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DOI: <https://doi.org/10.30525/978-9934-26-639-3-55>

INNOVATION AND INVESTMENT PRIORITIES FOR THE DEVELOPMENT OF UKRAINE'S AGRICULTURAL SECTOR

ІННОВАЦІЙНО-ІНВЕСТИЦІЙНІ ПРІОРИТЕТИ РОЗВИТКУ АГРАРНОГО СЕКТОРУ УКРАЇНИ

The agricultural sector of Ukraine is a strategic sector of the national economy, which forms the food security of the state, provides a significant share of foreign exchange earnings and is the basis for the development of related industries. In the context of globalization, climate challenges and economic instability, the sector is faced with the task of reorienting to an innovative and investment model of development, capable of ensuring the competitiveness of domestic products in world markets.

Innovations in the agricultural sector are a key factor in increasing productivity, optimizing costs and increasing the added value of products. Investment resources, in turn, create a material base for technological renewal of production, the introduction of digital technologies, and the development of agricultural infrastructure. The combination of innovative and investment components creates a synergistic effect that ensures the sustainable development of the agricultural economy.

The current problem for the agricultural sector is limited financing of innovative development, caused by full-scale invasion. The key obstacles are the shortage of funds, insufficiently formed regulatory framework, weak state support, as well as the low investment attractiveness of domestic agricultural enterprises for foreign investors. All these factors hinder the effective and high-quality renewal of the agricultural industry. Investment and innovative development is directly related to the innovative potential of the enterprise, which reflects its ability to generate, assimilate and successfully implement new solutions in accordance with modern challenges and market needs [1].

Innovative and investment development is defined as a comprehensive system of measures aimed at updating the technological base, increasing the

efficiency of resource use and creating conditions for long-term growth in the profitability of agricultural enterprises.

The main principles of innovation and investment policy are shown in Fig. 1.

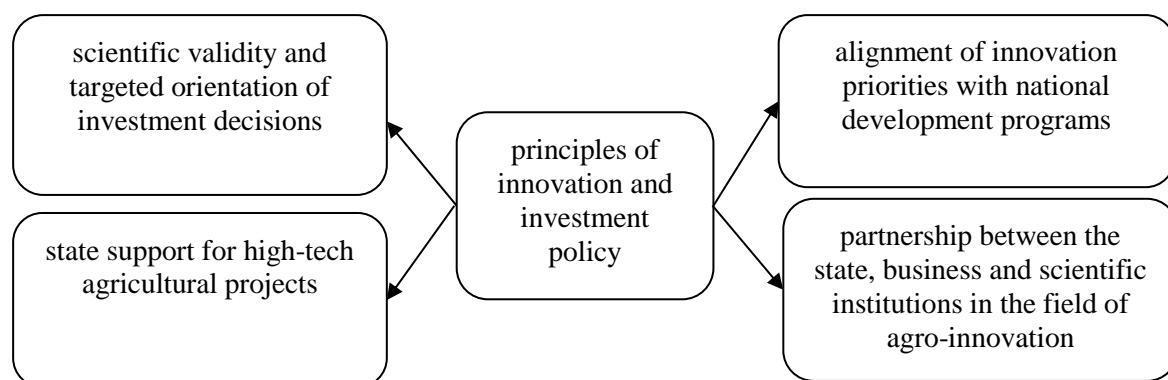


Fig. 1. Basic principles of innovation and investment policy

Source: [2]

Methodologically, innovation and investment development is based on a systemic approach, which involves the interconnection of financial, production, scientific and managerial elements of a single agrarian system. The innovation and investment strategy for the development of the agricultural sector is a system of targeted measures aimed at modernizing production facilities, introducing advanced technologies, diversifying products and increasing the added value of agricultural products through attracting investments and stimulating innovative activity.

At the present stage, the agricultural sector of Ukraine demonstrates moderate innovative activity, which is limited by the insufficient level of financing for scientific developments and the low readiness of enterprises to implement the latest technologies. Innovations in the agricultural sector can be classified into the following areas: technological (precision farming, drones, IoT sensors, biotechnology); organizational and managerial (new business models, digital platforms, agrotechnical clusters); market (expanding export opportunities, developing agricultural logistics, certifying products according to international standards); environmental (implementing the principles of a circular economy, reducing the carbon footprint, sustainable resource management).

The innovation and investment sphere is one of the important components of economic progress, as it quickly responds to both external and internal challenges and changes. Strengthening the innovation and investment model of the national economy creates the prerequisites for its successful integration into global economic processes, promotes stable economic growth and lays a solid financial foundation for the implementation of high social standards [3].

According to the Ministry of Agrarian Policy, only about 15–20% of agricultural enterprises implement technological or organizational innovations. The main areas of investment activity are aimed at updating the technical and

technological base, modernizing processing enterprises, introducing precision farming systems, energy-saving technologies and digital production monitoring.

At the same time, the investment attractiveness of the industry remains dependent on macroeconomic stability, availability of credit resources, currency risks and the quality of public administration. According to the State Statistics Service, the share of R&D expenditures in agriculture does not exceed 0.3% of the total, which is several times lower than European indicators. The main barriers to low investment activity are: insufficient level of financial literacy of agricultural producers; high level of risks (climatic, market, political); weak infrastructure for technology transfer; imbalance of state support (predominance of subsidies over investment mechanisms); disruption of logistical connections, in conditions of full-scale war.

The definition of priority areas of development should be based on the strategic goals of sustainable development of Ukraine and European integration guidelines. The key innovation and investment priorities of the agricultural sector include:

1. Digital transformation of the agricultural sector (Smart Farming, Big Data, automation and digitalization of production processes).
2. Greening of production, development of "green" technologies and ESG integration.
3. Development of the processing industry and added value, logistics infrastructure to increase added value.
4. Support for biotechnology and genetic research in agriculture.
5. Institutional support for innovative startups in the field of agrotechnology.
6. Integration of educational and scientific systems in the formation of innovation management competencies.

Ensuring the competitiveness and effective functioning of agricultural enterprises requires the implementation of clear priorities in the field of investment and innovation activities. Among the key areas are the creation of new technologies and products, the development of alternative markets, the acceleration of the implementation of innovative solutions, as well as the formation of incentives for the activation of innovative and investment activity.

In conditions of military conflict, the innovation and investment support of the agricultural sector acquires strategic importance, which helps to preserve the production potential of the industry and promotes adaptation to crisis realities. The use of modern technologies and the attraction of investments become key factors in the sustainability of agricultural production and lay the foundation for its restoration and further growth after the end of hostilities.

To increase the effectiveness of innovation and investment policy, it is advisable to use the following tools:

- public-private partnership in financing innovation projects;
- preferential lending and state guarantee for investments in high-tech sectors;

- tax incentives for enterprises investing in scientific research;
- creation of regional agro-innovation clusters and technology parks;
- integration of university science and business into the process of innovative development.

Innovation and investment priorities for the development of the agricultural sector of Ukraine should be focused on increasing the technological level of production, rational use of natural resources and the formation of sustainable competitive advantages.

The synergy of innovation, investment support and state regulation creates the basis for the formation of a modern agricultural model capable of ensuring the integration of Ukraine into the global economic space. The introduction of European practices, digital technologies and effective financial mechanisms are key conditions for sustainable growth of the agricultural sector in the context of global competition.

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