

# Assessment of Ukraine's agricultural policy 2021



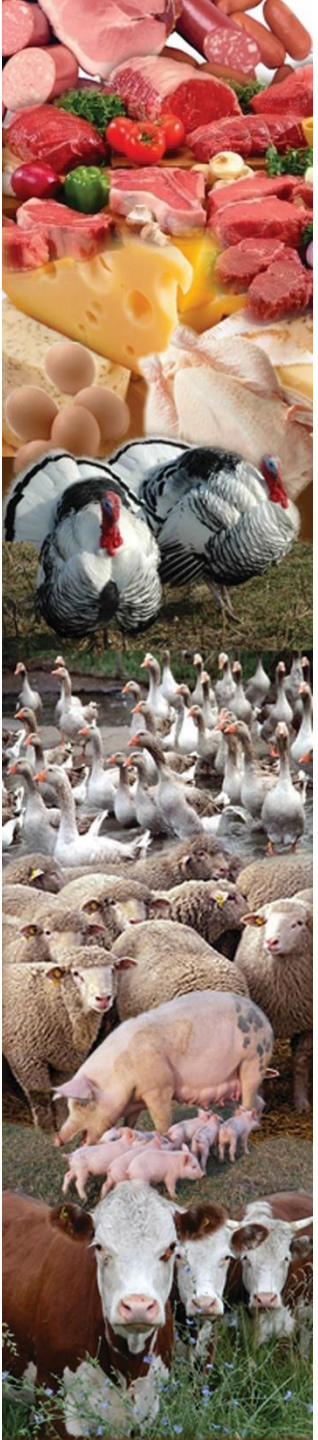
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# Methodological and organisational aspects of assessing the efficiency and effectiveness of agricultural policy (1)

## Specifics of the development and evaluation of agricultural policy in Ukraine:

### ➤ Regulatory framework

### ➤ Features of the statistical observation system

*All state statistical observations are carried out in accordance with the approved methodological and methodological documents published on the official website of the Ukrstat:*

[http://www.ukrstat.gov.ua/metod\\_polog/menu/menu\\_2ed\\_sg\\_lg\\_rg.htm](http://www.ukrstat.gov.ua/metod_polog/menu/menu_2ed_sg_lg_rg.htm)

*Compendium of EU statistical requirements 2021.*

*The Code of European Statistics.*

*Regulation (EU) 2018/1091 of the European Parliament and of the Council of 18 July 2018 on integrated farm statistics.*

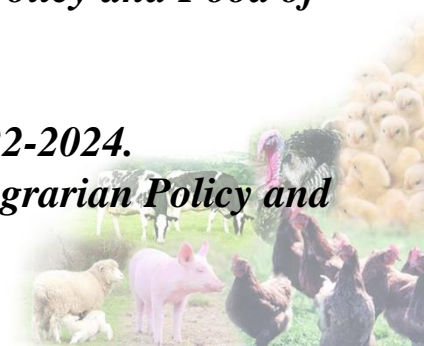
### ➤ Current state of competence in strategic planning and evaluation of agricultural policy

*WORK PLAN of the Ministry of Agrarian Policy and Food of Ukraine for 2021.*

*(Report on the Implementation of the Work Plan of the Ministry of Agrarian Policy and Food of Ukraine for 2021 as of January 20, 2022).*

*Strategic Plan of the Ministry of Agrarian Policy and Food of Ukraine for 2022-2024.*

*(Report on the implementation of the Strategic Work Plan of the Ministry of Agrarian Policy and Food of Ukraine for 2022).*



# Methodological and organisational aspects of assessing the efficiency and effectiveness of agricultural policy (2)

## Peculiarities of the Agricultural Policy Assessment (EU CAP):

### ➤ Regulatory framework

**CMEF (Common Policy Monitoring and Evaluation Framework) regulations:**

*Establishment of a common policy of the monitoring and evaluation system*

*(Article 110 of Regulation (EU) 1306/2013)*

***Application of CMEF***

*(Commission Implementing Regulation (EU) 834/2014)*

***Monitoring and evaluation elements of the European Structural and Investment Funds (ESIF)***

*(Regulation (EU) 1303/2013)*

***Monitoring and evaluation of rural development policy***

*(Regulation (EU) 1305/2013, Commission Implementing Regulation (EU) 808/2014)*

**the rules govern PMEFs (performance monitoring and evaluation systems):**

***Creation of a system for monitoring and evaluating performance***

*(Article 128 of Regulation (EU) 2021/2115)*

***Calculation of results and outcome indicators***

*(Commission Implementing Regulation (EU) 2021/2290)*

***Evaluation of the CAP strategic plans and provision of information for monitoring and evaluation***

*(Commission Implementing Regulation (EU) 2022/1475)*

### ➤ Features of the statistical observation system



# Assessment of Ukraine's agricultural policy in 2021

## Used methods and sources of the assessment:

- ☐ The system of indicators for assessing the effectiveness and efficiency of agricultural policy is calculated by the author.
- ☐ OECD'S PRODUCER SUPPORT ESTIMATE AND RELATED INDICATORS OF AGRICULTURAL SUPPORT. Concepts, Calculations, Interpretation and Use. (The PSE Manual)).
- ☐ TECHNICAL HANDBOOK ON THE MONITORING AND EVALUATION FRAMEWORK OF THE COMMON AGRICULTURAL POLICY 2014 - 2020 DIRECTORATE-GENERAL FOR AGRICULTURE AND RURAL DEVELOPMENT).
- ☐ Statistical data of the SSS of Ukraine for 2020-2021
- ☐ Public information of the MAPiP of Ukraine, the Ministry of Economic Development and Trade of Ukraine.
- ☐ Draft methodology for assessing Ukraine's agricultural policy (*agricultural policy, agricultural trade policy, rural development policy*). *Use of international practice and official EU approaches in 2022.*
- ☐ *Expert opinions of domestic and foreign experts.*



# Contextual assessment of the Ukrainian agro-industrial complex in 2021 (1)

*According to international organisations (the World Bank), Ukraine is classified as a country with an income below the world average.*

*The main contextual features include a large area of agricultural land, which contributes to the development of diversified agriculture as the main sector of the economy compared to other countries. Ukraine's agriculture accounts for about 10% of GDP and about 16% of employment.*

*Agri-food exports account for about 45% of Ukraine's total exports. Almost 80% of agricultural land is arable, with the remainder being hayfields, pastures and perennial plantations.*

