CONTEMPORARY REALITIES
AND EUROINTEGRATION PROSPECTS
OF RURAL DEVELOPMENT IN UKRAINE

Abstract: This paper presents the main trends in rural development in Ukraine. Attention is particularly paid to the agriculture as the main economic activity in rural areas. The authors of this paper also analyze the characteristics of distribution of agricultural land, the structure of agricultural production, as well as the structure of total household resources. The main demographic trends are shown concerning the rural population, their ethnicities, religious background. Their mentality and way of thinking is also revealed.

Key words: rural areas, rural development, agriculture, Ukraine.

I. OVERVIEW OF THE SITUATION IN RURAL AREAS

Ukrainian Rural areas cover over 90% of the country’s territory in which 31.4% of the population of Ukraine is located. However, the share of population in rural areas varies depending on the region. In the Western regions, the share of the rural population is over 50%, in contrast in Eastern regions this indicator is less than 20%.

Over the last two decades the share of rural population has changed only slightly, falling by 1.5%. Over the same period the rural population has decreased by 2.5 million people.

There is, presently, no single, clear definition for rural areas. In most cases, the understanding of rural areas is reduced to [1]:

– areas that are outside of cities;

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– areas, where agricultural production dominates;
– areas, which are characterized by rural settlement.

A concept and Rural Development Programme currently does not exist and this hinders the possibilities for sustainable rural development.

Agriculture is the main economic activity in rural areas, and employs a very large share of rural population. The share of people employed in agriculture had been steadily dropping until 2010, but since 2011 this indicator has been rising again (Figure 1). This indicator reflects the number of people officially employed in agriculture and does not include the number of employees in households that produce about half of agricultural output. In the period 2009–2010 a processes of consolidation of land assets became more active, and has resulted in the creation of larger agricultural holdings, whose land assets amount to hundreds of thousands of hectares. This is one of the reasons for growth in official employment in agriculture.

Under development of alternative sources of income, low wages level in agriculture (which does not exceed 68% of the average salary in the economy) have resulted in low living standards. The share of rural population with total monthly resources below subsistence level is 12.7 %.

The share of agricultural production in GDP is significant (Figure 2). The fall in agricultural production has been lower against a background of a general decline in GDP since 2008, and compared to other sectors of economy; its share in GDP has begun to grow.

2 It is characterized by low density housing, mainly through individual development and inclusion of larger-sized household plots than in other types of settlements.
In Ukraine, agriculture, despite its large importance to the Ukrainian economy, stands out as a sector which receives only low levels of support. In 2010, for example, support amounted to 0.22% of GDP, while the contribution of agriculture to GDP was 8.7%. State support for agriculture is provided annually and is chaotic, without consideration of any existing development programmes and strategies, and it is based only on the current state of the national economy and priority needs of the country. It is almost impossible, therefore, to predict the volume of state support to agriculture. Most subsidies are directed to corporate farms that have a significant political impact on the allocation of public funds.

The actual amount of budget funds allocated for the development of rural areas is even lower. In 2010 the actual sum of budget funds amounted to an equivalent of 331 mln Euro against a target of 1,364 mln Euro.

The share of agricultural products in Ukrainian exports is approximately 19%. For comparison the EU share of employment in this sector is 3–4% and the contribution of agriculture to GDP is no more than 4%.

The total agricultural land area is 42.8 million ha. The distribution of agricultural land is presented in Table 1. A significant feature of rural development is the high percentage share of households in the possession of land and their contribution to agricultural production. In Western regions these indicators amount to 70–80%, whilst in Eastern regions these figures stand at 20–30%.
The contribution of these households to agricultural production still remains significant, but a steady growing trend in the production of agricultural enterprises is obvious.

In 2013, there were 47,700 agricultural enterprises and 4.3 million households operating on the agricultural market. The average land area managed by agricultural enterprises was 460 ha compared to 1.5 ha owned small household farmers. A lack of a valid land market complicates the efficient use of land resources. A moratorium on the sale of agricultural land was extended until January 1, 2016. Under this large farms have the opportunity to pay a very low land rent value. At the beginning of 2014, average arable land rents per hectare was 72 Euro.

