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THE IMPACT OF EUROPEAN INTEGRATION PROCESSES ON THE DEVELOPMENT OF RURAL AREAS OF UKRAINE

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Abstract

The article states that the modern global economic space promotes integration between countries in both economic and political terms, strengthening trade ties, cooperation and cooperation between countries. Sustainable economic development is an objective necessity for the further development of production relations in the world. It was emphasized the deepening of trade relations between Ukraine and the EU on the basis of the Free Trade Agreement. It is emphasized that one of the reasons for the crisis in rural areas of Ukraine is the monofunctional nature of rural development, the basis of which is agriculture. Important areas of the Rural Development Policy in Ukraine are the need for state support for the formation, accumulation and use of human capital in rural areas. It is proposed to develop a set of regional programs for the development of rural areas of Ukraine.

Keywords: globalization, integration, restructuring, decentralization, advisory, innovations.

Introduction. One of the important tasks of Ukraine's national policy is the transition to sustainable development. The state can implement this task through the rational and efficient use of the resource potential of agricultural enterprises; production restructuring; use of labor potential, which is formed in order to create the most favorable conditions for preserving the resource potential of enterprises and the country as a whole [15].

The current state of rural areas of Ukraine is characterized not only by significant structural, functional and related demographic problems, but also has significant potential for the development of agricultural and other types of business activities in rural areas.

Literature Review. Problems of rural development have long been studied by Ukrainian economists, including Kaletnik G.M., Honcharuk I.V., Mazur K.V., Vazhinsky F.A., Hungarian N.S., Gilka M.D., Kovalchuk S.Y., Chekanskaya L.A., Yatsenko O.M., Nevzglyad N.G., Nevzglyad. A.G. and other. Their works reflect the thorough results of research on the principles of multifunctional development of the village, rural areas and rural space; principles of socio-economic management of rural development; strategic aspects of the development of socio-spatial agricultural systems, as well as analyzes the experience of rural development in foreign countries. However, the decline of rural areas of Ukraine and a number of closely related demographic and social problems require further research on

various aspects of this issue in the context of the need to implement the concept of harmonious development and enhance the role of the state.

Methodology. The problematic of the development of the potential of rural territories is based on the use of multifaceted scientific methods of knowledge of phenomena and processes. Application of statistical methodology in the process of analyzing the dynamics and tendencies of rural development, the effective functioning of agriculture, which is the basis for the study of problems of rural development in general. Economic and statistical research is based on specific techniques, their totality forms the methodology of statistics (methods of mass observations, groupings, generalizations, time series, index method, etc.).

Case Studies. The development of integration at the European level is a modern sign of progressive changes in agriculture and a relatively new area of research in Ukrainian agricultural science. European guidelines provide the agricultural sector with the appropriate vector of development and open new opportunities for the revival of agriculture, create additional comparative advantages in the agri-food market in the context of economic globalization. A serious step in terms of deepening trade relations between Ukraine and the EU should be the Free Trade Agreement, which will bring the domestic agricultural sector closer to European standards, adapt it to the EU Common Agrarian Policy and expand the presence of new EU member

states in the Ukrainian agri-food market [11; 20]. European rural development policy has evolved as part of the development of the Common Agricultural Policy, from policies addressing the structural problems of the

agricultural sector, to policies focused on the multifunctionality of agriculture and, in particular, the challenges facing rural development [5; 17]. In fig. 1 presents the main objectives of the Common Agricultural Policy.

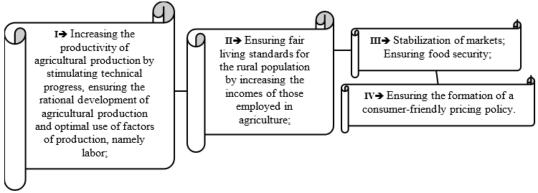


Figure 1 - The main objectives of the Common Agricultural Policy Source: [17]

In fig. 2. provides information on the causes of the crisis in rural areas of Ukraine.

