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Restoration and Development of Rural and Depleted Areas: The Importance of State Investment Policy (a Case Study of the USA and Ukraine)

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ABSTRACT

The article analyzes the role of state investment policy in the restoration and development of rural and depleted areas using the examples of the United States and Ukraine. The study aims to identify the specific features of investment policy functioning in rural regions of the USA and Ukraine, with a focus on its impact on sustainable development in the context of post-war recovery, decentralization, and economic transformation. The research employed general scientific methods of cognition: analysis and synthesis, comparative-historical method, systems approach, induction, deduction, generalization, and modeling. The results show that rural development in the USA and Ukraine is shaped by different conceptual approaches, rooted in distinct historical backgrounds and institutional practices. In Ukraine, the state plays a central role as a regulator and initiator of rural recovery programs, especially under wartime conditions and the need for rapid infrastructure and social rebuilding. In contrast, the USA implements a model with minimal government intervention, where the private sector, local initiatives, and horizontal interaction dominate. Both countries recognize the strategic importance of rural areas and aim to adapt them to modern challenges, including military, environmental, demographic, and infrastructure-related threats. The study emphasizes that in the USA, public investment policy is implemented through a multisectoral approach encompassing support for agriculture, infrastructure modernization, green economy development, and social capital strengthening. Effective implementation of such strategies is achieved through public-private partnerships, which optimize investment flows and minimize government expenditure. The findings also highlight that institutional capacity, transparency of the land market, participation of professional brokers in land deals, and the development of trust networks foster not only economic growth but also social resilience in rural communities. The practical value of the study lies in its potential for informing regional development policy in Ukraine by adapting best international practices.

KEYWORDS

rural areas, investment policy, USA, Ukraine, public-private partnership

Introduction

The restoration and development of rural and depleted areas requires significant investment and a strategic approach to the management of public resources. In Ukraine, the relevance of this issue has become particularly urgent due to the war, which has caused widespread destruction of infrastructure and severe socio-economic consequences. State investment policy must prioritize reintegration of territories, restoration of agricultural and industrial facilities, and the creation of conditions for the return of internally displaced persons.

In the United States, while no direct military conflicts have occurred on its territory, the experience of recovery following large-scale natural disasters such as hurricanes, floods, and wildfires remains highly relevant (Burton, 2015). These events require significant resource mobilization and coordination at both federal and state levels, and the recovery methods used can be compared to post-war reconstruction efforts in other countries. Investment strategies that include infrastructure rehabilitation (Goldstein, 2008), social programs, and incentives for economic activity can serve as a basis for planning similar initiatives in Ukraine.

By examining the U.S. experience in planning and implementing recovery efforts after natural disasters, Ukraine can adapt these advanced practices to its own context – particularly the development of rapid response mechanisms, optimized resource allocation, and the attraction of international aid. The primary objective of such measures is not only to rebuild war-damaged areas but also to lay the foundation for long-term development and resilience.

Literature Review

The issue of restoring and developing rural and depleted areas through state investment policy (as illustrated by the USA and Ukraine) is well covered in both domestic and international academic literature. A review of sources reveals key aspects of both internal and external approaches to rural recovery, as well as the application of public investment policy as a critical mechanism for stabilization and development.

A significant contribution to the analysis of U.S. land reform is provided in the work of Agropilit (2017), which discusses the specifics of government management and investment in rural territories as a basis for agricultural development. Meanwhile, BenDor & Lester (2014) explore the concept of a "restoration economy," highlighting the role of public support in advancing environmental initiatives that contribute to sustainable territorial recovery. A comprehensive study of community resilience is offered by Burton (2015), who demonstrates how investment in post-disaster recovery enhances long-term resilience. Equally valuable is the application of return on investment (ROI) principles in environmental restoration (Goldstein et al., 2008), which can be adapted to Ukraine's context. Nakagawa & Shaw (2004) focus on the importance of social capital in the recovery process – a key factor in the successful implementation of local policies.

In the Ukrainian context, notable contributions include the work of Hotra & Kovach (2021), which analyzes international experience in rural development, and Pimenova (2013), who examines the American model of farming as a potential reference. Significant insights are also provided by Tretiak & Breus (2023), whose research on post-war rural recovery in Ukraine could serve as a foundation for policy formulation.

The study also utilized expert literature, including materials from modern online platforms such as AgroPolit, the Moodle system of ZNU, and electronic libraries of scientific journals.

