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# DIRECTIONS OF FINANCING THE NEEDS OF REBUILDING THE AGRICULTURAL SECTOR OF UKRAINE

## ABSTRACT

The agricultural sector of Ukraine, playing a significant role in the formation of the main macroeconomic indicators, is under the constant influence of various factors, which makes it dynamic and unpredictable. These challenges present the agrarian sector with the task of flexible adaptation in the conditions of martial law and the post-war period to the need for reconstruction to ensure sustainable functioning and positioning it for the future.

The purpose of the article is to determine the directions of funding needs for the restoration and reconstruction of the agro-industrial complex of Ukraine in accordance with the strategic and tactical contours of solving the tasks of its long-term development, the implementation of which will contribute to the economic growth of this industry, the further transformation of the agrarian policy of Ukraine regarding state support for enterprises of the agro-industrial complex, internationalization and strengthening of the international partnerships.

The article proposes an original scientific-methodical approach to determining the directions of financing the needs of the reconstruction of the agricultural industry of Ukraine, which involves determining the ratio of the directions of financing the needs of restoration and reconstruction of the agro-industrial complex of Ukraine in accordance with the strategic and tactical contours of solving the tasks of its strategic development, which form its current and prospective state and the fulfillment of the set of socio-economic conditions for their implementation in the conditions of transformational changes. Among the socio-economic conditions for the implementation of the proposed directions, the article defines: ensuring the diversification of the structure of agriculture; conducting constant monitoring of competition and access to markets, regional differentiation, conducting administrative expertise on the management of recovery funds and constant assessment of the effectiveness of agrarian policy instruments.

**Keywords:** state support, financial support, analysis, agricultural enterprises, forms of state support, directions of reconstruction, regions, strategic and tactical outline of problem-solving

**JEL Classification:** Q13, Q14, Q19

## INTRODUCTION

Running a business under martial law is a challenge not only for entrepreneurs but also for the state, which has to guarantee, provide, support, or maintain businesses. This is especially true of the agriculture enterprises. They have lost much more during the war than in any of the crises that have taken place in independent Ukraine. Fields have been mined, equipment destroyed, storage facilities damaged, fertilizer and seed shortages, and skilled workers scarce. In addition, some companies are located in areas of active hostilities. As a result, most of them don't work at all because they are tied to the territory.

State financial support for agricultural enterprises is an important factor in achieving financial results during martial law. While Ukraine is facing difficult economic conditions, the government is still supporting and helping agricultural enterprises to ensure financial

results. It will help to purchase and procure any necessary materials, items, or equipment to ensure effective operation soon.

## LITERATURE REVIEW

In the scientific literature, there are a sufficient number of both domestic and foreign scientists who analyze and evaluate the general state and development dynamics of both the industry and enterprises in the agrarian sphere, as well as analyze financial support from the state to ensure the functioning of agricultural enterprises.

The agro-industrial sector, its market dynamics, business management strategy of entrepreneurial structures in the agro-sector, environmental aspects, improving the efficiency of agro-infrastructure, and the impact of state regulation on it are studied by both foreign and domestic scientists. In particular, Rauv et al. (2023) identified the main determinants of sustainable development of the agro-sector and outlined the main instruments of state regulation of entrepreneurial structures in this sector and defined the foundations for its future development.

Domestic economists Lupenko et al. (2023) have studied the relationship between market cycles and key aspects of the development of the agricultural sector. They substantiated the need to introduce regulatory mechanisms to stimulate entrepreneurial activity in the field of agribusiness.

Vdovenko et al. (2015) in their works presented a comprehensive understanding of the agro-sector as a leading sector of the national economy, which plays a significant role in GDP formation.

The war of aggression that Russia started in February 2022 negatively affects Ukraine's agro-sector, leading to decreased production, increased costs and overall instability in the agricultural production industry.

The German scientist Kramon-Taubadel (2022) conducted a comprehensive study on the impact of Russian aggression on the state and trends of development for grain markets and food security for countries worldwide, identifying its systemic consequences.

Zhuk et al. (2023) examine the transformation of the agricultural sector in Ukraine and European Union countries during the state of war, identifying the necessity of adaptation to new challenges in the agricultural sector.

Authors Vasilyeva, Goroshkova (2022), and Andrushkiv et al. (2023) highlight the segments of the agricultural sector that will require immediate restoration during the post-war period. Additionally, the authors identify the factors influencing the sector's development.

Director of the Global Food and Water Security Program Welsh (2022) and the program's research associate E. Dodd have identified new priorities for the reconstruction of Ukraine's agricultural sector through investment mobilization to support Ukraine's future economic recovery.

However, despite the significant interest from researchers in the challenges of rebuilding the Ukrainian agro-industrial sector, further in-depth research is needed to determine the directions of financing for the needs of recovery and reconstruction of the Ukrainian agro-industrial sector along strategic and tactical outlines for addressing the tasks of its strategic development, which will shape its future in the coming years, bringing both risks and new opportunities for entrepreneurial structures in this sector.

## AIMS AND OBJECTIVES

The purpose of the article is to determine the directions of financing the needs for the restoration and reconstruction of the agro-industrial complex of Ukraine according to the strategic and tactical contours of solving the tasks of its prospective development, the implementation of which will contribute to the economic growth of this industry, the further transformation of the agrarian policy of Ukraine regarding the state support of the enterprises of the agro-industrial complex, internationalization and strengthening of international partnerships.