*In recent years, households have produced about 40% of crop production and 55% of livestock production in Ukraine. Rural households often focus their production on self-sufficiency, and part of their output is included in value chains, both domestically and for export.*

*The corporate sector of agricultural production accounts for a significant portion of agricultural output, which is largely export-oriented.*

*Over the past five years, 2016-2021, the economy has grown steadily at 2.4% to 3.5% per annum, and inflation has declined after several economically difficult years (2012-2015) when GDP fell by almost 19% and inflation rose to 50%.*

*In 2020, due to the COVID-19 pandemic, real GDP contracted by 3.8% and inflation fell to less than 3%. The unemployment rate remained quite high at 9.5% in 2021.*

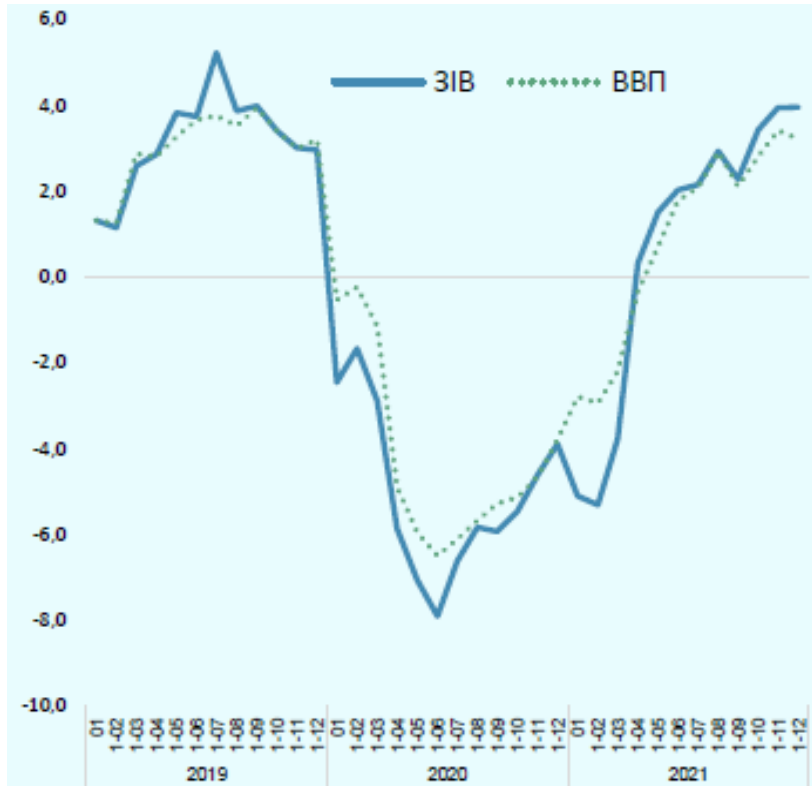
*Ukraine is one of the world's leading producers of agricultural products, including grain (wheat, barley, corn) and vegetable oil (rapeseed and sunflower). The structure of Ukraine's agri-food exports includes a significant share of raw materials and processed products for industry. In the structure of imports, primary and processed products for final consumption account for about 70%. This may affect the balance of payments, but the agricultural balance of payments has always been positive.*





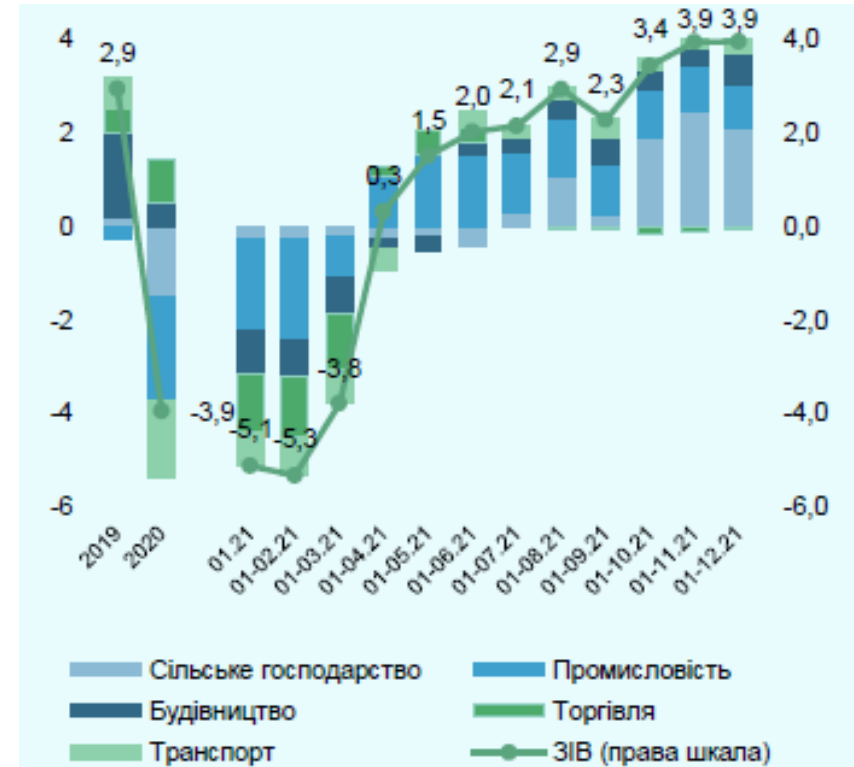
# Contextual assessment of the Ukrainian agro-industrial complex in 2021 (2)

**Consolidated production index (CPI) by types of economic activity and GDP, % to the previous period**



Джерело. Дані Держстат, розрахунки Мінекономіки

**Dynamics of FDI, % and contribution of economic activities, % points**



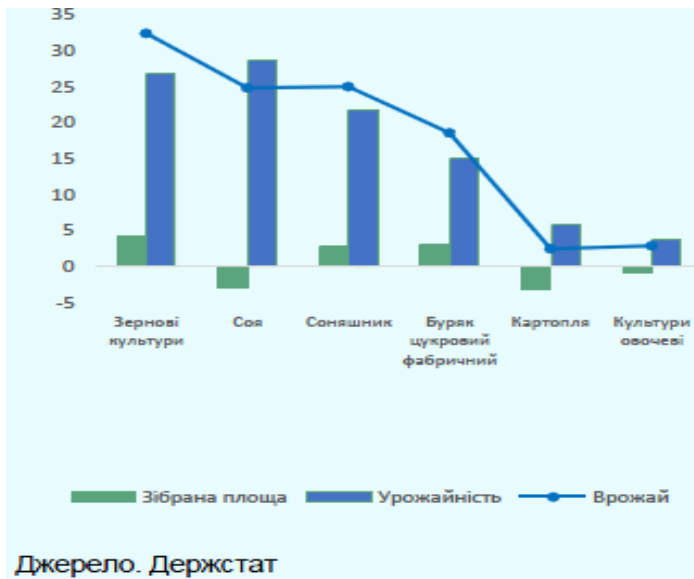
Джерело. Розрахунки Мінекономіки на базі даних Держстату

