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STATUS AND DEVELOPMENT TRENDS OF AGRICULTURAL ENTERPRISES ON THE BASIS OF PRIVATE STATE SUPPORT

СТАН ТА ТЕНДЕНЦІЇ РОЗВИТКУ СІЛЬСЬКОГОСПОДАРСЬКИХ ПІДПРИЄМСТВ НА ОСНОВІ ПРИВАТНО-ДЕРЖАВНОЇ ПІДТРИМКИ

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Many scientific and educational works are devoted to the trend issues of the agricultural enterprises development on the basis of private state support, in particular: Social and Economic Development of Ukraine for 2020 [1], (Agroindustrial Complex) AIC Support Programme for 2020 [2], the Website "Information and Analytical Portal of Agroindustrial Complex of Ukraine" [3], the Website "CEASC – Academy of Training and Certification Information Portal" [4], the Website "The U.S. Agency for International Development of USAID AIC of Ukraine for 2020" [5], S.V. Petrukh, B.V. Stakhov [6], V.M. Zhuk [7], E.N. Kovaleva [8], L.O. Voloshchuk [9].

The aim of the article is to explore the current status, forms and trends in the private state support of the agricultural enterprises development of Ukraine, to evaluate the financial support quality of agricultural enterprises, outline the ways of improvement and targeted benchmarks of private state financial policy for supporting the agricultural enterprises of Ukraine.

The main part

According to the strategy for the the agricultural economy development for the period up to 2020, approved by the Cabinet of Ministers of Ukraine, the main component of this sector in the domestic economy is agriculture. Particular attention deserves the fact that agriculture forms the principles of preserving the state's sovereignty – commodity and within established limits economic, environmental and energy security, provides the technologically

Balan A.A., Timonyuk V.S., Voloschuk L.O. Стан та тенденції розвитку сільськогосподарських підприємств на основі приватно-державної підтримки. Оглядова стаття.

У статті проведено аналітичний огляд стану та тенденції розвитку сільськогосподарських підприємств на основі приватно-державної підтримки в Україні. А саме, проведено аналітичний огляд показників виробництва сільськогосподарської продукції: приріст (зменшення) обсягу сільськогосподарської продукції в динаміці за січень 2018-2020 рр., валовий збір зернових та зернобобових культур за період 2009-2020 рр., обсяги виробництва продукції тваринництва за 2019-2020рр. Проведено аналіз існуючих механізмів та інструментів державно-приватної підтримки сільськогосподарських товаровиробників: розглянуто розміри державної підтримки аграрного сектору у 2017-2020 роках, наведені найбільш актуальні грантові програми підтримки сільськогосподарських виробників на 2020 рік.

Ключові слова: сільське господарство, державна підтримка, обсяг виробництва, тенденції розвитку, покращення становища, державні програми підтримки підприємств агропромислового комплексу, підтримка сільськогосподарських товаровиробників

Balan A.A., Timonyuk V.S., Voloschuk L.O. Status and Development Trends of Agricultural Enterprises on the Basis of Private State Support. Review article.

The article provides an analytical review of the status and development trends of the agricultural enterprises on the basis of private state support in Ukraine. Namely, an analytical review of the agricultural production indicators was conducted: increase (decrease) in the agricultural products volume in the dynamics for January 2018-2020, gross harvest of grain and leguminous crops covering the period 2009-2020, livestock production for 2019-2020. The analysis of the existing mechanisms and tools for public private support of agricultural producers is carried out: the sizes of the state support of agricultural sector in 2017-2020 are considered, the most actual grant programmes supporting the agricultural producers for 2020 are given.

Keywords: agricultural industry, state support, production volume, development tendencies, improvement of the situation, state programmes for supporting agro-industrial enterprises, support of agricultural commodity producers

related branches development of the national economy and forms the socio-economic foundations of rural areas development.

The volume of agricultural products in actual prices in January 2020 amounted to 16.0 billion UAH, and in January 2019 was 16.5 billion UAH. That is, the production volume over the year decreased by

3.03%. If we trace the dynamics of growth or decline in agricultural products in dynamics in three years in the relevant period (Fig. 1.1), then it can be seen that in 2020 a sharp decline was taken, which was due to unstable weather conditions (one of the determining factors that influence yield). The largest increase was observed in January 2019 – 3.0%.

