

Institutional and financial support of the development of rural areas

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Abstract: In this article, particular aspects of institutional and financial support of development of rural areas have been considered. Law and legislative approaches towards regulation of powers and cooperation of public authorities with local governments and a particular territorial community have been generalized. It has been indicated that regional aspect of formation of institutional and financial component for support of rural areas development is being substantiated by the Concept of steady development of rural areas of Transcarpathian region along with the Transcarpathian Region Development Strategy, which had already been determined until 2027. Beside necessary is security of practical realization of connection of investigation costs, especially state financial support of projects for rural areas' growth and developing a state system for attracting the unemployed in rural areas and distant mountain sub-regions using up-to-date information technologies are extremely urgent but critical. This idea is extremely urgent in the quarantine caused by COVID-19. Analytical and problem aspect of support for rural areas development on the example of a definite region (Transcarpathia) has been highlighted. The experience of foreign countries in promotion of rural areas' development has been studied. An emphasis has been placed upon the necessity to distinguish the problems of rural areas' development, which impede extended notion of investigated areas.

Key words: institutional support, financial resource, rural areas, authorities collaboration

JEL: Q14, G28, R51, O18

Introduction

The territory of the country plays an important role in its the economic. The practical aspect of the designated role of the pole in the multifunctionality of the agricultural development of the agricultural development is directed to increasing welfare and well-being of rural residents, production of organic (ecologically pure) agricultural products, expansion of production and preservation of ecologically clean territories.

The capacity of the last update of the development of the country's territorial systems is necessary, some of these territories will occupy 90% of the territory of the state, apparently on the forest and lisovkrit area - 17.6% (10.6 mln.ha) [Borshchevskyi, Prytula, Krupin, & Kulish, 2011; Land directory of Ukraine, 2020].

The importance of rural areas is also outlined in the Sustainable Development Strategy of Ukraine until 2030, which states the need to increase investment in rural infrastructure, agricultural research, technology development, and ensure the proper functioning of food markets, in particular by reducing market risks for agricultural producers and diversification of market instruments [Strategy of sustainable development of Ukraine by 2030. Project, 2017, p. 10].

At the same time, current approaches towards support of efficiency for functioning of subjects of agrarian economy in particular and rural areas' development as a whole determine the necessity for interaction of state institutional and financial support for investigated territories. Collaboration and implementation of powers performed by Public Administrative Bodies, namely regional (district) level, Regional and Local Councils, Local State Administrations, Settlement Councils, City Councils and their executive bodies enable to form an effective institutional component, the success of which is achieved due to the synergistic effect of interdependence of these bodies, giving impetus to the balanced development of rural areas.

Methodology of the research

In the process of scientific research, empirical research methods were used, in particular, a comprehensive generalization of institutional and legal approaches to ensuring the development of rural areas. The study used a selective method to identify effective factors of influence to achieve the effectiveness of rural development in the future. The descriptive-analytical method made it possible to substantiate the results of the study considered through the prism of the problematic aspect of rural development. The application of applied and prognostic methods to the study, including the information method, allowed to substantiate the existence of a legal framework to ensure the effective functioning of agricultural entities, and in general the development of rural areas, as well as the method of morphological

analysis, funds and interaction of institutional and financial support of the studied territories by the state.

Scientific and practical approaches to the formation of development of rural territories

