rates to implement investment projects related to developing and installing hi-tech equipment and other innovative products;

• an expansion of the practice of providing commercial loans secured by commercial property at discounted interest rates;

• the establishment of share-based investment funds to implement large-scale investment projects; • lending to innovation enterprises through leasing, factoring and other operations;

Conclusions and tips: what should citizens pay attention for in when developing their own investment instruments and attracting investments in different cities and towns in Ukraine

1. Start with a critical assessment of investment benefits and the needs of the territory to determine on the basis of analysis priority areas for investment.
2. Create a local economic development agency in the form of a utility company that can self-finance by providing services and implementing local economic development projects. At the same time, it is very important that this enterprise is headed by a person who not only has experience in developing and implementing socio-economic development projects, but is also ready to act proactively and creatively.
3. Benchmark and find role models - successful projects that have already been implemented by communities in Ukraine and abroad and that have created new jobs, increased exports, and introduced innovative technologies that open up the prospects for smart specialization.
4. Based on the analysis of investment advantages and needs of the territory and priority industries, develop a strategy for attracting investment. Having such a document and a detailed action plan will make it possible to approach investments systematically and

prevent the scattering of resources.

5. If we identify the most important key components of the strategy of attracting investment, they are: increasing the competence of personnel; development of community institutions that purposefully engage in attracting investment; active activity in territorial marketing.

6. The next steps after defining the strategic goals and directions of investment policy are the accounting and in-depth analysis of available resources, in particular, in relation to potential locations, human potential, logistics and related business in the region.

7. Focus on attracting investment to several sectors that have a competitive advantage (as opposed to major competitors), are key growth sectors, and help build local industry capacity.

8. Having identified the strategy and understanding the available resources, start working on creating the necessary investment instruments, such as:

- development of an investment passport and / or investment web portal of the territory;

-creation of a list of prepared land plots or buildings (Greenfield and Brownfield objects) with all the necessary documents and a complete analysis of the state of connection to the power grid. The site must have a developed infrastructure and properly executed legal documents;

-creation of an industrial park, which can also be one of the effective tools for effective organization of the territory for industrial development, which provides investors with certain tax and customs benefits;

- collection of information on the development of institutions of higher and vocational education, training programs for local businesses, laboratories in cooperation with business and with the use of modern equipment;

- collection of information on quality transport connections with large cities and access to central highways;

-preparation of information materials, standard procedures for working with investors and feedback tools, such as regular meetings with local businesses, conducting surveys, creating special web resources, etc.

9. It is necessary to disseminate information about the investment opportunities of the

territory among potential investors and in the business community. A key element of the communication system will be the investment portal of the region, city or OTG, the structure of which must meet the needs of potential investors and contain accurate information in English.

10. It is necessary to establish systematic and professional activities to attract investment. In particular, take into account the investment resource when developing strategies and annual plans socio-economic development. Planning is an extremely important step for successful investment activities. Properly set goals of development strategies, supported by a well-developed investment attraction program, will help to systematize activities, set priorities and use available resources with maximum efficiency.

11. Cooperation with regional state administrations and regional development agencies. As oblast state administrations work with the UkraineInvest Investment Attraction Office under the Cabinet of Ministers of Ukraine, such cooperation enables the community to attract significant investments.(Hrytsaenko,2017)

Therefore, the implementation of the investment strategy of economic activity in Ukraine should focus on increasing investment resources, consistently increasing the share of capital investment in GDP, improving the structure of investment sources and optimizing the directions of their investments. Investments should be directed, first of all, to the reproduction of capital in the real sector of the economy, to the development of innovative industries that would contribute to the integration of Ukraine into the world community. The state strategy for Ukraine's development in the investment sphere should be to stimulate the growth of expenditures of the private sector of the economy, which is gaining momentum after the privatization of state-owned objects.

Effective use of foreign direct investment in the national economy can be an important factor in accelerating economic growth, optimizing the reproductive structure of the economy, solving many other strategic challenges. To do this, it is necessary to create a level playing field for domestic and foreign investors while providing state (regional) guarantees and compensation for the risk of possible losses. As the experience of recent global financial crises shows, investment in the manufacturing sector (industry and agriculture) is a more stable form of investing money and resources than bank loans and portfolio investments.

Conclusion to Part 3

In that part, we anylized work of ICC Ukraine. The main activity of ICC Ukraine is international cooperation, creation of conditions for integration of Ukrainian business into the international business community.

The ICC Ukraine Project Office is a unit that performs functions related to the centralization, coordination and standardization of project management provided by ICC Ukraine partners in order to attract a foreign partner, investor or financial resources to their project.

