

## **EURO-REGIONAL COOPERATION AS A FACTOR FOR THE DEVELOPMENT OF RURAL AREAS: PROBLEMS AND DANGERS**

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**Abstract:** *A theoretical generalization of the essence of close in meaning concepts "disproportion" and "asymmetry" is realized in the article.*

*The evaluation of asymmetries in rural development of Chernivtsi region is performed.*

*Based on the analysis performed it was proved the importance of developing programs of asymmetries alignment in rural development of Chernivtsi region based on existing reproductive potential and existing needs of the rural population that is possible through the cooperation of entities engaged in economic activities in rural areas, local authorities, the peasants themselves and their own initiatives by creating a network of partner organizations.*

**Key words:** *rural areas, agricultural production, Chernivtsi region, diversification, asymmetry, rural area, cross-border cooperation*

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**Introduction.** The rapid rise of globalization is the most important feature of the world in the third millennium. In the course of these changes there is the formation and intensification of the system of cross-border economic ties. The deepening of cross-border cooperation opens new opportunities for the revitalization of rural areas and obtaining synergistic effect from interlacing reproductive potential of rural areas and subjects that are located there. Considering the dynamics of external environment, there is a need for researching new factors, forms, conditions and parameters of imbalances overcome for rural development in the integration and convergence that affect the economic security of the state.

**Material and methods.** Research purpose is complex assessment of asymmetries in rural development of Chernivtsi region and search for new forms of participants' interaction and cross-border cooperation that is possible through the cooperation of entities engaged in economic activities in rural areas, local authorities and farmers own initiatives by forming a network of partner organizations.

Method (methodology). Specific research methodology is a set of methods and techniques of systematization and summarizing existing scientific views on selected issues, research of specific characteristics of the task and justification of conceptual foundations for achieving the goal of the study.

**Results and discussion.** Cross-border cooperation has a complex structure, where each area is tangent to the problems of rural development.

In this area, the problem of rural development of Ukraine rises increasingly. Rural Development is an uneven, asynchronous and disproportionate process. The asymmetry is the distinctive feature of rural development. The concept of "asymmetry" that characterizes the phenomenon of absence or violation of symmetry is close in meaning to the concept of "disproportion". The definition of the essence of the concept of "disproportion" means incompatibility, inconsistency of parts, lack of proportionality in the whole object and separate divisions of the economy. The term "irregularity" also is in close synonymous connection with the term "asymmetry" and can be supplemented with "unrhythmicity" "inequality". Often, this concept can be considered in problems of uneven placement of human resources and unevenness of economic development.

When looking for ways to address the question of overcoming disproportions of rural development appropriate to use the term "asymmetry" because it means lack of harmony in the system, and the rural area is open socio-economic system, the main function of which is to maximize the production of goods and services to meet growing needs not only their territory, but also other

economic and social systems.

"Asymmetry" in the best way fits to the current conditions of rural development and more completely highlights the essence of the various socio-economic processes and their dynamics in rural areas under the influence of various factors that have some features. Asymmetry is typical for of any social or economic system that is shown in the imbalance, disequilibrium, inconsistency between elements of the system. That situation occurs for rural areas of Chernivtsi region and Ukraine as a whole.

It should be noted that the asymmetry of rural development is a common and widespread phenomenon. Asymmetry of rural development is caused by both differently directed effects of the material factors and the clash of interests of agricultural participants. Excessive centralization, over-regulation of the business environment and lack of support of small business forms are the main causes of rural development asymmetry. The problem of asymmetric distribution of advantages and benefits needs taking collective action in rural areas aimed at more equitable distribution effect.

The intensity and success of cross-border cooperation depends on overcoming imbalances and asymmetries of rural development, that is, on the level of rural areas development. The level of development and functioning of rural areas depends on overcoming the imbalances and asymmetries in these territories and efficiency of their reproductive potential. Reproductive potential of rural areas is a difficult and complex characteristic of their development. It integrates important aspects of management in terms of European integration. Clear and unambiguous understanding of the structure of the reproductive potential of rural areas has not yet been formed.