Scientific and theoretical and practical approaches to resolving the problematic issues of institutional and financial provision of development of rural territorial system and separation of factors of influence the aim of increasing the result of given process to the large extent considered in scientific literature. Especially, the specificity of legislative regulation of issues concerning development of market land relations, implementation of market circulation of agricultural lands, investigation of scientific and theoretical, normative and regulatory fundamentals with a view to provide market transformational changes in agricultural sector of Ukraine's economy and to form capital market for financing the sphere of agricultural enterprise have been widely reflected in the works of native outstanding scientists, namely Yu. Lupenko, O. Khodakivs'ka [Lupenko & Khodakivs'ka, 2016; Lupenko & Feshchenko, 2014; Khodakivs'ka 2015], V. Messel-Veselyak, M. Fedorov [Messel-Veselyak & Fedorov, 2015], O. Mohylnyi [Khodakivs'ka & Mohyl'nyy, 2017] and others. Formation of approaches for ensuring social and economic development of rural areas, especially in terms of decentralization of power, have been substantiated in works of M. Malik [Malik & Zaburanna, 2017], L. Zaburanna, O. Korniychuk [Zaburanna & Korniychuk, 2017], O. Pavlov [Pavlov, 2016] and others. The problem of the institutional component in functioning of economic agents under market economy has been described in research works of O. Shpykuliak and O. Prutska [Shpykulyak & Prutska, 2016].

In the process of investigation, the necessity to single out negative impact factors upon complex development of agricultural sphere has been indicated in works of Ya. Hadzalo and Yu. Luzan. At the same time, these scholars highlight the fact that systemic contradictions not only generally impede the development of agrarian economy, but also social and economic problem-solving of population, cause the depression of rural territories [Hadzalo & Luzan, 2017].

At the same time, expediency of improvement of legislative support of land relations, from the point of view of law R. Ryabenko and O. Borodkin, indicate on the expediency

of improvement of legislative provision of land relations, since a significant number of restrictions which had been outlined in certain laws regarding the ownership of agricultural land may cause certain complications not only for rural areas residents [Ryabenko & Borodkin, 2020].

Scientific and practical approaches for support of territorial social-economic development have been studied by foreign scholars, namely I. Caceres [Caceres, 2014], A. Pike [Pike, 2016], E. Uyarra [Uyarra E., 2017], M. Dokic [Dokic, 2019], M. Grillitsch [Grillitsch, 2020]. Underdeveloped regions, their economic growth and institutional changes have been studied by A. Rodríguez-Pose [Rodríguez-Pose, 2020], J. Ferraz [Ferraz, 2019], G. D'Souza [D'Souza, 2019], Y. Li [Li, 2019]. Research works carried out by E. Loizou are considered to be especially significant in regards to the investigation of financing sources of development of rural area territories. Vector orientation of research works under discussion focuses on formation and implementation of state policy to support the effective functioning of agriculture, the necessity of its subsidies, which is urgent for Ukraine's economy in general, and ensuring the prospects of local territorial development, in particular in the works of D'Souza and Gebremedhin [2019]. Moreover, G. Káposzta emphasizes the existence of a significant level gap in development between urban and rural areas, as well as critical points and ways of their reduction by means of endogenous potential and own capacity [Káposzta, 2020]. The vector of financing of equally importance for support of territorial development has been recently studied by K. Kim [Kim, 2019], G. Li [Li, 2019], S. Griffith-Jones [Griffith-Jones, 2020], A. Simonovska [Simonovska, 2019], P. Capello [Capello, 2019].

The study confirms the significant scientific achievements of domestic and foreign works of economists and legal scholars. At the same time, issues of institutional and financial nature aimed at the development of rural areas, as well as some aspects related to the intensification of convergence and integration of rural border areas, taking into account the European experience in rural development.

Institutional support for the development of rural areas

Nowadays, a wide range of normative, regulatory and legislative documents has appeared, regulating the legal basis for formation an efficient system, which would contribute to regional development and extended reproduction of rural areas. Among all the documents

mentioned above, the Law of Ukraine titled "About protection of land" is of a special significance, since it outlines the powers of state bodies and local authorities towards protection, control, efficiency support and success of rational and sparing preservation of land resources of the country and its regions, as well as the formation of preventive measures to reduce the negative anthropogenic impact on their reproduction.

