

ЕКОНОМІКА ТА УПРАВЛІННЯ НАЦІОНАЛЬНИМ ГОСПОДАРСТВОМ

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THE DEVELOPMENT OF THE RURAL ECONOMY: CONVERGENCE TO EUROPEAN MODERNITY

РОЗВИТОК СІЛЬСЬКОЇ ЕКОНОМІКИ: КОНВЕРГЕНЦІЯ ДО ЄВРОПЕЙСЬКОЇ СУЧАСНОСТІ

Urgency of the research. Integration of Ukraine into European Area actualizes a necessity to improve efficiency of management in all spheres of national economic system, including its important element – rural economy.

Target setting. The authors prove feasibility of implementing the European principles of development of rural economy from the perspective of ensuring overall economic growth of Ukraine, justify the need of improvement of national legislative and institutional support for the concept of rural development.

Actual scientific researches and issues analysis. The issue of rural development in the system of European integration of Ukraine is deeply studied by O. Borodina, O. Popov, I. Prokopa [1] T. Ostashko [2], Y. Malko [3], L. Nikitina [4], A. Uzhva [5], R. Hine, K. Ingersent, A. Rayner [6] and others.

Uninvestigated parts of general matters defining. The determinants of formation, possibilities and peculiarities of adaptation as well as strategic guidelines for development of rural economy in Ukraine in the context of the gradual implementation of European experience are not defined at the theoretical and methodological level.

The research objective. To consider the main provisions of the Strategy for the development of the agrarian sector of Ukraine for the period up to 2020. To develop a modern model of the formation and strategic forecast for the development of rural economy in Ukraine taking into consideration the peculiarities of the policy of rural development, defining its key positions with the substantiation of the determinants of implementation.

The statement of basic materials. The model defines the main priorities and objectives of development via convergence with European modernity, in particular by providing proper conditions of life of the population in rural areas, improving the quality of human capital, the efficiency of agricultural production, enhancement of participation of rural society in it, and preservation of environment.

Conclusions. All this emphasizes feasibility and effectiveness of the implementation of the basic principles of the European practice and realization of the provisions of domestic legislative and institutional support of rural development.

Keywords: development of rural economy; rural development; convergence with European modernity; integration.

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Актуальність теми дослідження. Інтеграція України до європейського простору актуалізує необхідність підвищення ефективності господарювання у всіх сферах національної економічної системи, у тому числі її важливого елемента – сільської економіки.

Постановка проблеми. Автори статті доводять доцільність імплементації європейських засад розвитку сільської економіки з позиції забезпечення загальноєкономічного зростання України, обґрунтовують необхідність удосконалення законодавчого та інституційного забезпечення концепції сільського розвитку.

Аналіз останніх досліджень і публікацій. Питання сільського розвитку в системі європейської інтеграції України глибоко досліджують О. Бородіна, О. Попов, І. Прокопа [1] Т. Осташко [2], Ю. Малько [3], Л. Нікітіна [4], А. Ужва [5], Р. Хін, К. Інгерсент, А. Рейнер [6] та інші.

Виділення недосліджених частин загальної проблеми. На теоретико-методологічному рівні не визначено детермінанти формування, можливості й особливості адаптації та стратегічні орієнтири розвитку сільської економіки в Україні в умовах поступової імплементації європейського досвіду.

Постановка завдання. Розглянути основні положення Стратегії розвитку аграрного сектора України на період до 2020 р. Розробити сучасну модель формування та стратегічного передбачення розвитку сільської економіки України на основі врахування особливостей політики сільського розвитку, визначення її ключових позицій з обґрунтуванням детермінантів імплементації.

Виклад основного матеріалу. Модель окреслює основні пріоритети та цілі розвитку через призму конвергенції до європейської сучасності, зокрема забезпечення належних умов життєдіяльності населення в сільській місцевості, поліпшення якості людського капіталу, підвищення ефективності аграрного виробництва та активізації участі в ньому сільського соціуму, збереження довкілля.

