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## MASTER'S THESIS

ON THE TOPIC:

INVESTMENT SUPPORT OF REPRODUCTION PROCESSES  
IN UKRAINE: PROBLEMS AND PROSPECTS

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## ABSTRACT

Master's thesis: 43 pp., 15 fig., 13 table., 15 sources

*The relevance* of the study is based on the awareness of the crucial importance of investment support for reproduction processes as a basis for economic growth

*The purpose* of the master's work is on the basis of studying the theoretical foundations and issues of the current state of reproduction processes to find out the reserves and provide recommendations for improving their funding.

*The object of study* - economic relations that arise in the process of continuous social reproduction in part of providing its investment support.

*The subject of research* - reproductive processes in the national economy.

*Research methods* used in the preparation of the work: abstract-logical, analysis, synthesis, comparative, generalization, classification, deduction, graphical visualization.

*The structure of the work.* Master's thesis consists of an introduction, three chapters, conclusions, list of references. The introduction proves the relevance of the research topic, defines the object, subject and purpose and objectives of the study. The first section provides theoretical research and generalization of the functioning of social reproduction and its place in ensuring economic growth. The analysis of the influence of the structure of GDP, as the main indicator of economic growth, on the possibilities of financing the reproduction processes is carried out. The second section is devoted to the practical aspects of the investment process at the macro level, analyzes its main indicators and proportions. The structural analysis of sources of financing of reproduction processes is carried out. The third section examines the main indicators that shape the investment climate of the state and affect the possibility of attracting foreign capital. The current state of the bank lending market in the context of assessing the possibilities of intensifying investment in reproduction processes has been studied.

GDP, REPRODUCTION, SOURCES OF INVESTMENT FINANCING, ECONOMIC GROWTH, DEPRECIATION, FOREIGN INVESTMENTS, CAPITAL INVESTMENTS, SUPPLIES

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## INTRODUCTION

The most important problem of the current stage of economic development of Ukraine is the socio-economic stabilization and restoration of normal economic growth. A prerequisite for economic regeneration is the formation of an effective reproductive structure of production, which also requires clarification of the patterns of reproduction of the system of socio-economic relations, taking into account global challenges. In the most general sense, reproduction is a constantly recurring process of production, distribution, exchange and consumption of economic goods, resulting in the restoration of the total social product, man as producer and consumer, the system of socio-economic relations of society. [11]

Scientific issues of many domestic and foreign scientists are devoted to this issue, in particular: A.A. Gritsenko, I.O. Blanka, T.A. Vasilieva, I.M. Kobushko, A.V. Kudinova [10]. These authors highlight their views on these issues, *but need further study* of the essence of reproduction processes, the problem of financing reproduction processes in Ukraine, overcoming which will create a solid foundation for economic growth.

*The purpose* of the master's work is on the basis of studying the theoretical foundations and issues of the current state of reproduction processes to find out the reserves and provide recommendations for improving their funding.

In accordance with the goal, the research *tasks* are formulated, which form its logic and sequence:

- to study the economic essence of reproduction processes, their internal structure and the place of these processes in ensuring economic growth;
- to study the dynamics of the main indicator of economic growth - GDP - in different dimensions and its structure;
- analyze the volume, dynamics and proportions of national accumulation;
- to study the state of depreciation of fixed capital in the economy as a whole and in individual industries;
- analyze the structure of sources of investment financing in Ukraine, identify the most problematic or promising sources that require in-depth study;

— to study the macroeconomic conditions of investment, to identify the main problems and suggest ways to overcome them.

*The object of study* - economic relations that arise in the process of continuous social reproduction in part of providing its investment support.

*The subject of research* - reproductive processes in the national economy.

*Research methods* used in the preparation of the work: abstract-logical, analysis, synthesis, comparative, generalization, classification, deduction, graphical visualization.

*The factual (information) basis of the study* consists of the national legal framework, statistical data of the State Statistics Committee of Ukraine, the National Bank, scientific publications of domestic and foreign scientists, the author's own calculations.

*The structure of the work.* The master's thesis consists of an introduction, three sections, conclusions, a list of references. The introduction proves the relevance of the research topic, defines the object, subject and purpose and objectives of the study. The first section provides theoretical research and generalization of the functioning of social reproduction and its place in ensuring economic growth. The analysis of the influence of the structure of GDP, as the main indicator of economic growth, on the possibilities of financing the reproduction processes is carried out. The second section is devoted to the practical aspects of the investment process at the macro level, analyzes its main indicators and proportions. The structural analysis of sources of financing of reproduction processes is carried out. The third section examines the main indicators that shape the investment climate of the state and affect the possibility of attracting foreign capital. The current state of the bank lending market in the context of assessing the possibilities of intensifying investment in reproduction processes has been studied.

*Potential results (scientific novelty)* of the work include the formation of a holistic concept of the national reproduction process, including the theoretical basis, analysis of macroeconomic indicators that best characterize the state of reproduction, identification of major problems of financing reproduction processes, which creates an adequate basis for investment support strategy reproduction in the short term.

# 1 THEORETICAL ASPECTS OF REPRODUCTIVE PROCESSES AT THE MACRO LEVEL

## 1.1 Reproduction: types, objects, role in ensuring economic growth

The concept of "reproduction" is widely used in many fields of knowledge - biology, sociology, mechanics, linguistics, philosophy; therefore, it is multidisciplinary and multifaceted: the population, natural resources, mechanical phenomena, etc. can be reproduced.

In economics, reproduction is understood as a continuous and constant renewal and repetition of social production. Thus the concept of social reproduction is formed. In a narrower sense, in the economy of reproduction is understood as the reproduction of funds (fixed capital).

The main features of reproduction will be considered continuity and cyclicity. Continuity of reproduction is due to the continuity of the process of consumption of goods. The cyclical nature of reproduction is caused by the ontological cyclicity of the production process and the specifics of the functioning of fixed capital.

Economic thought has come a long way in studying the processes of reproduction, understanding their essence and forming a categorical apparatus. Among the most authoritative concepts are Marxist, neoclassical and Keynesian. These concepts differ primarily in the interpretation of the mechanisms of reproduction and its factors.

The generalization of the author's positions on aspects of the process of social reproduction is given in Figure 1.1. [9-12,15]

In our opinion *stages* of social reproduction are not a debatable issue; traditionally distinguish the production, distribution, exchange and consumption.

Selected *levels* are also traditional for economic research. The meso level can be understood as a reproduction of a sectoral or regional structure.

Types of reproduction are determined depending on the physical volume of production and its technical and technological level. Ensuring expanded reproduction is considered a priority of economic policy. In our opinion, its achievement is possible under the conditions of observance of an intensive way of development.

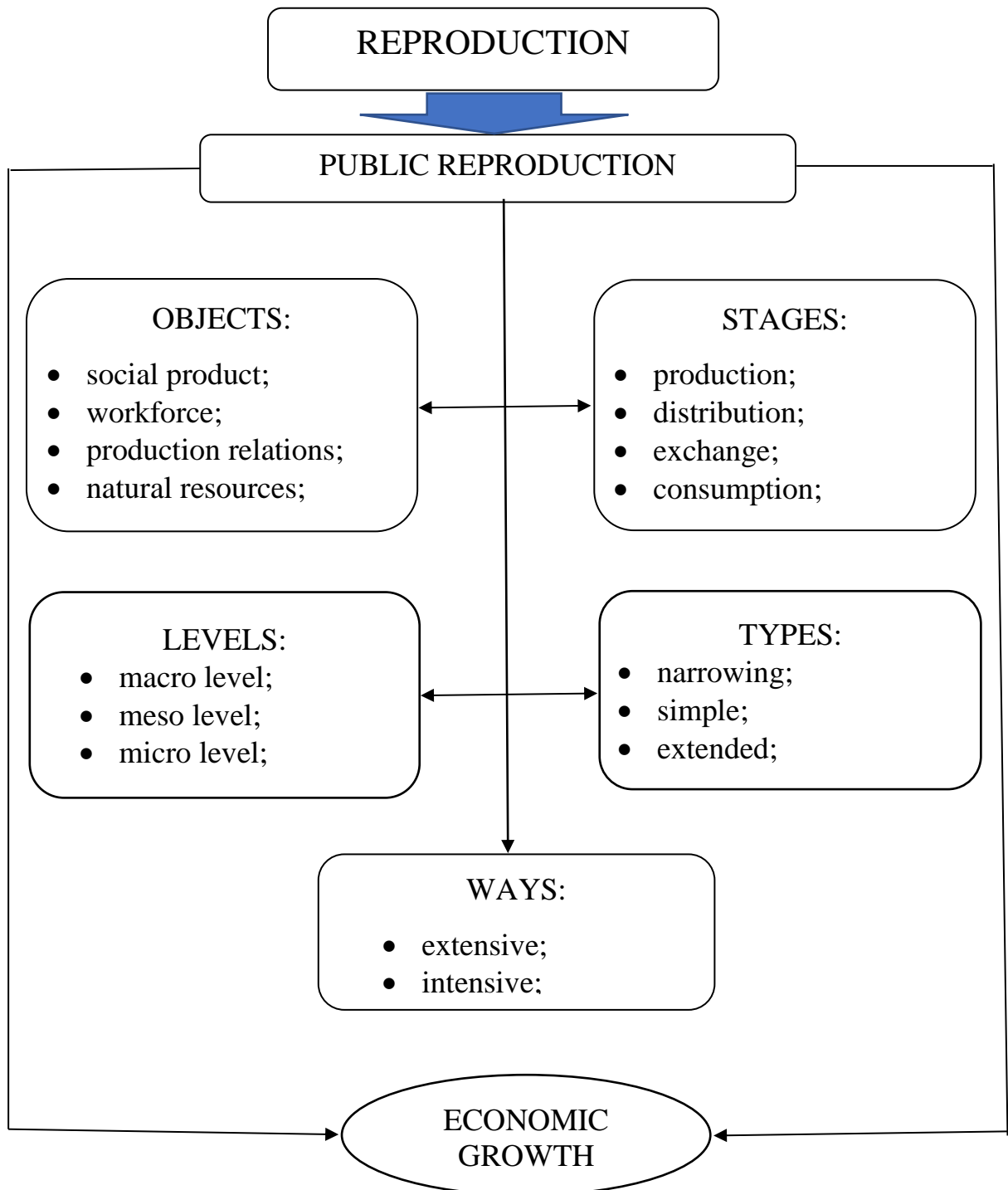


Figure 1.1 - Theoretical aspects of the reproduction process

The object component of social reproduction remains ambiguous. The proposed list can be significantly supplemented.

In the process of reproduction, not only material goods are renewed, but also labor and production relations. Reproduction of material goods is the reproduction of the means of production and consumer goods. Reproduction of the labor force is the renewal of the working capacity of workers employed in the economy, as well



as the preparation of a new workforce, taking into account the achievements of STP and the development of education. Reproduction of production relations (or economic property relations) means the reproduction of existing forms of ownership, relations between employees and owners of means of production, which play a dominant role in the structure of production relations of developed countries. [9-12]

If reproduction causes an increase in the volume of national product on the basis of an increase in the number of factors of production used or an increase in the efficiency of their use, then there is *economic growth*, which is recognized as the main goal of economic policy of any country.