The structure of total household income is presented in Table 2. Wages and pensions, scholarships, aid and subsidies granted in cash constitute a vast part of household income. The share of proceeds from the sale of agricultural products and the value of own consumption of products derived from individual farms is also significant, amounting to about 19%.

### TABLE 2. Structure of total household income in 2012 (monthly per household)

<table>
<thead>
<tr>
<th></th>
<th>All households</th>
<th>Including those living in urban areas</th>
<th>Including those living in rural areas</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total resources, euro</td>
<td>392.20</td>
<td>405.28</td>
<td>362.71</td>
</tr>
<tr>
<td>Cash income</td>
<td>%</td>
<td>%</td>
<td>%</td>
</tr>
<tr>
<td>Wages</td>
<td>91.6</td>
<td>94.1</td>
<td>85.5</td>
</tr>
<tr>
<td>Income from self-employment</td>
<td>50.6</td>
<td>56.4</td>
<td>37.4</td>
</tr>
<tr>
<td>Proceeds from sale of agricultural products</td>
<td>4.1</td>
<td>4.6</td>
<td>3.1</td>
</tr>
<tr>
<td>Pensions, scholarships, aid and subsidies paid in cash</td>
<td>2.9</td>
<td>0.4</td>
<td>8.9</td>
</tr>
<tr>
<td>Financial aid from relatives and other persons, and other cash income</td>
<td>27.1</td>
<td>26.3</td>
<td>29.1</td>
</tr>
<tr>
<td>Value of own consumption</td>
<td>6.6</td>
<td>6.4</td>
<td>7.0</td>
</tr>
<tr>
<td>Non-cash benefits and subsidies</td>
<td>3.6</td>
<td>1.3</td>
<td>9.6</td>
</tr>
<tr>
<td>Other revenues</td>
<td>1.0</td>
<td>1.1</td>
<td>0.7</td>
</tr>
<tr>
<td></td>
<td>3.8</td>
<td>3.5</td>
<td>4.2</td>
</tr>
</tbody>
</table>


Farming on household plots has become a major source of income for about 50% of the rural population. The share of expenditure on food in the structure of total income
expenditure is almost 50%. By contrast, the share of food expenditure in total household expenditure in countries of the EU ranges from 20 to 25%.

Ukraine has a favorable geography and climatic conditions, as well as other resources needed for the development of rural areas and potentially can become a country with a focus on agricultural development and a major supplier of environmentally healthy products to world markets. There are still problems, however, of non-compliance of the agricultural sector and rural areas to EU standards. Ukrainian agricultural production is able to compete on World markets only due to its cheap labour and a ruthless exploitation of its land, which cannot continue for long into the future. Ukraine has a desire to integrate with the European community and this requires the development and deepening of positive trends in its rural areas. Without this Ukraine will not be able to compete with the economies of developed countries, in these the living standards of rural and urban populations are similar and by far exceed those in Ukraine.

Ukraine is currently going through hardship; the economy is undergoing dramatic reforms. There’s hope, in some quarters, that in the near future Ukraine can become a full-fledged member of the European Union, and that this would ensure the stable development of all industries, including agriculture.

II. DEMOGRAPHIC SITUATION IN RURAL AREAS

The rural population makes up a third of country’s population and is steadily reducing. There is negative growth in rural areas in all regions of Ukraine over the last decade. The most rapid decline in population is in the North, in Chernihivska Oblast (Province) (-22.0%), the lowest decline in rural population is in the West in Zakarpatska Oblast (-0.2%). In general, the decline of the rural population is slower in Western Ukraine, compared with Eastern regions (Figure 3). Rural population’s decline between years 2003 and 2013 in Ukraine was -9.5%.

Natural rural population growth has been negative in most regions of Ukraine in year 2012. Only 4 of the 25 regions had a positive natural growth rate. The regions were Zakarpatska (3.4‰), Rivnenska (3.0‰), Volynska (0.2‰) oblasts and the Autonomous Republic of Crimea (0.6‰). The highest natural decrease was observed in rural areas in the Central, Eastern and Northern regions. It should be noted that the worst rate of natural rural population growth was in Chernihivska oblast (-18.1‰). There is a gradual tendency of a decrease in the birth rate through regions from the West to the East.

