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**METHODOLOGICAL APPROACH TO THE EVALUATION OF INVESTMENT.  
PROJECTS OF AGRICULTURAL ENTERPRISES.**

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*The basic principles and approaches to the evaluation of investment projects in Ukraine and international practice. It was established that the process of innovation investment in agricultural production begins with the formation of the principle, assessments, selections , development of investment programs and projects. Methodical approaches to assessments of innovation in agricultural production.*

**Keywords:** *innovation, investment , projects, farming, teaching approaches and economic impact.*

**Statement of the problem.** Economics of agriculture of Ukraine has a number of competitive advantages, but their implementation is carried out in conditions of serious structural imbalances and the inadequacy of the policy . The main advantages are as follows: a vast territory and a capacious domestic market , providing a wide variety of life and the needs of the population, cheap labour , combined with the relatively high level of qualification , advanced scientific and industrial potential , the presence of significant technological developments of a number of contemporary and emerging trends technological structures . In this regard, the necessary reorientation of policy money supply and interest rates to support suitable conditions for the production and maintenance of its investments and working capital farms.

**Analysis of recent research and publications.** Under the conditions of a market economy in Ukraine remain unresolved many theoretical, methodological and practical issues of investment activity of agricultural enterprises. It should be noted that the problems of selection and evaluation of investment projects in the agricultural sector involved in many local scholars , including A. Halchynskiy, A. Hudzynskyy, I. Blank, A. Datsiy, M. Dem'yanenko, A. Krysalnyy, M. Kropyvko, M. Malik, P. Sabluk, A. Savchenko, B Trehobchuk, V. Yatsenko. Problems and investment security features of agriculture devoted work of leading scientists , including how Haidutsky A., Kravchenko G. abuse, G. Mostovoy, M. Kisil, O. Oleinik, B. Pashaver, V. Yurchishin et al.

Summary of research suggests that the theoretical and methodological approaches to determine the most efficient investment projects not designed as a scientific, and applied aspects.

**Problem.** Theoretical basis and to develop guidelines on the evaluation and selection of investment projects in the agricultural industry.

**Research Methodology.** Theoretical and methodological basis of the research is the fundamental position of general economic theory, the objective economic laws of development of agricultural production, research and development of local scientists on the investment policy of agricultural enterprises , periodicals, legislative and regulatory materials

**Results.** When developing large interregional and regional investment projects in agriculture mistakenly think that the main thing in business - determine type of business and have equity, and then the market itself will tell you what to do in certain situations. Experience shows that in a market economy without a corresponding self-assessments , forecasting and planning activities is very risky to start any business : to enter into contracts , borrow money on credit , mortgage property [6 ].

Price errors in large investment projects in agriculture is extremely high. Therefore, an effective economic mechanism of budgetary and extra-budgetary investment rating conditions for co-financing. Implications for private investment as always combined with the ability to

increase capital and risk losing not only the money invested in a new project, but also personal property that can be confiscated by the court as a repayment of creditors.

The successful implementation of a market economy in the minds of any major development program for effective forecasting and planning of business entities need to develop an investment project which aims to answer questions targeted use of budgetary and extra-budgetary funds in terms of state funding [ 2]. Innovation and investment projects are carried out according to guidelines, which focused on unification of methods to assess their effectiveness in the transition of Ukraine's economy to a market economy . However, at the regional level developments and experience in the implementation of investment projects in agriculture.

According to the program of Agricultural Development of the United Nations (UNIDO) investment project should be seen as a cycle consisting of three distinct phases ( or phases of the investment planning ) - pre-investment , investment and operational ( Figure 1).Pre-investment phase or stage research and design drafting (from previous studies before a final administrative decision on whether investment) consists of: identifying investment opportunities , analysis of alternatives and preliminary draft picks - pre-feasibility study , the findings of the project and the decision to investment.