The purpose of the ICC Ukraine Project Office is to attract a foreign partner or investor to the project, which is included in the Register of projects, facilities, commercial proposals and placement of proposals from ICC Ukraine partners.

To assess the investment attractiveness and accuracy of the international partner as a way to achieve the socio-economic goal of the boiler modernization project, to improve the situation in the field of heat supply, we analyzed an alternative option to achieve the international investment goal on the example of the Oster project(the project of ICC Ukraine with international parther. International partner (selected in the competition) will have sufficient financial resources, experience and expertise to provide quality and timely service at lower cost. Investments made by a international partner will improve the economic situation in the city and region, demonstrate ways to more rationally use resources. In view of the above, it seems appropriate to implement the project in the form of international partner with ICC Ukraine and international fonds .

Investment resources should grow with the effective use of public investment and increased long-term lending volumes for the real economy, at the same time as the possibilities of foreign investment are used in more traditional ways.

Government support for high technologies and the development of an innovation infrastructure in the country should help attract investment into innovations and bring the Treasury revenues from the use of this know-how.

By implementing the strategy for long-term economic development, Ukraine should see State Budget and local budgets investments on industrial and social projects grow, while the specific volumes are determined at the appropriate level of government.

Foreign investors are awaiting for the possibility to start exploring Ukraine’s rich resources, and creating a favourable climate for that would give a rise to Ukraine’s future prosperity.

CONCLUSIONS AND RECOMMENDATIONS

Based on the tasks and the set theoretical and practical material, the following conclusions can be made:

1. The theoretical essence and features of investment projects were revealed. They act as a set of unique measures in which there is a specifically formulated goal, according to which a certain result must be achieved during the specified period and certain conditions of implementation; quantitative assessment of the results of project implementation, structuring the project by purpose. The participants of the investment project are such groups as investors, customers, executors and end users of the project results. It should be noted that investors can influence the object of investment both directly and indirectly. The advantage of the latter is the reduction of risks for investors due to the fact that some of them pass to other project participants.

2. In the part 2 the analyzys of international investment projects in the world economy has shown he global economy is in the midst of a severe crisis caused by the COVID-19 pandemic. The immediate impact on FDI will be dramatic. Longer term, a push for supply chain resilience and more autonomy in productive capacity could have lasting conseque nces.

Ukraine’s economy has been hit hard by the COVID-19 outbreak. Overall, GDP declined by 11.4 % year-on-year (y-o-y) in the second quarter of 2020, GDP declined to 6.5 % y-o-y in the first half of the year.

Having analyzed the factors of formation, key macroeconomic indicators and international ratings of investment attractiveness and investment climate, as well as direct investment, foreign direct and capital investment for the period 2015-2020, we can conclude that Ukraine's investment climate at this stage is still unfavorable. A number of specific measures need to be taken to improve investment attractiveness.

3. The main activity of ICC Ukraine is international cooperation, creation of conditions for integration of Ukrainian business into the international business communi ty.

The ICC Ukraine Project Office is a unit that performs functions related to the centralization, coordination and standardization of project management provided by ICC Ukraine partners in order to attract a foreign partner, investor or financial resources to their project.

To assess the investment attractiveness and accuracy of the international partner as a way to achieve the socio-economic goal of the boiler modernization project, to improve the situation in the field of heat supply, we analyzed an alternative option to achieve the international investment goal on the example of the Oster project(the project of ICC Ukraine with international parther. In view of the above, it seems appropriate to implement the project in the form of international partner with ICC Ukraine and international fonds.

Therefore, the implementation of the investment strategy of economic activity in Ukraine should focus on increasing investment resources, consistently increasing the share of capital investment in GDP, improving the structure of investment sources and optimizing the directions of their investments. Effective use of foreign direct investment in the national economy can be an important factor in accelerating economic growth, optimizing the reproductive structure of the economy, solving many other strategic challenges.