The material basis of economic growth is production accumulation, which arises as the difference between investment and disposal of labor. Due to efficient accumulation, which forms net investment, the amount of productive capital increases, which creates the basis for increasing the volume of national product and the welfare of the people with each production cycle. [10,14]

The rapid development of information technology, the intensification of globalization at the turn of the millennium, the emergence of new financial instruments, an unprecedented increase in financial capital compared to real, information asymmetry, increase the intangible component in the structure of social product and many other factors have created a new economic reality. In modern conditions, classical theories of social reproduction need a new understanding.

## 1.2 GDP as an indicator of economic growth and the impact of its structure on reproduction processes

Research reproduction processes role in stimulating economic growth requires a definition of its indicators. The theory of macroeconomic analysis traditionally uses for the above purposes the indicator of gross domestic product; depending on the specific objectives of the analysis, indicators of nominal and real GDP in hryvnia or dollar equivalents are used. Data for analysis are presented in table 1.1. The chosen time horizon explains the need to consider pre-crisis years, ie years until 2014, when due to the political crisis and the outbreak of hostilities in the east economy experienced a dramatic collapse that broke the growing trend of overcoming consequences of the global financial crisis of 2008-2009.

Table 1.1 - Gross domestic product of Ukraine from 2012 to 2020 (million UAH)

Years	Nominal GDP (in actual prices)	Real GDP (in previous year's prices)	Consumer price index	Difference (real - nominal)	
				mln.	%
2012	1408889	1304064	99,8	-104825	-7.4%
2013	1454931	1410609	100,5	-44322	-3.0%
2014	1566728	1365123	124,9	-201605	-12.9%
2015	1979458	1430290	143,3	-549168	-27.7%
2016	2383182	2034430	112,4	-348752	-14.6%
2017	2982920	2445587	113,7	-537333	-18.0%
2018	3558706	3083409	109,8	-475297	-13.4%
2019	3974564	3675728	104,1	-298836	-7.5%

*Calculated according to data [1]*

During all the analyzed years, the country's GDP grew, both in nominal and real terms. The ratio at which real GDP was lower than nominal was not broken in any year, as the consumer price index in each year of the analyzed interval exceeded 100%. The largest gap between nominal and real GDP, which amounted to UAH 549,168 million in absolute terms or 27.7%, took place in 2015, due to the shock reaction of the economy to the events of 2014, which caused a sharp devaluation of the hryvnia.

The fact that the consumer price index has been gradually declining and, consequently, the gap between nominal and real GDP over the past three years, which gives hope for stabilization of the national currency, balance of payments and creating conditions for overcoming the long-term crisis, is positive.

More dynamic and analytically significant is the dynamics of GDP not in hryvnia, but in dollar terms, as during the analyzed period the hryvnia exchange rate against the main world reserve currency fell almost 3.5 times. Data for analysis are presented in table 1.2., A graphical representation of the most fundamental trend - in Figure 1.2.

Table 1.2 - Nominal GDP of Ukraine from 2012 to 2020, UAH million and \$ 1 million

	Nominal GDP, UAH million	Change, UAH million	Change, %	Nominal GDP, million dollars USA	Change, million USD	Change, %
2012	1408889	92289	7.0%	175781	12622	7.7%
2013	1454931	46042	3.3%	183310	7529	4.3%
2014	1566728	111797	7.7%	131805	-51505	-28.1%
2015	1979458	412730	26.3%	90615	-41190	-31.3%
2016	2383182	403724	20.4%	93270	2655	2.9%
2017	2982920	599738	25.2%	112154	18884	20.2%
2018	3558706	575786	19.3%	130832	18678	16.7%
2019	3974564	415858	11.7%	153781	22949	17.5%

*Calculated according to data [1,3,6]*

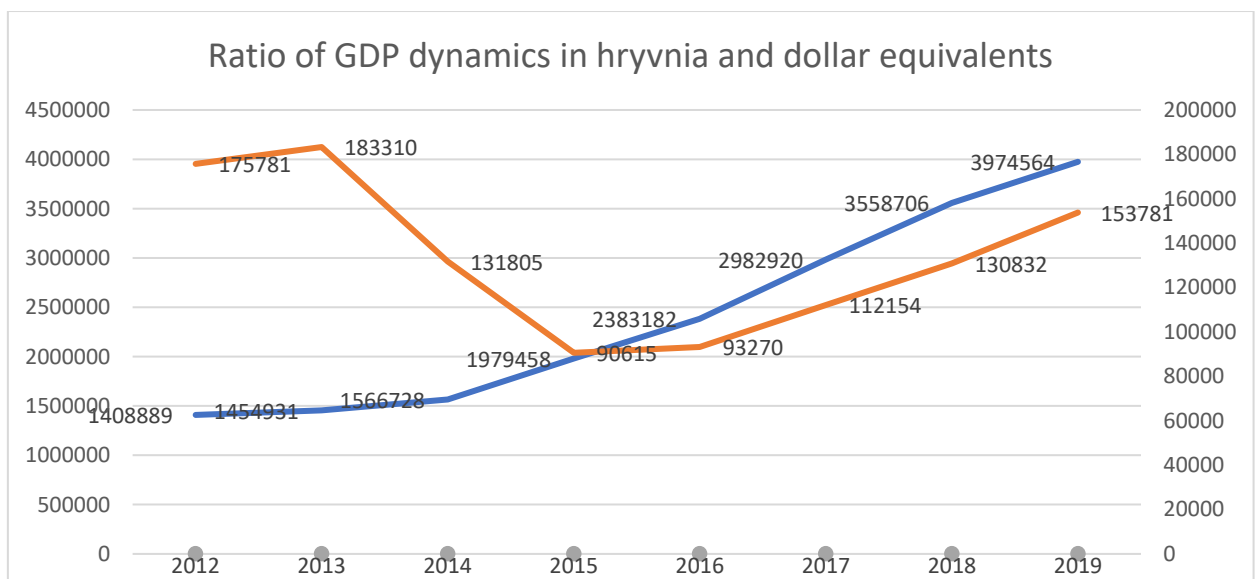


Figure 1.2 - The ratio of the dynamics of Ukraine's GDP in hryvnia and dollar terms

*Constructed according [1,3,6]*

As noted, nominal GDP in hryvnia grew throughout the analyzed period, with the highest growth rate - 26.3% - taking place in 2015, in which the rate of decline in dollar terms was also the largest and reached 31.3%. This fact clearly illustrates the fact of "dollar dependence" of our country. Graphically analyzed situation is presented in Figure 1.2. As can be seen, during 2014-2015 the hryvnia devalued rapidly: if nominal GDP at the end of 2014 increased compared to the same in 2013

by 7.7%, which is rather due to inertial and inflationary processes, GDP in dollar terms decreased by 28.1% and continued its decline in 2015 - by 31.3%. Since 2015, there has been a weak positive dynamics of dollar GDP growth, since 2017, GDP growth in hryvnia and dollar terms has equalized in order - 25.2 and 20.2% in 2017 and 19.3 and 16.7 in 2018. According to the results of 2019, the GDP growth rate in dollar terms exceeded the similar hryvnia indicator - 17.5 versus 11.7% - which is a consequence of partial stabilization of the national economy and strengthening of the hryvnia. According to our forecast for 2020, this ratio will not be maintained.

### 1.3 Analysis of the structure of GDP in the context of opportunities to finance reproduction

Fundamental from the point of view of the chosen topic is not only the dynamics of GDP as an indicator of economic growth, but also the structure of GDP, namely - the separation of gross accumulation, which, as noted above, is the material basis of economic growth.

The main structural relationships can be seen in Table 1.3 and Figure 1.3.

As can be seen from the data in Table 1.3 in absolute terms, the gross accumulation increased almost every year during the analyzed period. The exception is 2013, when the figure decreased by UAH 28,861 million. or 11.2%. The decrease in 2014 compared to 2013 was insignificant - 3.3%.

In this case, it is not the absolute indicator that is more informative, but the structure indicator. In Figure 1.3, the broken curve shows the dynamics of changes in the share of gross accumulation in the overall structure of GDP. The growth took place only in the period 2014-2016, when the analyzed indicator increased from 14.1 to 21.5%. In all other years of the analyzed period, the share of accumulation in GDP decreased and in 2019 reached 12.6% - the lowest value for the analyzed period.

We consider the decline in the share of accumulation in the structure of GDP to be a negative trend from the standpoint of assessing the possibilities of financing reproduction processes and, as a consequence, stimulating economic growth.

Table 1.3 - Structure of gross domestic product of Ukraine by final consumption from 2012 to 2020 (million UAH)

	Nominal GDP	Consumer spending		Gross accumulation		Export of goods and services		Import of goods and services	
			% GDP		% GDP		% GDP		% GDP
2012	1408889	1269601	90.1	257335	18.3	717347	50.9	-835394	-59.3
2013	1454931	1350220	92.8	228474	15.7	681899	46.9	-805662	-55.4
2014	1566728	1409772	90.0	220968	14.1	770121	49.2	-834133	-53.2
2015	1979458	1715636	86.7	303297	15.3	1044541	52.8	-1084016	-54.8
2016	2383182	2018854	84.7	512830	21.5	1174625	49.3	-1323127	-55.5
2017	2982920	2552525	85.6	618914	20.7	1430230	47.9	-1618749	-54.3
2018	3558706	3196756	89.8	667953	18.8	1608890	45.2	-1914893	-53.8
2019	3974564	3785133	95.2	500614	12.6	1636416	41.2	-1947599	-49.0

*Calculated according to data [1,6]*

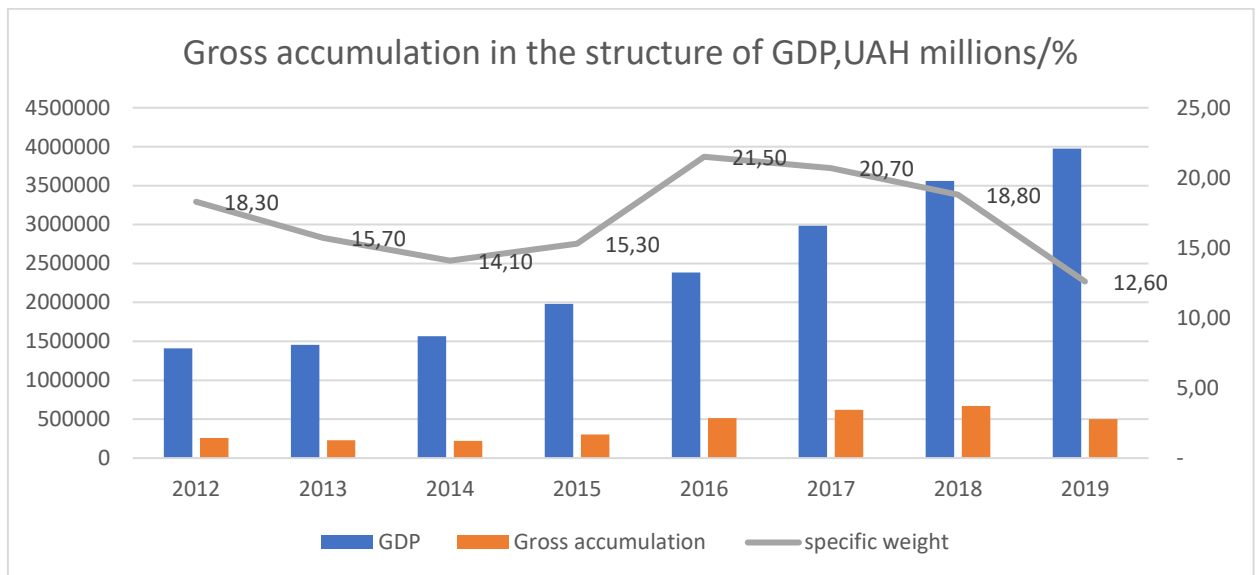


Figure 1.3 - Gross accumulation in the structure of GDP, mln. UAH /%  
*Constructed according [1,6]*

However, given the above aspects of the current stage of development of the world economy, first of all - the increasing globalization of financial markets, the link between accumulation and investment is no longer obvious. At the present stage of financial development, there is a gap between investment and savings at the national level. Investment in the national economy has long been not limited to national savings, as investments in one country can be financed by the savings of another. Theoretically, such a current trend should be assessed positively, because the opportunities for national investment are increasing. However, from another point of view, such phenomena create additional competition in the national financial market, which is not always in favor of domestic issuers.