*Assessment of the place and role of agriculture and the agro-industrial complex in the Ukrainian economy!*



# Contextual assessment of the Ukrainian agro-industrial complex in 2021 (3)

Agricultural production index (crop production, livestock production), % to the previous period



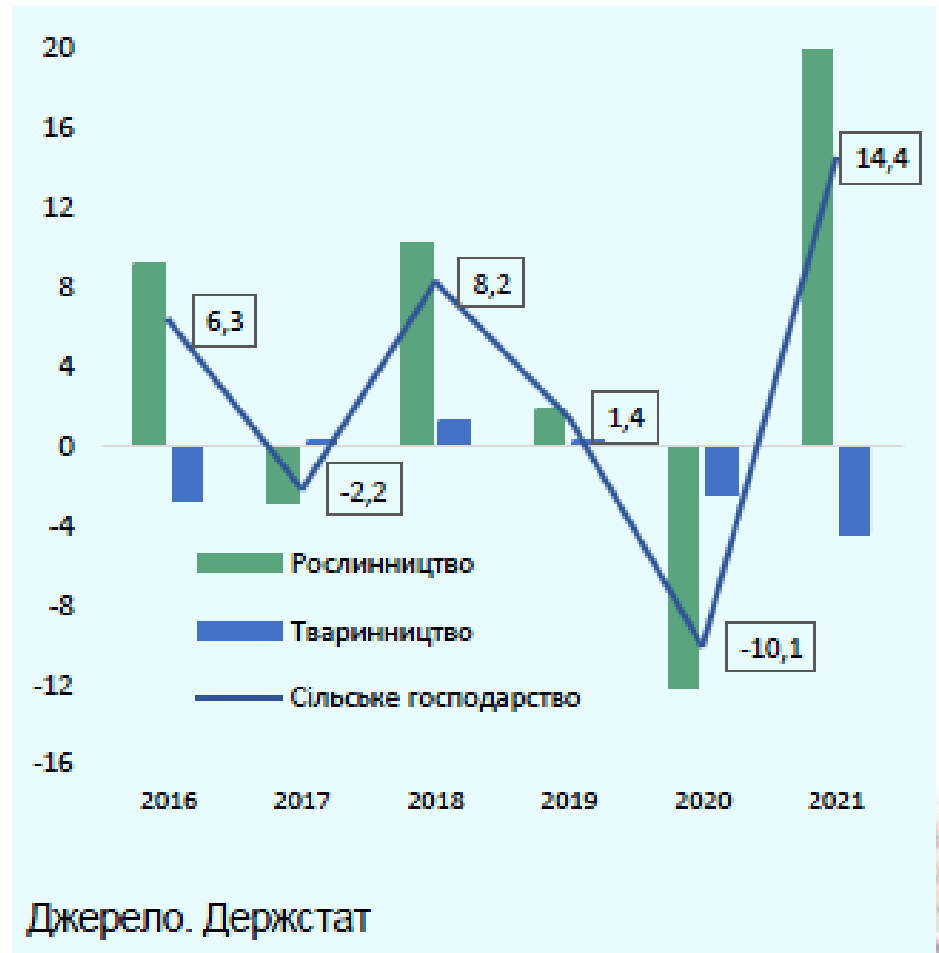
Джерело. Держстат

Changes in gross harvest, yield and harvested area, % to the previous period



Джерело. Держстат

Livestock production index, % to the previous period



Джерело. Держстат

# Contextual assessment of the Ukrainian agro-industrial complex in 2021 (4)

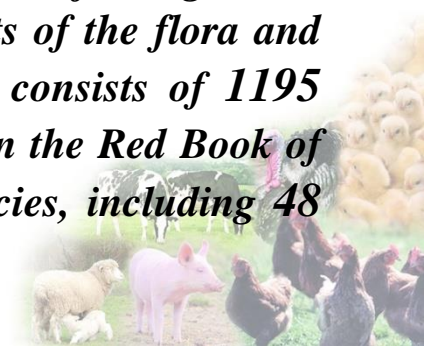
*Agricultural production and factor productivity in the agricultural sector grew at rates significantly higher than the global average, by 2.8% and 5.6% per annum, respectively, between 2012 and 2021.*

*The share of agriculture in the country's energy consumption and greenhouse gas emissions has increased over the past two decades. In contrast, the average nitrogen balance has declined since 2000 and remains well below the European average.*

*To improve the situation with the generation, accumulation, collection, storage and disposal of waste, the Ministry of Ecology of Ukraine implemented a set of measures to reform the waste management system in 2021 and in previous years. The Verkhovna Rada of Ukraine adopted the Law of Ukraine "On Waste Management" in the first reading, reg. No. 2207-1 dated 04.06.2020.*

