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## FINANCING MECHANISMS FOR INVESTMENT PROJECTS IN THE AGRICULTURAL SECTOR OF UKRAINE'S ECONOMY INVOLVING ANGEL INVESTORS

*The challenges connected with attracting foreign investments into the agricultural sector of the Ukrainian economy as well as diversification of forms of international investments are actual due to the immediate needs of realization of innovative development, technological upgrading and strengthening of agricultural sector attractiveness on the world market. Current situation and problems connected with attracting foreign investments into the agricultural sector of the Ukrainian economy are revealed. It is detected that level of attracting foreign investments into the agricultural sector of Ukraine and into AIC together don't meet the needs of its innovative potential. The following factors of agricultural sector attractiveness have been considered: high soil fertility and favorable weather conditions for growing crops; export capacity; high yield of the Ukrainian farming companies; undervalued assets and low level of capitalization of agricultural companies; attractive tax regime for agricultural producers. It is recommended that agricultural producers should indicate these factors in investment proposals and projects that they present to potential international investors. State investment policy in the agricultural sector is viewed to consolidate the resource base and the sources of investment have been determined. Suggestions to expand the financing mechanisms for investment projects in the agricultural sector involving angel investors have been justified. Economic feasibility of attracting foreign investments for financing of innovation activity of farming companies has been revealed. The key requirements and main stages of investments of angel investment association have been described.*

**Keywords.** Foreign investment attraction, agricultural sector of the Ukrainian economy, investment attractiveness, the mechanisms for investment projects financing, venture financing, international investment collaboration.

**Introduction.** Issues of ensuring competitiveness of the national economy and economic growth are closely connected with the provision of resources. The major source of the economic growth is investments. Given the lack of domestic sources of financing, foreign investment becomes the source that may make the most significant contribution to the technological re-equipment of production, gaining sustained economic growth, development of export industries, import substitution, improving enterprises' efficiency. Thus, the issue of attracting foreign investments into the economy of Ukraine is urgent, including the expansion of forms and mechanisms of international investment of the key branches of economy, establishing of cooperation with different types of international investors.

Attracting foreign investments into the agricultural sector of the Ukraine's economy and diversification of forms of international investing is up-to-the-minute, considering the urgent needs to implement innovative development, technological upgrading and enhancing competitiveness in the global market. Experts say that 60 billion dollars of foreign investments are required for a significant breakthrough of the agricultural sector today.

Issues of the range of problems connected with the processes of attracting foreign investments as well as research of international investment mechanisms are major subjects of the national and foreign scientists: A.P. Haidutsky, B.V. Gubsky, G.V. Kozachenko, D.G. Lukyanenko, O.I. Rohach, A.P. Rumyantseva, D.M. Chervanyova, V.E. Cherkasova, V.J. Shevchenko, I. Blank, L. Gitman, G. Dunning, R. Dornbusch, K. Eklund, M. Quezon, K. Kojima, R. Coase, P. Masse, M. Porter, A. Rugman, P. Samuelson, F. Fischer, S. Haymer and others. However, industry-specific practical aspects of this problem have not been sufficiently studied yet, including the issue of optimizing the forms and mechanisms of international financing of investment-driven development of the

agricultural sector of the Ukrainian economy considering specifics of its investment attractiveness and risks.

**The goal of the article** is to disclose current situation and problems which are connected with attracting foreign investments into the agricultural sector of the Ukrainian economy as well as considering the factors of this sector attractiveness and justifying suggestions on financing mechanisms expanding within investment projects in the agricultural sector involving angel investors.

Today, agriculture of Ukraine is a key industry branch with high level of export and investment potential. Its development requires a favourable governmental innovation and investment policy. To increase the competitiveness of Ukrainian agricultural products without innovations is not possible. Same way, implementing of the market reforms and bringing them to life become possible only with investments.