Thus, ensuring the high investment attractiveness of national enterprises and the economy in general becomes a priority, and the problems of limited and insufficient national savings and accumulation bases are losing their urgency.

## 2 PRACTICAL ASPECTS OF INVESTMENT ACTIVITY IN UKRAINE

### 2.1 Analysis of the main indicators and proportions of the investment process at the macro level

The next step of the study is to analyze the current state of investment in Ukraine. The total amount of investment in fixed assets in the country is an important macroeconomic indicator, but in its pure form it is uninformative, as there is a significant dependence on the scale of the economy. The scale of the economy is traditionally described by GDP. Thus, a synthetic indicator is formed - the rate of investment - which shows the share of investment in fixed capital in the structure of GDP.

As can be seen from Table 2.1, the investment rate does not have a clear trend for the analyzed period. The decline of 2.23% took place in the pre-crisis years, in 2014 there was a decrease of another 3.17% compared to the previous period. Lowest index value of its investment standards reached in 2015 - 13.8%. In the following years there is a slight increase; the indicator shows an almost stable value in the range of 15-16%.

Table 2.1 - The main macroeconomic indicators of national investment

Years	Fixed capital investments (UAH million)	GDP (million UAH)	Gross accumulation		The rate of gross fixed capital investment (%)
			(million UAH)	% Of GDP	
2012	273256	1408889	257335	18,3	19,40
2013	249873,4	1454931	228474	15,7	17,17
2014	219419,9	1566728	220968	14,1	14,00
2015	273116,4	1979458	303297	15,3	13,80
2016	359216,1	2383182	512830	21,5	15,07
2017	448461,5	2982920	618914	20,7	15,03
2018	578726,4	3558706	667953	18,8	16,26
2019	623978,9	3974564	500614	12,6	15,70

*Built and calculated on the basis [1,4]*

In our opinion, the ratio between the investment rate and gross accumulation in the structure of GDP is informative. Accumulation in theory is considered a source of financing capital investments, so the ratio of these indicators, in our opinion, describe the effectiveness of the national investment market in terms of financing capital investments.

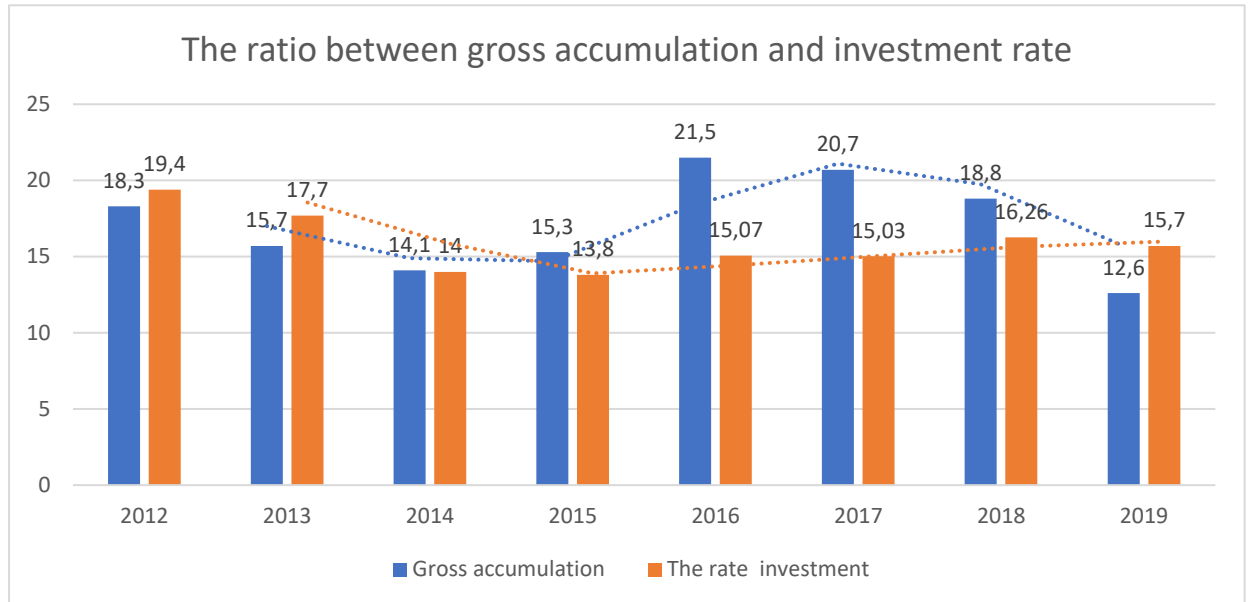


Figure 2.1 - The ratio between gross accumulation (in% of GDP) and the investment rate for 2012-2019.

*Is based on [1]*

As they can see from Figure 2.1 describes the ratio has clear trend. In our opinion, the ratio when the investment rate exceeds the gross accumulation in% to GDP is more favorable from the point of view of stimulating economic growth. We interpret this situation as follows: the accumulation fund is used effectively, ie it is completely transformed into capital investment, plus additional resources are involved in the investment process. The described situation took place in the pre-crisis years 2012-2013 (but the gap was 1-2%) and in 2019, but, unfortunately, due to a significant reduction in accumulation. In 2016-2018, there was a significant excess of accumulation in% of GDP over the investment rate - by 2.5-5%. We interpret this situation negatively, as the accumulation was used inefficiently, not being fully converted into investments, which is in absolute terms UAH 153.6 billion. in 2016.

An important indicator that characterizes the need for investment is the degree of depreciation of fixed capital.



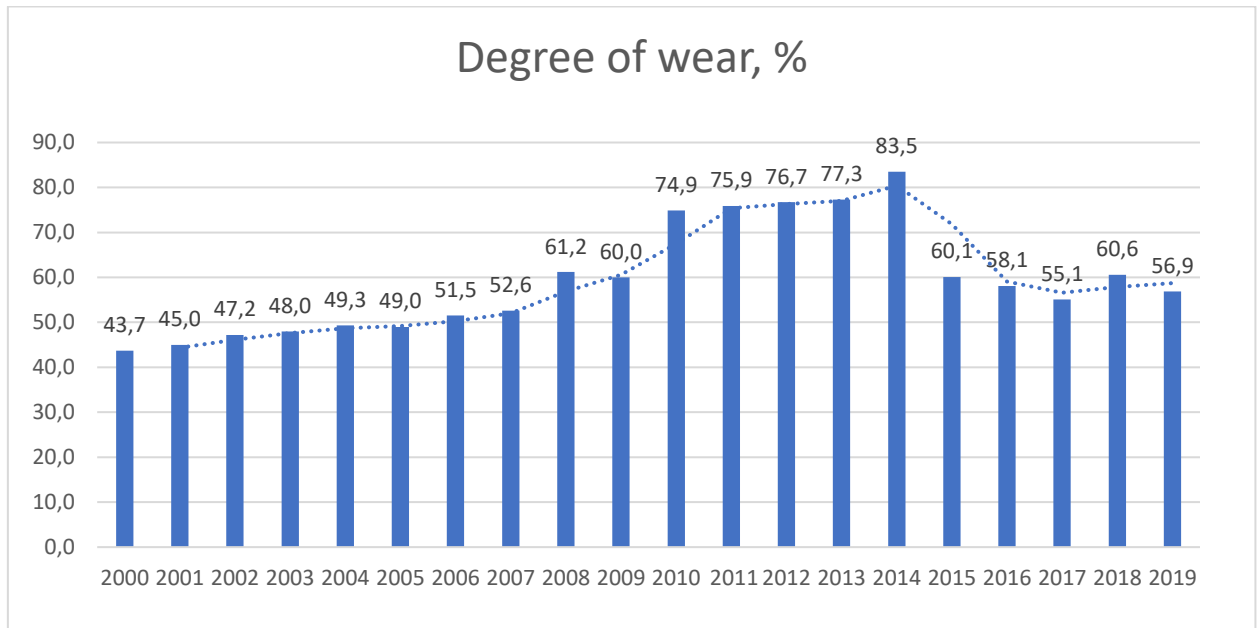


Figure 2.2 - The degree of depreciation of fixed capital for 2000-2019.

*Is based on [1,4]*

For this part of the study, the time horizon was increased. As can be seen from Figure 2.2, the depreciation rate grew slowly during 2000-2007 from 43.7 to 52.6%, ie an average of 1.27% per year. A significant increase of 8.6% compared to the previous period took place in 2008, which became a crisis for the entire global financial system. The next significant increase - by 6.2% compared to the previous period - occurred in 2014, which launched a large-scale political and economic national crisis. This year, the total value of wear was the largest for the entire study period. To find out the reasons for this phenomenon, as well as the reasons for the sharp decrease in wear in 2015-2019, we turn to the data in Table 2.2 and their graphical representation - Figure 2.3.

Therefore, theoretically, the degree of wear is an indicator of disincentives, ie its reduction should be assessed positively. But the fundamental question is why there was a decrease. It is normal when the reduction of depreciation occurs due to an increase in the initial cost, ie an increase in investment. But according to Table 2.2, we see that in 2015 there was a sharp decline in the initial (revalued) value of funds - by 6110.76 billion UAH. or 44.4%.

Table 2.2 - The ratio of initial and residual value of funds and depreciation indicators at the macro level for the period 2013-2019.