For last the 10 years the death rate of rural population has not changed significantly. It equaled 18.9‰ in year 2002, and in year 2012 it was 17.6‰. Six regions of Ukraine were characterized by rural death rate between 10 and 15 persons per thousand in year 2012. These were in the Western regions, such as Zakarpatska, Ivano-Frankivska, Rivnenska, Chernivetska Oblasts and the Southern regions – Khersonska Oblast and Autonomous Republic of Crimea. The lowest death rate of rural population was in Zakarpatska Oblast (12.1‰) and the Autonomous Republic of Crimea (13.5‰). The majority of Ukraine’s regions had a high death rate (from 15 to 25 persons per thousand) in year 2012. In the North-East regions the death rate
was over 20.0‰: Poltavska (20.3‰), Zhytomyrska (20.7‰), Kyivska (21.5‰), Sumska (22.1‰); in the Mid-West, Khmelnytska (21.2‰) and in the Central region the Cherkaska Oblast (20.1‰). Only, in the North, in the Chernihivska Oblast was it 27.1‰ and this stayed the highest in Ukraine for last decade.

The median age of the population in rural areas in year 2012 was 40.8 (37.6 for males and 43.5 for females). The life expectancy of the rural population from birth in Ukraine in 2012 was 69.7 years (64.6 years for men and 75.1 years for women).

The age structure of the rural population in Ukraine in year 2012 was as follows: less than 15 years – 16.2%, between 15 and 64 years old – 66.2%, 65 years and older – 17.6%. The share of population less than 15 years old was higher in the Western regions of Ukraine than in the Eastern regions (Figure 4).

The share of population between the ages of 15 and 64 was the lowest in Northern and Central Ukraine – Chernihivska (60.6%), Khmelnytska (62.6%), Rivnenska (63.7%), Zhytomyrska (63.5%), and Vinnytska (63.8%) Oblasts. The highest proportions of a working-age population were in Zakarpatska (69.3%), Khersonska (69.5%), Luhanska (68.5%) and Crimea (69.9%) Oblasts. However, sharp differences between the share of this age group were not observed among the regions of Ukraine.

With regard to the share of residents over 65 years old the lowest proportion of this age group was in the West and in the South of the country (less than 16.0%). In
FIGURE 4. Age structure of rural population in 2012, %
RYSUNEK 4. Struktura wg wieku ludności wiejskiej w 2012 roku (%)

the Eastern regions of Ukraine it varies from 17.0 to 19.0%. The largest percentages of inhabitants over 65 years were in the Central and Northern regions (over 20.0%). Generally, the rural areas of Ukraine are characterized as having an ageing population.

The net migration rate of rural population in 2012 is mainly negative. The worst net migration rate were in Mykolayivska (-4.1) and Kirovohradska (-4.7) Oblasts. Net migrations were positive in Lvivska (0.5‰), Ivano-Frankivska (0.5‰), Cherkaska (0.‰), and Odeska (1.2 ‰) Oblasts as well as the Autonomous Republic of Crimea (1.1‰). Overall in Ukraine the net migration rate was -0.2‰.

The growth in migration can be explained by a sub-urban processes, where the inhabitants of larger and middle-sized cities are moving to the suburbs, which are considered as rural areas. Growth in incomes, remittances of emigrants and other factors are affecting demand for rural housing, which is seen as an optimal, and prestigious place for living.

The marriage rate in 2012 was high in rural areas (4.7‰) compared with the divorce rate (0,6‰). There was no big regional differentiation. Concerning the age of getting married for women, according to the statistic data of 2012, 43.4 % get married between ages of 20 and 24, 17.7% between 18 and 19 years, and 17.2% between 25 and 29 years.

The average married age for rural women has increased from 22.0 years to 23.2 years old over the last 10 years. The average married age for rural men in year 2002 was 25.3 and in 2012 it was 26.1.