This is conditioned by the fact that research on this issue was made within individual expressions of the reproductive potential of rural areas. We consider that the optimal structure of the reproductive potential of rural areas should have a minimum number of components, but at the same time, they must fully perform specified functions. Our model of the reproductive potential of rural areas consists of three components related to the use of resources, facilities and depends on the level of management, technology and expertise. In this regard, the development of rural management aims to obtain a synergistic effect of interlacing reproductive potential of rural areas and their subjects, strengthening horizontal links on the principles and mechanisms of direct interaction. The main elements of the reproductive potential of rural areas are: the reproduction of labor; reproduction of raw material resources; reproduction of the means of production; reproduction of the financial capital; reproduction of the economic affairs (Fig. 1).

<b>REPRODUCTIVE POTENTIAL OF RURAL AREAS</b>					
<b>Social component</b>		<b>Natural component</b>		<b>Technological component</b>	
Potential rural communities	Natural potential	Biological potential	Technological potential	Information potential	Financial potential
<i>The potential economic environment of the Euroregion "Upper Prut"</i>					

Figure 1. Reproductive potential of rural areas

Source: author's elaboration

In our opinion, it should be eight criteria for the harmonious development of rural areas including reproducibility, balance, equability, consistency, handling, openness, dynamism and safety. However, experience shows that in violation of the normal course of economic processes in the country without government interference, growth disparities and asymmetry of socio-economic development of rural areas are observed (Belei, S., 2015).

According to V. Kolchikov socio-economic asymmetry is stable in space and time deviation of conditions and results of socio-economic development of territories relatively to the system of established social standards and levels of economic development that prevent sustainable economic growth of the country and its regions, disturb the harmony in society, increase probability of crisis, hamper socio-economic transformation in the country (Kolchikov, V., 2012).

According to these statements we will consider the asymmetry of rural development of Chernivtsi region as the level of controversy for the initial (caused by uneven spatial concentration of

resources) and the resulting (caused by different levels of effort applied) social, economic and environmental parameters of rural Bukovina during the period that violate normal course of economic processes and impede sustainable development, creating problematic areas. The diagnostic of rural development asymmetries of Chernivtsi region should begin with the assessment of indicators characterizing the development preconditions that will define an objective level of asymmetries caused by the initial conditions of functioning in the region (table 1.)

Table 1. The prerequisites of the asymmetries of rural development of Chernivtsi region

Group prerequisites	Components of rural development		
	Economic	Social	Ecological
Natural and geographic	***	*	**
Historical and cultural	**	***	*
Demographically and labor	***	***	**
Industrial and infrastructure	***	***	***

The level of influence of factors on the occurrence of asymmetries in the development of rural territories: \* - low; \*\* strong; \*\*\* - significant

Source: author's elaboration

To assess the economic preconditions for rural development we will analyze rural natural resource potential of Chernivtsi region (mineral water, land, forests, fauna, natural and recreational resources). The structure of the natural resources of Chernivtsi region is presented in Table 2.

Table 2. The structure of natural resource potential of Chernivtsi region, %

Potential resources	Ukraine	Chernivtsi region
Integral potential resources	100	100
including		
mineral	28,3	5,2
water	13,1	18,3
land	44,4	50,0
forest	4,2	12,6
faunal	0,5	0,2
natural and recreational	9,5	13,7

Source: author's data processing (Zhuk I., 2018)

The region is rich in natural resources. The region's mineral base consists for 80% of raw materials for production of building materials. Forests represent great importance in economic and social development of the region, they are the source of wood products and non-woody plants products. The total forest area is 257.9 thousand hectares. Forests consists mainly of spruce, beech, fir and oak. It is possible to harvest berries, mushrooms, medicinal and industrial plants, wild fruits, meat of wild animals. Due to the fact that land is one the most important means of production, therefore the estimation of resource potential of of Chernivtsi region will start from land resources.

