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DEPARTMENT OF INDUSTRY ECONOMICS

**THE PLACE OF ECONOMIC ENTITIES IN ENSURING THE SAFE  
DEVELOPMENT OF RURAL-URBAN AGGLOMERATIONS**

Materials of the scientific colloquium

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The collection contains abstracts of reports of participants of the scientific colloquium. They  
substantiate the essence of the rural-urban agglomeration as a socio-spatial entity, consider various  
aspects of the functioning of economic entities as guarantors of the safe development of these new  
entities.

The publication is addressed to scientists, teachers, specialists employed in the agri-food  
industry and in the field of public administration.

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## **RURAL-URBAN AGGLOMERATION AS A SOCIO-SPATIAL PHENOMENON**

In the scientific literature and in social practice, the use of the term «agglomeration» (from the Latin «agglomer» – joining, accumulating) is traditionally associated with the development of urbanization, resulting in the formation of large socio-spatial formations, which include the central settlement (large town) and located at a short distance from it are much smaller cities, between which there are certain functional connections.

Since 2015, agglomerations have begun to appear in Ukraine, destroying certain stereotypes that have formed in the public consciousness about the nature of such socio-spatial formations.

Such changes in perceptions of the essence of the agglomeration are a consequence of decentralization of public power and administration, the institutional foundations of which were laid by the Order Cabinet of Ministers of Ukraine «On Approval of the Concept of Reforming Local Self-Government and Territorial Organization of Power in Ukraine» (April 2014), of Ukrainian law «About voluntary association of communities» (February 2015), the Resolution of the Verkhovna Rada of Ukraine «On the formation and liquidation of districts» (July 2020) and other regulations.

institutions in Ukraine are not able to catch up with the rapid development of technology.

According to the director of the Ukrainian Fund of Start-ups Pavlo Kartashov: «Specific figures show the advantages for the economy: we have invested \$ 5 million in start-ups in a year and a half, and they have been able to attract more than \$ 20 million in investments during this time. That is, even for such modest money, the multiplier is already  $\times 3$ ». The Ministry of Digital Transformation has declared the IT industry strategic and intends to increase its contribution to 10% of GDP. And it can become the number one industry that will generate Ukraine's GDP, but only if there is real state support.

Reasonable price for services attracts foreign investors. Thus, one of the possible levers that can stop the outflow of personnel may be the loyalty of the state: a favourable business climate, renewal of curricula and facilities of technical universities. It is relevant that start-ups should be created and developed in Ukraine, enter the international market, back offices should be «at home», thus ensuring stable social and economic development of both business and the country [3].

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### **SMART SPECIALIZATION OF THE AGRI-FOOD SPHERE OF THE REGION IN THE CONTEXT OF ENSURING SUSTAINABLE DEVELOPMENT**

Problems of ensuring sustainable development of the economy at the state, regional and local level require an urgent solution. Smart economy saves resources (including non-renewable energy, natural and human), promotes the transition to an intensive type of economic growth, to innovations, which are mainly implementing the principles of human life safety.

Rural and urban areas are economically, socially, and environmentally interlinked spaces. Rural-urban connectivity provides an important thread to many of the Sustainable Development Goals (SDGs). Current regional development policy should be based on the strategic and spatial planning of key challenges affecting people, infrastructure, the economy and the environment, and should include a culture of partnership and cooperation focused on the interaction of citizens and public institution for sustainable development. Safe development of rural-urban agglomerations is now becoming a key factor in the development of territories, provides a high quality of life, creates a comfortable environment for business development.

An important guideline for future economic development, in particular in the field of economic rise of regions, is the introduction of the concept of smart specialization (Smart Specialization Strategy – S3), which consists in identifying the unique characteristics and assets of the region, aimed at introducing new management methods by cooperation between regional and national authorities, responsible for making decisions on the development and implementation of innovation policy, and

relevant stakeholders involved in such a process (entrepreneurs, universities, research institutions, civil society).

The scientific paradigm «Smart Specialization» historically formed in the racing of conceptual ideas of the Schumpeter theory of economic development, which provides that «innovation» is a major factor in economic growth [1, p. 88].

In general, Smart Specialization means a reasonable specialization based on innovative production technologies and spatial development. Methodology of Smart Specialization is a tool for finding and justifying the most competitive, unique sectors of a particular region, which support which may have a significant socio-economic effect.