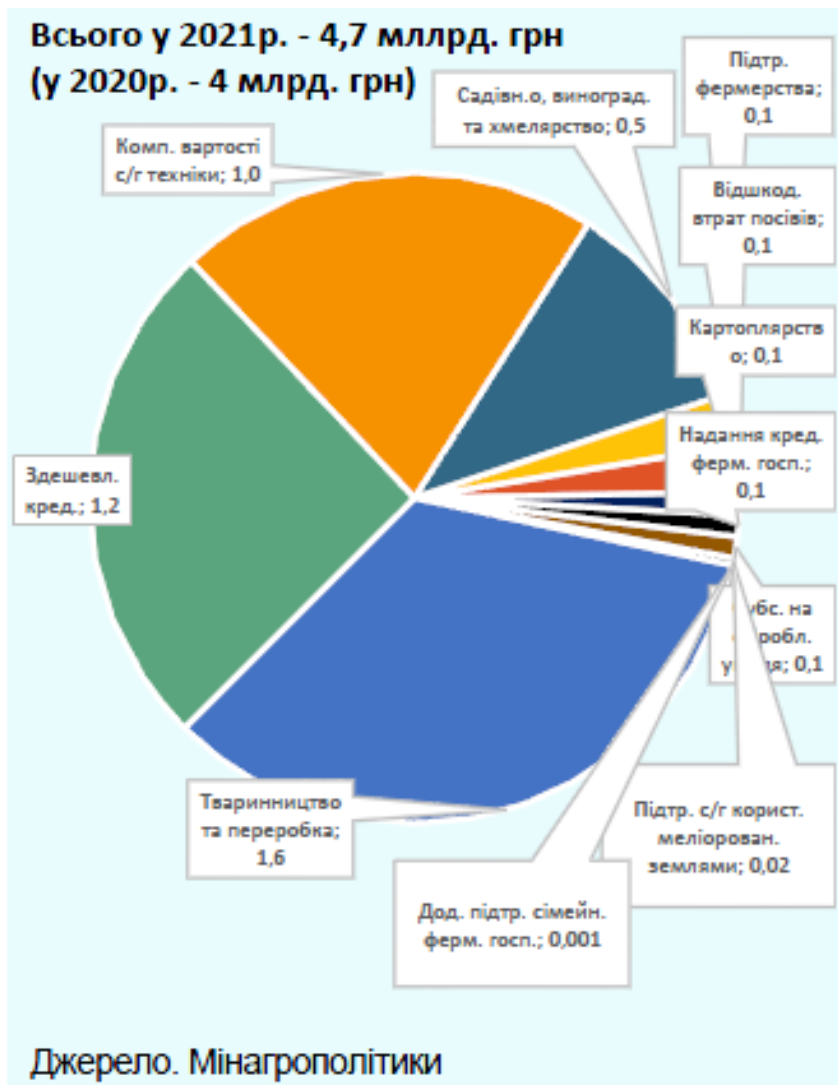
*With regard to the creation of new and expansion of existing territories and objects of the nature reserve fund, the number of territories and objects of the nature reserve fund (NRF) of national and local importance increased by 119 units (currently 8,631 NRF units) with an area of 26 thousand hectares (currently 4.44 million hectares on land and 0.4 million hectares at sea) or 0.03% of the territory of Ukraine (6.8% in total). In particular, territories and objects of the nature reserve fund of national importance were created, including the Royal Beskydy National Nature Park (Lviv region).*

*In order to restore certain species of flora and fauna and their habitats, the Ministry of Ecology and Natural Resources approved the Action Plan for the Conservation of Sturgeon in Ukraine for 2021-2030 by Order No. 391 dated 28 December 2020. The results of the flora and fauna inventory indicate that, on average, the flora of the NRF institution consists of 1195 species, including 721 species of higher plants, 45 species of flora are listed in the Red Book of Ukraine; the fauna of the NRF institution includes an average of 1121 species, including 48 species of mammals and 180 species of birds, 76 species of fauna.*





# Assessment of the policy of support for agricultural producers in Ukraine in 2021 (1)



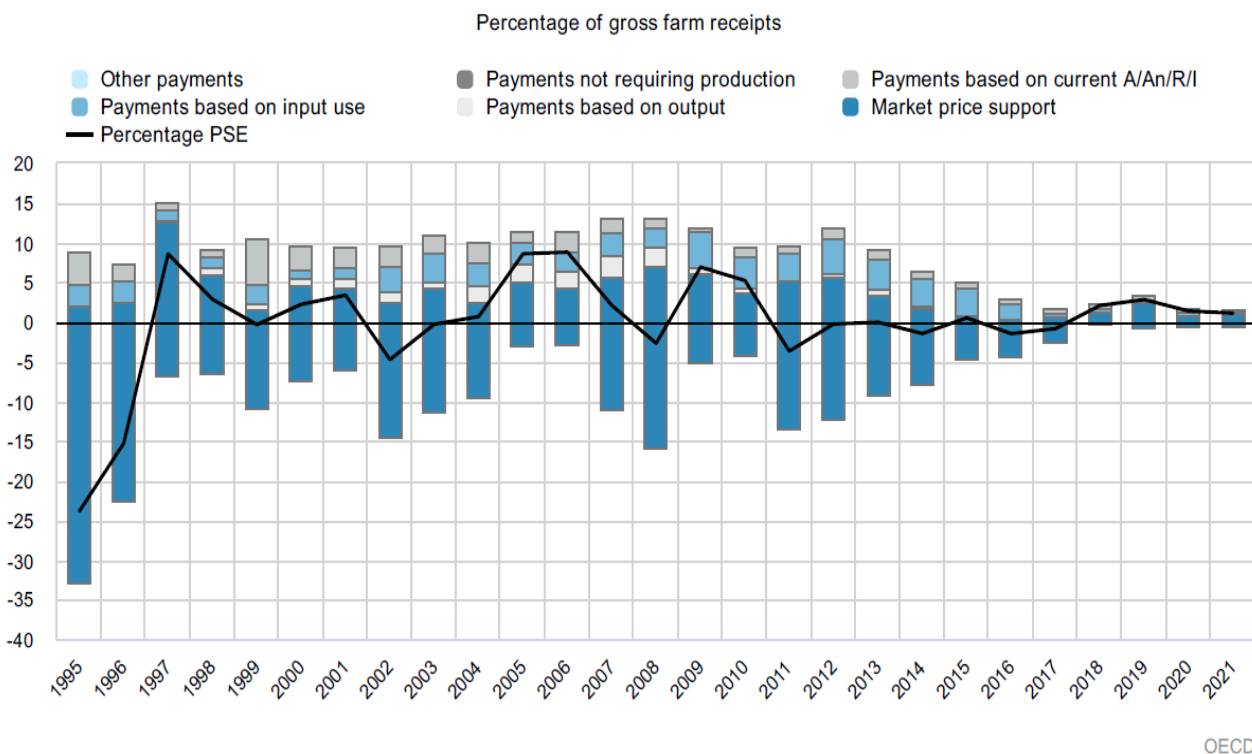
Structure of state support by programmes and areas, UAH billion.

Budget support for farmers, largely in the form of tax privileges and production support through short-term loans and fixed capital accumulation, accounts for less than 1% of gross farm receipts, but has contributed to positive overall support for farmers in recent years, including 2021.

