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FORMATION OF THE SUSTAINABLE DEVELOPMENT MECHANISM OF RURAL AREAS OF UKRAINIAN REGIONS

Summary. This paper defines the functions and emergent properties of rural areas. The components of the mechanism of sustainable development formation of rural areas of regions are substantiated. The principles of transition to sustainable development of rural areas of Ukraine under current conditions are proposed.

Keywords: rural areas, sustainable development, mechanism, organization, management, regulation, planning.

Target setting. Problems of development and organization of rural areas in recent decades are the focus of academic specialist in economics, practitioners, specialists in public administration, government officials, politicians and representatives of local self-government. This is primarily due to the influence of at least three sets of factors. First, radical reforms and changes in the entire social and economic paradigm of rural development have radically changed the production and economic, property and labor relations in rural regions, forms and methods of economic management. Secondly, the processes of urbanization, development of knowledge economy, introduction of innovations in living environment, and other factors have led to a sharp decrease in the natural and mechanical increase in rural population, external migrations, depopulation of rural areas, degradation and depressive development of a significant part of rural areas. Thirdly, influences related to European integration and global effects, Ukraine's exit into regional and world agricultural food markets, and positioning of the country as a world producer and exporter of food products also require new approaches to organization and development of rural areas, its management and regulation.

That is why the substantiation of the methodological principles of formation and implementation of the sustainable development mechanism of rural areas taking into account institutional regulators, innovation and investment resources and strategies, public and private partnership and state regulation are important today.

Actual scientific researches and issues analysis. Various aspects of functioning of rural areas were investigated in the works of mostly domestic economists-agrarians. Thus, the general methodology of social and economic development of rural areas is contained in the fundamental works of O.V. Borodina, V.M. Heyts, O.D. Hudzynskyi, B.M. Danylyshyna, O.Y. Yermakova, M.V. Zhuk, A.V. Kliuchnyk, E.M. Libanova, I.I. Lukinova, M.Y. Malik, O.I. Pavlova, T.I. Oliynyk, B.Y. Paskhaver, P.T. Sabluk and others.

Uninvestigated parts of general matters defining. The previously identified problems, manifestations and trends have a clear territorial conditionality, differences and peculiarities that, therefore, require regulation and management at the regional level. This is evidenced by the zoning and certification of rural areas, the zonal nature of agrarian production, the natural and resource conditionality of rural green tourism and other sectors and activities in rural

areas, and finally, the village settlement network. Taking into consideration the production and resource orientation of rural areas, the dynamics of agrarian landscapes, the environmental risks, the urgent need to reproduce ecological parameters of the environment, the category itself, the philosophy, the constraints and the requirements of sustainable development will contribute to solving these problems.

Thus, the functions and principles of sustainable development at the regional level in relation to rural areas, the components of the mechanism of its formation and implementation should be determined in the first turn.

The paper objective. The main objective of this work is to justify the principles, the components of formation and implementation of the sustainable development mechanism of rural areas in Ukrainian regions.

The statement of basic materials. The economic features of rural areas include their intellectual capital and innovations (scientific and technical developments, development of information systems, intellectual capital), production conditions (logistical support of agrarian production, multistructurality of the rural economy, employment of rural population and working conditions, level of efficiency and wages, land resources, raw materials, water resources, forest resources, natural and climatic conditions), financial support (budget allocations, investments, taxation load, credit provision, insurance), government regulation (legislative and regulatory support, local self-government). The social factor is defined as dominant in the formation of an updated rural environment, and the economic component should be considered as an instrument for achieving the set targets for the development of rural areas and the agrarian sphere. When investigating the problems of rural areas, it should be borne in mind that the integrated rural development should envisage the development of all functions of rural areas.

The distinctive feature of the rural area is that it is the source of many goods: food products and agricultural raw materials, natural resources, place of residence, recreational objects. Increasing the role of rural areas in implementing strategic social and economic transformations requires the use of a comprehensive integrated approach to the development of a country as a social and territorial subsystem of society, which performs a number of key national-economic functions, including productive-economic, demographic, social, environmental, cultural and ethnic, infrastructural, social and political, the function of local self-government and the regulation at the regional level (Fig. 1).

