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FORMATION OF INVESTMENT ATTRACTIVENESS OF AGRICULTURAL ENTERPRISES IN MARKET CONDITIONS

ФОРМУВАННЯ ІНВЕСТИЦІЙНОЇ ПРИВАБЛИВОСТІ АГРОПІДПРИЄМСТВ В УМОВАХ РИНКУ

This article examines the impact of the war in Ukraine on the investment attractiveness of the agricultural sector. The analysis highlights critical challenges, including damaged infrastructure, reduced sown areas, increased production costs, and limited logistics. Structural shifts in crop production, investor risks, and insufficient institutional reforms are emphasized. The study outlines state support measures, the role of investment platforms, modernization incentives, and the integration of ESG principles as key factors in restoring investor confidence. It concludes that targeted development strategies, technological innovation, and public-private partnerships are essential to revitalize Ukraine's agro-industrial sector and ensure its sustainable, dynamic, inclusive, and competitive post-war development.

Keywords: investment attractiveness, agriculture, crisis environment, agro-industrial complex, sustainable development.

У статті розглянуто вплив війни в Україні на інвестиційну привабливість аграрного сектору, який традиційно відіграє ключову роль у національній економіці та забезпеченні продовольчої безпеки. Окремлено основні деструктивні чинники, що негативно позначаються на інвестиційному кліматі: руйнування інфраструктури, скорочення посівних площ, зростання витрат на ресурси, логістичні ускладнення, падіння купівельної спроможності населення та відтік капіталу. Підкреслено незавершеність інституційних реформ у межах агропромислового комплексу (АПК) та домінування монополізованих структур у системі цінних взаємовідносин між сільськогосподарськими, переробними й торговельно-закупівельними підприємствами. У результаті аналізу статистичних даних за 2000–2022 роки виявлено глибокі структурні зрушення у виробництві сільськогосподарських культур, а також суттєве зменшення обсягів продукції після 2021 року, що стало наслідком військових дій та втрати посівних територій. Проаналізовано реакцію держави на кризову ситуацію: запровадження фінансової підтримки, податкових пільг, спрощення дозвільних процедур та страхування воєнних ризиків. Водночас зафіксовано обмеженість ефективного впливу цих заходів через високі ризики та невизначеність подальшого розвитку подій. У статті наголошено на нових можливостях для аграрної сфери: зростанні світового попиту на продукти харчування, поширенні інновацій, розвитку цифрових рішень, а також актуальності ESG-підходів. Особлива увага приділена практичним інструментам стимулювання інвестицій, зокрема розвитку інвестиційних платформ, аграрних кластерів, спеціальних економічних зон і механізмів державно-приватного партнерства. Розкрито значення інтеграції цифрових технологій для підвищення прозорості та довіри інвесторів. Акцентовано на необхідності формування сприятливого інституційного середовища, розвитку фінансової грамотності агровиробників та підвищення їхньої спроможності до залучення капіталу. Підсумовано, що комплексна політика підтримки інвестицій, підвищення прозорості та освітньо-консультаційне забезпечення агровиробників є необхідними умовами для відновлення конкурентоспроможності АПК України у повоєнний період та переходу до сталого розвитку.

Ключові слова: інвестиційна привабливість, сільське господарство, кризове середовище, агропромисловий комплекс, сталий розвиток.

Statement of the problem. The war in Ukraine has significantly disrupted the investment landscape in the agricultural sector, undermining its long-standing role as a pillar of the national economy. Destruction of infrastructure, reduction of sown areas, increased input costs, and logistical challenges have caused a steep decline in investment activity. Additionally, structural weaknesses in the agro-industrial complex (AIC), including monopolization and incomplete institutional reforms, have further deteriorated the investment climate. In light of these issues, the development of strategic approaches to improve investment attractiveness in agriculture under crisis conditions becomes particularly urgent.

Analysis of recent research and publications. The topic of investment support for the modernization of Ukraine's agricultural sector has attracted growing scholarly attention in recent years. In particular, Bilyk R.S. [3] provides a comprehensive examination of the innovation and investment potential of national economies under global competition, emphasizing the relevance of international cooperation and state support mechanisms for rural development.

Melnyk V. and Pohrishchuk O. [4] focus on expanding the investment opportunities in Ukraine's agrarian sector. Their work identifies key obstacles such as regulatory instability, insufficient long-term financing tools, and inadequate institutional support. They advocate for reforms in land access, risk insurance systems, and enhanced public-private cooperation.

