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RURAL CONSTRUCTION IN THE CONDITIONS OF TRANSITION TO PROJECT FINANCING: MATTERS OF METHODOLOGY, THEORY AND PRACTICE

It was expected that, since the beginning of 2022, the rural construction market would start to recover and efficiently operate in the conditions of a new economic reality and normality of socioeconomic transformations in the rural economy caused by the implementation of the «New Village» President's project [1], on the basis of cardinally rethought and modernized economic programs of rural territorial communities expressed in developing local value-added in the agrarian sector, small farm enterprises, animal husbandry, rural tourism and niche groups of agroproducts.

Shared construction, which, in the last years, has been the basic form of financing of individual facilities under construction in the rural area, running like a golden thread through the «Own House» program of support of individual housing construction in the village initiated by the Edict of the President of Ukraine «On Measures for Support of Individual Housing Construction in the Village» back in 1998 [2] ideologically is on the threshold of cessation of existence because of losing confidence in developers, in other words, not just rooting stagnation processes but forming

clear lines of the crisis of confidence. We will remind that just in the past few years, an informational space was roused by the whole chain on of news of bankruptcy of large developers (for example, UkrBudDevelopment) and the Arkada Bank, which was a donor for the development of three residential complexes in the Kyiv City – «Patriotika», «Evrika», «Patriotika na Ozerakh», having left nearly 13 thousand private investors (population) deceived [3]. This is striking statistics showing not only the problems of the developer bankruptcy institution and the imperfect system of financing of construction of multi-storey houses in cities but also the problems of purchase of dwelling by the rural population actively migrating to large cities. According to the most conservative estimates, nearly 200 thousand people move from the rural area to cities every year [4]. And this trend becomes even worse with years. But, surprisingly, striking examples of deception of the rural population in shared participation in purchase (construction) of apartments in cities, in addition to positivism of the impact of large integrated agroindustrial structures on the development of social infrastructure in the village combined with the decentralization reform, has caused the domino effect in the rural construction. In other words, the more problems there were with urban developers the higher the pace of the entry of new dwelling in the rural area was. If in 2018 this indicator was equal to 18 million m² [4], then, already in 2021, it practically doubled up to the level of 31 million m² [4], and this is not the limit, which can become epochal and reverse the trend to extinction of villages [5], change patents' mindset of pushing their children to move from villages to cities [6]. In this case, in contrast with the city where a key role in housing construction franchising is played by the population in the form of shared participation, in the village, this is a prerogative of agroholdings. They are interested in the labor force and have, with

their own money, to take an active part in developing the rural construction institution, whether individual or socially significant. This is also promoted by presidential initiatives on the implementation of a number of infrastructure projects, the financing of the «Affordable Mortgage» state program in the amount of several billions, global hunger, which, with the decade food products price peak, created the conditions for the record capitalization of agrarian companies in Ukraine, which have to balance between investing in the land bank and rural construction in order to neutralize a labor force outflow, creating the conditions for the movement, in the village, of high-class specialists without who building digital agriculture is impossible.

In other words, ongoing institutional changes in the rural construction are uncompleted, giving rise to some institutional environmental uncertainty, raising an issue of a need to maintain observability and manageability of the current state of the rural construction for the purpose of the timely regulation, in general, and transition to project financing, in particular.

To conduct the regulation, elaboration of incentive programs at the national level and the level of bodies of local self-government, we propose to use a new approach to provide competitiveness of rural construction projects in the conditions of the transition to project financing (legislative, institutional and COVID changes) based on the effective competition theory, which feature is the maintenance of observability and manageability of the process of improvement of the performance of agroholdings in rural construction projects. This is provided by implementing the algorithm of the formation of tense production plans differentiating from known plans by solving the optimization problem enabling to determine maximum allowable rural construction volumes without loss of manageability of

traditional agro-economic activity and its agro-construction branches expressed in rural construction projects.

In this connection, a number of problems arise, the effective solution of which is practically impossible without conducting a comprehensive economic analysis. Such basic problems should include [7–8]:

- identification of causes and co-causes leading to deviation of indicators of various types of economic and financial activities of the agroholding from the planned rural construction value for the purpose of timely responding to changes taking place in its institutional or economic environment;

- selection from a given set of alternatives of the managerial or economic decision, under adoption, of the most effective alternative, subject to established operation conditions, as well as provision, on this basis, of optimal or effective use of opportunities available in the agroholding for scaling rural construction projects;

- provision of the required level of observability and manageability of various types of activities of the agroholding in changing conditions of project financing of the rural construction.

In this case, it is needed to methodologically tie the notions «observability» and «manageability» to the tension of financial-economic, investment and production activities of the agroholding, subject to adaptation of the existing methods of the formation of tense production plans (on the basis of the results obtained from the PEST analysis, strategic group map, opportunities and threats analysis matrix, SWOT analysis etc.) enabling to determine, on the basis of the solution of the optimization problem, maximum allowable volumes of the rural construction without loss of manageability of activity of the agroholding, in general.

And here, a new economic reality combined with an absence of the relevant experience forms a stable dilemma. Where, on the one hand, most agroholdings completed the 2021 financial year (lasting from July 2020 to June 2021) not only with a net profit, but also, against the background of the unabated food price growth, have increased it several-fold. For example, Kernel produced the amount of the net profit exceeding the indicator of the 2020 financial year 5.2-fold, having amounted to USD 643M [9]. It seems that everything is all right and the trend towards rising in scales of rural construction projects will remain in 2022 as well. But, on the other hand, a new escalation of the conflict between the Russian Federation and Ukraine caused deterioration of business (according to estimates of the National Bank of Ukraine [10]) expectations both in the construction sector of the economy (The Business Expectations Index declined by 33.0 percentage points from 47.2 in December 2021) and in agriculture and food industry (42.9 and 49.0 percentage points accordingly), having rooted a trend towards reducing in employment volumes, reducing in non-production investments. Therefore, forecasting maximum allowable rural construction volumes without loss of manageability of activities of the agroholding is an extremely complicated problem with many unknowns.

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