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Institutional Models for Managing Rural Development in the Economy of the European Union Countries: Specifics, Priorities, Tools

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► **Abstract.** The relevance of the study is conditioned by the need to create an effective model of the current institutional environment that can ensure the unity of economic processes in the management of rural territories in Ukraine based on the best foreign practice. The purpose is to summarise the experience of the EU countries on the functioning of institutional models for managing rural development for adaptation in Ukraine. The task is to formulate conceptual approaches to the formation of an institutional model for managing rural development in Ukraine, considering the fundamental principles of building a system for rural development management in the EU countries. General scientific methods were used as a tool for obtaining information for informed management decisions in the field of rural development management: analysis and synthesis; induction, deduction and analogy; abstraction; generalisation; idealisation, etc. The main trends and priorities of the agricultural policy implemented by the European Union are considered. Centralised and decentralised rural development management systems are described. Heterogeneous management models between centralisation and decentralisation are presented. The multi-level nature of the management concept as a key specific component is substantiated. The functioning of the system of distribution of tasks between the European Commission, the national state, and the regions is considered. Models of distribution of programming and management competencies in various management systems, and the forms of relations between different levels of government have been improved. The procedure for the functioning of the rural development programming system in Germany is presented. The classification of different countries based on the distribution of responsibility for managing programmes that were intended for rural development is considered. Vertical coordination and relations between the state and regions in countries with a decentralised form of governance are analysed. Methodological approaches to the development of an institutional model for managing rural development are proposed. The practical significance of the study lies in the development of recommendations that improve the efficiency and consistency of management decisions on the establishment of an institutional model for managing rural development in the Ukrainian economy

► **Keywords:** European Commission, programmes, levels of governance, agricultural policy, centralisation and decentralisation, financing

► Introduction

With the escalating phenomena of the global food crisis, food security and the preservation of the territorial integrity of the state are becoming an urgent issue. Ukraine has already begun the search for a way out of the protracted socio-ecological-economic crisis of rural areas, which is conditioned by historical reasons, formal privatisation, the underdevelopment of the system of local self-government bodies, the collapse of social and industrial infrastructure, the low level of diversification of the rural economy, and the weak development of small agribusiness.

In the European Union (EU) countries, much attention is paid to finding and implementing effective approaches to managing rural development. For this

purpose, a multi-level and interdepartmental system of management and financing of rural development has been created, and a set of administrative, economic, legal, and other tools for rural development is used [1; 2]. A significant role is assigned to small agribusiness, which can significantly improve the quality of life of the rural population by increasing their employment, income and providing the necessary services in industrial, social, recreational, and other spheres. Small agribusiness plays a crucial role in the process of diversification of the rural economy, especially in the service sector and non-agricultural activities [3; 4].

Such attention to rural areas is explained by the fact that they often have a significant natural and

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cultural potential that is not used, the development of which will improve the well-being of not only rural residents, but also the overall population of the country. The sustainability of rural development is largely determined by the multi-industry balanced structure of the rural economy [5].

A number of ministries and departments participate in the development and implementation of rural development programmes with the active participation of agro-industrial associations, environmental organisations, regional administrations, representatives of the private sector, and the rural population.

The main trends in the process of forming agricultural policy are:

- institutional systems in various European countries, which, despite historical and political differences, are increasingly moving towards decentralisation and the transfer of governance to regions and subregional institutions;
- supranational institutions that govern public policy by establishing a single set of general rules for all participating countries;
- local level, which puts increasing pressure on higher levels (regional and National) seeking to expand their participation in policy development and management.

The institutional model of rural development management should achieve the goals and solve the tasks set in the field of agricultural policy, considering special laws and regulations. The main mission of special laws is to determine the main proportions between the development of market relations and existing regulation at the state level.

It is territorial exclusivity, and organisational and economic potential that determine the initial conditions for the establishment and implementation of a new management model in the spatial aspect. This concerns, firstly, ensuring the improvement of the quality of life and life support of people, a new format of process modernisation of the economy, infrastructure, and public administration system; secondly, determining the decisive importance for a particular territory, in the real space of the territorial section of economic, social, and other transformations.

It is necessary to reform the national policy of rural development in Ukraine. However, the effectiveness of any economic and social reforms is largely determined by the state of the institutional environment and the changes taking place in it. The low effectiveness of the national policy of rural development in Ukraine causes the need for further theoretical study and the development of scientifically sound recommendations based on the generalisation of the experience of EU countries on the functioning of institutional models for managing rural development. The above together determines the relevance and originality of the specified topic.

The purpose of the study is to summarise the experience of the European Union countries on the functioning of institutional models for managing rural development for adaptation in Ukraine.

In accordance with this goal, the study aims to formulate conceptual approaches to the establishment of an institutional model for managing rural development in Ukraine, considering the fundamental principles of building a rural development management system in the EU countries.