The agricultural policy priorities are to increase production and improve competitiveness of the agricultural sector, to increase export of farming products, to develop agricultural market infrastructure, to form an integral system of financial and credit support of agribusiness, etc. These objectives require foreign investments, which through a number of reasons enter into Ukrainian economy in deficiency. As of 01.01.2013, external foreign direct investments in the agricultural sector of Ukraine became 857.2 million US dollars, which is only 1.6% in gross volume of national FDI [8]. The agriculture meanwhile provided 3.4% of commodity export earnings, and agribusiness in general provided 25.6% of the Ukrainian commodity export earnings in 2012. In addition, one can observe high rates of export performance growth of agribusiness products: exports grew by 39.7% in 2012 vs. 2011 [9], which is a factor of investment attractiveness growth of the agricultural sector to the foreign investors.

**Table 1. Volumes of foreign direct investments (equity capital) in the agricultural sector of Ukraine, 2007-2012**

Factors	Years					
	2008	2009	2010	2011	2012	2013
Gross volumes of foreign direct investments in Ukraine, million US dollars.	29542.7	35616.4	40053.0	44806.0	50333.9	54462.4
Foreign direct investments volumes in the agricultural sector, million US dollars.	557.3	600.3	680.4	730.7	736.3	857.2
FDI share in the agricultural sector, in %	1.9	1.7	1.7	1.6	1.5	1.6

Source: compiled and calculated according to the State Statistics Service of Ukraine

Gaps in the national legal framework regulating investment activities, financial and stock markets, political instability hinder investment activity in Ukraine in general, and in agricultural sector in particular. Attracting of foreign investments is interfered with frequent changes in legislation and lack of reliable guarantees for the foreign investors' protection, high tax rates, inadequacy of management mechanisms of public expenditure for development and public and private partnerships mechanisms, immaturity of investment infrastructure, bureaucracy and corruption, inconsistency of investment.

World Trade Organization (WTO) World Trade Report – 2013 states as follow: Ukraine is on the 10<sup>th</sup> place in the list of the most attractive countries for the purchase of land with potential of 1.2 million hectares. Analytics of WTO note that international investors are ready to invest Ukrainian agricultural sector even if the investment environment is unfavourable. The issue of land ownership protection creates significant barriers for investment into the Ukrainian agricultural sector.

State Strategy of the economy's agricultural sector development for the period to 2020 declares among the others the following the key problems of the development of agricultural sector of the Ukrainian economy:

- poor investment capacity of the state and the majority of the agricultural sector entities,
- lack of working and available credit funds for farmers to cover the gap in time between the demand for funds and the time of favourable price for sales of products.

Therefore, increasing the investment attractiveness of the agricultural sector of Ukraine's economy will promote increasing of international investments in it. The above strategy states that the Ukrainian agricultural sector with the production potential, which substantially exceeds the domestic demand, is a link that might become a growth driver for national economy and its effective integration into the global economy.

National farming sector compile about 10% of the country's GDP and ensures 95% provision of local population with food, which is one of the highest figures in the world. In addition, Ukrainian market of the agricultural products has a huge opportunity to increase in absolute terms and substitute many items of import. According to the UN, Ukraine is one of three leaders with regard to the dynamics of agricultural production (after Brazil and Russia). The sector becomes even more attractive when you consider the dynamics of food prices for the last 10 years, both in Ukraine and in the world.

National agricultural sector tends to increase: gross agricultural output amounted to 17.6 % in 2011 as compared with 2010. During January-July 2013, agricultural output increased by 14.8% in all household categories compared to the same period of the previous year, including farming units, where it increased by 23.1% and households – by 7%. The latter growth rate in agriculture was achieved largely due to the record grain harvest. The share of farming industry in national GDP is also gradually increasing. In January-July 2013 revenue part of the budget increased by 19.2% at the expense of farmers exclusively. Ukrainian agricultural sector occupies an important place in the world (Table 2).