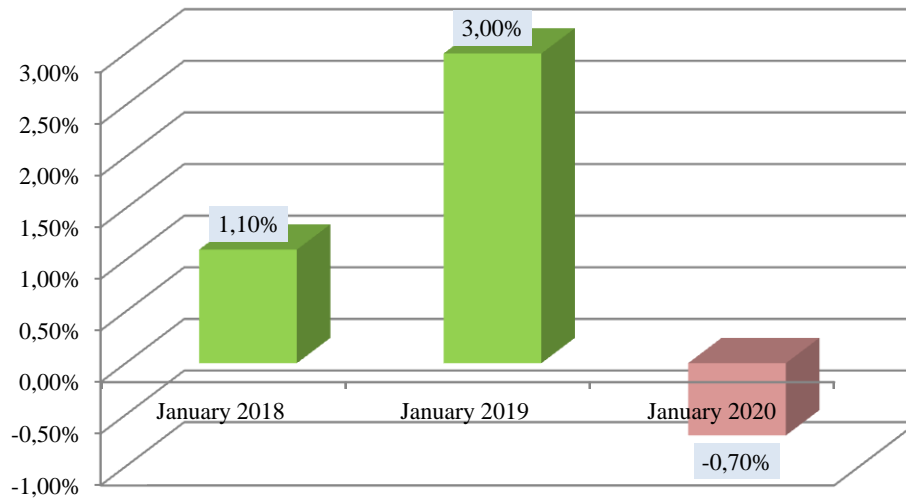


Figure 1. Increase (Decrease) of Agricultural Products Volume in Dynamics for January 2018-2020 in Ukraine
Source: compiled by authors on materials [1].

The article presents the dynamics of changes in gross collection of grain and leguminous crops over the past ten years, which is reflected in the form of the diagram. The trend line in this histogram demonstrates a positive tendency to increase the analyzed indicator. The sharp decreases over ten years were traced in 2010 and 2012, then they comprised

14.68% and -18.56%, respectively. The highest indicator for the decade was 75143 thousand tonnes and corresponded to 2019, and the lowest one was -39271 thousand tonnes in 2010. Such positive changes indicate the most productive organizational condition in crop production and confirms the relevance of the study in the given period.

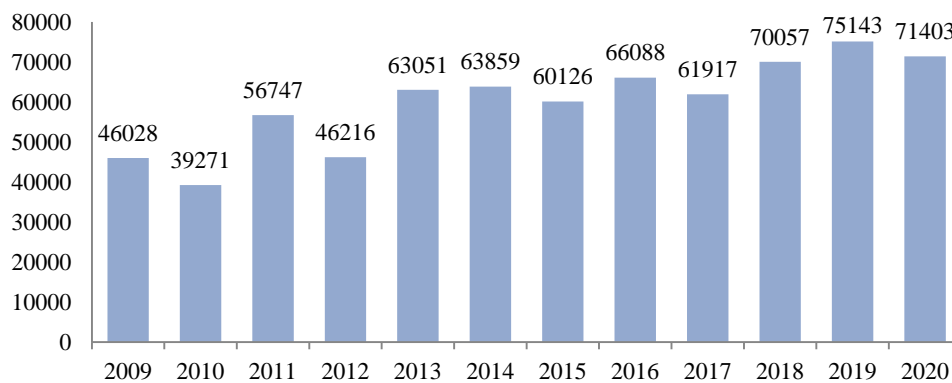


Figure 2. Gross Collection of Grain and Leguminous Crops (Thousand Tonnes) for the Period of 2009-2020.
Source: compiled by authors on materials [1].

The study material shows statistical data of livestock production in Ukraine for 2019-2020, which are given in Table 1. The table represents livestock production volume for 2019-2020. Based on the table, it can be concluded that the majority of sales for animals slaughter were carried out by enterprises, since the amount of realization in 2020 was 2,299.6 thousand tonnes, which comprised 65.84 %; as for

milk production, then the situation was reversed, enterprises produced only 28.13 % and the remaining 71.87 % was produced by households; 53.34 % of the eggs produced by enterprises, i.e., the distribution between the resident's households and legal entities was almost equivalent; 88.47 % of the wool production was made up of the resident's households.

Table 1. The Livestock Production Volume in Ukraine for 2019-2020

The production type	Household of all the categories			Enterprises		
	2020	2019	2020/ 2019	2020	2019	2020/ 2019
Realization of farm animals slaughter (in live weight), thousand tonnes	3492.7	3317.6	105.3	2299.6	2079.2	110.6
Milk production, thousand tonnes	9697.0	10064.0	96.4	2727.8	2755.5	99.0
Number of eggs received from poultry, million pcs	16676.6	16132.0	103.4	9357.6	8900.3	105.1
Wool production, tonnes	1734	1908	90.9	200	236	84.7

Source: compiled by authors on materials [6].

