
Conceptual Framework for Sustainable Development of Rural Areas¹

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Abstract. *The article systemises conceptual foundations of ensuring sustainable development of rural territories. It is substantiated that the growing role of rural areas in the regional economy of the country creates prerequisites for the need to develop sustainable development measures. Rural areas play a significant role in the structure of the economy of any region. Creating conditions for sustainable development of rural areas is an important strategic goal of the state's regional policy. Achievement of the goals and objectives of sustainable rural development can be carried out with the help of many various regional regulatory instruments. What matters is whether the measures produce positive results, whether the stated goals are achieved and whether the tasks are solved. The main result of the regional rural development policy is the reduction of disparities in terms of socio-economic development between urban and rural areas. When assessing the results of rural development, two points should be kept in mind. The first is that government intervention should not destroy market relations. Second, the impact of various factors in the development of the regional economy is ambiguous, so it is difficult to assess the contribution of a particular factor to the results of regional economic development. When assessing the results of regional economic development, it is necessary to compare the set of indicators of their development with different levels of regional development and analyse the measures taken by the authorities to implement the tasks of stabilising regional development. To ensure the sustainable development of rural areas, it is necessary to develop a strategy for the development of these areas, based on which a socio-economic programme for the development of rural municipalities should be elaborated and adopted. The basis for the development of such programmes should be strategies for the socio-economic development of rural municipalities, which determine the potential of rural municipalities and the prospects for their socio-economic development. Strategies for the socio-economic development of rural settlements should include measures to increase their resource potential and develop their socio-economic status and improve the welfare of the population in rural areas.*

Keywords: *sustainable development, agro-territories, state support for the development of agro-territories, foreign experience, project activities for sustainable development.*

JEL Classification: *H7, O1, O18, Q15, R1*

1 Introduction

Stable development of rural areas in Ukraine is impossible without the progressive socio-economic development of agricultural production with an increase in its efficiency and, on this basis, improvement of the life of the rural population and its welfare. Today, there is uncontrolled migration of the rural population to the city, especially rural youth, which leads to the devastation of rural areas and overpopulation of large cities. It follows

that sustainable development of rural areas is an important state task for legislative and executive authorities.

The purpose of the article is to conceptualise the main theoretical and applied provisions and to study foreign experience in implementing sustainable rural development. Achievement of this goal is based on the following sequential tasks:

– To consider the key models of economic growth in the context of rural development;

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- identify the directions of state policy to support sustainable rural development;
- to study the foreign experience of project activities in the field of sustainable rural development.

The methodological tools for achieving this goal are represented by general scientific (generalisation, synthesis, analysis) and special (comparison, historical) methods of scientific research.

Today, the most important strategic goal of the state policy is sustainable development of rural areas with the use of a modern system of organisational, legal, socio-economic and financial measures aimed at improving the socio-economic efficiency of the development of the economic complex of rural areas, the welfare of the rural population and their living standards. Based on the main strategic goal of the state regarding sustainable development of rural areas, a targeted state policy in this area is being developed, consisting of certain goals depending on the areas:

- Creation of a favourable socio-economic environment;
- preservation of the national and cultural heritage and development of rural potential;
- careful use of natural and recreational resources in rural areas;
- creation of favourable conditions for stabilising the demographic situation, preserving and increasing the number of rural population;
- creating new jobs and increasing the level of employment;
- achieving sustainable growth of the rural economy.

2 Economic Theories as a Basis for Developing a Strategy for Sustainable Rural Development

The development of any region can be based on two main theories of regional growth: neoclassical and cumulative growth models, which are a synthesis of neo-Keynesian, institutional and economic-geographical models (Skoryk, 2017). The neoclassical model, based on the production function, was formed in response to the evolution of regional growth models, which imply a tendency to equalise interregional differences by moving capital from highly developed to less developed areas. Labour resources, on the contrary, move to highly developed areas that can maintain a high standard of living and wages. It should be noted that the interregional mobility of growth factors in neoclassical theories is the most controversial issue. The natural and climatic features of the region are one of the insurmountable facts of the immobility of the territory. In terms of labour migration, in practice these trends tend to have

negative consequences for rural areas, as younger and better educated people leave them, resulting in the devastation of rural areas.

In an alternative approach, cumulative growth models are supposed to use economies of scale and principles of specialisation, considering and considering the advantage of the territories under consideration, to lead them to growth, resulting in accelerated development. One of the attractive factors of rural areas, which have been established recently, may be the relatively inexpensive cost of production resources (labour, land and capital) compared to urban agglomerations, which can be used to save production costs, thereby increasing the competitiveness of manufactured products.