A total of 11,257 entities received funds under all programmes. The largest programme in terms of budgetary resources was the State Support for Livestock Development and Agricultural Products Processing programme, which received UAH 1609,572,928. The most popular programme among agrarians in terms of the number of participants was the programme "Partial compensation of the cost of machinery and equipment of domestic production" - 5,533 entities, as well as "Financial support for measures in the agricultural sector by reducing the cost of loans" - 4,434 recipients. In 2021, the share of producers involved in support programmes was 24%, which is higher than in previous years, due to the limit of UAH 60 million per beneficiary. Kyiv region became the leader in terms of funds received, with a total portfolio of UAH 1081.0 million under all programmes. Farmers in the mountainous regions of Chernivtsi, Zakarpattia and Ivano-Frankivsk received the least amount of money. Agrarians in a number of regions used only 1 to 3 programmes out of the entire range of programmes (there are 11 of them)!



# Assessment of the policy of support for agricultural producers in Ukraine in 2021 (2)

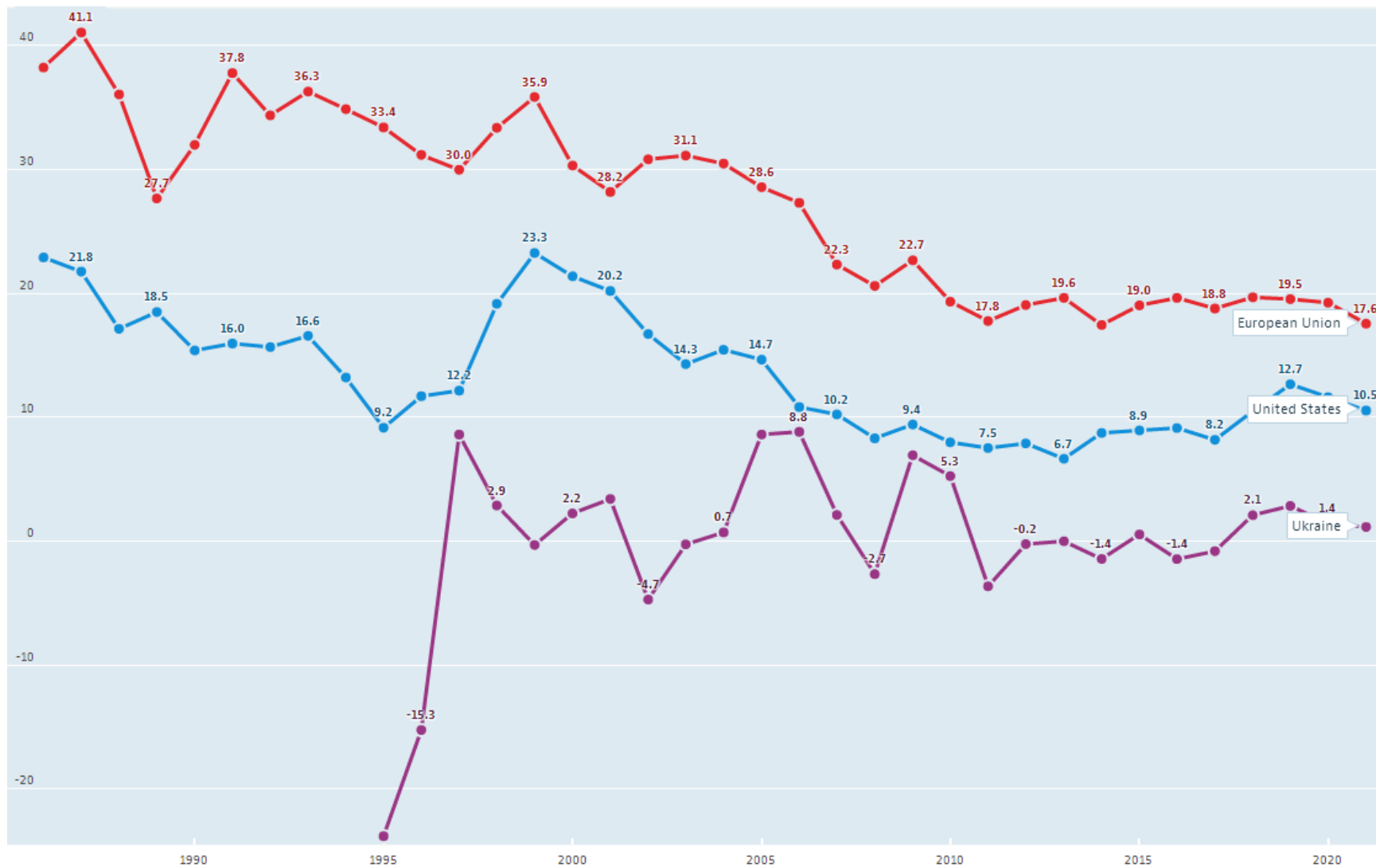


State support for agricultural producers, as measured by the producer support estimate (*PSE*), is lower than in EU countries. There has been instability in this indicator in recent years, caused by fluctuations in market price support (*MPS*). It is worth noting the OECD's conclusion that *PSE* has stabilised somewhat in recent years, averaging 1.7% of gross farm receipts in 2019-21.

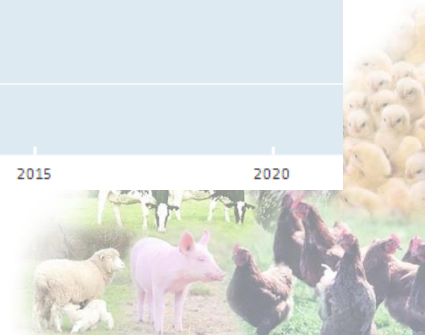
**Ukraine: level and structure of support to agricultural producers (*PSE*), % of gross receipts (*OECD*)**



