

# Key Components of Sustainable Supply Chain Development of the Agricultural Sector of Ukraine

O. Varchenko<sup>\*1</sup>, D. Utechenko<sup>2</sup>, L. Khakhula<sup>3</sup>, O. Slobodeniuk<sup>4</sup>, V. Byba<sup>5</sup>, M. Portyan<sup>6</sup>, T. Shepel<sup>7</sup>

*Bila Tserkva National Agrarian University*

*Kharkiv National Pedagogical University named by H. S. Skovoroda*

*Lviv Polytechnic National University*

**Abstract-** The article analyzes significant changes that have taken place in the development of the rural sector of Ukraine by sustainable supply chain development, which includes two components: agrarian (agriculture and technologically related industries) and rural areas (spatial base of production and resettlement of the population) of the second half of the last century. Current problems are revealed and the prospects of the rural sector functioning, through the prism of different concepts of productive forces development, are outlined. The problems are analyzed and prospects of rural sector functioning in various conceptions of productive forces development are outlined. The objective preconditions are outlined and the negative tendencies in the actions of the government bodies related to the agricultural sector in the conditions of the planned, transitional and market economy are revealed. The important role of the rural sector components, namely the rural economy and the living environment of the rural population, in the theory of complementary agrarian and rural development is substantiated. Thus, taking into account the negative tendency, economy development oriented to agriculture is seen in the following aspects: the diversity of industries and products, the placement of nonagricultural production facilities, regeneration of livestock sectors, the organization of crop products cultivation with a high proportion of manual labor, the introduction of agrarian logistics modern methods etc. At the same time, agricultural development is seen in solving the problems of the rural population through the use of the resource potential of the united territorial communities, as well as at the initiative of rural (domestic) communities in order to eliminate asymmetry and qualitative improvement of the living environment by increasing the availability of basic services for inhabitants of settlements which are not UTC centers (UTC – united territorial communities). It is proved that the state agrarian policy at the present stage should be based on scientifically grounded, balanced (or proportional, depending on the particular situation) and mutually reinforcing combination of two directions of its implementation –

**sectoral and territorial (or agrarian and rural development), that is, complementarity.**

**Key words-** rural sector, agriculture, sustainable supply chain, sustainable development, regions, united territorial communities, rural (domestic) communities, family farms.

## 1. Introduction

In recent years, many scholars have stepped up their efforts to find the most appropriate model of agricultural development (in the broad sense, including the processing and food industry of the agrarian sector) and rural areas, taking into account the peculiarities of the current situation in the rural sector of Ukraine. The complexity of solving this problem lies in the fact that the agrarian sector of the economy is in a state of permanent transformation, active turbulence and periodically recurring agrarian and financial and economic crises. However, as world practice has proved, the rural sector of Ukrainian society is still at the stage of functional transformation. In this regard, the role of the main (traditional) functions is narrowed, but it will never be eliminated, and the emergence of new or expansion values of the previously related, subsidiary or auxiliary (secondary order) functions gradually becomes determinative. Under such conditions, on the one hand, there is a need for a careful analysis not only of the current situation, but also of those processes and transformations that led to this state, in order to assess the dynamics and trends of long-term development, and on the other – the development and substantiation of modern scientific approaches of conceptual character aimed at ensuring balanced development of the rural (out-of-town) sector of Ukrainian society. In the context of their implementation, it is necessary to develop a set of practical measures aimed at ensuring balanced and complementary development of key components of the rural sector, which are called

agrarian and rural development. At the same time, we must ensure the inhibition of negative trends, prevent the emergence of new threats and localize existing negative phenomena.

## **2. Sustainable Supply Chain Literature**

In Ukraine, the problems of the agricultural development and rural areas in the scientific and practical sense acquired an independent character at the turn of the 50s and 60s, when the postwar recovery of the economy was completed and the programmatic course of the ruling party was announced to overcome the significant differences between the city and the countryside [1-2].

In the early 90's, the planned system of economic activity was subjected to radical destruction, in particular, its instruments did not meet the requirements of time, and almost all kinds of resources became scarce. Decline and degradation of the agrarian economy at the end of the 1990s were recognized by academics as the first agrarian crisis in independent Ukraine, but since the beginning of the 2000s, the national economy started to recover from the state of recession [3-5]. Since the second half of 2000, Ukrainian science was actively seeking ways to solve a number of acute and interrelated problems. This was made possible on the basis of, on the one hand, an objective assessment of the situation in the rural sector of Ukrainian society, and, on the other hand, the justification based on the realities of the conceptual framework of balanced and complementary agrarian and rural development, as well as the development of practical proposals. The implementation of these offers is possible provided that there are appropriate effective mechanisms and tools. These and other issues are covered in a number of scientific publications [6-9].

