

# Priorities and directions of state policy formation in small and medium producer development

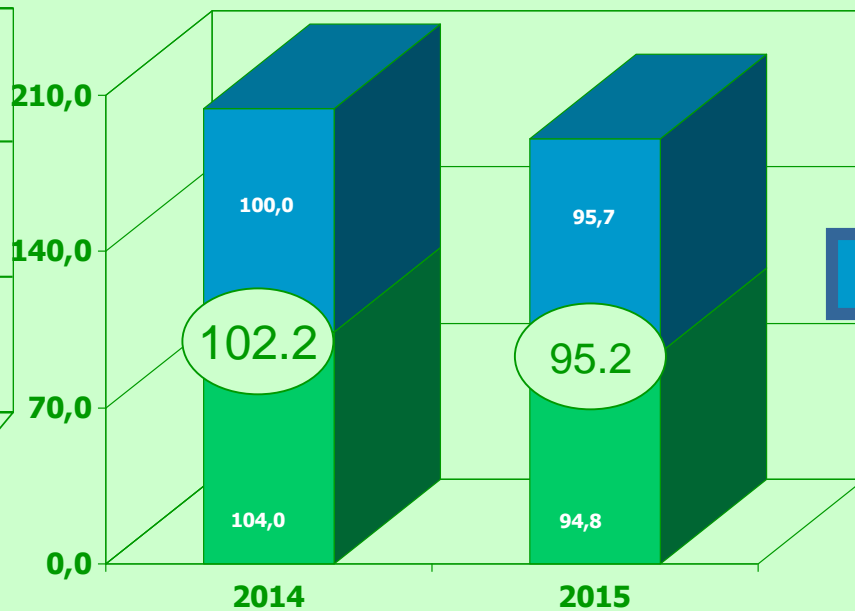
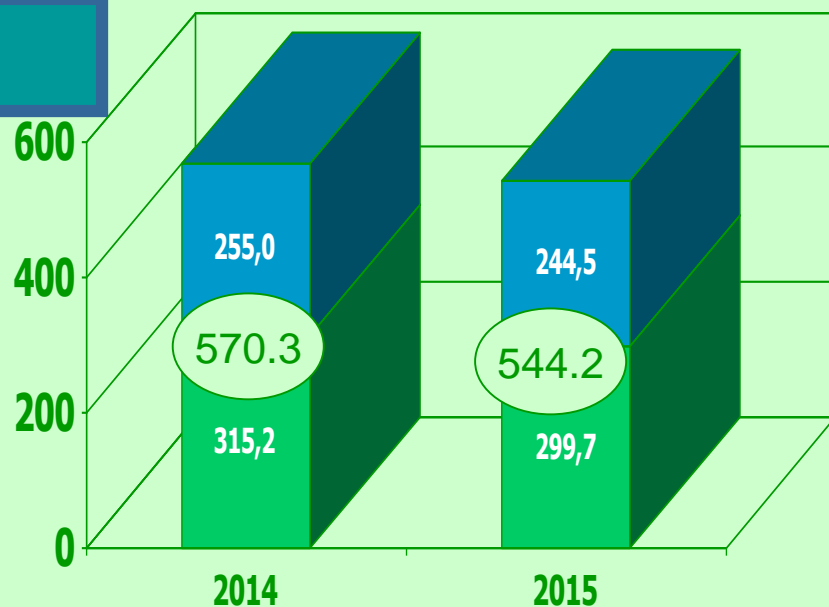


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## Volumes and indices of agricultural gross production by farm categories in 2014 and 2015, (billion UAH / %)



