Developing Mechanisms of State Regulation of Development of Rural Territories in Ukraine

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ABSTRACT
A theoretical and methodological analysis is essential to ascertain the content, approaches, principles, strategic priorities of integrated development, and ways to improve the mechanisms of regulating the development of rural areas in Ukraine while integrating the relevant foreign experiences. The State regulation of rural development in Ukraine needs a rationale to adopt expanded approach to rural development, and to reiterate it as a separate sectoral area of public administration. It is recommended that the priority strategic direction of the State innovation policy in Ukraine should cover organizational and economic bases and adopt innovative model of development in rural governance contexts. The model of forming self-sufficient territorial communities is desirable in new administrative and financial decentralization contexts. Such a model can provide effective use of the internal resources of the community while taking into account the directions and of mechanisms of the State regulation.

Keywords: State regulation; Rural territories; Complex mechanism; Territorial community

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1. INTRODUCTION

A reform in the public administration of rural areas is necessary keeping the system’s complexity in mind as each of its components play an important role in the realization of the strategic goals of the new State policy (Cabinet of Ministers of Ukraine, 2021). During the last many years, there has been considerable work done in Ukraine devoted to the relevant topics focusing development of rural territories (Lelechenko at al., 2020a, 2020b; Hagerty et al., 2001; Hohol, 2018; Ridei et al., 2021). This article is based on research offering practical recommendations to improve the mechanisms of State regulation encompassing development of rural territories in Ukraine. This article has developed a structure of a complex mechanism of State regulation for the development of rural areas within an orderly set of internal relations guiding the process of public administration, which ensures reproducibility under changing conditions. Based on the theoretical and methodological analysis, the content, conceptual approaches, principles, strategic priorities of integrated development, and ways to improve the mechanisms of regulating the development of rural territories in Ukraine are analysed and discussed taking into account the possibilities of integrating the progressive foreign experiences.

Thus, the objective of this research is to shape the possible directions of a mechanism of the State regulation of rural areas in Ukraine, and to justify new approaches to the governance of socio-economic processes in rural areas requiring fundamental changes in the principles behind rural management and its decentralization process.

2. METHODOLOGY

To define the rural territories from a theoretical point of view, the systematic approach methodology was applied because this approach intends to perform an integrative function, especially when issues cannot be resolved by traditional research methods. This approach defines the term "rural territories" from the angles of various elements of territorial organization, habitation settlement system, the social organization of rural society, and principles of determining the priority criteria, such as urban structure, architectural features, social features, economic features, public administration, and size of habitation.

The methodological approach was based on the framework of improving the mechanisms of State regulation guiding the development of rural areas in Ukraine through applying the principles of subsidiarity, participation, complementarity, self-sufficiency, legality, adequacy, balance, and differentiation of State policy of rural development. The methodological framework and approach applied to the management of social systems, where indicators of social infrastructure development are supplemental, contribute to the formation of public management system administering rural areas (see Figure 1).

The systematic approach was also necessary since the analysis of complex objects and problems inevitably leads to a systematic theory. Empirical research conducted by other scholars in the field of rural development was reviewed.

3. RESULTS AND DISCUSSION

3.1. Viewing rural territories as an independent object of State regulation

The State regulation of rural development has a rationale to be treated as the separate sectoral area of public administration. The essence of the rural areas is examined through the prism of public administration integrating purposeful managerial influence, and having historical, cultural and natural dimensions. the rural areas cover rural settlements (associated with local authorities) and the community of residents (Hohol, 2019). The conceptual clarification with regard to the interrelation between rural development and public administration reflects that the rational solution would ensure the effectiveness of public administration. The result of this research proves that rural territories come under the public administration since it is precisely a complex management system being carried out using the power mechanisms for the benefit of people's livelihoods.
The effectiveness of mechanisms, methods, forms and tools of State regulation is examined through the prism of functions such as economic, industrial, demographic, social, organizational and managerial, cultural and ethnic, ecological, recreational, spatial and communication, political, and control over the territory. The main directions of transformation of State regulation, with annex of the pace of positive changes, should be based primarily on strengthening the regulatory influence of local governments delivering organic functions of local authorities, in coordination of regional and national authorities, in solving social development problems posing rural settlements.

**Figure 1: Methodical approaches to the study of the mechanism of State regulation of rural territories**

3.2. European integration

Integration of European strategies into Ukrainian foreign policy appears essential as predeterminant of new strategical approaches in order to the formation of State policy in context of the
rural development. The goals and guidelines of the EU public policy are important factors that can be considered useful in developing State regulation encompassing rural development in Ukraine. The European integration should be treated as mandatory tool to modernize State policy in the field of rural development, which is a mean of reducing inequality and strengthening economic and social equity; it sets goals for the three priorities of smart (intellectually), sustainable and inclusive (holistic) development, which can be implemented through the actions such as: employment, research and innovation, climate change mitigation and energy, education, and poverty alleviation.