At the same time, in connection with the commencement of the reform of the administrative-territorial system of Ukraine (2015), the decentralization of authority and financial resources, a radically new situation is emerging, and the state is gradually transferring responsibility for the development of the rural sector to the regions and the united territorial communities, in the borders of which a number of rural (internal) communities operate. To a certain extent, these issues were analyzed and specific measures were proposed to address them in a number of scientific publications [10-12], but due to their extremely wide spectrum,

and in new circumstances, even a number of difficult problems remain unresolved from the scientific point of view. At the same time, in today's conditions, the prospect of Ukrainian rural sector's development is gradually being objectified through agrarian and rural components, which requires the provision of their interconnected and balanced development.

## **3. Research methodology**

The research methodology includes a retrospective analysis on a systemic basis of transformations and shifts that took place in the rural sector of Ukraine, using general and special methods of scientific knowledge, namely: historical and logical; subjective-object; structural-functional and economic-statistical. Object of research – processes of development regulation of rural sector in the system of state regulation of society and economy's the development. Subject of research – a set of economic relations that arise in the process of regulation of the rural sector development, including scientific, methodological and applied aspects in the context of its adaptation to the conditions of decentralization of public administration and financial resources, as well as the reform of the administrative and territorial system, activation and deepening of the European integration processes. Justification of conceptual foundations, scientific and methodical approaches and practical recommendations for regulation of the rural sector development of Ukraine, taking into account the need to ensure balanced changes and shifts in its two components – agrarian and rural.

## **4. Research results**

The problems of agriculture and rural areas began to be fully analyzed with the adoption of the program course by the ruling party to overcome significant differences between urban and rural areas: analysis of the real situation, possible ways of smoothing (overcoming) these differences, evaluation of the situation with the implementation of agriculture of its primary functions, that is, providing food to the population, and justifying key areas for product enhancement, etc. The situation changed dramatically with Ukraine's acquisition of political independence (August 1991) and the cessation of the existence of the former Soviet Union (December 1991). Ukraine had to form its own mechanisms for managing the national economy, including the agrarian sector, and ensure

its stable and efficient development. Regarding the agrarian sector, the issue of agrarian and land reform was raised, ensuring the transition of the economy from the planning and policy system to the model of socially oriented market economy. Consequently, in the 1990s social processes (demographic, migration, settlement) were superimposed on virtually spontaneous economic transformations and, as a result, gave a lot of diverse negative consequences. Since social processes were marked by a high degree of inertia and large scale, and further intensified by economic reforms, the negative trends in the agrarian sector became irreversible. As a result, there was a tendency to increase the mass of degrading villages, as well as the formation of declining agrarian territories [5]. According to the survey materials, 7, 75 thousands of the degrading settlements were allocated in 1996, 7, 1 thousands – in 2001 (out of 28,648 villages). The degraded settlements include those settlements with more than 50% of the population of retirement age, and small settlements include over 40% of senior citizens (up to 200 people).

According to scientists, [5], the decrease in the category of degrading villages could be due to the influence of various factors, but taking into account the negative tendencies of the rural population's natural movement, the overall situation deteriorated rather than improved. Among the degrading settlements were two subgroups: 1) dying (with a particularly difficult demographic situation) – 48.7% and 2) decaying – 51.3%. To this we will add that in the early 90's there were 112, in the middle – 121, and at the beginning of this century – 135 rural administrative districts of the demographic and settlement crisis (out of 490 rural areas). The zone of acute demographic and settlement crisis included regions of north-eastern Ukraine: Chernihivska, Sumska, Poltavska, Kharkivska. Crisis phenomena were especially manifested in these regions [5].

