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INFORMATIONAL SUPPORT OF THE INVESTMENT PROCESS IN A LARGE CITY ECONOMY¹

Large cities possess a sufficient potential to participate in the investment processes both at the national and international levels. A potential investor's awareness of the possibilities and prospects of a city development is of a great importance for him or her to make a decision. So, providing a potential investor with relevant, laconic and reliable information, the local authorities increase the intensity of the investment process in the city economy and vice-versa. As a hypothesis, there is a proposition that a large city administration can sufficiently activate the investment processes in the economy of a corresponding territorial entity using the tools of the information providing. The purpose of this article is to develop measures for the improvement of the investment portal of a large city as an important instrument of the information providing, which will make it possible to brisk up the investment processes at the level under analysis. The reasons of the unsatisfactory information providing on the investment process in a large city economy are deeply analyzed; the national and international experience in this sphere is studied; advantages and disadvantages of the information providing of the investment process in the economy of the city of Makeyevka are considered; the investment portals of different cities are compared. There are suggested technical approaches for improving the investment portal of a large city. The research results can be used to improve the investment policy of large cities.

Keywords: information providing, investment process, financial engineering, local authorities, investment portal of a city, investment passport, investment promotion, investment activity, investment potential, country's image

Introduction

The whole activity of the local bodies is aimed at the social and economic development of a city which is hardly possible without adequate investment resources. The attraction of the investments from both the internal sources of a city economy and the external sources greatly depends on the informational support of the investment process.

In the context of this research, the informational support of the investment process in the city economy is considered as the formation of an optimal system when an investor can get qualitative information on the city opportunities, investment conditions and expected results. It can in-

clude different ways of developing and disseminating information useful for an investor at every stage of the implementation of the priority projects in the city. These functions can be done both by the bodies of power and by the organizations authorized by them (the investment development agencies) by the use of the information materials and technologies (programs and plans of the investment development, the investment passport, the portal, the map), by participating in different events (forums, conferences, summits), by receiving and sending delegations, by highlighting the positive experience in mass media [1–4].

But because of the under-mentioned problems in the sphere under study at the level of a large city economy, an investor can hardly obtain the complete, reliable and on-time information which is necessary to make decisions as this information

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can be either of low quality or is beyond the reach for him or her:

1. The organizational problems lie in the difficulties of matching the national strategic directions of the investment development and local opportunities. A national body of power carries out the development and implementation of the strategic directions of the investment activity development attracting the appropriate departments of the regional public authorities. At the same time, the process of forming the investment programs is simply set of the collected projects of how to expand the output of certain enterprises. Some of these projects are included into the regional programs and plans of the investment development (the investment propositions are collected and included on the principle "bottom-up"). So, these regional documents naturally comprise a limited number of the city and district projects which are just a little connected with the prospective directions of a city development and these projects can be implemented at the cost of their authors without attracting external investments.

2. The personnel problems in the management of the investment processes at the level of a city economy occur because of the low effectiveness of these processes which in its turn is a result of a lack of time and sometimes of experience. The management of the investment processes needs a planned, multi-aspect, laborious (not from one report to another one) work. The implementation of the investment policy of a large city is under the authority of the Departments which have only three persons on the staff and they are to perform 5 other functions determined in the Regulations on the Department of Economy of Makeyevka City Council.

3. Financial problems consist in the principle of the residual financing of the arrangements on the implementation and improvement of the investment policy in the city economy, and a consequence of this is a lack of money for the effective informational support of the investment process at the level under study.

A result of the above problems is a poor quality of information. And it is the local administration which can improve the informational support of the investment process by assuming responsibility for the implementation of the local advantages and informing a potential investor about them both in the close cooperation with the corresponding bodies of power (regional, national) and on their own.

Thus, the informational support of the investment process is one of the instruments to increase the investment activity at the local level

and which depends on the efforts of the local administrative structures. The level of disseminating information about a certain territory, its competitive advantages and peculiarities directly depends on how effectively the information technologies are used by the local administration representatives.

