Polishchuk Ya.P.,

assistant<sup>\*</sup> of the Department of Finance and Credit, Podilsky Technical University of Agrarian Science

### EVOLUTION OF RURAL DEVELOPMENT IN UKRAINE: EUROPEAN INTEGRATION DIMENSION

Setting the problem. The concept of rural development in the lexicon of domestic agricultural economists appeared relatively recently, although finding solution similar or tangential scientific problems always was interested for researchers. This is caused by the exceptional social and economic mission of the peasantry, especially in the country with such a huge agricultural potential, as Ukraine. Even in Soviet times, the social and economic development of the village was one of the key priorities for researches in agricultural economics. Over time, there were political, economic, social and even environmental changes in Ukrainian village. The lifestyle in the rural areas has changed in some ways that impact on social behavior, psychology of peasants, changed their economic relations and, more importantly, from the standpoint of this research –contributed to the aggravation of the need in increasing their standard of living, creating safe labor conditions, accessing to the modern social benefits and ensuring a safe environment for vital activities, etc.

However, as needs and the conditions and possibilities of improving the welfare of peasants and their quality of life has changed. First of all, from the time Ukraine gained independence, changes that have occurred in the economy, fundamentally transformed economic relations in the country. In particular the institution of private ownership of the means of production has been revived, and first of all – on the ground, the former collective farms have been restructured, provided pluralism of the choice of organizational and legal forms of economic activity in the rural areas, the agricultural sector of economy began to work in the market conditions.

The social transformations that the economic transformation accompanied on this background did not occur as rapidly as required by the logic of balanced development. Even enhancing the role of rural communities, their transition to selfgovernment (without an adequate, targeted and equitable social policies of executive power) failed to curb the deepening demographic, social and environmental problems of rural society.

<u>Analysis of recent research and publications.</u> A lot of scholars, economists and agrarians have paid attention to the problems of rural development. Among them are I.I. Lukinov, L.O. Shepotko, O.A. Bohutskyi, M. Kh. Vdovychenko, H.I. Kupalova, M.K. Orlatyi, K.I. Yakuba, I.I. Lototskyi, P.T. Sabluk, P.I. Haydutskyi, I.V. Prokopa, A.S. Malynovskyi, S.I. Melnyk, M.F. Kropyvko, V.P. Ryabokon, O.H. Bulavka, Yu.E. Hubeni, I.V. Honcharenko, K.V. Prokopyshak, M.Y. Malik, O.M. Onyshchenko, V.V. Yurchyshyn, O.M. Borodina, T.O. Zinchuk, N.M. Kutsmus, O.I. Pavlov, V.S. Diyesperov. However, the problems of rural development in Ukraine remain at quite a low level.

<u>Setting the objective.</u> The purpose of the article is to study the evolution of conceptual approaches to solving social rural problems in Ukraine. The study of strategies for rural development in European Union countries and the choice of approaches to the implementation and adaptation of European experience in Ukraine are considered in the article.

<u>The main material of the research.</u> In the democratic society the personal needs of the rural population in its unlimited diversity (physical, cultural, spiritual, etc.) are not different and in principle should not different from the needs of rest of the population as to as to regularities of their occurrence, as regards the use and satisfaction. However, the specificity of the method of the rural life, its particular spatial and temporal characteristics and constraints of society dependent on this sphere of human activity, eventually geopolitical mission of Ukraine as one of the world's leading manufacturers of food, require more. Under such circumstances, there is a reason to look in a different way more modern, from the perspective of globalization of the world economy and the Euro integration prospects of Ukraine, to

ensure progress not only in agricultural production and agribusiness, but systematic to substantiate and suggest scientific predictions of key parameters for the existence of rural society in the strategic perspective.

This position must necessarily be consistent with the concept of sustainable development, scilicet have economic, social and environmental dimension.

Thus, the constant changes in the social order for scientific support and maintenance of social and economic development of rural areas contributed to the formation and evolution of the relevant conceptual approaches that domestic economists and agrarians adhered (Figure 1).



# Figure 1. Evolution of conceptual approaches to solving social problems of the village in Ukraine

Source: own researches.