The acquisition of independence and the development of the public administration system in Ukraine coincided in the first half of the 1990's with the emergence and negative influence of a number of factors, in particular: hyperinflation, depreciation of funds on the accounts of enterprises and deposits of the population, catastrophic reduction of financing of the social sphere of the village and curtailing of the rural population social services, the spread of unemployment, which is

evidence of the emergence and aggravation of the financial, economic and agrarian crisis. Conducting agrarian and land reforms was protracted, accompanied by the elimination of collective forms of economic activity and the formation of new corporate formations of various organizational and legal forms (enterprises, business associations, production cooperatives), farm (peasant) households of commodity direction, vertically integrated structures, etc. Thus, the agrarian sector at the end of the 90s was at the lowest point of development – 48.6% of gross agricultural output, compared to the 1990, including the share of farm households was 57.0% [13]. The first signs of recovery from the agrarian crisis were based on the inclusion in the production and use of resources that were not used in the production process. In particular, the expansion of the land area and the attraction of unoccupied manpower in private households generated an increase in gross output over four years by UAH 20.8 billion (26.6%), which increased their share in gross agricultural output by 9.3% – to 66.3% (2003), although the index of production in the industry increased by only 4.4% – to 53, 0% [13].

Given the fact that the deterioration of trends in the agrarian sector had and still has a huge inertia, it is objectively that at the beginning of this century the increased attention of leading Ukrainian scientists was drawn to the social resources of rural areas. They proceeded from the fact that social resources are involved in the process of social production through the provision of reproduction of manpower. Therefore, the main element of the social resources of the village is its inhabitants – the rural population. The last central place belongs to labor resources, people who are able to manual labor. Thus, labor resources are an integral part of the social and economic resources of society at the same time, which, in our opinion, are the connecting link that determines the interdependence of its economic and social development "[5].

It should be noted that the direct involvement of labor resources (labor potential or human capital) in primary production is a key condition for effective management. Just because of the unification of human capital (located in settlements), implementation of not only the interests of local self-government bodies in general, but also directly of the rural population takes place. At the same time, taking into account the realities of the late

1990s, scientists believed that it was necessary to slow down the spread of "crisis zones" in rural areas of Ukraine, proposing to develop and implement special measures to overcome the depression of agrarian territories [5]. That is why the State target program for the development of the Ukrainian village for the period till 2015 (approved by the resolution of the Cabinet of Ministers of Ukraine dated September 19, 2007, No. 1158) included a subdivision "State support for the development of depressed rural areas", which provides for implementation of a number of concrete measures, in particular:

- a) Improve the legislation in terms of taking into account the specifics of the development of depressed rural areas;
- b) To develop and implement measures to provide state support to rural areas and administrative districts that are considered to be depressed rural areas;
- c) Introduce the provision of guarantees and privileges to persons (families) living in depressed rural areas, as well as those who will be transferred to such territories in accordance with the established procedure.

To stimulate the development of depressed rural areas, provision was made for over UAH 0.5 billion. According to the results of the audit, the use of funds from the state budget was aimed at implementing the specified Program for 2008-2015 (9 months); it was established that only half (UAH 64.0 billion) of the allocated funds (UAH 128, 2 billion) was used, including for the development of the social sphere and rural areas – 4.1% (UAH 2.6 billion, or 12.4% of the projected volume in this direction – UAH 21.0 billion), but to stimulate the development of depressed rural areas the money was not allocated at all [14]. Currently, a single and comprehensive Strategy for Agriculture and Rural Development for 2015-2020 is in force.

It proposes a strategic priority 7. Rural development – the revival of the Ukrainian village is aimed at supporting the development of agriculture and rural areas in four critical areas [15]:

- a) Formation of the necessary institutional, legal and strategic basis of the agrarian sector for implementation of the development policy of rural territories;
- b) The establishment of the Policy Framework for Investment (PFI) for the purpose of strengthening

and improving the competitiveness of small agricultural producers;

- c) Formation of the PFI of non-agricultural subjects for the purpose of stimulating the creation of added value and diversification of economic activity in rural areas;
- d) the formation of an PFI, which stimulates the organization and mobilization of the resources of rural communities and the development of public-private partnership with the participation of rural communities, agrarian enterprises, representatives of civil society and local authorities.

Consequently, this indicates that the liability for the development of rural areas is completely imposed on united territorial communities, which represent the rural component, that is, internal (or rural) communities.

Returning to the beginning of the 2000s, where the protracted period of the agricultural sector's exit from the post-transformation crisis was not accompanied by profound changes and significant positive shifts, in 2000 the index of agricultural production growth was 53.4% and the food industry – 52.1%, compared with 1990. It should be noted that in 2009, that is, at the peak of the next financial and economic crisis, the indices of production were respectively: agriculture 70, 0% and food industry 108, 1% [13, 16].