Hutorov A.I. [5] investigates the effectiveness of state investment policy in Ukraine's agro-industrial complex, offering a methodological framework for evaluating the impact of government programs on sectoral development. Similarly, Kravchenko V.I. [6] explores investment security and rural development, highlighting the need for targeted investment in rural infrastructure, human capital, and local entrepreneurship.

In addition to national scholarship, recent analytical papers from the Ukrainian Agribusiness Club and the Institute for Economic Research and Policy Consulting [7] emphasize the importance of post-war recovery instruments, including green investment models, digital transformation, and European integration alignment. These insights are further supported by EU policy frameworks and national agricultural development strategies [2].

However, many existing studies focus primarily on investment under peacetime or stable economic conditions. There remains a lack of integrated models that address the unique challenges of wartime disruptions, displacement, supply chain fragmentation, and recovery needs in affected regions.

This research seeks to close this gap by proposing an adaptive model of investment attraction that combines long-term modernization strategies with short-term crisis response instruments relevant to Ukraine's agricultural sector.

Formulation of the research task. The purpose of the article is to analyze the current state of investment attractiveness in Ukraine's agricultural sector under wartime conditions and to propose practical measures to enhance its recovery and development. The study aims to identify the main barriers to investment, assess the effectiveness of state support mechanisms, and explore strategic tools such as investment platforms, clusters, and

ESG principles that can facilitate a sustainable, transparent, and innovation-driven investment environment in the agro-industrial sector.

Summary of the main research material. The war in Ukraine has severely undermined the investment potential of the agricultural sector. Destruction of infrastructure, shrinking arable land, surging input costs, and logistical challenges have all contributed to a sharp decline in investment activity. Key factors deteriorating the investment climate in Ukraine's agro-industrial complex (AIC) include reduced revenues due to lower domestic purchasing power, increased competition from imports, monopolistic structures in the supply chain, and incomplete institutional reforms. The main factors that have caused the deterioration of the investment climate in the agro-industrial complex (AIC) are as follows:

- a decrease in the inflow of financial resources into the AIC sector, expressed in the decline in revenue from product sales due to the reduced purchasing power of the population for food products;

- an additional reduction in profits for domestic producers due to the unreasonably high share of imported food on the domestic Ukrainian market, i.e., a shrinking sales market;

- the persistence of a monopolized structure in the industrial sector of Ukraine's AIC and the absence of market mechanisms regulating price relations among agricultural, processing, trade-procurement, and resource-saving enterprises. As a result, price parity has shifted and financial-cost proportions of intersectoral exchange have deteriorated, creating an imbalance between income and expenses;

- the incompleteness of institutional transformation processes in agriculture and related sectors of the AIC. The internal management structure and the system of organizational-technological interaction have not been aligned with the reforms [1; 3; 4].

The current position of agricultural enterprises in the investment market is characterized by their unpreparedness for the effective absorption of funds, as well as the reluctance of potential investors to inject capital into enterprises due to high risks associated with insecure property rights and a high likelihood of non-return of funds caused by poor management. However, the agricultural sector remains one of the key pillars of the Ukrainian economy. It ensures national food security and serves as an important source of export revenues.

The military conflict has led to a drastic reduction in agricultural production, primarily due to the loss of sown areas and destruction of infrastructure. From 2000 to 2022, statistical trends show major structural changes across enterprise, household, and farm production. For instance, total cereal and legume output peaked at over 86 million tons in 2021, then plummeted to 53.9 million tons in 2022. Farm enterprises have grown in significance, although they also faced output drops from 14 million tons to 8.4 million tons over the same period.

In the category of cereal and leguminous crops, total production reached a peak in 2021 at over 86 million tons, followed by a sharp decline to approximately 53.9 million tons in 2022, largely due to the effects of military conflict and loss of cultivated areas. Enterprise-level production mirrored this trend, falling from nearly 70 million tons in 2021 to 42.3 million tons in 2022. Notably, farm enterprises

contributed over 14 million tons in 2021, declining to 8.4 million tons in 2022, highlighting their increasing role in total output over the past two decades.