**Table 2. Place of the Ukraine's agribusiness in global production and export**

Culture	Production / Export	Crop of the year 2012, thousand tons	Share (place) in the world market
Barley	Production	9.095	7% (3)
	Export	2.800	15% (5)
Corn	Production	22.898	3% (5)
	Export	14.000	14% (3)
Wheat	Production	22.124	3% (10)
	Export	5.000	3% (8)
Sunflower-seed oil	Production	3.684	26% (1)
	Export	2.900	49% (1)
Sunflower	Production	9.500	24% (2)
	Export	300	16% (3)
Rapeseed	Production	1.500	3% (6)
	Export	1.060	9% (3)
Soybean	Production	2.200	1% (9)
	Export	1.200	1% (7)

Source: compiled according to data [2]

Experts predict that despite the fact that the agribusiness will employ only about 10% of the population, Ukraine has a chance of becoming a major food manufacturer in the world by 2050.

Below are the factors which attract foreign investors into the agricultural sector:

- Agribusiness is attributed to the basic branches of economy, where investment and innovation projects under the Development Program of investment and innovation activity in Ukraine are implemented. Moreover, the Cabinet of Ministers of Ukraine decided to refer the agribusiness to the priority sectors under the Law of Ukraine "On promotion of investment activity in priority sectors of the economy with the purpose to create new workplaces" in August 2013;
- High level of soil fertility and favourable weather conditions for growing crops. Ukraine has the largest territory in Europe, which is suitable for crops growing (32.5 million ha). Twenty five percent of the world reserves of black soil are

concentrated in Ukraine. The mild climate of Ukraine gives farmers a significant competitive advantage;

- Export capacity. Today, Ukraine is the world leader in sunflower-seed oil exporting and barley exporting. In recent years, Ukraine has produced about 40-50 million tons of wheat and thus strengthened its position as the main supplier of wheat into the world market;

- High yield of the Ukrainian farming companies. Ukrainian agricultural holdings show higher efficiency than the other world ones, mainly due to the lower production costs (cheap labour, low cost of land lease), on the one hand. On the other hand, this advantage is achieved only due to the high level of soil fertility, rather than by using new technologies [1]. Thus, there is a potential for efficiency rising based on new technology attraction.

Investment potential of the agricultural sector is not fully implemented. Therefore, Ukrainian Government is committed to increase level of foreign investments in this industry. Almost entire agricultural sector of Ukraine requires for-

eign-invested reconstruction and modernization – from primary manufacturing processes in farming to produce of deliverables and bringing them to the consumer. It is imperative to increase productivity and reduce losses, provide deeper and more comprehensive processing of raw materials with the aim to increase significantly the final product yield and to improve its consumer qualities. Decrease of agricultural raw material losses and deepening of its processing are those areas, which can benefit significantly within a short time period, in particular, by creating relatively small companies that do not require large foreign investments and provide short payback period of initial investment with low risk for foreign investors.

Agricultural sector of Ukraine is characterized by significant opportunities for investors: agricultural market infrastructure (construction of grain storages, potato storages, terminals, logistics), potential to increase crop yield, industrial production of meat and milk, egg production, there is a large number of small agricultural companies, which can be bought at a profit, no special licensing requirements, favourable tax treatment for farmers. These factors should contribute the investment projects and investment proposals that domestic farmers submit to foreign investors.

Advanced energy-saving technology of crops cultivation is among the promising direction of investment activity at agricultural enterprises. It will aim at resources saving, maintenance and improvement of soil fertility in case of sufficient yield level.

Investment generation method in agribusiness depends on the amount of finance which is requested to implement the investment project. Fund raising, which requires relatively small investments (up to \$ 1 million) in the agricultural sector is not always justified by means of an IPO because of the significant cost of the very IPO. Venture capital is considered as financing type of the promising companies. This is a risky fund raising because investor is involved in the company's business management and he invests in with the aim to increase the value of the very company.

Typically, the venture capital market is divided into the formal and informal ones. The formal venture capital market is represented by the venture funds, which are joined by the financial resources of investors. The informal venture capital market consists of private investors who invest their own money into the new and growing small and medium-sized firms. These investors are called "angel investors" in the world.