In addition, an interesting addition to neoclassical approaches is the refusal to recognise the leading role of capital accumulation processes; in municipal and regional development, the new theory of regional growth assigns a huge role to the improvement of labour resources. At the same time, regions cannot be equal in terms of development due to different rates of accumulation of productive capital and human capital, as well as the level of knowledge. However, some levelling of development levels is possible in some cases, mainly through the process of diffusion of innovations. In our opinion, this is due to the spread of innovation processes to the socio-economic environment of other regions, which leads to the levelling of development levels and the concentration of strong innovative growth points in weak regions, which may eventually become a driver of economic development. Such approaches are more likely to equalise higher levels of development in rural areas.

It should be noted that the conclusions of the neoclassical and cumulative theories of regional growth are usually opposite, and therefore supporters and opponents of these theories draw very different conclusions about the ways and means of developing regional economies. The main conclusion of the neoclassical theory is that the level of economic development of regions should be levelled, and that centralised intervention in regional economies is inappropriate, while not denying the need to provide financial assistance to weak regions to address acute social difficulties and problems. Proponents of cumulative growth theories believe that to reduce disparities in the levels of economic development of regions, it is necessary to pursue an active regional economic policy in aiding and thus stimulating the economic development of the most backward regions (Perevozova & Polenkova, 2020; Savytskyi, 2022; Stehnei, 2016). Public authorities strive to achieve a state of equilibrium in the development

of regional economic policy levels, when the development of individual regions is not to the detriment of the economic efficiency of the country.

3 Directions of state policy to support sustainable development of rural areas

Sustainable development of rural areas is a necessary reality for preserving the country's identity, and as a permanent factor, it cannot be stopped. In this regard, it is necessary to define the main development goals, which are achieved primarily through the stable nature of reproduction and constant increase of the potential of rural areas:

- Division of powers between levels of public authorities;
- priority development of rural areas of particular strategic importance;
- equalisation of conditions for socio-economic and financial development of rural areas;
- ensuring minimum social standards and equal social protection in rural areas
- ensuring financial guarantees for the exercise of local government powers.

An important function of sustainable rural development is an optimal budget policy. The existing legislative framework for regulating intergovernmental fiscal relations fully meets the current requirements of rural development. It has serious contradictions in the economic structure of tax and credit policy at both the macro and meso levels, considering the interests of local self-government. It should be noted that the regions themselves, as well as rural areas within these regions, are ambiguous and heterogeneous in terms of economic potential, some are self-sufficient and act as donors, while others are weak and subsidised (Terrosa, 2017).

An important tool for managing rural areas is the principle of equalisation, i.e. the redistribution of revenues from one territory to another to support weak regions. From the standpoint of regional policy and local self-government, setting long-term, medium-term and short-term goals are an important task for public authorities and local governments. The tree of goals should include the positions of increasing the sustainability of the national settlement system while preserving the country's settlement "framework", which consists in improving the system of settlement and deployment of productive forces without limiting the interests of rural development, taking into account the improvement of the welfare of rural residents, development of social and communal infrastructure, expansion of the road network, water, gas and electricity supply, increase of information and communication accessibility, introduction

of effective mechanisms for the development of rural areas.

The main objective of the budget policy is to ensure the development of material production and, on its basis, to stimulate economic growth in rural areas compared to urban settlements. Regional financial and budgetary policy largely depends on the system of territorial division of labour and production specialisation of the region's economy and the resulting production relations. Improvement of the fiscal system should be aimed at adjusting the fiscal mechanisms that will motivate local governments to develop their own tax base, as well as at creating mechanisms for strategic development at the local level.

When assessing the results of rural development, two points should be emphasised. First, if the policy is implemented in a market economy, then government intervention can only take place as long as it does not harm market relations. Based on this, it is logical to assume that not all the goals set by the state authorities can be achieved. Secondly, the assessment of the results of economic development in rural areas is always largely subjective, since it is never possible to fully separate the influence of various factors on the development of the rural economy, changes in the location of certain industries under the influence of scientific and technological progress, variable demand for different types of products, etc.

The goals of the state policy in the field of sustainable rural development are achieved by addressing the following priority tasks:

- Stimulation of demographic growth and creation of conditions for resettlement to rural areas;
- diversification of the rural economy and expansion of sources of income for the rural population;
- improving the living conditions of the rural population;
- creating modern social, engineering and transport infrastructure in rural areas.