Sugar beet production showed significant volatility, with a steep decline in household production from over 16 million tons in 2000 to about 0.43 million tons in 2022. While enterprises accounted for the bulk of output (up to 10.3 million tons in 2021), they also experienced contraction in 2022.

The production of sunflower, one of Ukraine's leading export crops, saw a similar pattern. Total output peaked at over 16.3 million tons in 2021, then decreased by more than 30% in 2022. This drop was reflected across all farm categories, including enterprises and farms.

Vegetable crops experienced a general downward trend from 2019 onward. From a high of 9.7 million tons in 2015, total vegetable production dropped to 7.5 million tons in 2022. Household plots, which traditionally dominated this segment, reduced their contribution significantly, from 8.5 million tons in 2019 to 7 million tons in 2022.

Fruit and berry production also declined, albeit less sharply. After reaching 2.2 million tons in 2021, total output fell to just under 2 million tons in 2022. Notably, households remained the key producers, contributing over 1.6 million tons in the last recorded year.

Overall, the data reflect both long-term structural shifts – such as the increasing role of farm enterprises – and the short-term disruptions caused by war, including reduced access to land, damaged infrastructure, and limited logistics.

As a result of military actions, territorial occupation, and the mining of agricultural fields, the sown areas of grain and oilseed crops in 2022 decreased by 30–40% compared to 2021. The eastern and southern regions of the country, which concentrate a significant share of Ukraine's agricultural potential, were particularly affected. The export of Ukrainian agricultural products via the Black Sea ports became impossible due to the blockade imposed by Russia. This led to a significant increase in transportation costs and complicated export logistics.

In response to wartime challenges, the Ukrainian government has introduced various support mechanisms to stimulate agricultural investment. These include financial assistance, concessional loans, tax incentives (e.g., reduced VAT and profit tax), and simplification of administrative processes. State-backed insurance against war-related risks also aims to reassure investors. Despite these efforts, capital inflow remains limited due to high security risks, uncertainty about the war's trajectory, and challenges in predicting investment returns.

Nevertheless, certain positive factors exist:

- the increasing global demand for food creates new opportunities for Ukrainian farmers;
- the war is also stimulating the development of new technologies and innovations in the agricultural sector.

Overall, the investment climate in agriculture during martial law remains challenging and contradictory. Numerous problems continue to constrain investment activity. However, there are also distinct opportunities for the development of the agricultural sector.

The future of agricultural investment will depend on the course of the war, the effectiveness of state support, and the ability of Ukrainian farmers to adapt to new conditions. It is expected that the investment potential of the agricultural sector will increase significantly after the end of the war.

Investment activity in agriculture depends on several factors:

1. A well-justified development strategy: clearly defined goals, objectives, and investment methods enhance the attractiveness of financial contributions.

2. Investment tactics: effective tools and methods of capital allocation increase the likelihood of obtaining the expected return.

3. Investment climate: a favorable environment for investors, protection of their rights, and stimulation of investment activity foster increased investments.

4. Investment mechanisms: transparent and accessible channels for capital placement make investment more comprehensible and convenient.

Measures to promote agricultural enterprise investment focus on:

1. Attracting additional investments in agriculture, which is essential for stabilizing production and ensuring the further development of the sector;

2. Utilizing internal sources of financing: each enterprise should develop a set of actions aimed at increasing investments using its own funds.

The main directions of internal investment may include:

1. Increasing production volumes: This can be achieved by expanding sown areas, implementing new technologies, and improving labor productivity.

2. Improving product quality: This can be ensured through the adoption of advanced cultivation methods, the use of high-quality seeds and fertilizers, as well as the modernization of storage and processing systems.

3. Enhancing production efficiency: This includes reducing production costs, introducing energy-saving technologies, and optimizing logistics processes.

Investment in the agricultural sector can be beneficial for both the state and the private sector. It contributes to economic growth, the creation of new jobs, and the strengthening of national food security.

The digital transformation of agriculture is becoming a key driver of investment attractiveness. Precision farming technologies, remote monitoring of crops, satellite data integration, and digital logistics solutions are reshaping operational models and increasing productivity. The adoption of such technologies not only attracts innovation-focused investors but also reduces uncertainty by improving data accuracy and decision-making processes. Promoting digital infrastructure in rural areas is therefore essential for long-term sectoral competitiveness.