	At actual prices at the end of the year, UAH mln		Degree of wear, in%	Depreciation, UAH million
	initial (revalued) cost	residual value		
2013	10401324	2356962	77,3	8044362
2014	13752117	2274922	83,5	11477195
2015	7641357	3047839	60,1	4593518
2016	8177408	3428908	58,1	4748500
2017	7733905	3475242	55,1	4258663
2018	9610000	3783494	60,6	5826506
2019	8887393	4763905	56,9	4123483

*Is based on [1,4]*

Since the residual value for the period 2013-2018. (especially 2015-2018) changed at a slight rate, the dynamics of depreciation in percentage terms almost coincides with the dynamics of the initial cost (Fig.2.3)

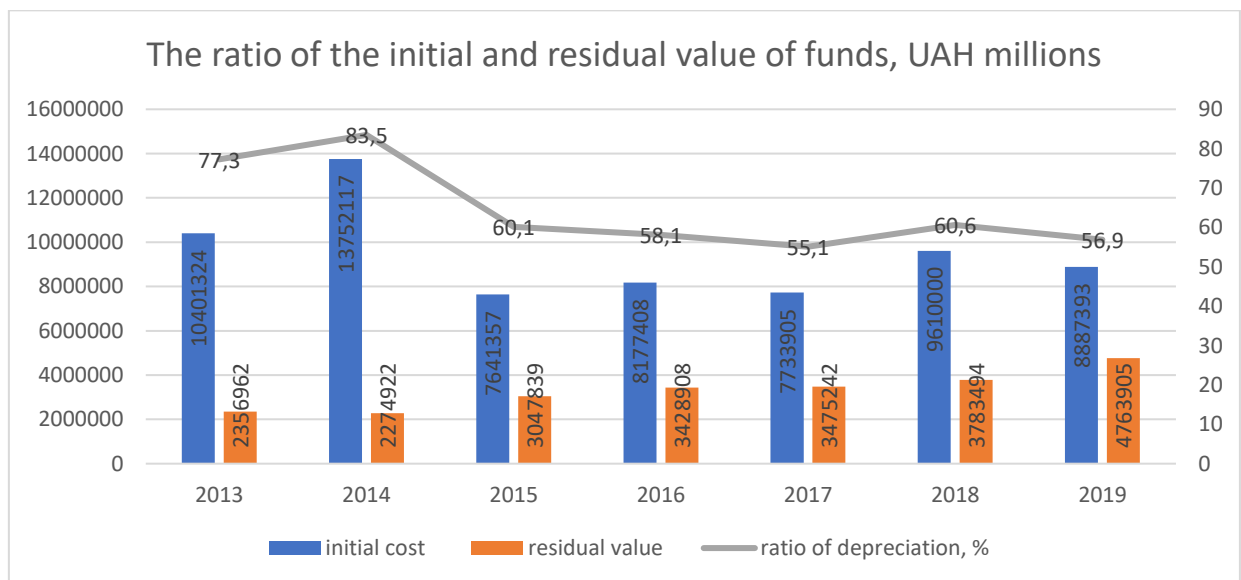


Figure 2.3 - The ratio of initial and residual value of funds and their depreciation for the period 2013-2019.

*Is based on [1,4]*

In our opinion, such a sharp fall in the initial cost is not explained even by the beginning of the economic crisis, because fixed capital (its initial value) is insensitive to such processes. The answer is that in 2014, Crimea and large parts of

Donetsk and Luhansk oblasts were annexed, and data on their funds ceased to be taken into account in national statistics. Therefore, data on the value of funds and their depreciation for the period 2014-2019. are incomparable with similar data for earlier periods.

Last, what we would like to draw attention to the study of wear funds as markers need to intensify investments at the macro level - wear indicators vary widely across industries. Figure 2.4 presents information on the level of depreciation in selected industries - the most important for the national economy in terms of contribution to GDP and strategic (infrastructure).

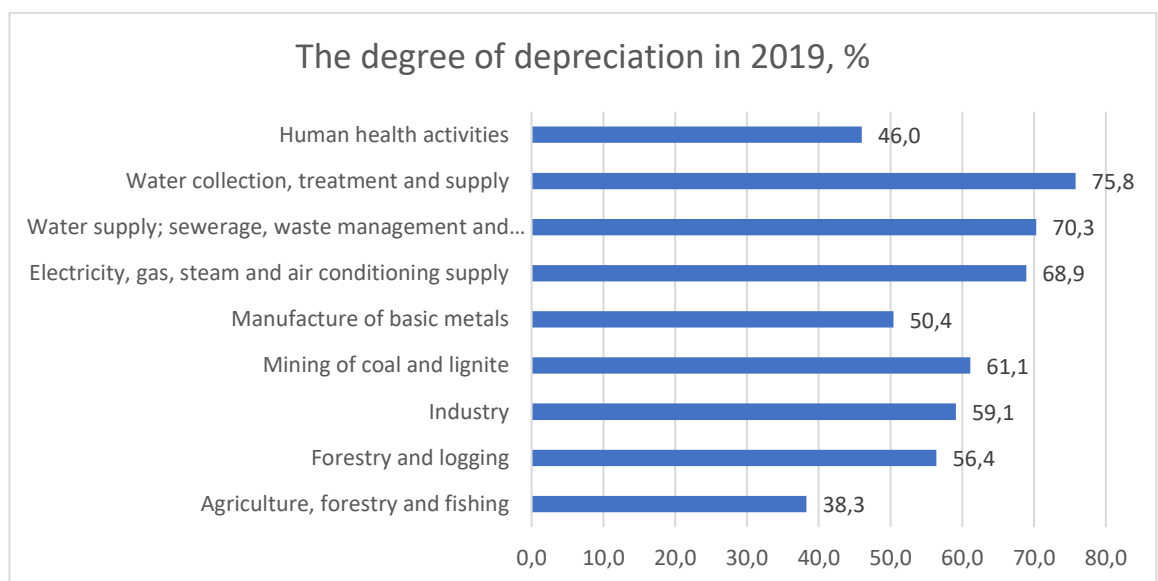


Figure 2.4 - The degree of depreciation of funds in selected industries in 2019.

*Is based on [1]*

The lowest among the selected industries is the degree of depreciation observed in agriculture (also included indicators of forestry and fisheries). This situation is assessed by us positively, and is explained, most likely, by the high share of private capital in this area.

The highest rates of wear occur in the most strategically important industries - water supply and electricity and gas. This dangerous fact must be reflected in public investment policy by developing a system of measures to upgrade the fixed capital of these industries.

## 2.2 Structural analysis of sources of financing of reproduction processes

Continuing the study of the possibilities of intensifying macroeconomic investment, we turn to the issues of investment financing, which is basic in the context of the chosen topic.

The dynamics of capital investment by funding sources will be analyzed on the basis of table. 2.3. For this analysis, the last 5 years were chosen as the research horizon, ie after 2014, when all previous trends were broken.

Table 2.3 - Dynamics of capital investments in Ukraine for 2015-2019 by sources of financing, UAH million

Years	2015	2016	2017	2018	2019	Deviation 2015-2019.	
						UAH million	%
Total	273116	359216	448462	578726	623978	350862	128,47
including due to:							
state budget funds	6919,5	9264,1	15295,2	22814,1	30834,5	23915	345,62
funds from local budgets	14260	26817,1	41565,5	50355,5	56480	42220	296,07
own funds of enterprises and organizations	184351,3	26817,1	310061	409586	408276	223924,7	121,47
bank loans and other loans	20740,1	27106	29588,9	44825,4	67232,6	46492,5	224,17
funds of foreign investors	8185,4	9831,4	6206,4	1795,5	4663,9	-3521,5	-43,02
funds of the population for housing construction	31985,4	29932,6	32802,5	34645,7	32422	436,6	1,36
other sources of funding	6674,7	7495,5	12941,3	14704,7	24070,2	17395,5	260,62

*Is based on [1]*

According to the dynamics and structure of capital investment by investment sources (Tables 2.3 and 2.4), we observe that the share of local budgets increases by 3.83% (5.22% in 2015) for the period under review and by 3.18% share bank loans and other loans (10.77% in 2019).

Table 2.4 - Structure of capital investments in Ukraine for 2015-2019 by sources of financing, %

Years	2015	2016	2017	2018	2019	Deviation 2015-2019, %
Total	100	100	100	100	100	x
including due to:						
state budget funds	2,53	2,58	3,41	3,94	4,94	2,41
funds from local budgets	5,22	7,47	9,27	8,70	9,05	3,83
own funds of enterprises and organizations	67,50	67,47	69,14	70,77	65,43	-2,07
bank loans and other loans	7,59	7,55	6,60	7,75	10,7	3,18
funds of foreign investors	3,00	2,74	1,38	0,31	0,75	-2,25
funds of the population for housing construction	11,71	8,33	7,31	5,99	5,20	-6,52
other sources of funding	2,44	2,09	2,89	2,54	3,86	1,41

*Calculated on the basis of [1]*

The share of own funds of enterprises and organizations is decreasing by 2.07% (UAH 408,276 million in 2019), although in 2015 such a source accounted for 67.5% (UAH 184,351.3 million) of total investment. Capital investment at the expense of the state budget was low in 2015 6919.5 million UAH, as of 2019 amounted to 30834.5 million UAH, for the period under review increased by 345.62% and is in the structure of 4.94% of total investment with an increase in their share by 2.41%.

The analysis confirmed the long-term trend of predominant financing of investments at the expense of own funds of enterprises and organizations. The share of this source for the studied years ranged from 65-70%.

The analysis also revealed a number of trends that, in our opinion, require additional research.

II First, it is a change in the ratio of funding from the state and local budgets and their shares in the overall structure of sources. The noted trends are presented in Figure 2.5 (the analytical horizon is extended). Until 2013, ie before the beginning of military conflicts in the country, the amount of funding from the state budget exceeded that of local budgets. This gap reached its maximum value in 2011. But already in 2014, the ratio changed dramatically: funding from local budgets began to exceed the amount of state budget funds allocated for investment purposes. It should be noted that over time, this trend only deepens: if in 2015 the difference in

cost was 7340 million UAH, in 2019 this figure has increased to 25645.5 million UAH. In the structural dimension we observe a similar trend. In our opinion, this is due to the national trend of decentralization, increasing the role of regions, giving them greater economic freedoms, which we assess positively.