# Assessment of the policy of support for agricultural producers in Ukraine in 2021 (3)



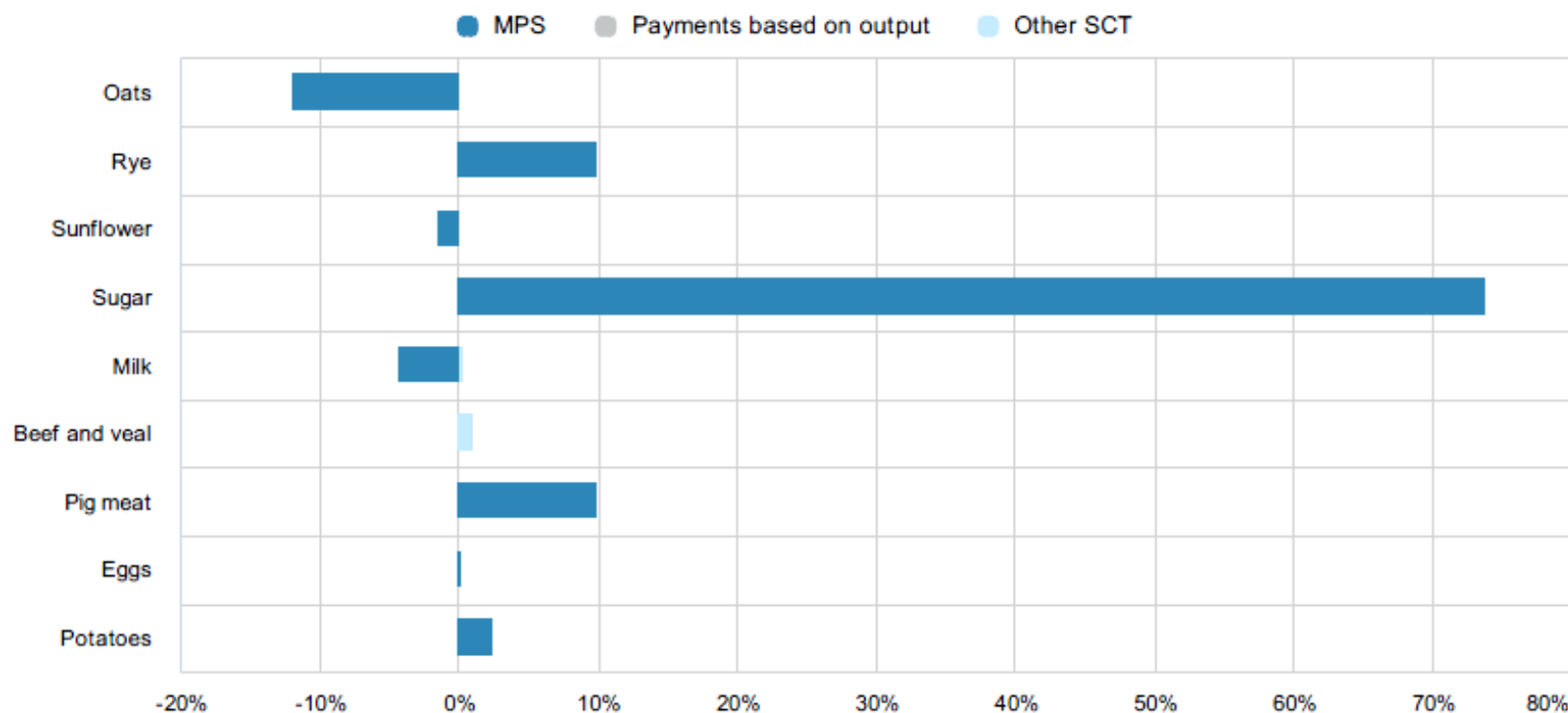
Support to agricultural producers (*PSE*), % of gross receipts  
(*OECD*)



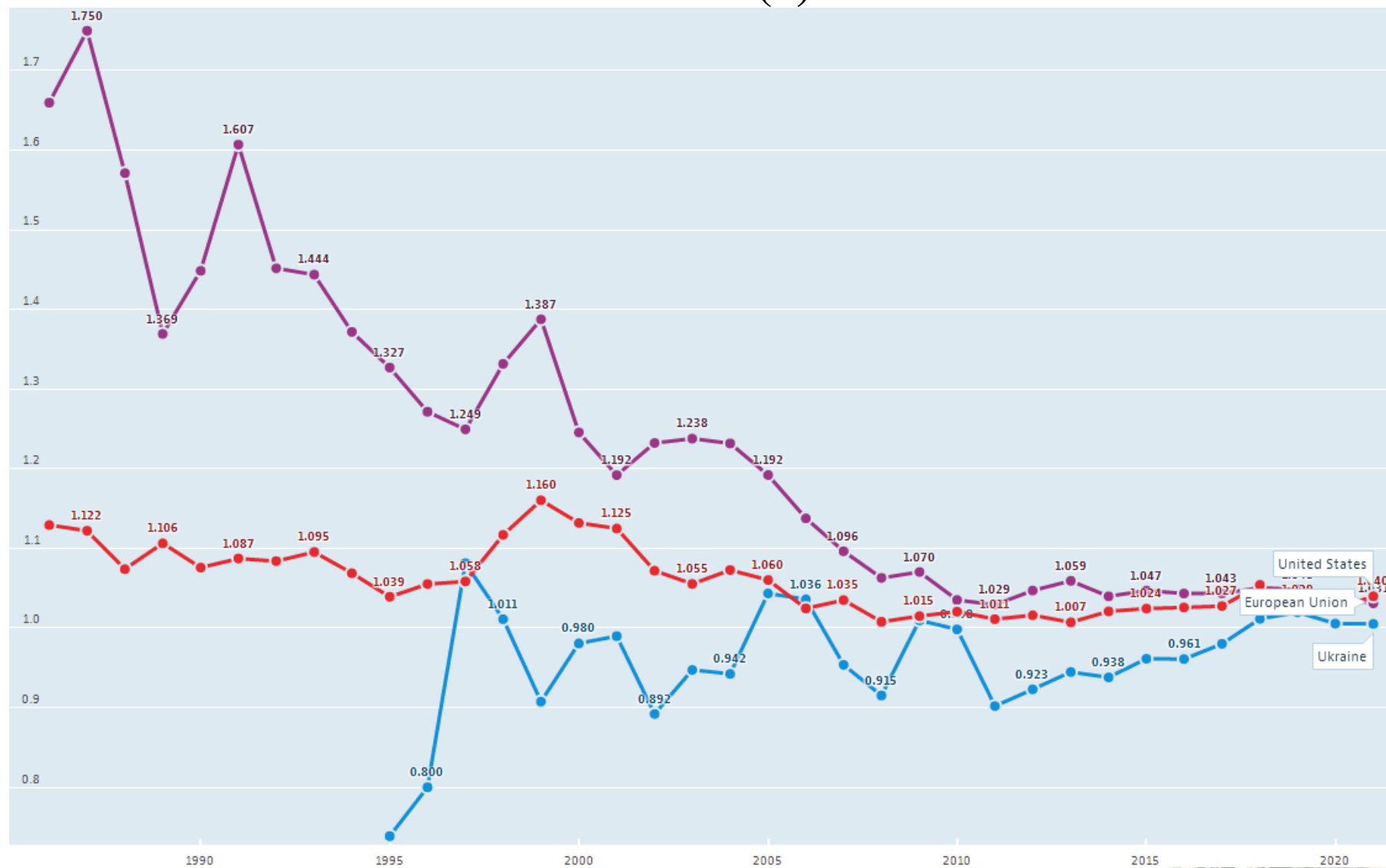
# Assessment of the agricultural market support policy in 2021 (1)

