

**AGRICULTURAL SERVICE CO-OPERATION FOR PROMOTING
SUSTAINABLE AGRICULTURAL DEVELOPMENT:
DECENTRALIZATION VECTOR**

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The article highlights the current state and problems of development of agricultural servicing cooperation in Ukraine. The place of the ASC in the provision of sustainable rural development, taking into account the principles and mechanisms of decentralization, is outlined. It is proved that agricultural servicing cooperatives serve as the basis for the development of

rural areas and economies. It is emphasized that ASC are particularly effective in the context of transformational crises and the globalization of the world economic space, since they are aligned with the strategic objectives of the market transformation of the agrarian sector. The determinants of possibilities enhancement of agricultural servicing cooperation development under decentralization are outlined.

Problem statement. The outline of the imperatives of sustainable rural development in Ukraine is being built today, with due consideration of European integration levers. This is manifested in the development and gradual implementation of the worked out reforms connected with the elaboration of the principles of self-government in Ukrainian society. Such changes envisage conceptual transformations in the system of public administration and involvement of rural communities in the formation and implementation of territorial development policies at the local and central levels. In this regard, the activation of the cooperative movement is defined as one of the strategic directions of the state agricultural policy of Ukraine, an instrument of economic development of the agrarian sector and protection of economic interests of economic entities. In the conditions of limited investment activity and attractiveness of agrarian spheres, agricultural servicing cooperatives (ASC) are the basis for the development of rural areas and the economy.

Analysis of recent research and publications. Theoretical and methodological paradigm of agricultural cooperatives in Ukraine formed such prominent agricultural economists as Mr. Berezovsky, A. Buluy, Vladimir Goncharenko, F. Horbonos V. Zinovchuk O. Krysalnyy G. Kupalova M. Malik, P. Makarenko, V. Mesel-Veselyak O. burial, L. Moldovans Mossakovskyy B., A. Panteleymonenko P. Sabluk Yu Ushkarenko G. Cherevko, T. Shvets, V. Yurchishin and others [2; 4; 12]. The scientific works of these researchers are recognized throughout the world. However, the results of the study indicate the limited coverage of scientific sources about the features and possibilities of adaptation of the ASC to work in the context of reforms related to the development of the principles of self-government. Considering given above, the relevance of the problem under study and its applied significance are certain.

Presentation of the main research material. Significant reserves of rural development and economy rely mostly not on attracting additional foreign investment, but on identification of the feasibility of existing potential by combining the efforts of agricultural producers toward solving common problems in their economic activities [1].

In 01.01.2017, there were registered 1097 agricultural service cooperatives in Ukraine (by 601 units more than in 2009) whose members

are 24.8 thousand people [3]. Really functioning agricultural service cooperatives only 589 (53%) of them dairy – 151 (25%), from cultivation and harvesting – 152 (25%), meat – 34 (5%), vegetables – 76 (12 %), cereals – 35 (5%) and other services – 141 units (23%) [5]. The average Ukrainian ASC annually provides services worth 55.3 thousand UAH, a unit fund of 108 thousand UAH, fixed assets – about 99 thousand UAH, monthly provides services to a current member of the amount of 136.4 UAH [9]. Through the development of cooperatives in rural areas in 01/01/2017 1636 permanent jobs were created that hold 21758 heads of livestock, of which, 16953 heads of cattle and 4188 – pigs, sold 48.7 thousand tons of milk, 2.8 thousand tons of grain, 0.2 thousand tons of meat, 3.2 thousand tons of fruit and vegetable production [5].

Starting from 2013, the state budget does not provide targeted funds to support the ASC, as it was in 2011-2012 for the purchase of agricultural machinery, equipment and facilities for domestic production. Financial support was declared in the form of compensation of 90% of the cost of machinery, equipment and facilities for domestic production (excluding VAT), provided that the cooperative compensates only 10%. Funds were given on a competitive basis to cooperatives, whose members are exclusively personal peasant, farm enterprises and individuals – agricultural commodity producers [3]. In the state budget of Ukraine in 2017 it is foreseen to allocate UAH 5.5 bn for farmers' support, including for subsidizing small and medium-sized agricultural producers – almost UAH 3 bn [9].

Despite the mainly negative views on state support for the development of cooperation in Ukraine, important steps have been taken in this direction. In particular, the Program for the Development of Agricultural Service Cooperatives for 2013-2020 provides for improvement of institutional conditions for their creation, infrastructure formation, leveling of obstacles on the way to the organized agricultural market for agricultural commodity producers, raising the level of welfare and employment of rural population, preserving rural settlement networks, etc. [8]. The program declares that by 2020, at least 5,000 ASCs with 2 million members will be created. Services will receive 5.5 million people from 8 thousand settlements. It is planned to create 1.6 million jobs in rural areas, the number of farms will increase to 120 thousand units, and the size of land in their use (together with private peasant farms) will equal to 20 million ha [8]. In general, supporting the initiative of the Ministry of Agrarian Policy and Food of Ukraine on the implementation of this Program, it is worth pointing out the need the strengthening of the financial aspect of its implementation, as the justification of the mechanisms and tools for

realization of the worked out proposals and their actual realism is now insufficient.