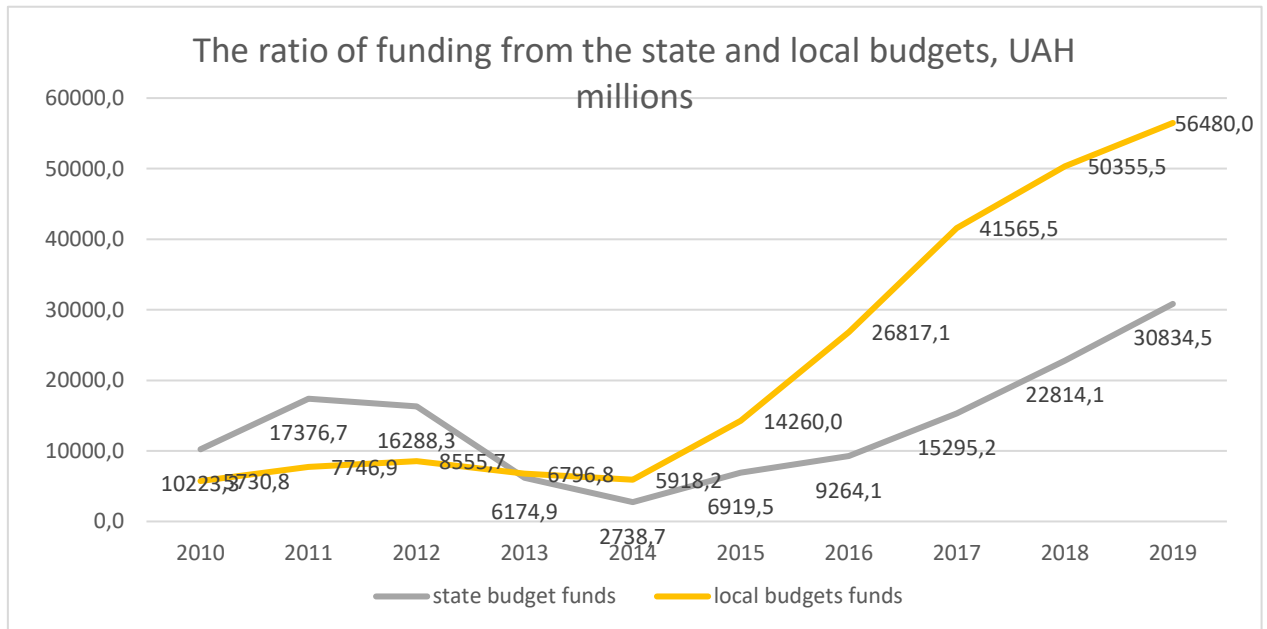


Figure 2.5 - The ratio between funding from state and local budgets

*Is based on [1]*

Another notable trend is the increasing role of financing through bank loans (Figure 2.6). As can be seen from Figure 2.6, in 2014 there was a sharp decline in lending, due to the national economic crisis, which also affected the banking system. The decline in credit financing continued inertially in 2015, after which there was first a moderate increase in 2016-2017, and then - a sharp increase in 2018-2019, when the average annual increase in credit financing amounted to UAH 18,821.85 million. or 50%. In the structural dimension, credit financing increased its share by 3.18%. Currently, in the general structure of sources of investment financing, this is the second most important source (10.7%) after own funds of enterprises. In our opinion, this situation is explained by the stabilization and strengthening of the national banking system. The identified trend allows us to conclude about the special prospects for the development of bank lending in the context of assessing the possibility of intensifying investment processes at the macro level.

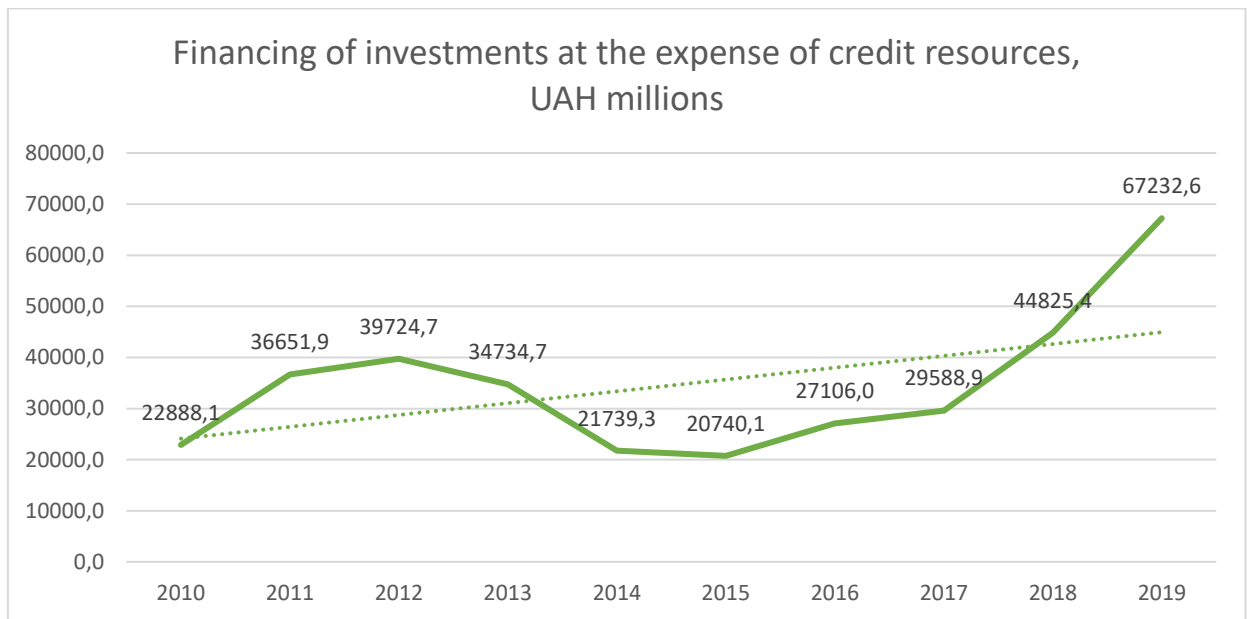


Figure 2.6 - Trends in credit financing in Ukraine

*Is based on [1]*

### 2.3 Foreign investment as a factor in the development of the national economy

In the context of globalization and internal crisis, it is difficult for the state to ensure socio-economic development at the appropriate level through solely domestic financial resources, which necessitates the active attraction of foreign capital. Foreign direct investment is a catalyst for economic development; in addition to economic benefits provide technological and social benefits. Consider foreign direct investment (FDI) as an additional source of investment.

Foreign direct investment in Ukraine's economy has been fairly uneven over the past five years. Table data. 2.5 show that the inflow of foreign direct investment in Ukraine from 2015 to 2019 varies significantly and depends on the economic and political situation in the country.

In 2015 and 2016, the volume of foreign investment in the economy of Ukraine amounted to 4321.8 and 4405.9 million dollars, respectively. US, which, meanwhile, is much smaller than in previous years. But not justifying the hopes of effective economic reforms, stabilization of the political situation, the fight against corruption also led to a reduction in the inflow of foreign direct investment, the volume of which in 2017 compared to 2016 decreased by almost 43%. A slight increase in revenues in 2018, by only \$ 358.8 million. The United States, or 14.3%, continues to show distrust of foreign investors in the possibility of stable business

and improving the investment climate in the country. In 2019, the inflow of foreign direct investment decreased compared to 2018 by 11.8%.

Table 2.5 - Dynamics of foreign direct investment (equity) in Ukraine for 2015-2019

Years	Foreign direct investment, million USD	Dynamics indicators (up to the previous year)		
		absolute increase (decrease), million USD	dynamics index,%	growth rate (decrease),%
2015	4321,8	-	-	-
2016	4405,8	84,1	102	2
2017	2511,1	-1894,8	57	-43
2018	2869,9	358,8	114,3	14,3
2019	2531,1	-33,8	88,2	-11,8

*Built and calculated on the basis [1,5]*

The pace of change and the dynamics of foreign direct investment in Ukraine from 2015 to 2019 is graphically depicted in Fig. 2.7.

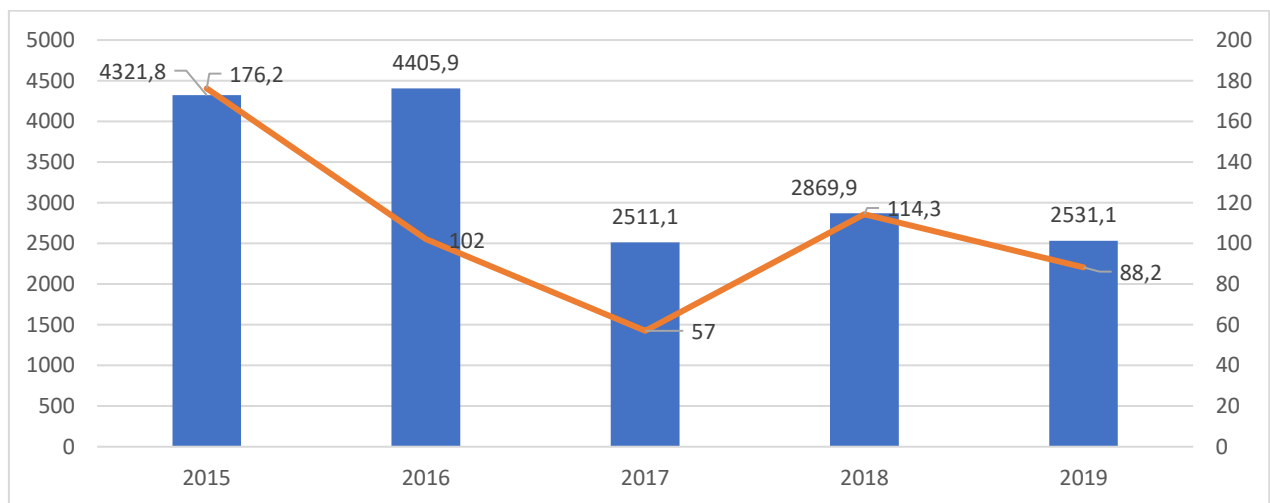


Figure 2.7 - Inflow of direct investment (equity) in Ukraine and the rate of change, million dollars,%, 2015-2019

*Is based on [1,5]*

Figure 2.8 shows the volume of foreign direct investment (share capital) made since the beginning of investing in the economy of Ukraine, which fluctuates, as noted above, and since 2017 is gradually increasing. Thus, on 01.01.2020 it amounted to 35809 million dollars. USA, which is 8.0% more than at the beginning of 2019.



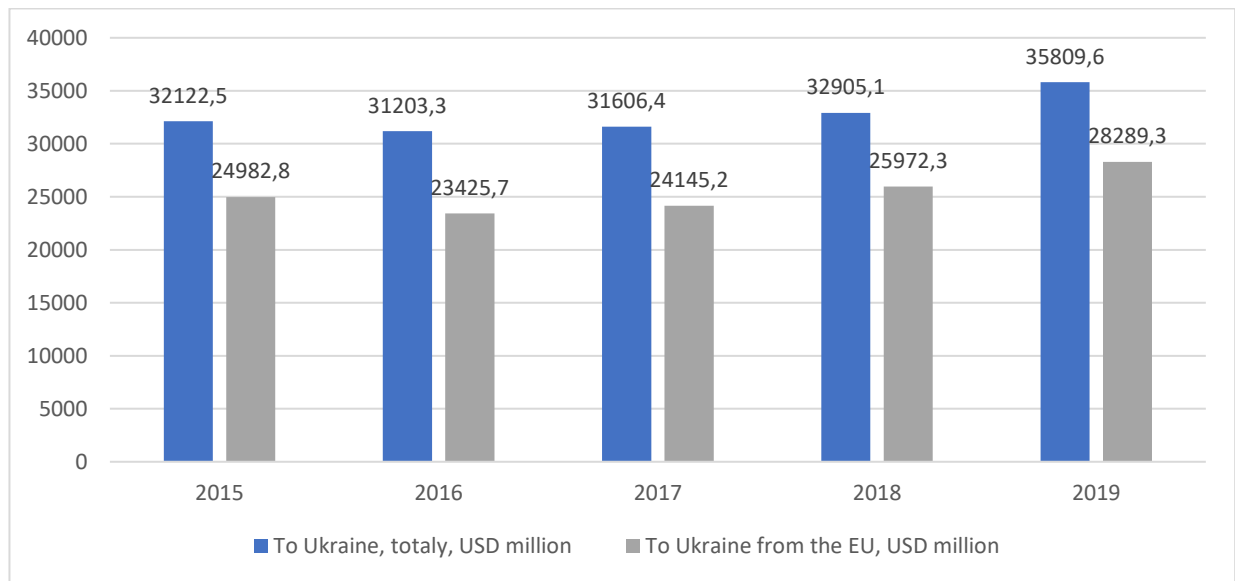


Figure 2.8 - Foreign direct investment (equity) in Ukraine in 2015-2019 (investment volumes, cumulative total since the beginning of investment)

*Is based on [1,5]*

Most foreign direct investment comes to Ukraine from EU countries, which in 2019 amounted to 79.0% of total share capital (28289.3 million US dollars), from other countries - 21.0% (7520.3 million dollars) USA). [1,13].