The level of agricultural land availability in Chernivtsi region is low (Table 3). The area of agricultural land per one inhabitant of the village is three times lower (0.9 hectare) compared to an average in Ukraine (2.7 hectares). The level of arable lands availability is even worse. On average one rural inhabitant in the country is provided with 2.03 hectares of arable land, and in the Chernivtsi region - only with 0.62 hectare, that is 3.3 times less. It should be noted that the situation is somewhat better compared to the Carpathian region as a whole.

This situation has developed historically in the region: a large proportion of forests and mountains in the areas (Table 3); traditionally big rural families with a lot of children. However it should be indicated that the level of asymmetry per average regional data (per unit area) is much higher than the than the average per inhabitant. Diagnostic results show that according to the level of natural resources availability, regional asymmetries are small.

Table 3. Availability of agricultural land on 01.01.2018

Region	Accounts per capita, hectares		Per rural resident, hectares		The plowed, %
	agricultural land	arable land	agricultural land	arable land	
<b>Ukraine</b>	0,85	0,63	2,7	2,03	60,4
Carpathian region	0,34	0,28	0,91	0,56	30,6
Chernivtsi region	0,57	0,37	0,90	0,62	41,9

Source: author's own processing (Sarchynska, T., 2018).

The main indicators which can detect asymmetry of rural development are the volume of agricultural production, income of the participants and others.

In 2017, agricultural producers received 4.3 billion of gross agricultural output (in constant prices of 2010), which is 8.9% less than in 2016. The indices of agricultural production of the Western region and of Ukraine as a whole are presented in Figure 2. 77.9% of the total volume of agricultural production was made by households. A high proportion of households is the unique characteristic of only the western regions of the country.

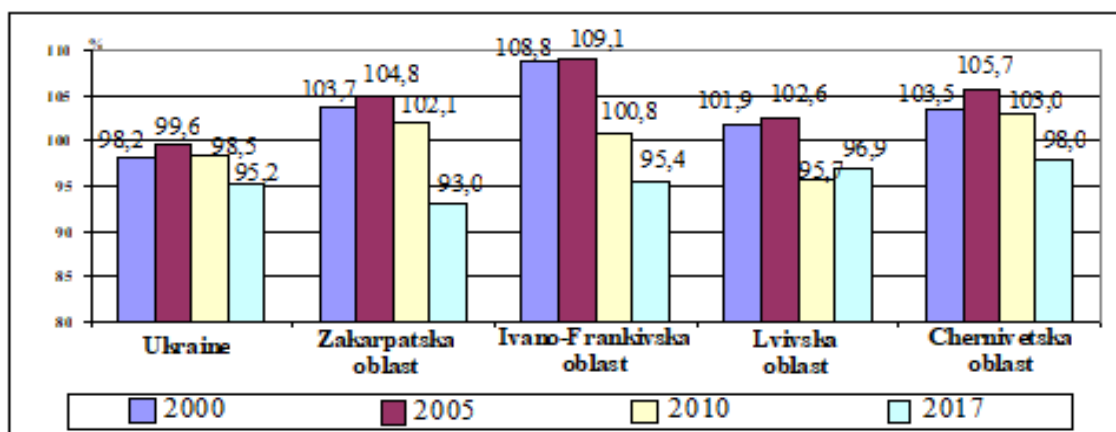


Figure 2: Indices of agricultural products (in percent to 1990)

Source: author's data processing (Zhuk I., 2018)

This indicator was 44.9 in Ukraine as a whole the largest one was in Zakarpattia (92.4%). In 2017, 76.8% of households of Chernivtsi region were crop producers and 79.7% - livestock producers. According to the results of the research in 2017 farmers received 2.6 billion UAH of gross crop production, which is 12.5% less than in the previous year. Output of plant production (in value terms) decreased by 33.0% in agricultural enterprises and by 3.5% in households. In 2017 as a result of the decrease in production of grain products, sugar beets, canola, soybeans and potatoes gross crop production was less for 412.0 mln UAH compared to 2016.

