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DOI <https://doi.org/10.26661/2414-0287-2021-2-50-19>**ASSESSMENT OF THE ATTRACTIVENESS OF INVESTMENT PROJECTS****Kushchik A.P., Zhuravleva A.K.***Zaporizhzhia National University  
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ORCID: 0000-0003-0627-2296***Key words:**

investment project, investment analysis, attractiveness, methods, idea, indicators.

The article actualizes the problem of defining the concept of “investment attractiveness of the project”, in connection with which a number of authors’ approaches to this category is given. The article accumulates a set of existing methods for assessing the economic efficiency of projects in order to select tools for determining the concept of investment attractiveness. By comparing the existing groups of methods for assessing investment attractiveness, it is concluded that the most successful combination is their comprehensive application in the process of investment analysis. The article considers topical issues of application of methods for assessing the attractiveness of investment projects. It is noted that today the development of many enterprises depends on the effective organization of investment activities, as many of them are already participants in the investment process, and even more eager to join it. Attracting investment is an opportunity for companies to provide competitive advantages in both domestic and foreign markets. The article highlights the problem of defining the concept of “investment attractiveness of the project”, in connection with which a number of views of the authors on this category. The article accumulates a set of existing methods for assessing the economic efficiency of projects in order to select tools for determining the concept of investment attractiveness. By comparing the currently existing groups of methods for assessing investment attractiveness, it is concluded that the most successful combination is their comprehensive application in the process of investment analysis.

**ОЦІНКА ПРИВАБЛИВОСТІ ІНВЕСТИЦІЙНИХ ПРОЄКТІВ****Кущик А.П., Журавльова А.К.***Запорізький національний університет  
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інвестиційний проєкт, інвестиційний аналіз, привабливість, методи, ідея, показники.

У статті розглянуто актуальні питання застосування методик оцінки привабливості інвестиційних проєктів. Зазначено, що на сьогодні розвиток багатьох підприємств залежить від ефективної організації інвестиційної діяльності, оскільки значна їх частина вже є учасниками інвестиційного процесу, а ще більше прагне долучитися до нього. Залучення інвестицій є можливістю для підприємств забезпечити конкурентні переваги як на внутрішньому, так і на зовнішньому ринках. У статті актуалізується проблема визначення поняття «інвестиційна привабливість проєкту», в зв'язку, з чим наведено ряд поглядів авторів на дану категорію. Стаття акумулює сукупність існуючих методів оцінки економічної ефективності проєктів з метою вибору інструментарію для визначення поняття інвестиційної привабливості. За допомогою порівняння існуючих на сьогоднішній день груп методів оцінки інвестиційної привабливості, зроблено висновок про те, що найбільш вдалою комбінацією є комплексне їх застосування в процесі інвестиційного аналізу.

**Formulation of the problem**

The urgency of studying the problems of analyzing the attractiveness of investment projects for domestic enterprises is due primarily to two reasons. The first is that the modern economy directs social production to constant innovative development, which requires appropriate

investment. The second reason is related to the search for ways to survive the company, new factors of its success in a competitive environment and further sustainable development. To assess the investment attractiveness of the project, there are certain principles and methods for assessing its effectiveness. This assessment allows the entrepreneur to

determine whether it is profitable or unprofitable to invest in a particular project and determine which of the submitted projects is a priority for implementation.

The relevance of methods of assessing investment attractiveness is due to their choice in determining the set of different objective features, properties, means, opportunities that determine the solvency potential of investment in fixed assets of the enterprise, where the key concept is its financial stability, which characterizes investment attractiveness. However, all this requires a single, comprehensive approach to the choice of method for assessing investment attractiveness.

### **Analysis of recent research and publications**

Investment attractiveness as an economic category has been studied in great detail and many scientific papers have been devoted to its consideration. Various aspects of investment attractiveness have been considered in the works of many researchers. In particular, the definitions of "investment attractiveness" are devoted to the works of N. Gavrilenko [1], T. Romanova, J. Kucher [4]; A. Yakovlev [5]; T. Yankovets, A. Prokofiev [6] and others covered the investment attractiveness in the innovation sphere in their works. Despite the availability of existing scientific developments, it should be noted that a significant number of problems in the study of this topic remains unresolved, so in particular it is advisable to develop a methodology for comprehensive assessment of investment attractiveness of projects.

Thus, the study to some extent fills these gaps and determines its relevance.

### **Formulation of goals**

The purpose of the article is to determine the essence of the category "investment attractiveness of the project", to get acquainted with qualitative and quantitative approaches to the analysis of investment risks and to develop a methodology for selecting the assessment of the attractiveness of investment projects.