An important feature of the domestic scientific school of researchers of social and economic problems of the village is to ensure the continuity of different conceptual approaches. However, at each historical phase of this school were different tasks, adequate time of vision of the ways for solving problems and means existed (Table 1). Researches were coordinated and methodologically directed by two research centers that currently have the name "Institute of Economics and Forecasting of NAS of Ukraine" and the National Science Center "Institute of Agrarian Economics" of NAAS in Ukraine. A characteristic feature of the present strengthening of the role of university science in the study of social and economic problems of the village and reinforce interaction with scientific institutions of the non-agricultural profile.

Table 1

## The content of the areas of social and economic researches

### in the agriculture of Ukraine

The directions of	The most famous representatives of the	Conceptual platform of scientific direction	
research	of scientific direction	essentiality	peculiarities
Social (social and economic) rural development	I.I. Lukinov L.O. Shepotko O.A. Buhutskyi M.Kh. Vdovychenko H.I. Kupalova M.K. Orlatyi	Social development as a component of compensation of discrimination of the peasantry by the state in the time of the	Implementation of the tasks depended on the allocation of public funds and collective initiatives of agricultural enterprises,
	K.I. Yakuba I.I. Lototskyi	totalitarian past and the elimination of social and economic disparities that have arisen on this basis	directed mainly on meeting the needs of their employees
Social and economic development	P.T. Sabluk P.I. Haydutskyi I.V. Prokopa	The transitional model that is associated with the process of market	The subject of research is becoming settlement network, the
of rural areas	A.S. Malynovskyi S.I. Melnyk M.F. Kropyvko V.P. Ryabokon O.H. Bulavka Yu.E. Hubeni I.V. Honcharenko K.V. Prokopyshak M.Y. Malik	transformation of the agricultural sector, aims to systematic taking into account needs of all residents of rural areas with a shift of emphasis from sector to territorial development	combination of spatial resources and human capital, and pluralism of economic forms, including non- agricultural activities, but while maintaining the dominance of agricultural production
Rural development	O.M. Onyshchenko V.V. Yurchyshyn O.M. Borodina T.O. Zinchuk N.M. Kutsmus O.I. Pavlov V.S. Diyesperov	The transition from territorial emphasis on the dominant role of agriculture to the model of development that seeks to improve the quality of life of farmers that provides a synergistic interaction between economic, social and environmental factors	Departure from the postulates of agro- centrism, the course on the accumulation of human capital taking into account in the strategic of diversity and perspective of rural life, increasing the role of local self- government

Source: own researches

Thus, the evolutionary transition from the concept of social and economic development of rural areas to the concept of rural development is a gradual shift of accents from the problems of ensuring economic self-sufficiency of certain spatial

habitat (areas) associated with agricultural production and hence the rejection of the postulates of agro-centrism, namely recognition of agriculture by the engine in ensuring social progress on these territories.

It occurs under the influence the impact of technocratic society, the growth rate of its urbanization and globalization of food markets, significantly increasing productivity in agriculture, etc. The emergence and spread of the concept of rural development became appropriate response to these and some other challenges of the objective course for social development.

Corresponding Member of NAS of Ukraine O.M. Borodina propose to consider rural development "such process that provides for harmonious social and economic progress in rural areas based on the self-organization of rural communities with the greatest possible use of endogenous factors (local assets) in their combination with external opportunities" [1, p. 21]. Persuasiveness of this definition is in underlining the crucial role of rural communities, its autonomy in defining goals and choosing the means to achieve them. It is worth to add that leverage and the management tools of their progress (self-organization, local resources and means of subsistence population) should be transmitted by the democratic way to the community, delegated the responsibility for its ensuring. Thus, it is clear that the state should not refuse, firstly, from their respective programs of national scale, and secondly – from the function of overcoming disproportionately in rural development of different regions.

The starting point of the concept for rural development is the growth of life quality in the countryside. This presupposes a revision and radical increasing of social and economic development, opening new prospects and diversification of their achievements, an alternative choice for individuals of lifestyle taking into account the increasing cultural, educational, spiritual and other needs of the modern man. But all this must be achieved not through, or not only thanks to agricultural production as the dominant economic activity. Rural entrepreneurship, services, education and culture, re-creative business, including tourism, social and physical infrastructure, environmental and renewable resource activities are nominated at the forefront. Professor T.O. Zinchuk notes that a new paradigm of rural development instead of agro-centrism has became a man-centrism when a person has to form around himself an environment that would provide quality of life and the state as a subject of control should only create the necessary conditions for it as a public benefits [2, p. 9].