The productive-economic function consists in meeting the needs of society in foodstuffs and raw materials for industry, products of forestry and hunting industry, as well as products and services of other industries and types of economic activity.

The essence of the demographic function consists in procreation of rural population, provision of agriculture and other branches of

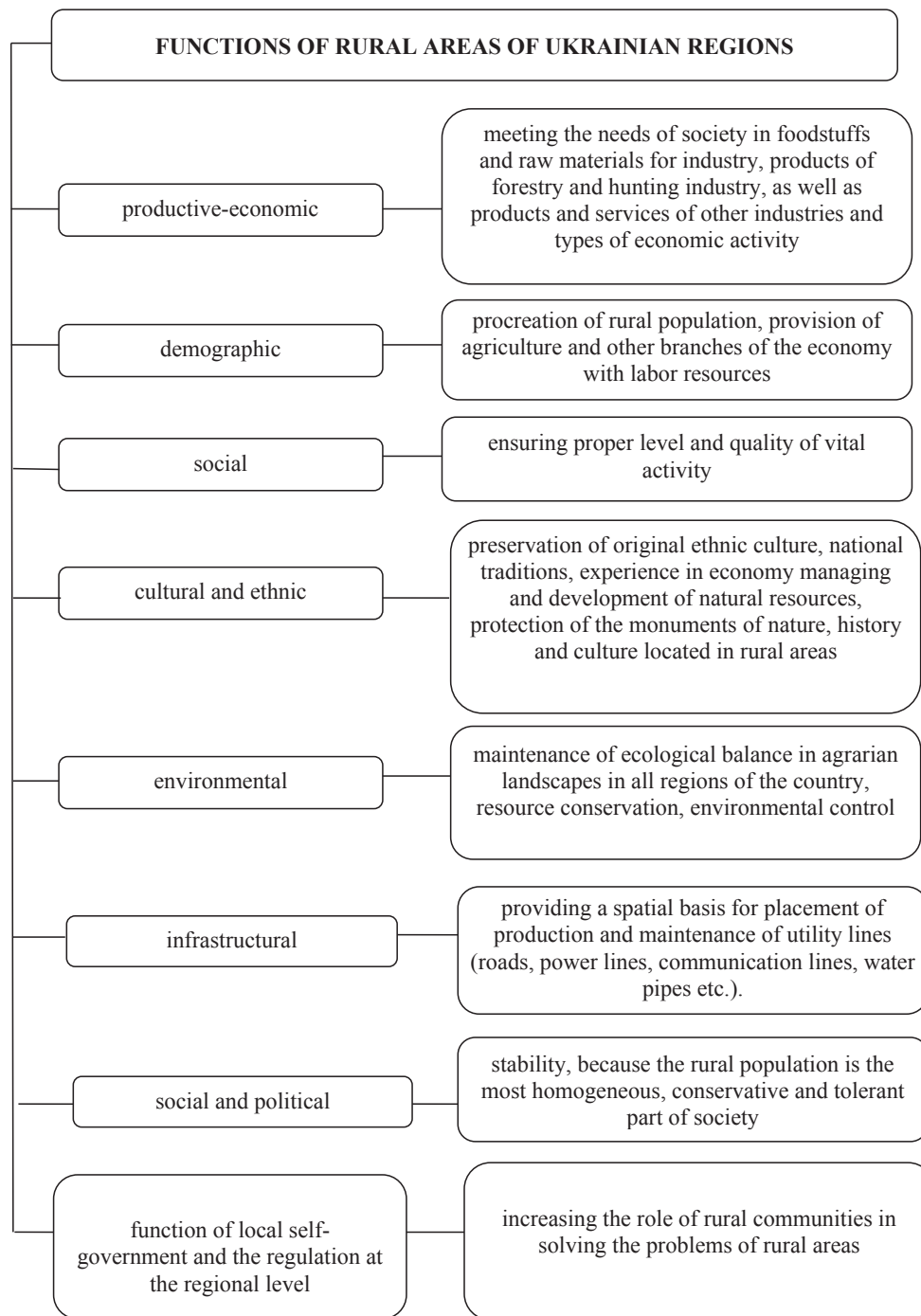


Fig. 1. Functions of rural areas

the economy with labor resources. The social function consists in ensuring the proper level and quality of vital activity.