REFERENCES

1. V.G. Fedorenko (2015), Management [teaching tool.]. - 2nd species, Suppl. - K .: MAUP, 46 p.
2. Law of Ukraine «About investment activity» №1560-XII from 18.09.1991 y. URL: http://zakon4.rada.gov.ua/laws/show/1560-12.
3. T.V. Majorova (2017) Investment activity: book, 2017. – 376 p.
4. O. A. Kirichenko (2015), Investment : book / O, 2015. – 573 p.
5. State and Prospects of Cooperation between Ukraine and the World Bank (2018) , available at: http://www.mfa.gov.ua
6. Analysis of the implementation of investment projects of international financial institutions in Ukraine revealed problems of their implementation: opinion of NISD expert(2017), available at : https://niss.gov.ua/en
7. Stiglitz D. (2016) Publications and Speeches‖, Web-page «Project Syndicate – . A world of ideas», available at: http://project-syndicate.org
8. Stovpiv M. (2018), ― Impact of Financial Market on Economic Growth and Business Cycles, Economics of the XXI century, no. 8, pp. 55-69.
9. Denysova, M. (2018) ― Capital Inflow into the Countries of Transition Economy as a Factor of Economic Development, available at: http://rusnauka.com
10. Medvedkova, N.S (2015). ― International Financing Organizations Funding of Investment Projects in Ukraine‖, available at: http://economy.nayka.com.ua.
11. Soslovska, I.V. and Soslovskyy, V.H. (2015), ―The Impact of Capital Investments on Ukrainian Economy‖, Analysis of Crisis Patterns in the Financial and Real Sectors of Ukrainian and Belarus Economies (2010-2015): Collection of scientific articles Polissya State University; edited by K. Shebeko, Pinsk, Belarus, pp. 124-129.
12. Businessdictionary-http://www.businessdictionary.com/definition/investment-project.html
13. Fedorenko V.G (2015). Investment management. [teaching tool.]. - 2nd species, Suppl. - K .: MAUP, 2015. - 280 p.
14. Nesvetaev Yu.A. (2017) Economic valuation of investments [study manual.] /

Yu. Nesvetaev. - M .: MGIU, 2017 -163 s.

15. Vitlinsky V.V. (2016) Model of choice of investment project / Finance of Ukraine-us. - 2016. - № 4. - P. 63 - 68.

16. Gerasimenko O.V. (2015) Financial Investment Dictionary, Lviv: Magnolia Plus, 2015. - 304 p

17. Hryn′ova V.M. (2018) Investing. – K.: Znannya, 2018. – p. 456

18. Chygryn O.Y. (2017), Problems of evaluation of investment attractiveness of the enterprises: Abstracts of all-Ukrainian scientific-practical conference (with international participation) "Investment-innovation strategy of development of the enterprise". Zhytomyr, Ukraine, pp. 55-56.

19. Rzayev G.I., Vakulova V.O. (2016) Methods for assessing investment attractiveness at the national level and prospects for their use in economic analysis. Bulletin of Khmelnytsky National University. Economic sciences. 2016. № 3 (1). Pp. 137–143.

20. Kouplend T. (2015), The cost of companies: assessment and management. 3rd ed, ZAO "Olimp-Biznes", Moskow, Russian Federation.

21. Yaremyk Kh.Ya., Yaremyk M.I. (2015), Actual problems of socio-economic development of the state, region, industry and enterprise]. Ukrainska akademiya drukarstva, Lviv, Ukraine

22. D.Mamontenko (2018), Evaluation of efficiency of investment projects, Zaporozhye State Engineering Academy, Ukraine

23. E. P. Borymskaya (2016) , Evaluation of effectiveness of investment projects in the system of controlling business processes of the enterprise: problems of business security/ Efficient economy № 5, 2014

24. Satyr L.M. (2017) Methodical approaches to the assessment of investment activity of the enterprise / L.M. Satyr // All-Ukrainian Scientific and Production Journal. - 2017. - № 3 (13). - P. 82–86.

25. Kuklik K.A.(2015) Project financing as a factor in promoting the development of enterprises through the implementation of investment projects / K.A. Kuklik // Scientific works. - 2011. - № 39. - P. 66–70.

26. UNCTAD. (2020) Impact of the Covid-19 Pandemic on Global FDI and GVCs. Global Investment Trends Monitor No. 35 (Special Issue March 2020). Geneva: UNCTAD.

27. OECD. (2020) Foreign direct investment flows in the time of COVID-19. 4 May 2020. Paris: OECD.

28. Daniel Johnston (2018) International Exploration Economics, Risk, and Contract Analysis. — Pennwell Books, 2018. — 401 pages.

29. World Economic forum (2020)/ Foreign direct investments could contract by 40% this year, hitting developing countries hardest/ 02 Jun 2020

30. Focus Economics. (2020) Economic Forecasts from the Wold's Leading Economists/Ukraine economic outlook /November 3, 2020 /https://www.focus-economics.com/countries/Ukraine

31. SHS Web of Conferences 55, 01009 (2018) Investment climate in Ukraine: aspects of investment activity at a regional level /Lubov Shpak

32. Kubah T.G (2019). Investment climate of the state: theoretical and practical aspect[Electronic resource].─Access mode:http://www.economy.nayka.com.ua/?op=1&z=2604.