The domestic and foreign experience of using the information technologies to operate the investment processes in the city economy

In [5–8], they note that the arrangements to stimulate the investments including those to provide the information support can favor a considerable flow of investments into a definite territory. The investigations of the World Bank show that the net present value of promoting investments is about 4 US dollars per each dollar consumed. At the same time, the direct foreign investment (DFI) make the development of the local economy more active. It was found out that 1 dollar of the DFI results in the attraction of 1 dollar of the internal investment into the economy. These investigations also show that one work place at a factory results in the establishment of three indirect work places.

In the works of Louis T. Wells, Alvin G. Wint [7], P.V. Gudz' [9], Yu. A. Ul'yanchenko, O.I. Vinokurova [10], V. Snieska, I. Zykiene [11], N.A. Urzubayeva [12], they pay attention to the importance of the role of local authorities in the management of investment processes. In [9] P.V. Gudz' notes, a change of the role of the city authorities and stresses that the city authorities is a main character responsible for the social and economic development of a city.

Scientists and practitioners point out the following techniques of promoting the investments: net systems, web-sites, personal and impersonal instruments of promotion.

1. Scientists Tao Hu and Yuanfo Lin [13] recommend to create "... a net information system of promoting investments in a city which would be useful to satisfy the information demands of a foreign investor with a fast, simple and clear way by all directions and at all levels".

2. In the report of the World Bank Group, it is said that the main lack of the web-site investment promotion is the absence of qualitative content [6]. The web-sites were estimated by four categories: information architecture, design, content and promotion efficiency. It was found out that the content characterized by the business-information availability and utility is the most important category for a potential investor. Architecture and design are also necessary but less important

categories. It was noted that "... the top-quality content needs a considerable initial timetable to collect and analyze the information on the factors effecting the business decisions, arrangement and the following permanent support of the information currency by special staff men". To make the web-sites of the investment promotion better the authors suggest "...to take a large information content and represent it compactly and clearly in the form of visual aids (maps, diagrams etc.) interactive web-instruments (database, report generators) keeping in mind its importance for an investor" [14, 15].

3. The role of personal and impersonal techniques of promoting investments is described in the Review of the investment promotion practices (the USA) [16]. In this work, they consider the importance of a personal contact for promoting investments by participating in the international conferences, meetings and seminars, by receiving foreign investors and sending domestic investors. All these marketing techniques are used in 75 % of the cases of the implementation of the measures to promote the investment attraction.

The general promotional booklets and the investment guides are described as the most frequently used and quite effective marketing materials. The web-sites are also characterized as useful along with the above instruments.

The structure of costs on the investment promotion (Table 1) indicates a considerable cost per business trips of delegations to other countries to coordinate the investment problems (18 %). The web-sites, which are effective instruments of investment promotion, become profitable by means of marketing of the investment opportunities as they demand comparatively low amounts of financing (2 % of the promotion budget).

In [17, 18, 19], the authors analyzed the experience of designing the Investment passports of the territorial entities (Kiev region, the city of Zaporozh'ye etc.) and found out that the methodological bases of the formation of the information and analytical products are yet poorly developed. All authors agree that the document under study does not contain enough information useful for an investor and is overloaded with the one of little importance.

Thus, after reviewing the domestic and foreign experience of using the information technologies in the management of a city (region) economy the authors established a positive influence of the information support of the investment process on the city economic and social development. The domestic and foreign scientists note a major

Table 1

Allocation of the investment promotion budget [16]

Organization of business trips of the delegations to other countries on the investment problems	18 %
Advertisement in the foreign business mass media	11 %
Reception of the delegations of foreign investors	10 %
Visits to the international fairs	10 %
Participation in the international conferences	7 %
Direct mail organization	5 %
Advertisement in the national business mass media	5 %
Organization of meetings and seminars with the existing foreign investors	5 %
Employment of international PR-experts	3 %
Holding a TV-marketing	2 %
Employment of national PR-experts	2 %
Web-site	2 %
Others	20 %

role of the local authorities in the process of the information support of the investment procession a territorial entity. The scientists determined the effectiveness of different instruments of the information support of the investment procession (personal and impersonal). The foreign authors also determined some possible weak points of the investment portals (the investment web-sites) and the ways of their improvement. In their works, the domestic scientists revealed the problems of the development of the investment passports of the cities (regions) of Ukraine.