Equally important is the role of international cooperation in restoring the investment climate. Partnerships with EU institutions, access to donor programs, and participation in global value chains can offer Ukrainian agricultural enterprises the necessary financial, technological, and advisory support. Strengthening institutional ties and harmonizing regulatory frameworks with European standards will enhance Ukraine's credibility in the global investment community and facilitate cross-border agricultural investments.

To improve the investment attractiveness of the agricultural sector and to encourage the development of new agricultural enterprises, it is necessary to establish a system of investment platforms.

Investment platforms are localized areas designated for the targeted development and long-term realization of agricultural projects.

When selecting investment platforms, it is important to consider the following factors:

1. Economic factors: availability of natural resources, transport accessibility, market infrastructure, and labor force.

2. Investment incentives: tax benefits, government subsidies, and access to credit resources.

3. Cost of infrastructure development: including roads, power supply, storage facilities, and other facilities.

Information about investment platforms should be easily accessible to potential investors.

This can be achieved through the development of an online platform that presents detailed data on available investment sites, their characteristics, and investment incentives. Can be Other useful tools include holding investment forums and conferences, and publishing informational materials.

In the current environment, a new investment policy is required to improve the competitiveness of the agricultural sector. Such a policy should include:

1. Creating a favorable investment climate;

2. Introducing mechanisms of public-private partnerships, such as co-financing of infrastructure projects and investment programs;

3. Supporting innovations and new technologies: providing grants and other forms of financial assistance for the implementation of modern agricultural practices.

The proposed mechanisms for implementing investment projects in the agricultural sector should:

1. Ensure equal conditions for agriculture in comparison with other sectors in terms of profitability and risk, making the sector more appealing to investors;

2. Encourage agricultural producers to optimize costs and use high-performance technologies and resources during project implementation.

Another important direction in enhancing investment potential is the formation of agricultural investment clusters. These are territorial associations of enterprises, institutions, and organizations linked by production and economic relations and aimed at achieving synergistic effects from collaboration. Such clusters can serve as focal points for the dissemination of innovations, integration with scientific institutions, and coordination of supply chains. The experience of the EU shows that clustering improves competitiveness and facilitates access to financing and external markets [2].

Additional strategies to attract investment include the creation of agricultural clusters and special economic zones (SEZs), offering tax breaks, simplified customs procedures, and modern infrastructure. These structures foster synergy, innovation diffusion, and better integration

with scientific institutions. Moreover, digitalization—through land registries, online subsidy portals, and transparent e-government tools—can reduce corruption and improve investor confidence, especially in rural areas. [2].

Furthermore, the integration of ESG (Environmental, Social, Governance) principles into investment strategies in agriculture is becoming increasingly relevant. Investors today are not only looking for financial returns but also for responsible and sustainable business practices. Ukrainian agricultural enterprises that incorporate ecological sustainability, fair labor practices, and sound corporate governance will have a competitive advantage in attracting modern capital [2].

At the same time, comprehensive educational and advisory support should be provided to local producers. Training in investment literacy, financial management, and preparation of business plans is necessary to prepare small and medium-sized enterprises for participation in investment processes. Public-private partnerships could play a key role in organizing such programs through donor funding or institutional support [2].

In summary, despite the numerous challenges faced by Ukraine's agricultural sector under wartime conditions, there is a clear path toward restoring and strengthening its investment potential. Strategic efforts should be focused on creating a favorable institutional environment, fostering innovation, developing investment platforms and clusters, and ensuring transparency and trust in the system. With appropriate support, the post-war period can bring about a new era of investment-led transformation in Ukraine's agro-industrial complex.

Conclusions. The formation of investment attractiveness in Ukraine's agricultural sector under wartime conditions requires a multifaceted and strategic approach. Despite significant challenges – including war-related destruction, institutional weaknesses, and reduced investor confidence – the sector holds substantial potential for recovery and growth. Unlocking this potential demands targeted state support, active development of public-private partnerships, promotion of innovation, and comprehensive reforms to improve transparency and reduce risk. Investment platforms, clusters, and digital solutions can serve as effective tools in mobilizing both domestic and international capital. Furthermore, integrating ESG principles and enhancing investment literacy among producers will ensure sustainable development and long-term competitiveness. In the post-war context, agriculture can become a key driver of Ukraine's economic revival, provided that institutional capacity, infrastructure, and investor trust are robustly reinforced.

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