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Strengthening the investment potential of Ukraine through crisis management

Abstract. The purpose and subject of the study is anti-crisis management as a factor in enhancing the country's investment potential. The research methodology included the following techniques: analysis, description, synthesis, induction, statistical methods, etc. The article analyses international assistance under the Ukraine Facility programme, which is aimed at supporting the state budget, stimulating investment and providing technical assistance for reforms. Special attention is paid to investment opportunities in priority sectors of the economy, including the defence industry, energy, agriculture, pharmaceuticals and innovative start-ups. The article discusses in detail the strategic areas for investment identified by the Government of Ukraine, as well as the amount of funding required and the number of projects requiring investment in each sector. Priority sectors are highlighted, including the defence industry, agriculture, metallurgy, energy and pharmaceuticals, which together offer a large number of investment projects. The study shows that the largest amounts of funding, such as UAH 177 billion for energy and UAH 123 billion for logistics and infrastructure, demonstrate the high need for external and internal investment to develop critical sectors. The study also emphasises the importance of supporting technology start-ups and innovative projects that require UAH 11 billion, as well as investments in the furniture and woodworking industry, industrial production, and natural resource development. It is highlighted that this approach contributes to the targeted attraction of capital and increases the country's investment attractiveness. The author emphasises the importance of developing and implementing anti-crisis management tools that facilitate the attraction of internal and external capital. It is described that this has a positive impact on the national economy and forms the basis for further integration development of Ukraine in the European economic space. The practical value of the article lies in the identification of specific economic sectors for investment in Ukraine and assessment of their investment potential. These results may be useful for international investors, government agencies and crisis management experts seeking to develop strategic directions of Ukraine's economic growth in a crisis environment.

Keywords: crisis management; investments; investment potential; budget; financing.

Relevance of the topic. The economic instability in Ukraine caused by the war and global economic challenges requires government decisions to strengthen investment potential through crisis management. Such decisions will help attract domestic and foreign investment, which in turn will support the economy's sustainability and stimulate its growth. Urgent problems in this regard may include the need to reduce administrative barriers, introduce a system of regular monitoring and evaluation of investment programs for effective risk management, and ensure that the government cooperates with NGOs and think tanks in implementing anti-crisis policy.

Analysis of recent studies and publications. Recent studies confirm that the issue of attracting investment to address crisis situations is gaining relevance. R.Kyslyak explores the issue of investment in times of war, considering the factors that influence investors and their decision to invest in Ukraine [2]. R.Mishchenko analyzes the investment potential of the country in the context of economic instability, focusing on the tools and mechanisms that can increase investment attractiveness [3]. G.Syrotyuk examines the investment potential of Ukraine in the context of current economic conditions, emphasizing the need for reforms [4]. L.Slyusarchuk and Y.Slyusarchuk focus on the term “crisis management” and its importance in the modern economy [5]. A.Tkachenko proposes to consider crisis management as a comprehensive system that can prevent crises and stimulate investment development [6].

The purpose of the article is to develop recommendations for strengthening the country's investment potential through crisis management. Objectives: to analyze the main provisions of international financial support programs; to systematize the prospects for investing in the main sectors of Ukraine's economy; to propose ways to strengthen Ukraine's investment potential based on crisis management tools.

Presentation of the main material. Maintaining and strengthening the country's investment potential is especially important during a war, as foreign investment indirectly, through taxes, covers the lack of budget funds for the development of priority industries and supports their modernization during a crisis. Crisis management, in turn, ensures an effective response to the challenges posed by economic instability by implementing measures to stabilize and support key sectors of the economy [2]. This contributes to building trust on the part of investors, who view secure and transparent governance mechanisms as an indicator of stability [3]. Based on the criticism, we note that “governance mechanisms as an indicator of stability” should not refer to the indicator, and the “indicator” is a consequence of the functioning of the “mechanism”. Strengthening institutional capacity and developing special programs for investors are important elements that can significantly increase the country's investment attractiveness, even in times of crisis.

The main component of Ukraine's anti-crisis policy during the war is participation in international financial support programs from partner countries, which not only support Ukraine's financial stability but also contribute to the implementation of European integration reforms. Such programs include the EU's Ukraine Facility [7], the IMF's Extended Fund Facility [8], and a significant number of support programs from the World Bank. At the time of writing, the largest program in terms of financial support and the number of its areas is the Ukraine Facility.