Methods and methodology

To reach the assigned aim the following methods were applied: the system and structural analysis—to determine the up-to-date state of the information support of the investment procession in the economy of a city and other territorial entities; the logical and structural substantiation—to develop the technical approaches on the improvement of the instrument of the information support of the investment procession of a city (the investment portal); the method of graphical description—to illustrate the state of the processions under study.

The methodology of the work: we have analyzed the investment portal of the city of Makeyevka on different signs, have carries out the comparative analysis the investment portals (in some cases—the sites) of the national and foreign cities (middle, large cities, metropolis and first-rate cities), have revealed their weak and strong points; have suggested some measures to make the investment portal of the city under study better.

Results of the analysis of the information support of the investment processes in the economy of the city of Makeyevka

Based on the results of the analysis of the information support of the investment processes in the city of Makeyevka, it was found out that the information support is realized through the operation of the official site of Makeyevka city council and through the investment portal of Makeyevka as well as by means of the participation in different exhibitions, conferences, investment forums and summits, by the information dissemination on the TV and in other mass media. As a result we have found out the absence of the investment passport and map.

The investment portal of the city of Makeyevka was developed and put into operation in 2011 by the Department of economy of Makeyevka city council. The purpose of the portal is to attract domestic and foreign investors (Table 2). The portal was developed on the base of the domain .org., the domain of the second level which is available for the Internet users.

It is known that the Investment portal operation made it possible to realize the investment project of the reconstruction of the central amusement park in the city.

But nowadays, there is no information on the regulations, cost of the development and the portal implementation.

The analysis revealed the drawbacks of the test investment portal: irregular information update (the best is about 1 week, in our case the time difference between news was 1 to 3 months); only

the Ukrainian, Russian languages were available and no English and/or German; the site only advertised the investment possibilities of the city but was not an assistant for an investor, was not a full-fledged portal.

The analysis carried out in this study was based on the investment processes in the economy of large cities the population of which is in the range of 250–500 thousand people (according to the existing state building codes of Ukraine DBN 360–92**). The analysis showed that in this category of cities the investment portal had been developed and was used only in the city of Makeyevka. It was found that a large number of the investment portals (web-sites) had been developed and operated in 7 regions. It was found out that there were the investment portals and web-sites in large and major cities (with the population ranging from 500 to 1 000 thousand people and more), such as Odessa, Lvov, Kharkov which are the regional centers. The investment sites of the city of Rovenki of Luhansk region (the population is about 84 thousand people) and the city of Pavlograd of Dnipropetrovsk region (the population is 110 thousand people) were also analyzed. According to the classification of cities by population these cities are average (50–250 thousand people).

A comparative analysis of the investment portals of different cities (middle, large cities, metropolis and first-rate cities) indicates that some of them are to attract domestic investors, while others — to attract foreign ones (Table 3). The methodical materials of Rovenky site and a lack of foreign languages on the site indicate that it fo-

Table 2

Analysis of the parameters of Makeyevka Investment portal*

No.	Index	Description
1.	Main task	To attract the potential domestic and foreign investors, to show the strong points and substantiate the practicability of the investments into the city economy.
2.	Adress	URL: http://www.investinmakeyevka.org/ (date of access: 15.04.2014)
3.	Number of users	Site attendance — 200 persons in the first of operation
4.	Specification	High server response rate; no difficulty with the adequacy of the server setting; no availability of the resource in the internet since May, 2014
5.	Functionality	The portal advantages: fast loading, “alive” links, self-contained branch on inquiry; The portal disadvantages: irregular information update, no English and /or German languages; no function of advertising the investment possibilities of the city
6.	Customer	Department of economy of Makeyevka city council
7.	Designer	Vladimir Vasilyev
8.	Operation results	Information is limited. It's know that the investment proposal located in the portal assisted the implementation of the Project of reconstruction of the central amusement park laid in the honor of the 10-th anniversary of Ukraine independence, the investor is a Russian firm
9.	Development time	September, 2010-November, 2010 (3 months)
10.	Operation period	December, 2010-May, 2014 (the portal is out of operation because of the political situation in the country)

* Developed by the authors.

