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## Features of the Environment and Its Impact on the Competitiveness of Economic Entities Katlabuzka Settlement Community of Izmail District

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**Abstract:** The ongoing transformational crises in public life at the end of the 20th and the beginning of the 21st century, the new administrative-territorial reform, the active phase of the Russian-Ukrainian war, and the expectedly complex process of post-war recovery are key factors contributing to current negative developments, as well as drivers for strategic planning to improve the competitiveness of local economic actors. After the war ends, competition for financial and human resources will intensify significantly. Therefore, the Katlabuzka territorial community must already be preparing for post-war recovery to lay the foundation for sustainable development. To address these challenges, it is essential to orient the community's socio-economic-ecological system toward integrated development across all of its subsystems. The main components include: **The natural environment** – natural resources and conditions, and the nature of human impact on them; **Human potential** – a modern term increasingly used instead of “population,” including demographic trends, labor resources, skill levels, and the satisfaction of educational, cultural, sports, and other social needs; **The economy** (anthropogenic pressure) – the structure of the economy, its adaptation to changing natural and climatic conditions, the development of the agro-industrial complex, promotion of craft production, and the increase of added value in local products; **Institutional capacity** – the competence and effectiveness of public administration bodies, the development of efficient service delivery systems, and a strong local business infrastructure. Taking into account the needs and demands of each of these components in order to develop the community system as a whole will allow for the achievement of the desired outcome – enhancing competitiveness (capacity), building the foundation for sustainable development, and improving the quality of life for the population.

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**Keywords:** competitiveness; Katlabuga community; business entities; demographic indicators

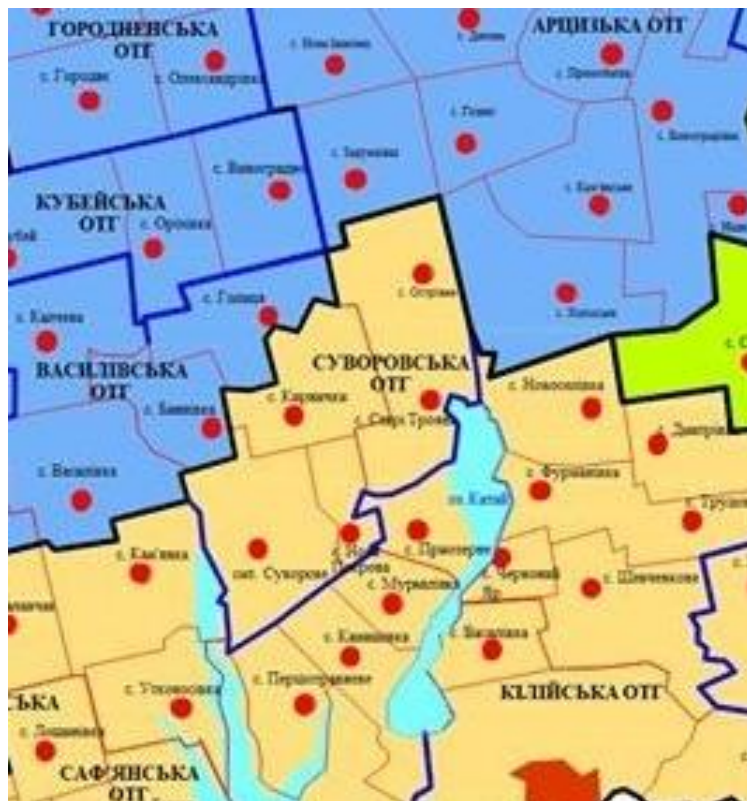
## **1. Introduction**

The competitiveness of territorial communities and their economic entities largely depends on the specific features of the development and implementation of strategic planning documents and urban planning documentation. Modern approaches to strategy development are defined by the amendments to the Procedure for the Development of Regional Development Strategies and Action Plans for Their Implementation, as well as for Monitoring and Evaluating the Effectiveness of the Implementation of the Said Strategies and Plans (Resolution of the Cabinet of Ministers of Ukraine No. 959 dated November 14, 2018).

The main substantive addition to the previously existing Procedure is the mandatory integration of the SMART specialization approach into regional development strategies. This refers to the formation of a knowledge-based economy grounded in a modern scientific and innovation-oriented system of economic organization, with an increasing share of labor-intensive sectors and the creation of new added value for local products. In the process of Ukraine's future post-war innovative and technological recovery, the application of development principles based on SMART specialization will significantly enhance the competitiveness of the Katlabuh rural territorial community (TC) in both national and international markets (Todorov, 2024).