Despite the availability of substantial literature on the topic, a lack of systematic analysis remains. Therefore, using a variety of scientific methods, the information was analyzed, grouped, and systematized in relation to the research topic. The comparative method was applied to identify differences and similarities in approaches to rural development in the USA and Ukraine, enabling a comparative analysis of strategies, institutional mechanisms, and the role of the state. A systems approach was used to assess the interconnections between investment policy, public-private partnerships, decentralization processes, and social capital. The document and legal act analysis method helped extract key elements of regional development strategies, while content analysis of

literary and statistical sources provided a deeper understanding of the effectiveness of tools used in the USA, with subsequent adaptation to the Ukrainian context.

Problem Statement

The aim of the article is to identify the specific features of investment policy functioning in rural regions of the USA and Ukraine, with a focus on its impact on sustainable development in the context of post-war reconstruction, decentralization, and economic transformation.

Methods and Materials

To achieve the objectives of this study, a combination of general scientific and specialized methods was employed to ensure a comprehensive and systematic analysis of rural development in the United States and Ukraine. Comparative analysis methods were used to identify key differences and commonalities in regional development approaches, while the structural-functional approach provided a framework for examining organizational mechanisms and development models. A systems approach was applied to assess the interconnections between social, economic, environmental, and institutional factors.

Results and Discussion

The development of rural areas in Ukraine and the United States is governed by different approaches that reflect the unique historical, economic, and social contexts of each country. In Ukraine, the state plays a central role in regulating and directing development through targeted programs and strategies. The State Regional Development Strategy for 2021-2027 focuses on identifying and addressing the specific needs of rural areas, particularly those facing adverse conditions such as low population density, remoteness from urban centers, and significant depopulation. Additionally, aligning national policy with EU frameworks and addressing the consequences of military conflict remain top priorities in the current Ukrainian context (Tretiak & Breus, 2023).

In contrast, the United States follows a model of minimal state intervention in rural development. The primary emphasis is placed on private initiatives and local self-governance, granting communities significant autonomy in addressing local issues. Federal support focuses on facilitating knowledge and technology transfer through institutions like the Extension system, which provides access to research and the latest agricultural innovations. In terms of economic development, the U.S. prioritizes support for export-oriented agribusiness, which fosters the growth of large-scale operations and strengthens their positions in global markets (Hotra & Kovach, 2021).

While the two countries apply different strategies, both recognize the strategic importance of rural areas as vital components of national economies and cultural identity, and each seeks to identify effective pathways for sustainable rural development (Hotra & Kovach, 2021). Table 1 outlines the key aspects of rural development and reconstruction strategies in the USA and Ukraine.

Table 1. Comparative analysis of rural development and reconstruction approaches in the USA and Ukraine

Parameter	Ukraine	USA
Role of the state	active regulation and strategic planning	minimal intervention, support through advisory services
Main objectives	recovery from war-related destruction; alignment with EU policies; elimination of demographic and economic imbalances	economic development; business stimulation; poverty reduction; support for agricultural exports
Implementation methods	integrated territorial approach; planning based on demographic and spatial characteristics	development through innovation and knowledge transfer; support from academic institutions
Response to challenges	addressing war damage and demographic crises	responding to economic needs and global market demands
Role of the state	active regulation and strategic planning	minimal intervention, support through advisory services

Note: Systematized by the author based on Hotra & Kovach (2021); Tretiak & Breus, (2023).

In 2014, Ukraine launched a decentralization process aimed at reforming the country's administrative and territorial structure. This reform was supported by a broad range of legislative changes and regulatory acts that granted local communities greater authority and responsibility. Over time, it led to substantial shifts in governance and financial self-sufficiency of local governments. Within the decentralization framework, rural development in Ukraine increasingly emphasizes local entrepreneurship and community-driven initiatives. The transfer of responsibilities and resources from the central government to local authorities is intended to stimulate economic development and enhance self-reliance.

In contrast, rural development in the United States is also largely community-funded, with social capital playing a vital role. Programs such as the Community Development Block Grant (CDBG) and FEMA initiatives support community development by financing projects that improve infrastructure, housing conditions, and social services. These efforts strengthen local communities and foster resilient horizontal networks. Such networks enable better adaptation to change, more effective implementation of recovery programs, and sustainable development, helping communities rebuild faster after disasters and promote socio-economic growth (Nakagawa & Shaw, 2004).

The U.S. experience with public-private partnerships offers valuable insights for Ukraine in the context of rural and agricultural development. The U.S. demonstrates how effective collaboration between the state and private sector can contribute to agricultural growth, income stability for farmers, and the adoption of environmentally friendly technologies. Key policy tools include price regulation and subsidy programs, which help mitigate market volatility and secure stable incomes for farmers — for example, by purchasing agricultural products at guaranteed prices during periods of significant price drops (Hotra & Kovach, 2021).