Comparative analysis of the investment portals (sites) of different cities and towns*

No.	City	Topicality	Content quality	URL
<i>Regional city</i>				
1.	Rovenki (84 thousand people)	Ukrainian language. Statistics, data search, archive. URN* — 1-2 times a week	Investment projects (4 projects of the existing enterprises on the expansion of production). Methodical materials (to prepare the projects for financing at 5 different levels supported by the international organizations). Donor organizations (the list of these organizations and the resources they provide). The investment portrait of the town of Rovenki (in Ukrainian, Russian and English). Ground areas (5 areas with their characteristics). Unoccupied premises (14 objects with their characteristics). Industrial sites (2 objects). A return call (an on-line consultation is available)	http://invest-rovenki.at.ua/ ***
2.	Pavlograd (110 thousand people)	Languages: Ukr., Rus., Engl. No statistics, search, news. URN* — 0	The main thing: 1. The city video card. 2. The mayor address. 3. Information on the city. 4. Industry (18 large enterprises of the city with active links). 5. Ground areas (63 active links which give the necessary information with and visualization on the Yandex-map). 6. Classification of the territorial zones (9 links, 2 of them being active). 7. The real estate (municipal and private). Hotels, tourism. A roadmap of an investor. Feedback. A real estate object is to be added	http://pavlograd-invest.dp.ua/ ***
3.	Makeyevka (360 thousand people)	Language: Rus., Ukr. No statistics, search. URN* — 0.5 time a week	Why Makeyevka? (Discover Makeyevka for yourself, 10 reasons to invest. Facts and numbers. Perspective industries. City economy. Presentation of Makeyevka. Maps); Business circumstances: Investment propositions (A guide for an investor. The first steps in business organization. Adjustment of economical activity. Taxes and compulsory payments. Employment relationship); News. Contacts.	www.investinmakeyevka.org/ ***
<i>Cities – the regional centers</i>				
4.	Lvov (730 thousand people)	Language: Ukr., Engl., Germ., Pol. No statistics, search. URN* — 0.3 time a week	An investor track (the on-line form); Looking for an investor (the on-line form); Why Lvov? (Presentation of the city — a video address of the major in English, 10 reasons to invest in Lvov; investors' comments — 14 comments in English and others). Business circumstances (Conduct the business — laconic schemes described in the article). What do we suggest? (Strategic city projects; Business-park; Industrial park; Unoccupied working area — 15 objects with their concise description and photo material; Investment and grant projects; Innovation projects). Partners. Rewards	http://www.investinlviv.com ***
5.	Odessa (1 mln people)	Language: Rus., Engl. No site statistics. Search — available. URN* — 0.5 time a week	Registration of a project: Feedback; 7 reasons to invest in Odessa; Why Odessa? (History; Reference information, Rating, Map and Google-maps); For investors (List of projects (52 objects), Catalogue of business projects (26 objects), Unoccupied premises (1 unit), Register ground areas (reference to the cadastral map of Ukraine, difficulties in searching a suggested object), Objects of incomplete construction (no information), Scientific developments for putting into operation ((3 developments), Industrial enterprises of the city and Priority investment projects (the link does not work). Conduct the business (A guide for investors, State registration etc). Business infrastructure	http://investinodessa.org/ ***

