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Abstract:

Theoretical, methodological, scientific, methodical and applied principles of managing environmentally and socially oriented investments in sustainable development of rural areas have been developed and substantiated in the article. The model of investment process of ecologically and socially oriented economy has been developed. The analysis of corresponding existing models of investment process enabled to specify the management model, which corresponds to the environmentally and socially oriented economics. The block scheme of the system of analyzing and evaluating the efficiency of investment

processes of sustainable rural development has been made. The determined methodological provisions and specified concepts enabled to ground the system of complex analyzing and assessing the effectiveness of investment processes in sustainable development of rural areas, including the evaluation of economic, social and environmental efficiency of investment projects. The mechanism of sustainable rural development, comprising consolidated elements and connections, has been grounded. The ecological aspects of investment policy as a component of the economic mechanism of sustainable rural development have been systematized. It has been determined that attracting investments in environmentally and socially oriented investment projects and programs has to be based on strengthening the ecological aspects of investment policy as part of stimulating sub-system of the economic mechanism of sustainable rural development.

Keywords: investments; sustainable development; rural areas; environmental and social orientation; efficiency; regulation; management.

JEL Classification: E22; Q56; Q57.

Introduction

The system of modern world economic processes is characterized by the intensification of globalization and integration processes, which, in turn, leads to a number of problems at the branch, national and transnational levels. The dynamic intensive economic development has resulted in aggravating environmental and social problems, which have recently become global.

The modern development of Ukraine's economy is increasingly stipulated by the formation of a new type of social systems, which envisage the transformation of economic relations aimed at improving the quality of the people's life and the environment by increasing the effectiveness of innovations and investments. The investment potential of the Ukrainian economy, despite a complex of measures taken by the authorities to intensify investment activities and some successes, is insufficient to achieve the goals and tasks of sustainable development.

Therefore, it is not enough to assess the effectiveness of investment processes from the standpoint of economic return on invested capital, as the need arises for integrated assessing the level of the social system reproduction, taking into account social and environmental factors. Developing investment projects and programs on a new methodological basis will enable to structure projects, evaluate the effectiveness of developed investment proposals, taking into account environmental and social factors, determine quantitative parameters of economic, social and ecological consequences of projects' implementation and create adequate conditions to stimulate investments.

1. Research Background

Attracting investments in the rural economy is a key task in current economic situation. Internal and foreign investments always favor the acceleration of economic development. The volumes of investment activities and its quality level ensure the sustainability of economic development in rural areas. Investment activities envisage assessing the possibilities of rural areas in the formation of investment resources from internal and external sources. The source of potential investments in rural development is economic potential, and investment potential is its factor of development (Khvesyk 2016). The availability of high investment potential and its effective using are the basis for successful rural development.

In economics, the concept of "investments" is traditionally interpreted either as a refusal to use incomes for current consumption in favor of increasing capital and expected future consumption expanding (Aranchiy 2011), or as investments in fixed and working capital with the aim of receiving income (Tomilin 2020) Both the first and the second factors do not reflect the current economic problems.

Leading scientific schools offer many models of the investment process, which differ in goals, conditions and restrictions of social-economic development of the society, taking into account the corresponding sets of parameters determining the directions and nature of investments: the model of investment process under liberalization of the economy model of investment process under complete liberalization of the economy and government protection in foreign economic activities; the model of investment process under complete economy liberalization open to the world market; the model of completely liberalized market investment process based on the exchange mechanism; mobilization model of investment process; plan and distribution model of investment process; two-model system of investment process based on internal and external sources of financing; the model of integrated investment process, and others.

The conducted comparative analysis of these models allows to contend that most of them do not take into account the dualism of investment process functions. Many models assume solving the problem of structural deformations in the economy, however, all of them do not take into account the necessity to reproduce capital,

proceeding from macroeconomic and structural proportions of social and economic development of the society, determined by the provisions of environmental and social concept of human development (Fedorenko 2017). This fact significantly reduces the efficiency of using investment resources in the economy.

Social and economic development of rural areas is accompanied by increasing the consumption of natural resources and environmental pollution. A necessary condition for the environment preservation is attracting resource-saving technologies in production process. Taking into account and assessing the impact of environmental factor on reproducing the investment potential of rural areas require further research (Gorb 2020).

Considering the scarcity of natural resources in the formation, development and assessment of rural areas' economic potential is envisaged in the concept of sustainable development (Hertseh 2018). On the whole, the concept of sustainable development is based on a system of environmental limitations. Thus, balanced development is understood as the development under which the satisfaction of needs is carried out within environmental limitations, maintaining the dynamic balance between all biosphere components, rational using and reproducing natural resources with broad involvement of production and consumption wastes (Malik 2008).

The increasing role of environmental restrictions indicates the necessity to take them into account in production and economic activities. Rural development is based on a system of interrelated economic, ecological and social limitations (Yasnolob 2018).