In order to establish attractive for foreign investors types of economic activity in the economy of Ukraine, which receives the largest amount of foreign direct investment, analyzed the structure of their income as of early 2015, 2017 and 2019 (Table 2.6).

Table 2.6 - Structure of foreign direct investment by type of economic activity for 2015-2019

Types of economic activity	Structure of foreign investments,%		
	2015	2017	2019
Industry	42,2	30,8	33
Wholesale and retail trade; repair	11,1	15,9	15,8
Financial and insurance activities	23	13,5	12,7
Real estate transactions	6	11,7	12,5
Information and telecommunications	4	6,5	6,8
Professional, scientific and technical	2,9	7	6,2
Construction	2,7	3,2	2,9
Agriculture, forestry and fisheries	1,7	1,6	1,5
Other types of economic activity	6,5	9,8	8,6
Total	100	100	100

*Built and calculated on the basis [1]*

Data analysis table. 2.6 shows that in the structure of foreign direct investment in Ukraine by type of economic activity from 2015 to 2019 there were some changes. The highest priority area for foreign investors remains industry (processing industry, metallurgy and production of finished metal products, mechanical engineering, renewable energy), although the share of investment at the end of 2019 decreased compared to 2015 by 9.2%. The share of foreign investments in the total volume of foreign investments of the country in real estate transactions (by 6.5%), in wholesale and retail trade (by 4.7%), in professional, scientific and technical activities (by 3.3%) increased significantly) and in the field of information and telecommunications (by 2.8%).

It should be noted that over 5 years the share of investments in financial and insurance activities decreased significantly (by 10.3%). Over these years, it decreased from 23.0% in 2015 to 12.7% at the end of 2019. Also, it should be noted that in such an area as agriculture, where Ukraine offers important investment projects, only 1.5% of foreign investment was invested.

Analyzing the information given in Table 2.6, we can conclude that the problem for the Ukrainian economy is not only small amounts of foreign direct investment, but also their structure and large disparities in the distribution of investment by sector.

### 3 DIRECTIONS OF IMPROVEMENT OF INVESTMENT SUPPORT OF REPRODUCTIVE PROCESSES

#### 3.1 Macroeconomic factors influencing investment processes: current status and forecast

The final stage of the study is to find ways to solve the identified problems. As proved in paragraph 1.3, the main task is to ensure high investment attractiveness of national enterprises and the economy in general, and the problems of limited and insufficient national bases of savings and accumulation are losing their urgency.

Let's analyze the macroeconomic indicators that shape the investment climate of our country and thus affect investment activity (table 3.1)

Table 3.1 - Key macroeconomic indicators as of November 2020

Indicator	2020
GDP, UAH billion	3 985,5
GDP,% to the previous. year	95,2
Consumer price index,%	101,0
Unemployment rate of the population aged 15-70 according to the methodology of the International Labor Organization,% of the labor force	9,4
The level of the minimum salary, UAH	5000
Discount rate, %	6,0
Average loan rate,%	7,0
Tax burden,%	16

*Compiled on the basis of [8]*

First, consider the dynamics of GDP. Operational estimates of the GDP of the world's leading economies for the second - third quarter of 2020 show a significant recovery of economic activity after the removal of a significant part of the lockdown restrictions that fell in the second quarter. According to the data of the State Statistics Service on GDP in the second quarter of 2020, consumption decreased by 8.5% yoy (year on year). Investments decreased by 22.3% yoy. Predictably, in the structure of consumption, government consumption experienced the smallest decline (by 1.7%

yoy), while household consumption decreased by 10.4% yoy. In the US, the decline in real GDP slowed from 9% yoy in the second quarter to 2.9% yoy in the third quarter, in the EU - from 13.9% yoy to 3.9% yoy. China's economy (which has undergone a quarantine shock earlier) has accelerated growth from 3.2% yoy to 4.9% yoy. Ukraine also expects a significant slowdown in the decline after the "pit" of 11.4% yoy in the second quarter. Thus, the NBU expects a slowdown in the fall in real GDP to 6.2% yoy in the third quarter, and the Government - to 3.6% yoy. [17] Thus, it can be argued that the world economy is recovering at a slow pace.

Next, consider the consumer price index or inflation index - an indicator that characterizes changes in the general level of prices for goods and services purchased by the population for non-productive consumption. The CPI is the most important indicator that characterizes inflationary processes in the country's economy and is used to address many issues of public policy, analysis and forecasting of price processes. Thus, we analyze the dynamics of change in the Consumer Price Index in the period from November 2019 to November 2020 on a monthly basis (Figure 3.1)

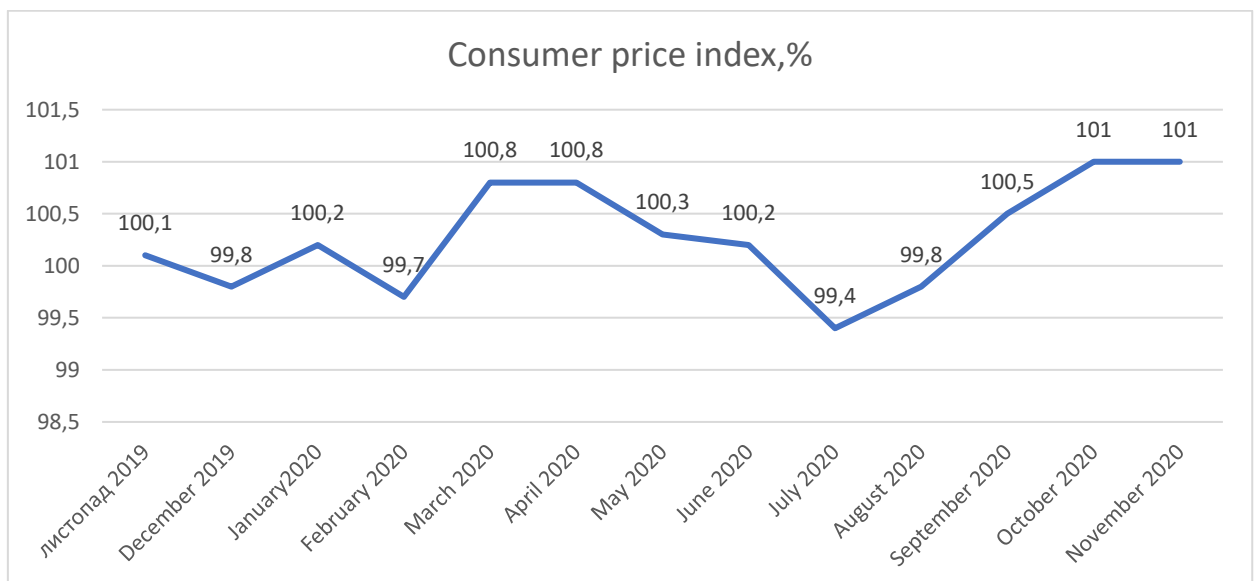


Figure 3.1 - Dynamics of the Consumer Price Index [1,8]

Analyzing the chart, we see that over the past year there has been fluctuations in the Consumer Price Index. Today it is the highest percentage for the study period - 101.0%, for comparison, we see that in the same period in 2019, this index was equal to 100.1% - almost 1% less. After the introduction of total quarantine restrictions by the Government, the Index decreased, and in July it was already

99.4% - the lowest figure for the last year. From August until today, this figure is growing.

The next macroeconomic indicator that affects the implementation of investments, consider the level of the minimum wage, as there is a direct impact on savings. Table 3.2 considers how the minimum wage changed in 2019-2020.

Table 3.1 - Dynamics of the minimum wage for the last year

Period	Minimum salary, UAH
from 01.01.2019 to 31.12.2019	4173
From 01.01.2020 to 31.08.2020	4723
From 01.09.2020	5000

Along with this indicator, consider the dynamics of the average wage in Ukraine. As of September 2020, the average salary in Ukraine is UAH 11,998. How this indicator changed during 2020 can be seen in the diagram (Figure 3.2)

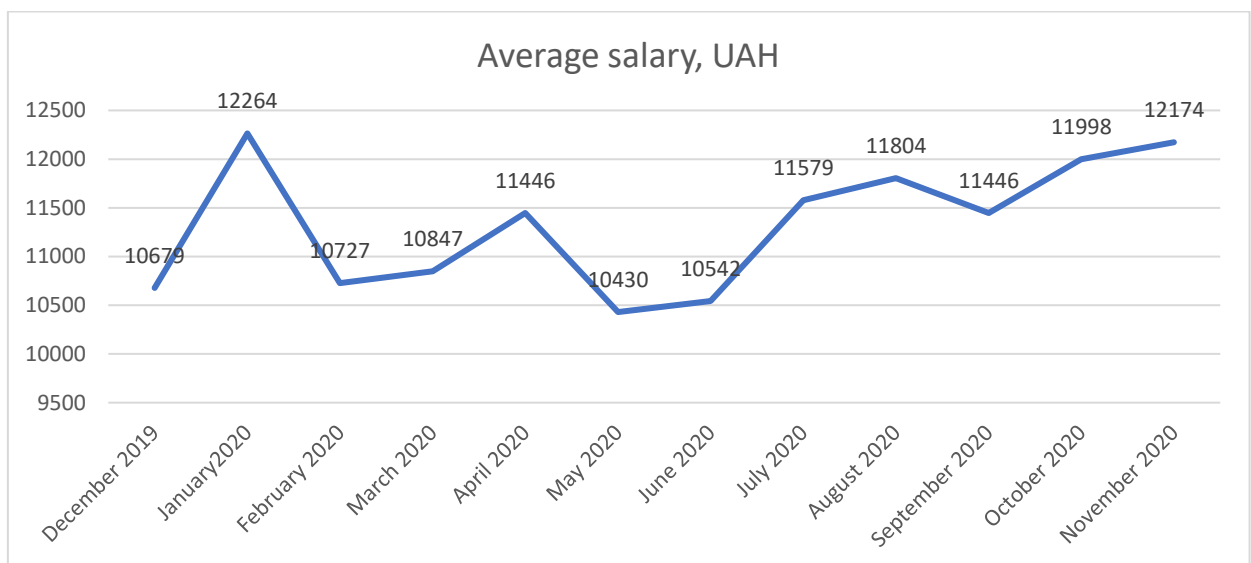


Figure 3.2 - Dynamics of average wages [5,7]

Therefore, from March to April, the average salary decreased by UAH 1,016. Then this figure increases, almost like all previously considered indicators. In July 2020, the average wage of the vast majority of economic and industrial activities increased, which allowed it to exceed its pre-crisis level. In August, the average salary in Ukraine was UAH 11,446. Accordingly, the dynamics of nominal wages

in annual terms accelerated for the fourth month in a row and reached 8.6% yoy in August. In real terms, the growth of the average salary in August was 6%. At the same time, the number of officially hired employees remains generally stable and was 1.6% lower in August than last year. However, it should be noted that even before the coronary crisis in January-February, the number of employees in Ukraine was already declining by 1% year on year. In September, the average salary in Ukraine was UAH 11,998, which corresponds to an increase of 12.3% yoy (after 8.6% yoy in August). In real terms, the growth of the average salary accelerated to 9.7% yoy. A new wave of acceleration is expected in January, which will be associated with an increase in the minimum wage by 20% (from 5,000 to 6,000 hryvnias). [8]

The next indicator for analysis is the tax burden in the country. Assessment of the level of tax burden by tax rate (the share of taxes to GDP) allows you to determine which tax model has been formed in the country. For Ukraine, this figure is lower than in European countries and is less than 30%. One of the beginnings of the development of the tax system in the country tried to create a European model. The tax burden is growing dynamically, but is on the border between the European and American models. However, the ratio between tax revenues and GDP is declining, so as of November 2020, GDP is UAH 3,985.5 billion and tax revenues - UAH 645 billion, ie the level of tax burden decreases and reaches 16%. [8]

Thus, considering the main macroeconomic indicators as of November 2020, we can say that, although the country is gradually recovering from total quarantine, the full stabilization of the economy is a long and gradual process.