There are many scientific publications in the press devoted to the analysis of the European experience of rural development, mainly the experience of the European Union (EU) countries [6; 7]. European experience is considered in the monograph along with the solution of other research problems on sustainable rural development [8]. Consideration of methodological recommendations [9] on the relevant topic allowed systematising approaches to the implementation of the national policy in the field of ensuring sustainable development of rural areas, its information base, and the institutional environment.

Theoretical and methodological problems and strategic priorities of sustainable rural development in Ukraine are reflected in the studies by Y.M. Gadzalo, V.M. Zhuk, M.M. Mogylova et al. [10]. The main aspects of sustainable rural development and agricultural production in Ukraine were investigated by Yu.O. Lupenko et al. [11]. The researchers developed approaches to solving the problems of developing agricultural production, increasing employment and income of the rural population, social development of the village, and the development of local self-government. Papers [12-14] reveal the essence of the agricultural policy of developed countries, trends in the development of world markets for agricultural raw materials and food, ensuring food security, using biological resources and soil and climate potential. However, insufficient attention is paid to the development of rural areas as a factor in increasing the competitiveness of the agricultural sector and preserving the territorial integrity of the state.

In addition, a clear system of views on European approaches to rural development, which can be defined as a paradigm of rural development, has not yet developed. In this case, G.B. Kleiner considers such a paradigm as “a universally accepted body of knowledge and assessments of accumulated data that has been used by specialists for some time as a kind of “template” for problem setting and problem-solving” [15]. In the study [16], which reflects the conceptual views of the research team on rural development, the European experience was rather underinvestigated. According to P. Bardhan, “the new management situation and management paradigm determine the need for deep development of new organisational principles of structuring: complementing the principles of organising a single management centre with the principles of decentralisation, autonomy of functional structures and assigning social and legal responsibility for independent actions to these structures”. It is this approach that allows excluding or at least minimising defects in public administration [17].

Based on the analysis of scientific sources based on the generalisation of models implemented in practice in the EU, two areas of conceptual approaches to

rural development can be distinguished. Both areas are based on the dualism of concepts: “exogenicity/endogenicity” (the first area) and “industry/territory” (the second area). Within the framework of the first area, exogenous, endogenous, and neoendogenic approaches are distinguished, the essence of which, according to N. Ward et al., is expressed in the form of appropriate institutional models [18]. Certain differences of the theoretical model of the economy of the self-organising paradigm, presented by P. Lowe and J. Murdoch [19], consistent with the neoendogenic approach to rural development. This refers to such properties as: a) the cooperative nature of the dynamics of economic subsystems, the possibility of collective effects in the economy; b) the ability to self-reproduce; c) the dependence of the current state on prehistory, the ability to preserve information (in the form of a connection structure between the elements of the economic system); d) the network structure of subsystems with a trend to form a complex economic connection and interdependence between them. The second area of conceptual approaches to rural development, based on the dualism of the concepts of “industry/territory”, is described in detail by F. Mantino [20], and later – by J. Murdoch and A.C. Pratt [21]. At the same time, industry-specific, redistributive, and territorial approaches are distinguished. Y. Buitenhuis et al. [22; 23] reveal the problems of institutional insufficiency and the need to develop institutions to achieve the goals of planned transformations, which allows identifying areas for improving the institutional environment during the transition to rural development management.

Thus, the lack of development of conceptual and methodological aspects, and the scientific and practical significance of institutional support for decision-making in the field of rural development management based on the best foreign practice, led to the need for further study.

► Materials and Methods

The key condition for the comprehensive provision of national security of Ukraine is the effective management of rural development. Having natural and technological advantages, Ukraine is constantly in an aggressive external environment, which is manifested by increasing competition and instability of border areas. All these challenges and threats to the country's security determine the need for rapid response, development, and implementation of high-quality management decisions. The institutional model of rural development management should achieve the goals and solve the tasks set in the field of agricultural policy, considering special laws and regulations.

Economic development of rural areas is a guarantee of consolidation and sovereignty. The theoretical platform for choosing the methodology of economic space research is based on the provisions of economic theory, the theory of long-term technical and economic development, the principles and methods of building an institutional theory.

In the process of research, depending on its goals and objectives, the following methods of cognition and analysis of economic processes are used: theoretical generalisation – when substantiating the main trends and priorities of agricultural policy implemented by the EU; statistical comparisons – when identifying and evaluating the effectiveness of the functioning of the system of distribution of tasks between the European Commission, the national state and regions; analysis of hierarchies – when studying the model of distribution of programming and management competencies in various management systems and analysing the forms of relationships between different levels of government; system method – when evaluating the effectiveness of functioning of heterogeneous management models between centralisation and decentralisation; expert assessments – when considering classification different countries based on the distribution of responsibility for managing programmes that were intended for rural development; analysis and synthesis, induction and deduction – when analysing vertical coordination and relations of the state and regions in countries with a decentralised form of management; comparison – when considering countries (Germany and Italy) with the most complex models in Europe, which are characterised by a very strong territorial division of powers and functions.

