



# Effective Public Administration of Agro-exports in Disruptive Times – The Way to Make Rural Territories Sustainable

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Received: June 27, 2022

Accepted: July 20, 2022

Published: December 30, 2022

## Keywords:

Public administration;  
Agricultural products exports;  
Sustainable development;  
Employed population;  
Ukraine;  
EU



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**Abstract:** *Effective public administration is a key prerequisite for the successful functioning of any sphere of social functioning. Ukraine takes the leading place in the production and exporting of many agricultural items. In the research, special attention is paid to the sustainable development of Ukraine's rural territories due to the extreme importance of agriculture either for the country's own population or for its trading partners.*

*The data analysed in the article were taken from the official web page of the State Statistics Service of Ukraine. While analysing the agro – exports of Ukraine, "agro" denotes the commodity from the groups I—IV of the Ukrainian Classification of Commodities in Foreign Trade. The timeframe under analysis is nine years – from 2012 to 2020 included. The appropriate statistical software and tools as well as tabular and visualization methods were used to conduct the research and present its results in the article.*

*The research and its results will be interesting and useful for public administration officials, companies' managers engaged in agriculture and international trade, decision makers, academic community representatives as well as beginners and experienced data analysts.*

## 1. INTRODUCTION

Agriculture is vitally important for all the creatures on the planet Earth as it provides food for people, forage for animals, raw materials for the processing industries, foreign currency inflow for countries' budgets, etc. In addition, agriculture gives employment opportunities as well as livelihood for those living in villages and earning their living directly or indirectly from agriculture (NCERT-Solution, 2001). Due to the differences in the geographical location, climatic conditions, availability of workforce and financial resources, the exchange of agricultural and food products is necessary either for food security or access to food of better variety at lower prices. The notion of agricultural trade dates back to the times of the Romans; since then, agricultural trade has expanded into a global enterprise and includes countless commodities (Delich, 2022).

With the flow of time, the intersection of international trade and agriculture has become increasingly important as more and more countries and their farmers participate in global markets nowadays (Ching & Khor, 2013). Due to the interdependence of the international markets in a global marketplace, supply and demand in one area of the world can greatly impact agricultural production in another (USDA, n.d.). The increase in agricultural product exports contributes to the modernization of the production practices and expansion of food processing industries. In addition, it boosts other value-added industries along the supply chain, while creating employment opportunities for both farmers and other supply chain actors (UNESCAP, n.d.).

The quality of a country's public administration is key to its economic performance and the well-being of its citizens (EIPA, n.d.). Effective public administration is a prerequisite for the

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successful functioning of any social sphere. Public administration of agricultural products exports, including national trade policies and international trade rules can have a significant impact on food security due to the increasing importance and binding nature of multilateral, regional and bilateral trade agreements (Ching & Khor, 2013). The importance of effective public administration comes to the front page, especially under extreme conditions or critical situations. Under the war conditions, Ukraine has to survive and function nowadays, effective public administration has gained vital importance for the survival of its population and the stable functioning of the country. Agricultural export is very important not only for Ukraine itself but for many trading partners of it as well. Therefore, the effective public administration of Ukrainian agricultural exports plays a significant role in the country's survival and the food security of its trading partners.

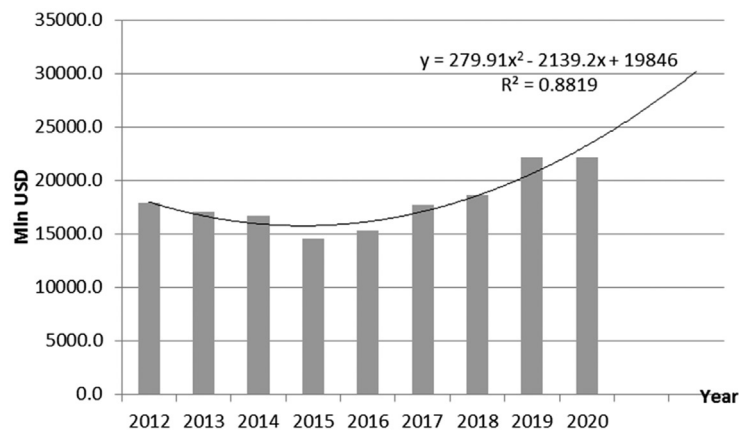
## 2. RESULTS AND DISCUSSION

As a result of the current challenges influence, many countries have refocused attention on the agricultural sector and sought new policy responses to enhance food security, employment creation and structural transformation (Cheong, Jansen & Peters, 2013). Agriculture has vital importance for Ukraine, especially in the current disruptive times. The agricultural products exports ensure food security not only for Ukraine itself but for many countries around the world, especially those underdeveloped ones. The obstacles to agro-exports from Ukraine threaten the food security in many countries creating the prerequisites for the world hunger situation. Due to the extreme importance of Ukrainian agriculture as a whole and the exports of agricultural products, in particular, the effective public administration of those economic sectors becomes topical, especially nowadays.