Most angel investors are those successful entrepreneurs who possess extensive experience in own business promotion. Distinctive feature of their activity is investing in risky projects that do not have sufficient financial support. Sometimes angel investor' decision bases on a positive impression about the project and confidence in its successful implementation. Therefore, the entrepreneurs who wish to bring funds in their project are challenged to produce such a confidence in the angel investor.

As a rule, angel investors buy minority share of the company, because they want to preserve person's motivation to implement his/her project. If they want to retain control over their investments, they rarely buy blocking package.

The amounts, which angel investors' invest, typically range from 20 thousand to several million dollars. They make number of investments while allocating their capital and minimising risks. Three or more angel investors make approximately 1/3 of all investments. Thus, large projects can be financed and the risk of investors is reduced.

In 2012, angel investors financed in major IT filed (software development and security technologies), pharmacology, biotechnology, medical equipment, service sectors. The projects in the automobile and aviation industries,

mass media production, food and pharmaceutical processing industries were also popular among angel investors. Two thirds of angel investors consider projects that are located within the country, but recently, they have increasingly begun to invest in the countries with a large unrealized potential in a particular area. That is why Ukrainian agribusiness may be of interest for these investors.

Once angel investors invest money in the company, its credibility grows and it becomes easier to attract additional funding from other sources. Besides funding, angel investors contribute the company with experience and management skills. Most entrepreneurs say that knowledge and experience of angel investors is much more important than finance. According to the latest information, 80% of angel investors are actively involved in the company management they invested in.

The main reasons angel investors rely on when investing [6]:

- obtain significant financial benefits (seeking to enlarge capital by 7-10 times for 5-7 years);
- Authority and pleasure, which an angel investor receives by helping the company to grow and strengthen its market position.

The economic merit of attracting angel investors in the projects is as follows:

- Angel investors prefer to finance high-risk business companies with a high growth potential;
- Angel investors prefer small volumes of investments (up to \$ 1 million);
- They invest in almost all sectors. However, it should be noted that they primarily compare potential growth of sectors and base their decisions on the latter;
- Angel investors are more flexible in making financial decisions than venture capitalists. They have their own investment criteria, broader investment horizons, short-term approval and a lower rate of profitability;
- Financing with the participation of angel investors is cheaper than credit funds, since it does not increase the debt burden on the company;
- Most angel investors are useful investors because they share invaluable experience and help a company to grow;
- Financial market of angel investors is more widespread in geographical terms than the venture capital market;
- Financing by angel investors has a positive effect on the company as a whole since it increases its attractiveness in the eyes of other investors;
- Angels investors are useful because they can also provide the company with a credit guarantee;
- They are not afraid to invest in new companies, which are subject to high risk.

In practice, even these companies which once held IPO apply to angel investors. Angel investors allocate their funds in the investment projects. In the agricultural sector, fund raising allocates in construction of railway terminals, elevators, potato storages, high-tech systems and mechanisms for crops processing, machinery, and plants for recycling of waste into biofuels etc. Basically, angel investor is ready to finance up to 500 000 \$. However, if one manage to get financing from the angel investors' association, amount may increase many times.

The European association of angel investors EBAN (European Trade Association for angel investors, Seed Funds, and other Early Stage Market Players) was established in 1999 under the auspices of the European Commission as a mechanism to facilitate the relationship and search for investors (angel investors) and entrepreneurs who need investments. This association is not the only one, but according the latest research, it has the most ex-

tensive network of angel investors. There is an office of the association in every European and some CIS countries. However, it does not mean that they finance the projects only within the country. Usually, they are also interested in promising projects abroad. The above Association is a plat-

form where the interests of angel investor(s) and the entrepreneurs meet together.

Implementation scheme of the Angel Investors Associations' fund raising differs depending the country investor deals with. However, there is a generally accepted algorithm (Fig. 1).