The methodology for studying the processes of rural development is based on the unity of the provisions of the methodology of economic growth, which includes:

- methodological approach to the study of the development of rural territorial systems using the tools of institutional theory and conceptual foundations of sustainable development;
- approach to revealing the specifics of institutional factors of rural development, determining their impact on the achievement of strategic goals;
- areas for improving the programme and target method of planning and managing rural development in Ukraine based on the best experience of the EU;
- analysis of European and Ukrainian approaches to the management of rural development;
- investigation of the state and trends of rural development in the EU, including in Germany and France, and the development of proposals for their use in Ukraine;
- identification of the possibility of adapting the EU experience in rural development in Ukraine;
- development of recommendations for improving the organisational and economic foundations of rural development management in Ukraine based on the best European practice;
- consideration of new trends in changing the pace of economic dynamics of EU countries and their regions.

The key goal is to build an institutional model of economic growth in the agro-industrial complex and rural areas based on the study of foreign experience in managing rural development.

Within the framework of this target setting, the need to develop theoretical and methodological

foundations for the effective development of territorial socio-economic systems to substantiate management decisions in a particular agricultural territory is determined.

A comprehensive methodological approach allows: first, to consider the institutional model of rural development management as an integral organic part of a single long-term process; second, to determine the socio-economic genotype of the territory; third, to establish structural shifts in relation to the cyclical nature of agricultural production development; fourth, to calculate the total potential of organisational and economic development of the rural territory.

► Results and Discussion

All other things being equal, sometimes in the worst conditions, the object or organisational structure in which the most effective management system functions

almost always wins. The current approach to assessing the hierarchical and organisational implementation of management processes in any system, regardless of its functional area, is that management should distinguish perspective and strategic, and operational and tactical levels, the relationship between which determines the degree of centralisation and decentralisation of the management system. The relative importance and specific role of different levels varies depending on the institutional structure of each country. In countries with centralised governance, the national level prevails; conversely, the intermediate and regional levels are more important in countries with more decentralised governance. To understand the organisation of different levels of management, various activities for programming and managing rural development policies are considered, and the distribution between individual levels and individual actors is analysed (Fig. 1).

Phases of programming and management		Centralised system	Decentralised system	Mixed system
Design and planning	Strategic programming	State level of competence	State level of competence	Agreement between the state and regions
	Placemant of found resources		Regional level of competence	Agreement between the state and regions, subregional authorities and economic and social parties
	A doption of operational programme			Regional and sub-regional level of competence (including development agencies)
Programme management	Implementation	Partly state, partly regional level of competence	Partly sub-regional, partly local level of competence	
	Selection of recipient district			
	Selection of grassroots partnership	State level of competence	Competence distribution between all levels	
	Selection and financing of individual recipients			Competence distribution between all levels
Control, monitoring, analysis and evaluation of results	State level of competence	Competence distribution between all levels	Competence distribution between all levels	

Figure 1. Models of distribution of programming and management competencies in different management systems
Source: compiled by the authors based on the study by F. Mantino [7], J.A. Bardegue [13]

Management systems can be considered dynamic because they change over time. From this standpoint, there are two global factors of change: on the one hand, institutional and administrative reforms in different countries, on the other hand, the process of globalisation. “Local governments are becoming increasingly important in countries around the world: they are gaining more power and more financial independence, they are trying to gain more weight at the national level, and in some cases at the

international level. The processes of globalisation weaken national states, but strengthen the grassroots levels and their governments” [6]. In rural development, there are processes that characterise the current stage of globalisation: a) the development of technological and organisational abilities of food chains at the international level; b) the emergence of large pools of human and technological capital (China and India). These processes form a competitive challenge that is more pronounced in the field

of agriculture and national rural areas. This situation encourages the emergence of effective policy areas: this is a classic combination of horizontal policy areas developed at the national and regional levels and grass-roots policies resulting from cooperation between local actors and regional institutions.

It is appropriate to emphasise the importance of the principles of solidarity and decentralisation in the implementation of regional development and rapprochement policies, as well as rural development policies. This refers to a model that defines the institutional architecture of the EU. The model that the European Commission sees concerns determining the roles of the main institutional and socio-economic (partnership) actors in policy formulation and implementation [24].

The model includes the following principles:

- European Commission and national, regional, and local authorities define development priorities in a coordinated manner, which are provided with specific quantitative, verifiable goals;
- office is fully entrusted to member countries and regions, which should systematically send reports on the use of resources received from the EU;
- for transparency in the management of EU resources and compliance with EU regulations, member states and regions must be provided with adequate and effective management, monitoring, and control systems. In accordance with the principle of delegating management functions to member countries and regions, the European Commission plays a powerful role in the development of programmes and monitors the results of the implementation of the support programme at the stages of the management vertical [24].