As ecological and economic relations are characterized by the interaction of environmental and economic subsystems of rural areas and are the expression of relationships for attracting natural resources to production activities and the reverse flow of substances in the form of waste to the ecosystem, it is important that at the stages of investment potential reproduction, qualitative condition of the natural capital and assimilation opportunities of the environment are preserved at sustainable level (Gorb 2017).

2. Methodology

The purpose of our research is to develop and substantiate theoretical, methodological, scientific, methodical and applied principles of management of environmentally and socially oriented investments in sustainable rural development. Proceeding from this, the task of the study is:

- developing the model of investment process of environmentally and socially oriented economy;
- constructing a block scheme of the system of analyzing and evaluating the effectiveness of investment processes in sustainable development of rural areas;
- substantiating the mechanism of sustainable rural development, which includes consolidated elements and connections;
- determining ecological aspects of investment policy as a component of the economic mechanism of rural areas' sustainable development.

The systemic and dialectical-cognitive methods were used during the study of scientific papers of Ukrainian and foreign scientists on approaches to ecologically and socially oriented investments in sustainable rural development. The following methods were used while working on the article: abstract-logical (for carrying out theoretical generalizations and formulating conclusions), monographic (for retrospective analyzing and determining the peculiarities of ecologically and socially oriented investments in sustainable rural development), systemic-structural (for constructing a block-scheme of the system of analyzing and evaluating the effectiveness of investment processes in sustainable development of rural areas and substantiating the mechanism of sustainable rural development); modeling (for developing the model of investment process of environmentally and socially oriented economy), etc.