In 2017 gross output in the livestock industry amounted to 1.7 bln UAH, which is 2.4% less than in 2016, including in agricultural enterprises – for 4.6% and in households – for 1.8% less than the previous year. The most significant was the reduction of livestock and poultry for feeding volume that resulted in decrease of 26.8 mln UAH of gross animal products.

The productivity level of the land using is one of the main economic indicators that characterize the efficiency of agricultural production. In 2017 it was produced 951.2 thousand of gross agricultural output (in constant prices of 2010) per 100 hectares of land against 1035.6 thousand UAH in 2016. It was produced 4712 UAH of gross agricultural output per capita of the region (in 2016 - 5714 UAH). Chernivtsi region ranked twelfth place on grain yield among all the regions of Ukraine and third place - among the regions of the Carpathian Economic Region (Table 4).

We can note that agriculture of Chernivtsi region has been characterized by the following major trends in 2017:

Table 4. The yields of major crops in 2017

*(all categories of farms; centners per 1 hectare)*

The yields of major crops	Ukraine	Zakarpatska	Ivano-Frankivska	Lvivska	Chernivetska
Crops	<b>41,1</b>	37,5	45,1	45,5	44,9
Wheat (winter and spring)	<b>38,8</b>	34,6	44,4	46,4	47,1
Corn	<b>57,1</b>	42,4	57,3	61,5	47,7
Sunflower	<b>21,6</b>	17,6	22,4	25,4	20,0
Potatoes	<b>161,4</b>	160,2	458,5	171,7	173,0
Vegetables	<b>206,1</b>	211,3	162,7	192,4	183,0
Fruits and berries	<b>104,5</b>	101,6	55,3	79,6	112,6

Source: author's data processing (Prokopenko, O., 2018)

- agricultural output in value terms (at constant prices of 2010) decreased by 8.9% as compared to 2016;
- reducing in grain production by 21.8%, soybeans - by 34.9%, rape - 2.1 times, potatoes - by 5.0%, however, the fruit production increased by 4.3%;
- reducing of meat production (live weight) - by 2.2%, milk - by 1.8%, eggs - by 4.2%;
- compared with 1 January 2017 it was recorded a decrease of cattle by 8.0% (including cows - by 4.8%), pigs - by 3.7%, sheep and goats - by 3.9%, but the poultry production increased by 0.2%;
- the level of agricultural production's profitability of large and medium-sized agroformations has increased from 25.2% in 2016 up to 35.6% in 2017;
- average prices of sales of agricultural products by agricultural enterprises in comparison with has increased by 1.5 times 2016;
- the average monthly wages of agricultural workers increased by 29.0% compared to the previous year, but were 16.8% lower than the average for the economy of the region.

Nominal income increased by 22.1% in 2017 as compared to 2016 in Chernivtsi region. On average in Ukraine, the nominal income of the population increased by 15.0% in 2017. According to this indicator Chernivtsi region took 6th place (in 2016 - 20 place) among the regions of Ukraine.

The real disposable income, determined by excluding the effect of prices, decreased by 14.4% compared to 2016 (by 14.3% in 2017). The average real disposable income decreased by 22.2% across Ukraine. Chernivtsi region took the second place (in 2016 - 21 places) among the regions of Ukraine. Disposable income per person increased by 27.1% in 2017 compared to 2016.

The main cause of the crisis is violation of the balance of reproduction and renewal of fixed assets, leading to a deterioration of other macroeconomic indicators (delay in production, decline in average wage growth, rising proportion of the population with incomes below the subsistence level minimum, increase in youth unemployment, the reduction of the aggregate demand for consumer goods and consumer services) and loss of motivation among rural population. A characteristic feature of the rural labor market is the persistence of a long negative trend in the growth of both open and hidden unemployment among the rural population.

Thus, the results of diagnosing the economic preconditions for the development of rural areas allow us to conclude that the regions of the Western region of Ukraine are relatively uniform in terms of the input parameters for ensuring economic development. Therefore, it should be noted that asymmetries in the development of rural areas of the Chernivtsi region are due to a number of other reasons, namely:

- underutilization of the advantages of the division of labor, the specialization of cooperation and the combination of production;
- underutilization of the advantages of market forms of territorial organization of production;
- inability of local authorities to implement reforms at the regional level;
- discrepancy, lack of balance between stimulation of territories;
- inexistence of equalizing mechanisms to overcome economic and social inequalities;

- imperfection of the mechanism of budgetary regulation of regional development.