Joint interests of state authorities, in particular of central and local levels (local executive bodies and local government), in the process of implementation of social and economic development, has been grounded in the Law of Ukraine "About stimulation of development of regions" [The law of Ukraine "About the stimulation of the development of regions", 2012]. This law determines the priorities of formation and provision of comfortable living environment and life of local residents within a joint territorial economic system. Furthermore, a special emphasis is placed upon the development of favorable investment circle; the maximum approach of the services rendered by state bodies and local government bodies to consumers of these services; concentration on competitive basis of means of the Government budget of Ukraine, local budgets, and also other resources for the purpose of achievement of their most effective use for the purposes of regional development, cooperation and the cross liability central and local executive bodies, local government bodies, scientific and public organizations and other subjects.

The system of regulative powers and responsibilities of local authorities and executive bodies of local government, basis and organization of their activity together with law status have been determined by Article 74 of the Law of Ukraine, titled "On local self-government in Ukraine". Hence, they are responsible to the state, territorial community, legal entities and individuals for their own activity. The Law outlines integrated approaches in the field of joined interests of different territorial communities aimed at forming associations. This enables to strengthen the success of shared problem-solving in a common local development. It is worth mentioning that, particularly, local authorities and members of territorial community are mostly aware of local problems of the area they live in. In addition to this, they are usually better informed about the possibility of overcoming them.

Basic priorities of the regional state policy in Ukraine concerning the improvement of approaches for provision of balanced development of depressive regions, including rural areas of Thranscarpathian region, have been determined in the Law of Ukraine „About fundamentals of the state regional policy" [The law of Ukraine "About the principles

of state regional policy”, 2015]. This Law determines legal, economic, social, ecological, humanitarian and organizational basis of the state regional development; it discloses state approaches towards solution of problematic issues of these areas.

Formation of institutional and financial component for provision of development of rural areas has been substantiated by the concept of steady growth of rural areas of the Transcarpathian region for 2020-2027. It clearly determines main problems of imbalances in ensuring socio-economic and ecological rural development. We suppose that the following two basic problems should be singled out among those which are directly connected with the current research [The concept of sustainable development of rural areas in the Transcarpathian region]:

- the absence of coherent and successive state policy aimed at integrated development of rural areas which would be based on the needs of territorial communities of village;
- the lack of state financial support for programs aimed at rural development.

This should also be complemented with the low level of financial provision of village due to imperfection of tax and budget systems, unclear practice of registration of agricultural producers beyond the place of economic activity.

As it has been stated in the concept, its predominant purpose lies in formation of organizational, legislative and financial preconditions for development of rural areas. From this respect, implementation of outlined basic approaches of the Concept will contribute to a comprehensive solution of current problems in rural development, since the emphasis is not only placed on the process of expanded renewal of agricultural field, but also on support of welfare of rural residents and increase of the level of life comfort. In the context of conceptual issues, it is extremely important to increase the level of innovation and business of rural citizens, especially in regards to the youth. At the same time, it is important to intensify the involvement of rural territorial communities in expanding the range of local projects in socio-economic and ecological development, which will simultaneously increase the efficiency of functioning of local authorities in solving problems of the contemporary countryside.

The importance of development of legislative support at the national level has been outlined in the project of Regional Strategy of Development of the Transcarpathian region for 2021-2027 [Regional development strategy of the Transcarpathian region, pp. 39, 70-73]. Such a need has been justified by the importance of practical realization of state financial

projects and involving of investigation costs directed on the providing of development of rural territories. The strategy under consideration outlines the factors of influence through the conducted SWOT-analysis, and its components, which help or depress regional development, have been substantiated. Touching upon the territories of the rural areas, a rapid development of agricultural branches typical for the region has been determined; together with high business activity and labor mobility of people, which stems from the absence of language barriers with bordering neighbors. All the factors mentioned above are especially relevant in the period of realization of opportunities to join European natural and geographical areas; cultural and traditional diversity; positive ecological image of the region as a whole and natural, valuable territories, rural areas in particular. It is concerned with the expediency of development of a state system for attracting the unemployed in rural areas and distant mountain sub-regions using up-to-date information technologies. This idea is extremely urgent in the time of the quarantine caused by COVID-19.