A more fundamental issue from the standpoint of assessing the prospects for intensification of investment is the analysis of the forecast values of key macroeconomic indicators. [4,8]

The forecast is based on the main, most probable scenario, which is based on the analysis of economic development in recent years and assumptions that take into account the impact of external and internal factors in the future. In the baseline scenario, one of the main assumptions is the end of the global COVID-19 pandemic in 2020.

Table 3.3 - The main forecast macroeconomic indicators for 2021 - 2023

Indicator	2021	2022	2023
GDP, UAH billion	4505,9	5089,4	5689,7
GDP,% to the previous. year	104,6	104,3	104,7
Consumer price index,%	107,3	106,2	105,3
Unemployment rate of the population aged 15-70 years according to the methodology of the International Labor Organization, interest on the labor force of the relevant age	9,2	8,5	8
The level of the minimum salary, UAH	6250	6700	7176

As can be seen from Table 3.3, the baseline scenario assumes the recovery of the positive trend of economic development after significant losses caused by the COVID-19 pandemic in the world in 2020, and forecasts GDP growth of 4.6% in 2021, 4.3% in 2022 year and 4.7% in 2023, which means that foreign direct investment in Ukraine will gradually increase. The consumer price index is expected at 107.3% in 2021, 106.2% in 2022 and 105.3% in 2023. The unemployment rate in 2021 is expected to be 9.2%, in 2022 - 8.5%, and in 2023 - 8.0%. We also see that the forecast took into account the tasks set by the President of Ukraine to increase the minimum wage. Thus, the weighted average level of the minimum wage in 2021 is UAH 6,250, in 2022 - UAH 6,700, in 2023 - UAH 7,176.

It should also be emphasized that the draft budget for 2021 contains a significant number of risks that do not improve the conditions for doing business in Ukraine, increase the tax burden, will not help to overcome the crisis. First of all, it should be noted that in a crisis, when businesses are resuming their work with great difficulty, it is unacceptable to increase the tax burden. This applies to the increase in the minimum wage, laid down in the draft budget (up to UAH 6,000 and UAH 6,500 in 2021), which will increase the burden on small and medium-sized businesses, will create risks of growing shadow economy. It is also inadmissible to reimburse the need to pay SSC for self-employed persons and self-employed persons who simultaneously work as employees under an employment contract and pay SSC in the amount of not less than the minimum insurance premium. Double payment of

SDRs contradicts the essence of this contribution. The second significant shortcoming of the draft State Budget is the projected deficit of UAH 270 billion (about 6% of GDP). This indicator is unfounded and too high, it creates significant risks for the Ukrainian economy. It should be reduced to 3-4% of GDP by reducing budget expenditures and additional revenues from measures to de-shadow the economy. [8]

### 3.2 Tools of the banking sector to intensify the financing of reproduction processes

As shown in paragraph 2.2 of the study, in 2019. credit financing of investments has grown rapidly: the average annual increase in credit financing amounted to UAH 18,821.85 million. or 50%. In the structural dimension, credit financing increased its share by 3.18%. Currently, in the general structure of sources of investment financing, this is the second most important source (10.7%) after the own funds of enterprises.

This state of affairs presupposes an in-depth study of the state of the credit market. Moreover, the decision was made to focus on business lending, as it is the development of national entrepreneurship that is recognized as a priority of state economic policy.

We will analyze the loans issued to small and medium enterprises (including micro-enterprises) by banks, using the data provided on the official website of the National Bank of Ukraine [7].

The period from 2019, when there was a rapid growth, to the third quarter of 2020, the data were grouped by quarters, was chosen for the analytical study.

Let's move on to the analysis of the dynamics of the volume of new loans. Figure 3.3 shows a graph showing these changes. The largest amount of loans was issued to micro-entrepreneurs, who have the smallest size, I have an annual income of up to 50 thousand euros. The share of these loans among all entrepreneurs is from 73.5% to 58% depending on the quarter. At the beginning and end of the study period, the amount of loans issued is at the same level, the difference is only UAH 8 million, in percentage this difference is several thousandths of a percent.



Entrepreneurs received the maximum amount of credit funds in the fourth quarter, their amount is UAH 2,311 million, which is UAH 871 million. more than at the beginning of the study period, this percentage difference is 60.5%.

The minimum amount of loans issued to the smallest micro-entrepreneurs can be noted in the second quarter of 2020. The sharp decline began in 2020, the value for six months has decreased significantly, namely compared to the last quarter of 2019, the volume of loans decreased by UAH 1,246 million, which is a percentage of 46.1%. The amount of credit funds decreased by almost equal parts during two quarters by UAH 626 million. and UAH 620 million. in accordance.

Table 3.4 - Volume of new loans issued to individuals and entrepreneurs by size of business entity, UAH million

Period	subjects of medium business	small business entities (except micro-entrepreneurship)	microenterprise entities		
			annual income from 500 thousand euros to 2 million euros	annual income from 50 thousand euros to 500 thousand euros	annual income up to 50 thousand euros
I quarter 2019	284	175	80	9	1 440
II quarter 2019	431	179	102	15	1 699
III quarter 2019	563	188	104	31	1 762
IV quarter 2019	509	176	120	23	2 311
I quarter of 2020	595	204	104	20	1 685
II quarter 2020	474	136	105	12	1 065
III quarter 2020	677	217	111	30	1 432

*Source: created by the author based on [7]*

Micro-entrepreneurs with an annual income of 50 thousand euros to 500 thousand euros, in the study period received the lowest amount of credit, the share of all entrepreneurs is from 1.2% to 0.5% depending on the quarter.

At the beginning of the study period, the amount of loans issued takes a minimum value, namely UAH 9 million. Micro-entrepreneurs received the largest amounts of loans in the third quarter of 2019 and 2020, respectively UAH 31 million and UAH 30 million. The difference with the initial size is 22 million UAH, which is 230%.

During the observation period, there was a decline that lasted during the year, namely the third quarter of 2019 to the second quarter of 2020. During the year, the volume of new loans decreased by UAH 18 million, which is 67.8%.

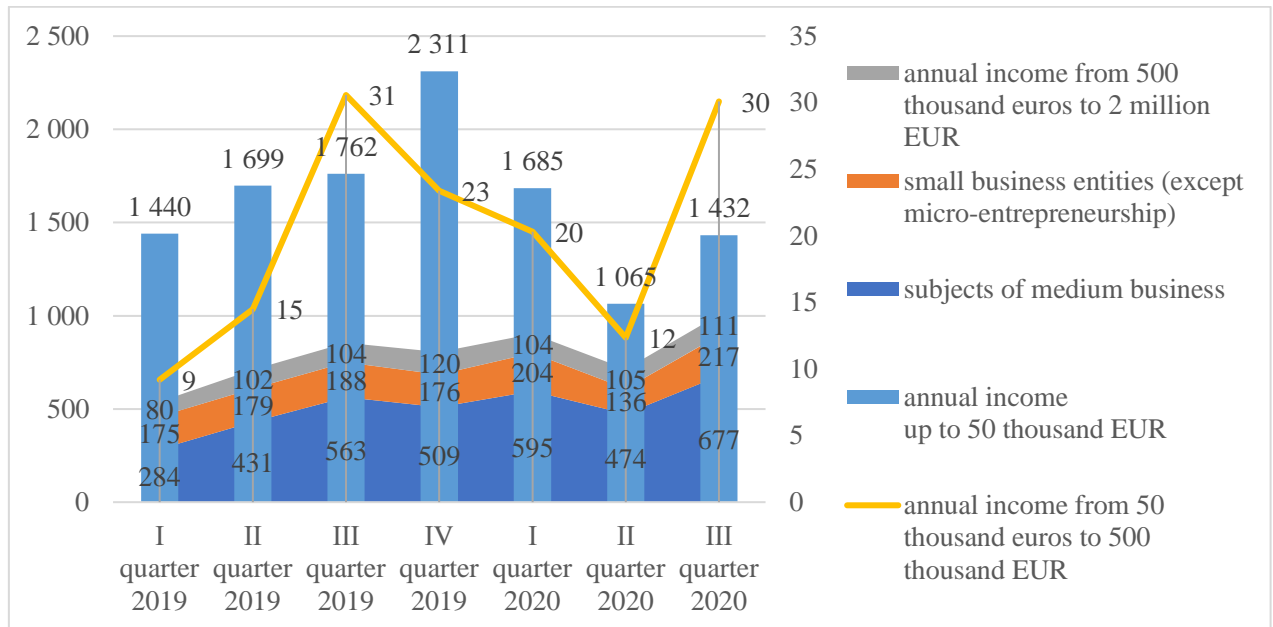


Figure 3.3 - Dynamics of the volume of loans issued to entrepreneurs by the size of the business entity, UAH million.

Source: created by the author based on [7]

Figure 3.3 shows that medium-sized entrepreneurs have more loans than small and micro entrepreneurs with an annual income of 500 thousand to 2 million euros. In turn, the amount of credit received by small entrepreneurs is larger than the largest micro-entrepreneurs.

Medium-sized entrepreneurs received loans from banks, a share of which occupied from 27.5% to 14.3% of the total volume issued to entrepreneurs of various sizes. This change can be explained by significant changes in the size of loans issued during the study period. In the first quarter of 2019, average entrepreneurs received UAH 284 million. credit funds, and in the third quarter of 2020, this amount increased by 138.4%, which is the cash equivalent of UAH 393 million.