Consequently, there have been some positive developments and this has led to the search for those key components, influencing on which it will be possible to fully uncover the untapped potential of the agricultural resource potential of rural areas. It should be noted that in 2017 the index of production was: agriculture 91.3% and food industry 107.9%, compared with 1990. Creating conditions for the country's agricultural revival required Ukrainian scholars to seek new scientific approaches based on a rethinking of the role of the agrarian sector and village in solving key societal problems, systematic analysis of the problems that hampered these processes and the development of proposals for their solution. The deepening of the unresolved problems in the rural sector has led to a deterioration of the economic situation in agriculture, where the following phenomena, factors and trends played a decisive role, in particular:

- a) The low level of food security in the country as a whole and its reduction due to the growing imbalances in the cultivation of certain types of agricultural products;

- b) The formation of economic relations of a market type in the agrarian sector was complicated and burdened by profound changes in the composition of landowners and land users, organizational and legal forms of management, the emergence of new forms of high-value production (agro holdings, agro-corporations). This was accompanied by excessive exploitation of rural resources or the exclusion of individual resources (human capital) from economic activity in general;
- c) The strengthening of the tendency to deterioration of the living environment in the village covered almost all components: the material and technical base of the social sphere branches and engineering infrastructure, the system of social services for rural residents and the social security system of the population;
- d) The rise of agrarian production in the 2000s was not accompanied by an expansion of the rural population's employment, and vice versa: in the sectors of primary production and in the non-agrarian sector (industrial activities), in rural areas, a steady reduction in the number of employed on a permanent basis occurred.

Under such conditions, Ukrainian scientists were interested in the socio-economic approach. It is based on the Concept of Multifunctional Agriculture, which was formulated by the Organization for Economic Cooperation and Development (OECD) in 2008. Its emergence is connected with the degradation of the economy – that is, the decline in the share of agriculture in the national economy and the real decrease of employment in the agriculture. Part of the agricultural sector and other sectors of primary production of the rural population who is under working age, finds a job in various non-agricultural types of economic activity and in the social services sectors [17].

Consequently, the Concept of Multifunctional Agriculture urges a deeper and more comprehensive study about man's role and his place that one starts to carry out (one has already started to carry out or must carry out) in the interrelated spheres, with their objective interdependence and unity. The strict observance of the relevant requirements in the performance of the above-mentioned functions can be ensured only with the conscious and direct participation of a person in their practical implementation. They can serve as areas for diversification of economic activity in rural areas, turning into specific types of

local assets, the capitalization of which creates livelihoods for rural communities outside the production of agricultural products [6].

Thus, taking into account all above mentioned arguments, there are sufficient grounds for concluding that the agrarian policy of the state at the present stage should be based on scientifically proved, balanced (or proportional, depending on the particular situation) and a complementary combination of two directions of its implementation – sectoral and territorial (or agrarian and rural development), that is complementarity. It is based on the congruence of interests of agricultural production, rural communities and areas, which as relatively independent separate subsystems must harmoniously interact with each other in ensuring the implementation of sectoral and general social functions. In complementary agri-food systems, multifunctional agriculture and villages are effectively implemented [17]. As for the current situation, the principle of complementarity will be realized by the following approaches, namely:

1. Agrarian development on the basis of agricultural and technologically modernization is related to the industries in order to ensure the transition to a European model of multifunctional development. Including: renovation of the material and technical base of primary production facilities (rural, forestry and fishing); innovation and technological modernization of processing and food capacities of market operators; introduction of the domestic food safety system at the enterprises of the agrarian sector, which is equivalent to the European model of food products and animal feed safety; introduction of sanitary and phytosanitary measures in agriculture in accordance with European requirements.

Consequently, agrarian development objectively acts as a production dominant in the process of integration of entrepreneurs operating in the agricultural sector into the internal market of the European Union member states. It also completes the formation and establishment of a domestic market surveillance system, which is based on the observance of the general legislative framework of the Community market surveillance, and, according to the current legislative acts, it will be put into practice by the beginning of the 2020s [18].