End of Table 3

6.	Kharkov (1,4 mln. people)	Language: Rus. No statistics, search. URN* — once a week	<p>Address of a city major; Investment clusters of the city; High tech production, Science, Education (Projects by the types of activities with the volume of investment attracted from without and a desired form of attraction being mentioned). Suggest a project (the on-line form); Have an advice (the on-line form); Contacts; List of national investment projects (9 units); Students projects (9 units); Investment advantages of the city (8 reasons to invest, Investment climate in the city and others); Investment potential of the city (description); Business circumstances (measures, associations, infrastructure, library for an investor); the Largest enterprises (by the types of activities)</p>	http://www.invest.kharkov.ua/**
<i>Foreign experience of using the web-sites</i>				
7.	Vologda (308 thousands people RF)	Language: Rus. Statistics — available. URN* — 3 times a week	<p>About Vologda (Social and economic indexes, Investment picture, Strategy “Vologda — a comfortable city to invest in”); News (News from the enterprises; Analytics; Competitions > prizes, grants; Seminars, business-missions); Investment proposals (Projects, Administrations, Municipal propriety, Private propriety, Monuments, Housing estates, Cottage settlements); Map of the investment objects (Capital facilities, Ground areas, Projects); Industrial park “Vologda-East” (Process of the project implementation, Project participants, Mass media about the project, 3D panorama, Unoccupied ground areas in the industrial park “Vologda-East”); Strategy 2020; For help of investors (Federal, Regional and Municipal investment legislation, State support); Stories about success; Ratings; Mass media about the city; Calendar of events; Contacts</p>	http://invest.vologda-portal.ru/**
8.	Hamilton (520 thousands people, Canada)	Language: Engl. No references and news yet URN* — 2 times a week	<p>Why Hamilton? (10 reasons, Advantages of the suggestion, Encouragement of innovations, Universities and colleges, Transport, Quality of life, Rapid facts, Business connections, Manpower resources, Friendliness to immigrants, Creative city); Allocation and expansion (Start of business, Search for capital facilities, Business parks, Contact centers, Charges and tax rates, Rate of public services, Zoning and settlement); Key industries (Perspective technologies, Agro business and technology of production of foodstuffs, Pure technologies, Logistics, Life science); Stimuli (Municipal programs, Innovation programs, Trainings and employment, Ecological projects); Investigations and statistics (Demography and statistics, Quarterly economic indicators, Business directory, Publications)</p>	http://www.investinhamilton.ca/**

* URN — update rate of news.

** Developed by the author.

*** — date of access 20.04.2015-20.05.2015.

cuses on domestic investors to find the donor financing.

Very useful for an investor is a concise and graphical representation of the information he or her needs. The experience to be adopted by other cities is the formation of the section «Conduct of Business» on the Investment portal of the city of Lvov, which presents the concise order schemes: the creation and registration of a legal entity, the investment activities performance; the issue of the work permit for foreigners. In addition, the tabular form provides the data on the types of taxes and fees, their rate / size, the object of taxation, the payer and the payment period. There is also given the cost of energy carriers for legal persons (electricity, gas, water).

One of the significant drawbacks of some existing investment portals is the presentation of a large number of municipal projects (52 on the portal of Odessa) in a big list without their distributing by criteria, which reduces the quality of this information and complicates its perception. This disadvantage can be improved applying the experience of creating the Investment Portal of the city of Kharkov, all projects are distributed by the types of activity there.

The investment portals of large and super large cities contain such sections as “Propose a project” where the project form is available in the online form; the section for receiving online consultations (the investment portals of Kharkov, Lvov, Odessa).

It was revealed that the information support of the investment process in the city of Makeyevka is carried out through the operation of the official site of Makeyevka City Council and the Investment portal, through the participation in various activities, dissemination of information through television and periodicals. But the investment passport and investment map are not used. Having analyzed the investment portal of the city under study, its advantages and disadvantages, namely irregular updating of information, the lack of a foreign language, the application of the site for advertising investment opportunities of the city but not as full-fledged portal were revealed. Having also analyzed the investment portals and websites of various domestic and foreign cities, it was revealed that the level of these information resources in large and super large cities is higher. They focus on different groups of investors (domestic and foreign, large and medium-small, and others). The revealed advantages and disadvantages of the analyzed sites make it possible to consider them in the improvement of the investment portal of the city of Makeyevka.

Measures to improve the investment portal of a large city (by example of the city of Makeyevka)

The basic idea of improving the portal is make it a virtual assistant for an investor that would allow the latter to save time and other resources to obtain the necessary information. It is to become a full-fledged Internet portal with the current normative and legal base, methodological pieces of advice, priority and perspective investment projects and feedback.