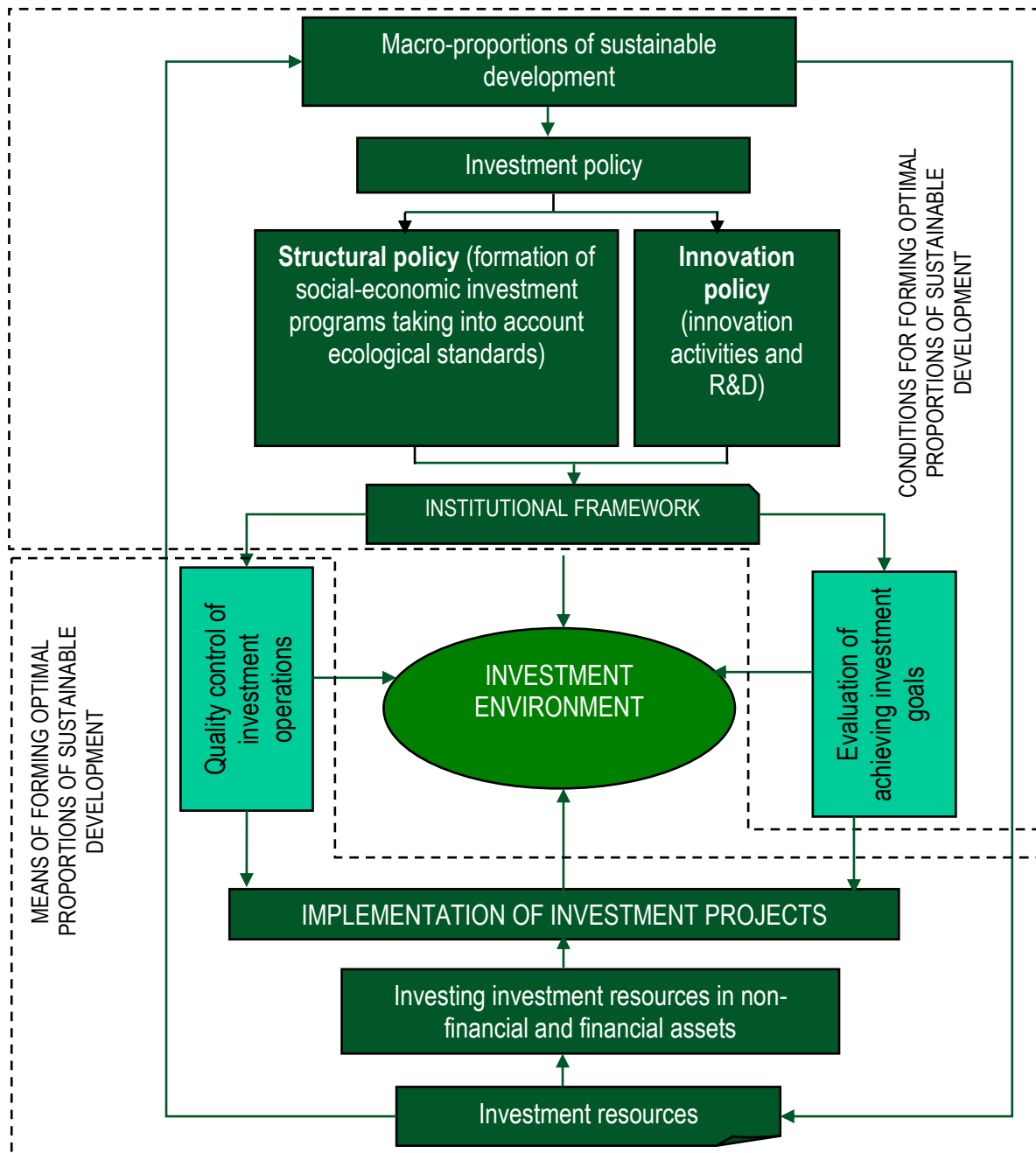
3. Results and Discussion

The investment process in any type of economy envisages carrying out the following transformations: resources – investments – capital increase – useful effect. It is implemented in investment activities in a certain period of time by setting investment goals and mechanisms to achieve them. Moreover, the substantiation of optimum volumes and proportions of investments in the field and sphere of the economy is understood as targets. Economic mechanisms are the investment institute, by which the specified volumes and proportions are formed. Following the above mentioned, the investment process is characterized by dualism of functions. On the one hand, investments serve as a means of forming the optimal proportions of social reproduction and are a component of investment activities and, on the other hand, they create the institute of forming optimal proportions of the social development and are the element of their implementation.

To achieve the goals of investment processes' management, it is necessary to have a favorable investment environment (Figure 1), which, in its turn, must be supported by a favorable investment climate – the

totality of ecological, social, economic, political and legal conditions, which maximally contribute to the investment process. At the same time, economic growth is a means, but not a target, and social and environmental values become imperative.

Figure 1. Model of investment environment for sustainable economic development



Source: the author's development

The reproduction of the national wealth is both the result of investment activities and the basis for further social and economic development. Therefore, effective management of investment processes has to take into account the heterogeneity in element-by-element representation of the national wealth, which includes fixed, natural and human capitals, as the modern environmental and social concept of human development is not limited to purely economic development and reproduction of fixed capital. Economic growth has to contribute to the ecological and social progress of the society.

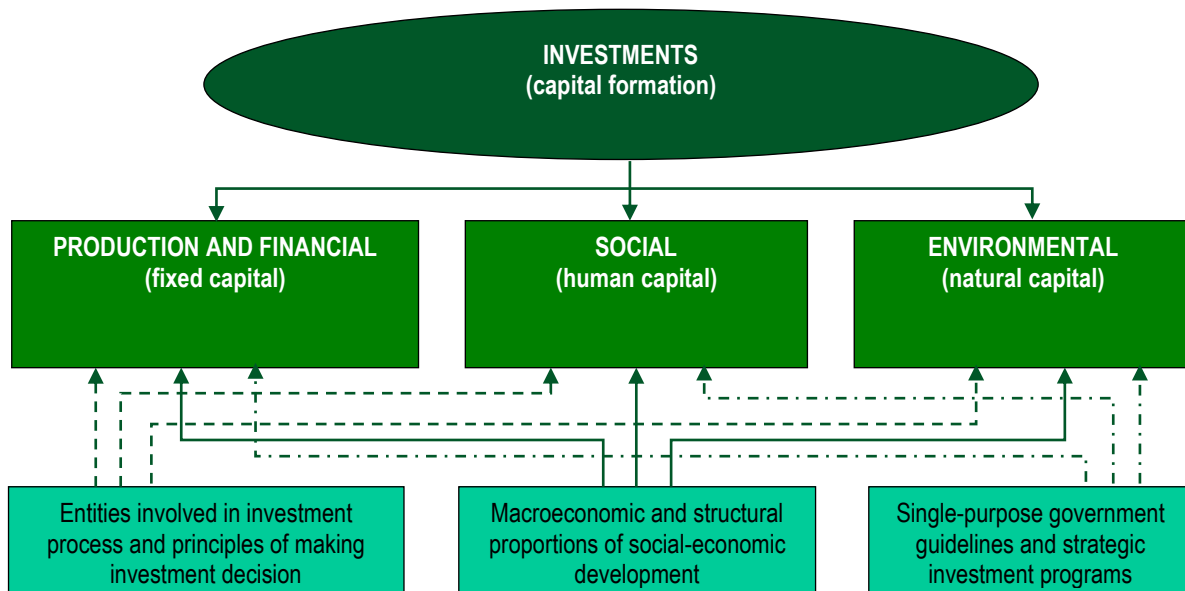
The Ukrainian economy is characterized by the problem of structural deformations, which become apparent as structural contradictions and discrepancies between the necessity to modernize social and economic

conditions of development and the possibilities of its ensuring, based on the structure of investment potential accumulation.