The cultural and ethnic function includes preservation of original ethnic culture, national traditions, customs and rituals, folklore, experience in economy managing and development of natural resources, protection of the monuments of nature, history and culture located in rural areas. The infrastructural function means providing a spatial basis for placement of production and maintenance of utility lines (roads, power lines, communication lines, water pipes etc.). The essence of the ecological function is maintenance of ecological balance in agrarian landscapes in all regions of the country, resource conservation and environmental control. The social and political function means stability, because

the rural population is the most homogeneous, conservative and tolerant part of society.

We have generalized the function of social control over the area, which consists in helping the rural population, the state bodies to ensure public order and safety in the territories, control over condition of land, water and forest resources, flora and fauna.

The justification of the functions of rural areas allowed determining the emergent properties of rural areas (Fig. 2).

Many agricultural scientists believe that agrarian production is a system-forming industry in rural areas [1]. At that, the compliance of the area specialization with the natural and climatic conditions and market requirements is not taken into consideration. Under current conditions, agriculture loses its importance from the point of view of

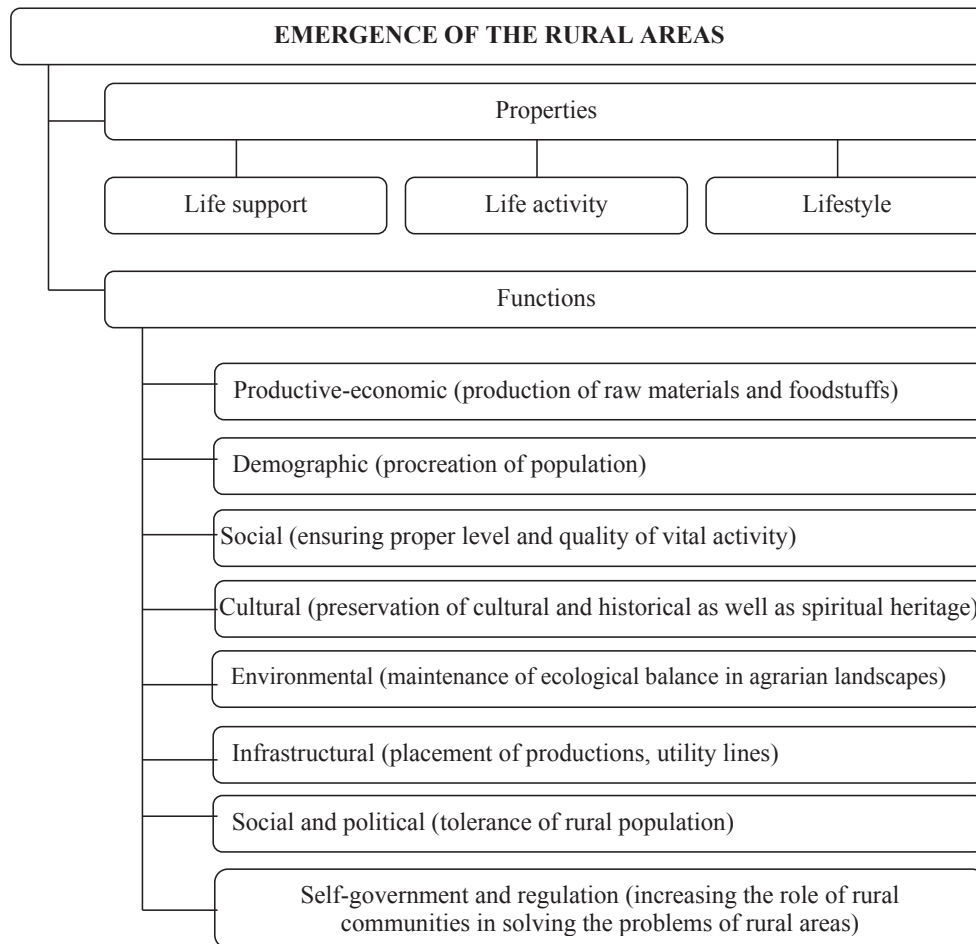


Fig. 2. Emergence of rural area

filling the budgets, as well as official employment of the population. With its other important function – the support of cultural landscapes, agrarian production is also coping from bad to worse.