- Lack of systemic legislative and regulatory framework for rural development;
- Imperfect formation of a sufficient tax base on the ground, which does not allow rural communities to be financially self-sufficient;
- Lack of an adequate mechanism for implementing financial support for rural development and standards for providing rural areas with the necessary social infrastructure, food, access to cultural values;
- Lack of a state program for the development of rural areas, which would be justified, comprehensively balanced, supported by relevant legislation and specific financial resources and aimed at protecting the interests of farmers and domestic agricultural producers;
- The monofunctional nature of rural development, which is based on agriculture, is mostly inefficient or inefficient at all, and in many cases functions only because there is nothing more to do in the villages, and the consequence is low income of the rural population.;
- Lack of conditions for the development of alternative areas of entrepreneurship and their further diversification in rural areas;
- Lack of understanding of the importance of rural development based on agricultural development and dependence on the development of the country as a whole.

Figure 2 - Causes of the crisis in rural areas

Source: [6]

At the same time, the current EU Common Agricultural Policy (2014-2020) has different features and characteristics compared to the previous period (2008-2013) (Fig. 3).

◆Transition from support for the production of certain types of products to direct support for agricultural producers, aimed at creating a competitive environment in agricultural production, as well as strengthening environmental safety by abandoning the monoculture of management, which is stimulated by production subsidies; ◆Expanding programs
to support rural
development, diversify
incomes in rural areas
through cooperation,
improve the quality of
agricultural products and
their marketing, compliance
with basic standards of
environmental protection and
animal husbandry, training in
new technologies, assistance
to young farmers;

◆Transition to the policy of «horizontal modulation», which provides for an increase in the budget for rural development and the expansion of environmentally friendly activities through the redistribution of direct payments;

*Allocation of targeted subsidies for the development of depressed areas to maintain the viability of regions that are characterized by less favorable economic and social conditions for the development of agricultural production, or limit it in favor of environmental protection;

•Continuation of the policy of "cross-responsibility", which introduces the dependence of the payment of subsidies on compliance with basic environmental requirements for the condition of agricultural land, hygiene and animal care;

•Ecologically expedient afforestation and conservation of agricultural lands, alluvium of agricultural lands; reservation of rural landscapes, landscapes, greenery, wetlands, ditches, plantations, flora and fauna.

Figure 3 - The main characteristics of the modern Common Agricultural Policy of the EU Source: [3; 11]

The achievement of the set goals was ensured by defining the basic principles of functioning of the Common Agrarian Policy: free movement of goods within the EU and common prices for the same goods; common advantages, which provided for the prioritization of goods produced in the domestic market over imported products; joint financial responsibility for market and price policy of the EU [17; 21]. There are currently 118 different Rural Development

Programs (RDPs) in the Member States of the European Union, as well as 20 separate national programs. 8 EU member states want to have two or more (regional) Rural Development Programs [16]. Such indicators reflect the importance of rural development for EU member states. In fig. 4 presents a number of key features of sustainable development of agricultural enterprises.

Establishing a possible optimal balance between the resources consumed and the resources produced;

Ensuring the best social protection for agricultural workers;

Use of resource technologies that provide the least harmful impact of economic activity on the natural environment.

Figure 4 - The main features of sustainable development of agricultural enterprises

Sustainable development of an agricultural enterprise is a way of its functioning, which is focused on achieving interaction between resources, technology, ecological and social environment.

Scientists of the Institute of Agrarian Economics in Ukraine have developed Strategic Directions for Sustainable Rural Development for the period up to 2030 (Table 1).