Therefore, objectively there is a need in the application and use of new conceptual approach – rural development. In our opinion, it is necessary to allocate such systems forming *strategic directions* (Figure 2):



Figure. 2. Strategic direction

### for rural development in Ukraine

Source: own researches.

*Economic direction* involves the creation of new conditions and opportunities for development of economic activity in the countryside, its diversification, diversification and employment in rural areas in general, increasing the role of rural businesses, especially small and medium businesses, to nominate and implementation of the principle of self-sufficiency in the economic development.

*Social direction* involves the development of self-government in the countryside and strengthening the role of rural communities in the harmonization and satisfaction of its members as individuals and to ensure progress all rural society, further democratization of public life, strengthens social protection of the rural population, providing him access to all the modern social benefits and ensuring social equality.

*Ecological direction* is based on a deep rethinking of the interaction of man and nature, radically changing attitudes towards the environment, rational use and conservation of natural resources, forming ecological consciousness. Secure vital activity must be based on these aspects.

According to foreign scientists, policy of rural development consists in the mobilization of efforts aimed at eliminating or minimizing the social and economic disadvantages that reduce the quality of life of rural communities [3, p. 4-6]. Rural development provides improving the social and economic conditions in rural areas through improved employment opportunities (including also through improving productivity in agriculture), increasing household incomes and mobility of their members. Rural development is associated with fundamental changes in almost all aspects of life in rural communities. It is combined with improvements in the quality of life of the rural population by increasing levels of its self-sufficiency and social security, which is possible only if the restructuring of its economic activity [4].

Although rural areas in Ukraine traditionally associated with agricultural production, developed countries direct their efforts and resources on integrated rural development that reflects the complex relationships and interactions of rural economy. In particular, the integrated activities of the special policy on rural development in the EU were used since 1972. The aim of rural development in the EU is to increase the level of competitiveness rural areas, to create high standards of living, environmental protection for rural residents. The main objectives of EU agricultural policy were defined in Art. 39 Treaty of Rome: increasing agricultural production through the introduction of scientific and technological progress, ensuring the rational development of agricultural production and optimum use of resources especially labor; ensuring high living standards of population especially employed in agriculture, by raising of its income; to stabilize markets; ensuring a sustainable food ensuring for the population at reasonable prices [5, p. 189]. Currently, for the EU is characterized the situation when multi-functionality of agriculture leads to multi-functionality of the village [6].

The aim of the rural development regulation is to ensure a balance of mechanisms for state regulation and market instruments, which facilitate the creation of necessary prerequisites for improving the quality of life, employment and effective employment and improvement of demographic situation on the basis of a stable and efficient material production and development of services. Thus, it is important that the system of state regulation promoted increased provision of public goods in rural areas, improvement of social infrastructure and support of regional economic development.

The European Union is responsible for the state of territorial development and standard of living of all its countries, giving everyone the equal access to the consolidated assistance, including rural areas. Rural areas occupy over 90% of the total area of the EU countries. These territories are inhabited by 55% of the population. Taking this into account, introduced a special intergovernmental policy for support of rural development in the EU, the need of which is due to lower income level for inhabitants of rural areas, unequal access to modern social benefits to inhabitants of villages and towns, large expenditures on life support, increased competition in the agricultural sector, etc. On the other hand, life in rural areas provides some advantages – economic, social, aesthetic, and so on.

Support policy of rural development (*Rural Development Policy*) in the EU countries has significantly intensified since 2007. It is implemented in such a way that each State Party could rely on the support of its own activities at national, regional and local level. At the level of the whole Union, there are a number of strategic management rules aimed at ensuring flexibility and strategic focus, certain purpose and integration of rural development policy.