### **Presentation of the main research material**

The idea of a new product or project should convince the owners, managers or financial institutions (when attracting external financing) of the uniqueness of the project, of the need to invest. Namely, it requires substantiation of the investment attractiveness of the project. Today, attracting investment in the real sector of the economy is a matter of its survival. The adequacy of practical decisions made at different stages of investment activity depends on how the process of investment activity is understood. One of the important and responsible stages of the investment process is the selection of the enterprise and the development of a project in which certain resources will be invested.

Most entrepreneurs, top managers and line managers face the need to promote their ideas to the owners, to attract investment to implement their projects. Deciding to find investment in a project, you need to understand that no one, not even the friendliest investor, will give money just because he liked the idea. One of the tools to convince investors is the well-known business plan of the project.

There is no single point of view on the concept of "investment attractiveness" in the scientific literature. The most common view is the comparison of investment attractiveness with the feasibility of investing in the enterprise, which depends on a number of factors that characterize the activities of the entity. The definition is correct, but vague, which does not allow us to talk about the very assessment of investment attractiveness. The economic essence of investment attractiveness is specified in the definition of A. Yakovlev, who understands this term as a set of objective features, properties, means and opportunities that determine the potential solvent demand for investment. This definition is more capacious and allows to take into account all the interests of any participant in the investment process [5, p. 250]. Romanova T. and Kucher J. understand investment attractiveness as an assessment of the efficiency of equity and debt capital, analysis of solvency and liquidity, which corresponds to a similar definition - the structure of equity and debt capital and its location between different types of property, as well as the efficiency of their use [4, p. 11].

In this study, we will adhere to the generally accepted interpretation of the assessment of investment attractiveness of the project - this is a comprehensive indicator that characterizes the feasibility of investing in this project. It reflects the ratio of investment potential to the risks associated with the project. That is, it is necessary to understand the relationship between the level of expected income, payback period, future prospects of the investment project to the risks of non-return of capital, non-receipt of income from the project. The expected efficiency of the investment should reflect the true investment attractiveness. Analysis of investment attractiveness should convince decision makers that:

- the best of the alternatives is selected;
- the project is aimed at maximizing the market value of the enterprise;
- identified the main risks in its implementation;
- an assessment of the impact of such risks on the progress of the project and developed a strategy for managing such risks;
- determined the amount of necessary resources and how to attract them on the most favorable terms.

Let's consider in more details the volume of foreign direct investment in Ukraine in terms of economic activity in 2020 in the table 1.

The analysis showed that in 2020, 32,291.9 million US dollars were invested in the economy of Ukraine [3]. Among the countries that have invested the most in the domestic economy, the leader is Cyprus, the volume of investment in which in 2020 amounted to 8,879.5 million US dollars, or 27.5% of total foreign direct investment, the Netherlands – 7,060.9 million USD (%), Great Britain – USD 1,955.9 million (%), Germany – USD 1,668.2 million (%) [7]. The main priority economic activities for foreign investors, as the analysis showed, are trade, food production, information and telecommunications, financial and insurance activities and metallurgy.

Taking into account the statistics, it can be argued that the general principle of assessing the attractiveness of an

Table 1 – Volumes of foreign direct investment in Ukraine in terms of economic activities in 2020

Types of economic activity	Cyprus		Netherlands		Great Britain		Germany	
	million dollars USA	in % to the total	million dollars USA	in % to the total	million dollars USA	in % to the total	million dollars USA	in % to the total
Food production	584,8	6,6	725,9	10,3	454,1	23,2	10,1	0,6
Trade	937,6	10,6	1 007,9	14,3	258,4	13,2	208,7	12,5
Financial and insurance activities	918,9	10,3	294,2	4,2	256,7	13,1	121,8	7,3
Metallurgy	544,2	6,1	212,4	3,0	8,3	0,4	574,9	34,5
Information and telecommunications	244,4	2,8	1 783,9	25,3	25,9	1,3	2,9	0,2
Other	5 649,6	63,6	3 036,6	42,9	992,5	48,8	749,8	44,9
Total	8 879,5	100	7 060,9	100	1 955,9	100	1 668,2	100

Source: based on [3].

investment project is the ratio of the result obtained and costs incurred, which can be expressed in both physical and monetary terms and the efficiency of these measurement methods may be different for the same situation. The financial and economic condition of the enterprise is decisive in assessing investment attractiveness, because profits and risks are reflected through figures. We believe that statistical methods are crucial, because before the entrepreneur decides to start investing in the project, he must have the necessary and reliable information about the investment attractiveness of the business unit, based on the assessment of financial statements, environmental research, tax, banking and other indicators.