Special attention is paid to the whole complex of problems, Ukrainian scientists focus on the main means of production, which “through the

introduction of a free market for agricultural land purchase will not be able to achieve sustainable economic growth, strengthening local economic and environmental development, the functioning of local markets, and the preservation of jobs. The lifting of the moratorium on land sales must precede the revision of the land legislation in accordance with the principles of responsible land management in the interests of society. Priorities should be: balancing agrarian and rural development through the deconcentration of land tenure and land use; access to the land market only by socially responsible investors; use of ecological and recreational potential of land resources primarily in the interests of local communities; creation of a public information system for monitoring land transactions [17].

The practical implementation of these priorities should take into account the specific features of the development of specific rural areas, different in size and configuration, in combination with the resources allocated to them for production. The initiative of local agricultural producers (active farmers and private farms) to increase the area of agricultural land, as well as other subjects, should be actively supported by the leadership of the united territorial community. At the same time, the interests of rural communities must be taken into account in terms of creating new jobs based on family management and organization with the introduction of agro-innovations in the production of competitive products. Particular attention should be paid to the revival of livestock industries. It is about creation of family dairy farms (for 5-20 heads), cattle breeding and fattening (5-30) sheep breeding farms (for 10-50 heads), organization of industrial dairy farms (more than 200 heads), fattening or with full production cycle of pig farms of various capacity, introduction of growing of plant products (early, greenhouse, green, niche).

2. At the same time, rural development is based on the active involvement of united territorial communities and internal (rural) communities in these processes. As there is a real shortage of own experience, this direction requires additional thorough analysis in order to prepare specific proposals, as well as the development of economic and organizational mechanisms and tools for their practical implementation. Ukraine proclaimed the European vector of development and, on the one hand, it should take into account EU methodological approaches to rural development,

and on the other hand – the domestic specifics and the real picture of shifts and transformations in rural areas, the dynamics of change and trend trends, etc. It should be noted that in the EU, rural development issues are addressed using the Common Agricultural Policy (CAP) instruments. Moreover, key decisions to support the agrarian sector are synchronized with appropriate support for the sustainable development of rural areas [19]. To ensure sustainable rural development, the opening of new markets and the strengthening of the economic potential of the participating countries, it is anticipated to stimulate investment in agriculture, modern infrastructure, innovative activities and degraded rural economy sectors, provision of dual education and competitive training for people in depressed regions. We believe that for this purpose, at the national and regional levels, it is expedient to use parallel, depending on the specific situation, the following concepts of development of rural areas, namely [12]:

The concept of rural development in the context of general modernization of agriculture and agribusiness in general. The main function of rural areas is the production of commodity agricultural products;

The concept of rural development, based on the reduction of the distinction between the most backward rural areas and the rest of the economy (convergence or redistribution model);

The concept based on the identification of rural development with the development of rural areas and involves the use of all resources located on their territory (human, natural, logistical, landscape, etc.), as well as integration between all components and industries at the local level (territorial model)

It should be noted that since rural areas were the main target of rural areas in the EU, this approach also was conducted in Ukraine. In particular, with the inclusion of comprehensive surveys of rural settlements during the period 1996-2005, a comprehensive typology of rural administrative areas was developed which was based on the areas differentiation on the facts systematization and the establishment of the phenomena main type. The integrated typology of rural areas under the conditions of rural development included six main types whereas there are two - crisis and in pre-crisis condition [9]. According to the aggregate estimates, the number of crisis rural administrative areas in 2005 was almost 200 units, and in 2010 – exceeded

this figure (more than 40% of their total number). Consequently, there is an expansion of “crisis zones” in rural areas of Ukraine and in the formation of united territorial communities, these zones or parts of them will be included in different communities.

It should be noted that methodical approach was differ from the above mentioned one and was proposed when identifying rural areas. This approach takes into account not only their location in the geographic space on the axis “center - semi periphery – periphery”, but also the assessment of the level and dynamics of their development in the context of the dichotomy “village – city” [9].

According to scientists, rural development involves the development of the rural economy, rural areas (agro-landscapes, engineering and social infrastructure) and, most importantly, human beings. The loss of power by the paternalistic role has prompted the active search for new actors of rural development, which must assume the functions of ensuring real influence on the processes in rural areas, to encourage them to move in the chosen direction and to achieve their goals. These functions are capable of accepting only rural (or internal) communities - that is, self-organized villagers who share a common living space (usually within the same village), united by aspirations, willingness and real actions to improve its economic, social and ecological situation [10].