33. Tretyak N.M. (2019) Factors of investment climate formation in Ukraine [Electronic resource]/ Tretyak N.M.─ Access mode:https://fp.cibs.ubs.edu.ua/files/1303/13tnmffi.pdf

34. Official site of the European Business Association (2020) [Electronic resource]. ─ Access mode: https://eba.com.ua/kozhen-tretij-biznesmen-vvazhaye-shhoinvestklimat-pokrashhytsya-v-najblyzhchi-6-misyatsiv-eba/.

35. Muzychenko A.S. (2015) Investment activity in Ukraine: textbook. way. / AS Muzichenko. - К.: Кондор, 2015. - 406 с.

36. State Agency for Investment and Innovation of Ukraine. Attracting Foreign Investment to Ukraine: Problems and solutions (2019) [Electronic resource]. – Access regime: www.icps.com.ua/files/articles/45/11.pdf

37. The State Agency for Investment and National Projects of Ukraine. Invest Ukraine (2020) [Electronic resource]. – Access regime:www.investukraine.com/why-

ukraine/why-ukraine

38. Investment attractiveness index. EBA(2019). URL:https://eba.com.ua/wpcontent/uploads/2019/07/Invest_UKR_1_half_2019.pdf (accessed 10 January 2020)

39. Hrytsaenko G., Hrytsaenko M. (2017) Investment attractiveness of Ukraine. Agricultural and resource economics: international scientific e-journal. 2017. Vip. 3, № 1. pp. 80-93.

40. Tretyak N.M. (2019) Factors of investment climate formation in Ukraine [Electronic resource] / NM Tretyak // Financial space. - 2019. - № 3. - P. 165-170. - Access mode: http://nbuv.gov.ua/UJRN/Fin_pr_2013_3_24.

41. Petukhova O.M. (2017) Investing [textbook. manual.] / OM Petukhov. - Kyiv: "Center for Educational Literature", 2014. - 336 p. [Electronic resource] – Access mode:http://pidruchniki.com/1026071063370/investuvannya/investitsiyniy_klimat_derzhavi _faktori_yogo_formuyut

42. About ICC Ukraine [Electronic resource]. – Access regime: ПРО ICC-Ukraine | Український національний комітет міжнародної торгової палати (iccua.org)

Appendix A.1

Table A.1

Baseline assessment of project effectiveness, taking into account the risks posed by the state

№ п/п	Cash flows	од.	Year of operation										
			0	1	2	3	4	5	6	7	8	9	
1.	Investment costs	UAH	2400000,00										
2.	The share of own investment	UAH	0										
3.	The share of borrowed investment	UAH	2400000,00										
4.	Total income	UAH		1909722,00	2100694,20	2205728,91	2316015,36	2431816,12	2553406,93	2681077,28	2815131,14	2955887,70	
5.	Income tax	UAH		-73294,85	6301,91	21822,06	61386,26	88617,16	102034,97	110632,90	119317,30	128090,28	
6.	Loan payments	UAH	659563,11	879417,48	879417,48	879417,48	879417,48	219854,37	0	0	0	0	
7.	Operational expenses	UAH		977412,00	1230781,54	1353859,70	1462168,47	1506033,53	1551214,53	1597750,97	1645683,50	1695054,00	
8.	Risk of accidental destruction of property	UAH		112000,00	112000,00	112000,00	112000,00	112000,00	112000,00	112000,00	112000,00	112000,00	
9.	The risk of significant changes in the economic or budgetary situation	UAH		61 033,46	0		0	0	0	0	0	0	
10.	The risk of changes in the tax law	UAH		2765,82	0	0	1 534,66	0	0		0	0	
11.	The risk of untimely or incomplete investment.	UAH		30 516,73	0	0	0	0	0	0	0	0	
12.	The risk of providing services in the amount less than provided by the contract	UAH		68 242,30	69 829,33	71 116,14	72 850,68	74 627,53	76 447,71	78 312,29	80 222,34	82 178,99	
13.	Risk of increase in% of interest rates on loans	UAH		90033,46	50000	30 000,00	0	0	0	0	0	0	
14.	Risks of construction / reconstruction	UAH		0	0	0	1 534,66	0	0	2 765,82	0	0	
15.	Technological risk	UAH		30 516,73	0	0	0	0	0	0	0	0	
16.	Depreciation deductions	UAH		68 242,30	69 829,33	71 116,14	72 850,68	74 627,53	76 447,71	78 312,29	80 222,34	82 178,99	
17.	Net profit	UAH		6 421,23	4 895,39	3 369,56	1 843,72	381,46	0	0	0	0	
18.	Balance sheet profit	UAH		5 718,69	0	0	0	0	0	0	0	0	
19.	Cash flow	UAH		131 632,20	0	0	0	0	0	0	0	0	
20.	Money in the account	UAH		105 555,00	105 555,00	105 555,00	105 555,00	105 555,00	105 555,00	105 555,00	105 555,00	105 555,00	
21.	Discount rate (present value)		-659 563,11	-407 726,21	-358 086,45	-431 444,49	-380 740,91	324 747,07	606 154,72	674 060,30	752 353,00	833 009,43	Total:
22.	Discounted cash flow		-659 563,11	-497 227,09	-351 784,54	-409 622,43	-319 354,65	413 364,23	708 189,69	784 693,20	871 670,30	961 099,71	413 176,45
23.	Discounted cumulative cash flow		-3 059563,11	-302 171,21	-252 531,45	-325 889,49	-275 185,91	430 302,07	711 709,72	779 615,30	857 908,00	938 564,43	
Economical indicators													