There are several methods of assessing the attractiveness of investment projects based on a single methodological framework, which can be divided into two main groups: including and not including discounting. Economic literature and international practice to justify the attractiveness of

investment projects also uses two groups of indicators, which are determined both on the basis of the use of the concept of discounting, and exclude the use of discounting (Fig. 1).

The definition of efficiency for creditors and investors is based on various indicators and their combination. These factors are the criteria for a positive or negative decision to adopt an investment project. Methods of investment project efficiency are used for calculations: statistical / dynamic. Calculations are made both for the project as a whole and to determine the effectiveness of participation in a particular project.

Stages of project examination include:

1. Designation of purposes of investment of financial resources.
2. Calculation of costs, determining profitability, estimating investment and production costs.
3. Calculation of indicators of evaluation of investment projects, payback period from the moment of investment to

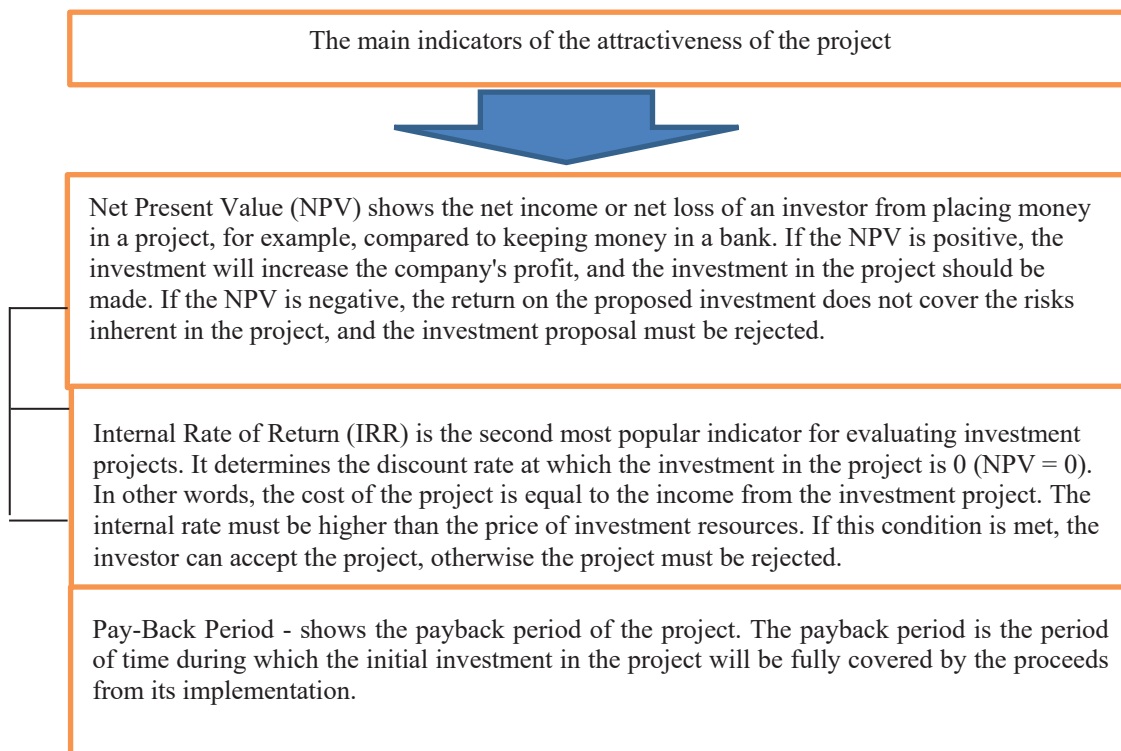


Fig. 1. The main indicators of the attractiveness of the project

the period when the profitability of the project will exceed the size of the investment and the cost of its implementation.

Drawing up an investment strategy based on all types of funding sources, ways to attract investors, capital allocation schemes. The result of this work is the analysis of all methods of evaluation of investment projects and providing the customer with an expert opinion with a comprehensive assessment of the detailed project report. Based on the conclusion, clients make informed, competent decisions that guarantee the success of the investment.

### Conclusions

Stable development of the enterprise and achievement of strategic advantages in the conditions of competition largely depends on management and efficiency of innovation and

investment processes. In the developed world, a relatively high level of investment attractiveness is maintained through large investments in radical reconstruction of production and development of new sectors of the economy. It should be noted that the approaches presented in the article to assess the investment attractiveness of the project contain only general concepts about the data production system for management decisions. However, its practical use depends on the extent to which the investor is focused on a detailed analysis of the business in which he intends to invest. A significant role here is played by the economic policy of the state, which with the help of tax levers, and especially accelerated depreciation, encourages firms and companies to increase investment. In the main developed countries of the world, 30–40 percent of investments are made by the state itself.

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