State programmes for supporting the agro-industrial complex enterprises are prescribed in the Law "On State Budget of Ukraine". At the beginning of 2020, a number of negative factors were identified and addressed by the support programme:

— capital investments in the agricultural sector in the 3rd quarter of 2019 decreased by 11.2%;

— increase in cows performance by 1.5%,
 — decrease in milk production volume by 3.7%;
 — increase in imports by 60% i.e. in 56 million UAH;
 — decrease in producing fruit and berry products in 15.8%.

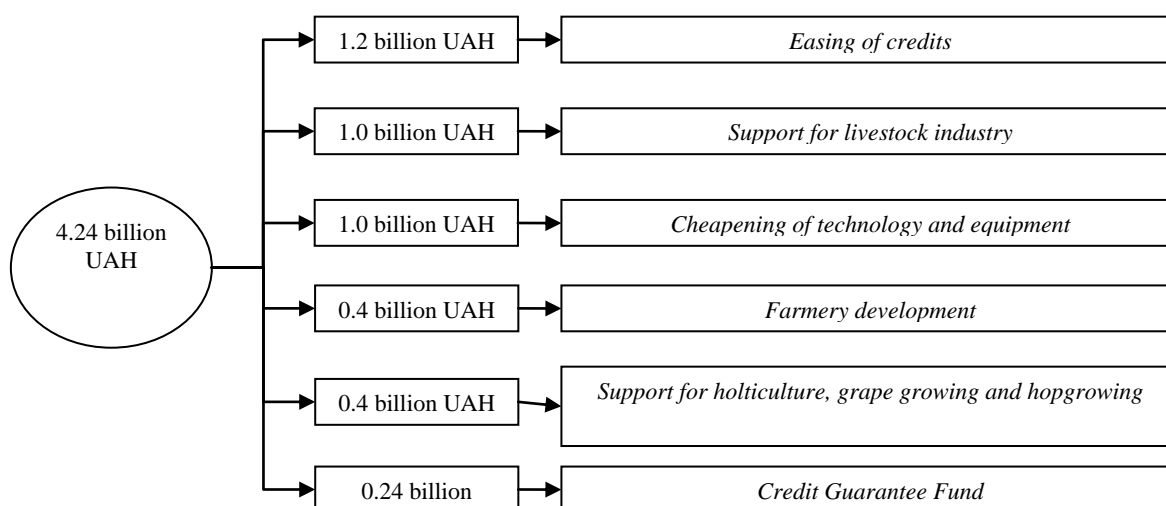


Figure 3. The Model of State Support for Agricultural Enterprises in 2020.

Source: compiled by authors on materials [3].

According to the table data, it can be concluded that the most intense support for agricultural enterprises on the principles of private state support was observed in 2018, because the amounts of assistance were increased at about 9.5 times compared

to 2017.

The maximum planned expenses were recorded in 2019 and amounted to 5909.0 million UAH. The most funded programme in dynamics was "Support for Livestock Business".

Table 2. State Support for Agricultural Commodity Producers in 2017-2020

The programme name	2017	2018	2019	2020
	million UAH			
Easing of credits	294.9	266.0	127.2	1200.0
Farmery development	-	210.0	800.0	400.0
Hopgrowing development, embedding young gardens, vineyards and berries	115.6	400.0	400.0	400.0
Support for livestock industry	11.6	2401.0	3500.0	1000.0
Financial support for agricultural producers	-	955.0	881.8	-
Credits to farmery	25.0	-	200.0	-
Cheapening of technology and equipment	-	-	1000	1000.0
Credit guarantee fund	-	-	-	240.0
Total	447.1	4232.0	5909.0	4240.0

Source: compiled by authors on materials [5].

As of 2019, state support received 1.67 thousand enterprises, more than 10 thousand farmers, 231 thousand individuals.

Grant programmes, as a type of support, are used very widely in the Ukrainian market. Most of these programmes are aimed at providing access to small

and medium-sized businesses to funding sources (as of April 2020, about 500 million euro borrowed funds were involved). An overview of actual grant programmes for agricultural commodity producers is presented in Table 3.

