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The development of social infrastructure in rural areas of Ukraine

Abstract: *Our primary focus in the present paper is to research the current state of social infrastructure in rural areas of Ukraine. In addition, we attempt to identify the factors which impact the establishment of appropriate conditions in support of vital social functions and services among the country's rural population.*

Keywords: *social infrastructure, rural areas, multifunctional agriculture*

Introduction

Issues and challenges related to developing social infrastructure in rural areas of Ukraine were traditionally dealt with topically. Until the 1980s, under conditions of command economy and the centralised distribution of resources, social infrastructure development in rural areas was financed according to a residual approach. From 1990 onwards, when conditions called for the reorganisation of kolkhozes, many social infrastructure installations ceased to function altogether. An alternative system for building infrastructure in these areas has not been applied until now; however, the problems have already become acute.

Overview of current challenges

Recently, the discussion surrounding the development of rural areas in Ukraine has become more active. The term rural areas is defined as that portion of a territory located beyond the limits of urban settlements and within whose boundaries natural, manpower and other resources are allocated. Not only is agriculture vital to safeguarding the country's food supply, but it also plays a determinant role in the makeup of rural areas. However, beyond focusing on the production environment, policy considerations must also extend to the rural social environment.

Unfortunately, the existing social infrastructure in rural areas of Ukraine was neglected in recent times. Beginning in the early 1990s, the predominant view was to reject direct, common methods of economic regulation and instead rely on means of implementing market leverage, thus leaving problems to be solved “automatically” – including those related to developing the social infrastructure. Ukrainian scientist-economists made every effort to research the process of agricultural transformation according to pure market economy principles, which caused their investigation of questions relating to social infrastructure to fade into the background. This approach has since been confirmed to be incorrect. Indeed, special programmes for the permanent and complex development of rural areas have become a fact of life even in developed countries.

Modern European policies in support of rural area development aim to defend not only the interests of peasants and farmers, but also those of consumers and taxpayers. Furthermore, the evolution of a common agrarian policy has been achieved by shifting from standard agrarian policy towards one which targets the multifunctional development of rural territories. For the latter, the most important element is the balanced and permanent development of agriculture [1].

Multifunctionality is attained at farm level when a certain type of activity delivers different outputs; and at regional level by combining multifunctional farms or activities [2, 3]. Yuriy Hubeni defines “multifunctional agriculture” not only as the development of farm activities, but also the strengthening of two key types of functions: the “usual” (educational, social, cultural) and the “new” (recreational, ecological, renewable energy sources) [4].

Ukraine’s aspiration for integration within the European Community will require a considerable adjustment in the situation of rural areas. To overcome the prevailing depression and fuel future development, an urgent need for scientific substantiation and the practical application of targeted actions exists. Thus, the development challenges which these areas face require further research, particularly within the context of providing the necessary social facilities.

Aim of the study

Our aim was to investigate the current state of social infrastructure in Ukraine’s rural areas, and to identify the factors impacting the establishment of appropriate conditions in support of vital social functions and services among the country’s rural population.

Results

There is close correlation between the economic growth of a given territory and the development of its social infrastructure. Establishing and maintaining a functioning social infrastructure is a necessity dictated by large po-

pulation centres. Though such infrastructure may not contribute directly to the production of end products it does provide the conditions needed for production processes to thrive. It is thanks to social infrastructure that the manufacturing sector has skilled workers available, whilst infrastructure also contributes to cultural development, educational quality and even job satisfaction. Conventionally, infrastructure is divided into production and socially related facilities, with some elements of infrastructure functioning in support of both production and social needs. Roads, utilities, communication services, etc., count among the latter.

For many years, the Ukrainian economy developed under socialism, during which time a priority was placed on socialised means of production. Thus, the policy focus was on increasing production and establishing enterprises which worked for all of society. Such enterprises were founded in towns, where economic growth was higher than in rural settlements and this in turn affected the level of social infrastructure development.

Today, a differentiated degree of social infrastructure development in rural areas is noticeable between regions of Ukraine based on their varying levels of economic growth. To illustrate this dependency, we have grouped the Ukrainian regions by agricultural output per capita of rural population and provide key social infrastructure indices for each (see Table 1).

Table 1. The influence of production environment on social infrastructure development in rural areas of Ukraine

Index	Grouping of regions by agricultural output per capita of rural population				Average
	1	2	3	4	
	≤ 999 UAH*	1000 – 1449 UAH	1500 - 1999 UAH	2000 ≥ UAH	
Number of regions	5	7	7	6	X
Per capita retail sales in rural areas (UAH)	709.4	375	463.43	523.3	517.8
Number of hospital beds per 10,000 inhabitants	8.3	8	9.5	13	9.7
Restaurant seats per 10,000 inhabitants	226	167	363	254	252.5
Average per capita housing space (square metres)	23.8	23.5	24.0	27.3	26.5
Level of providing preschool institutions (% of existing demand)	29.7	22.8	25.4	28.0	51.3
Level of providing secondary schools (% of existing demand)	48.9	54.2	53.9	48.2	43.1
Level of providing post offices (% of existing demand)	44.6	43.8	37.7	46.1	1.3

Index	Grouping of regions by agricultural output per capita of rural population				Average
	1	2	3	4	
	≤ 999 UAH*	1000 – 1449 UAH	1500 - 1999 UAH	2000 ≥ UAH	
Level of providing communal services (% of existing demand)	1.8	1.6	0.8	1.0	17.6
Level of providing sports buildings (% of existing demand)	14.7	19.2	17.2	19.3	24.7

*UAH: Ukrainian hryvnia (national currency)

Several index values are higher in the group whose agricultural output per capita of rural population reaches a maximum of 999 UAH. This can be explained by the fact that these five regions also contain industrially developed areas and part of the population works for industrial enterprises. Urbanised rural areas are located around big cities such as Donetsk, Dnipropetrovsk, Luhansk, Kyiv (Kiev) and Lviv. These cities are permanently expanding by using agricultural land for housing and industrial building construction. Thus, agricultural usage of land within these areas is statistically insignificant and the share of agricultural output is considerably lower than its industrial counterpart. At the same time, the industrial enterprises are a source of revenue for the regions' budgets, and these revenues are also used to finance social infrastructure installations in the rural areas.