■ сільськогосподарські підприємства ■ господарства населення

Agricultural enterprises people's households

## Shares of crop and livestock production in agricultural gross production, %

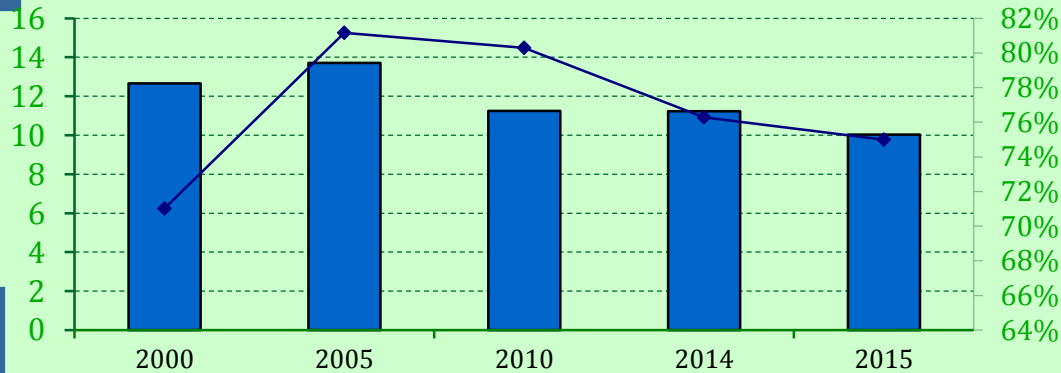
Year	All farm categories			Agricultural enterprises			People's households		
	Gross production	including		Gross production	including		Gross production	including	
		Crop production	Livestock production		Crop production	Livestock production		Crop production	Livestock production
2014	100.0	70.7	29.3	100.0	75.9	24.1	100.0	64.2	35.8
2015	100.0	70.3	29.7	100.0	75.4	24.6	100.0	64.1	35.9

## Production of the main types of livestock products in 2015

Index	All farm categories	Agricultural enterprises	People's households	Share of people's households in total production, %
Sales of animals and poultry for slaughter (in live weight), thousand tons	3276.8	1973.1	1303.7	39.8
Milk production, thousand tons	10682.4	2667.8	8014.6	75.0
Egg production, million pieces	16780.4	9761.2	7019.2	41.8

# Households in the milk sector

*Today households are the main producers and suppliers of milk to Ukrainian market*

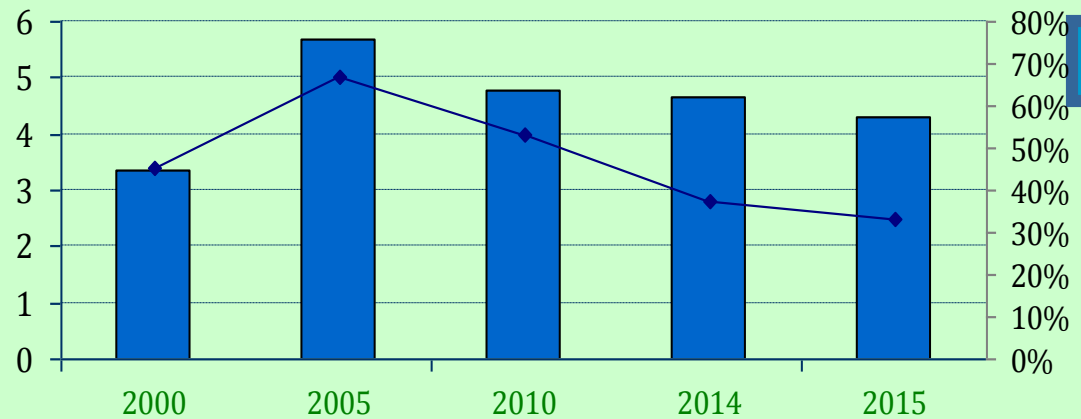


**More than a half of milk gross production depends on households keeping only 1 cow**

■ обсяги виробництва молока, всього млн. т  
◆ частка населення в структурі виробництва, %


Milk production volumes, total million tons  
Population share in production structure, %

