

# Improving the Methodological Basis for Assessing Regulatory Policy in the Agricultural Sector: Areas for Further Research

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## Abstract

The object of our study is evaluation the effectiveness of regulatory policy in the agricultural sector. To assess the effectiveness of regulatory policy in the agricultural sector of Ukraine, we proposed the author's methodological approach. Features of our methodological approach are as follows. The effectiveness is determined, firstly, by the progress in achieving the goals of sustainable development, the achievement of which is associated with the functioning of the agricultural sector; secondly, by the goals of state programmes in the agricultural sector; thirdly, by progress in institutional support of regulatory policy; fourthly, by the measures and costs of regulatory policy.

**Keywords:** Decentralization; Environment; Agricultural sector; Economy

## Short Communication

The basis for the formation and implementation of an effective policy is a high-quality comprehensive assessment of government actions in previous periods. Such an assessment should take into account the progress in achieving the set targets, the structural balance of the selected instruments and their impact on economic activity, which will ensure the progress towards the UN Sustainable Development Goals. The uniqueness of the Sustainable Development Goals is that they urge all countries as poor, rich, and middle-income as to promote prosperity while protecting the planet.

The agrarian sector occupies an important place in modern society and in achieving the goals of sustainable development. The agricultural sector is associated with such sustainable development goals as ensuring economic growth, food security, rational use of resources, the absence of poverty, increasing the incomes of employees, reducing inequality, developing rural areas and preserving the environment.

The comprehensive assessment of the effectiveness of Ukraine's regulatory policy in the agricultural sector was tested

on the basis of the proposed methodological approach for 2010-2016, 2017. The comprehensive assessment made it possible to draw conclusions about the slow progress in the effectiveness of regulatory policy in the agrarian sector of Ukraine during the study.

The indicators of agricultural production, resource efficiency demonstrate progress in achieving targets. The indicators of the population's nutrition structure, food affordability, wage level and poverty reflect an unsatisfactory state in achieving the relevant goals. There is an increase in investments in the agricultural sector, the nominal volume of loans granted, even with maintaining high interest rates, but the number of farm animals is decreasing. Institutional support for the conditions for doing business in Ukraine and the quality of public administration are improving, at the same time, they still remain not at a high level, decentralization processes are slow.

State expenditures on financing the agricultural sector have significant fluctuations. They require strengthening the justification for the volumes of state support for the agrarian sector and their coordination with medium-term programs. In fact, budget planning is designed for a short-term period (for 1 year) and reflects the results of the influence of the forces of the political market on the formation of the budget, and not its compliance with a reasonable medium-term development strategy. Indicators of state support according to the OECD methodology are negative (which indicates net taxation of agricultural producers) and the smallest among countries for which the OECD calculates. The marginal volumes of support in accordance with WTO requirements are significantly lower than the level of agricultural support in the EU. The budgetary possibilities of Ukraine do not allow to support agriculture at the level determined by the WTO requirements. But indicators of agricultural support by the WTO methodology are important indicators for the development of budget programs, ensuring compliance with the regulatory policy of Ukraine's commitments.

The advantages of the proposed methodological approach are the possibility of a comprehensive assessment of the effect of regulatory policy. The assessment takes into account the progress in achieving the sustainable development goals,

coherence and compliance between them, the goals and volumes of financing state programs in the agricultural sector, the creation and support of market institutions.

The advantages of the proposed methodological approach also include the possibility of including more or less indicators in each of the four directions in assessing the effectiveness of the policy. The number of indicators may depend on the completeness and frequency of the statistical data of a particular research area, as well as on the tasks set for the researcher. The proposed methodology is applicable to assess the effectiveness of government policy in other areas of the economy.

The importance and relevance of the chosen research topic, assessing the effectiveness of government actions as part of support and stimulation to the national economy as a whole and / or its individual areas, their progress towards achieving sustainable development goals, is evidenced by the work of Shcherbak et al. (2020), Cattaneo et al. (2016), Angilella et al. (2018), Phuong T. Nguyen et al. (2019) [1-4].

We took into account numerous modern developments on the issues of assessing the achievement of the goals of sustainable development of the national economy, its individual areas, and rural territories. We consider it appropriate in our proposed methodology to use an expanded system of indicators that reflect progress in achieving the goals of sustainable development of the agricultural sector.

We note that there are difficulties associated with the collection and processing of statistical information for the short and medium term. Such features make it impossible to use the proposed indicators to assess the effectiveness of policies in the short term. At the same time, we note that the formation and implementation of the regulatory policy and the economic policy of the state in general takes place mainly for the short and medium term.

Another debatable point, from the point of view of the assessment methodology, is the involvement of the state in the

processes of economic development on the principles of sustainability. Economic science and the practice of state regulation are unanimous in that the role of the state as a catalyst for economic processes and the backbone element of the institutional structure in the modern world are growing. At the same time, the costs associated with conducting economic policy are increasing. Our methodology allows to consider these factors and, if necessary, adjust them.

## Conclusion

We see the further development of the methodology for assessing the effectiveness of the state regulatory policy in the agricultural sector in strengthening the environmental and social components. These components are represented by such indicators as the volume of financing of environmental programs, the state of the environment, which depends on the functioning of the agricultural sector (the level of ploughing of farmland, fertilizers and plant protection products, an increase in the part of organic certified agricultural land).

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