The following actions are suggested to improve the investment portal of the city:

a) formation and placement of the investment projects base, the introduction of different features of the project search (for example, the following categories: public utilities, the social sector, the real sector or realizable, realized and perspective ones are to distinguished);

b) development of the database of unoccupied ground areas and premises of all forms of property after their pre-inventory taking carried out on the basis of the information provided by the appropriate district administrations of the city;

c) extension and specification of the database on the investment and production infrastructure, with the contact information being given. In addition, it is advisable to add the information about the production infrastructure: transport and engineering (heat, electricity, water supply, sewerage); about the companies providing telecommunication, radio and television services, the Internet access;

d) development, allocation on the portal and support of the information about investment opportunities in the form of the investment passport of the city;

e) creation of a business card as a supplement to the investment portal or the official website of the city council to display the investment objects on the city map in a specific thematic section using the layers;

f) formation of a single database of the local enterprises, producers of goods, works and services to give an investor a chance to identify the contractors (suppliers, customers). In the register it is advisable to specify the full name of the subject of management, products, contact information;

g) placement of the methodical information for investors;

h) collection of the information on the completed scientific developments in the city and their presentation in a single accessible format as a separate database of the local scientific researches;

i) focus on the positive experience of attracting investments into the city economy in order

to obtain a full support of all stakeholders and residents;

j) information of all stakeholders (companies, organizations, institutions, town investors) about the international exhibitions, forums, presentations and seminars of the investment orientation through the portal.

When developing and implementing the investment policy in a large city, one should know «one's investor», and for this it is proposed to establish and maintain the database of potential investors.

Measures to improve the information support of the process of accumulation of internal investment resources of the city economy

At the test level, there are a fairly large number of the investment sources, but one of the little used sources is an innovation instrument of the financial engineering, that is the stock of the local (municipal) loan. Just this instrument can help solve the problem of increasing the investment component of the economic growth of the city by using the mechanisms of attracting the funds of the population to make credit and investment activities more active [19]. The information support of the process of organization and implementation of the local bonds should be transparent and understandable, attractive for residents to invest. The information about the object of investment, planned results in the form of tangible convenience, time-frame and expected interests on their investments, about the existing guarantees of getting the results and interests on the invested funds will be interesting for them [20, 21, 22].

Conclusions

The article has revealed that the economic efficiency of the investment policy in a large city largely depends on the local authorities. Among the large number of tools to activate the investment processes, they have the information support of these processes to provide potential investors with the necessary and qualitative information about the possibilities and prospects of the investment activity. The availability of qualitative information about the competitive advantages and features of a large city economy contributes to the decision-making as to the investment in

the appropriate territorial unit, which is a powerful impulse for the socio-economic development of the territorial unit.

In this paper, it is determined that the basic problems that lead to a poor information support of the investment processes in a large city economy are: the imperfection of the mechanism of formation of the investment programs and plans of the investment development at the municipal and regional levels; a residual principle of financing the development and implementation of the city investment policy; a lack of time and experience of the officials involved in the management of the investment processes at the test level. It is proved that it is the local authorities who can improve the information support of the investment process by taking an active stance in the implementation of local advantages and by informing a potential investor about them both in close cooperation with the regional and national authorities and on their own.

The advantages and disadvantages of the information support of the investment process in the city of Makeyevka have been revealed. Having analyzed the investment portals and sites of domestic and foreign cities, we have developed some measures to improve the investment portal of the city under study. It should become a full-fledged Internet portal with the current normative and legal base, methodological advice, priority and promising investment projects and feedback. All one has to do is to form and allocate the base of investment projects having classified then by different features; to develop the base of free fixed property objects on the base of their pre-inventory taking; to expand and specify the database of the infrastructure; to develop, allocate and maintain the relevance of the investment passport of the city; to create the business map; to form a single base of the local business data; to accommodate the methodological information; to develop the database of the local scientific researches; to focus on the positive experience of attracting investments into the city economy.

A further area of the research can be the evaluation of the efficiency of using the investment passport and the investment map of the city by the local authorities.

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