The public administration for the agricultural sector of the Ukrainian economy in general and the exports of its agricultural products, in particular, are carried out by two Ministries - the Ministry of Agrarian Policy and Food of Ukraine and the Ministry of Economy. The Ministry of Agrarian Policy and Food of Ukraine forms and implements (among others) the state agricultural policy, state policy in the domains of agriculture and food security of the state, plant cultivation, rural development, horticulture, viticulture, winemaking, hop growing, food and processing industry, farming development, agricultural cooperation, agricultural advisory activities, etc. (Ministry of Agrarian Policy and Food of Ukraine, 2021). The Ministry of Agrarian Policy is guided in its activities by the Constitution and laws of Ukraine, decrees of the President of Ukraine and resolutions of the Verkhovna Rada of Ukraine adopted in accordance with the Constitution and laws of Ukraine, acts of the Cabinet of Ministers of Ukraine and other legislation (Ministry of Agrarian Policy and Food of Ukraine, 2021). As for the Ministry of Economy, it is the central body of executive power, the activities of which are directed and coordinated by the Cabinet of Ministers of Ukraine, that (among others) forms and implements the state policy of economic, social development and trade, state foreign economic policy, etc. (Cabinet of Ministers of Ukraine, 2022). The Ministry of Economy is guided in its activities by the Constitution and laws of Ukraine, decrees of the President of Ukraine and resolutions of the Verkhovna Rada of Ukraine adopted in accordance with the Constitution and laws of Ukraine, acts of the Cabinet of Ministers of Ukraine and other legislative documents (Cabinet of Ministers of Ukraine, 2022).

The state institutions mentioned above represent the state branch of the public administration for Ukrainian agriculture as a whole and the exports of agricultural products in particular. But even here it is very difficult to assess the effectiveness of their activity, that is the effectiveness

of the decisions they make. The most indicative method of the public administration effectiveness assessment is the analysis of the dynamics of the economic indicators the researched institutions administer. In our case, let's analyse the agricultural product exports of Ukraine from the year 2012 to the year 2020 included, presented in Figure 1.



**Figure 1.** Exports of Agricultural Products of Ukraine, mln USD

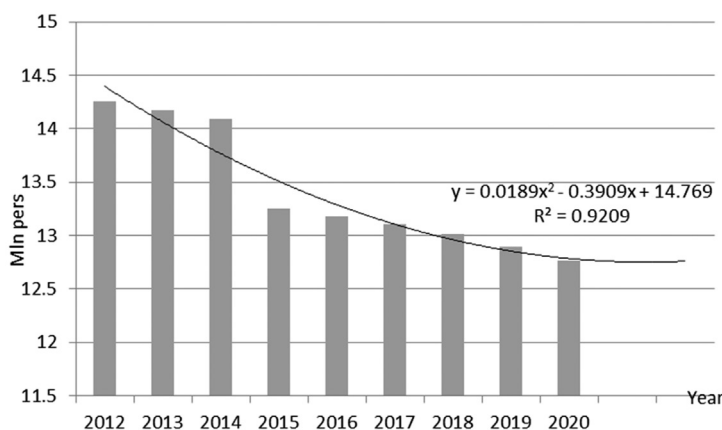
**Source:** author's own elaboration on the basis of the data from the (SSSU, 2022(c))

Having cast a look at the figure given above, we see that the last year under research is 2020 – the year, in which there was no evidence of any invasions or any other horrible events happening now in Ukraine. That is why the projection for the next two time periods, i.e. years, was made only on the basis of evident data without taking into consideration the current war situation in the country. While observing the overall current situation with the Ukrainian agricultural products exports we can call this projection an optimistic one, that is what the agricultural products exports amount would be if there was no war in Ukraine. Coming back to the very dynamics of the agricultural products exports depicted in Figure 1, we can divide it into two parts according to its direction – the first one (downward) from the beginning of the time frame under analysis to the year 2015 included. The explanation for the said downward trend can be the turbulences in the political life of the country. The second part, the upward one, last from the year 2016 to the end of the analysed time frame. The upward tendency of the second dynamics part continues to be of the kind during two more years taken for the projection as well. As it was already stated, the projection can be called an optimistic one as it was made on the basis of the data with the last one being 2020, that is without taking into account the changes in agriculture as a whole and the agro–exports, in particular, happened because of the horrible events happening in Ukraine. Just to add, the smallest amount of agricultural product exports can be observed in 2015, which can be explained by the starting phase of the DCFTA and the fact that not all agricultural products have been brought in line with the EU norms by that time. The biggest amount of agricultural product exports can be seen in 2020, which is a very good and sad indicator at the same time – it shows, that the positive trend continued and the Ukrainian agricultural products exports had great potential before the war. The trend line for the data depicted in Figure 1 was built using the polynomial function. The choice was made judging by the values of the  $R^2$  coefficients of the exponential, linear, logarithmic, polynomial and power functions.