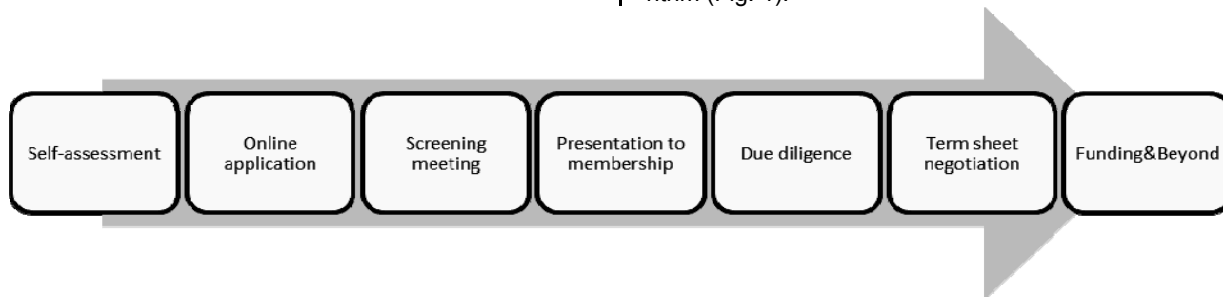


Figure1. Algorithm of receiving financing from the Angel Investors Association (EBAN)

Source: compiled according to the source data [3]

**Stage I. Self-assessment.** At this point, you should clearly determine whether investment from angel investors is of urgent importance or whether or not your company needs investment from angel investors. In case of positive answer, you have to prepare a Business Plan in accordance with the requirements and suggestions put forward by the association.

**Stage II. Online application.** At this stage, you have to sign in on the site as an entrepreneur. Then you have to submit a Business Plan. Special Association Committee estimates principle components of the project and takes one of the following decisions: to invite you for a meeting, to send a draft for revision in collaboration with the committee experts, or to reject the project.

**Stage III. Screening meeting.** If the committee gets interested, you will be invited to a short 10-minute presentation of the project.

**Stage IV. Presenting to the membership.** You will be invited to make a 30-minute presentation to all angel investors – members of the association. At this point, the angel investors, those interested in your project and whom you will further cooperate with, are determined.

**Stage V. Due diligence.** It is the most important stage, since a group of independent experts in cooperation with angel investors will audit financial and economic situation of your company and/or check adequacy of the data of financial ratios calculation, which formed the basis of the business plan.

**Stage VI. Term sheet negotiation.** In case of a successful Due diligence procedure, a final meeting with angel investor (angel investors group) will be held, where the details of the future agreement and cooperation will be discussed.

**Stage VII. Funding & Beyond.** At this point direct cooperation with angel investors starts. Company receives necessary funding and invaluable experience for future development of the company from the world's experts.

In practice, not all submitted projects will be eventually supported. The main reason for rejection of projects at the early stages is non-compliance with the requirements and recommendations put forward by the committee and ultimately by the very angel investors. Therefore, in our opinion, it is important to prioritise project areas of angel investors' attention (Table 3).