Table 1

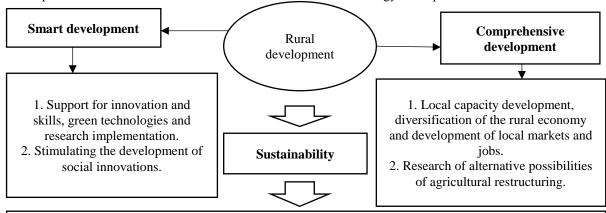
Strategic directions of sustainable development of rural areas for the period up to 2030

$N_{\underline{o}}$	Directions
1	Improving the management of sustainable rural development
2	Formation of an optimal rural settlement network and improvement of population reproducibility
3	Social protection of the rural population
4	Improving living conditions
5	Development of transport infrastructure
6	Availability of general education in rural areas
7	Providing rural residents with quality medical care
8	Ensuring employment and raising the living standards of the rural population
9	Diversification of the rural economy
10	Development of entrepreneurship and small forms of management in the countryside
11	Development of rural tourism and recreation in the countryside
12	Development of agricultural service cooperation
13	Rational use of natural resource potential of rural areas
14	Man-caused and ecological safety of rural areas
15	Financial support for sustainable development of rural areas
16	Logistics of sustainable development of rural areas
17	Investment support for sustainable development of rural areas
18	Innovative provision of sustainable development of rural areas
19	Development of agricultural information and consulting activities
C	121

Source: [13]

The basis of the Strategic Directions is a systematic and fundamental approach. An important factor in the successful implementation of the Strategic Directions is the formation of monitoring of sustainable development of rural areas and the introduction into

management of effective mechanisms for forecasting, goal setting and control at different levels of development management [4; 13]. In fig. 5 presents the main components of rural development in the context of the Strategy «Europe 2020».



- 1. Improving the efficiency of resource use to maintain basic levels of food, feed and renewable energy production and the provision of environmental public goods.
 - 2. Reducing emissions, increasing carbon sequestration and developing bioenergy.
 - 3. Ensuring sustainable land management and combating biodiversity loss.

Figure 5 - Rural development in the context of the Europe 2020 Strategy

Source: [17]

An important role in the development of the country and the realization of its potential is played by the foreign economic vector, features of foreign policy, international trade partners and the activity of interaction with them. The modern global economic space promotes integration between countries in both economic and political sense, strengthening trade ties, cooperation and cooperation between countries [2; 17]. Those countries that are left out of these processes

cannot remain competitive in the long run, especially in the case of untapped domestic economic potential or inefficient use.

Economic integration with a union of countries such as the European Union has a much greater positive potential than a negative one. The economy of the EU, in its vast majority, operates on a competitive basis, the desire of enterprises to maximize competitiveness, leadership based on quality. This approach has become

possible due to many years of market economy development, market saturation, evolutionary selection of the best of the best companies and realization of the economic potential of their countries. The benefits of European integration are primarily in the leveling of modern administrative barriers between countries that stand in the way of intensifying economic cooperation, flow of goods, services, capital, labor, etc. [3; 17].

This does not mean that these barriers block these flows completely, but they significantly complicate them and reduce their volumes, which could potentially be much higher.

Ukraine has significant development potential and this applies to rural areas. At the same time, the presence of considerable problems in many spheres of life does not allow its full-fledged, and even high enough use. In the table 2 shows the main obstacles to the development of rural areas of Ukraine, building and realizing their potential.

Table 2

The main obstacles to the development of rural areas of Ukraine

	See	Characteristic			
I	Historical	As a result, the structure of economic activities in rural areas is mainly agricultural, and its implementation is characterized by low efficiency and lack of organization;			
II	Natural	Cause low population density of rural areas, high construction costs and low economic efficiency of infrastructure facilities, obstacles due to landscape and land features of rural areas;			
III	Economic	Cause unsatisfactory level of development of market infrastructure of agriculture, low and often even negative level of profitability of agricultural production, the presence of an excessive number of intermediaries between producers and final consumers of agricultural products, rapid growth of feed prices, etc.;			
IV	Social	They are reflected in the constant reduction of the rural population, especially in working age, the active migration of the rural population both in the city and abroad, the increase in the number of diseases and the reduction in the average life expectancy of the rural population;			
V	Infrastructural	Manifested due to the low level of provision of rural areas with objects of production (transport, energy, communication) and social (medical, educational, cultural) infrastructure, lack of available information on alternative non-agricultural economic activities and methods of improving agricultural efficiency, underdeveloped advisory system in agro-industrial complexes;			
VI	Management	They consist of an inefficient development management system in the country as a whole and in rural areas in particular, high levels of corruption and misuse of budgetary and extrabudgetary funds, illegal pressure on businesses, excessive complexity and confusion of the control system, which is declaratively designed to ensure high quality. products and life of the population, but in fact is a way to obtain informal income by civil servants and use available resources for their own benefit and those close to them;			
VII	Mental	Unwillingness of the majority of the rural population to take an active part in the development of their territories and misunderstanding of their personal role, dominance of the idea of the futility of any reforms, lack of understanding of the need for quality work, increase their efficiency, use of principles of responsibility, integrity, honesty.			