The interdependence of the agricultural products exports with the number, employment rate and well-being level of the rural population is widely spoken about in the literature and at different conferences, round tables, etc. There is no single point of view about the said interdependence existence, its positiveness/negativeness and its strength. It would be logical to assume, that the

bigger the agricultural exports amount - the bigger the rural population number. The logic is very simple – a bigger amount of agricultural production needs more people to produce it. And because the main amount of agricultural production is produced in rural areas, the assumption mentioned above seems to be quite logical.

The state part of the public administration of the rural territories development is represented by the Ministry for Communities and Territories Development of Ukraine. The Ministry is the central executive body, whose activities are directed and coordinated by the Cabinet of Ministers of Ukraine. The Ministry is the main body in the system of central executive bodies that ensures the formation and implementation of state regional policy, state policy in the field of local self-government development, territorial organization of government and administrative-territorial organization, state housing policy and policy in the field of settlements landscaping, etc. (Ministry for Communities and Territories Development of Ukraine, 2020). The dynamics of the rural population of Ukraine as the results analysis of the said Ministry activity for the time frame under analysis can be followed in Figure 2.



**Figure 2.** Rural Population of Ukraine, mln persons

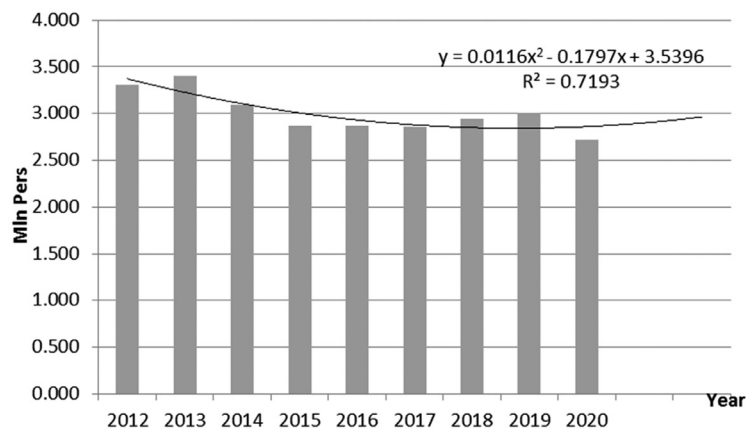
**Source:** author's own elaboration on the basis of the data from the (SSSU, 2022(b))

As far as we can see in the figure given above, the rural population of Ukraine dynamics is downward throughout the whole time frame under analysis without any interruptions. Such a downward trend is very troublesome for the Ukrainian rural settlements, agriculture and the whole country as well. Of course, the decrease in the overall population of Ukraine should be taken into account while analysing the dynamics of the Ukrainian rural population as well, but, as it has already been stated, the overall downward tendency is a negative indicator both for agriculture and the economy of the country. Not only the rural population of Ukraine dynamic is downward through the whole time frame under analysis, it continues being of the kind during two periods taken for the projection making. The trend line for the rural population of Ukraine dynamics was built using the polynomial function, having chosen from the exponential, linear, logarithmic, polynomial and power functions. The criterion for the choice of the appropriate function was the values of the  $R^2$  coefficients of the said functions.

Coming back to the statement expressed above about the logicity of the interdependence between agricultural products exports amount and the rural population number. The analysis of the data depicted in Figures 1 and 2 allows us to state that till the year 2016 there was a positive interdependence between the said data as we observed the decrease in agricultural products exports amount as well as the decrease of the rural population of Ukraine. After that, we observe

the opposite situation – the increase in the exports of agricultural products and the continuing decrease in the rural population number. In order to understand whether this is just a coincidence and there is/is no correlation between them, more profound research with the use of more robust statistical tools and software should be conducted, which is one of the further directions of the research presented here.

To make the research more profound, let's analyse the dynamics of the population of Ukraine (aged 15-70) employed in agriculture, forestry and fishing, as depicted in Figure 3.