It should be noted that step-by-step procedures for the self-organization of the inhabitants of the communities, as well as procedures for the acquisition of the rights and responsibilities that will be objectively assigned to them as speakers of local interests have already formed in the world. In this regard, it is worth mentioning that the idea of village communities in Ukraine is just the beginning to form its legal and regulatory space. Consequently, community-based rural development is a development oriented towards the formation of sustainability, the creation of long-term capacity of communities to cope with future challenges and opportunities on their own. This is a complex of actions in which communities visualize, initiate and implement their own ideas for the improvement of daily life. Consequently, community-based rural development is a purposeful change in institutional, economic, environmental, demographic, social, cultural, residential and other conditions in rural areas in the direction of raising the level and quality of life of the population. Obviously, the changes

are made by the communities themselves on the basis of giving them their rights of ownership / use, efficient use and control of local resources, provide for the elimination of poverty, rather than a more comfortable existence in its conditions [20].

But, as the practice of 2015-2018 shows, the state transfers the real financial leverage in a decentralized state to a new grassroots chain of local self-government – united territorial communities. That is why, in our opinion, the creation of rural communities can actually take place only in the context of administrative and territorial reform.

It was established that according to the results of the monitoring, 731 united territorial communities were formed (60.6% out of 1206 of their total number, which were approved by the regional councils), which included 3399 base communities (31.1%), therefore, it was necessary to 'united 7540 base communities (68.9% of their total number) [21]. The average number of councils of the base level, united in one territorial community, is 4 units, and the average population of one united territorial community - 11051 persons. The area of the formed united territorial community is 180.0 thousand square meters km, which has 6.4 million inhabitants (corresponding to 32.2% of the total area and 18% of the total population of Ukraine). Thus, today the network of united territorial communities has been completed in almost half of rural areas, but there is a delay in the timetable for the creation of united territorial. This resulted in the postponement of the deadline for the reform of the administrative and territorial system of Ukraine postponed to 2020.

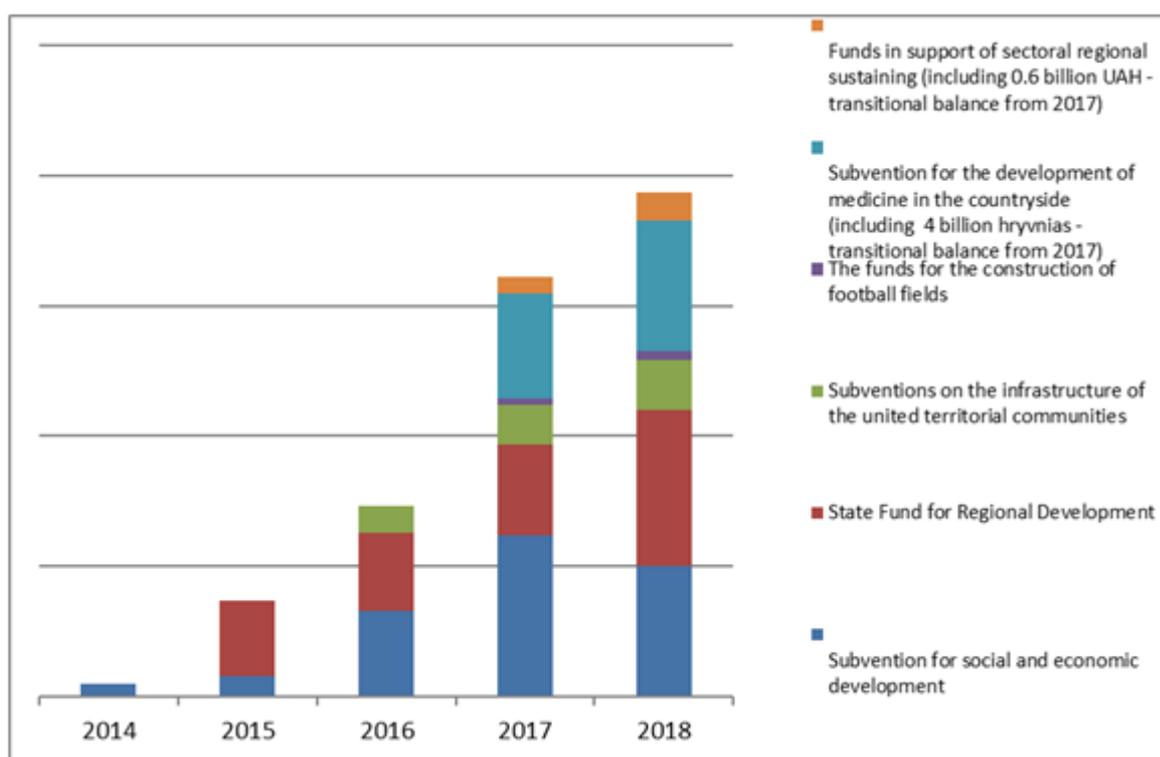
At the same time, the creation of united rural communities led to the need to solve a number of new strategic tasks, and especially those located in crisis zones, which can be systematized on different key issues and on this basis, there are two levels: a) local (OTG) and b) local (rural communities).