Foreign experiences in context of rural development (organization of rural settlements, employment in agriculture, better housing, quality living, social programs, financing mechanism, etc.) can provide valuable opportunity to cater various human needs in Ukraine. Different countries have its unique approaches and mechanisms of development that can be adopted depending on the priorities of the State, its economic soundness, and administrative capabilities. Therefore, foreign experiences should be borrowed and integrated in the processes.

3.3. Assessment of problems

Socio-demographic processes in rural areas have their specific features: depopulation has become a fundamental factor in accelerating the aging of the population. It is the most significant feature of long-term changes in sex and age of populations (Hohol, 2018). Given the current trends in the development of rural settlements, a strategic alternative to improve the settlement system can be the spatial equalization of socio-economic opportunities to develop rural settlements and raise living standards therein.

The current development of the agricultural sector differs from the previous stages in terms of several important transformations, such as the functioning of new agricultural enterprises is based on private property (including private farms). On the other hand, the sector of personal holdings is becoming more and more widespread due to the land shares and land plots owned by people. Intensive development of agricultural production, the laws of a market economy led to a reduction in employment and a need to develop other areas of activity viz., the creation of non-agricultural jobs in rural territories (Gogol, 2018).

Therefore, mutual coordination of economic and social components is ensured if we reorient economic development from the perspective of meeting social needs and helping solve environmental problems. In addition, the formation and development of rural social infrastructure is a process purposefully influencing the social and infrastructural potential of State regulators (Hohol, 2018) while ensuring community self-sufficiency and increasing the competitiveness of rural territories to improve the quality of life of the rural population.

On the other hand, local budgets have profound influence on the socio-economic development of rural territories and administrative territorial units. Current trends in socio-economic development of rural areas of Ukraine reveal the declining interests of peasants in solving local problems, and the depopulation of rural territories. These are serious trends attracting urgent attention in policy and planning of the State.

3.4. Resource and functional capacity of communities

In the current conditions, local governments are not provided with the necessary financial resources to perform delegated powers; local budgets receive sectoral subventions in the form of compensatory costs. It prohibits the redistribution of allocated funds to other expenditures. In such state of affairs, the state and local governments need a clear division of powers in relation to not only administering the territories but also providing them with adequate resources and managing the funds under development heads. The local budgets need to be flexible and should not be strictly dictated by the upper-level government.

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1 Association Agreement (2015) between Ukraine, on the one part, and the European Union, the European Atomic Energy Community and their Member States, on the other part (Chapter V, Chapter 17, Agriculture and Rural Development, Articles 403-406, p.5). Retrieved from http://www.kmu.gov.ua
2 Council Regulation (EC) No. 1698/2005 of 20 September 2005 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD), OJ L 277, 21 October 2005. Latest consolidated version: 21-12-2011.
3 Ibid, supra 1.
4 Canadian Policy Research Networks. Retrieved from http://nhrcnr1.ca/en/hub/canadian-policy-research-network; Cluster policy in the context of EU Strategy 2020 // Policy Brief. Retrieved from http://www.europeinnova.eu/c/document.
The mechanism of agricultural land allocation in rural areas is insufficiently effective due to several unregulated processes; while effectiveness of organizational mechanism is based on the model of agricultural development, which can be successful if family farms and cooperatives are promoted with their free access to bank credit facilities and financial markets.

An effective system of financial support to the development of the united territorial communities requires resources and functional capacities to deliver its assigned roles, namely: 1) the identification of urgent problems related to development of local rural areas, as they require defining the indicators of set goals in accordance with the national or regional policy; 2) justification of State intervention aimed at ensuring proper development of all the regions and communities; 3) expanding the resource base for local budgets by transferring the personal income tax as a budget-forming entity into the local budget; 4) defining the regional level as a viable strategic unit for socio-economic development.

3.5. Performance indicators: sustainable development, quality of life, capacity, community cohesion

The State management system responsible for development of rural areas and territorial communities should set indicators covering the dimensions of sustainable development in regional contexts. Theoretically, indicators of sustainable development provide key content points for the interaction of management entities and the system for sustainable development of rural areas in Ukraine. Action points can be arranged in a web containing People, Planet, Prosperity, Peace and Partnership, which take the form of a logical-structural matrix of management improvement (European Commission, 2014). However, before applying this logical structural matrix, an understanding of the peculiarities, social structure and livelihood complexities of territorial communities is a prerequisite for linking effectively the development of territorial communities (community development based on internal resources and capabilities) and constructing community cohesion.