Proceeding from the above mentioned and according to ecological and social concept of human development, the reformation of the national economy must be carried out through stage-by-stage transformation of social relations in the direction of improving the population quality of life, improving the environmental condition by the transition to a new technological state of economic development. Changing the structure of production within this concept involves reducing the share of material component in the social product to create intangible forms of wealth (capital). Clear determining and considering current and future needs of the society in strategic decisions in the investment and innovation spheres of activity are the obligatory prerequisites for economic development in modern conditions. Accordingly, modern investment policy has to be implemented in three integrated directions, which lead to economic growth, contain the elements of the national wealth and determine its quality: production and financial investments in fixed capital; social investments in human capital; environmental investments in natural capital.

The model of investment process corresponding to the environmentally and socially oriented economy is presented in Figure 2.

Figure 2. The model of investment process of environmentally and socially oriented economy



Source: the author's development

The model determines the principles of making investment decisions aimed at forming optimal macroeconomic and structural proportions of social-economic development, in which investments are assessed as a complex capital formation of economic, social and environmental investments ensuring the progress of sustainable development.

The proposed model envisages qualitative strengthening of economic and social function of the state by adjusting competitive regulators and mechanisms, developing scientific, technical and intellectual potential of the country based on using the internal sources of investment financing as a necessary and objectively significant condition for investment purposes. This requires the creation of investment institutes appropriate for the set goals of sustainable development. Such institutes contribute to the achievement of a stable balance between financial, production, and resource areas with an active role of the state. At the same time, corporate structures of interconnected participants in the investment process, forming systemic integrity and having both powerful growth potential and "critical amount" for qualitative transformation, must be the driving force of social and economic development of the country as a whole, and of rural areas, in particular.

While implementing the strategy of sustainable rural development and evaluating investment activities, it is necessary to take into account the objective processes taking place that increasing the effectiveness of investment processes management requires improving the methods of assessing investments' efficiency.

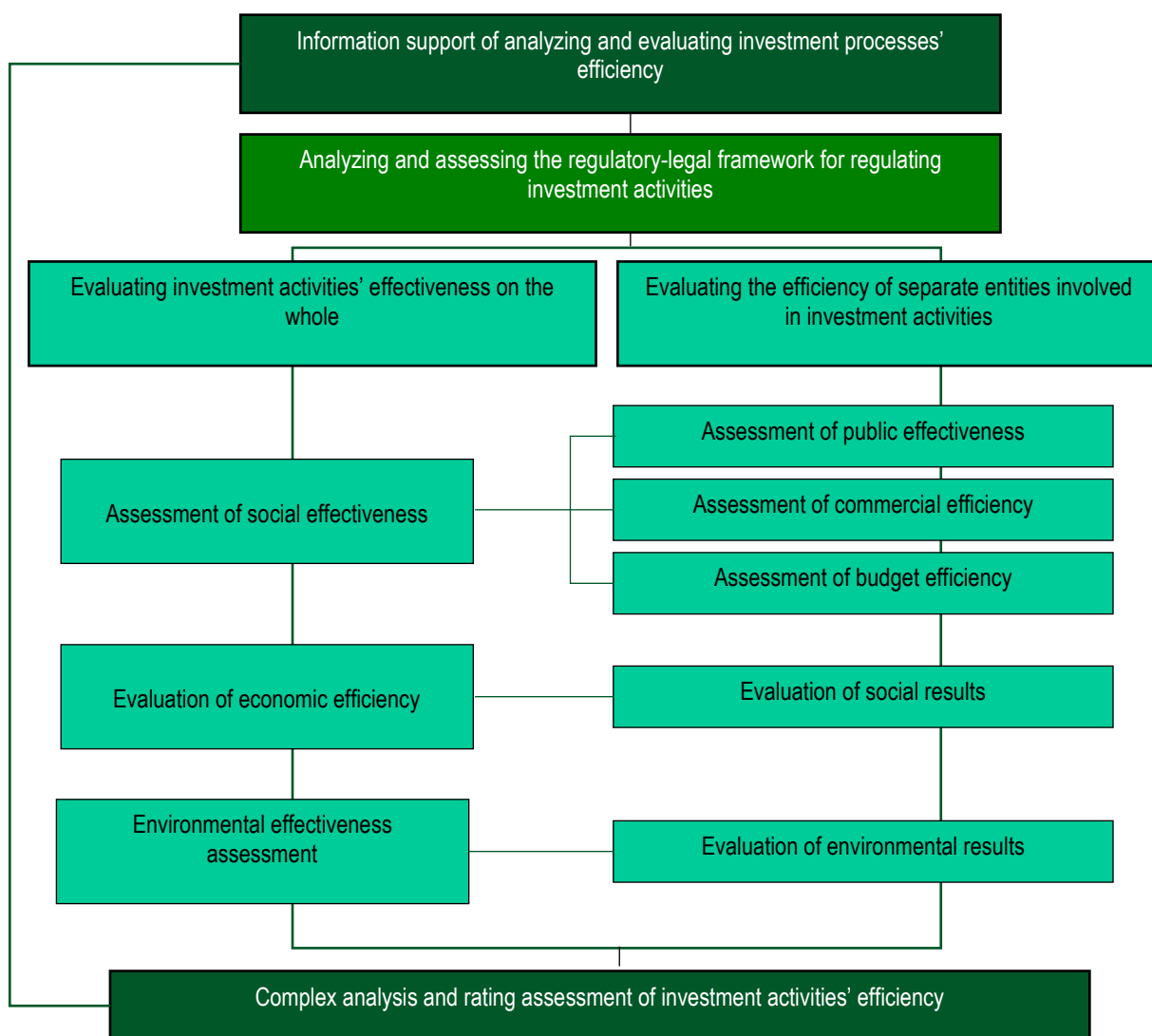
According to the laws of value and capital reproduction in assessing the effectiveness of investment processes' management, the principle of return on investments is of priority importance. It is necessary to apply