The European Commission participates in the activities of supervisory committees, making critical comments, where necessary, on all aspects of programme management. Considering the operational level of coordination and management of territorial support measures, an important role is played by management bodies that are responsible for the effectiveness and regularity of management and implementation of support measures [7]. The management body is the support programme promotion centre: it evaluates the eligibility of all support applications, issues financial obligations, and makes payments to support recipients. From the standpoint of decentralised management of EU funds, a governing body should be provided for each form of support, whether it is an EU support programme, an operational programme, a single programming document, or an EU initiative programme. It associates itself with a body of public importance; a national or regional administration, if it refers to national projects/regional programmes, respectively.

In a decentralised system, the presence of the national administration in day-to-day management is significantly reduced (programmes are defined and adopted at the regional level) and concerns strategic planning, distribution of financial resources among lower levels. At the same time, general rules for preparing monitoring and evaluating results are also established (Fig. 1). The system is characterised by

both the leading role of the regional level and the possible integration of the middle and basic levels. In fact, in order for the system to qualify as decentralised with an insufficiently strong regional presence, a set of functions implemented at a lower level is required. That is why the selection of individual projects and decentralised financial management are key functions for checking the existence of effective decentralisation at the level of grassroots partnerships [17]. Another fundamental feature of decentralised systems is the presence of a large number of institutions, associations, and various types of institutions, which makes it necessary to coordinate at several levels, including at the local level.

Decentralised management implies management that is transferred to regions and local self-government [7]. Under a centralised system, most of the management functions are transferred to the national authorities (Fig. 1). The selection of local partnerships or the selection of individual projects at the grass-roots level is the responsibility of national bodies or regional institutions, which are subordinate to the national level. Coordination problems arise at the national level between different departments of the national administration [14]. In fact, the regional level influences the determination of the degree of decentralisation, but to understand the idea of local governance, what is crucial is not who manages policy from above (both at the state and regional levels), but how local or intermediate levels affect bottom-up governance.

Member states develop their regional rural development programmes (RRDP), which include pan-European priorities in this area: promoting knowledge transfer and innovation in agriculture and forestry in rural regions; improving the competitiveness of all agricultural sectors, stimulating generational change in agricultural enterprises, and promoting innovative agricultural methods, sustainable forest management; promoting food chain organisation, risk management in agriculture; restoration, conservation and improvement of ecosystems dependent on agriculture and forestry; promoting efficient use of resources and supporting the transition to a low-carbon and climate-resistant economy; promoting social integration, rural economic development, and combating poverty [16].

For the period 2014-2020, the European Commission approved 118 programmes from 28 countries in various areas of rural development. These programmes are designed based on the needs of the territories, and within their framework, EU member states set quantitative indicators for achieving their goals. The amount of funding is determined considering the fact that 30% of the funds of all programmes should be directed to environmental protection [24].

As part of further research, the study will consider the classification of different countries based on the distribution of responsibility for programme management.

- countries with centralised management – countries where there is a national level of programme development and management (Ministry of Agrarian Policy and Food of Ukraine);

– countries with decentralised management – countries where regional or other subnational authorities are responsible for programmes. The transfer of authority takes place from above, at the national level, even before the start of the programme development stage;

– countries with mixed management – countries where management responsibility and financial resources are distributed between national and regional levels for one specific programme. Considering the three types of programmes, it is possible to formulate different guidelines.

As for the EU RRD, there is a clear heterogeneity: more than 40% of resources are distributed through a centralised management system. This figure covers more than half of all resources, if mixed management programmes are also taken into account. The centralised management model dominates the European rural development policy [22]. This includes northern European countries: such as Denmark, Sweden, Ireland, the Netherlands, Luxembourg, Austria, and a country with a centralised management system in Europe – France. Of the southern European countries, Greece is the only country that falls into the category of countries with a centralised governance model. In all these countries, measures to support rural development are managed from the centre, although with the involvement of local authorities, as is the case in the Netherlands, where provinces are given a place in choosing the area of public funding. This does not exclude the fact that the overall priorities, the choice of measures and their financial structure are established by the central body that manages the agricultural policy and rural development of the country.

The decentralised model is used in countries with a predominant institutional structure (with low financial security indicators) with strong regional powers both in the federal administrative system (in Germany) and as a result of the transfer of the full powers and functions of the agricultural sector from the national level to the regional level (in Italy) [4]. Germany and Italy are two countries where the RRD programming and management process is fully delegated to the regions, and the role of joint leadership and coordination remains with the central government [14].

Special attention should be paid to the United Kingdom, which does not have a single development plan, but consists of four historical provinces: Northern Ireland, Wales, Scotland, and England. At the same time, it is impossible to talk about a completely centralised model, because here decentralisation concerns only the first three provinces, both through the transfer of existing powers and through the size of the provinces themselves, which are approaching the largest regions of Italy. England is close in its characteristics to a large European country. Between these two alternative models are Spain, Portugal, Finland, and Belgium, which occupy an

intermediate position in the classification, since they simultaneously represent the characteristics of national and regional governance. This choice is based on the criterion of distribution of tasks and resources between the state and regions. The state has secured some regulatory measures, believing that these measures (measures to support unfavourable areas) can be better managed at the national rather than regional level [7]. The following factors indicate different benchmarks and a return to a centralised model for measures to support rural development in Europe.