The analysis of domestic and foreign studies in the field of sustainable development theory allows us to propose the following principles for transition to sustainable development of rural areas of Ukraine under current conditions. These include the principles of subsidiarity, complementarity and public participation.

The concept of subsidiarity is increasingly being used in the world to distinguish between the competence and the powers among the power structures operating at different territorial levels. The subsidiarity approach is enshrined in the constitutions of the European Union and the United States, as well as the European Charter of Local Self-Government, which was ratified in Ukraine [2]. In its article 4, paragraphs 3, 4, 5 and 6, it is stated that the exercise of public authorities lies, as a rule, primarily with the power structure which has the closest contact with the citizens. The transfer of any function to another power structure should be done taking into account the scope and nature of the specific task, as well as the requirements of efficiency and economy [2].

The subsidiarity rejects the usual bureaucratic top-down hierarchy and proclaims that “only what cannot be effectively done at a lower level of administrative-territorial management should be transferred to the higher one”. “Aid for self-help”, “the priority of small over large” – this is the essence of this principle.

The subsidiary procedure is based on the fact that authorities originally belong to lower instances, and transfer, delegation may

only take place from the bottom upwards. The allocation of local self-government bodies with certain state authorities is not accompanied by the transfer of material and financial resources necessary for their implementation.

The development of rural areas based on the principle of subsidiarity, provides for the need to respect the principle of “counter-flows” in the hierarchy of territorial development planning, when the interests of lower ones are taken into consideration when preparing the plans of a higher level, and when planning at the local level, regional and state policies are taken into consideration. At the same time, Mutual additionality (complementarity) of different levels of administrative and territorial management arises, making it possible to make the most effective use of all internal and external factors in the development of rural areas.

The principle of subsidiarity is aimed at maximum disclosure of the potential of economic entities, which are related to the granting of freedom of action in relation to the development of rural areas. It is closely linked with the principle of mandatory public participation in territorial development processes considered below [3].

A quarter century ago, the principle of public participation in development processes was formulated in the theory of development of depressed and backward regions [4]. It is based on the idea of the need to use the knowledge, experience and ideas of the local population about the development of their villages. The bottom-up decision-making processes lead to the disclosure of the creative potential of citizens, increased responsibility and the mobilization of their own forces in rural areas.

Public participation in the process of developing, applying and evaluating rural development programs is an integral part of the management system. It is defined as a process in which, as a result of broad debate, different groups of rural populations become responsible for the development initiative, as well as related decisions and resources.

In recent years, in the projects of sustainable development of rural areas, the concept of public participation is often normative in terms of the mandatory participation and partnership in the decision-making processes of all population groups.

Public participation becomes an important and indispensable principle for managing the development of rural areas. It suggests that the success of rural development projects is directly dependent on the local community's interest in developing goals, measures and implementation of these projects.

The above principles of subsidiarity and public participation are the basis for developing strategies for sustainable development of rural areas at the regional level and their integration into state development plans.

The state policy for development of rural areas should also be based on the principles as follows:

- the principle of homeostasis, which consists in the development of balanced, harmonious relations between a human, society and nature in the process of development;
- the principle of differentiation of the state policy of development of rural areas. Classification of rural territories and processes of Ukraine's integration into the global economy can lead to defining different types of rural areas, for which different goals of sustainable development should be formulated and various measures for achieving these goals should be formed;
- the principle of focused development of rural areas, which provides for the special focusing of financial, administrative and managerial, human and other resources in rural areas, as well as further dissemination of their experience and innovative activity in less developed rural areas;
- the principle of partial compensation to the residents of the lagging behind in the social and economic development of rural areas for the consequences of polarized development policies. That

is, a focused development policy must be supplemented by a policy of compensatory nature and must consist in equalization of getting the goods for one person and in promotion and support of self-development initiatives;

- the principle of “preferences for reform”, i.e., selective (grant) budget support for local and regional initiatives for rural development based on the maximum use of their own potentials and best practices;
- the principle of balanced development of all branches represented in rural area, namely agriculture, forestry and water economy, local industry, tourism, crafts and other branches.

Management of rural development should be based on the principles as follows: knowledge and comprehensive use of objective laws of nature, the dialectical unity of all its elements, the interconnection and interconditionality of all processes occurring in the biosphere in the economic practice; a thrifty attitude towards resources, maximal use of natural conditions for physical, mental and aesthetic development of the Ukrainian population, and natural resources – for constant increase of production and increase of material goods.