Висновки. Усе це підкреслює доцільність та ефективність імплементації основних засад європейської практики та реалізації положень вітчизняного законодавчого та інституційного забезпечення сільського розвитку.

Ключові слова: розвиток сільської економіки; сільський розвиток; конвергенція до європейської сучасності; інтеграція.

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Urgency of the research. A study of trends and models of development of rural economy is an economic base of rural development and important element of national economic system. This issue is extremely important in view of strategic course of Ukraine's integration into European economic area. The signing of the Association Agreement with the European Union on the one hand confirms commitment of our country to become a full member of European civilized society and on the other hand it is the agreement on modernization of almost all sectors of national economy in accordance to European principles, norms and standards.

Target setting. The aim of the study is to substantiate strategic guidelines for the development of rural economy using the European experience. The authors prove feasibility of implementing the European principles of developing rural economy eventually ensuring overall economic growth of Ukraine, substantiating the need of improving national legislative and institutional support for the concept of rural development.

Actual scientific researches and issues analysis. The founders of modern scientific and methodological basis of policy of rural development are the following Ukrainian economists-agrarians: O. Borodina, O. Popova, I. Prokopa [1], T. Ostashko [2] and others. These scientists have formed a scientific school of rural development in Ukraine. The issue of rural development in the system of priorities of European integration of Ukraine is deeply studied by Y. Malko [3], L. Nikitina [4] and A. Uzhva [5]. Issues regarding the improvements of the Common Agricultural Policy in terms of versatility of economy are considered in works of foreign scientists such as R. Hine, K. Ingersent, A. Rayner [6] and others.

Uninvestigated parts of general matters defining. The determinants of formation, possibilities and peculiarities of adaptation as well as strategic guidelines for development of multifunctional rural economy in Ukraine in the context of the gradual implementation of European experience are not defined at the theoretical and methodological level.

The research objective. Implementation of the European principles of development of rural economy is now a determinant of the Strategic Concept of Development of our state in general and formation of rural development policy in particular.

The statement of basic materials. Under the contemporary business conditions, which are characterized by dynamic changes in all spheres of national economy, a systematic approach should be considered as the basis for formation of the model of rural development in Ukraine. It is based on the paradigm of man-centeredness where all efforts are focused on improving the standards of life of rural residents. The policy and practice of rural development in the European Union is implemented on this approach.

In domestic scientific research, the term "European integration" is interpreted as creation of European institutions and policies that evolve toward the formation of certain supranational center around which a common European area should be constituted [4, p. 68]. It is evident that a necessary prerequisite for successful flowing of this process in Ukraine is the approximation of social and economic foundations of rural development to principles, rules and norms of the European countries which are considered economically rational and socially oriented in the world. Rural development policies in European countries are carried out under the Common Agricultural Policy (CAP). First of all it is manifested in the configuration of elements of different types of government policies: structural, regulatory, pricing and foreign trade. The European model of rural development involves implementation of three basic components namely economic, social and environmental. Integrated and mutually agreed communications in all spheres of the rural economy are put into the basis of this model in order to create proper living conditions and vital functions of rural population and their active participation in agricultural production.

European experience of rural development is determined by proper institutional and state support. Thus socioeconomic content is characteristic for such support. The regulatory actions of the state are aimed at ensuring organizational legitimacy. The planned Common Agricultural Policy budget of the European Union for 2014–2020 is 386.9 billion dollars, which is presented in Fig. 1. The most funding (72.8 %) of the budget is for covering direct payments and marketing costs. Such expenses form financial unit I. 89.9 billion USD is allocated for the development of rural areas (financial unit II). That is 23.2% of total funding. 3.5 billion dollars (0.9%) is provided for preparing food reserves in case of crisis in the agricultural sector [7].