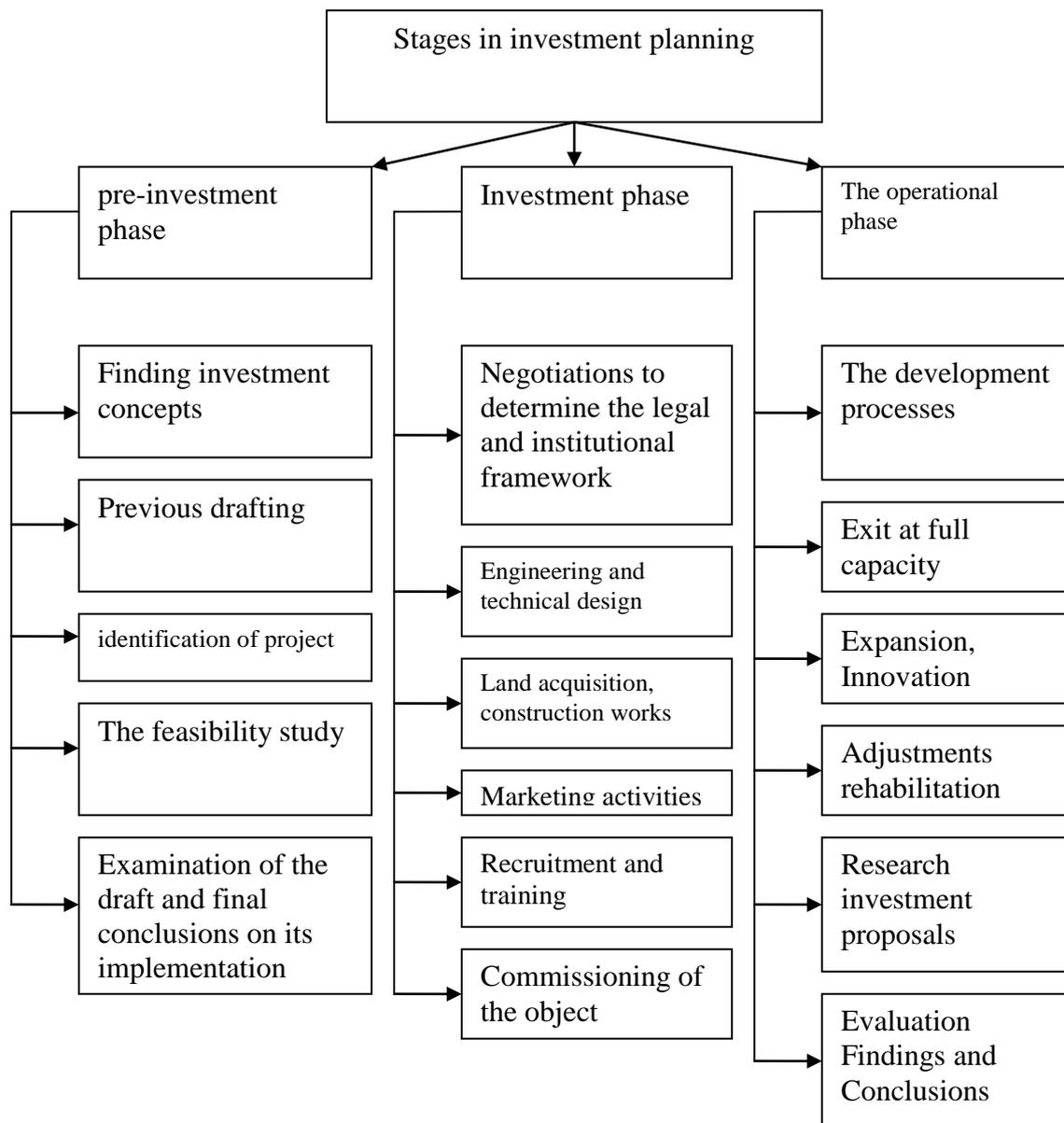


Figure 1. Stages investment planning

Investment phase or stage of the implementation and application of real investment facility (design, contracting, contracting, construction). Investment phase consists of: establishing the legal, financial and organizational framework for the project, the acquisition and transfer of technology, detailed design and processing contracts, purchasing, if necessary, land, construction works and equipment installation, production, marketing, recruitment and training, delivery against the object of investment in and operation of launch.

The operational phase of the project (production stage of development and investment business enterprises). Of operational phase must be considered in the long and short term. In the short term examines the potential problems associated with the use of the chosen technology, the operation of equipment or staff. In the long term are considered the chosen strategy and the total production and marketing costs, and expected receipts from sales.

Currently, revitalize and stimulate the economy only through the involvement and capacity investments. Thus the lack of investment resources adversely affects the pace of structural change in the economic sector in the region does not allow time to renew production facilities, which may play a negative role on the stage of the expected economic growth. Ultimately narrows the possibility of solving social problems. The key point in the methodology of innovation is to master the methodological foundations of their developments. In practice, it is a fact that before the project design score that represented the investment project can solve the following problem: to assess the state of implementation and effectiveness of the project during its development; prove the expediency of participation in investment projects interested companies, banks, Ukrainian and foreign investors, state and regional public administration, levelling the project options (especially those that differ in organizational and economic mechanism of implementation), that the government, industry and other types of investment projects [3].

Today, the development of investment projects in Ukraine and international practice established basic principles and approaches to evaluating their effectiveness, among which the main ones are:

- Simulation of flows of products, resources and money;
- Taking into account the results of the market analysis, financial condition of the company, claiming the project, the degree of confidence in the leaders of the project, the impact of the project on the environment;
- Determination of the effect by comparing the results of future integrated and cost-oriented to achieve the required rate of return on equity or other indices;
- Bringing the future of disparate time expenditures and revenues to the terms of their economic value by sum in the initial period;
- Calculate the effects of inflation, delays in payments and other factors affecting the value of the used resources;
- Taking into account the uncertainty and risks associated with the implementation of the project.