Smart Specialization is an innovative tool for the European Union to build regional capabilities due to two key approaches, in particular, taking into account local conditions and knowledge economics. In practice, this approach involves identifying competitive advantages and assets of the region, the use of its innovation and scientific potential. However, success in the implementation of smart-specialization can only be achieved in terms of effective cooperation and synergy between local authorities, business, academic environment, and civil society.

In June of 2021 year the EU's pilot initiative «Smart Specialisation Strategies for Sustainability (S4)» was launched in Seville by the President of the Committee of the Regions (CoR), Apostolos Tzitzikostas and the Director for Growth and Innovation of the Joint Research Centre (JRC), European Commission, Mikel Landabaso. The initiative represents a voluntary update to the Smart Specialisation Strategies, with a stronger focus on Sustainability. The JRC and CoR will cooperate on the piloting of S4 methodology in more than ten regions in Europe.

What does the fourth «S» change?

The first change is that of directionality. S4 refers to Smart Specialisation Strategies which ex-ante aim at improving sustainability and inclusiveness through an

innovation-driven policy. These are place-based strategies, which combine directionality with bottom-up energy.

S4 is a voluntary choice. It repositions smart specialization in the new EU policy agenda to use the unprecedented EU investment for local jobs creation in the post-Covid recovery [2].

A strategy for smart specialization should be designed around the following key principles.

Smart Specialization is a place-based approach, meaning that it builds on the assets and resources available to regions and Member States and on their specific socio-economic challenges in order to identify unique opportunities for development and growth.

To have a strategy means to make choices for investment. Member States and regions ought to support only a limited number of well-identified priorities for knowledge-based investments and/or clusters. Specialisation means focusing on competitive strengths and realistic growth potentials supported by a critical mass of activity and entrepreneurial resources.

Setting priorities should not be a top-down, picking-the-winner process. It should be an inclusive process of stakeholders' involvement centred on «entrepreneurial discovery» that is an inclusive and interactive process in which market forces and the private sector are discovering and producing information about new activities, and the government assesses the outcomes and empowers those actors most capable of realizing this potential.

The strategy should embrace a broad view of innovation, supporting technological as well as practice-based and social innovation. This would allow each region and Member State to shape policy choices according to their unique socio-economic conditions.

Finally, a good strategy must include a sound monitoring and evaluation system as well as a revision mechanism for updating the strategic choices [3].

One of the strategic priorities of strategic development in the Odesa region is agri-food sphere. «Smart Region» is an innovative plan of transformations, which has already begun to be carried out in the Odesa region. It takes into account the competitive advantages of the region and involves close interaction with local authorities, the public and business representatives. In order to achieve the goal, first of all, it is necessary to modernize the management system of the region, because only a modern effective management model will allow us to convert our efforts to a specific result and ensure sustainable development of the region's economy and local self-government.

In the Odesa region there is a great potential in the development of agri-food and tourism spheres and their combination. The transformation of the economy provides new business opportunities. Real decentralization of power while strengthening the financial self-sufficiency of rural settlements will be ensured provided that the rural community will be able to act as an independent entrepreneurial activity and to use proper natural resources as efficiently as possible.

In particular, in the village of Semisotka in the Odesa region, the local entrepreneur Oleksandr Palariev with like-minded people began an ambitious project for the construction of the eco-settlement of the future. Based on the basis of the Baltic experience, and pay off the project with the help of green tourism and renewable energy.

Smart Village is a social responsibility of business and potential growth pole in the region, this is a direction taken into account in the development strategy of the Odesa region from 2021 to 2027 years. Village Semisotka an environmental settlement of the future, where green tourism and renewable energy will develop. The renewed village, preserving the current population, became part of the Frumushika-Nova complex. Tourists will be able to stay here for a night, enjoying complete silence and unity with nature. In addition, the smart village will become a peculiar scientific site - a place for research and experiments in the field of agriculture. Smart Village Semisotka

is a prototype of the steppe settlement of the future, taking into account climate change [4].

Thus, the main role of smart specialization is to focus knowledge and their combination with a limited number of priority types of economic activity so that countries and regions have become competitive in the global economy.

Undoubtedly, entrepreneurial activity in rural-urban agglomerations is the basis of food security of the population, the formation of the country's export agri-food potential and the innovative potential of economic development of the rural-urban continuum.

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