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The state policy of rural development in Ukraine involves an appropriate legislative framework, however, at presents its stability and institutional security are still low. All above confirms the discrepancy in universally recognized standards of the European Union. Hence there is limited possibility of adaptation European principles to national realities. Taking into considerations integrating factor of sectoral and territorial aspects, especially gradual departure from principles of territorial division, current goals of the European Union and the Common Agricultural Policy are prerequisite for overall objectives of rural development, formed on the approaches related to territorial coordination and convergence.

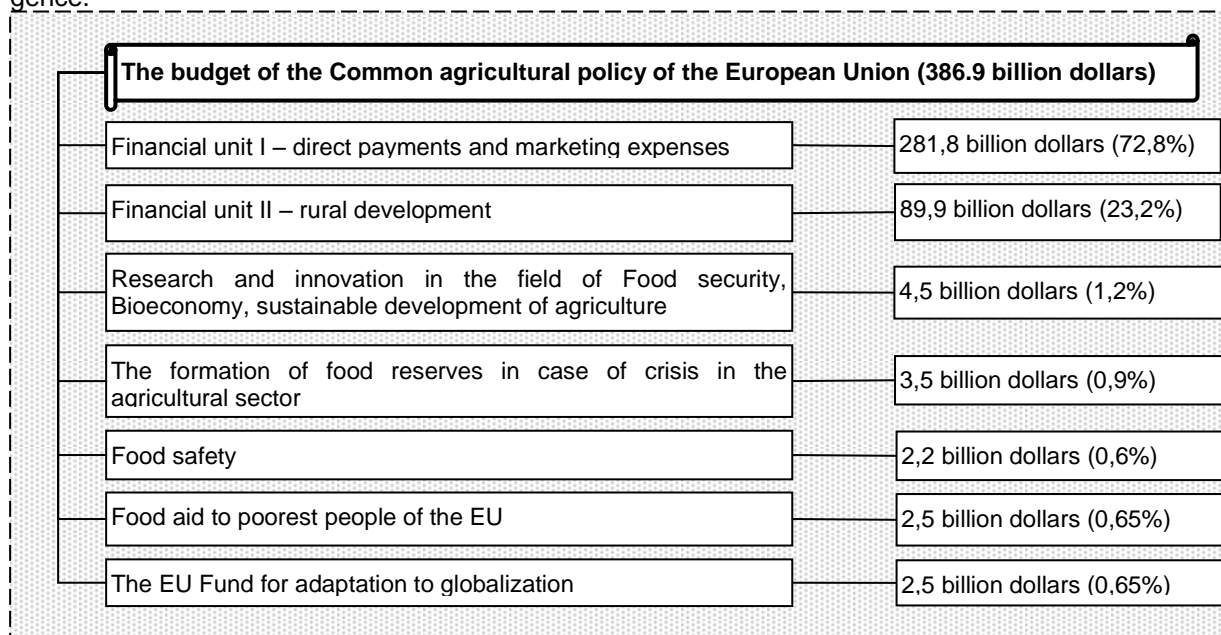


Fig. 1. The planned budget of the Common Agricultural Policy of The European Union for 2014-2020, %
 Source: Adapted from [7; 1]

In the framework of the mentioned policy, expenditure on rural development are differentiated depending on the priority of certain measures (Tab. 1). The largest share of expenditure is on agri-environmental payments – 23.4 %, the lowest (2.3 %) – initial afforestation of agricultural land.

Table 1

The expenditure on the measures for rural development within the framework of Common Agricultural Policy of the European Union, %

Measures according to the programmes	Share, %
Agri-environmental payments	23,4
Modernization of farms	11,5
Payments to farmers who work under difficult conditions	7,5
Compensatory payments to farmers in mountain area	6,5
Creation of added value in agriculture and forestry	5,9
Improvement and development of rural infrastructure	5,2
Local development strategies (community participation)	4,1
Restoration and development of a village	3,4
Basic services for economy and rural population	3,3
Involvement of young farmers	2,9
Early retirement of farmers and agricultural producers	2,7
Initial afforestation of agricultural land	2,3

Source: [1; 7]

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The Common Agricultural Policy of the European Union for 2014–2020 has identified three vectors of strengthening national economy, namely smart growth (economic development based on knowledge and innovation); sustainable development (economic development based on targeted use of resources, environment and competition); comprehensive growth (promoting employment, obtaining a social and territorial coherence) [7].