Objective changes in economic development that occur under the influence of globalization processes open new opportunities for equalizing the asymmetries in the development of rural areas and activating economic activity by mobilizing their reproductive potential.

The state policy in the sphere of development of cross-border cooperation in the context of rural development should be aimed at the organization of an effective system of preparation and implementation of cross-border projects that would facilitate the accelerated introduction of innovations and the development of multifunctional rural areas.

Taking into account the aforementioned, the overall strategy for the development of rural areas should be clearly structured and have a step-by-step character (Fig.3). In accordance with the strategy for the development of the rural areas of Euroregion "Upper Prut", the main activities of the Euroregion "Upper Prut" in the context of the development of rural areas are: unity of the region, strengthening of the region, promoting the development of rural areas, protecting the environment.

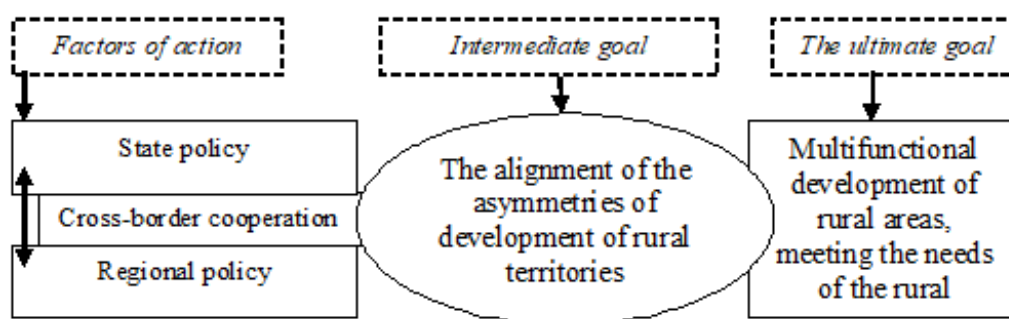


Figure 3. General scheme of the strategy of development of rural territories of the Euroregion "Upper Prut"

Source: author's elaboration

New forms of cross-border cooperation, localized elements in the system of economic structures should be the instruments of such cooperation, since an inefficient rural development management system only deepens the existing destructive processes in these territories (Belei, S., Zubarieva, O., 2015). Motives for new forms of interaction between actors and the reproduction potential of rural areas are:

- joining and combining of available human and financial resources from the public and private sectors to obtain tangible economic benefits from their use;
- association of members of rural communities around collective projects and multisectoral actions in order to achieve a synergistic effect and to level the competitiveness of rural areas;
- strengthening of cooperation and mutual dialogue among various participants in rural development, that often do not have experience of joint activities, the elimination of possible interpersonal conflicts, decision-making and the achievement of agreement through discussion and consultation;
- support for the process of adaptation to changes in the agrarian sector (for example, changes in the quality standards of agro-industrial products or channels of commodity circulation), in the environment, in the quality of life through diversification of the rural economy.

So, the elimination of disparities in the development of rural areas is possible through the cooperation of the entities that are engaged in economic activities in the countryside, local authorities and the initiatives of the peasants themselves through the formation of partner organizations network.

Existence of transboundary clusters in the system of agroindustrial complex is the synthesis of functions of rural areas in their traditional understanding and new functions related to the territory geographically close to the borders, a combination of the objectives of the development of the agroindustrial complex and foreign economic problems.

Local partnership is a new form of interaction. Local partnership (first appeared in the mid-1980s, in the Anglo-Saxon countries as the idea of the joint work of many actors, aimed at the development of local communities). The network of cooperation is created on the basis of the interests of stakeholders, clients, workers, rural population, partner institutions and local communities.