Average rural household size was 2.7 people; the share of households with children less than 18 years old was 36.0% and share of households without any children was 64.0%. Per capita analysis of the distribution of rural households of Ukraine by age and gender in 2012, has shown that a third of the head of the rural household were women aged 55 and older (30.4%) or men over 60 years old (32.4%). Only 3.8% of households were managed by young people between 18–29 years. This seems logical due to couple of factors. Firstly, households consist of several generations and the role of leader is given to the more experienced and eldest member of the family. Secondly, many young people migrate from rural areas to cities to study, find jobs, and this explains in part why the countryside is dominated by older age groups (middle-aged and retired people) who are used to the rural way of life, and who are adapted to such living conditions.

In rural Ukraine the percentage of children, attending general secondary schools was 99.0% (as of September 1, 2012). The share of rural population of 18 years or over that finished at least school was 52.2%. The share of rural population over 6-years old by the education level is presented in Figure 5. The share of population, who have finished higher education, was 9.8%. 22.7% have a vocational education (such professions, for example as carpenters, seamstresses, typists, builders, cooks). The share of illiterate people and those who do not have a school education is 5.8%. This is one of the few positive aspects of the previous socialist system, when improving the literacy of population was defined as a priority.
The receipt of a diploma does not guarantee employment or a reasonable income for the rural youth. The unemployment rate among this group of people with a higher education is larger than the population group, who have just completed high school. For instance, the unemployment rate among those, with a bachelor’s degree was 12.6%, while the unemployment rate among those, who have completed general secondary school was 7.9%. Overall, unemployment rate among rural youth is higher, in general, than that of the rural population between 15–70 years old (Table 3).

**TABLE 3. Employment and unemployment rate in rural areas of Ukraine in 2012**

<table>
<thead>
<tr>
<th>Indices</th>
<th>Economically active population, thousand people</th>
<th>Employment rate, %</th>
<th>Unemployment rate, %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall number of people aged 15–70 years</td>
<td>6878.6</td>
<td>62.7</td>
<td>7.4</td>
</tr>
<tr>
<td><strong>including those, with:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>– full higher education (Master’s degree)</td>
<td>812.9</td>
<td>76.4</td>
<td>6.7</td>
</tr>
<tr>
<td>– basic higher education (Bachelor’s degree)</td>
<td>60.1</td>
<td>57.7</td>
<td>12.6</td>
</tr>
<tr>
<td>– incomplete higher education</td>
<td>1092.20</td>
<td>73.2</td>
<td>7.1</td>
</tr>
<tr>
<td>– complete general secondary education</td>
<td>4135.50</td>
<td>64.9</td>
<td>7.9</td>
</tr>
<tr>
<td>– basic general secondary education (9 years of school education)</td>
<td>749.1</td>
<td>43.0</td>
<td>5.6</td>
</tr>
<tr>
<td>– primary education or without education</td>
<td>28.8</td>
<td>16.2</td>
<td>–</td>
</tr>
<tr>
<td><strong>including those aged:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15–24 years</td>
<td>913.8</td>
<td>40.3</td>
<td>14.6</td>
</tr>
<tr>
<td>25–29 years</td>
<td>814.8</td>
<td>72.5</td>
<td>9.4</td>
</tr>
<tr>
<td>30–34 years</td>
<td>760.1</td>
<td>75.5</td>
<td>7.6</td>
</tr>
</tbody>
</table>

**Source:** State Statistics Service of Ukraine, 2012

Employment in farming activities is very common, because basically all households have land and some of them have domestic animals. For children and
young people taking part in a household farming activity is often their first job. The social significance of this job is however ambiguous: it is dominated by hard physical work, the rules of labor law don’t apply, social security and protection are absent, and this rural youth do not acquire a profession.

The rural youth also has limited access to education. Those, who want to get a college or university degree, have to migrate to the cities. After graduation, the majority of young people are looking to work in the cities, and only a few go back to the countryside.

It is difficult to find employment in the village, especially outside of the agriculture sector. The percentage of individuals, who are engaged in non-production activities, such as medical doctors, teachers, social workers and others is quite small in the total rural population and young people do not represent a permanent majority in this group. The level of development of social infrastructure is also disproportionate in various regions of Ukraine. The level of salaries is lower compared with those in the city. It is not prestigious to live or work in the countryside. Therefore, the rural youth has a low social status.

It may be concluded, that the current demographic situation in Ukraine’s rural areas is not very promising. It is characterized by a declining rural population, ageing of rural residents, negative rural population growth in most regions and a low average life expectancy at birth.