Without emphasizing the cooperative component of the development of agriculture and rural areas, the state developed important program documents for supporting domestic producers, especially small-scale and rural economy as a whole. Such steps include encouraging business entities to engage in certain activities, in particular in the field of cooperative entrepreneurship, which will promote the development of rural areas. For example, the Single Integrated Strategy for the Development of Agriculture and Rural Areas for 2015-2020 provides for increasing the competitiveness of agriculture as the basis of the rural economy and promotion of the development of rural areas on Based on the EU standards and international principles [1]. The purpose of the Concept of Rural Development until 2025 was to create the organizational, legal and financial prerequisites for rural development through diversification of activities in rural areas (including economic and non-economic ones), increase of rural residents incomes from agricultural and non-agricultural activities, increase of social standards and improvement of living conditions, protection of the environment as well [7].

The urgency of cooperative initiatives is intensifying in connection with the new reforms taking place in Ukraine today. This is primarily about the decentralization of power, which greatly enhances the development of rural communities. In general, the transformational changes in the system of local self-government are complementary to the fundamental principles of the establishment of a democratic, socially-oriented state. Decentralization is a management system in which a part of the functions of central government goes to local self-government authorities. In such conditions, the principle of the ability of local self-government is guaranteed, which ensures that it has sufficient powers and resources. In addition, all features of the territory (economic, ecological, social, historical, cultural, demographic, etc.) are taken into account under strategic planning of its development, guarantees on the material and financial basis of local self-government, in particular regarding local taxes and fees. With the introduction of Constitutional changes, land, movable and immovable property, natural resources, other objects located in the territory of rural communities are subject to the jurisdiction of territorial communities and their local self-government bodies – no local issues can be resolved without their concern [10]. In this context, agricultural servicing cooperation is seen as the economic basis for the newly formed united communities, which, due to a number of positive aspects of the effects of decentralization, will contribute to the economic growth of rural areas and economies (Fig. 1).

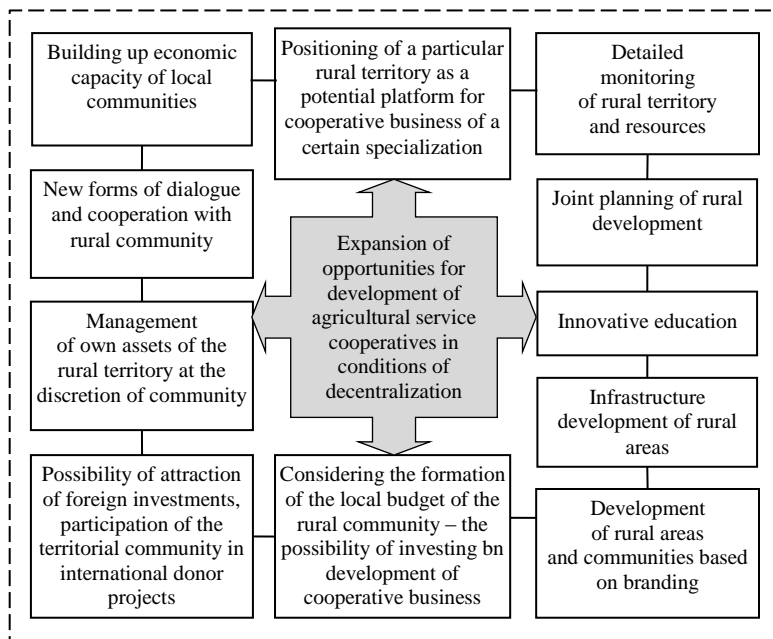


Fig. 1. Determinants of development of agricultural service cooperatives in conditions of decentralization

Source: own research.

Decentralization of power is one of the requirements of the concept of sustainable development and logical reform in the country, if the chosen vector is progressive development according to European rules, norms and standards. Countries such as Poland, Slovakia, Lithuania, Latvia, Estonia, and the Scandinavian countries at one time carried out such a reform, which in general contributed to the development of rural areas and economies, including on a cooperative basis. In this context, the priority measures of adaptation of the rural cooperative business environment to functioning and development in the conditions of decentralization are the formation of a favorable legal field for the development of agricultural co-operation and its implementation in Ukrainian legislation; activation of cooperative education on an invasive basis; development of effective rural community development programs in the context of implementing the principles of socio-economic growth through the prism of the spread of cooperative ideology.

Conclusions. Thus, in the context of decentralization, agricultural servicing cooperation should be considered as an effective tool for the

economic growth of rural areas and the economy. This is possible due to the consolidation of the efforts of agricultural producers in order to solve common problems in their economic activity. Effective steps towards the intensification of the cooperative movement will contribute to employment increase in rural areas, creating appropriate jobs; incomes rise of rural families; food supply; the possibility enhancement of delivering of small commodity producers to organized agricultural markets and decentralization of power is one of the requirements of the concept of sustainable development and exports. The combination of these advantages will contribute to the development of rural areas and the economy, which will ultimately ensure the achievement of the goals of rural development in Ukraine, namely improving the well-being and quality of life of rural population and society as a whole.

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