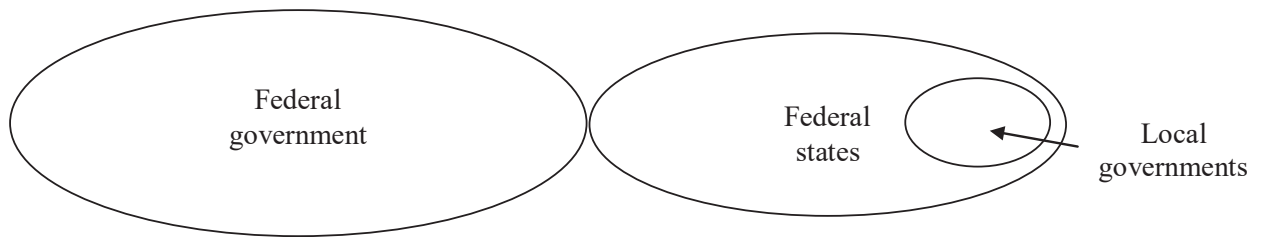
Firstly, the traditions of administrative management and institutional mechanisms that have developed in different countries determine the choice in delegating authority to directly manage the programme. Germany, with its strong federal structure, on the one hand, and France, with its traditionally centralised government structure, on the other, are two extreme cases of the European approach. Other countries are located between these extreme margins.

Secondly, there is a characteristic antithesis between centralised and decentralised models. This contrast follows from the belief that if decentralisation means higher efficiency in implementing rural development policies, then the centralised model corresponds to higher efficiency in spending funds by meeting the deadlines for implementing support programmes and achieving savings on the scale of administrative management [17]. On the other hand, the centralised model simplifies administrative management and programme development phases, because it reduces the number of subjects involved in the process, the time of negotiations, and the number of programmes developed at the output. These reasons, which help explain the growing interest in the centralised model, include penalty mechanisms for programmes that are inefficiently spent.

The third factor explaining the tendency to maintain centralised governance was the guarantees of greater effectiveness of policies that are not regional, but supranational in nature, for which regional governance may be too narrow and therefore incompatible with the goals it pursues.

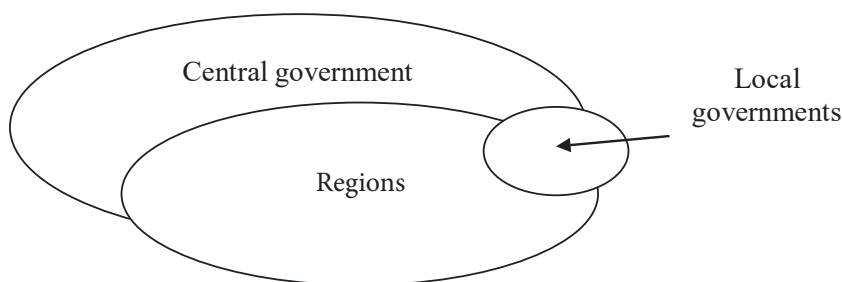
As mentioned above, rural development policy management models in Europe vary. Germany and Italy have the most complex models in Europe, which are characterised by a very strong territorial division of powers and functions [19]. Given that Germany has introduced a federal system of government, the two countries have a lot in common in everything else: a) they have implemented the decentralisation of legislative and administrative functions based on regions (21 regions and autonomous provinces in Italy, 16 lands in Germany); b) both countries have a strong push for decentralisation processes; c) relations between different levels of government are based mainly on a multipolar system or cooperation [4]. The forms of relationships between different levels of government are shown in Figure 2.

A. Bipolar or dual system (classical federalism)



- Division of competences between the federal government and the governments of the federal states
- Local governments subordinate to the federal states

B. Multipolar or cooperative system



- Many levels of government perform a certain function on the same issue
- Each level has its own function and its own sphere of autonomy
- Each level of government has a direct relationship with another

Figure 2. Forms of relationships between different levels of government

Source: compiled by the authors based on the study by E.D. Markina and L.S. Markin [6]

Note the following differences between this model:

a) in the cooperative model, functions are divided in such a way that in relation to the same issues (environment, social services, etc.), different levels of government perform any function;

b) the policy is launched through the participation of several levels of government, each of which represents its own territorial interests;

c) for this reason, the cooperative model allows for duplication and provides tools to solve the problems associated with this duplication: the main mechanism is to coordinate the main steps between the state and the regions and, to a certain extent, with local authorities;

d) the formulation of the national policy is the subject of constant negotiations between different levels of government. This mechanism is formalised through conferences that involve the subjects of

relations (the state, regions, and local self-government bodies) [7].