**Out of more than 270 milk processors only 35 do not purchase raw milk from people's households**

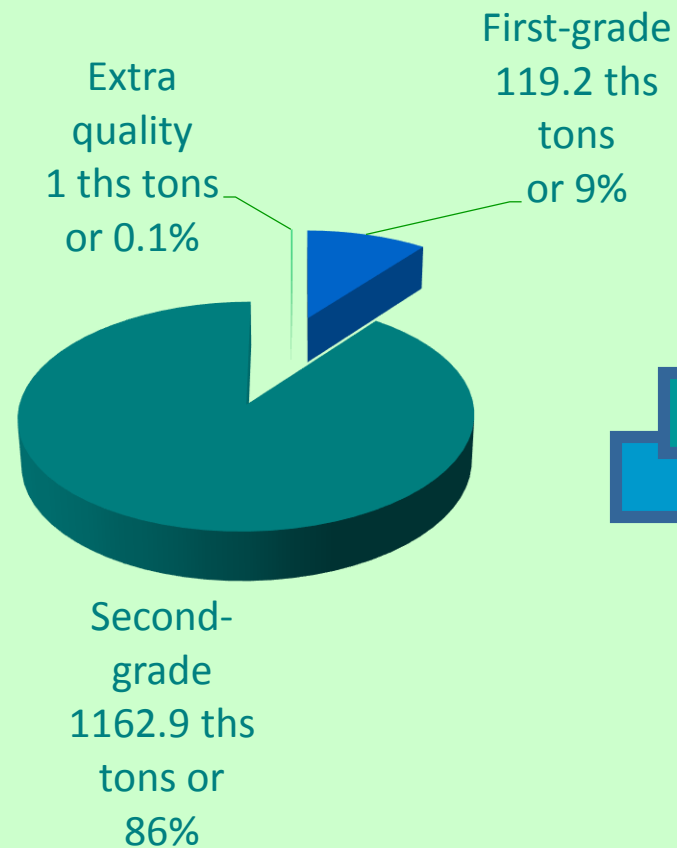
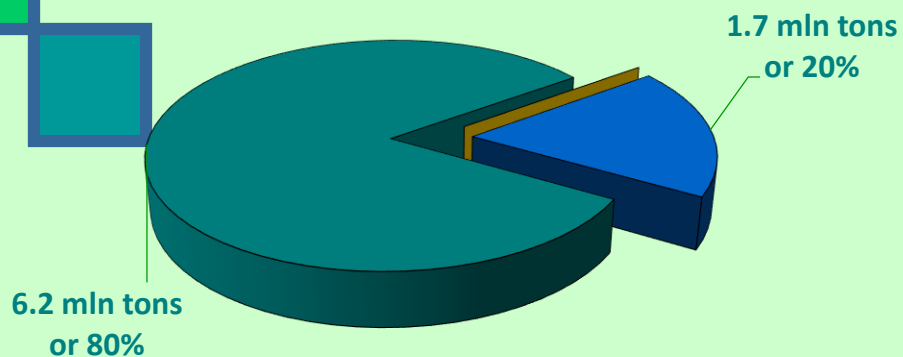


Milk supplies for industrial processing, total million tons  
Population share in the structure of supplies, %

■ поставки молока на промислову переробку, всього млн. т  
◆ частка населення в структурі поставок, %



## Amount and quality of milk supplied for industrial processing by people's households, thousand tons / %



**The quality of milk supplied for processing by population is extremely poor - 86% is second-grade or grade-out milk. More than 50% of the milk purchased is uncooled.**

## Animal keeping by households depending on land size

Index	2015			
	All households	Including with land size		
		0.5 ha and less	0.51 – 1.00 ha	1.01 ha and more
<b>Share of households keeping any type of animals, % <u>including</u>:</b>	67.6	54.6	77.0	85.7
cattle	39.3	23.0	41.3	60.6
cows	37.7	21.7	39.5	58.9
pigs	46.0	31.0	49.4	64.1
sheep	0.9	0.6	0.6	1.9
goats	6.0	5.6	7.1	5.3
<b>Distribution of the number of heads by household size, %</b>				
cattle	100.0	22.8	30.0	47.2
cows	100.0	23.0	30.6	46.4
pigs	100.0	25.6	30.6	43.8