In the process of formation of the structure of rural management, one should proceed from the following principles: the created structure should be adapted, that is, to change the content and subordination of some management units, in accordance with modern conditions; the created structure of management should take into consideration the existing tendencies of reduction of budget financing; the rural administrative and territorial entity delegates the functions of the owner to a wide range of economic entities [5].

The study of the experience of developed European countries allows defining the following basic principles of projects of sustainable development of rural areas: work on a specific spatial and territorial unit; the bases for development are the potentials of the region and the local population; orientation towards a human; the main actors are local target groups, which are accompanied by consultants, experts-moderators; the actors determine themselves the goals of development of rural areas; planning of rural development focuses on the process, that is, it is an iterative planning with adjustments and is accompanied by the process of raising the skills of all actors; balanced recording of social, economic and environmental

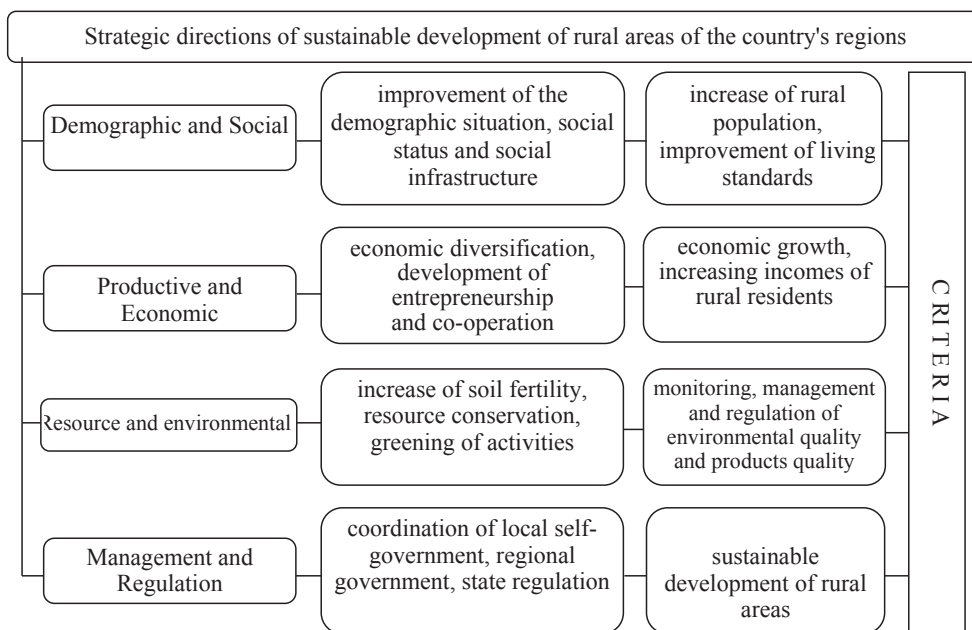


Fig. 3. Strategic directions of sustainable development of rural areas of the country's regions

aspects of development; creation of strong, transparent, close to citizens administrative structures for development of rural areas; dissemination of experience and advice of other rural areas [6].

Thus, the economic function of rural areas is due to the fact that there are created material goods that are designed to meet the most important needs of consumers. Nowadays, this process takes place under conditions of strict competition, free choice of partners for effective economy management, formation of pricing under the influence of demand and offers of state regulation. After all, agricultural products form the basis of food security both at the state and regional, local and personal levels, as well as lay the foundations for the country's economic independence [7].

In order to effectively fulfill the economic function of rural areas, domestic legislation provides for the right of agricultural producers to choose free the forms of ownership and trends of labor and economic activity, full ownership of the results of their labor; directing investments to the primary creation of the material and technical base for production of the means of mechanization, chemicalization, processing industry, construction industry for the agro-industrial complex in order to improve its social and economic situation; commodity exchange between industry and agriculture on the basis of parity pricing for their products; regulation of relations between agricultural producers and the state through the system of financing, credit provision, taxation, insurance and so on.

