

Olena Slavkova¹

Sumy National Agrarian University, Ukraine

AGRARIAN POLICY INFLUENCE ON RURAL TERRITORIAL DEVELOPMENT

Abstract. One of the key factors of rural areas development promotion is the effective local governing institutions' activity and entrepreneurship development through collaboration with entrepreneurs from the EU. The increase of effectiveness and realization of regional development strategy in the context of European norms and traditions is one of the most important means of poor developed territory protection under the conditions of globalization and European integration.

Key words: agrarian policy, rural areas development, local governance

Introduction

Ukraine's entry into the market economy and EU can lead to radical changes in general resource uses; consequently, it results in deep transformation of market processes.

This phenomenon is characterized by a diversity of performances. The most important are:

- decrease of financial flows in material resources and increase of intellectual resource costs,
- placing emphasis on innovation technologies,
- transition from human resources management to human relations harmonization,
- increasing the competitiveness of diversified production in the information technologies sphere.

In the process of globalization and forming of universal principles and rules in the context of the international economic system, rural territories face complicated tasks. These problems are especially notable for territories of the post-Soviet area, that border the enlarged EU. Thus, the diffusion of borders between these territories and integration tendencies are of importance. At the same time, it is fundamentally important to establish the basis for such collaboration, when one of the parts is an EU member, and another one is not.

The concept of rural development policy

One of the key factors of rural territory development promotion is the effective activity of local governance institutions. As Yurchishin V.V. [2006] considers, the change of agrarian policy direction is the principal instrument of effective rural development. At present, local government is the main initiator of effective agrarian policy reform. Concerning the law project 'Main directions of governmental agrarian policy' one of the main goals of

¹ PhD in economics

governmental agrarian policy is rural development and solving rural social problems [http... 2006].

Concerning main directions of agrarian policy, complex development of rural areas and increase of social protection level include: rural social infrastructure operation under new economic conditions, creation of democratic local governmental regulations, development of depressed territories, alignment of rural and urban life conditions, decrease of rural unemployment, increase of rural inhabitants' income level, providing rural territories with experts, development of small and declining rural settlements.

To achieve these objectives, local institutions have to undertake the following measures:

- legislative innovations,
- informative, consulting and educational work,
- staff training and community revitalization,
- transport infrastructure development.

The favourable regional decentralization model for Ukraine consists of two stages. In the first stage, the range of local government authorities is defined, and dependence on the central government is eliminated. In the second stage, this process is accompanied by improved local government institutions and a means of augmenting local financial resources.

As a result, the above described decentralization of the regional authority system in Ukraine will be coordinated with the European principles:

- regional bodies of the government will coordinate realization of state economic and financial policy in regions,
- regional bodies of the government will control the state social and humanitarian programs at a regional level,
- regional bodies of the government will be responsible for realization of separate external economic functions.

All functions connected to the current development of the regional economy, it's social and humanitarian spheres, should be included in the authority of local government institutions. These functions include rationalization of complex economic areas, foreign investment attraction, coordination of municipal militia, education, culture and health protection establishment.

The above mentioned decentralization of authority is impossible without reforming the system of financing of regional and local government bodies. After all, the present practice

existing in Ukraine, when practically all regions are financed from transfers from the central budget, results, on the one hand, in formal financial losses for the majority of them, and on the other hand - in reduction of financial policy efficiency and expansion of corruption in the central ministries and departments.

Comment on practical approach to rural development strategy in Ukraine

Significant attention is merited for strengthening public organizations and scientific institute activities, re-directing their efforts to the solution of problems of social and economic development of territories, and creating the conditions for innovational improvement of industrial and administrative technologies.

Besides, the use of resources which are given within the framework of programs of international technical help, is also important. The rational use of such resources promotes formation of modern infrastructure, the solution of environmental problems, intensive development and economic growth.

All the above mentioned tools should be included in the development strategy of each territory. The given strategy should be coordinated with appropriate area strategy of growth and conceptual bases of economic development of the country. The necessary condition of territorial development is working out the strategy, which takes into account economic safety of the territory.

Economic efficiency depends on resources and investment attraction in rural territories. During 2004, the amount of capital investment was 89.3 billion grivnas (85 percent is fixed capital investment, 10 percent is investment in major overhaul). In 2003 the amount of capital investment was 51 billion grivnas, and in 2002 it was 37 billion grivnas [Miscevij... 2005].

The intensity of foreign investment in total investment during the last four years was 12 percent (on every 9 grivnas respondents put only 1 grivna). Thus, influence of foreign investment in the Ukrainian economy is much below the needed level.

The basic risks of foreign investment are:

- risk of political pressure,
- risk of low levels of profit,
- risk of pumping out of intelligence,
- risk of dishonest competition,
- risk of theft of intellectual property,

- risk of deterioration of the business environment.

Thus, institutions of local government should have at their disposition the appropriate tools for reduction of investment risk.

Conclusions

Formation of regional strategy in conditions of the European integration of Ukraine demands significant attention not only to economic and social components of development, but also to decentralization of authority and strengthening the role of local government.

Thus, for realization of a progressive rate of the European integration, it is necessary to reform local authorities in Ukraine. Such policy should be based on values and traditions of EU. It becomes one of the important elements of effective protection of the Ukrainian poorly advanced territories from the external expansion caused by inadequate administrative structure of local self-governance.

Abroad institutions of local government have a set of tools of economic, legal and financial upholding of regional interests. If the given tools are not used in the Ukraine, the level of social and economic safety will decrease significantly.

One of the directions of rural territory development programs is entrepreneurship development, including collaboration with entrepreneurs from the EU. At the same time, foreign investments can activate entrepreneurship as a form of economic development intensification.

The increase of effectiveness and realization of regional development strategy in the context of European norms and traditions is one of the most important means of poorly developed territory protection under the conditions of globalization and European integration.

References

- Юрчишин В.В. (2006): Сільські території як системоутворюючі фактори розвитку аграрного сектору економіки. *Економіка АПК* 3, pp. 3 -10.
http://gska2.rada.gov.ua:7777/pls/zved/webrrc4_1?id=&pf3511=17090/. (2006).
Місцевий та регіональний розвиток: матеріали для обговорення. (2006). Київ. pp. 28.