INTERNATIONAL EXPERIENCE OF STATE SUPPORT OF ENTREPRENEURSHIP IN THE AGRICULTURAL SECTOR OF THE ECONOMY

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The article highlights the theoretical essence of state support for entrepreneurship and reveals the views of domestic scientists regarding this term. The forms and methods of state support that contribute to the effective development of production are reflected. The dynamics of changes in the volume of receipts of financial state support to the agricultural sector of the economy in Ukraine over the past five years have been analyzed, which indicates a decrease in the amount of financial support. The rating of the regions of Ukraine that received financial state support in the field of animal husbandry for 2021 and spent the compensation provided to them to increase the competitiveness of their economic activities is shown. An overview of the components of the state support program in 2022 is presented and the amounts of their compensation, which will be provided for the purchase of equipment, agricultural machinery, materials, certification of organic production, lending, etc., are indicated. The work also mentions measures of state support in Ukraine during the period of martial law during the sowing campaign.

The international experience of countries that consider agriculture as a strategically important industry for their country’s economy is taken into account. Agricultural crops for the cultivation of which subsidies are given to farmers in the United States and the states that received the most farm subsidies in the last five years are considered. The conditions under which people engaged in farming can receive government subsidies in Austria have been analyzed. It was concluded that the state support of the federal government of Germany is the most influential in the development of agricultural production compared to the experience of other European countries, in terms of timely bringing agricultural land to a high-quality state, preserving flora and fauna, complying with requirements for the identification and registration of livestock, bringing production to standards, hygiene and food safety, etc.

Key words: state support, financial support, agrarian sector of the economy, state programs, competition, international experience, subsidies, compensations, farming.

Tabl.: 2. Fig.: 2. Ref.: 17.
Formulation of the problem. The socio-economic development of the state depends on the successful development of the agricultural sector of the economy. Effective and efficient relations must be formed and developed between the business sector and the state.

The agricultural sector of the economy needs timely state support due to the fact that it is a budget-generating branch and the only branch of the economy that shows GDP growth despite difficult economic conditions. State support should ensure stable growth rates of the agricultural sector of the economy, as well as reduce the risks of unprofitability of agricultural enterprises. Reducing the price or partially compensating the cost of purchasing agricultural machinery, providing budgetary subsidies per unit of cultivated land, crop insurance against accidents gives agricultural enterprises the opportunity to further develop. Unfortunately, these measures are not fully implemented in Ukraine today. An important role of state support is also played by the credit system, which needs to be improved in terms of credit relations, cheaper credit resources, the procedure for granting, terms of repayment and collection of interest on the loan.

Analysis of recent research and publications. Current issues regarding the formation of an effective system of state support for entrepreneurship in the agrarian sector of the economy are reflected in the works of Ukrainian researchers: Honcharuk I.V. [7], Yemchyk T.V. [7], Kaletnik G.M. [6], Miedviedkova N.S. [10],
However, despite the large number of studies, Ukrainian scientists have not paid enough attention to the study of foreign experience of state support for entrepreneurship in the agrarian sector of the economy.

**Formulation of the goals of the article.** The purpose of the study is to study the features of state support for entrepreneurship in the agricultural sector of the economy of foreign countries and the possibilities of implementing such experience in Ukrainian realities.

**Presentation of the main research materials.** The agrarian sector of the economy of Ukraine forms the basis of preserving the sovereignty of our state, namely: food security, socio-economic foundations of the development and prosperity of rural areas, supporting the level of well-being of the rural population.

Ukraine is one of those countries that has the best geographical and natural and climatic conditions for the development of the agrarian sector of the economy, which today, regardless of hostilities on the territory of the state, is trying to adapt to new economic and technological realities and political challenges from the enemy. In this regard, one of the important factors in the successful development of the agricultural sector of the economy is state support.

Studying the mechanism of state support for agrarian entrepreneurship, it can be stated that among a significant number of researchers there is no unified vision of the content of the category «state support» and its role in the development of the agrarian sector of the economy.

The opinion of Kaletnik G.M. is quite correct, who claims that in order to improve the mechanism of state support for agriculture in Ukraine there should be a transparent and meaningful system of subsidies for agricultural production [6, p. 13].

Okhota Yu.V. considers that state support for entrepreneurial activity in the agricultural sector of the economy is a mechanism of state interest in improving the economic efficiency of economic entities of the agricultural sector, taking into account the specifics of the industry in order to ensure economic and food security of the state as a whole [8, p. 62].