The local level is the mastering of the functions, natural and financial resources that are (are going to be) owned or managed by the integrated territorial communities established by the created territorial communities. The united territorial communities can be structured according to the hierarchy of their centers: urban communities – 105 units (14.4%), settlement – 230 units (31.7%) and rural – 392 units (53.9%). It should be noted that the association of rural communities took place around the points of economic activity, which are

cities of district importance, settlements and powerful villages, which should become centers of growth for rural areas [19]. The structure and form of the passport of the settlement of the united territorial community and the consolidated passport of the rural territory of this community have been developed with this purpose [19]. Thus, the passport of the settlement is a document of general use, which includes: socio-economic, demographic, ecological situation, employment of the population, material and technical support, availability and use of land resources, facilities of production and social infrastructure, investment attractiveness of the community and its prospects development [19]. It serves as an information source for assessing the level and life quality of the population, as well as the adoption of certain management decisions by local authorities and local self-government bodies. Local level – objectification of internal communities (identification and establishment of

borders between villages or separate parts of settlements that are territorially localized), search for informal leaders and development of leadership aspirations for members of rural communities. This should be done in order to identify and address those problems that impede the development of rural communities or worsen living conditions for rural populations. Thus, the task of institutional separation of units at the grassroots level, providing the necessary powers and finding appropriate mechanisms for coordinating their joint or separate activities, and so on.

An important direction in ensuring the sustainable development of rural areas in Ukraine is the state support for regional and local development, which increased 39 times in 2018 compared to 2014 (Fig. 1)



**Figure 1.** Dynamics of state support for community development and infrastructure development

In addition to the ones shown in Fig. 1 data in 2018 provides for a subvention for the construction, repair and maintenance's roads of general use of local value in the amount of 11.5 billion UAH. The largest share in the structure of state support in 2018 is taken by expenditures from the state fund of regional development of 6 billion UAH, the following position is taken by subventions for social and economic

development – 5 billion UAH and subvention for the development of medicine in the countryside – 5.0 billion UAH. It is important to note, however, that the envisaged tools effectiveness of the support state program for the development of rural areas will take place, provided that they are fully financed, and the establishment of a monitoring system for the use of public funds [22-26].

The revival of agrarian and non-agrarian activities in crisis zones and peripheral rural communities, improving the living environment of the rural population will be an objective indicator of the transition efficiency and effectiveness to a new model of the administrative-territorial system, ensuring complementary agrarian and rural development. Currently, rural development is at the stage of institutional formation, and territorial communities - in the gradual mastering process of the assigned functions and the effective management organization of natural objects and resources. Taking into account the real dynamics, rural development in the perspective prospect will become an important complement to agrarian development, which will contribute to strengthening the rural sector sustainability of Ukraine [27].

## 5. Conclusions

The results of the study indicate that the transition to the market economy was accompanied by the destruction of the corporate sector of agriculture and the living environment deterioration of the rural population by sustainable supply chain development. The systematization of destructive phenomena in the development of agriculture and rural areas has allowed, in particular, in the industrial and social spheres, to distinguish between agrarian and rural progress as a balanced rural development. It has been shown that the asymmetry in supporting these areas, on the one hand, contributed to the active growth of agricultural and food products and their exports, and on the other hand, was accompanied by worsening social conditions in the countryside, increasing unemployment and widening the contingent of poor and disadvantaged rural populations. Thus, there was an urgent need to make significant changes both in the scientific foundation, principles and methodical approaches, as well as in the complex measures of practical nature and their implementation in order to overcome the asymmetry of the living environment and equalize the development pace of agrarian and rural components.

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