The cooperative model was developed in Germany, Italy, and France. However, the main problem of the cooperative management model is the low efficiency of decision-making. Indeed, the need to reach an agreement between different levels of government can significantly slow down the decision-making process and delay the introduction of innovations. At the same time, the existence of a model of cooperative relations shifts the decision-making centre towards the periphery. This is positive for improving the decision-making process in a situation of internal heterogeneity of individual countries, but it can negatively affect, devalue the possibilities of centralised coordination, and lead to fragmentation of policy directions. Figure 3 shows the procedure for the functioning of the rural development programming system in Germany.

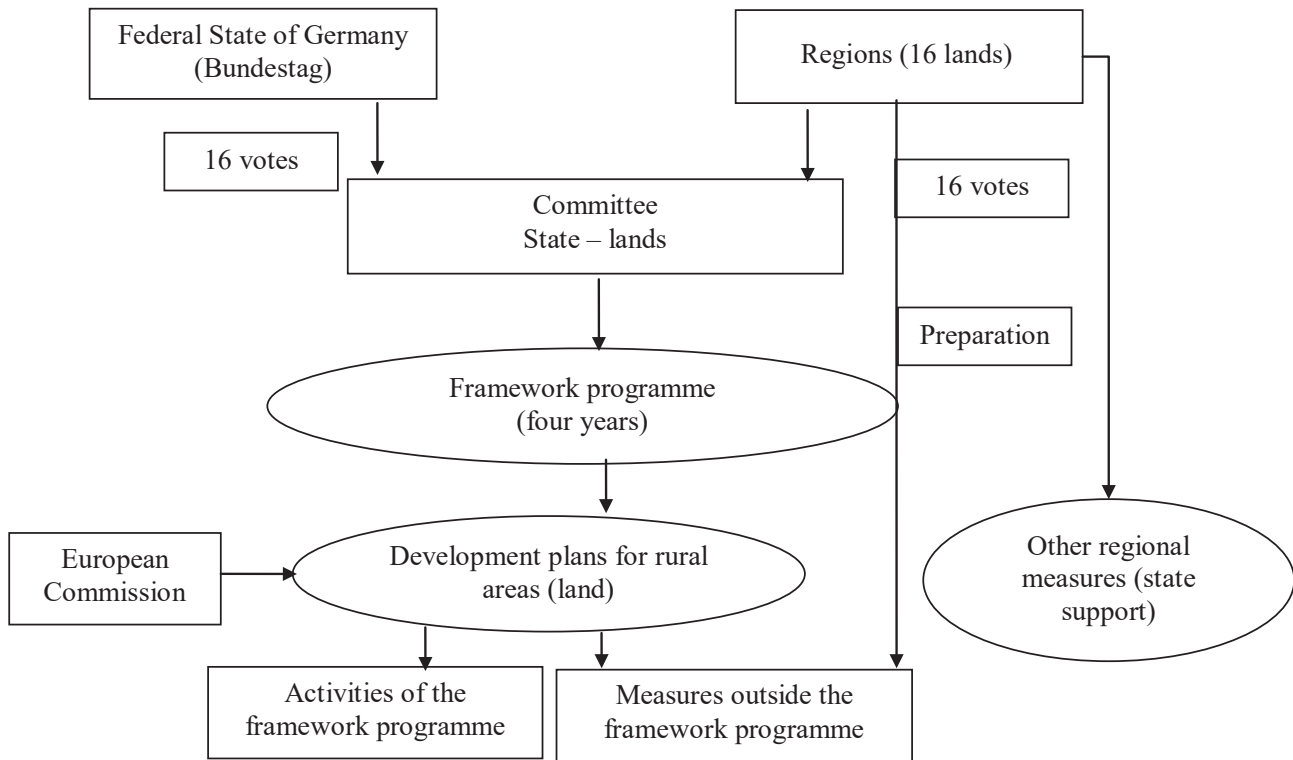


Figure 3. Functioning of the rural development programming system in Germany

Source: improved by the authors based on the study by N. Ward, P. Lowe and J. Murdoch [14]

Given the federal structure of the German administrative system, regional development programmes are prepared and managed only at the individual land level. Individual regional programmes should be comparable to the framework programme developed at the federal level by the relevant committee, which includes representatives of the federal state and lands on equal terms. The committee is the main place for coordinating agricultural policy in Germany and at the same time, the main place where the federal government provides guidelines for the RRDP. Currently, the framework programme individualises the priorities of classical structural policy (sales structures, forest plantations, and improvement of the structure of agricultural enterprises). Through the framework programme, the federal government guarantees national co-financing of these areas of structural reform in the form of 60% (the remaining 40% of funds are allocated to land). For all measures related to the diversification of the rural economy and improving the quality of life, with the exception of measures related to the restoration of rural villages, the costs lie entirely on federal states. It follows that in a situation of lack of national and regional financial resources (due to internal budget constraints), the lands prefer to choose those support measures for which there is co-financing with national funds, namely towards measures to support agricultural enterprises.

This mechanism of joint decision-making and

co-financing leads to the formulation of policies aimed mainly at supporting the agricultural sector. These results are caused by land governments, and they show up so strongly that they reduce the federal government's ability to make decisions about the allocation of financial resources.