Source: [1; 17]

The modern development of rural areas of Ukraine takes place in the conditions of aggravation of a significant number of problems in various spheres of life.

As a result, the importance of measures aimed at improving the socio-economic condition of the native village is growing every year.

A special role in this context is given to the policy of European integration of Ukraine and its approximation to EU standards on indicators of rural development [17; 20].

In the table 3 presents the main components of the rural development program according to the Cork Declaration. From the point of view of European integration prospects of Ukrainian rural development, it is also expedient to consider the functioning of the institutional trap of «virtualization of European integration efforts», which originates in a self-coordinating mechanism of interaction between government institutions, political parties, business and society plane of virtual European integration activity.

Table 3

Rural Development Programs under the Cork Declaration, 1996

	Rural Development Programs under the Cork Declaration, 1996				
№	Name	Program features			
I	Priority of rural development	Sustainable rural development must be a priority on the European Union's agenda and become a fundamental principle underlying rural development policy in the near future and after enlargement. The goal of sustainable rural development is to reduce the rural outflow of the population, fight poverty, stimulate employment and ensure equal opportunities and meet the growing needs for better, healthier, safer personal development, leisure, and improving rural well-being. The growing share of available resources should be used to promote rural development and ensure environmental protection.			
II	An integrated approach	Rural development policy must be interdisciplinary in nature, cross-sectoral in application and with a clear territorial dimension. It should be implemented in all rural areas of the EU, adhering to the principle of concentration through differentiation of co-financing for those areas that need it most.			
III	Diversification	Support for the diversification of economic and social activities should be aimed at creating a basis for independent private and community initiatives, in general: investment, technical assistance, business services, adequate infrastructure, education, training, integration of information technology, strengthening the role of small towns in the quality of an integral part of rural areas and key factors in their development, as well as promoting the development of viable rural communities and rural regeneration.			
IV	Sustaina bility	Policies must promote rural development by maintaining the quality and comfort of Europe's rural landscapes (natural resources, biodiversity and cultural identity) so that their use by today's generations does not harm future generations.			
Programm Simplification Subsidiarity bility bility		Given the diversity of the EU's rural areas, rural development policy must comply with the principle of subsidiarity. It should be as decentralized as possible and based on the principles of partnership and cooperation between all levels (local, regional, national and European). The emphasis should be on bottom-up participation: an approach that uses the creativity and solidarity of rural communities.			
VI	Simplification	Rural development policy, especially with regard to its agricultural component, needs to be radically simplified. There must be greater coherence in the current state of all financial support channels, restrictions on European law on general rules and procedures, greater subsidiarity in the decision-making process, decentralization of policy implementation and greater flexibility in general.			
VII	Programm ing	The implementation of rural development programs should be accompanied by a consistent and transparent procedure. They should be integrated into a single rural development program for each region, as well as implemented through the use of a single mechanism to ensure sustainable rural development.			
VIII	Financing	Encouraging the involvement of local financial resources will facilitate the implementation of local rural development projects. Greater emphasis should be placed on using different types of rural lending to ensure greater synergies between public and private funds, ensure access to resources for small and medium-sized enterprises, promote productive investment and diversify the rural economy. Expanding the participation of the banking sector (public and private institutions) and other financial intermediaries.			
IX	Management	Increase the administrative capacity and efficiency of regional and local authorities and rural communities by providing technical assistance, training, improving communication, cooperation and exchange of research, information and exchange of experience through interaction between regions and between rural communities across Europe.			
X	Evaluation and research	Monitoring and evaluation should be strengthened to ensure transparency of procedures, efficient use of public funds, and stimulation of research and innovation. Program participants should not only consult in development and implementation, but also participate in monitoring and evaluation.			