this principle in environmentally-socially oriented economy for a long-term period, taking into account ecological and social investments' usefulness, which determines the reproduction of the society on the whole. At the same time, given the deepening of the economy regionalization, the assessment of investment projects' effectiveness must be conducted dividing indicators of the national economy by gross domestic product and domestic products of separate industries and territories.

The conceptual scheme of evaluating the effectiveness of the investment project must consist of two stages. At the first stage, it is necessary to consider the assessment of the project social significance as a whole, firstly, in terms of the national environmental, social and economic efficiency, and secondly, in terms of branch efficiency of the investment project. Moreover, branch assessment can be carried out even if the considered project is not important for the national economy as a whole. Then, if there are positive results, the assessment of commercial efficiency is conducted – financial consequences of this investment project implementation are evaluated. In case of negative results, it is necessary to conduct alternative assessment of commercial efficiency, considering different options for project support. At the second stage the organizational and economic mechanism of the investment project implementation is determined, as well as the composition of its participants. The scheme of financing and financial opportunities to be implemented for each participant are developed and evaluated.

Assessing the economic efficiency of investments is the most important category of reproduction. At the same time, the estimates should take into account the dynamic interaction of fixed, natural and human capitals, as the efficiency of investment processes integrates production, resource, and social effectiveness (Figure 3).

Figure 3. Block scheme of the system of analyzing and evaluating investment processes effectiveness of sustainable rural development