To choose the optimal form of local partnership, it is necessary to take into account political, economic, legal, financial, demographic, cultural, technical and organizational aspects. Institutions, various kinds of organizations, entrepreneurs and, of course, local government can represent participants of the local partnership for the development of rural areas.

The most known forms of functioning of local partnerships are the following: the model of local partnership, worked out by the US Department of Labor (local economic revitalization), the model of the program "Leader +" (local action groups). This model is probably the most relevant today, because its goal is to support joint projects in rural regions that initiate active participation at the local level (Engel J. 1994). The aim of the program is to support and orientate actors in rural areas for long-term use of the potential of the territories, as well as the introduction of integrated, high-quality and multiplier strategies for the sustainable development of rural areas. The priority areas for the implementation of the Leader + program include: support for territorially oriented integrated development strategies and the foundations of community involvement and integration (in particular, local producers); support for joint work between rural regions: regional, interregional and international cooperation, consolidation of all rural areas (Brussels, 2010).

At the same time, social partnership is the result of an active factor in the equalization of asymmetries in the development of rural areas in which different social groups, strata and classes with their own specific interests create their own organizations through which they form a stable social community and ensure the social and economic stability of rural areas. The subjects of social partnership, as well as subjects of social and labor relations, are the following: employees, labor collectives, trade unions; employers and their associations; state and local self-government bodies as well as their representatives and jointly established bodies for regulating social and labor relations.

Socio-economic partnership in the agrarian sphere is a form of interaction between agricultural producers, landowners and the rural community in order to realize the interests of the parties and support rural development on the basis of equality, mutual respect and mutual benefit.

In modern conditions, a number of functions, which are often difficult to fulfill, fall on the state. The integration of state regulation with the opportunities of the private sector is the way out of this situation and can be considered as partnership between them. These relations manifest themselves in various models designed to satisfy the corresponding social needs. The system of the triune public-private partnership between the authorities, business and the rural community should be based on the use of international standards of social responsibility, which provide for the observance of the principles of social responsibility and aimed at protecting the environment, saving resources economically. This will establish clear requirements for business, authority and society and thereby eliminate the existing disadvantages of today's so-called cooperation in the countryside.

**Conclusions.** The current realities of European integration processes strengthen the role of cross-border cooperation and open new opportunities for the development of rural areas. The convergence of the rural areas economy of the Euroregion "Upper Prut" simultaneously acts as a catalyst and an indicator of the development of European integration of Ukraine.

However, the current state of rural areas development of the Chernivtsi region is a process of uneven, asynchronous and disproportionate changes. The analysis of the development of rural areas showed an uneven development. The main disproportions in the development of rural areas of the Chernivtsi region are the following: monofunctional character of development; inefficient agriculture; negative impact on soil fertility, insufficient application of organic and mineral fertilizers; low income of the rural population; absence of conditions for the development of alternative business lines and their further diversification in rural areas; lack of an adequate mechanism for implementing financial support for the development of rural areas; Lack of economic interest to live and work in rural areas, motivation for work, unemployment, labor migration, poverty. Asymmetric development of rural areas of the Chernivtsi region makes it difficult to use the border as a stimulating rather than inhibiting factor of cross-border convergence.

It should be noted that Chernivtsi region has the opportunity to equalize the asymmetries in the development of rural areas, which are provided by a unique natural resource potential, features of land resources as a natural basis, human, scientific and technical potential. However, practice shows that if the normal course of economic processes is violated, without government intervention, there is an increase in disproportions and a socio-economic asymmetry in the development of rural areas. The conducted studies prove the necessity of developing a regional policy aimed at reducing asymmetries in the development of rural areas and searching for new forms of interaction between participants in cross-border cooperation.

Elimination of disparities in rural development is possible through the cooperation of entities that are engaged in rural economic activities, local authorities and the initiatives of the peasants themselves, through the formation of a network of partner organizations. Partnership between the authorities, business and the rural community should be based on the use of international standards of social responsibility that will establish clear requirements for the activities of business, government and society and thereby equalize existing asymmetries in the development of rural areas.

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