Demographic function of rural areas is that in rural areas there is a procreation of both rural population and rural settlements of

different types [7]. According to the legislation of Ukraine, the state ensures introduction of demographic policy on changing migration processes in favor of the rural areas by creating social and economic conditions for natural increase of the rural population, first of all, through increasing the birth rate, comprehensive family development through the introduction of a system of benefits; creating equal opportunities for all citizens living and working in the rural areas, in satisfaction of social, cultural and educational and everyday needs.

Crop and livestock production is one of the main tasks of rural areas. Their production function is carried out by combining the human, land, natural, technical, technological, financial, and organizational and managerial resources necessary for the expanded reproduction of material goods in the rural area [8]. First of all, the production function of rural areas is aimed at the effective development of foreign economic activity, improvement of the favorable investment climate, organization and direct participation in various fairs, exhibitions, auctions and tenders.

Local self-government of rural areas is carried out on the principles as follows: government by the people; legality; publicity; collegiality; a combination of local and state interests; electivity; legal, organizational and material and financial independence within the limits of legal authorities; responsibility of bodies and officials before their territorial communities; state support and guarantees of local self-government.

Sustainable rural development is a sustainable development of the rural community, but not a territory that meets the criteria

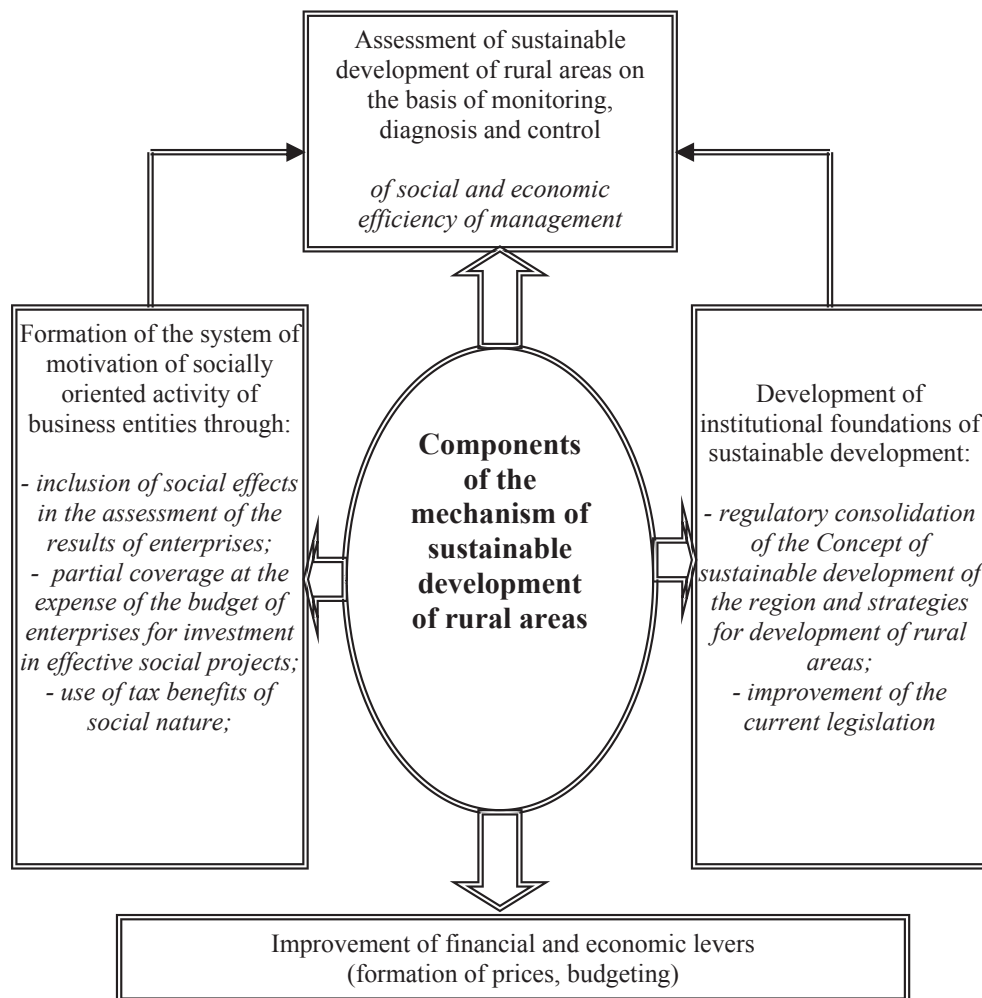


Fig. 4. Components of the mechanism of sustainable development of rural areas

of economic, social and environmental efficiency, and ensures the village's fulfillment of its national economic functions: expanded procreation of the population, an increase in its standard of living; improvement of the environmental situation within the rural area.