*In recent years, average farmgate prices in Ukraine have been below international reference price levels, with MPS being negative, but with significant fluctuations depending on the commodity and time period. This to a certain extent characterises the effectiveness of agricultural trade policy - the ability to stabilise producer prices.*

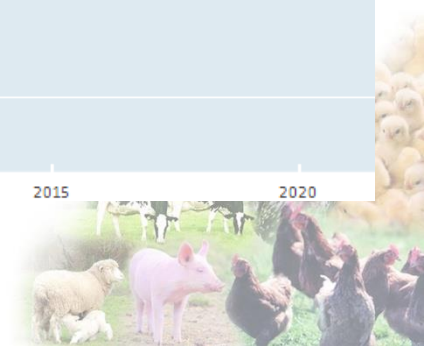
*Thanks to tariff protection, domestic prices for meat products and sugar were above international reference levels, while prices for most cereals and milk were generally below world market levels. Certain products - sugar, rye, and pork meat - are the most supported, while some non-export-oriented cereals - oats, millet, peas, and to a lesser extent milk and sunflower seeds - are implicitly taxed.*



# Assessment of the agricultural market support policy in 2021 (2)



Producer protection factor (*OECD*)

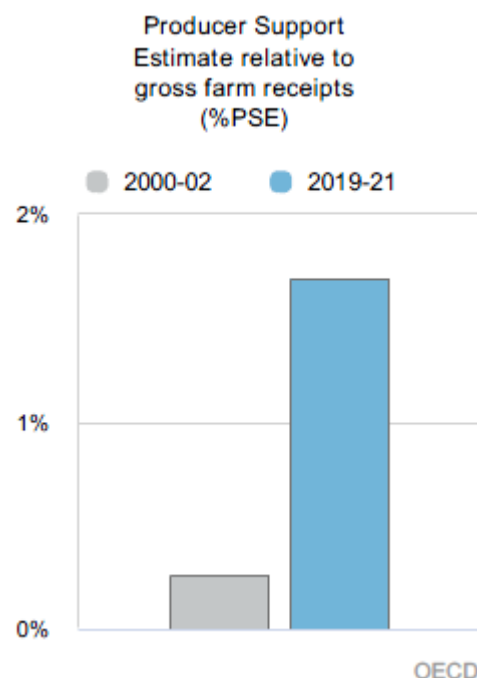
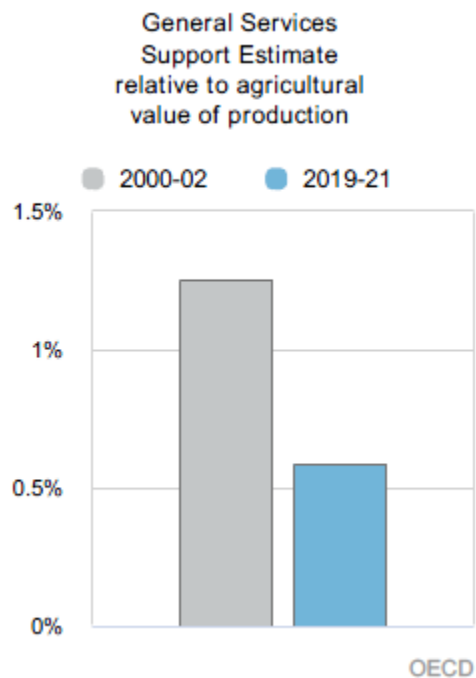




# Assessment of the agricultural market support policy in 2021

## (3)

*In contrast to the fluctuations in the PSE indicator in recent years, the GSSE indicator of support for the agricultural infrastructure sector, which reflects the amount of annual gross budget transfers in cash to organisations providing services to agricultural production, is quite stable for Ukraine. An analysis of the structure of the GSSE indicator for Ukraine in comparison with other countries has shown that in Ukraine, the largest share of GSSE is occupied by support for the knowledge and innovation system in the agricultural sector. It is important to note the significant share of budget expenditures on inspection, supervision and control in agriculture, which is much higher compared to EU countries, while the share of infrastructure development, marketing and promotion of the domestic agro-industrial complex lags far behind similar indicators in Western countries.*



# Assessment of the agricultural market support policy in 2021

## (4)

*As part of its agricultural policy, the NBU has implemented a number of measures to create conditions for the production, circulation and consumption of safe and high-quality food products that do not pose a threat to the life and health of consumers:*

*the Procedure and Special Requirements for Labelling Food Products, which require the indication of the country of origin or place of origin, was developed;*

*defines measures to be taken immediately in case food and/or feed directly or through the environment pose a threat to human and/or animal health;*

*requirements for food packaging and any materials that come into contact with food have been defined by bringing them in line with EU legislation;*

*specifications for the future geographical indications of Ukraine (Shabag, FRUMUSHYK VALLEY, FRUMUSHYK LAMB, YALPUG, PRIDUNAYA BESSARABIA, Zakarpatsky honey, Zakarpatsky wine, Kherson watermelon, ASHA-ABAG) were developed;*

*EU standards in the field of animal health and welfare, as well as in the production, circulation and use of veterinary drugs were implemented;*

*requirements for the welfare of agricultural animals during their keeping, including fattening and care, which will promote the practice of humane treatment of animals, improve their conditions of detention, preserve animal health and significantly reduce the risk of injury and suffering.*

*legislative regulation of organic production, circulation and labelling of organic products in Ukraine was ensured, which complies with the requirements of EU law;*

*a legislative basis for providing state support to organic producers has been created.*