In addition to joint programmes, each EU member state has its own rural development programmes (RDP). These programmes consider the specific needs of each territory and contain quantitative and economic indicators for achieving the development goals of their district. At the same time, each EU member state has chosen for itself the main activities offered by the EAFRD list, considering the funds required for each area. Each state in the RDP has its own strategy for rural development, which is implemented based on the SWOT analysis [23].

In the EU countries, forms of multi-level governance developed and enriched over time, until they became one of the key points in the functioning of rural development policies. The spread of local planning forms supported by the EU has gradually led to the emergence of partnership models (local partnerships, forms of joint actions of various kinds, project committees, etc.), which were aimed at bringing together operators who can thus participate in the development and even implementation of rural development strategies. Figure 4 presents the EU policy on rural development for the period 2014-2020.

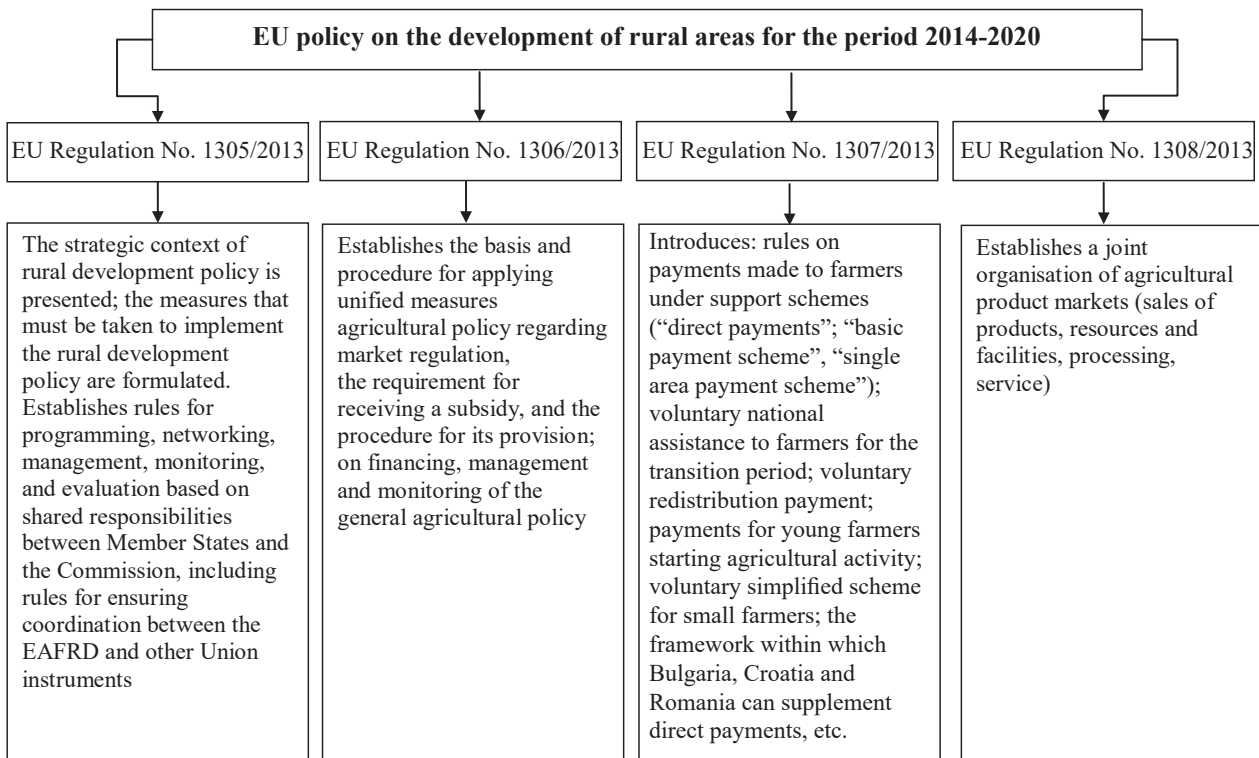


Figure 4. EU rural development policy for the period 2014-2020

Source: compiled by the authors based on [25-28]

The experience of the EU member states shows that the effective development of industrial and social processes in rural areas depends mainly on vertical cooperation.

On December 2, 2021, the agreement on the reform of the Common Agricultural Policy (CAP) was officially adopted. The new law, which is due to come into force in 2023, paves the way for a fair, environmental and efficiency-oriented CAP. Its purpose is to ensure a sustainable future for European farmers, provide targeted support to small farms, and provide EU countries with greater flexibility to adapt measures to local conditions. Agriculture and rural areas are central to the European Green Deal, and the new CAP will be a key tool in achieving the goals of the farm-to-table strategy and biodiversity conservation strategies [24].