It should be noted that key provisions of the Strategy of development of agrarian sector in Ukraine till 2020 correlate with the programming period 2014–2020 of the European Union Common Agricultural Policy in terms of: 1) the priority of rural development via policy orientation on: social and economic development of community; effective use of local resources to preserve the ecosystems and avoid the risks of climate change; introduction of innovation in the rural economy; improvement of competitiveness of agricultural producers and their personal involvement in the formation of added value chains; 2) encouraging the development of partnerships with processing enterprises as well as ensuring and protecting the rights of farmers by increasing the number of professional and non-governmental organizations; 3) promoting employment diversification in rural areas (agricultural and non-agricultural) which will ensure the growth of rural economy [7].

The strategy “Europe 2020”, which is designed to create appropriate conditions for a balanced and inclusive growth, presupposes sustainable and multivectoral economic development of rural areas focused on reasonable long-term strategic goals (employment, research and scientific development (innovation), climate and energy balance, education, the struggle against poverty and social exclusion), each of which involves carrying out specific objectives with implementation of clear proposals [8].

An important step towards implementation of European principles of rural development in Ukraine is to develop a unified comprehensive strategy for the development of agriculture and rural areas for 2015–2020. Its purpose is to increase the competitiveness of agriculture as the foundations of rural economy and to promote development of rural areas according to the standards of the European Union and international ones. The Strategy comprises ten key priorities, including rural development, which systematically provide complex unprejudiced realistic concept of development and general foundations of reformation. The main problems of Ukrainian rural areas that are subject to be solved in the framework of this Strategy are: supporting small producers of agricultural products; improving the standards of life; diversifying economic activities in rural areas, and rural development based on community [9]. These directions are clearly in compliance with the key principles of modern European practices of rural development.

Another important step on the part of the state is development of the concept of rural development up to 2025 [10]. Its purpose is to create organizational, legal and financial preconditions for rural development by diversification of economic and non-economic activities in rural areas, to increase incomes of rural residents from agricultural and non-agricultural activities, to improve social standards and living conditions, to protect environment and to bring legislation of rural development in accordance to the standards of the European Union.

In the context of this study the empiric model of formation and strategic foresight (expected results) of developing multifunctional rural economy was designed provided that the basic principles of the European practice and realization of the provisions of the domestic legislation and institutional support are implemented (Fig. 2).

The basis of this model is the consideration of the key imperatives of the European rural development policy up to 2020, which involve for the triune purpose of its implementation. Thus, the European model of rural development is modern scientific and methodological basic of defining the strategic priorities of multifunctional development of rural economy. Its innovation (particularly from the perspective of activating local initiatives) should be manifested on the background of increasing opportunities for the social needs of local communities taking into account the inherent features of rural areas. Ensuring proper living conditions in rural areas, improvement of quality of human capital, improvement of the efficiency of agricultural production and environmental protection are the main priorities and objectives of rural development in Ukraine via convergence with European modernity.