Furman I.V. notes in her work that state support is one of the factors in the successful development of agriculture. Its effective implementation helps to accelerate the growth rate of agricultural production and increase the competitiveness of the industry [17, p. 316].

Thus, we believe that state support is a set of measures to implement government policy in the agricultural sector of the economy in the form of subsidies, loans, and compensation. This will improve the financial results of agricultural producers.

State support significantly affects entrepreneurial activity in the agrarian sector of the economy, as it protects the interests of producers of agricultural products aimed at solving the problems of increasing production efficiency, modernizing equipment and introducing the latest technologies. In addition, the agricultural sector of the economy depends on the influence of seasonality, natural and climatic
conditions, uneven use of labor, especially in the spring-summer period, the serviceability of agricultural machinery and the financing of entrepreneurial initiatives of farmers.

The system of state support for agrarian entrepreneurship consists of the following forms and methods (Fig. 1).

**Fig. 1. System of state support for agrarian entrepreneurship**

*Source: [12, p. 89]*

The combination of administrative and economic methods of state support promotes the emergence of new business structures, in particular farms. In turn, the antimonopoly regulation monitors compliance by enterprises with all legal norms, provides recommendations and imposes fines in case of violations of the conditions of transparency in the conclusion of agreements and ensures the protection of producers of agricultural products. Therefore, administrative methods allow to develop effective production strategies for agrarian entrepreneurship using marketing tools in their activities with the aim of stimulating the sale of products.

Economic methods of state support for agrarian entrepreneurship create opportunities for the state to provide preferential loans in order to ensure the
production of products, the purchase of agricultural machinery and the formation of seed stocks.

Evaluating the dynamics of the amount of state support allocated to the agricultural sector of the Ukrainian economy for 2018-2022, it should be noted that it was constantly undergoing changes. In 2018, the largest volume of state support was observed in the amount of 6.3 billion UAH (Fig. 2). In 2020, compared to 2019, the amount of state support decreased by 1.9 billion UAH, and in 2021, compared to 2020, there was a slight increase in the amount of state support by 0.5 billion UAH. The projected amount of state support allocation for 2022 is 4.6 billion UAH, but today the need of agricultural producers for state support is much higher than the amount of support provided to them.

![Fig. 2. Dynamics of allocation of financial state support in the agricultural sector of the economy of Ukraine for 2018-2022, billion UAH](image)

*Source: generated by the authors based on [4]*

Table 1 shows the rating of regions of Ukraine that received financial state support in the field of animal husbandry for 2021.

**Table 1**

<table>
<thead>
<tr>
<th>No</th>
<th>Region</th>
<th>Financial state support for the livestock industry, million UAH</th>
<th>The total amount of state support in the agricultural sector of the economy, million UAH</th>
<th>The specific weight of financial state support of the livestock industry in the total amount, %</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Kyiv</td>
<td>257</td>
<td>1081</td>
<td>23.77</td>
<td>5</td>
</tr>
<tr>
<td>2</td>
<td>Vinnytsia</td>
<td>358</td>
<td>947</td>
<td>37.80</td>
<td>1</td>
</tr>
<tr>
<td>3</td>
<td>Khmelnytskyi</td>
<td>135</td>
<td>803</td>
<td>16.81</td>
<td>15</td>
</tr>
<tr>
<td>4</td>
<td>Ternopil</td>
<td>160</td>
<td>758</td>
<td>21.11</td>
<td>8</td>
</tr>
<tr>
<td>5</td>
<td>Poltava</td>
<td>134</td>
<td>727</td>
<td>18.43</td>
<td>12</td>
</tr>
<tr>
<td>6</td>
<td>Cherkasy</td>
<td>172</td>
<td>709</td>
<td>24.26</td>
<td>4</td>
</tr>
<tr>
<td>7</td>
<td>Dnipropetrovsk</td>
<td>125</td>
<td>687</td>
<td>18.20</td>
<td>14</td>
</tr>
<tr>
<td>8</td>
<td>Odesa</td>
<td>48</td>
<td>667</td>
<td>7.20</td>
<td>23</td>
</tr>
</tbody>
</table>
Based on the obtained results, it can be concluded that the highest specific weight of financial state support for animal husbandry in the total amount of state support for the agrarian sector of the Ukrainian economy is observed in Vinnytsia region (37.80%). Also, the Volyn, Chernihiv, Cherkasy, and Kyiv regions are significantly dependent on financial state support for animal husbandry.