For the period 2023-2027, the CAP will be built around ten key goals. Focused on social, environmental, and economic goals, these goals will form the basis for EU countries to develop their CAP strategic plans. The goals are: to ensure fair profits for farmers; to increase competitiveness; to improve the position of farmers in the food chain; to act on climate change; to care for the environment; to preserve landscapes and biodiversity; to support generational renewal; to revitalise rural areas; to protect food quality and health; to encourage knowledge and innovation.

Therefore, rural development programmes in the EU focus on supporting agriculture and forestry

in general, developing farms and entrepreneurship in rural areas, supporting young farmers, developing non-agricultural activities and services, managing investments in architecture, culture, nature protection, landscape, environmental management, and other areas.

► Conclusions

The study found that the European context is characterised by heterogeneous approaches to the issue of rural development. This heterogeneity is conditioned by the following factors: 1) differences in the structure and mechanism of functioning of the agricultural sector, and in the level of competitiveness of various rural areas not only in individual countries, but also in individual regions; 2) differences in the institutional structure, in particular: in the distribution of powers between the central government, regions, and local self-government, in the relationships between them in the development and implementation of policies; in the ability to direct, coordinate, and manage this policy at all levels; 3) differences in the essence and characteristics of decentralised levels (regions, local government, and self-government).

The development of the concept of stimulating the development of entrepreneurship in rural areas until 2030 and the adjustment in this regard of the provisions of the National Economic Strategy for the period up to 2030 determined the need to formulate conceptual approaches that can be used

as their basis. The European experience of rural development convincingly shows that complex and painstaking work is required to form human and social capital that can mobilise the inclusion of resource potential in the process of rural development based on the principles of partnership, other institutions of self-development, and “rural networks”. The bottom-up movement with top-down financial, informational, and institutional support can fundamentally change the socio-economic situation in rural areas.

A comparison of institutional models of rural area management in the EU and Ukraine allows reveals that: the mechanism of institutional management of integrated rural development includes systematised measures (legislative, organisational, economic) aimed at improving the quality of life and rural areas; in the EU, institutional models of rural area management are implemented considering federal programmes that are implemented quite actively.

It is motivated that in Ukraine an important point is to expand the list of programme activities that should be financed from the state budget, so that regional authorities can choose them considering the characteristics of rural areas of a particular subject of the state; it is advisable to use the best experience of individual EU countries in drawing up forecasts of rural development in the creation of rural development programmes in Ukraine, which would allow combining an administrative approach (top-down) with a subsidiary (bottom-top). As a result, the creation of rural development programmes will be integrated into a single system, and this will avoid duplication of activities carried out in rural areas; institutional models of effective rural development require a new, post-industrial understanding of innovation and economic activity. The experience of these models can be borrowed from the Scandinavian countries, which are similar in natural and climatic conditions to some rural areas of Ukraine.

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Інституційні моделі управління розвитком сільських територій в економіці країн Європейського Союзу: специфіка, пріоритети, інструменти

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► **Анотація.** Актуальність статті полягає у необхідності створення ефективної моделі діючого інституційного середовища, здатного забезпечити єдність економічних процесів в управлінні сільськими територіями в Україні на основі кращої зарубіжної практики. Мета – узагальнення досвіду країн Європейського Союзу щодо функціонування інституційних моделей управління розвитком сільських територій для адаптації в Україні. Завдання – сформулювати концептуальні підходи до формування інституційної моделі управління розвитком сільських територій в Україні з урахуванням принципів засад побудови системи управління сільським розвитком у країнах ЄС. Як інструмент отримання інформації для обґрунтованого прийняття управлінських рішень у сфері управління розвитком сільських територій застосовувалися загальнонаукові методи дослідження: аналіз та синтез; індукція, дедукція та аналогія; абстрагування; узагальнення; ідеалізація та ін. Розглядаються основні тенденції та пріоритети сільськогосподарської політики, що здійснюється Європейським Союзом. Описано централізовані та децентралізовані системи управління сільським розвитком. Представлено неоднорідні (гетерогенні) моделі управління між централізацією та децентралізацією. Обґрунтовано багаторівневий характер концепції управління як ключовий специфічний компонент. Розглянуто функціонування системи розподілу завдань між Єврокомісією, національною державою та регіонами. Удосконалено моделі розподілу компетенцій програмування та управління у різних системах управління. Удосконалено форми взаємовідносин між різними рівнями влади. Представлено порядок функціонування системи програмування сільського розвитку у Німеччині. Розглянуто класифікацію різних країн на основі розподілу відповідальності за управління програмами, які призначалися для розвитку сільських територій. Проаналізована вертикальна координація та відносини держави та регіонів у країнах з децентралізованою формою управління. Запропоновано методичні підходи до розробки інституційної моделі управління розвитком сільських територій. Практична значущість статті полягає у розробці рекомендацій, які забезпечують підвищення ефективності та узгодженості управлінських рішень щодо формування інституційної моделі управління розвитком сільських територій в економіці України

► **Ключові слова:** Єврокомісія, програми, рівні управління, сільськогосподарська політика, централізація та децентралізація, фінансування