The share of loans to small entrepreneurs ranged from 8.8% to 5.5% depending on the quarter. At the beginning of the study period, the volume of loans issued amounted to UAH 175 million, in the first three quarters there was a slight increase, in total for this period the amount of new loans increased by only UAH

12.6 million, which is 7.2%. The lowest amount of issued credit funds was recorded in the second quarter of 2020, after a six-month increase of 16.4%, this amount amounted to UAH 136 million. And already in the next III quarter the largest size of the received credits, for all period of supervision was fixed. The difference between the minimum and maximum value was UAH 80.69 million, which is 59.4%.

Micro-entrepreneurs with an annual income of 500,000 to 2 million euros receive loans from banks, the share of which is from 5.86% to 3.81% of total loans. During the year, the amount of loans tended to increase, the value increased by UAH 40 million, in percentage this value is equal to 50%. After a long increase, there was a decline in its size is 13.3%, in monetary terms, this value is equal to UAH 15 million, but the growth trend continued and at the end of the study period, the amount of loans received by micro-support amounted to UAH 111 million.

Having analyzed the structure and dynamics of loans issued to entrepreneurs, it is necessary to investigate in more detail at what interest rates these loans were issued. The dynamics of interest rates is presented in Figure 3.4, the analysis used the rates used for loans issued in the national currency - the hryvnia. Rates were calculated as the arithmetic mean of interest rates for the three months of the quarter.

Figure 3.4 shows that at the highest interest rates, namely from 25.7% to 32.9%, loans are provided to micro-entrepreneurs with an annual income of 50 thousand euros to 500 thousand euros. As mentioned above, these entrepreneurs received the smallest amount of loans, the reason for this could be a significant interest rate. The highest interest rate was recorded in the fourth quarter of 2019, reaching 32.9%. During the year, interest rates rose to their maximum, after which the decline began. The maximum amount of loans was issued at the rates of 28.7% and 25.7%.

In second place in terms of interest rates were the smallest micro-entrepreneurs, annual income of up to 50 thousand euros, their interest rates range from 25.2% to 27.3%. The maximum and minimum indication was recorded in the IV quarter of 2019 and the III quarter of 2020, respectively. It was at the highest interest rate in the period under review that the largest amount of new loans was issued.

Loans were issued to small entrepreneurs at rates ranging from 19.2% to 24.9%. This dynamics of interest rates is different from the previous two and reaches its highest value in the third quarter of 2019, before that the rate rose steadily from

27.3%, and then decreased for more than a year until it reached its minimum value. In the third quarter of 2020, when the interest rate was the lowest, small businesses were issued the largest amount of credit.

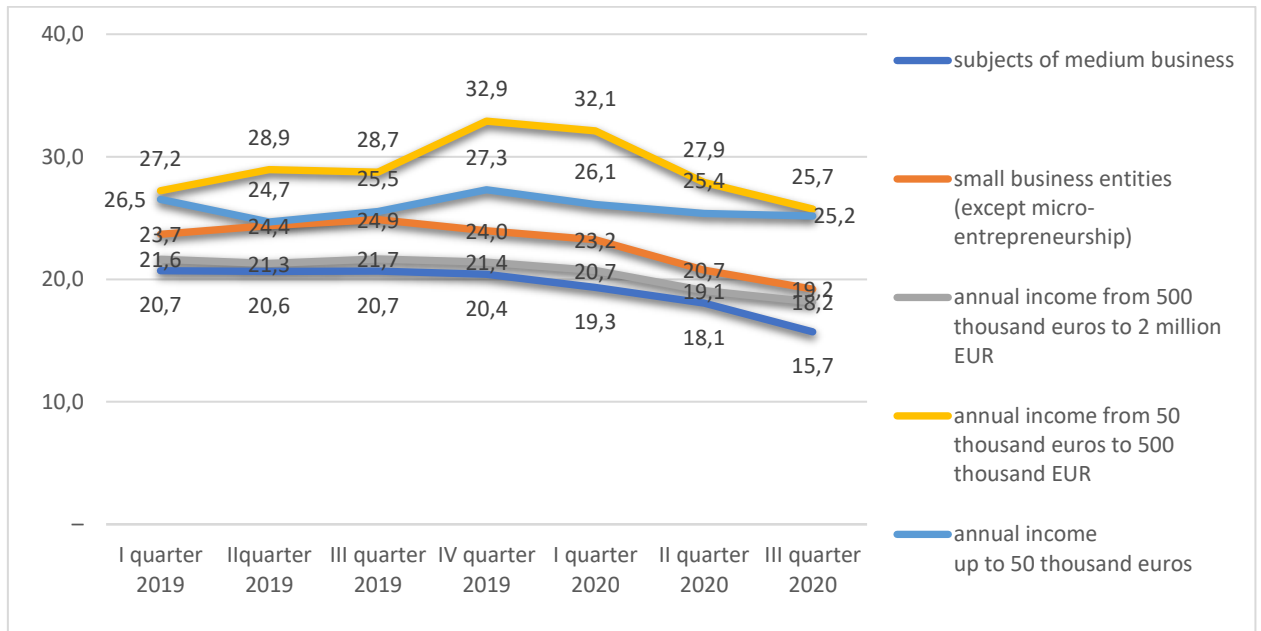


Figure 3.4 - Dynamics of interest rates on loans to entrepreneurs by size of the entity, %

Source: created by the author based on [7]

Micro-entrepreneurs with an annual income of 500,000 to 2 million euros received loans at interest rates ranging from 18.2% to 21.7%. In the first and third quarters of 2019, the rates were maximum and equal to 21.6% and 21.7%, respectively. During 2019, rates did not fluctuate significantly, it was in these periods that micro-entrepreneurs were issued the smallest and largest amount of credit, in the first and fourth quarters, respectively. And already in 2020 there was a sharp drop in interest rates each quarter.

Medium-sized entrepreneurs received their loans at the lowest interest rates, ranging from 15.7% to 20.7%. The dynamics of interest rates is similar to the previous one, but in the case of medium-sized entrepreneurs, there was a significant decrease in the last quarter. As for the largest micro-entrepreneurs, the maximum amount of loans was in the last period, when the rate was the lowest for the observation period.

The main reasons that deter small and medium entrepreneurs from lending to banks are studied, namely the interest rate and maturity, the availability of credit history and collateral, the need for start-up and equity, as well as the need for a large number of documents for a loan.

Creating macroeconomic conditions that would help solve these problems will increase the potential of the business sector to finance investments. This path is one of the main ones, which leads to the improvement of the economic situation of the state and the solution of the most acute political and social problems.

## CONCLUSIONS

At the end of our investigation, we'll mention its main stages and intermediate conclusions.

The subject of our study were selected reproduction processes at the macro level and the problems of their financing. It has been found that the concept of reproduction is multidisciplinary, and in economics is understood as a continuous and constant renewal and repetition of social production. In a narrower sense, in the economy of reproduction is understood as the reproduction of funds (fixed capital).

The author's generalization of the internal theoretical content of social reproduction is made.

If reproduction causes an increase in the volume of national product on the basis of an increase in the number of factors of production used or an increase in the efficiency of their use, then there is economic growth, which is recognized as the main goal of economic policy of any country.

The main indicator of economic growth is traditionally considered to be the country's GDP. The analysis of GDP dynamics is carried out in hryvnia and income equivalents and its structure from the standpoint of financing opportunities through the creation of processes.

It was found that nominal GDP in hryvnia grew throughout the analyzed period, with the highest growth rate - 26.3% - in 2015, in which the rate of decline in dollar terms was also the largest and reached 31.3%. This fact clearly illustrates the consequences of the rapid devaluation of the hryvnia in 2014-2015.

Indicators of the structure of GDP in absolute terms have a positive trend in the context of the research topic: the accumulation increases over the analyzed period. However, we consider the decline in the share of accumulation in the structure of GDP to be a negative trend from the standpoint of assessing the possibilities of financing reproduction processes and, as a consequence, stimulating economic growth.

The next step in our study was to analyze the main indicators and proportions of the investment process at the macro level. The total amount of investment in fixed assets in the country is an important macroeconomic indicator, but in its pure form it is uninformative, as there is a significant dependence on the scale of the economy. Thus, a synthetic indicator - the investment rate - is calculated and analyzed, which shows the share of fixed capital investment in the GDP structure.

In our opinion, the relationship between the rate of investment and gross accumulation in the structure of GDP is important in the context of our topic. Accumulation in theory is considered a source of financing capital investments, so the ratio of these indicators, in our opinion, describe the effectiveness of the national investment market in terms of financing capital investments. It is proved that the described relation does not have a clear trend. In 2016-2018, there was a significant excess of accumulation in% of GDP over the investment rate - by 2.5-5%. We treat this situation negatively, because the accumulation was used inefficiently, not fully converted into investment.

The paper also analyzes an important indicator that characterizes the need for investment - the degree of depreciation of fixed capital. It is shown that neither absolute nor synthetic indicators for the period 2014-2019. are incomparable with similar data for earlier periods due to changes in the statistical base. The analysis of wear in the sectoral context revealed another problem: the highest rates of wear occur in the most strategically important industries - water supply and electricity and gas supply. This dangerous fact must be reflected in public investment policy by developing a system of measures to upgrade the fixed capital of these industries.

The core of the study was the analysis of the structure of sources of investment financing at the national level, which identified the main trends and led to further vectors of the study. It is shown that the main source is the own funds of enterprises, which account for 65-70% of the total structure for the analyzed period. Interesting trends that fully correspond to the current political situation are found in the ratio of state and local budgets.

Given the aspects of the current stage of development of the world economy, first of all - the intensification of globalization of financial markets, the relationship between accumulation and investment, which was studied in paragraph 2.1, is no longer obvious. At the present stage of financial development, there is a gap between investment and savings at the national level. Investment in the national economy has long been not limited to national savings, as investments in one country can be financed by the savings of another. Understanding this fact led to a study of the state of foreign investment in our work. It is proved that the problem for the Ukrainian economy is not only small amounts of foreign direct investment, but also their structure and large disparities in the distribution of investment by sector.

At the end of the study, the main macroeconomic indicators that shape the investment climate of the country are analyzed, namely, the current situation is assessed and a forecast is made. On this basis, moderately optimistic conclusions were made about the possibilities of intensifying foreign investment.

Particular attention is paid to the state of affairs in the field of bank lending. Rapid growth took place in 2018-2019, when the average annual increase in credit financing amounted to UAH 18,821.85 million. or 50%. In the structural dimension, credit financing increased its share by 3.18%. Currently, in the general structure of sources of investment financing, this is the second most important source (10.7%) after the own funds of enterprises. Particular emphasis in the analysis is made on business lending, as the support of the national business sector is a priority of modern economic policy. In our opinion, the intensification of lending at all levels is explained by the stabilization and strengthening of the national banking system. The identified trend allows us to draw a conclusion about the special prospects for the development of bank lending in the context of assessing the possibilities of intensifying investment processes at the macro level.

The rapid development of information technology, the intensification of globalization at the turn of the millennium, the emergence of new financial instruments, an unprecedented increase in financial capital compared to real, information asymmetry, increase the intangible component in the structure of social



product and many other factors have created a new economic reality. In modern conditions, classical theories of social reproduction need a new understanding. In the foreground is the increase of investment attractiveness of the country and the development of its domestic financial market to diversify funding opportunities for reproduction processes.

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