On the other hand, the lowest place in the rating is occupied by the Kirovohrad region (6.87%). This indicates either the lack of development of animal husbandry in this region or the lack of funds to finance this industry.

The amount of state support depends on many factors, in particular, on the significance of the enterprise in the industry and the state’s motivation to help.

State support, in most cases, is allocated specifically to large agricultural enterprises. For small and medium-sized agricultural enterprises, there is a need to adapt to changes in the changing environment:

- strengthening financial and credit support;
- improvement of legal support;
- simplification of the taxation system;
- assistance in logistics;
- independent consulting support;
- simplification of the procedure for obtaining documents necessary for the functioning of small and medium enterprises.

State support programs create the necessary conditions for those who want to further develop their entrepreneurial activity in the agricultural sector of the economy or for those who need this support. State aid programs are approved by the Cabinet of Ministers of Ukraine in accordance with the procedure established by law. The Ministry of Agrarian Policy and Food of Ukraine prepared a 16-item state aid program for the agricultural sector of the economy for 2022, which is presented in Table 2.
### The program of state aid in the agricultural sector of Ukraine for 2022

<table>
<thead>
<tr>
<th>No</th>
<th>The name of the program component</th>
<th>The essence of the program</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Partial compensation for the cost of agricultural machinery</td>
<td>The amount of compensation is 25% of the value (excluding value added tax) for purchased machinery or equipment.</td>
</tr>
<tr>
<td>2</td>
<td>Financial support of measures in the agro-industrial complex by reducing the cost of loans</td>
<td>Compensation is about 1.5 discount rate of the NBU, but should not exceed the amount provided by the loan agreements, reduced by 5%.</td>
</tr>
<tr>
<td>3</td>
<td>Financial support for the development of horticulture, viticulture and hop growing</td>
<td>Compensation will be provided for: 1) purchase of grapes, hops and planting material of fruit and berry crops – up to 80%; 2) purchase of materials for the construction of wallpaper – up to 50% of the costs incurred; 3) purchase of machinery, mechanisms and equipment for technological operations in viticulture, horticulture and hop growing – up to 30% of their value.</td>
</tr>
<tr>
<td>4</td>
<td>Financial support for the development of farms</td>
<td>Compensation will be provided in the form of a subsidy per unit of cultivated land and subsidies for keeping cows.</td>
</tr>
<tr>
<td>5</td>
<td>Financial support for the development of farms</td>
<td>Financial support will be provided to newly established farms to receive agricultural advisory services (not more than 36 thousand UAH).</td>
</tr>
<tr>
<td>6</td>
<td>State support for the development of animal husbandry and processing of agricultural products</td>
<td>Reimbursement is made for the purchase of bees, breeding animals – up to 80% (excluding VAT).</td>
</tr>
<tr>
<td>7</td>
<td>State support for the development of animal husbandry and processing of agricultural products</td>
<td>Reimbursement is made for the purchase of livestock facilities – up to 50%, as well as budget subsidies for existing bee colonies.</td>
</tr>
<tr>
<td>8</td>
<td>State support for the development of animal husbandry and processing of agricultural products</td>
<td>The budget subsidy will be provided in the amount of 1,000 UAH for keeping goats, bright, ewes, as well as in the amount of 30,000 UAH for the increase in the number of cows of own reproduction.</td>
</tr>
<tr>
<td>9</td>
<td>State support for niche crops</td>
<td>The amount of the subsidy will be up to 5,000 UAH per hectare, but not more than 300 hectares of arable land by one applicant.</td>
</tr>
<tr>
<td>10</td>
<td>State support for the development of potato growing</td>
<td>State support will be provided to businesses on a non-refundable basis to reimburse costs: 1) purchase of basic seed and potato seed material in the amount of up to 50% of its value (after planting), but not more than 250,000 UAH per recipient per year; 2) purchase of equipment for processing and pre-sale preparation of potatoes – up to 50% of the cost (incurred installation work); 3) construction of potato storage facilities – up to 50% of the cost.</td>
</tr>
<tr>
<td>11</td>
<td>State support for agricultural insurance</td>
<td>The amount of compensation for insurance of agricultural products is up to 60% of the actually paid insurance premiums.</td>
</tr>
<tr>
<td>12</td>
<td>State support for the use of reclaimed land</td>
<td>State support will be provided in the amount of up to 25% of the cost (excluding VAT), but not more than: 1) 7,500 UAH per 1 hectare of cultivated land for irrigation by sprinkling without taking into account the corresponding cost of irrigation equipment; 2) 19,500 UAH per 1 hectare of cultivated land for irrigation by sprinkling, taking into account the cost of irrigation equipment; 3) 18,750 UAH per 1 hectare of cultivated land for drip irrigation.</td>
</tr>
<tr>
<td>13</td>
<td>Livestock development</td>
<td>The program is aimed at reducing the cost of acquisition by agricultural enterprises that are legal entities, high-yielding cows, heifers, heifers – 20 thousand UAH per the head.</td>
</tr>
<tr>
<td>14</td>
<td>State support for horticulture (labor-intensive industries)</td>
<td>Reimbursement is made for: 1) purchase of grapes, hops – up to 80% of the costs incurred; 2) purchase of materials for the construction of wallpaper and installation of drip irrigation systems – up to 50% of the costs incurred; 3) purchase of machinery, equipment – up to 30% of their value.</td>
</tr>
<tr>
<td>15</td>
<td>State support for horticulture 2 (labor-intensive industries)</td>
<td>Support for small and medium producers up to 20 hectares, compensation – up to 50% of the cost of investment per 1 hectare.</td>
</tr>
<tr>
<td>16</td>
<td>State support for organic production</td>
<td>Compensation will be provided for certification of organic production up to 30% of the cost.</td>
</tr>
</tbody>
</table>