III. SOCIAL CAPITAL ISSUES, LOCAL AND OVER-LOCAL IDENTIFICATION, TRADITIONS AND THE MINDSET OF THE UKRAINIAN RURAL POPULATION

Local and regional identities of the Ukrainian rural population differ and mostly depended on the part of country. Whilst a majority of rural (as well as urban) population consider themselves of Ukrainian ethnicity, in the Eastern and Southern regions a large share of Russian ethnicity is present. In various Oblasts in the South and South-West rural ethnicity includes also Hungarian, Romanian, Crimean Tatar, Moldavian or Bulgarian traditions (Figure 6).

With regard to ethnic origin three things should be noted. Firstly, the figures presented only represent the rural population and that the proportion of urban inhabitants ethnicity (especially in the Eastern oblasts) will differ slightly from rural areas. Secondly, the figures presented reflect the latest national census data, which took place in 2001. In the period since this the figures may have changed, but not to any great or critical extent. A new census should have been conducted, but due to budget deficits it has been postponed several times. Thirdly, during 2001 census the ethnicity information was recorded based on an oral statement of the questioned person. This did not have to be proven by any document, thus it is somewhat based on personal feelings and identification, which could be subject to change over a period of time (such cases have been noted and were caused by intensive information policies in Hungary, Romania or Poland, also there are possibilities to obtain foreign citizenship of these countries and/or gain additional benefits). Yet this is a rare case scenario and as such it shouldn’t have influenced the proportion of ethnicity too much.
FIGURE 6. Ethnicity of rural population in Ukraine

Source: Based on 2001 National Census by State Statistics Committee of Ukraine.
FIGURE 7. Native languages of rural population in Ukraine
RYSUNEK 7. Języki ojczyste ludności wiejskiej Ukrainy

Source: Based on 2001 National Census by State Statistics Committee of Ukraine).
Ethnical self-identification differs only slightly from the issue of native language (Figure 7). It is important to emphasize, since some political parties in Ukraine try to influence potential voters by bringing up a language issue (in other words, pro-Russian parties receive their votes in a large share due to their calls to establish Russian as a second official language in country). The analysis has shown that a larger share of rural population, particularly in the Eastern region, think of Russian as their native language, yet at the same time they see their ethnicity as Ukrainian. For example, in Luhanska Oblast, 35.7% of rural population thinks of Russian as their native language (Figure 7), yet only 25.7% of the same inhabitants consider their ethnicity as Russian (Figure 6). This proves the point that the language question, or division of society by the native language, is not correct, and a large share of Russian-speaking rural population think of themselves as Ukrainians not only according to their nationality, but also ethnicity.

Ukrainian rural population is typified by a mindset common with many other European developing countries. The main problems facing modern society, according to rural inhabitants in Ukraine are drug-addiction and alcoholism, and to a lesser extent physical abuse in families, as well as bribery and other challenges. (Figure 8). Many of social problems in rural areas are exasperated by unemployment and lack of personal development possibilities, though most of the critical problems are due to personality.

![FIGURE 8. Main social problems of a society](image)

Source: According to survey of rural population by Gorshenin Institute, 2013.3

3 Respondents could choose more than one answer.
The Ukrainian rural population is not in a hurry to improve their lifestyle and to take action, to start businesses, and to show initiative. As Figure 9 reflects, rural people expect improvement to happen by itself, they are not thinking of themselves as the driving force in socio-economic change in their areas, in particular, or in the country, in general. They expect such things in life as health, a happy family life and financial stability, yet they don’t choose such priorities for development as intellectual fulfillment, personal growth, etc. They, in vast majority, lack the vision of local or personal development, as well as understanding of their place in society and how much depends on them and their individual actions in life.

The role of tradition is quite important for the Ukrainian rural population. One of the central roles is played by the Church. The Church is respected by rural inhabitants and, therefore, the influence of ideas, spread by religious officials, is strong. Changes in villages can often be intensified by Church leaders, and these include solutions for social or economic issues. It is based on local donations, and the Church in this case plays a part of an initiator, promotor and motivator of local population.