4 Foreign Experience of Project Activities in the Field of Sustainable Rural Development

Many foreign countries implement a system of measures to support rural development, and there is an extensive network of institutions that assist rural residents in adapting to changing conditions, in developing and presenting projects.

Rural development programmes have been developed in Europe since the late 1980s. In recent years, the following changes have taken place in the methodology for developing sustainable rural

development programmes in the European Union (Tretiak & Breus, 2023):

- An integrated interagency and cross-sectoral approach has been expanded;

- the environmental and institutional component of projects supported by the programmes has been emphasised;

- the bottom-up approach has been strengthened, programmes are developed taking into account the opinion of the population, since the higher the degree of participation of the population in the programmes being developed, the more reliable its results and the higher the degree of implementation;

- the methodologies for developing programmes are simplified so that they are understandable to the widest range of potential developers.

In the European Union, considerable attention is paid to supporting rural communities within the framework of the Common Agricultural Policy, known as the Leader programme. The Leader programme has been operating since 1989. Its characteristic features are decentralisation of management and financing, territorial approach, bottom-up algorithm, partnership, networking, innovation, cross-sectoral integration and cooperation (Lazarieva, 2019).

Rural development measures are financed jointly from the EU budget and national budgets through agricultural agencies. At each successive stage of the Common Agricultural Policy, the content of the programme changes slightly. For example, in 2005–2010, the programme supported initiatives by rural communities to introduce new technologies and know-how to increase the competitiveness of agricultural products, improve the quality of life in rural areas, promote specific local products and unlock the natural and cultural potential of rural areas. In 2010–2020, measures are supported to increase the competitiveness of agriculture and forestry, improve the environment and rural areas, improve the quality of life in rural areas and encourage the diversification of the rural economy. The areas of support are formulated in a broad enough way to allow for a variety of projects. To assist rural communities in preparing projects for funding under the Leader programme, special departments have been set up at regional agricultural agencies in EU countries to train working groups of rural communities and explain to representatives of rural communities how to prepare a project and apply for funding, as well as to accompany working groups during project implementation and monitor project implementation.

The working groups are assisted by consultants who work for non-governmental organisations

and are familiar with public relations techniques. The NGOs are funded by grants from the EU, regional budgets, and charitable foundations. International conferences are held, attended by leaders of working groups and the governmental and non-governmental institutions that assist them, where experience and know-how in rural development are exchanged. The projects are funded on a competitive basis, with funds available to cover almost all applications.

The projects cover the following topics:

- Development of traditional sheep breeding in mountainous areas, marketing of lamb and traditional gastronomy based on lamb;

- use of old buildings to create a museum-workshop of local crafts;

- converting an old stone cowshed into a rural tourist centre;

- creation of a website and Internet network of tourist centres and rural guest houses along the banks of the Danube (international project);

- creation of a multimedia information system for tourists travelling in rural areas so that they can use satellite mobile communications to get information at any time about the village they are in and what is useful and interesting there;

- Preparation and installation of information boards along tourist bicycle mountain routes (Bohdanov, 2017).

5 Conclusions

Thus, when assessing the results of economic development of rural areas, one can first compare the dynamics of socio-economic indicators of their development in other regions that receive special financial support with the dynamics of indicators on average in the country and in other regions that are not among those supported by the state. The level of socio-economic development of rural areas can be considered successful if the growth rate of indicators in the supported regions is higher than the national average (and for such indicators as unemployment – below the average). In this case, if such an excess is maintained, the problematic rural areas will eventually catch up with the advanced ones, and territorial disproportions will disappear. If the pace of development of problematic rural areas is below average and their accelerated socio-economic development is not achieved (or is not fully achieved), then the disproportions in the level of socio-economic development of rural areas will not be reduced over time, and therefore the main goal of regional economic policy will not be achieved. In such a situation, when assessing the results of rural development, it makes sense to talk about what changes would have taken place

in the economy of the supported problem areas if the measures taken had not been implemented. It should also be noted that if the measures taken by the authorities have at least slowed down the lag in the economic development of problematic rural areas, then we can speak of the limited effectiveness of state support for certain areas. To ensure sustainable development of rural areas, regional and municipal programmes for rural development should be developed. The basis for

the development of such programmes should be strategies for the socio-economic development of rural municipalities, which determine the potential of rural municipalities and the prospects for their socio-economic development. Strategies for the socio-economic development of rural settlements should include measures to increase their resource potential and develop their socio-economic status and improve the welfare of the population in rural areas.

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