Source: [18]

That is, real European integration, in which the vast majority of Ukrainian society, in particular rural residents, is clearly interested, is hampered by «institutional imitation» by certain lobby groups, including those represented in public authorities that seek to maintain their influence through quasi-

effective political institutions, blocking the implementation of EU institutional norms in Ukraine [2; 17], as it threatens their very existence and activities in the usual format today.

This situation hinders the implementation of the European integration course of our state, prevents

effective and multifunctional development of its rural areas by reducing administrative barriers and corruption, improving the quality of information and analytical support of the rural economy, the development of civil society institutions [17]. The existence of institutional traps is closely related to the problem of the spread of orthogonal institutions in the economy of rural areas of Ukraine.

Prospects for the development of the Ukrainian countryside and ensuring the balance of their economy significantly depend on state regulation [2]. Information on the main orthogonal institutions that negatively affect the functioning of the economy of rural areas of Ukraine in the context of the priorities of European integration of our country is presented in Fig. 6.

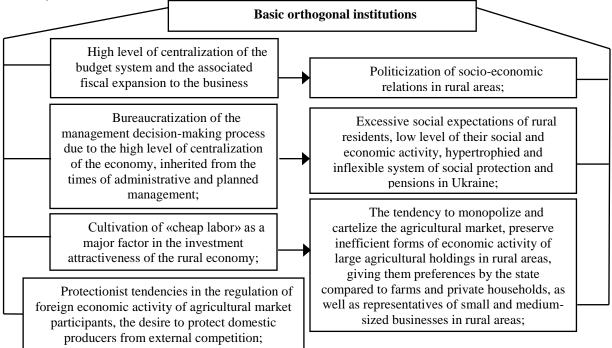


Figure 6 - Basic orthogonal institutions

Source: [17]

In fig. 7 shows the main reasons for the existence of institutional vacuums at the present stage of European integration of Ukraine in the context of the functioning of the economy of rural areas of our state.

A significant mental and psychological barrier that prevents the establishment of the modernization paradigm of rural development in Ukraine in terms of European integration, is the despair of peasants in the possibility of change in their own state [17].

Apart from European principles, other effective measures should become important directions of the Rural Development Policy in Ukraine. We share the opinion of Kaletnik G.M. [10], which determines the need for state support for the formation, accumulation and use of human capital in the village. The concept of human development as one of the main components of rural development policy should become an obvious

management document in this situation. In terms of content, this concept should contain specific tasks related to the preservation of existing human capital, improving its structure, regulatory and legal support for human capital development, institutional support for rural development [11; 12].

No less important from the point of view of ensuring sustainable development of rural areas is the implementation of training programs on the formation of alternative economic activities in rural areas. To do this, it is necessary to more actively involve higher education institutions, consulting companies and advisory services in the training of specialists in services, tourism, cross-border cooperation, management and marketing, working in rural areas, creating innovative industries, enterprises with foreign capital, etc. [18; 20].

I → Weakness of banking and insufficient development of non-bank financial institutions (private investment and pension funds, trust companies, insurance companies, credit unions, etc.), able to accumulate and generate sufficient financial and investment resources;

The main reasons for the existence of institutional vacuums

V→ Deficit of civil society institutions, which results in a low level of involvement of rural residents in local government and self-government institutions, as well as the weakening of public control over the activities of public authorities and agricultural holdings;

II → Lack of an extensive network of consulting institutions capable of providing domestic agribusiness with quality information, marketing, legal and management support in its activities both in domestic and foreign markets;

III → Atrophy of the transport communications system and transport infrastructure of the domestic village, which makes it impossible to quickly and efficiently connect domestic agricultural producers with markets both within Ukraine and abroad, thereby significantly reducing the efficiency of communication networks as an important factor in increasing investment

IV→ The functional inconsistency of the institution of local self-government in Ukraine, especially in rural areas, with the role assigned to this institution in developed EU countries, is related to the inability of communities to solve problems of housing and communal services and social infrastructure of the native village. levels of effective economic institutions and promising forms of interaction with European partners.