These criteria are achieved by various measures, the certain combination of which is the essence of the policy of formation of a mechanism of sustainable development of rural areas. In our opinion, four main directions of this policy can be distinguished, which are related to social and demographic, agrarian, environmental and institutional policies (Fig. 3).

The defined basic components of the mechanism of sustainable development of the rural area (fig. 4) are as follows: 1) assessment of the sustainability of the development of rural areas on the basis of diagnosis of social and economic efficiency; 2) formation of a system of motivation for socially oriented activities of economic entities through: inclusion of social effects in the assessment of the

results of enterprises, partial coverage at the expense of the budget of enterprises for investment in effective social projects, use of tax benefits of social nature; 3) development of regulatory and legal foundations of sustainable development: the regulatory consolidation of the Concept of sustainable development of the region and strategies for development of rural areas.

Defining the functions of rural areas, the principles for managing their functioning and transition to their sustainable development allowed justifying the mechanism of transition to sustainable development of rural areas of the country's regions (Fig. 5).

Sustainable development of rural areas, based on the effective use of its own resources, taking into consideration regional peculiarities, will lead to poverty reduction, improvement of the well-being of rural population.

The implementation of new approaches to ensuring sustainable development of rural areas is accompanied by adoption of EU expe-

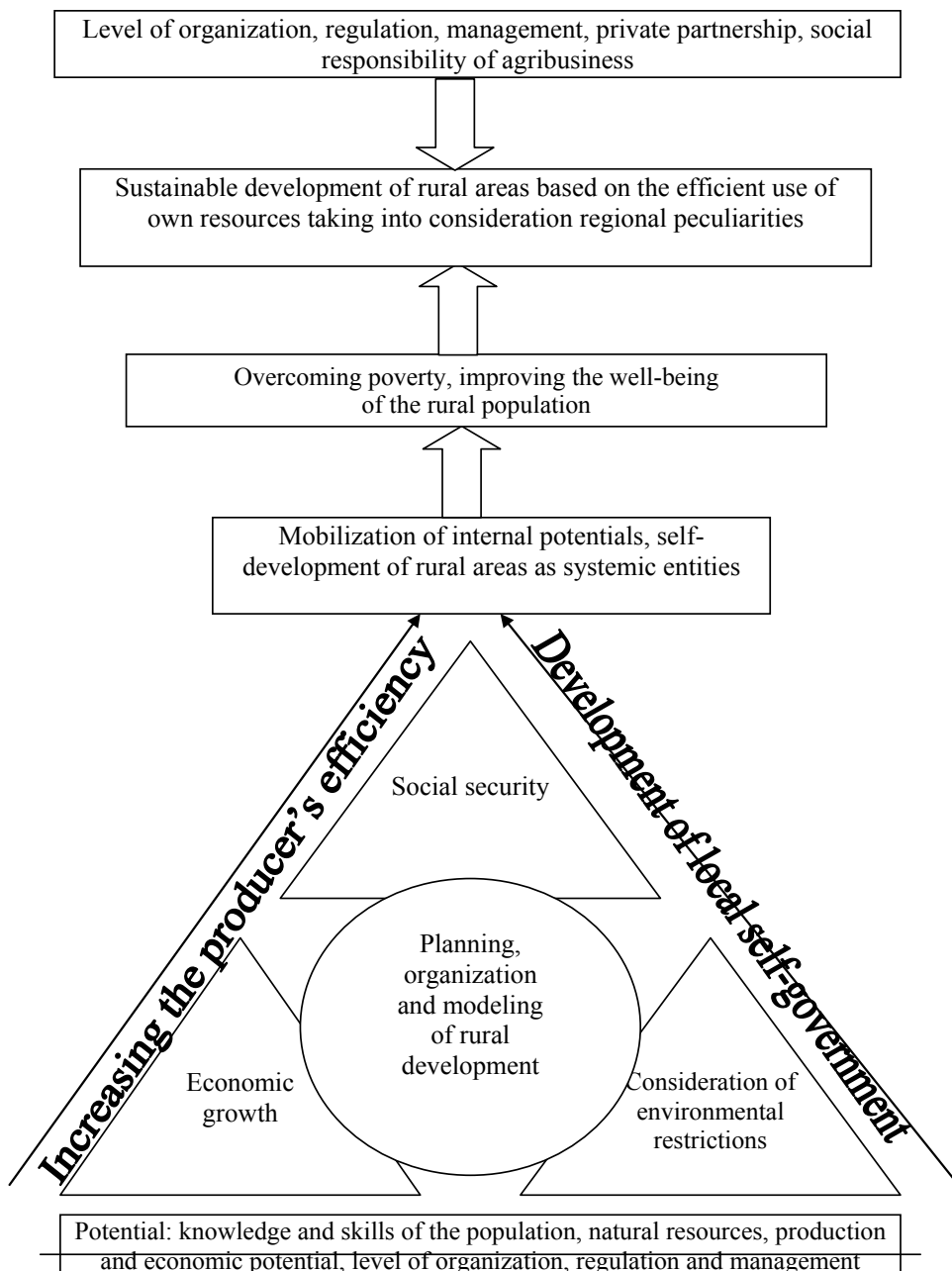


Fig. 5. Mechanism for formation of sustainable development of rural areas in the regions of the country

rience in establishing institutions for state regulation of rural development. In the EU, government and public organizations deal with the problems of the development of rural areas and local government: the Council of Europe, the European Council for the Village and Small town, which support the policy of ensuring the well-being of rural communities and social protection of the rural population. Proceeding from further updating and the need to address the structural development of rural areas, the EU adheres to the principles of equal opportunities for all parties concerned; the same living standards of the urban and rural population; reduction of peripheral dependence of rural areas from industrial centers.

While paying tribute to the significant changes in regional policy in terms of convergence of economic development, increase in competitiveness of local communities, local employment, and cooperation, the problems created by the process of expanding integration into less developed areas of the new EU countries do not lose their relevance. Stratification and even polarization in the living standards of the population of the EU are constantly increasing. The expansion of the economic and living space in general gives, on the one hand, the competitive advantages to the EU agrarian sector, individually to each country and to transnational foodstuff companies, and on the other hand, entails the emergence of new conflicts between national governments and between them and Brussels.