Source: generated by the authors based on [3]
From the presented state aid program for the agricultural sector of the economy of Ukraine for 2022, it can be seen that financial support for cheaper loans enables farmers, in addition to state-wide credit programs, to receive interest rate compensation in the amount of about 1.5% discount rate of the NBU, which is almost 13%. Reimbursement of costs for the purchase of livestock facilities, agricultural machinery, equipment, as well as the provision of budget subsidies in the presence of bee colonies is appropriate.

International experience shows that countries are constantly trying to improve the system of state insurance support in the agricultural sector, which makes it possible to reduce bankruptcy risks, increase financial stability against seasonal and climatic fluctuations, and guarantee a certain level of income for agricultural enterprises. The United States of America (hereinafter – USA) always makes good use of crop insurance, with wheat, corn, cotton, and soybeans covering 86% of their acreage, while Canada has almost 65% of its crops insured. For example, in Ukraine in 2018, only 3% of the area of agricultural crops was insured.

According to the European Commission, state support for the development of farming in the EU countries is carried out in the following directions:
– state support for newly established farms;
– state support for farms located in unfavorable areas;
– additional special support for young farmers;
– support of inheritance;
– state support for the establishment of credit unions in rural areas [13, р. 123].

The most successful is the experience of Germany, which shows significant support for the development of farms. The government provides assistance to farmers in the form of loans and subsidies. German state support has always been aimed primarily at ensuring their financial independence. Newly established farms are provided with loans for up to 20 years for their development. Also, in Germany, «eco-schemes» are used – so-called incentives paid to all farmers who voluntarily follow environmentally friendly practices in protecting the environment.

State support in Germany uses one of the most effective types of regulation of agricultural production, which provides:
– bringing to working condition of agricultural lands, namely: prevention of soil erosion; preservation of organic matter in the soil, conducting humus research of the soil; strict observance of crop rotations; ban on stubble burning; irrigation of agricultural lands; application of measures for protection and preservation of permanent pastures;
– conservation of flora and fauna, in particular compliance with the requirements for the conservation of birds, groundwater, restrictions on the use of nitrates, including compliance with the requirements for soil treatment with nitrogen fertilizers, compliance with requirements for storage of liquid organic fertilizers, implementation of restrictions on pesticides, plant protection, livestock, as well as bees;
– compliance with the requirements for the identification and registration of livestock, including pigs, cattle, goats and sheep, as well as the labeling of meat;
– compliance with the requirements for the production and hygiene of feed;
– development and implementation of sanctions, systematic control of agricultural entrepreneurship [13, p. 124].