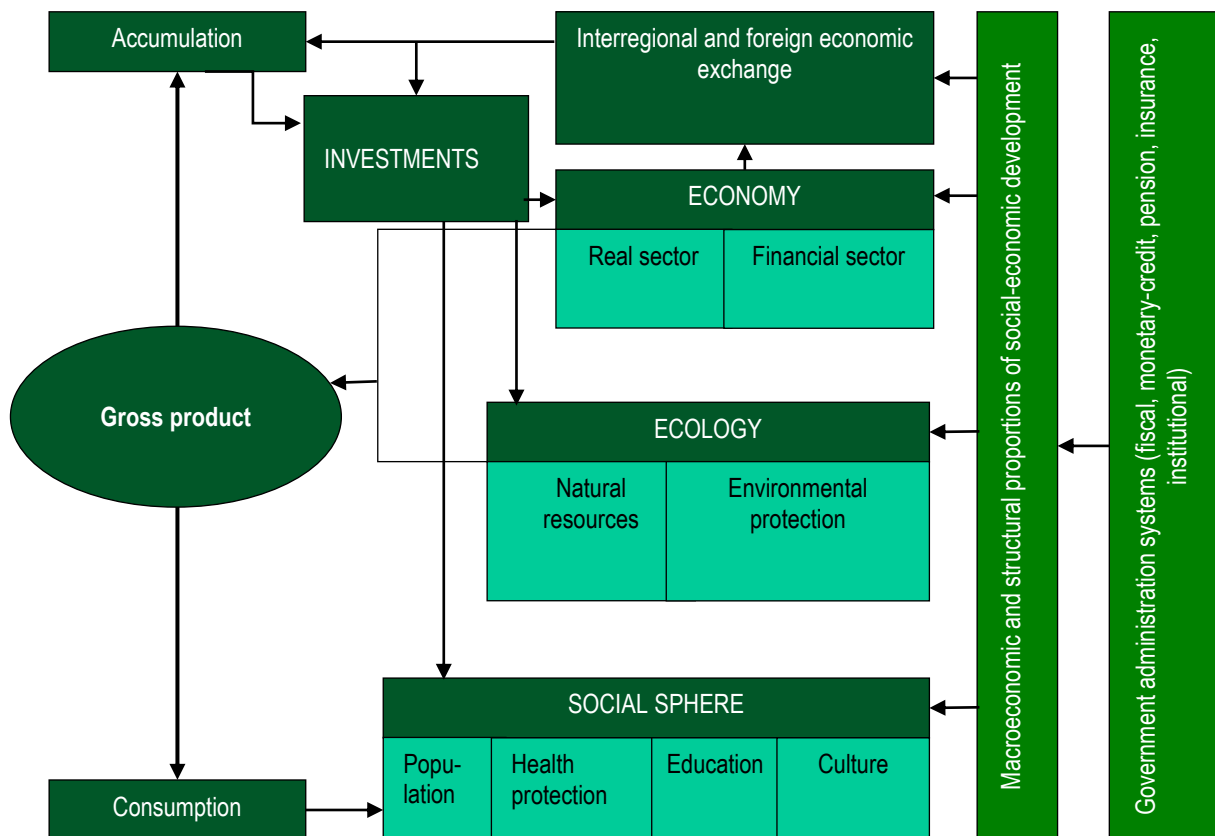


Source: the author's development

The investment process is a complex ecological, social and economic system consisting of many subsystems, and there can be no economic effect without social element, because social and economic results of the investment process are mutually stipulated and formed on a single material basis (Figure 3). The necessity of complex assessment of investment processes' effectiveness implies the existence of a common criterion for social and economic investment efficiency. The notion of effectiveness as a single, indivisible, and common category, covering and characterizing the system as a whole and separate subsystems is principal here, despite the variety of forms of its manifestation and calculation of its indicators.

The main function of investment mechanisms is to define and implement investment goals on a particular territory in accordance with the formed environmental, social and economic conditions and the needs of expanded reproduction on the basis of economic, organizational and legal means and stimuli of investment activation. The elements and connection of the investment mechanism in a market and environmentally and socially oriented economy coincide, but the strength and quality of connections between these elements and the external economic environment differ significantly. The scheme of extended elements and links of investment mechanism, uniting the reproductive processes of natural, human and fixed capital, which are carried out in rural areas, is presented in Figure 4.

Figure 4. Investment mechanism of sustainable rural development, which includes extended elements and links



Source: the author's development

Rural areas, as a subsystem of the national social and economic system (Figure 4) have economic ties with the national regulatory systems, other subsystems and with the external world. The state represented by the Government acts as a direct participant in investment relations in the financial sphere in the form of inter-budget transfers, direct expenditures of the state budget in rural areas, providing targeted loans, buying and selling securities, etc. Regulating such relations is one of the important directions of investment policy, which is a system of targets, institutes, mechanisms and tools determining the direction of investments and making investment decisions, necessary to ensure the sustainable development of rural areas and their economic entities in extended reproduction mode, provided that the share of private and foreign investments, as well as financial accumulations in their nation-wide volume is increased. In their turn, the influence instruments of such investment policy on private investment decisions can be combined in three groups.

The first one is macroeconomic: the general investment climate is determined, namely, what influences investment risks, growth rates of the rural economy, the demographic and environmental situations. The key