Table 3. Main requirements of angel investors during project review

Area	Typical questions
1. Management team	<ul style="list-style-type: none"> <li>Is your management team experienced, motivated, solid and ready to cede some control and decision-making authority, advice and recommendations on the part of outside investors?</li> </ul>
2. Target audience	<ul style="list-style-type: none"> <li>Do you have a target audience (target segment)?</li> <li>Does it show a stable demand for your product /service?</li> </ul>
3. Market size	<ul style="list-style-type: none"> <li>Are your projected income measures significant and constantly growing?</li> <li>Does the company have a potential to expand (increase the volume of production /services) by increasing the size of the market?</li> </ul>
4. Competition	<ul style="list-style-type: none"> <li>Have you identified the target competitors?</li> <li>Does the company have a competitive advantage as compared to competitors?</li> </ul>
5. Technology	<ul style="list-style-type: none"> <li>Is the technology you will use to manufacture equity production reliable (time proved)?</li> <li>Can the experts confirm this?</li> <li>Do you have a Business – Plan of technology commercialization (in case the technology has been recently developed)?</li> </ul>
6. Intellectual property protection	<ul style="list-style-type: none"> <li>Is your intellectual property protected?</li> </ul>
7. Sales strategy	<ul style="list-style-type: none"> <li>Do you have an adequate plan for rapid market penetration and consolidation of your position there?</li> <li>Will you create a strong internal sales team or rely on external channels of partners?</li> </ul>
8. Profit earning capacity	<ul style="list-style-type: none"> <li>Can you demonstrate how you will reach high profitability and sustained growth of cash flow?</li> </ul>
9. Capital	<ul style="list-style-type: none"> <li>How much money you need and what are the purpose of its use?</li> </ul>
10. Financial forecasts	<ul style="list-style-type: none"> <li>Did you prepare the projected balance sheet, profit and loss statement, cash flow report based on actual, reasonable and logical assumptions?</li> </ul>
11. Exit strategy	<ul style="list-style-type: none"> <li>Does your strategy describe the terms and ways of exit from a business of angel investors?</li> <li>Is there a reasonable high probability of obtaining by angel investors 10 times more money as compared to the invested amount in 5-7 years?</li> </ul>

Source: compiled according to the source data [3]

Development of venture business in agricultural sector is limited under current conditions. In major it is caused by number of external factors. Firstly, there is no economic interest of most agricultural enterprises to implement totally new developments, innovations of a high engineering and economic level, which creates a low demand for such novation. Secondly, securities market is underdeveloped, and, thirdly, there is a weak competition in the domestic scientific-technical (sci-tech) market.

The sci-tech market is a very specific one in our country. There is a huge demand to improve existing processes, including sci-tech developments on the one hand. On the other hand demand for revolutionary innovations, new advanced technologies is small. We almost have no market of such products, since the majority of farming companies are not able to change fundamentally the existing technology.

Today, only foreign companies, which actively seek to the market of the Ukrainian intellectual products, show interest in the commercialization of promising developments. But in spite of all obstacles, the venture investment will facilitate development and implementation of innovative projects in agribusiness, since the peculiarities of this activity type is that the funds are provided for a perspective project without any warranties for newly established or small businesses for a long term, and the investors actively participate in venture company management, thus reducing the risk and increasing the rate of return on investment.

Based on the foregoing, one can note that venture capital is potentially cheap source of innovation activity financing for the agricultural enterprise, as it enables the company to grow and not to increase its debt burden. Therefore, the farmers need to improve the investment management through establishing of cooperation with foreign investors, including angel investors, with the purposes to raise funds for the implementation of innovative investment projects.

On the part of the state, implementation of the main directions of the investment policy in the agricultural sector needs further consolidation of resources including all sources of funding. In order to mobilize and use effectively additional sources of financing of the agricultural sector of Ukraine's economy the following measures should be realized:

- Justify the priority list of agricultural sectors for implementation of investment projects, as well as sci-tech programs and major directions of fundamental research, financed out of public funds;
- Improve regulatory role of the state in recovering of the investment process by concentrating and channelling of the investment resources of budgets at all levels as well as credit facilities, which are attracted against guarantee of the Cabinet of Ministers of Ukraine to promote the prioritized areas of farming sector;
- Develop tax incentive instruments of investment processes on foreign investor side;
- Make reasonable choice of investment projects to provide state guarantees to foreign investors if: investment

project is of national level; investment incorporates resource-saving and environment-friendly technologies, products are export-oriented, investment contributes to the creation of new jobs, particularly in the regions with tight labour market;

- Make the transition from irretrievable budget financing of investments to goal-oriented crediting of investment projects on favourable terms and with property guarantees of their intended use;
- Develop a mechanism to strengthen economic interest of the foreign investors in the projects connected with the release of exportable products;
- Facilitate fund raising, including those coming from the international financial institutions, foreign investment funds, venture and angel investors;
- In case Ukraine signs the Deep and Comprehensive FTA with the EU, apply integration mechanisms to enhance investment cooperation with the European investors, etc.