Table 3. Relevant for 2020 Grant Programmes for Agricultural Sector

Name of the Grant Programme	Total amount	The activity directions	Aprising projects	Deadline	Applicants
The U.S. Agency for International Development (USAID)	20.6 million USD	Improving business environment and governance performance in the agrarian sector; increasing investment volume, increasing performance, employment and income in the agricultural sector; improving the welfare of rural communities and manufacturers' vulnerable categories	Support for SMEs, ASCs creation, land administration in ATCs	up to 03 July 2020	ATCs, SMEs in agrarian sphere
SOCODEVI, Government of Canada	27.7 million of canadian dollars	Promoting the agricultural service cooperatives creation for an effective system of dairy production	Creation and strengthening of existing cooperatives (technical support and counseling)	up to 2021	Small and medium dairy producers, ASCs
Ministry of Foreign Affairs of Trade and Development of Canada in partnership with the Israeli Centre for International Cooperation MASHAV	19 325 100 canadian dollars	Promoting the development and strengthening of the possibilities of small producers of horticultural products and the marketing chain due to improving the manufacturers' potential, marketing ties, as well as relations between market participants	The market development, labour resources development, access to financial markets, using the innovation fund	up to 31 March 2021	SMEs in the agrarian sphere
The "Initiative East" programme within the framework of DCFTA	62.74 million Euro	Financing access expansion in the form of improved lending conditions; Providing targeted financial and technical assistance to priority production and sales networks in the agri-food industry	Support for microfinance institutions in providing funding for local micro enterprises;	Up to 31 December 2021	Small and medium enterprises

Source: the authors' own elaboration [5]

Conclusion

An indispensable condition for agricultural industry sustainable development and ensuring food security of the country is private state support for agricultural producers. The current practice of financial provision of agricultural industry is not marked by complexity and system, has a number of shortcomings that do not allow to meet the financial needs of rural production subjects.

Today, a new approach is needed in the financial security organization for agricultural producers, namely:

— to improve the procedure for the determination of

obtaining support subjects through differentiated funds distribution in terms of support measures both for social or economic efficiency;

— to take into account the reduction in number of agricultural support programmes, improve their composition and structure in accordance with the logical sequence of introduction by their content, priority, variability, terms of execution and funding volume;

— to strengthen the fixation at the legislative level of the stimulating role of budget support in order to ensure the increase in manufacturing the domestic competitive agricultural products and promote it on domestic and foreign markets.

It should be noted that private state financial support for the rural areas development should also be directed to ensuring the population's social protection in agriculture and the creation of proper working conditions and accommodation, implementation of environmental measures, ecology, as well as the preservation of rural lifestyle.

However, it should be noted that applying the proposed measures to solve financing problems in the

agricultural industry will improve the process of agricultural production, effectively use internal and attract external investments. Thus, the favourable conditions creation for the agricultural enterprises development on the basis of private state support of agricultural commodity producers is a priority task for Ukraine. Otherwise it is impossible to succeed in economic growth, in particular in raising the country's competitiveness in the global market.

Abstract

An indispensable condition for the agricultural industry sustainable development and ensuring food security of the state is private public support for agricultural producers. The current practice of financial support of agricultural industry is not characterized by complexity and system, has a number of shortcomings that do not allow to meet the financial needs of agricultural producers.

Today a new approach to the financial support organization of agricultural producers is needed, namely:

- to improve the procedure for the determination of obtaining support subjects through a differentiated funds distribution in terms of support measures, both in terms of social orientation and economic efficiency;
- to take into account the reduction in the number of agricultural support programmes, improve their composition and structure in accordance with the logical sequence of implementation in their content, priority, variability, terms of execution and funding volume;
- to strengthen the consolidation at the legislative level of the stimulating role of budget support in order to increase the manufacture of domestic competitive agricultural products and promote it in domestic and foreign markets.

It should be noted that private state financial support for the rural development should also be aimed at ensuring social protection of the agricultural population and the creation of appropriate working and living conditions, implementation of environmental measures, ecology, and rural life preservation.

However, it should be noted that applying the proposed measures to address the issues of financing in agricultural industry will improve the process of agricultural production, effectively use domestic and attract foreign investment. Thus, the creation of favourable conditions for the agricultural enterprises development on the basis of private state support of agricultural producers is a priority for Ukraine. Otherwise it is impossible to succeed in economic growth, in particular in raising the country's competitiveness in the global market.

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