Economical indicators	
Discount rate	0,17
Net Present Cost (NPV)	-1 986 823,55
Profitability index (PI)	0,172156854
Internal rate of return (IRR)	-13,94%
Simple payback period (PP)	

Appendix A.2

Table A.2

Baseline assessment of project effectiveness, taking into account the risks posed by international partner

№ п/п	*Cash flows*	од.	*Year of operation*										
			0	1	2	3	4	5	6	7	8	9	
1.	Investment costs	грн.	2 400 000,00										
2.	The share of own investment	грн.	500000										
3.	The share of borrowed investment	грн.	1 900 000,00										
4.	Total income	грн.		1 909 722,00	2 100 694,20	2 205 728,91	2 316 015,36	2 431 816,12	2 553 406,93	2 681 077,28	2 815 131,14	2 955 887,70	
5.	Income tax	грн.		23498,9208	12267,3996	9019,5786	9375,56019	108067,2468	161394,7319	175998,8351	191500,6751	161 767,15	
6.	Loan payments	грн.	174 051,51	696 205,44	696 205,44	696 205,44	696 205,44	219 854,00	0	0	0	0	
7.	Operational expenses	грн.		977 412,00	1 230 781,54	1 353 859,70	1 462 168,47	1 506 033,53	1 551 214,53	1 597 750,97	1 645 683,50	1 695 054,00	
8.	Depreciation deductions	грн.		105 555,00	105 555,00	105 555,00	105 555,00	105 555,00	105 555,00	105 555,00	105 555,00	105 555,00	
9.	Net profit	грн.	0,00	107 050,64	55 884,82	41 089,19	42 710,89	492 306,35	735 242,67	801 772,47	872 391,96	851 406,07	
10.	Balance sheet profit	грн.	-174 051,51	130 549,56	68 152,22	50 108,77	52 086,45	600 373,59	896 637,40	977 771,31	1 063 892,64	1 013 173,22	
11.	Cash flow	грн.	-2 074 051,51	236 104,56	442 291,67	558 178,72	678 994,22	796 036,98	841 503,38	862 027,85	883 052,92	904 590,80	
12.	Money in the account	грн.	-2 074 051,51	-1 837 946,95	-1 395 655,28	-837 476,56	-158 482,34	637 554,64	1 479 058,02	2 341 085,87	3 224 138,79	4 128 729,59	
13.	Discount rate (present value)		1,00	0,854700855	0,730513551	0,624370556	0,533650048	0,456111152	0,389838592	0,333195378	0,284782374	0,243403738	Total:
14.	Discounted cash flow			201 798,77	323 100,06	348 510,36	362 345,30	363 081,34	328 050,49	287 223,69	303 121,60	271 666,50	2 517 231,62
15.	Discounted cumulative cash flow		-2 074 051,51	-1 570 894,83	-1 019 545,09	-522 895,71	-84 574,11	290 795,78	576 593,90	780 038,99	918 177,90	1 004 948,22	

Economical indicators

Discount rate	0,17	0,21
Net Present Cost (NPV)	117 231,62	-113 234,27
Profitability index (PI)	1,048846507	
Internal rate of return (IRR)	3,09%	
Simple payback period (PP)	4,3	
Discounted payback period	5,28	