**Conclusion.** Implementation of the above macro level measures together with managerial improvement of investment projects, expansion of variety of forms and mechanisms of funding will attract the funds of foreign investors to ensure innovation and economic development and to raise competitiveness of domestic agricultural sector on the world markets.

**Prospects for further research** is to identify the impact of deep and comprehensive FTA with EU on the processes of investing and fund raising in agricultural sector of Ukraine and to develop recommendations on investment forms and instruments based on cooperation between Ukraine and the EU in the agricultural sector.

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## МЕХАНІЗМИ ФІНАНСУВАННЯ ІНВЕСТИЦІЙНИХ ПРОЄКТІВ В АГРАРНОМУ СЕКТОРІ ЕКОНОМІКИ УКРАЇНИ ЗА УЧАСТІ БІЗНЕС-АНГЕЛІВ

*Проблема залучення іноземних інвестицій в аграрний сектор економіки України та диверсифікація форм міжнародного інвестування є актуальною з огляду нагальних потреб здійснення інноваційного розвитку, технологічного переозброєння та посилення конкурентоспроможності на світовому ринку українських аграрних підприємств. Розкрито стан та проблеми залучення іноземних інвестицій в аграрний сектор економіки України. Виявлено, що рівень залучення прямих іноземних інвестицій в сільське господарство України та в цілому у вітчизняний АПК не відповідає його потребам та інвестиційному потенціалу. Визначено фактори інвестиційної привабливості сфери АПК, що включають в себе наступні: висока родючість ґрунтів і сприятливі погодні умови для вирощування сільськогосподарських культур; високі експортні можливості; висока дохідність українських аграрних компаній та наявність резервів її підвищення; недооціненість акцій та невисока капіталізація українських компаній; сприятливий податковий режим для агровиробників. Запропоновано відобразити ці фактори в інвестиційних пропозиціях та проєктах, які вітчизняні аграрії презентують потенційним іноземним інвесторам. Визначено напрямки державної інвестиційної політики в аграрному секторі з метою консолідації ресурсної бази*

та джерел фінансування. Обґрунтовано пропозиції щодо розширення механізмів фінансування інвестиційних проектів в аграрному секторі за участю міжнародних інвесторів, у тому числі бізнес-ангелів. Розкрито економічну доцільність залучення венчурного капіталу та бізнес-ангелів для фінансування інноваційної діяльності аграрних підприємств. Охарактеризовано ключові вимоги та етапність отримання фінансування від міжнародної асоціації бізнес-ангелів.

**Ключові слова:** залучення іноземних інвестицій, аграрний сектор економіки України, інвестиційна привабливість, механізми фінансування інвестиційних проектів, венчурне фінансування, міжнародне інвестиційне співробітництво.

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## МЕХАНІЗМИ ФІНАНСИРОВАНИЯ ИНВЕСТИЦИОННЫХ ПРОЕКТОВ В АГРАРНОМ СЕКТОРЕ ЭКОНОМИКИ УКРАИНЫ ПРИ УЧАСТИИ БИЗНЕС-АНГЕЛОВ