Figure 7 - The main reasons for the existence of institutional vacuums

Source: [17; 21]

In fig. 8 presents the main tasks of the algorithm of sustainable development of rural areas of Ukraine.

☐ Formation of a patriotic, creative, strong in innovative activity of the village personality, a person who will be able to give new, modern, based on traditional values of ideas, intelligence, education in the spirit of Ukrainianness;

☐ Improving the activities of cultural, spiritual, educational, educational institutions of rural communities, based on common interests, attracting more people to work together in the field of sustainable development of rural areas;

☐ Restoration and promotion of ancestral estates in the countryside, education of love for the land as a source of society, especially in Ukraine, which has long been called the «breadbasket of Europe», love of work and agriculture, which will allow in the future to lead to the reverse urbanization process - partial suburbanization;

☐ Creation of an Internet portal for coordination of sustainable development in rural communities, introduction of innovative technological developments in the village without compromising its harmonious and sustainable development, which will be able to maintain a constant relationship between rural and urban communities for sustainable development of Ukrainian society;

☐ Formation of a strong elite of physicians in the framework of preserving the health of the nation, support and financing of health care in rural areas, aimed at improving physical and mental health, which should increase the sustainable life of the rural population, its durability.

Figure 8 - Tasks of the algorithm of sustainable development of rural areas of Ukraine

Source: [17]

Every inhabitant of a village or city has the right to modern medicine and education, accessible and high-quality administrative, communal, social services, good roads, clean and lighted streets. But people can only influence the quality of these services when those responsible for providing them are close. The closest authorities to the people are local governments: village, settlement city councils and their executive committees [4; 10]. Therefore, they must have broad powers and sufficient resources to be able to address all local issues and be responsible for them. In the table 4 provides information on the formation of OTG in Ukraine.

To this end, Ukraine is in the process of decentralization - the transfer of powers and finances from public authorities as close as possible to the people - local governments [7].

On June 12, 2020, the Cabinet of Ministers of Ukraine adopted an order on the definition of

administrative centers and approval of the territories of regional communities. As a result, 1,469 territorial communities have been established in the country (including 31 territorial communities in the uncontrolled territory within Donetsk and Luhansk oblasts).

State policy of Ukraine in the field of local self-government is based on the interests of residents of territorial communities and provides for decentralization of power - ie the transfer of executive power to local governments a significant part of powers, resources and responsibilities [1; 5]. This policy is based on the provisions of the European Charter of Local Self-Government and the best world standards of public relations in this area.

Legislative basis for a radical change in the system of government and its territorial basis at all levels began to take shape in 2014.

Table 4

Formation of united territorial communities in Ukraine as of the beginning of 2021

Name	Name Area of the Population, Number of Number				
ranc	region, km ²	persons	communities, units	districts, units	
Vinnytsia region	26513	1545416	63	6	
Volyn region	20144	1031421	54	4	
Dnipropetrovsk region	31914	3176978	86	7	
Donetsk region	26517	1843578	46	5	
Zhytomyr region	29832	1208212	66	4	
Transcarpathian region	12777	1253791	64	6	
Zaporozhye region	27180	1682534	67	5	
Ivano-Frankivsk region	13900	1368097	62	6	
Kiev region	28131	1781044	69	7	
Kropyvnytskyi region	24588	933209	49	4	
Luhansk region	26684	661028	26	4	
Lviv region	21833	2512084	73	7	
Mykolaiv region	24598	1119862	52	4	
Odessa region	33310	2377191	91	7	
Poltava	28748	1386978	60	4	
Rivne region	20047	1152961	64	4	
Sumy region	23834	1068247	51		
Ternopil region	13823	1036590	55	3	
Kharkiv region	31415	2654375	56	7	
Kherson region	28461	1027913	49	5	
Khmelnytsky region	20645	1254702	60	3	
Cherkasy region	20900	1192137	66	4	
Chernivtsi region	8097	901632	52	3	
Chernihiv region	31865	991294	57	5	
In general	575756	35161274	1438	119	