In addition, rural development policy in the EU has four strategic directions (i.e. *exes* – "axis" of rural development), which include: 1) improving the competitiveness of agriculture and forestry; 2) improving the environment and countryside as a whole; 3) ensuring quality of life and diversification of rural economy; 4) implementation of rural development methods of directed on interested in the partnership through the creation of local action groups (*Local Action Groups*), which implement local development strategies.

Integration is the key principle of EU rural development policy, which provides a balance of its economic, social and environmental component. This policy is transformed into practice through of rural development programs (*Rural Development Programs*). Each such program receives financial support from the European Foundation for Agriculture and Rural Development, which provides financial support to EU Member States in achieving such objectives: support the competitiveness of farms, forestry and food processing enterprises; help in protecting the environment; support for rural economy and quality of life in rural areas. The Fund has a budget of 96.4 billion euro that supports nearly 100 programs of rural development in different countries. At the EU level the work of the fund is controlled by the European Commission through the Committee of Agriculture and Rural Development. The Fund is the main financial instrument for implementation of the Common Agricultural Policy in the EU that has been established since 2005 and is based on the new rules of financial regulation "Pillar 2" [7].

Rural Development Programs are a political instrument and a financial mechanism that is used by the EU Member States for the implementation of rural development policy at the specific areas. Each of these programs provides targeted support for the specific rural areas, which may be the whole country or the separate region. The programs are based on the measures of strategic direction, including the first three are called thematic, and the fourth – methodological, which mainly deals with approaches to the rural development. The measures have a certain numbering its complete list is given in Fig. 3.

Axis 1 - improving the competitiveness of agriculture and forestry	<ul> <li>11 Advancement knowledge and improving human potential (111 Professional training and work information, 112 Work with young farmers 113 Early retirement 114 Use of advisory services 115 Selection of managers and individuals for temporary replacement and consultants);</li> <li>12 Restructuring and developing physical potential and promote innovation (121 Modernization of farms, 122 Improving the economic value of the forest, 123 Receiving the positive value of agricultural production and forestry, 124 Cooperation for development of new products, processes and technologies in the agriculture, forestry and food processing industries, 125 Infrastructure related to the development and adaptation of agriculture and forestry, 126 Revival of productive capacity in agriculture);</li> <li>13 The quality of agricultural production and products (131 legislative implementation of EU standards, 132 Participation of farmers in networks of food quality, 133 Information and promising activity);</li> <li>14 Transitional measures – only for EU members that joined after 2004 (141 Semi-subsistence farming, 142 Groups of producers, 143 Dissemination of agrocometical and producers)</li> </ul>
Axis 2 - Improving the environment and countryside	<ul> <li>21 Equilibrated use of agricultural land (211 Payments to farmers in mountain areas by natural obstacles, 212 Payments to farmers in non-mountainous areas by obstacles, 213 Payments for biodiversity conservation, 214 Agro-ecological payments, 215 Payments for animal welfare 216 Non-productive investments);</li> <li>22 Equilibrated use of land under forest (221 First reforestation of agricultural land designation, 222 First creation of agro-forestry systems on agricultural land designation, 223 First reforestation land of non-agricultural appointment, 224 Benefits under preservation of biodiversity, 225 Payments for conservation of forest protection, 226 Forest restoration potential and introducing prevention actions, 227 Non-productive investments);</li> </ul>
Axis 3 - quality of life in rural areas and diversification of rural economy	<ul> <li>31 Diversification of the rural economy (311 Diversification related to non-agricultural activities, 312 Support for discovery and development of business, 313 Attraction to tourism activities);</li> <li>32 Improving the quality of life in rural areas (321 Basic services for businesses and the rural population, 322 Restoration and development of villages, 323 Preserving and improving rural traditions, and 331 Information and Education, 341 Measures to develop skills and revitalization related to the preparation and implementation of local development strategies);</li> </ul>
Axis 4 - methods for implementing rural development strategies	<b>Development Strategy</b> (411 Competitiveness, 412 Environment / land management, 413 Quality of life / diversification, 421 implementation of cooperative projects, 431 Local Groups of Actions: their costs, skills acquisition, intensification of activities).

# Figure 3. Systematic approach to the choice and implementation of strategies for rural development in the EU countries

Source: adapted from materials of the European Commission.