From 1991 onwards, a decrease can be observed in Ukraine's rural and urban population alike, which can be explained by imbalances in the birth and mortality rates, as well as migration. More recently, it has been noticed that the lack of workplaces in towns is contributing to the rural population's migration abroad (Spain, Italy, Poland, Czech Republic) in search of employment. Between 1991 and 2007, the share of rural population decreased from 32.5% to 31.7% (see Figure 1).

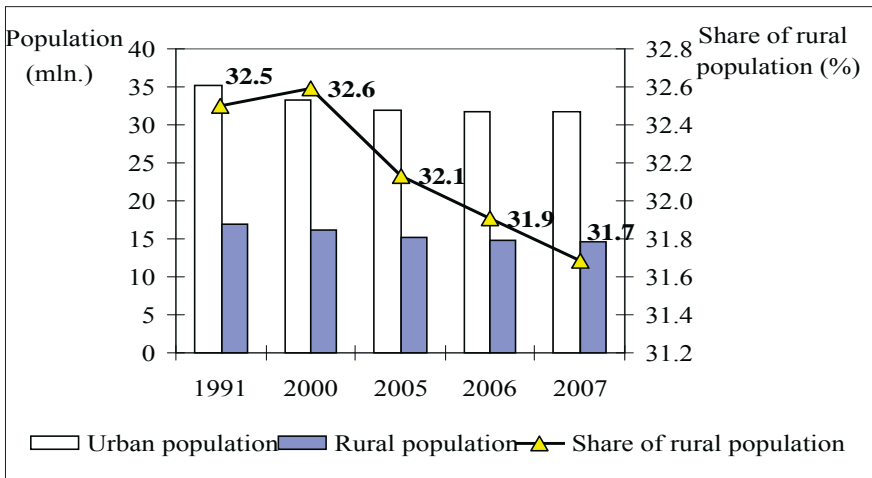


Figure 1. Urban and rural population of Ukraine

The decrease in rural population has led to declining demand for social infrastructure services and thus also lowered profitability for related investments. The government's desire to rely on market forces, together with the limited availability of state financing, has furthermore resulted in a net reduction in the quantity of social infrastructure facilities in rural areas (see Table 2).

Table 2. Social infrastructure installations in rural areas of Ukraine

Social facilities	1990	1995	2000	2005	2005 vs. 1990 (in %)
Preschool institutions (thsd)	12.6	10.9	8.9	8.4	66.7
Secondary schools (thsd)	15.1	15.2	14.9	14.3	94.7
Clubs and community centres (thsd)	21.0	19.8	17.7	16.8	80.0
Libraries (thsd)	18.7	18.0	15.7	15.1	80.7
Cinemas (thsd)	22.2	13.6	5.9	2.5	11.3
District hospitals (thsd)	1.5	1.4	0.9	0.7	46.7
Pharmacies (thsd)	...	3.0	3.2	1.6	X
Distribution facilities (thsd)	60.5	48.2	33.5	19.0	31.4
Restaurants and cafes (thsd)	18.3	10.9	10.3	8.1	44.3
Communications centres (thsd)	9.9	10.4	10.8	11.0	111.1
Housing dwellings (mln)	5.9	6.2	6.2	6.1	103.4

Source: [5]

Currently the share of “tumble-down clubs,” preschool institutions, secondary schools, libraries and hospitals stands at 47.9%. As such, the spatial distribution of social infrastructure installations does not meet the needs of rural areas whilst the accessibility of such installations is furthermore impaired by a lack of travel facilities and transport connections. The end result of the deficient state of social facilities is discouragement of, and a de facto decrease in, economic activity in Ukraine's rural areas.

The difficult financial situation is the key factor limiting the effectiveness of commercial operations by social infrastructure enterprises. In addition, it is difficult to determine a profitable rate of return for market related activities and ventures. The problem of social infrastructure development can therefore only be solved by using a complex system approach; and it will be necessary to create more advantageous conditions to promote the development of various types of business enterprises in rural areas.

When carrying out reforms in housing and communal services, the government needs to guarantee housing conditions which meet adequate social standards for the poor population. The government should also actively intervene and encourage the development of education and health protection facilities in rural areas by stimulating the formation of market relationships. However, there is no reason to expect that this alone will lead to the establishment of a large quantity of private hospitals and schools in rural territories.

With respect to providing budgetary financing for social care purposes, funding must be distributed among Ukrainian regions and settlements according to index-based medical and educational requirements as opposed to basing it on the absolute quantity of social installations within a given region. Direct government aid to needy persons would seem the best approach.

Conclusion

The quality of life of Ukraine's rural population depends on the economic activities of enterprises located in rural areas. Thus, establishing new social infrastructure systems which encourage the development of non-agricultural activities can be a key motivating force for rural development.

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