Summarizing the above, one can conclude that the regional policy in overcoming the backwardness of economic and social development of rural areas has a significant potential in terms of their integration into the European economy. So, at the present time, there is a perception that the idea of a passive, supporting role of the agrarian sector in development does not correspond to reality. There is a change in understanding of the development process: today, many researchers consider the strategy of sustainable development of rural areas as a key link in development.

Conclusions and suggestions. Formation of an effective mechanism of sustainable development of rural areas will allow realizing strategic directions and institutional vectors of their functioning, first of all, it concerns the support of employment diversification of rural population in all regions, environmental and ecological activities in the southern and northern regions, development of organic agriculture, rural green tourism and others types of activities. Their influence should be consistent with the activities of local self-government taking into consideration the experience and principles of the EU agrarian policy, functioning of agribusiness in the concept of sustainable development. The basis for the implementation of ecological and resource, marketing, production, social and cultural strategies should be the appropriate education and training of the population; new standards of living; material and social incentives and motives as institutions; resources of households, small, medium, large agribusiness and foreign investors.

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Руснак А.В. Формування механізму сталого розвитку сільського регіону України

Анотація. У статті визначено функції та емерджентні властивості сільських територій. Обґрунтовано складники механізму формування сталого розвитку сільських територій регіонів. Запропоновано принципи переходу до сталого розвитку сільських територій України в сучасних умовах.

Ключові слова: сільські території, сталий розвиток, механізм, організація, управління, регулювання, планування.

Руснак А.В. Формирование механизма устойчивого развития сельского региона Украины

Аннотация. В статье определены функции и эмерджентные свойства сельских территорий. Обоснованы составляющие механизма формирования устойчивого развития сельских территорий регионов. Предложены принципы перехода к устойчивому развитию сельских территорий Украины в современных условиях.

Ключевые слова: сельские территории, устойчивое развитие, механизм, организация, управление, регулирование, планирование.