Financing by means of rural development programs is available for a wide range of different types of rural development projects, each of which is chosen a set of measures of the above assortment. On average such program includes 20-30 measures. Management and monitoring the compliance program provides social structure, usually national or territorial governing bodies that are responsible for economic, social and environmental aspects of agriculture and rural development.

Their functions for managing programs consist in the content of the program with the assistance of consultants and representatives of stakeholders, leadership the Monitoring Committee, ensuring the financing by the rules and regulations of the EU, monitoring and evaluation of program implementation, configuration and support of communications regarding the realization of the program objectives, procedures of recourse for financial support, the objectives and progress in achieving the goals.

<u>Conclusions from the study.</u> Thus, the evolution of thinking on the social development of rural areas has gone a certain way from scientific substantiation of directions for overcoming social and economic disparities in the time of collectivized agriculture, further – to the focus on the systematic development of rural areas under conditions of preserving the dominance of agriculture (agro centrism), and finally – transfer to the new vision for the future of the village that is provide a synergistic interaction between economic, social and ecological factors, with orientation to human capital accumulation and, on this basis, improving quality of life in rural areas. This system of views was called "the concept of rural development". According to the present situation this system is the most adequate to the conditions of market economy and a democratic society that in particular is confirmed by the international practice, especially the EU countries.

The emphasis on the pan-European vision of rural development, the need for transnational cooperation has always been important.

#### References

3. Bamidele, A.S. (1990), Universal concept of rural development problems: An analysis in

<sup>1.</sup> Borodina, O.M., Prokopa I.V. (2010), *Teoriwa, polityka ta praktyka silskoho rozvytku* [Theory, policy and practice of rural development], NAS of Ukraine: The Institute for Economics and Forecasting, Kyiv, Ukraine, 376 p.

<sup>2.</sup> Zinchuk, T.O. (2010), "The transformation of agro-centrism in politics of rural economy", *Visnyk Zhytomyrskoho natsionalnoho ahroekolohichnoho universytetu,* no. 2 (27), Vol. 2, (Ekonomichni nauky), pp. 3–12.

Onajide M.O. et. al. pp. 3-25.

4. Mustapha, B.M. (1989), Local government as an instrument of social mobilization and rural development for self reliance: The Lagos State experience // Paper presented at National Conference on Social Mobilization and Community Development, pp. 99-112.

5. Shyian, V.Y., Sharko, I.O. (2007), *Ahrarna polityka: Kurs lektsii* [Agricultural policy: Course of lectures], *Kharkivskyi natsionalnyi ahrarnyi universytet*, Kharkiv, Ukraine, 204 p.

6. Hohol, T.V. The multifunctional development of rural areas - strategic objective of state regional policy, available at: nbuv.gov.ua/e-journals/...1/.../Gogol.pdf

7. Pelizzon, L., Schaefer, S., Pillar 1 Vs. Pillar 2 Under Risk Management, [Electronic recourse], available at: http://nber.org/papers/w11666

8. Lupenko, Yu.O., Bulavka, O.H., Malik, M.Y. (2013) *Stratehichni napriamy staloho rozvytku silskykh terytorii na period do 2020 roku* [Strategic directions for sustainable rural development for the period till 2020], NNTS IAE, Kyiv, Ukraine, 74 p.

#### Поліщук Я.П. ЕВОЛЮЦІЯ СІЛЬСЬКОГО РОЗВИТКУ В УКРАЇНІ: ЄВРОІНТЕГРАЦІЙНИЙ ВИМІР

**Мета.** Метою статті є дослідження еволюції концептуальних підходів до вирішення соціальних проблем села в Україні. Дослідження стратегій сільського розвитку в країнах європейського союзу та вибір підходів до імплементації та адаптації європейського досвіду в Україні.

Методика дослідження. Методологія, як шлях наукового пізнання певного процесу або явища, має будуватися на певних загальновизнаних наукових підходах, що забезпечують підґрунтя для застосування певних методів, прийомів та інструментів досліджень, підвищують достовірність отриманих результатів дослідження. Основними такими підходами у даному дослідженні є: історичний, діалектичний, системний та синергетичний. Вибір саме цих наукових підходів у економічному дослідженні сільського розвитку зумовлений орієнтацією на базові цінності та фундаментальні основи ринкової економічної системи та курсом на побудову демократичного суспільства в Україні.