Currently, in Europe and in the U.S. there are a number of methods for evaluating the effectiveness of investments, including those that do not include the discount include those that: are based on the calculation of the payback period on investment (payback period) based on the determination of the rate of return on capital, based on calculating the difference between the income and investment expenses for the duration of use of the project, which is known as cash-flow or accumulated net cash flow method of comparative effectiveness reduced production costs and the choice of investments by comparing the mass of profit (profit comparison method) [1].

Methods for evaluating the effectiveness of investments that do not include the discount in most cases, called statistics. These methods are based on the design, planning and actual cost data and results, which are caused by the implementation of investment projects. When using these methods in some cases used a statistical method, the calculation of average cost data and results (profits) for the entire useful life of the project.

As a result of this, methodological procedure does not fully take into account the temporal aspect of value for money, and factors closely related to inflation and risk. Therefore, statistical methods for evaluating the effectiveness of investments that do not include the discount most efficiently applied in cases where the costs and the results are evenly distributed by year of implementation of investment projects and the payback period covers a short period of time (five years) [4]. Due to its simplicity, accessibility experts to understand the majority of agricultural enterprises, companies, organizations and high speed calculation of investment projects, the availability of the necessary data upon receipt of these methods have received widespread practice. Their main drawbacks: coverage brief period of time, ignoring the temporal aspect of the value of money and the uneven distribution of cash flows over the lifetime of the investment projects.

It should be noted that the effectiveness of the project is characterized by a system of indicators that reflect the value of costs and benefits in relation to the interests of its members. The period of calculation in determining the performance within the settlement period may be the month, quarter or year. Expenses committed participants, divided into initial (capital investment) and current liquidation, obtained according to stage of formation, operation and liquidation. For valuation results and cost base can be used, world, projected and estimated prices. Measuring the economic efficiency of the project base prices are usually held on the stage of feasibility studies of investment opportunities.

Settlement prices are used to calculate the integrated performance if the current value of costs and benefits are expressed in forecasting prices. It is necessary to provide a comparison of results obtained at different levels of inflation. Estimated prices are obtained by entering deflation multiplier corresponding index of overall inflation. Basic, forecasting and settlement prices can be expressed in rubbles or constant currencies (U.S. Dollar, Euro, etc.). [5]. In the development and comparative evaluation of several variants of the project takes into account the effect of changes in sales on the market price of the product and the product price and cost of resources consumed. Conclusions. The study showed that investment projects are directed towards the unification of methods to assess their effectiveness, but it is considered only commercial efficiency. Established that the process of evaluating the effectiveness of investment projects characterized by the following disadvantages: the existing guidelines are oriented mainly on the theory of absolute efficiency investments, although this approach is reflected in the definition of effect as the difference between revenues and expenses from the sale of the most effective option, thus revealing to compare different options projects. In the future, all this should be considered when developing methodological approaches for evaluating investment projects in agricultural production using a mix of techniques: modelling flows of products, resources and money, study the financial condition of the company implementing the project, to calculate the impact of inflation and risk, determine the impact of the project on environment, ensuring the balance of future costs and revenues. The proposed methods are adapted to the market economy, and so will you select to implement effective investment project on the extension, renewal, renovation, modernization, technical re-equipment of agricultural enterprises.

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*The basic principles and approaches to the evaluation of investment projects in Ukraine and the world practice. Found that the investment process and innovation projects in agricultural production begins with the formation of an investment plan and involves the formation of the principles , assessment, selection , development of investment programs and projects. Noted that the choice of the optimal project is through the prism of clear positioning strategy elements for certain participants in the innovation process . Improved methodological approaches to the assessment of innovative projects in agricultural production .*

**Keywords:** *innovation, investment , project, agricultural production , methodological approaches , the economic effect .*

*The basic principles and approaches to the evaluation of investment projects in Ukraine and in the world practice. It is set that such failings are characteristic the process of estimation of efficiency of investment projects: existent methodical recommendations are oriented mainly on the theory of absolute efficiency of investments, although such approach is found by expression in determination of effect as to the difference between profits and charges from realization of the most effective variant, exposing comparison of different variants of projects the same. It is in future necessary to take into account all of it at the improvement of the methodical going near the estimation of innovative projects in an agroindustrial production with the use of complex of methods: design of streams of products, resources and facilities; study of the financial state of enterprise which will realize a project; calculation of influence of inflation and risks; determination of influence of realization of project on a natural environment; providing of balance of future charges and profits. The offered methods are adapted to the terms of market economy, and that is why will enable to choose for realization more effective innovative project in relation to expansion, update, reconstruction, modernization, technical retooling of agroindustrial enterprises.*

**Key words:** *innovation, investment, project, agricultural production, methodological approaches, the economic effect.*