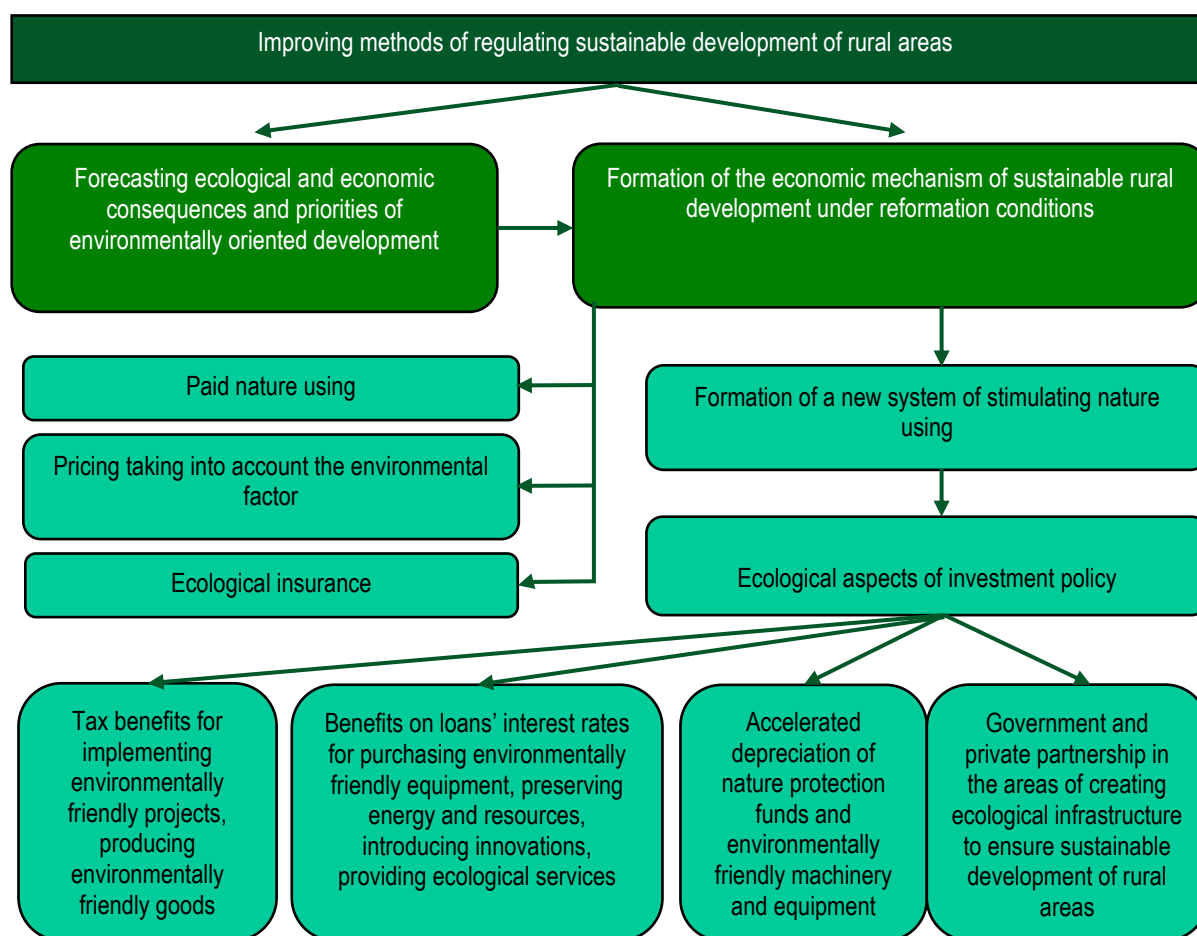
macroeconomic parameters of investment volumes are the increase rates of gross product and the real interest rate, which are determined by a complex of fiscal and monetary-credit policy characteristic of the state policy of social and economic development. These include: the volume of gross product, the ratios of capital consumption and accumulation, the share of gross fixed capital formation in gross savings, the level of budget deficit and ways to finance it, inflation, nominal interest rate, and the size of government and private investments.

The second group is microeconomic. Here branch proportions of investments in rural development are determined. They include: tax rates and tax benefits, depreciation rules and regulations, lease rules, guarantees, beneficial credits, social benefits, rental payments, nature protection measures, and others.

The third group of investment decisions is institutional. They enable to achieve the coordination of investment programs of private investors. They are supported by the state administration bodies responsible for investment policy, associations of entrepreneurs, and regional investment systems. Depending on opportunities, conditions and the level of social-economic development of rural areas available to regional authorities, these mechanisms can be implemented in various forms – from state-organized institutional units to support certain industries and areas of economic activity to political and informal contacts. In Ukraine, certain elements of the institutional tools of investment policy management have been formed, such as legal support, information support, institutional support, although without proper systematization.

The system of economic stimuli influences environmentally and socially oriented behavior of investors most of all. This system includes: tax policy, subsidies and beneficial crediting, accelerated depreciation of fixed assets, the implementation of pollution rights, using the principle of “caution money-reimbursement”, fines and others.

Figure 5. Environmental aspects of investment policy as a component part of the economic mechanism of sustainable rural development



Source: the author's development

Most of the measures mentioned above have proven their effectiveness in the practice of their application in many countries around the world. We propose an extended interpretation of the economic mechanism of rural areas' sustainable development as a totality of various measures affecting economic behavior and capable to be

interested in following environmental requirements included in the system of stimulating measures to attract investments for implementing environmentally and socially oriented investment projects.

The main directions of environmentally and socially oriented investment policy are presented in Figure 5.

Measures to attract investments in environmentally friendly projects include special instruments of tax policy – tax benefits for producers of goods who carry out environmentally safe activities and manufacture environmentally friendly products. The examples of tax benefits are remission of value added tax at purchasing fixed assets related to nature protection funds, land tax benefits, subsidies and preferential credits for investment projects aimed at introducing the elements of organic farming, purchasing environmentally friendly machinery and equipment, introducing adaptive technologies, etc., accelerated depreciation of not only nature protection equipment, but also the equipment purchased to implement environmentally friendly and resource-saving technologies. Moreover, the stimulating role of subsidies in the economy and preferential credits consists in the fact that they must be granted with the aim of environmentally and socially oriented development.

Conclusion

An important scientific task concerning the development and substantiation of theoretical, methodological and applied principles of ecologically and socially oriented investments in sustainable rural development has been solved in the study. The research results allowed us to make the following main conclusions:

1. Management of the investment process is the justification of investment goals and creation of economic mechanisms for their effective implementation. Based on this, the dualism of investment process functions in the economy has been confirmed. On the one hand, investments serve as a means of forming the optimal proportions of social reproduction and are an element of investment activities; on the other hand, they create the institute of forming the optimal proportions of social development and are a condition of their implementation.