The European Union's Ukraine Facility program covers various areas of Ukraine's economic development in the period of 2024-2027. In total, the program includes 151 steps to implement 69 reforms in 15 areas (Fig. 1)

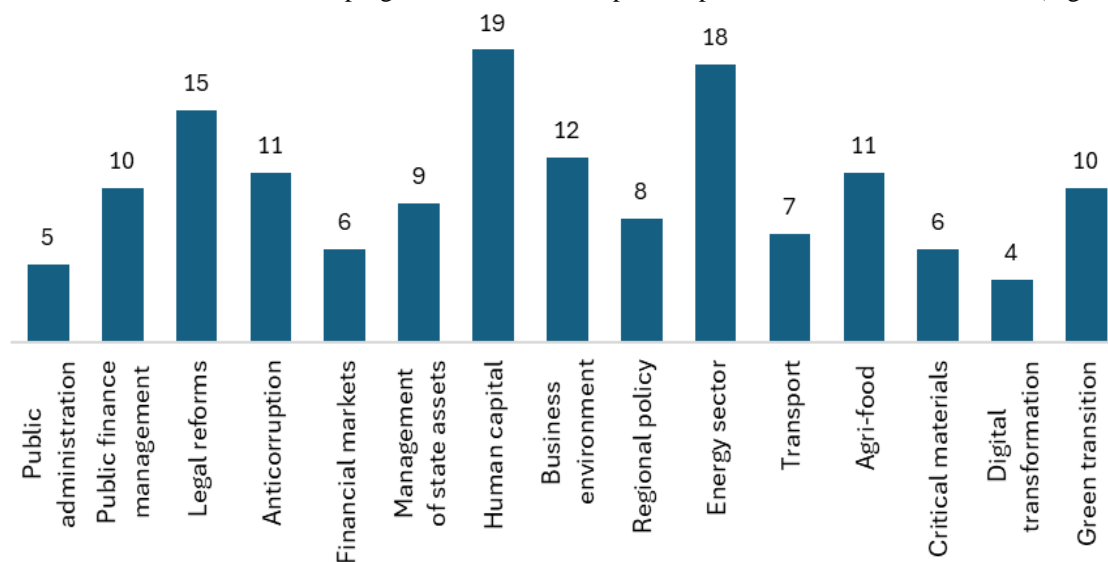


Fig. 1. Number of steps to implement reforms by area under the Ukraine Facility program

The funding mechanism under the Ukraine Facility provides for the allocation of EUR 50 billion to support the state budget, stimulate investment and provide technical assistance for the implementation of structural reforms and adaptation to EU standards. The priority goals of the program are to support Ukraine's macro-financial stability and develop its economic potential in the long term, which will also contribute to strengthening the national economy and integration into the European market.

The first component of the program provides the bulk of the funding in the amount of EUR 38.27 billion and is aimed at direct support to the state budget of Ukraine. Under this component, the above steps are being implemented, for the successful implementation of which Ukraine will receive quarterly funding starting from the first quarter of 2024. An important condition of the program is that 20% of the grant funds are allocated to support the development of all regions, which makes it possible to ensure an even distribution of assistance and promote development at the local level [7]. The funds received under the program are directed exclusively to civilian needs and cannot be used for military expenditures. Providing regular budgetary support will help Ukraine not only meet critical needs but also expand its financial autonomy to implement reforms.

The EUR 6.97 billion Investment Fund is the second component of the program, aimed at attracting investments in priority sectors of the Ukrainian economy [7]. This component is implemented through international financial institutions, such as the European Bank for Reconstruction and Development (EBRD) and the European Investment Bank (EIB), which ensures transparency of financing and the focus of funds on the

development of strategic sectors. Investment support is available to both private and state-owned companies in Ukraine, which creates additional opportunities to stimulate growth and develop new projects. In addition, technical and administrative assistance in the amount of EUR 4.76 billion is aimed at supporting structural reforms, harmonizing legislation with European standards, and strengthening institutional capacity at all levels of government. The support of international partners not only helps to meet current budgetary needs, but also ensures an appropriate level of investment attractiveness of Ukraine, opening up prospects for gradual economic growth and expanding investment opportunities.

In parallel with participation in international support programs, Ukraine is taking additional measures to overcome the consequences of a full-scale invasion, which significantly affects internal stability and economic processes. Such measures include the introduction of effective mechanisms to overcome the crisis, such as stabilizing the energy sector, lifting the sea blockade and reducing obstacles on the land borders with the EU, facilitating the return of investors and creating positive economic signals. As a result, the Ukrainian investment market is becoming more secure and accessible to foreign capital, which forms a solid foundation for the development of priority industries.

Ukraine offers potential investors a variety of investment opportunities in many sectors of the economy (Table 1).

Table 1

Investment projects in Ukraine by the economic sector

Sector of economy	Number of projects	Amount of financing, UAH billion
Energy sector	over 50	177
Logistics and infrastructure	over 30	123
Defense and industrial complex	over 10	43
Agro-industrial complex	over 300	34
Metallurgy and metal processing	over 20	26
Pharmaceuticals	over 30	19
Industrial production	over 20	16
Innovative technology startups	over 2000	11
Development of natural resources	over 10	5,6
Furniture and woodworking industry	over 40	5

Source: developed based on [1]

The first of these sectors is the defense industry, which has gained particular importance in the context of national security. The government has identified more than 10 key projects in this sector with an investment potential of UAH 43 billion. The development of the defense sector not only strengthens defense capabilities, but also becomes an attractive area for investors. Given the lack of investment in the defense industry under the Ukraine Facility program and the ongoing Russian aggression, this sector requires special attention from the government. At the same time, Ukraine has ambitious plans to develop metallurgy and metalworking, with more than 20 projects valued at UAH 26 billion. This sector remains one of the traditionally strongest components of the Ukrainian economy, and investments in it will help to increase production capacity, modernize technologies and introduce modern approaches to production with a focus on Industry 4.0 technologies.