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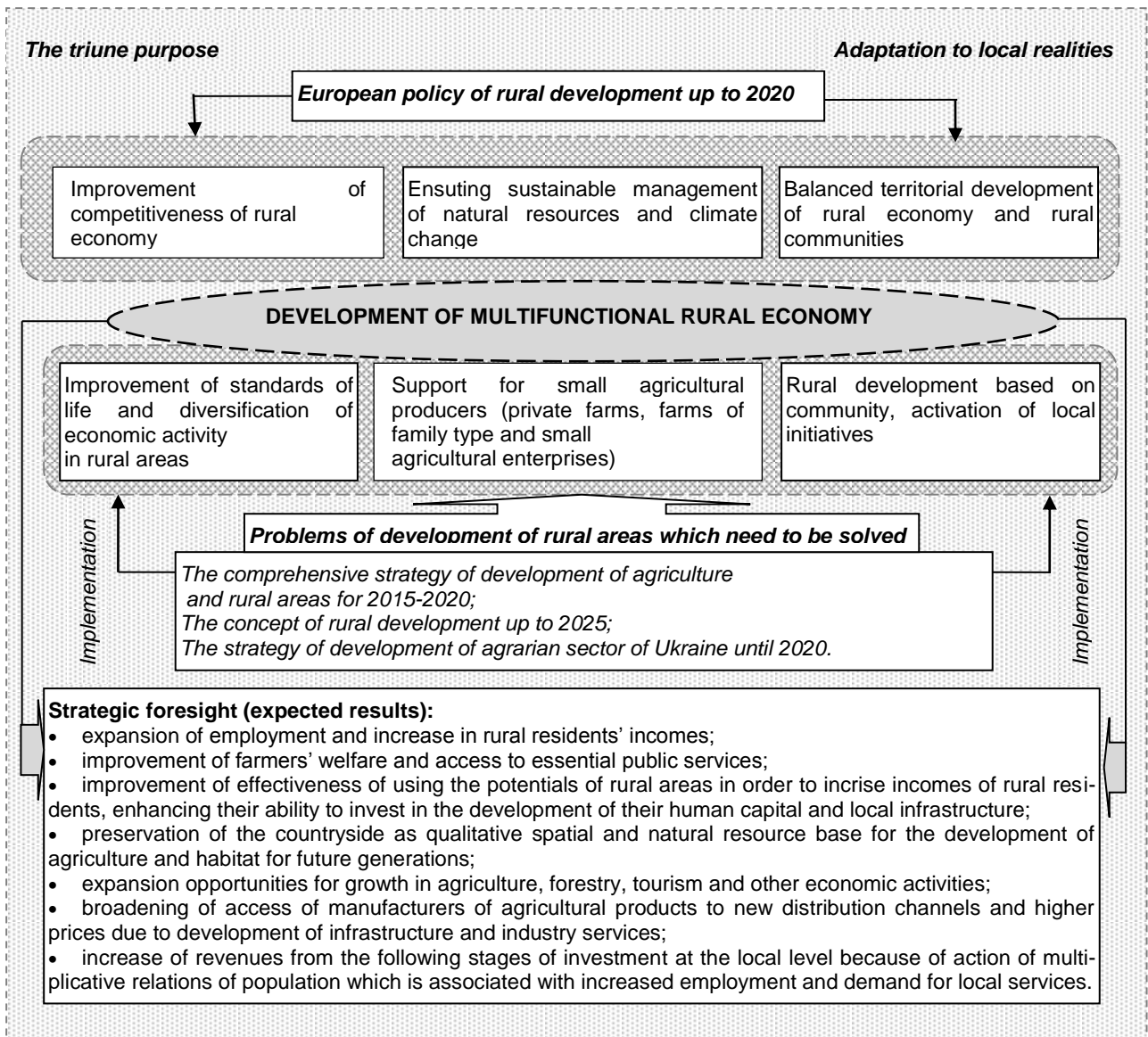


Fig. 2. Conditions of formation and strategic forecasting of development of multifunctional rural economy

Source: Elaborated by the authors

Conclusions. The adaptation of the main tools of the European policy of rural development to local realities involves performance at least of three key objectives: improvement of competitiveness of agriculture as foundations of rural economy; ensuring effective development and use of institutional and social and economic potential of rural areas; balanced rural development via full self-realization of rural society and benefits of multifunctionality of rural economy.

The integration of Ukraine into the world economic area will determine balanced development of rural areas through moving the focus of the state agricultural policy from support of agricultural sector to support of rural development, economic basis of which is rural economy. Matching goals of Agricultural policy and Rural Development policy is the prerogative of the contemporary European practice of multifunctional development of rural economy, which configures the possibility of forming the main priorities of strategic development.

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