## Average prime cost structure of the production of 1 t of milk by people's households in 2015

Item of expense	Sum of expense, UAH	Structure, %
<b>Feed</b>	<b>1 564</b>	<b>43,3</b>
<b>Means of production</b>	<b>468</b>	<b>13,2</b>
<b>Cost of a cow (500 kg at 40 UAH per 1 kg makes 20,000 UAH with an 8-year period of use)</b>	<b>500</b>	<b>14,9</b>
<b>Combustible and lubrication materials</b>	<b>226</b>	<b>6,3</b>
<b>Electric power</b>	<b>203</b>	<b>5,7</b>
<b>Veterinary services</b>	<b>161</b>	<b>4,5</b>
<b>Artificial insemination</b>	<b>68</b>	<b>1,9</b>
<b>Bedding</b>	<b>85</b>	<b>2,4</b>
<b>Other</b>	<b>276</b>	<b>7,8</b>
<b>Total</b>	<b>3 550</b>	<b>100</b>
<b>Wages *</b>	<b>600</b>	
<b>Total prime cost</b>	<b>4150</b>	

According to calculations of the Institute of Livestock Breeding of National Academy of Agrarian Sciences of Ukraine (Kharkiv city), the prime cost of production of 1 t of milk by people's households in 2015 is 4,150 UAH, the productivity of a cow is 5,000 kg.





## Main problems of dairy market in 2015



Lack of quality raw milk

Lack of sales markets

Low technological effectiveness of production

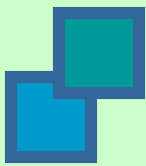


Reduction of domestic consumption

Non-structured production and lack of  
cooperation

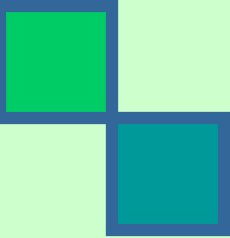
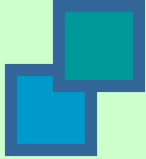


## What has been done:

- Draft law of Ukraine “On Amendment of Certain Laws of Ukraine to Stimulate Creation and Operation of Family Farms” (registration No.1599 of December 23, 2014) has been created, due to which:
    - The notion of family farming (family farm) will be introduced to legislation;
    - Individual entrepreneurs will be able to conduct economic activity on plots of land and run individual peasant households.
  - A concept of rural area development, which includes measures to improve the rural area management system, was established by Government Decree as of September 23, 2015 No.995;
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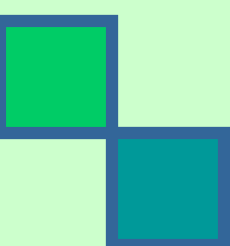



## What has been done:

- Draft Concept of reformation of the Ukrainian State Fund for Farm Support has been developed, according to which:
    - A special agency will be created to support small agricultural producers;
    - New instruments and mechanisms of government support will be introduced.
  - Regional trainings are being held on the creation and running of small and medium enterprises in rural areas and on agro-recreational clusters, which promotes:
    - Awareness raising on agricultural cooperation and activation of business initiatives of rural population.
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## What should be done:

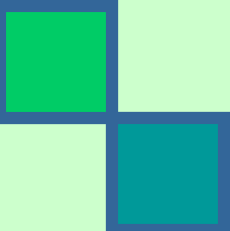
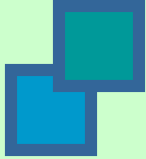
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- 1. Amend laws on cooperation and provide directly for the following options of agricultural production cooperative (APC) operation and founding:
    - 1) APC, whose founders and members can be both natural and legal entities and cooperative payments are distributed pro rata with participation in cooperative's business activities;
    - 2) APC, whose founders and members are natural persons only and cooperative payments are calculated pro rata with labor participation of cooperative members (in line with current legislation)
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## What should be done:

- 2. Renew the non-profit status of agricultural service cooperatives (ASC)

This will ensure:

- Consolidation and market strengthening of peasant households/farms, which will enable them to obtain more favorable conditions from product purchasers and equipment sellers;
  - Replacement of primary production with products having higher added value (due to stimulation of processing cooperative development);
  - More effective agricultural production;
  - Greater fund-raising opportunities.
- 3. Submit the redrafted Law of Ukraine “On State Support of Agriculture in Ukraine”, according to which priority state support will be given to small and medium producers, to Verkhovna Rada of Ukraine for consideration.
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# International support of small businesses in rural areas



**Project for the development of granaries and agricultural cooperatives in Ukraine**  
*Canadian Cooperative Grain Project*

Economic empowerment of small and medium households producing grain through the development of granaries and agricultural cooperatives

**Construction support**

2 complexes for grain storage, reception and processing for 2 grain-producing ASCs

≈ 13.3 million Canadian \$



**International charitable fund**  
*Community Wellbeing*

ДОБРОБУТ  
ГРОМАД  
COMMUNITY WELLBEING

Providing support to agricultural service cooperatives based on the principles of complex support, building institutional capacity of cooperatives

and increasing the number of families involved

≈ 3.3 million US \$

**Supporting:**

- 170 family farms;
- 1,000 individual peasant households



**AgroInvest project**

component – promotion of the development of market infrastructure for small and medium producers

**Supported the creation of:**

- 20 ASCs;
- 1 national terminal market;
- 7 regional terminal markets
- 4 horticulture stores;
- 1 milk processing enterprise

≈ 1 million US \$

≈ 19.3 million Canadian \$



**Ukraine Horticulture Business Development Project**

Training and experience sharing on cultivation, storage and marketing of horticultural products for small and medium households

**Training and experience sharing**

for 30 thousand small and medium households

≈ 19.7 million Canadian \$

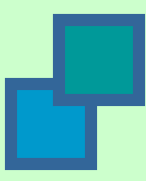
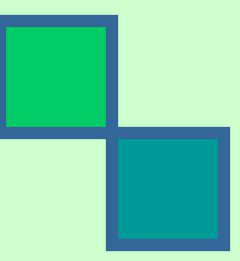
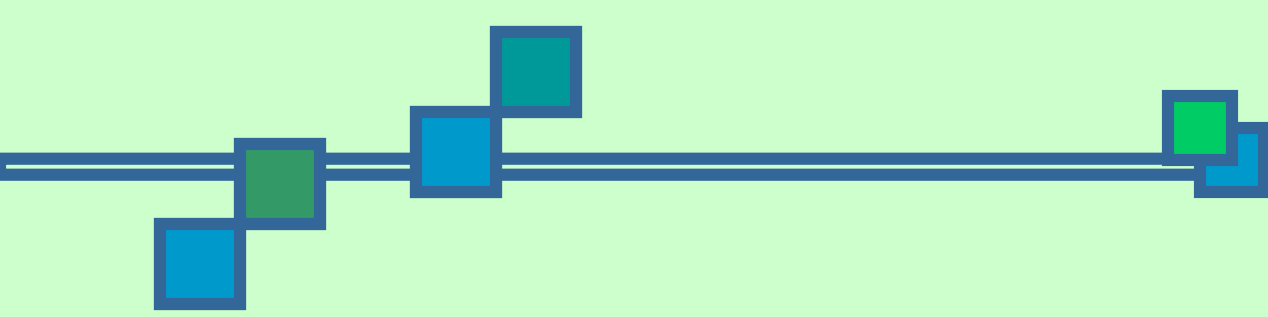


**Dairy Business Development in Ukraine project**

Development of dairy cooperatives, support of small and medium producers

**Supporting:**

- 5,000 small and medium producers
- dairy cooperatives



Thank you for attention!