2. The process of capital formation and reproduction and the degree of investment resources capitalization are largely determined by the type of management in the economy. The analysis of the investment process models corresponding to these types enabled to specify the management model, which corresponds to environmentally and socially oriented economy.

3. The determined methodological provisions and clarified concepts enabled to substantiate the system of complex analysis and evaluation of investment processes' effectiveness in sustainable rural development, which includes the assessment of economic, social and ecological effectiveness of investment projects both from the standpoint of participating individual entities involved in investment activities and from the standpoint of industry and national development. Based on this, the structure of branch investment mechanism has been substantiated, which includes social and ecological elements, along with economic ones.

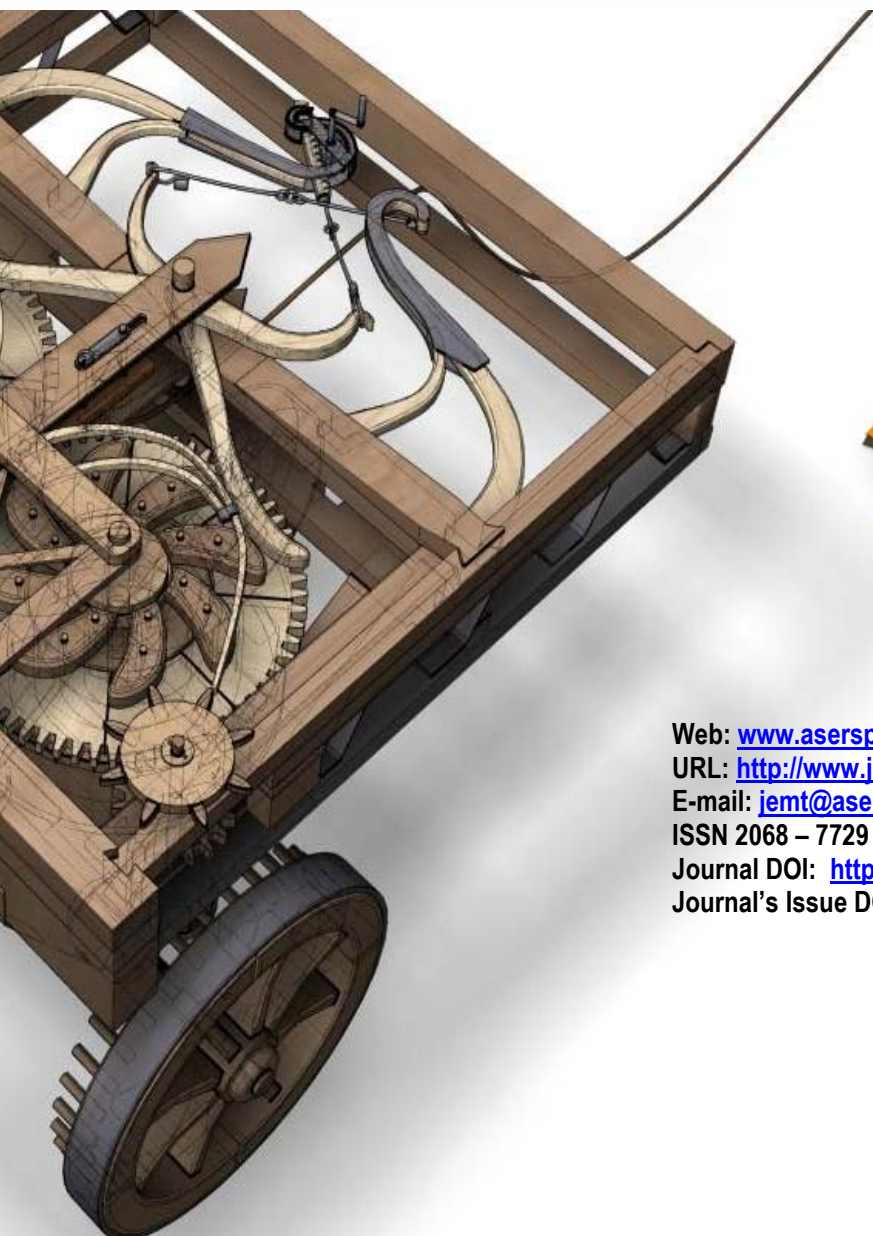
4. Attracting investments in environmentally and socially oriented investment projects and programs has to be based on strengthening ecological aspects of investment policy as part of the stimulating subsystem of the economic mechanism of sustainable rural development. Environmental and social restrictions on economic activity must stimulate the development of environmentally and socially oriented business and require a certain institutional restructuring of legislation to promote its sustainable development.

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