**Figure 3.** Population of Ukraine (aged 15-70) employed in Agriculture, Forestry and Fishing, mln persons

**Source:** author's own elaboration on the basis of the data from the (SSSU, 2022(a))

Unlike the dynamics of the rural population of Ukraine, the one for the population of Ukraine (aged 15-70) employed in agriculture, forestry and fishing is more changeable. There is no one clear trend in it. It increased in 2013 but decreased in the following year, having started the downward tendency which last to the year 2017 included. The tendency changed to the opposite one in 2018 but didn't last for too long and changed to the opposite one again as we observe the next decrease of the population of Ukraine employed in agriculture in 2020. The biggest number of people employed in agriculture was observed in 2013 and the smallest – in 2020. And the latter figure should be much thought about especially by the public officials of all levels. The overall trend is slightly downward approximately to the year 2019 starting an upward movement afterwards. Due to the trend line, the number of people employed in agriculture, forestry and fishery is about to increase during the two years taken for the projection. But the research was made without taking into account the war situation in Ukraine and the changes in all the spheres of the country's activity connected with it. That's why the said projection can be called an optimistic one. The trend line for the data presented in the figure given above was built with the help of the polynomial function, just like in two other cases presented earlier. The values of the R<sup>2</sup> coefficient of such functions as exponential, linear, logarithmic, polynomial and power were taken as a criterion for the right choice of the appropriate function.

### 3. FUTURE RESEARCH DIRECTIONS

The exports of agricultural products from Ukraine have become one of the most topical matters in the whole world. The obstacles to the exporting of agricultural production from Ukraine, are those that the country-aggressor creates, blocking the seaports, and threatening the food security and food availability in many countries, especially those in Africa and Asia. In the current disruptive



times, the matter of the effective public administration of the exports of agricultural products is therefore important not only for Ukraine itself but for its trading partners as well. It is advisable to continue the research started in this paper taking into account the current data on the agricultural products exports of Ukraine to analyse the changes in the amount that occurred due to the war and the economic and political events caused by its influence. Judging by the results of the analysis mentioned in the previous sentence, optimization measures are to be developed to stabilize the agricultural products' amount increase and uninterrupted exporting functioning.

The results of the presented research show partially positive and partially negative interdependence of the agricultural products exports of Ukraine and the number of the rural population of Ukraine. In order to understand whether this is just a coincidence and there is/is no correlation between them, more profound research with the use of more robust statistical tools and software should be conducted, which is one of the further directions of the research presented here. The next direction of the given research would be to analyse the presence/absence of a correlation between the agricultural product exports of Ukraine and the number of people employed in agriculture and, in case of its presence, the strength of the said correlation.

#### **4. CONCLUSION**

Agriculture is vitally important for the survival of the whole of mankind as it is the source of food for human beings, forage for animals and raw materials for the processing industry. To ensure food security for all the parts of the world the agricultural products trade comes into play. Therefore, the agricultural producers and exporters tend to gain more and more economic and political power and influence either in a definite region or on the world stage. That's why the effective public administration of the exports of agricultural products comes to be an absolute necessity for the successful functioning of agriculture in particular and the whole country's economy as a whole. The following statement has been expressed in the paper – for the production of a bigger amount of agricultural products for export one needs more workforce, that is more people living in rural areas and therefore more people employed in agriculture. The research analysis showed the first half of the data for the exports of agricultural products to be positively and the second half negatively interdependent with the number of rural population number of Ukraine. The number of people employed in agriculture seems not to be correlated with above mentioned analyzed data.

Drawing conclusions on the data analysed in the paper, one should state that the agricultural products exports of Ukraine can be divided into two parts according to their dynamics direction – the first one (downward) is from the beginning of the time frame under analysis to the year 2015 included and the second part, the upward one, last from the year 2016 to the end of the analysed time frame. The explanation of the downward trend of the first part of the analysed time frame can be the turbulences in the political life of the country. The upward trend of the agricultural products exports amount during the two years following 2020 can be called an optimistic projection as the analysed data don't include the actual ones of the year 2022. If judged by the results of the research, the public administration of the exports of agricultural products has been effective enough, at least during the time frame under analysis.

If we talk about the rural population of Ukraine dynamics, it is downward through the whole time frame under analysis without any interruptions. Such a downward trend is very troublesome for the Ukrainian rural settlements, agriculture and the whole country as well. That, in turn, means that the effectiveness of the public administration authorities is not high enough. The public administrative

authorities and administrators, especially from the state administrative bodies of power, should change the overall policy, making the living in the rural areas more attractive for people.

There is no one clear tendency in the dynamics for the population of Ukraine (aged 15-70) employed in agriculture, forestry and fishing as it is more changeable than those of the agricultural products export amount or the rural population of Ukraine. We don't consider one single factor to influence such instability of the number of people employed in agriculture. Together with the turbulences in the political and economic life of the country, the administrative-territorial reform had its impact as well as the changes in the institutional frame of the public administration of Ukrainian agriculture. The whole complex of the said factors plus the individual peculiarities of a single settlement/farm/company had their influence making the said data dynamics such changeable. Further research on the presence/absence of the correlation between the number of people employed in agriculture and the agricultural products exports of Ukraine would be of great interest, especially taking into account the inner country migration of the Ukrainian workforce caused by the war. The research and its results will be interesting and useful for public administration officials, companies' managers engaged in agriculture and international trade, decision-makers, academic community representatives as well as beginners and experienced data analysts.

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