Актуальность проблемы привлечения иностранных инвестиций в аграрный сектор экономики Украины и диверсификация форм международного инвестирования обусловлена необходимостью осуществления инновационного развития, технологической модернизации и повышения конкурентоспособности на мировом рынке украинских аграрных предприятий. Раскрыто состояние и проблемы привлечения иностранных инвестиций в аграрный сектор экономики Украины. Выявлено, что уровень привлечения прямых иностранных инвестиций в сельское хозяйство Украины и в целом в отечественный АПК не соответствует уровню его потребностей и инвестиционного потенциала. Сформулированы факторы инвестиционной привлекательности сферы АПК Украины, которые включают в себя следующие: высокая плодородность земли и благоприятные погодные условия для выращивания сельскохозяйственных культур; высокие экспортные возможности; высокая доходность украинских аграрных компаний и наличие резервов ее повышения; недооцененность активов и невысокая капитализация украинских компаний; благоприятный налоговый режим для агропроизводителей. Предложено отображать эти факторы в инвестиционных предложениях и проектах, которые отечественные аграрии представляют потенциальным иностранным инвесторам. Представлены направления государственной инвестиционной политики в аграрном секторе с целью консолидации ресурсной базы, а также источников финансирования. Разработаны и обоснованы рекомендации по расширению механизмов финансирования инвестиционных проектов в аграрном секторе при участии международных инвесторов, в том числе бизнес-ангелов. Раскрыто экономическую целесообразность привлечения венчурного капитала и бизнес-ангелов для финансирования инновационной деятельности аграрных предприятий. Охарактеризованы ключевые требования и этапность получения финансирования от международной ассоциации бизнес-ангелов.

**Ключевые слова:** привлечение иностранных инвестиций, аграрный сектор экономики Украины, инвестиционная привлекательность, механизмы финансирования инвестиционных проектов, венчурное финансирование, международное инвестиционное сотрудничество.

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## MODELING IN THE PROCESSES OF CHOICE OF THE COMPANY DELIVERING BOTTLED WATER BY THE CONSUMERS ON THE BACKGROUND OF REFLEXIVE MANAGEMENT

*In this work the problem of high quality drinking water provision is described and analyzed. It is shown that a person may obtain such water by various ways one of which is bottled water delivery by specialized companies. The existence of numerous players on drinking water market stipulates the occurrence of the number of problems – in particular, the choice of the delivering water company by the consumer and fight of such companies for the consumer. The work proposes to apply a reflexive approach in order to influence the choice of the consumer, which allows the company to make him take the "right" decision. For solving the problem the classical and fuzzy model of reflexive management are described.*

**Keywords:** drinking water, reflexive management, decision making.

**Problem statement.** The problem of water resources provision is actual in the whole world on the state level as well as on the level of each household. Water has a great utility meaning due to its usage in industry, agriculture, as drinking water etc. Although water is a renewable resource, today water pollution in the whole world has reached a critical level. It is subject to rivers, lakes, underground water and World ocean as a whole.

The most actual problem on the level of each state is the provision of its citizens by high quality drinking water. At the moment there are several ways of provision of the people by drinking water: central water supply, artesian water pump rooms, wells, bottled water etc. Water is an essential resource (as air) for the people whose quality of life depends on it. On the one side, everyone understands that in order to improve the quality of life (in the first hand health) of the people it is necessary that they drink clean water every day, especially using such water for making food and drinks. On the other hand, salvation of this problem needs considerable expenses which, as a rule, lie on the shoulders of the households. In such a way, the consumers stand before the problem of choice of the affordable and high quality drinking water. And the companies which provide people with drinking water have another problem: how the influence the choice of the consumers.

### Analysis of the latest researches and publications.

There are numerous works devoted to the provision of the population by high quality drinking water of scientific (theoretical and practical) as well as publicistic character written by the following authors: O. F. Balatskiy, A. K. Gorval, I. L. Golovinskiy, V. A. Golian, V. I. Danilov-Danilian, S. I. Doroguntsov, G. I. Korchak, L. G. Melnyk, M. A. Khvesyuk, A. V. Yatskiy and others. Studying the works of scientists and practitioners allows to make a conclusion that the problem of providing people with high quality drinking water is diverse, important and actual and requires constant monitoring and research of the bottled water market.

On one side the companies delivering bottled water perform social function – provide the population with drinking water, on the other – their activity is aimed at obtaining profit. At the moment there are many players on bottled water market among which are big (national) and small (city level) companies. There are two important problems which require constant salvation: consumer's choice of the company delivering bottled water and influence of such companies on that choice. Relevance and practical meaning of these problems have determined the aim of this investigation.

**The aim of the investigation** lies in the analysis of the accessible ways of providing people with drinking water, research of the bottled water market, grounding of the ne-