With more than 300 potential projects requiring UAH 34 billion, Ukraine's agricultural sector is another strategic area for investment. Ukraine has historically held an important place in the global agricultural market, and support for this sector will contribute to food security at both the national and international levels. The energy sector also needs investment, as about UAH 177 billion is needed to develop more than 50 projects [1]. The energy sector is becoming a priority for achieving the country's energy independence and ensuring the stability of energy supply. The key focus is on innovative and renewable energy projects that meet modern environmental standards and promote sustainable development.

Other strategic areas for investment include pharmaceuticals, critical raw materials, logistics, infrastructure, furniture and woodworking, and innovative technology startups. In particular, the pharmaceutical industry needs

UAH 19 billion to increase its international competitiveness, while natural resources and infrastructure require investments of UAH 5.6 billion and UAH 123 billion, respectively, to develop the country's domestic potential [1]. It is also important to note the need for financing for innovative technology startups, which amounts to about UAH 11 billion for more than 2,000 projects, as this area is critical for the formation of Ukraine's modern innovation economy.

Conclusions and prospects for further research. Expanding investment activity will contribute to long-term economic growth, sustainability, and modernization of key sectors of the country's economy. To effectively use crisis management as a tool to enhance Ukraine's investment potential, it is important to develop a set of measures aimed at stabilizing and supporting key economic sectors. First, it is necessary to ensure the most transparent and simplified conditions for investors, in particular by reducing administrative barriers and speeding up procedural processes. This includes the introduction of a “one-stop shop” for investors, which will allow potential investors to receive all the necessary information and support without unnecessary bureaucratic obstacles. Such measures will help reduce risks for foreign and domestic capital and help attract financing to priority sectors.

In addition, to improve the effectiveness of crisis management, a system of regular monitoring and evaluation of the results of investment programs should be introduced. This will allow timely identification of risks, adaptation of strategies, and transparency in the use of resources. It is important to create separate regional investor support offices that will facilitate capital raising at the local level and establish direct communications between investors and local authorities. Involvement of civil society organizations and think tanks in the process will help ensure an objective assessment of the results and increase investor confidence in anti-crisis policy. These measures will provide an opportunity to improve coordination between the government and investors, strengthening the investment environment even in times of significant economic uncertainty.

By effectively attracting international assistance, stabilizing domestic sectors of the economy, and developing investment attractiveness, the government is creating the basis for gradual economic growth. A set of measures, such as Ukraine's participation in international support programs and administrative support for investors in the implementation of projects in various sectors, promotes the interest of foreign capital and strengthens economic resilience. Expanding investment opportunities in priority sectors such as energy, defense, and agriculture ensures economic stability and creates conditions for sustainable growth even in times of crisis.

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Посилення інвестиційного потенціалу України на основі антикризового управління

Анотація. Метою і предметом дослідження є антикризове управління як фактор підвищення інвестиційного потенціалу країни. Методологія дослідження включала такі методи: аналіз, опис, синтез, індукція, статистичні методи тощо. У статті проаналізовано міжнародну допомогу в рамках програми Ukraine Facility, яка спрямована на підтримку державного бюджету, стимулювання інвестицій та надання технічної допомоги для проведення реформ. Особливу увагу приділено інвестиційним можливостям у пріоритетних секторах економіки, зокрема оборонній промисловості, енергетиці, сільському господарстві, фармацевтиці та інноваційних стартапах. У статті детально розглядаються стратегічні напрямки для інвестування, визначені урядом України, а також обсяги необхідного фінансування та кількість проектів, що потребують інвестицій у кожному секторі. Виділено пріоритетні галузі, серед яких оборонна промисловість, сільське господарство, металургія, енергетика та фармацевтика, які разом пропонують велику кількість інвестиційних проектів. Дослідження показує, що найбільші обсяги фінансування, такі як 177 млрд грн на енергетику та 123 млрд грн на логістику та інфраструктуру, демонструють високу потребу у зовнішніх та внутрішніх інвестиціях для розвитку критично важливих секторів. У дослідженні також підкреслюється важливість

підтримки технологічних стартапів та інноваційних проєктів, які потребують 11 млрд грн, а також інвестицій у меблеву та деревообробну промисловість, промислове виробництво та розробку природних ресурсів. Підкреслюється, що такий підхід сприяє цілеспрямованому залученню капіталу та підвищує інвестиційну привабливість країни. Наголошено на важливості розробки та впровадження інструментів антикризового управління, які сприяють залученню внутрішнього та зовнішнього капіталу. Описано, що це позитивно впливає на національну економіку та формує підґрунтя для подальшого інтеграційного розвитку України в європейський економічний простір. Практична цінність статті полягає у визначенні конкретних секторів економіки для інвестування в Україні. Отримані результати можуть бути корисними для міжнародних інвесторів, державних органів та експертів з антикризового управління, які прагнуть розробити стратегічні напрями економічного зростання України в умовах кризи.

Ключові слова: антикризове управління; інвестиції; інвестиційний потенціал; бюджет; фінансування.

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