# Evaluation of rural development support policies in Ukraine

*An important component of agricultural policy is the policy of sustainable rural development. The analysis of this area has some specificity due to the institutional ambiguity of the state institution called to develop and implement a unified rural development policy. Some strategic decisions are entrusted to the Ministry of Agrarian Policy (which did not exist until 2021), and some to the Ministry of Community Development (which at the time of this report was merged with the Ministry of Infrastructure). In 2020-2021, central executive authorities and local authorities and local self-government bodies implemented measures aimed at:*

- improving the quality of life of the rural population;*
- protection and conservation of natural resources in rural areas;*
- diversification and development of the rural economy;*
- improving the system of rural management;*
- providing information and advice to people and businesses in rural areas.*

*The Ministry of Economy, together with the European Commission's project "Support for the Development of the Geographical Indications System in Ukraine", has been working on pilot projects to diversify and develop the rural economy and promote green and rural tourism in rural areas producing products with special geographical indications:*

- "The Taste of Prykarpattia Road";*
- "The Road of Wine and Taste of Transcarpathia";*
- "The Road of Wine and Taste of Ukrainian Bessarabia".*

*The majority of the population in rural areas is engaged in agriculture, and more than 90% of them are small producers, farmers and rural households, so the policy of supporting the development of small businesses in rural areas is declared as part of the rural development policy. Supporting agricultural producers remains a priority.*



# Conclusions on the assessment of the effectiveness and efficiency of agricultural policy in Ukraine in 2021 (1)

A set of measures in recent years, including 2021, which we will classify as agrarian policy, including support for agricultural production, agricultural trade, and rural development, ensured the overall economic growth of the agro-industrial complex. This became the basis for the formation of social and environmental added value, which together increases the socio-cultural added value of Ukraine and the Ukrainian peasant on the world stage. In particular, this included:

- *efforts and movement towards improving fair land relations;*
- *developing a modern understanding of agricultural production based on the principles of sustainability;*
- *ensuring food security through a stable supply of quality food with an increasing level of safety and quality;*
- *Improving the system of informing Ukrainians about food as part of consumer protection;*
- *making efforts to strengthen environmental protection, embracing the principles of the recycling economy and the Green Deal strategy.*



# Conclusions on the assessment of the effectiveness and efficiency of agricultural policy in Ukraine in 2021 (2)

*At the same time, Ukraine's agricultural policy should become systematic, based on the principles of policy-making inherent in the European Union, given its European integration course and status as an EU candidate. At the same time, it should maintain its subjectivity and confirm its place and importance in global agricultural markets. This is possible if the current legislation of Ukraine is harmonised with the EU legislation, the principles of policy development and implementation are converged, and common European values are adopted.*

*Agricultural policy should ensure a higher level of sustainability of the agricultural sector, especially in the context of the European Green Deal and the farm-to-table strategy. It should be based on the standard of living of the peasant and the conditions for realising the economic goals of agricultural producers.*

*The policy should be harmoniously integrated into Ukraine's national economic and sustainable development policies. This will strengthen the support and promotion of environmental goals, and facilitate progress towards more ambitious climate, information, technology and social goals.*

*Ukraine's agro-industrial complex needs to review and reform its overall strategy system to assert subjectivity and technologise more ambitious global goals.*





# **The specifics of agricultural policy in Ukraine 2022 and assessment of its effectiveness and efficiency**

**Overview of operational changes in the legal framework for the functioning of agribusiness and the food industry in the context of war**

- **Price regulation for social products is introduced**
- **Restrictions on exports (export licences) of products and material resources are introduced (*revised*)**
- **A moratorium on state inspections of enterprises is introduced**
- **A system of state guarantee of financial obligations and compensation of interest on loans is introduced**
- **The reservation of the necessary personnel for agricultural and food enterprises in the conditions of mobilisation is introduced**
- **The taxation system is simplified by expanding the possibilities to be subject to a single tax (*revised*)**
- **VAT rates are reduced to 7% on fuel and excise duty on fuel is cancelled (*revised*)**
- **Import of Euro 3 fuel is simplified**
- **Simplified import and storage of plant protection products**
- **A system of state support for the evacuation of production to regions of Ukraine where there are no intense hostilities is introduced**
- **A system of support for agricultural enterprises under martial law is introduced**
- **...**



# **Agricultural policy measures in 2022**

## **Support for agricultural production:**

- non-refundable assistance per 1 hectare of land and per 1 head of cattle;
- preferential lending under the 5-7-9% programme;
- grants for the development of gardens and the construction of greenhouses;
- free provision of temporary grain storage facilities;
- free transfer of equipment complexes;
- free provision of seeds and veterinary medicines.

## **European integration (adaptation of legislation):**

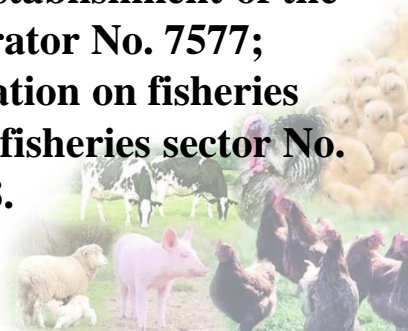
- Laws of Ukraine on the Protection of Geographical Indications No. 2572-IX and No. 2800-IX were adopted;
- Draft Law No. 8149 "On Associations of Agricultural Producers" was registered;
- the Law of Ukraine on Containers and Packaging No. 2718-IX was adopted;
- the Law of Ukraine on Protection of Rights to Plant Varieties No. 2763-IX was adopted;
- The legislation on pesticide management No. 4558 and on liability in the field of GMOs No. 5840 is being improved.

## **Agricultural logistics and exports:**

- cancellation of duties and quotas on exports of Ukrainian agricultural products to the EU and the UK for 1 year;
- rolling out the Ways of Solidarity platform;
- support for the construction of grain transshipment facilities (about 20);
- Signing of the Grain Corridors agreement;
- simplifying the procedure for fumigation of grain for export;
- Ukraine has launched the Grain from Ukraine programme.

## **Development of land reclamation and fish farming:**

- Establishment of water user associations No. 2079-IX;
- preparations for the establishment of the reclamation system operator No. 7577;
- improvement of legislation on fisheries and digitalisation in the fisheries sector No. 7616, No. 8919, No. 0178.



# Thank you for your attention.

## Glory to Ukraine!!!

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