The USA agricultural sector is one of the most productive in the world. Of all the crops grown by USA farmers, the government subsidizes only five of them – corn, soybeans, wheat, cotton, and rice. Five states receive the most farm subsidies: Iowa, Texas, Illinois, Nebraska and Minnesota. There are also smaller subsidies for peanuts and sorghum. Fruit and vegetable producers can only benefit from crop insurance and disaster relief. Farm subsidies, in most cases, help high-income corporations, not poor rural farmers. There are about 2.02 million farms in the USA, 98% of which are family owned.

In Australia, financial support for farmers is provided in the form of compensation for long periods of drought, natural disasters, fires that have caused damage and caused great damage to farms. Farmers receive financial support in the form of short-term loans at low interest rates and grants. The peculiarity of these compensations is that they are provided only when these natural disasters cause significant damage to a large number of farms in the region.

Currently, in some areas of our country, farmers are unable to do their business, because the situation that has developed in Ukraine – the war – has further negative consequences for the economy. However, the state is trying to continue to support farmers during martial law and is simplifying opportunities to facilitate the sowing campaign, in particular:

– additional seed certification procedures were cancelled;
– the licensing of the export of corn and sunflower oil was cancelled;
– excise tax on fuel was canceled in order to avoid fuel shortages and control prices;
– business inspections were canceled and a voluntary single tax was introduced;
– an agricultural platform was created to collect information on the actual needs of farmers during the sowing campaign;
– it is allowed to operate agricultural machines without their registration;
– it is allowed to lease state land under a simplified procedure, which will be necessary for the tenant to develop and improve his business activity;
– the logistics routes of farmers have been improved with the help of an online platform.

Also, during the period of martial law, small and medium-sized agricultural enterprises are granted zero-interest loans with a maximum loan amount of 50 million UAH. The term of the loan is 6 months, which allows farmers to purchase seed stocks and carry out spring and summer field work. In addition, agricultural enterprises need to submit to the Ministry of Agrarian Policy lists of people involved in the implementation of these spring-summer field works, who will be granted a deferent from conscription for military service during wartime [2].

Conclusions. The international experience of state support for entrepreneurship in the agrarian sector of the economy shows the need for the development of farms. Farming is the most rational and effective form of farming in the countryside, and therefore all the leading countries of the world contribute to its
development and stimulation. The governments of these countries have their own approaches depending on the traditions and economic conditions, but the support of the agricultural producer is always stable regardless of the existing features – financing through the allocation of loans and the provision of subsidies. Thus, in order to ensure the effective development of entrepreneurship, the implementation of state support at all stages of development should be adequately formed, since state support is a great impetus for the effective functioning of entrepreneurial activity in the agrarian sector of the economy.

In order for the agricultural sector of Ukraine’s economy to develop, it is more expedient to use the experience of Germany. The government of this country provides significant assistance to the development of farms, in particular: compliance with requirements for the preservation of organic substances in the soil, preservation of groundwater, application of restrictions on the use of nitrates, pesticides, and strict observance of crop rotations. Equally important is the observance by German farmers of ecologically clean practices in their activities.

At the same time, since the beginning of the full-scale invasion of the Russian federation on the territory of Ukraine, the agrarian sector of the economy found itself in difficult conditions and suffered significant losses. Today, the state helps farmers to organize field work by allocating subsidies, canceling export licensing for certain crops, such as corn, and also leases state land under a simplified procedure. An equally important problem today is the realization of the harvest collected last year, which did not have time to export abroad due to the fact that the entire port infrastructure of Ukraine was blocked by the aggressor. This caused a crisis in the liquidity of working capital, and therefore the question arose for farmers of finding additional sources of financing for field work. We believe that this problem can be solved by providing an interest-free loan for agricultural work during martial law.

All the listed problems regarding state support for entrepreneurship in the agrarian sector of Ukraine’s economy testify to the dependence on the course of hostilities and the liberation of captured territories. It is difficult to hope that the government will, in the conditions of war, pay the main attention to the implementation of foreign experience and increase financial support, but the examples of Germany and the USA allow us to form conceptual approaches to the creation of small organized and financially independent farms in Ukraine.

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ОСОБЛИВОСТІ УТОВОРЕННЯ І ПОВОДЖЕННЯ З ВІДХОДАМИ ПІД ЧАС ВОЄННИХ ДІЙ: ДОСВІД УКРАЇНИ

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