## **2. Summary of the Main Material**

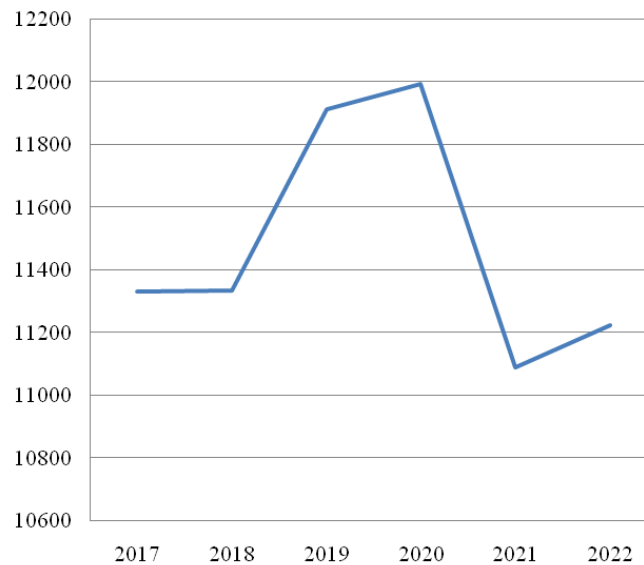
The Katlabuh rural territorial community of Izmail Raion is located in Ukrainian Bessarabia, in the southwestern part of Odesa Oblast. A significant portion of its territory lies along the shores of two of the five largest freshwater lakes in Ukraine—Katlabuh and Kytaï. The international highway M-15 Odesa–Reni (toward Bucharest) runs through the community.



**Figure 1. Geographical Location of the Katlabuh Territorial Community**

The depopulation of Ukrainian Bessarabia began to be observed in 1994–1995, approximately two years later than in Odesa Oblast as a whole. However, within the current boundaries of the Katlabuh rural council, negative demographic trends had started much earlier, particularly in the villages of Ostrivne and Nova Pokrovka.

Between 2017 and 2022, there was a relatively small decrease in the population (by 109 people). However, the dynamics of this process (Figure 2) were quite volatile. For instance, over the two-year period from 2018 to 2020, the population of the community increased by 660 people, while in the following year it decreased by 903. Currently, the community has a population of over 11,000 people. The reason behind such a sharp reversal in population trends requires separate investigation. It can be assumed that one of the contributing factors was the COVID-19 pandemic.



**Figure 2. Population Dynamics of the Present-Day Katlabuh Rural Territorial Community (2017–2022)**

However, these relatively favorable trends in the population dynamics of the Katlabuh rural territorial community contradict the indicators of natural and mechanical population change. Over the past three years (2021–2023), the community as a whole has shown consistently negative natural population growth, with rates lower than -10.0‰. In 2021 and 2022, the rate in the villages of Stari Troyany and Ostrivne dropped significantly below -20.0‰. In the former, the indicator remained stably around this level, and the figure of -30.0‰ reached in 2021 indicates an inevitable transformation of the demographic structure—towards an increasing share of elderly population and a shrinking proportion of children and youth. Consequently, the community may face the problem of a limited labor force potential.

It should be noted that approximately three-quarters of the population in Stari Troyany are ethnic Gagauz – settlements of this group in Ukrainian Bessarabia are typically marked by fluctuations in natural population change around zero. Against this backdrop, the village of Kyrnychky appears somewhat more favorable. Located along the M-15 Odesa–Reni (toward Bucharest) highway, its geographic position is one of the key factors behind the less dramatic natural population decline compared to other settlements in the community. Notably, in two out of the past three years, the birth rate in Kyrnychky exceeded 5‰.

Thus, the natural population change across all settlements of the Katlabuh community is extremely alarming. These trends – depending on the specifics of the current demographic structure – already have or may soon have negative consequences for the community's development. It is important to understand that the period under review was marked by the COVID-19 pandemic (SARS-CoV-2), direct losses of defenders on the frontline, and deaths caused by health complications exacerbated by constant stress and uncertainty about the future.

The analysis of the geodemographic situation in the Katlabuh territorial community reveals a critical demographic crisis across all settlements. Extremely high mortality rates (exceeding 20‰ in some villages), combined with low birth rates (below 5‰), call into question the community's demographic potential and the prospects for its sustainable development. Although the current demographic structure appears stable, it is expected to change significantly: by 2027, the number of residents aged 60 and over in the village of Kyrnychky is projected to nearly double.

In this context, the development of education, healthcare, and the broader socio-humanitarian landscape of the community becomes vitally important. Special attention must be paid to preserving the human potential of the villages of Ostrivne and Nova Pokrovka. Otherwise, their continued existence on the map of Ukraine could be at risk. While the depopulation trends in these villages are long-standing and well-documented, the situation in Stari Troyany is less clear and requires further investigation.

**The decentralization of power and the intensified phase of Russian aggression have significantly highlighted the importance of preserving favorable living conditions for the population. These conditions depend, among other things, on the ability to maintain and restore the physical, spiritual, and psychological well-being of individuals.** However, amid declining revenues to community budgets and increasing expenditures to support various units of the Armed Forces of Ukraine, the issue of optimizing spending on social needs within communities has become pressing.