State regulation of the development in rural territories should be based on a socially inclusive approach to cultivating an economic growth (Benner & Pastor, 2017), that is, the inclusion of people in all aspects of social life (people need to be seen as a goal and criterion of social progress, not as a means of economic growth). The criterion of determining an efficiency of public administration in rural territories is the assessment of the quality of life of the population, and such a criterion should be based on a system of complex indicators. The selection of indicators depends on the strategic directions focusing on own sources of development taking into account the motivation of the population. Based on it, it can be suggested a model of State regulation for development of rural territories in decentralization contexts.

Some parameters of a system of concepts can be: forming self-sufficient territorial communities based on social priorities and cohesion⁵; ensuring sustainable development; defining the development of rural territories based on anthropocentrism and positive dynamics of quality of life of the local population.

3.6. The rural development strategy

The priority strategic direction of the State innovation policy in Ukraine is to support the organizational and economic bases and to adopt the innovative model of development in rural territories. Social innovation is actually related to the social change in the community and its political powers having definite economic consequences.

The goal of the rural development strategy should be to ensure a high quality of life of the rural population, to ensure competitive advantages as decisive factors of development in the long run, and to achieve priority mechanism of State regulation of development in rural territories; all these lead to a social policy of development in rural territories. However, strategy of rural development depends on the capabilities of the State and the peculiarities of national culture (behavioral stereotypes), as well as the capacity of other state institutions.

3.7. Comprehensive mechanism for policy formation and implementation

This research presents the results of modeling the integrated mechanism of State regulation of rural development and determines its structure in figure 2.

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⁵ Sustainable Development Goals Ukraine 2016–2030 (2017). National report. Retrieved from http://www.un.org.ua/ua/tsili-rozvytku-tysiacholiittia/, p. 7.

⁶ Concerted development of social cohesion indicators: methodological guide. Strasbourg: Council of Europe. 2005. Retrieved from www.coe.int/t/dg3/socialpolicies/socialcohesiondev/guide_en.asp, p. 8
Figure 2: Comprehensive mechanism of State regulation of the development of rural territories in Ukraine
The system of development of rural territories is a complex, multifaceted entity that requires the use of mechanisms of State regulation, which are based on a set of links, interactions between needs, interests of the rural population, subjects and objects of management of this system: regulatory, economic, organizational, social, institutional, information and communication. In the proposed mechanism, the implementation of measures developed for State policy is carried out with the defined objectives concerning State regulation of the development of rural territories.

The results support the priority areas of mechanisms of State regulation and give grounds to identify ways to improve the following mechanisms:

1. Institutional mechanism (goal management having a set of public authorities and local governments and other actors involved in forming and implementing public policy in a particular area).
2. Normative and legal mechanism (management based on constant inspections and instructions encompassing a set of normative-legal acts that regulate the content, process of formation, and implementation of state policy in the same sphere).
3. Economic mechanism (focusing on results management).
4. Organizational mechanism (addressing the management based on capacity building).
5. Information and communication.
6. Social mechanism (including management based on needs and interests).

This complex mechanism provides the process of formation of objects and determines the possible levers of influence on the implementation of the State policy for the development of rural territories. It is established that the first step towards the formation of a modern system of State regulation should be the development of an appropriate State policy for rural development, which needs to cover a set of priorities on which state or regional policy will build up during the next planning period.

4. CONCLUSIONS

It is determined that the goal of the rural development strategy should be to ensure a high quality of life of the rural populations; and to ensure competitive advantages as decisive factors of development in the long run, and the priority mechanism of state regulation of rural development. It also presents the results of modeling the integrated mechanism of State regulation of rural development and determines its structure. It is proved that the system of rural development is a complex and multifaceted entity that requires the use of mechanisms of State regulation.

The development of an concept of State policy for rural development will focus covering a set of priorities: 1) assessment of the effectiveness of State policy for rural development is determined by ensuring a high quality of life of its population and fair distribution of income; 2) it can be implemented only if the systemic action of the complex of social factors that determine it is fully taken into account and the application of a comprehensive system of living standards is applied; 3) assessment of the effectiveness of public policy to improve the quality of life is possible based on the analysis of the values of relevant indicators in time (retrospective or forecast) or in spatial (territorial) aspects, as well as signs of self-sufficiency and community cohesion.

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|---------------------------------------------------|----------|----------|
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