The necessity to improve the legal basis to stimulate innovation and business activity of subjects of small-sized and middle-sized business, increasing the level of their adaptability to market conditions and ability to act in a crisis has been intensified. Moreover, the development of institutions of scientific, technical and technological support for innovative economy (including rural) is especially urgent. Since, as it has already been noted, the region is of unique development opportunities due to its border location, there is a need to intensify and facilitate the entry to financial and resource opportunities for multifaceted, goal-oriented programs and funds of international technical assistance, predominantly aimed at regional development.

Significant strengthening is also required to spur cooperation through initiatives of the EU, aimed at development of scientific and innovative sphere and rural territorial systems. This cooperation provides unique possibilities to strengthen the ties with scientists and innovators from both the EU and beyond in order to achieve common competitive advantages and implement the latest technologies into productive and economic activity of economic entities at different levels of development of territorial systems [Hazuda, Hotra & Hazuda, 2016, p. 21].

We believe that it is worth to emphasize the necessity to form an effective state policy for provision of regional development in the idea of strengthening of decentralization

processes, giving more powers and independence regarding problematic items of location development to territorial communities (joint territorial communities).

From the point of view of its perspectives, the Regional Strategy determines that a steady growth of rural (mountainous) areas under systemic reforms requires the following [Regional development strategy of the Transcarpathian region, p. 92]:

- shifting the vector away from sectoral development to spatial one as a determining feature and a leading way to alter mono-sectoral structure of rural economy into multifunctional development of rural areas, ensuring productive employment and expanding income sources of rural citizens within market transformations;
- implementation of instruments of socio-economic and managerial character aimed at achievement of a qualitatively new level of rural development that is able to provide a comprehensive solution for economic, social and ecological tasks; effective realization of social, nature, resource and cross-border potential of rural territorial communities for raising life standards of rural people.

It must be noted that those prospects, which had been determined until 2027, cover fundamental components for balanced socio-economic and ecological development of rural areas and their management. Adherence of these regulations of development increases the image of rural areas, provides their economic growth, gives an impetus to form comfortable living conditions. After all, the considered postulates will regulate decisions made by residents of rural areas towards the place of their living.

Investing and financial aspects of development of rural areas

The study of analytical and problem aspect of development of rural areas made it possible to reveal essential advantage (62.8 %) of number of rural citizens in the region dated January 1, 2020 [Statistical yearbook of Transcarpathia, 2019, p. 33]. Furthermore, there is a significant share of the economy of population in agricultural products as sector of plant farming and cattle farming (Tab. 1).

Table 1. Agricultural products in all categories of economy of the Transcarpathian region for
the period 2010-2019

(in fixed prices of the year 2016 p; mln. hrn)

| Indicators | 2010 | 2015 | 2017 | 2018 | 2019 |
|--------------------------------------------------------------|---------|---------|---------|---------|---------|
| <i>All categories economy</i> | | | | | |
| Agricultural products | 7,863.2 | 8,369.0 | 8,214.3 | 8,781.1 | 8,858.2 |
| products of plant farming | 3,875.5 | 4,551.3 | 4,527.2 | 4,768.9 | 4,480.8 |
| products of cattle farming | 3,987.7 | 3,817.7 | 3,687.1 | 4,012.2 | 4,377.4 |
| <i>Enterprises</i> | | | | | |
| Agricultural products | 354.0 | 802.6 | 861.6 | 983.0 | 838.9 |
| products of plant farming | 233.5 | 678.7 | 761.0 | 910.7 | 753.8 |
| products of cattle farming | 120.5 | 123.9 | 100.6 | 72.3 | 85.1 |
| <i>Economy of population</i> | | | | | |
| Agricultural products | 7,509.2 | 7,566.4 | 7,352.7 | 7,798.1 | 8,019.3 |
| products of plant farming | 3,642.0 | 3,872.6 | 3,766.2 | 3,858.2 | 3,727.0 |
| products of cattle farming | 3,867.2 | 3,693.8 | 3,586.5 | 3,939.9 | 4,292.3 |
| <i>Economy of population, % to all categories of economy</i> | | | | | |
| Agricultural products | 95.5 | 90.4 | 89.5 | 88.8 | 90.5 |
| products of plant farming | 94.0 | 85.1 | 83.2 | 80.9 | 83.2 |
| products of cattle farming | 97.0 | 96.8 | 97.3 | 98.2 | 98.1 |