Katlabuzka Territorial Community must achieve a balance between its current capabilities and the need to preserve its human potential, as people ultimately determine the prospects for societal development. In order to build human potential, it is essential to ensure that all residents – regardless of age or social status – have access to high-quality goods and services necessary for an effective livelihood.

In today's context, achieving these social development goals is closely tied to the modernization of the existing service system and the improvement of service quality. The need to create a new (or transform the existing) system of social service provision in Katlabuzka Territorial Community arises from the current geodemographic and socio-economic trends. Without taking these specific factors into account, it is impossible to develop a new spatial organization of the community's social infrastructure.

In 5 out of 6 elder districts, the social living conditions of the population can be considered satisfactory. The only locality where social services are practically not provided is the village of Nova Pokrovka.

Traditionally, the development of the social sphere in rural communities is primarily defined by the population's access to quality educational, medical, cultural, and sports services. Under the conditions of financial decentralization and a very challenging demographic situation in Katlabuzka TC, the availability and quality of services play a crucial role in establishing an effective socio-humanitarian system in the community (Todorov, Rusev & Kichuk, 2023).

**Katlabuzka Territorial Community is an agricultural community with a developed processing sector, relying on the use of local resources.** The general economic structure mirrors that of most communities in the region. The agro-industrial complex is specialized in the production of grains and legumes, sunflowers, grapes, meat, milk, and their processed products.

Structural changes over the past decade have been driven by fluctuations in pricing policies for livestock products and the low added value of local crop production, which is characterized by a grain-feed structure. The share of the feed component has been steadily decreasing. The root cause of this lies in the low purchase prices offered for livestock products by wholesale (intermediary) organizations. As a result, economic actors no longer consider livestock farming as a source of working capital. In Katlabuzka TC, this issue could be addressed by restoring the operation of a meat processing facility located outside the administrative center of the community.

Following the initiation of land reform, the land use structure by type in Katlabuzka TC has remained relatively stable. Over 95% of the community's land is officially designated for agricultural use. Unfortunately, the statistical data provided to the developers of the Strategic Environmental Assessment report does not reflect the region's core issue – the level of land tillage. The next largest land categories are residential and public development lands (2.1%) and water fund lands (1.6%).

There are concerns about the declared volume of land allocated to industry, transportation, communications, energy, and other sectors. Moreover, there are industrial zones, transportation lands, traditional energy lands, and even plans to create a technology park. In such a scenario, the community will face issues related to land-use reclassification and the development of a detailed spatial plan (Topchiev, 2009).

To improve the socio-environmental situation, part of the over-tilled land should be withdrawn from agricultural use – especially lands unsuitable for cultivation or illegally occupied – with a view to developing, in particular, tourism and recreational activities.

A traditional challenge for the development of the agro-industrial sector – not only in Katlabuzka but throughout the region – is the implementation of modern land-use systems based on agro-landscape principles and new land cultivation technologies. Solving this problem would ease the process of adapting to climate change.

However, this community possesses a significant competitive advantage over others: it is located on the shores of two of the five largest lakes in Ukraine – Katlabuh and China. Completion of the Bolhrad and Suvorove group water pipelines will enable the development of irrigated agriculture, expand areas under vegetable farming, and promote other labor-intensive local products. The prospects for the community and the region have significantly improved following the catastrophe at the Kakhovka Reservoir.

**Farming is well developed in the Katlabuzka Territorial Community. Market competition acts as a factor ensuring rational use of natural resources.** The nature of the main environmental impacts, particularly on the community's key natural asset – the soils – can only be fully assessed after the completion of the Bolhrad and Suvorove group water pipelines.

The current state and prospects for the rational use of local resources in the agro-industrial sector are determined by the structure of sown areas and the yields of these main crops. An analysis of crop rotation dynamics shows relative stability. The land bank allocated to the most soil-depleting crops, cultivated in the southwestern part of Odesa Oblast, has remained practically unchanged. For example, with a decrease in winter rapeseed sowing by approximately 600 hectares, sunflower sowing has increased by about 400 hectares. Accordingly, the urgent issue is to reduce the negative effects of extreme pressure on the soil cover.

Among other important factors in the structure of the community's sown areas is the presence of small plots for potatoes, vegetables, and melons. In 2023, the vegetable yield was 41 centners per hectare. The significance of this fact lies not in the yield level itself, but in the fact that the population of Katlabuzka TC has experience in vegetable growing. Also noteworthy is the relatively high grape yield, especially considering that the community's settlements have never stood out compared to neighboring areas for larger volumes of grape production.

### 3. Conclusions

**The Katlabuzka Territorial Community of Izmail District has all the prerequisites for improving its capacity and the competitiveness of its economic entities.** This is primarily determined by its geographic location, a developed business environment, and the institutional capacity of the community. Enhancing competitiveness is closely linked to the development (or restoration) of irrigated agriculture and adaptation to climate change.

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