Source: [7]

In April 2014, the Government approved the main conceptual document - the Concept of Reforming Local Self-Government and Territorial Organization of Power. After that, the Action Plan for its implementation was approved, which launched the reform. In order to implement the provisions of the Concept and the tasks of the Action Plan, it was necessary first of all to make appropriate amendments to the Constitution of Ukraine, as well as to form a package of new legislation.

Amendments to the Constitution were primarily intended to address the formation of executive bodies of regional and district councils, reorganization of local state administrations into control and supervisory bodies, to give a clear definition of the administrative-territorial unit - the community.

Through the efforts of domestic specialists, practitioners, scientists, and experts, the draft amendments to the Constitution were developed and submitted for wide public discussion. The proposed changes were supported by the public and praised by the Venice Commission [7].

Analysis of the experience of implemented projects of economic development of rural areas in developed European countries allows us to identify the main accents that should be used in the development of rural development in Ukraine (Fig. 9).

Complexity: in economic development projects to consider all possible types of economic activity, the implementation of which can increase the income of the rural population;

II → Openness: in the development of projects it is necessary to use the methods of interactive planning with the participation of the population by discussing in the media, at village meetings, «round tables»;

IV ◆→ Use of local resources: mobilization of local financial, logistical, labor resources, which is of paramount importance for the creation of sustainable mechanisms for employment and income;

participation of the local population: in the process of project development and implementation the knowledge, experience and ideas of the population are used to the maximum, the peculiarities of economic and social behavior of different social groups are taken into account, their interests are balanced;

V◆→ Institutionalization of project decisions: transfer of project implementation and management functions to local administrations.

Figure 9 - The main highlights of rural development in Ukraine

Source: [3]

The results of experimental research indicate that for rural areas of Ukraine, the intensification of diversification of economic activities is the only way to provide the rural population with sources of income and an incentive to continue living there. In the table 5 provides information on the volume of foreign direct investment in Ukraine from 2010 to 2020.

Table 5

Foreign direct investment in Ukraine from 2010 to 2020 (million USD)						
Years	To Ukraine	Absolute	From	Absolute	Balance	Absolute
		increase	Ukraine	increase		increase
		(current year)		(current year)		(current year)
		(+/-) to the		(+/-) to the		(+/-) to the
		previous one		previous one		previous one
2010	6495	1679	736	574	+5759	23.7%
2011	7207	712	192	-544	+7015	21.8%
2012	8401	1194	1206	1014	+7195	2.6%
2013	4499	-3902	420	-786	+4079	-43.3%
2014	410	-4089	111	-309	+299	-92.7%
2015	2961	2551	-51	-162	+3012	907.4%
2016	3284	323	16	67	+3268	8.5%
2017	2202	-1082	8	-8	+2194	-32.9%
2018	2355	153	-5	-13	+2360	7.6%
2019	3070	715	648	653	+2422	2.6%
2020	-343	-3413	56	-592	-399	-116.5%

Source: [14]

To successfully solve the problems of European integration, the agricultural sector of Ukraine's economy has enough prerequisites: rich natural resources and export potential, significant human capital, gradually growing investment attractiveness, preserved rural life and centuries-old traditions of agriculture. In this context, research and scientific understanding of the experience of forming the

European agricultural model will contribute to structural reforms in agriculture and increase the competitiveness of agri-food products in European and world markets [4; 20].

In the table 6 and fig. 10 provides information on direct investment (equity) in the economy of Ukraine by type of economic activity by country in 2019.

