

THE IMPACT OF EUROPEAN INTEGRATION ON THE DEVELOPMENT OF VENTURE FINANCING IN UKRAINE

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Today an important task is to search for innovative ways of investing new developments, i.e. a search for alternative sources of investment resources. One of the promising areas of solution to this problem may be the development of venture capital industry. Indeed, international practice once again proves that venture capital emerges as the most viable and effective form of investment capital.

In Ukraine, the development of venture business started in 1992 year after the signing of the Foundation «Ukraine» – the first venture capital fund in the country.

In 2001 in Ukraine was adopted a law «On Joint Investment Institutions (Unit and Corporate Investment Funds)», which allowed to optimize financial flows. In 2012, relevant as of today the Law of Ukraine «On Joint Investment Institutions» on 05.07.2012 was updated.

The main focus of asset management in Ukraine is Ukrainian Association of Investment Business (UAIB), which is a voluntary non-profit organization that brings together all of the asset management company in the country, which is founded in April 1995.

The protracted economic crisis in the country, stagnant domestic stock market, introduction of legislative and tax changes in the scope of joint investment institutions – all of which adversely affected the activity of joint investment institutions and their performance.

Ukraine continues clotting activity of professional participants of joint investment

institutions. Among the reasons for reducing the number of venture capital funds should be called intensification of integration processes. Analyzing the number of joint investment institutions for years, it is worth noting that in 2015 the number of joint investment institutions was 1147 units, compared to 2014 – by 41 units less. The situation for the two quarters of 2016 is slightly better; in fact, the number of joint investment institutions on November 15 in 2016 is 1,160 units (+ 13 units, compared to 2015).

Considering the European integration vector of Ukraine, there is a requirement of compliance with the European standards at least on several counts. Among them are the following: 1) government support, because, in the EU a state is a driving force of venture business and motivating factor, while in Ukraine, the state is showing a certain passivity, helping only at the later stages of the start-up, which prevents the development of most projects at an early stage of a new idea or technology; 2) sectors of economy – in the EU investments are made in almost all areas of the economy, in Ukraine – funding is only in attractive sectors.

So, modern trends in venture financing in Ukraine is characterized by the need of innovation development, at which venture funds are aimed. The latter are the only a partner of venture firm, but using its experience it is possible greatly promote the competitiveness of products in the domestic and foreign markets.