A strategically oriented state investment policy is one of the core prerequisites for the sustainable development of rural areas in the United States. Research underscores the importance of a multisectoral approach that integrates economic, environmental, and social components of recovery. Targeted investments in agriculture, the green economy, infrastructure rehabilitation, ecosystem restoration, and social capital are particularly important. The openness of the land market and minimal regulatory constraints in the U.S. promote dynamic agricultural development and rising farmland values, making the sector attractive to investors. Land auctions serve as the primary mechanism for sales, allowing real-time market-driven pricing and ensuring transparency and efficiency in transactions (Agropilit, 2017). The U.S. currently has the highest regional farmland prices — up to $10,200 per acre. The transparency of land acquisition mechanisms is a critical factor in ensuring an efficient land market. Open auctions, where prices are set based on real-time demand and supply, foster trust among buyers, sellers, and intermediaries. This system minimizes manipulation risks and ensures fair pricing that reflects the actual market value of assets.

Professional brokers play an important educational and consultative role in this process. In addition to managing transactions, they act as intermediaries between landowners and complex market data. With access to analytics, internal databases, and hands-on experience, brokers assist landowners in making informed decisions, increasing market trust and ensuring stability (Agropilit, 2017).

Foreign individuals and legal entities do not require government authorization to acquire land in the U.S. The only requirement is to notify the Department of Agriculture upon the transfer of land ownership. Some states also require reporting on foreign investment and income from agricultural operations. Land ownership laws vary across states but are generally designed to support and promote business development (Agropilit, 2017).

According to BenDor and Lester (2014), the development of the so-called "restorative economy" creates a solid foundation for new labor markets, particularly in areas such as ecological engineering, agroecology, landscape restoration, and resource management. Government support for innovation in these sectors not only stimulates economic revitalization in rural areas but also contributes to long-term environmental security and climate adaptation. U.S. investment programs in the green economy and agriculture — implemented through various initiatives and legislative acts such as the Inflation Reduction Act — have a significant impact on rural development. These investments promote the adoption of climate-smart practices in agriculture, including resource conservation, waste management, and the use of cover crops. Importantly, the funding also supports small and underserved farms.

Projects financed through these programs help farmers reduce energy costs through the use of alternative energy sources while also creating new market opportunities for eco-friendly products. This includes support for renewable energy and biofuel initiatives, which reduce reliance on traditional energy sources and generate jobs in rural communities.

Such investments have long-term implications not only for economic growth in rural areas but also for ensuring environmental sustainability and promoting balanced natural resource use. In turn, this improves living conditions for local communities and contributes to the sustainable development of regions.

In the United States, agriculture is not the primary occupation for many ranch and farm owners, but rather a way of life. Most combine employment in large companies or other economic sectors with managing their own farms, which they view as a supplementary activity or hobby. Only around 181,000 farms – roughly 10% of the total – operate on a professional level, making agriculture their main occupation. However, these large farms produce over 75% of the nation's agricultural output. They cultivate about 38% of all agricultural land, the majority of which – 62% – is used for crop production. The average size of these farms is approximately 800 hectares, which is four times the national average. These farms also account for a significant portion of sectoral spending and receive about 43% of all federal agricultural subsidies (Pimenova, 2013).

An important area of state intervention is infrastructure recovery following natural disasters such as floods, hurricanes, and earthquakes. Burton (2015), in his study on rebuilding the Mississippi coastline after Hurricane Katrina, emphasizes the importance of community resilience indicators. Strengthening resilience to emergencies is only possible through a synergy between investment in physical infrastructure and social support. Similarly, Goldstein et al. (2008) demonstrate the effectiveness of the "return on investment" (ROI) approach in restoring degraded areas, as seen in Hawaii. This model enables the optimization of budget allocation and maximizes returns on public investment.

In the U.S., a range of federal programs target rural recovery after natural disasters. One of the key coordinating agencies is the USDA's Rural Development (USDA RD) office, which provides grants, loans, and technical assistance for rebuilding infrastructure, supporting businesses, and fostering community development.

FEMA's National Disaster Recovery Framework (NDRF) offers a structured approach to supporting affected states and territories, facilitating effective recovery through a wide array of resources.

Notable USDA RD programs aimed at rural recovery include:

- grants and loans for improving water supply systems;
- support programs for small businesses;
- financial aid for rebuilding public facilities and infrastructure;
- education and distance learning development initiatives.

For agricultural producers, USDA also offers crop insurance and disaster relief through the Risk Management Agency (RMA), which helps manage risks linked to natural disasters and provides economic support in cases of income loss due to declining prices or yields. Together, these programs not only address immediate post-disaster recovery but also contribute to long-term planning for rural community resilience. Detailed information can be found on the USDA RD and FEMA websites or by contacting local offices of these agencies.