There are a number of Christian Sects in Ukraine, and they are spread with different intensity over the country’s territory. The main ones include the Orthodox Church, which are represented by Moskovskiy and Kyivskiy patriarchates, and are subordinate to the Russian or Ukrainian Orthodox Church, there are also Greek

4 Respondents could choose more than one answer.
Catholic and Roman Catholic churches. Church attendance differs in various regions of Ukraine (Figure 10), rural inhabitants are more active in the Western and Northern regions, and much less active in Central and Eastern regions.

**FIGURE 10. Regional differentiation of church attendance by rural population**

*Source: According to survey of rural population by Gorshenin Institute, 2013.*

**CONCLUSIONS**

Having reviewed the main tendencies and peculiarities of the development of rural areas in Ukraine, a closer look is needed at the major problems of these areas. These problems can be defined as:

- the underdevelopment of institutional support, beginning with no proper description of rural areas in legislative documents, lack of a complex approach towards their development in State and Regional strategies and programmes, poorly balanced system of management and financing of rural development resulting in a lack of proper institutional infrastructure, examples of which include the extension services for agricultural, as well as non-agricultural activities in rural areas;

- the low income level of the rural population, caused by their primary economic involvement in agriculture, turning it into a mean of self-sufficiency, and not an efficiently functioning business – the reason for this is the monofunctionality of rural economy, which causes a forced concentration on agriculture and has low alternative possibilities for rural population;
• the further decline of social infrastructure in rural areas, which has not been financed adequately over the past two decades and is not targeting the needs of rural population (this concerns primarily healthcare quality and accessibility, but also education and other social services);
• an inefficient structure of agricultural production, with over-production of some goods (potatoes, sugar beets, etc.), and under-production of others (such as meat and dairy products);
• the low economic and poor production efficiency of agriculture, meaning low or even negative profitability in case of some goods, as well as low yields of most crops compared to EU countries (even though the land quality in Ukraine is considered good);
• a decrease in the overall rural population, caused by both migration and low birth rates, as well as rapid ageing of the rural population in general, due to migration of inhabitants of productive age to cities and abroad;
• a high unemployment rate among young rural inhabitants, caused by the lack of jobs or entrepreneurship possibilities in rural areas, as well as poor incentives for business start-up alongside an over-complicated taxation and controlling system, aimed not to help the development of entrepreneurship, but to support an existing corrupt system;
• environmental issues, such as rapid erosion of land, increase of acidity in the soil, afforestation of agricultural areas.

Despite the problems of the rural areas, there is still vast potential for economic and social development, to increase production volumes, improve the quality of produced goods, and the appearance of alternative economic activities resulting in a gradual improvement of rural population’s welfare and quality of life.

What is needed for this to happen is a consistent policy towards rural development with proper managerial and financial support.

A substantial catalyst for rural development in Ukraine could be closer cooperation with the European Union, the application of modern EU production standards, and the use of the latest approaches to programming of rural development. The integration of Ukraine with the European Union is an issue discussed for over a decade, yet it lacks a firm political decision and consistent reforms and the actual accession to EU is still only a plan. The first step that was to be taken was an Association Agreement with EU, and proper steps were taken for it to happen. A hope exists that, with time, the Euro integration pursuits of Ukrainian population will succeed.

Euro integration has many potential benefits for the development of the Ukrainian rural areas. In particular these are:
• a higher quality of living standards and measures for their implementation;
• a restructuring of the rural economy under new market conditions;
• encouragement towards faster transition to a multifunctional rural economy;
• a gradual increase of competitiveness of local businesses;
• an increase of foreign investments inflows;
• new experiences and learning possibilities for youth in the rural population.
Rural development in Ukraine is an issue that requires a lot of attention and the use of new approaches. Taking into consideration the existing problems and the fact that about one third of Ukrainian population resides in rural areas, a complex and systematic improvement of living conditions in rural areas is a necessity. Integration with EU, or even the process of integration itself, could give the much needed experience and support for rural economic and social development, with the use of up-to-date approaches and measures.

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ROZWÓJ OBSZARÓW WIEJSKICH UKRAINY: STAN OBECNY I PERSPEKTYWY INTEGRACJI Z UE


Słowa kluczowe: obszary wiejskie, rozwój rolnictwa, rolnictwo, Ukraina