Table 6

Direct investment (equity) in the economy of Ukraine by type of economic activity by country in 2019, thousand dollars USA

	thousand dollars USA (as of January 1, 2019)	in% to the end
Total: incl.	32 905 116,6	-
Agriculture, forestry and fisheries:		
incl.	451 893,2	100,0
Denmark	53 301,3	11,8
The Netherlands	27 261,8	6,0
Germany	31 528,8	7,0
Poland	36 368,3	8,0
United Kingdom of Great Britain and Northern Ireland	25 257,0	5,6
France	27 327,5	6,0
Sweden	11 465,8	2,5
Cyprus	147 250,0	32,6
British Virgin Islands	12 145,7	2,7
USA	19 118,7	4,2
Others	60314,3	13,6

Source: [8]

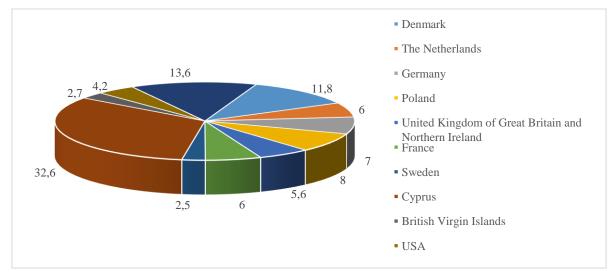


Figure 10 - Direct investment (equity) in the economy of Ukraine by type of economic activity by country in 2019, thousand dollars USA

Source: [8]

Adaptation of agricultural policy standards with transparent and predictable regulatory rules will help improve the investment climate and investment attractiveness of the agricultural sector of the economy for European partners. Significant potential of the agroindustrial complex is also associated with the combination of agricultural producers in Ukraine and the EU in production chains and sales channels. This will increase the productivity of the agro-industrial complex through the transfer of advanced technologies and practices of the EU, increase the scale of activity in the production and processing of agricultural products, improve access to world markets [9].

In general, sustainable economic development is an objective necessity for the further development of production relations in the world. As you know, the basis for determining the goals of sustainable development of agriculture was the concept of the multifunctional role of agriculture, according to which agriculture performs many functions in society - the production of safe and healthy food; assistance to sustainable rural development, first of all, protection

and improvement of the environment. This concept was adopted at the FAO conference (Ukraine became a member of this international food and agricultural organization in 2003) in the Netherlands (Maastricht) in September 1999 [11].

In the context of the crisis situation in the system of European and world security, as well as the crisis of the euro area, the study of the mechanisms of development of the agricultural sector of the national economy in the modern realities of integration processes are extremely relevant. One of such modern mechanisms is the functioning of the free trade zone between Ukraine and the EU The current state of agriculture and its «reaction» to the opening of EU markets for Ukrainian agricultural products, as well as prospects for further integration are of scientific interest [21].

Rural development involves improving the socioeconomic conditions in rural areas by improving employment opportunities, increasing household incomes and mobility of their members [1, p.154]. In our opinion, rural development is a well-founded process of successive economic, social, political, cultural and environmental changes aimed at improving the quality of life, which should meet the needs of the rural population and not pose a threat to future generations [2].

On the basis of the studied experience in Ukraine it is expedient:1) to develop a complex of regional programs of development of rural territories taking into account natural-geographical features and an existing condition of development of rural territories; 2) focus public policy on the development of human capital as the basis for the functioning of the village; 3) to provide an appropriate institutional structure capable of continuous monitoring of the state of rural areas and facilitate the exchange of experience with European countries and other developed countries.

The implementation of these measures and further research and development to improve the Rural Development Policy in Ukraine is the key to effective economic growth of the agricultural sector and the economy of Ukraine as a whole [19].

Discussion and Conclusions. The development of rural areas of Ukraine is one of the priorities of Ukraine's state policy aimed at solving economic, social, domestic, environmental, humanitarian, demographic and other problems of Ukrainian villagers, who make up a significant, and in some regions - the majority of our population.

Modern financial policy of rural development should be implemented through the cooperation of resources of the state, business (investors) and the population and aimed at stimulating entrepreneurial activity, creating new jobs, expanding the scope of employment, creating a favorable investment climate, etc., which will ultimately ensure self-sufficient development of rural territorial communities.

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