Source: [Statistical yearbook of Transcarpathia, 2019, p. 272].

An indicated share of economy of population (Tab. 1) during the period under analysis (years 2010-2019) ranges from 95.5 % in 2010, being the highest, down to 88.8 % in 2018, with the lowest indicator towards all categories of economy.

Taking into consideration the sectors of economy, the highest share of economy of population was observed in 2010 (94.0 %) for products of plant farming, the lowest was in 2018 (80.9 %), and in the sector of cattle farming, 98.2 % (2018) and 96.8 %, respectively (2015). It should be noted that despite a wide range of economies of population, there has been a slight, though positive, tendency for it to increase during the analyzed period. Thus, in 2019, compared with 2010, household manufacturing of agricultural products grew by 6.7%.

However, the development of rural areas is not limited by the development of the agrarian sphere. Needless to mention, the concerned sector plays a significant role in ensuring balance of investigated territories. Thus, a complex approach should be emphasized, since it includes essential financial support of the state, together with the solutions to problems concerning rural areas' development. In accordance with statistics, we analyze the amount of capital investments during the period 2000-2018, coming from the state and local budgets (Tab. 2).

Table 2. Capital investment by sources of funding aimed at development
of Transcarpathian region

| Indicators | 2010 | 2015 | 2017 | 2018 | 2019 |
|--------------------------------------------------|------------------|------------------|------------------|------------------|------------------|
| Total, ml.hrn ¹² % ¹³ . | 2,205.4 100.0 | 3,778.4 100.0 | 5,623.7 100.0 | 7,500.6 100.0 | 9,330.3 100.0 |
| <i>Including:</i> | | | | | |
| Funds from state budget, | | | | | |
| mln.hrn | 141.0 | 119.4 | 166.0 | 339.5 | 399.5 |
| % | 6.4 | 3.2 | 3.0 | 4.5 | 4.3 |
| Funds from local budget, | | | | | |
| mln.hrn | 189.2 | 413.3 | 661.6 | 872.1 | 1,026.0 |
| % | 8.6 | 10.9 | 11.8 | 11.6 | 11.0 |
| Own funds of enterprises and organizations, | | | | | |
| mln.hrn | 703.8 | 1,566.1 | 2,670.8 | 3,469.7 | 3,232.2 |
| % | 31.9 | 41.4 | 47.5 | 46.3 | 34.6 |
| Bank credits and other loans, | | | | | |
| mln.hrn | 239.3 | 51.1 | 112.8 | 206.9 | 98.9 |
| % | 10.8 | 1.4 | 2.0 | 2.8 | 1.1 |
| Funds of non-resident investors, | | | | | |
| mln.hrn | 107.5 | 25.4 | 27.1 | 7.7 | 2.1 |
| % | 4.9 | 0.7 | 0.4 | 0.1 | 0.0 |
| Population funds for housing, | | | | | |
| mln.hrn | 679.8 | 1,308.5 | 1,607.0 | 2,224.3 | 1,801.6 |
| % | 30.8 | 34.6 | 28.6 | 29.6 | 19.3 |
| Other sources of funding, | | | | | |
| mln.hrn | 144.8 | 294.6 | 378.4 | 380.4 | 2,770.0 |
| % | 6.6 | 7.8 | 6.7 | 5.1 | 29.7 |