**Результати.** Систематизовано підходи дослідження сучасного стану сільського розвитку. Сформовано стратегічну спрямованість сільського розвитку в Україні. Досліджено програми сільського розвитку Європейського союзу. Виділено підходи до вибору та імплементації стратегій сільського розвитку в країнах ЄС.

Наукова новизна. Розроблено модель концептуальних підходів до вирішення соціальних проблем села в Україні, що дає можливість змістовного наповнення напрямів соціально-економічних досліджень в сільському господарстві України

**Практична значущість.** Отримані в процесі дослідження наукові результати мають важливе практичне значення для розробки й обґрунтування напрямів і шляхів поліпшення сільського розвитку.

**Ключові слова.** Сільський розвиток, євроінтеграційний вимір, стратегічні напрями, людиноцентризм.

## Полищук Я.П. ЭВОЛЮЦИЯ СЕЛЬСКОГО РАЗВИТИЯ В УКРАИНЕ: ЕВРОИНТЕГРАЦИОННОЕ ИЗМЕРЕНИЕ

**Цель.** Целью статьи является исследование эволюции концептуальных подходов к решению социальных проблем села в Украине. Исследование стратегий сельского развития в странах европейского союза и выбор подходов к реализации и адаптации европейского опыта в Украине.

Методика исследования. Методология, как путь познания определенного процесса или явления, должна строиться на определенных общепризнанных научных подходах, обеспечивающих основу для применения определенных методов, приемов и инструментов исследований, повышают достоверность полученных результатов исследования. Основными такими подходами в данном исследовании являются: исторический, диалектический, системный и синергетический. Выбор именно этих научных подходов в экономическом исследовании сельского развития обусловлен ориентацией на базовые ценности и фундаментальные основы рыночной экономической системы и курсом на построение демократического общества в Украине.

**Результаты.** Систематизированы подходы исследования современного состояния сельского развития. Сформировано стратегическую направленность сельского развития в Украине. Исследованы программы сельского развития Европейского союза. Выделены подходы к выбору и имплементации стратегий сельского развития в странах ЕС.

**Научная новизна.** Разработана модель концептуальных подходов к решению социальных проблем села в Украине, что дает возможность содержательного наполнения направлений социально-экономических исследований в сельском хозяйстве Украины

Практическая значимость. Полученные в процессе исследования научные результаты имеют важное практическое значение для разработки и обоснования направлений и путей улучшения

сельского развития.

Ключевые слова. Сельское развитие, евроинтеграционный измерение, стратегические направления, человекоцентризм.

# Polishchuk Ya.P. EVOLUTION OF RURAL DEVELOPMENT IN UKRAINE: EUROPEAN INTEGRATION DIMENSION

**Purpose.** The aim of the paper is to study the evolution of conceptual approaches to solving social rural problems in Ukraine. The study of strategies for rural development in European Union countries and the choice of approaches to the implementation and adaptation of European experience in Ukraine are considered in the article.

**Methodology of research.** The methodology as a way of scientific cognition of a certain process or phenomena should be based on some generally recognized scientific approaches that provide the foundation for the application of certain methods and instruments of research improve the reliability of the obtained research results. Historical, dialectical, systematic and synergetic approaches are fundamental in this research. The choice of these scientific approaches in economic studies of rural development is caused by the orientation on basic values and fundamentals of the market economic system and the policy of building the democratic society in Ukraine.

**Findings.** The scientific approaches of the current state of rural development have been systematized. It has been formed the strategic orientation of rural development in Ukraine. It has been examined the programs of rural development of the European Union. It has been allocated approaches for choosing and implementation of strategies for rural development in the EU countries.

**Originality.** It has been developed the model of conceptual approaches to solving social rural problems in Ukraine, which enables the content for the directions of social and economic researches in agriculture of Ukraine.

**Practical value.** The obtained scientific results in the research process have important practical significance for the development and substantiation of directions and ways for improvement of rural development.

**Key words:** rural development, European integration dimension, strategic directions, human and centrism.