The role of ecosystem restoration is particularly relevant in the context of climate change. Yin and Yin (2010) argue that government-supported ecological programs are not merely responses to damage already done, but also tools for proactive risk management. In the U.S., this data directly informs planning for reforestation, watershed protection, and soil conservation in rural areas.

In Ukraine, investment policy – especially in rural development – is gaining importance amid military conflict, post-conflict recovery, and the ongoing decentralization reform. To ensure effective and long-term rural development, the priority must be to establish institutional, financial, and regulatory

conditions that attract both public and private investment, particularly through public-private partnerships.

Given limited state budget resources, especially during wartime and post-war recovery, combining efforts of the government, local communities, and businesses becomes a critical tool. Public-private partnerships make it possible to implement infrastructure and social projects even in the absence of sufficient public funding. There is a pressing need in Ukraine to develop an effective mechanism for executing such partnerships, taking into account the interests of key stakeholder groups – rural populations, local businesses, municipalities, and investors (Tretiak & Breus, 2023).

Projects in critical areas such as infrastructure, energy, agro-processing, transportation, digital transformation, healthcare, education, and water and heating supply in rural communities can be implemented through public-private partnerships. For the government, the main benefit is the ability to shift financial burdens to the private sector while gaining synergy. For businesses, advantages include investment guarantees, a stable regulatory environment, tax incentives, and administrative support.

The need to expand national and regional programs for PPP support is especially urgent in the context of rebuilding destroyed communities. As of 2021, only 28 consolidated territorial communities in Ukraine had examples of launching their own businesses, using local economic initiatives as a source of self-financing. This reflects a lack of institutional readiness for economic independence, particularly in strategic planning, project management, and investor engagement.

In this context, a key condition for the effective functioning of local investment policy is the development of social capital – trust, self-organization, and horizontal interaction among residents and institutions. As research by Nakagawa and Shaw [6] shows, strong horizontal networks enable communities to adapt more quickly and implement development projects more effectively. Citizen participation in planning, executing, and monitoring investment initiatives increases decision-making legitimacy, strengthens public accountability, and builds trust with investors.

Considering the realities of decentralization, where communities gain more control over resources, local authorities should become initiators of investment projects and coordinators of interaction between businesses and the state. To achieve this, it is necessary to:

- establish local institutions for business and PPP support (e.g., regional development agencies, business incubators, investment offices);
- improve the capacity of community personnel in business planning, preparing investment proposals, and sourcing funding;
- develop local development strategies that include investment attraction plans and clearly defined priorities.

In the post-war period, when large-scale reconstruction begins, investment policy should form the foundation of rebuilding based on sustainable development principles – combining economic efficiency, social equity, and environmental balance. This will require targeted investment in critical infrastructure, modernization of the agricultural sector, green economy development, and ecosystem restoration of degraded lands.

Therefore, Ukraine's investment policy must evolve from being fragmented and reactive to becoming strategic and long-term oriented, engaging businesses, international partners, and local communities in shared responsibility for rural development.

Conclusions

Rural development in the United States and Ukraine is based on fundamentally different conceptual foundations, shaped by their respective historical and institutional contexts. In Ukraine, the state plays a leading role in regulating, planning, and financing regional development, which is especially critical during wartime and reconstruction. In contrast, the U.S. follows a model of minimal state intervention, with a focus on the private sector, local initiatives, and community interaction networks. Despite these differences, both countries recognize rural areas as

strategically important to national development and seek to adapt their strategies to modern challenges – military, environmental, demographic, and infrastructure-related.

In the U.S., sustainable rural development is supported by a state investment policy grounded in a multisectoral approach, targeting agriculture, infrastructure, the green economy, and social capital. A key feature of this model is effective collaboration with the private sector through public-private partnerships, which allow critical investments with minimal public expenditure. A transparent land market, driven by open auctions, fosters a competitive environment, while professional brokers serve as knowledge intermediaries and trusted facilitators between market participants. These institutional mechanisms ensure that the U.S. investment system promotes both economic growth and community resilience.

For Ukraine, undergoing post-war recovery and decentralization, the U.S. experience offers valuable guidance for building an effective investment model for rural development. This includes strengthening institutional frameworks for attracting private investment, establishing a supportive regulatory environment for small businesses, and developing local PPP mechanisms. Key priorities also include transparent land market development, professional mediation, and the strengthening of social capital in rural communities. Only through consolidated cooperation among the state, business, and local governments can sustainable restoration and rural development in Ukraine be achieved.

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