Source: own study, based on Statistical yearbook of Transcarpathia, 2019, p. 319

According to the sources of financing, capital investments (Tab. 2) into regional economy, including economy of rural areas, are rather that since the amount of funding from state budget during 2010-2019 indicates a declining trend – their share in 2010 was 6.4 % of the total amount, and in 2019 – 4.3 %. Concerning the funds from local budgets, the tendency is quite the opposite. If in 2010 the share of funds was 8.6 %, in 2019 it increased to 11.0 %. In the section of sources of funding the largest share of own funds of enterprises and organizations, it ranges from 31.9 % (2010) up to 47.5 % (2017) during the analyzed period. The analyzed share decreased slightly in 2019 and was 34.6 %, which was 12.9 p.p. (percentage points) less compared to 2017. The share of capital investments from „public funds for housing” was relatively low in 2019 (19.3 %), in comparison with 2010 (30.8 %). A

¹² In actual prices

¹³ Interest to the total

negative tendency can be seen according to the indicator „Funds of non-resident investors“. This indicator in 2010 was 4.9 %, and in 2019 it was classified as a phenomenon that has occurred, but in dimensions smaller than those that can be expressed in the table, that is, an indicator close to zero. We consider such tendency to be useful for illustration of non-stable economic growth in terms of regional development and increasing distrust in the authorities to guarantee investments.

It appears to be extremely important to consider current challenges towards recent needs of people, predominantly the youth, for transport mobility. This mobility is supposed to expand the possibilities, but not to reduce the willingness of the youth to live in rural areas. It is particularly the quality and the length of paved roads that directly affect the choice for residence. We believe that a leading role in this choice is played the infrastructure of the area. However, this field requires significant investments.

The experience of foreign countries testifies to the increased attention to the development of rural areas. Thus, according to information data of the USDA Rural Development, for a period of ten years (2007-2017), 25 billion dollars from US investments was allocated to the infrastructure of rural development [U.S. map featuring program funding and success stories for fiscal years 2007-2017]. Over the same period, the EU information statistics show a significant amount of investment funds (80 billion euros) directed to the development of rural areas of the newly-joint member states of the union [General and regional statistics].

The positive benefit of a foreign experience lies in the process of formation and development of infrastructural basis where investments come from both - state or private structures and local executive bodies, sharing common interests not only of these structures, but also of local communities. The study of such an approach can be realized through the experience of China, where over the past five years, within the development of the country, and in accordance with the “One Belt-One Road” Initiative (2015), 45 billion dollars have been allocated in this infrastructure [The CPC Central Committee’s Proposal on Formulating the Thirteenth Five-Year Plan (2016-2020)].

Taking into consideration all the information mentioned above, the emphasis should be placed upon the described problems of the development of rural areas, and those factors that hamper its expanded realization. Among all, a significant position is devoted to non-stability, and imperfection of legislative, regulatory and law support of the development

of rural areas. The fact mentioned above mainly concerns the so-called Land market of the Law of Ukraine "On Amendments of Certain Legislative Acts of Ukraine regarding Agricultural Land Commerce" which was adopted on the 31 of March, 2020 [Law of Ukraine "About amendments to legislative acts of Ukraine, concerning the circulation of agricultural lands"]. In accordance with the view of practical lawyers, there is a great „amount of restrictions, which the law imposes on the ownership of agricultural land, as well as the realization of corporate rights and property rights to real estate in Ukraine through legal formalities, is likely to be difficult for all, even for non-agricultural items." The multifunctionality of rural development also requires a clear substantiation in the legal field, within distinguishing of functions and powers of state executive bodies, local self-government bodies, and, as we suppose, rights and freedoms in solving rural problems by territorial communities. The necessity of problem-solving concerning administration causes an urgent need to improve the approaches for the formation of efficient institution of local self-government with expanded powers of its bodies and rural citizens' involvement in the managerial process. At the same time, the necessity for interaction, shared interests and personalized responsibility of mentioned subjects of management in the course of problem-solving, making appropriate decisions and their realization for maintenance of balance and stability for development of rural areas, has been confirmed.

Specific organizational matters should also be carefully investigated, since they are intensified in market conditions, especially in times of economic crisis. Investment and financial support for rural development takes a leading place among such problems, as well as effective functioning of small and medium-sized business, which would increase the level of employment of rural residents. As it has already been mentioned, a great share of economies of population in manufacturing organic products proves the advantage of such economies over state and other forms of ownership in the research area. Increased attention, as well as investment and financial resources are required for the development of rural infrastructure, including social, which increases the efficiency of the process of economic activity in the field of material production and contributes to the effectiveness of life support systems.

There is a great number of problems regarding demography, caused by permanent process of narrow reproduction of population. Alongside this fact, the level of morbidity, mortality, labor migration (both internal and external) is rising, the share of economically

active population is declining, and motivation for accumulating of intellectual potential and preserving intellectual capital in rural areas is practically disappearing.

Ecological problems are also among the better-known. Their characteristic permanence and rapid accumulation prevent efficient problem-solving, which largely depends upon the human factor. Only understanding of the urgency and complexity of overcoming them increases ecological level of agricultural production in rural areas.

At the same time, taking into consideration the uniqueness of territorial location of the Transcarpathian region, especially the border with four member states of the EU (Poland, Hungary, Romania, Slovak Republic), it is vital to study the preconditions for expanded growth of cross-border and border infrastructure in rural areas, with the following prospects of development:

- transport logistics as a significant component for infrastructure support, where the functionality of the logistics sector aims to optimize logistics operations through vehicles, in the process of distribution of material flow, starting from the supplier and ending with the final consumer;
- the sphere of economic development of territorial and spatial systems, where permanent process of social regeneration takes place, causing all the phases and aspects of social reproduction, particularly the reproduction of material goods, labor sources and manufacturing relations. The process under consideration is closely connected with economic growth that precedes this development, with further prospects of economic growth of a region and the whole country;
- the sphere of recreation and tourism industry, where interdependence and inter subordination, along with used recreation and tourist resources (natural and historical-cultural), play an important role in ensuring expanded reproduction of the territorial economic system, and rural areas in particular. At the same time, tourism industry should be studied through the lens of combination of functioning business subjects who form tourism product (goods and services) with typical material and non-typical parts, providing consumer's recreational and tourism needs, as a form of recreational adaptation and infrastructural arrangement in territorial and spatial environment;
- the socio-cultural sphere, which is mutually conditioned by the combination of spiritual, intellectual, cultural and social aspects of human development, as well

as support of health care and formation of qualitative and affordable health care for population of the country and its regions.

Conclusions

Summing up the information mentioned above, there is a great number of subject matters for development of rural areas that have been caused by legislative, regulatory, organizational, administrative, normative, demographic, ecological and other aspects of expanded reproduction of investigated territories. A wide range of mentioned problematic issues should be solved in a comprehensive manner, largely by the state, through regulations and means of investing financial flows and investment resources of national and foreign investors.

The current research gives ground to take into consideration that the basic direction for the development of infrastructure of rural areas should be the leveling of the disparity between urban and rural areas with a clear increase in the level of welfare, quality, attractiveness and the formation of a comfortable living conditions for rural residents. State and local government support, including not only institutional, but mainly financial and business environment, will be updated with a view to increase employment and create a motivating factor for rural population with further prospects for rural development in general. In this context, the effectiveness and efficiency of state policy aimed at ensuring territorial / spatial development within rural areas, taking into account decentralization approaches and strengthening the role of local communities in addressing the issues of creating a comfortable life for rural residents, has been intensified. At the same time, the development of regional program of economic growth is rather urgent, within outlining the conceptual basis of interdependence and harmonious combination of socio-economic and environmental components. Moreover, we consider as positive the motivation of people to live in rural areas and this formation should be in the sphere of responsibility of all government agencies of the region and the country as a whole.

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