To achieve this goal, the following tasks were identified in the article:

- conduction analysis of the state of government support for agro-industrial sector enterprises at the regional level;
- identification, generalization and systematization of areas of financing the needs for recovery and reconstruction of Ukraine's agro-industrial sector;

- substantiation of the necessity and expediency of fulfilling a set of socio-economic conditions for the implementation of areas of financing the needs for recovery and reconstruction of Ukraine's agro-industrial sector.

## METHODS

In the course of the study, a number of general scientific and special methods were used to study the agro-sector of Ukraine and outline the areas of financing the needs for recovery and reconstruction, analysis and synthesis are used synthesis as the forms of financial support are analyzed, analysis - since each form of state support expands compensation, that is, financing of agricultural enterprises is increasing; statistical - study of the current state of state support for regional agricultural enterprises, grouping - for the classification of statistical data during the analysis and identification of development trends and state support of the agro-sector of Ukraine; graphical method for visualizing the results obtained.

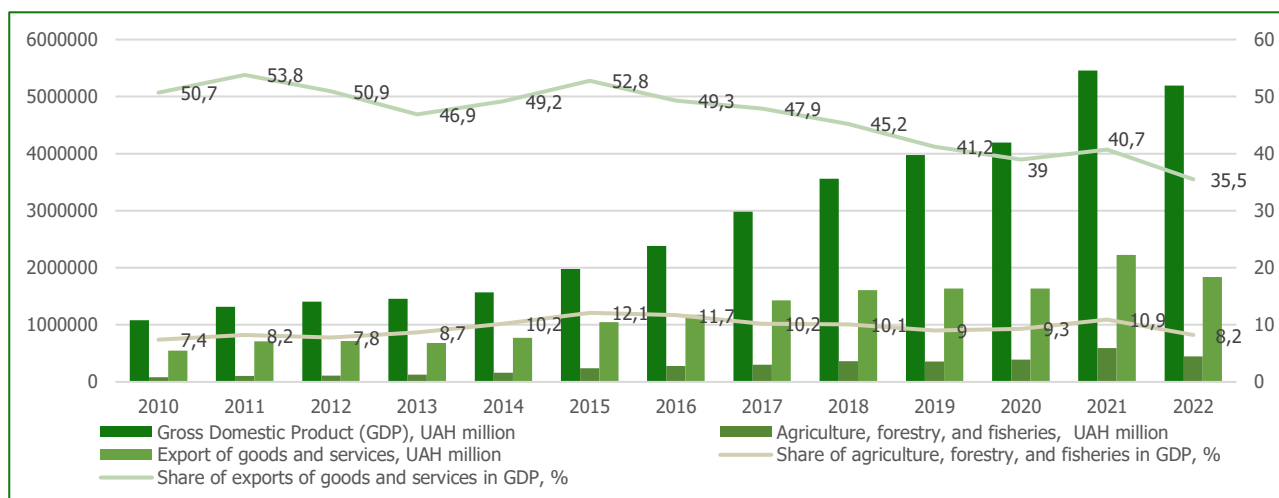
## RESULTS

Creating favourable conditions for the development of entrepreneurship, especially in the agricultural sector, is particularly important in the context of Ukraine's unstable economy, exacerbated by military problems and growing global competition. The provision of timely and adequate financial support from the government is an important motivator for the development of agricultural enterprises (Arefieva, Kovalenko, 2022).

The role and importance of agricultural entrepreneurship in developing the country's economy cannot be overstated. In particular, agricultural enterprises of any form of ownership to a certain extent solve employment problems (seasonal employment), ensure the creation of a competitive environment, react quickly and constructively to market transformations, increase the flexibility of the country's economy, stimulate economic development by ensuring an increase in gross domestic product, etc.

Agribusiness is considered the locomotive of Ukraine's economy. Historically, Ukraine has been the breadbasket of Europe, as it has about 25% of the world's black soil. Agriculture in Ukraine is a key component of the agro-industrial complex that combines the production and processing of agricultural products. Despite the fact that in 2020, production and exports of agricultural products in Ukraine declined due to the effects of the pandemic, this industry has significant potential. Ukraine is considered a world leader in sunflower oil and grain production, which indicates the importance and prospects of this sector. Most research shows that agricultural production is more flexible and resilient to the negative impact of the pandemic compared to industrial sectors.

The Ukrainian agro-industrial complex (AIC) generates 10% of the country's GDP and exports 40% (in monetary terms) of the total volume of goods in 2021. However, we are observing a significant decline in these indicators in 2022, which is a consequence of the Russian military aggression and the damage inflicted on Ukraine's agricultural sector from the military actions on the territory of Ukraine, as can be seen in Figure 1. Agriculture makes up 8.6% of Ukraine's GDP and also accounts for 35.5% of the total volume of exported goods in 2022.



**Figure 1. Share of agricultural production in the gross domestic product of Ukraine from 2010 to 2022 (in actual prices).** (Source: compiled by the authors based on data from the State Statistics Committee <https://www.ukrstat.gov.ua/>)

Government support for agricultural enterprises is now being analyzed (Table 1).

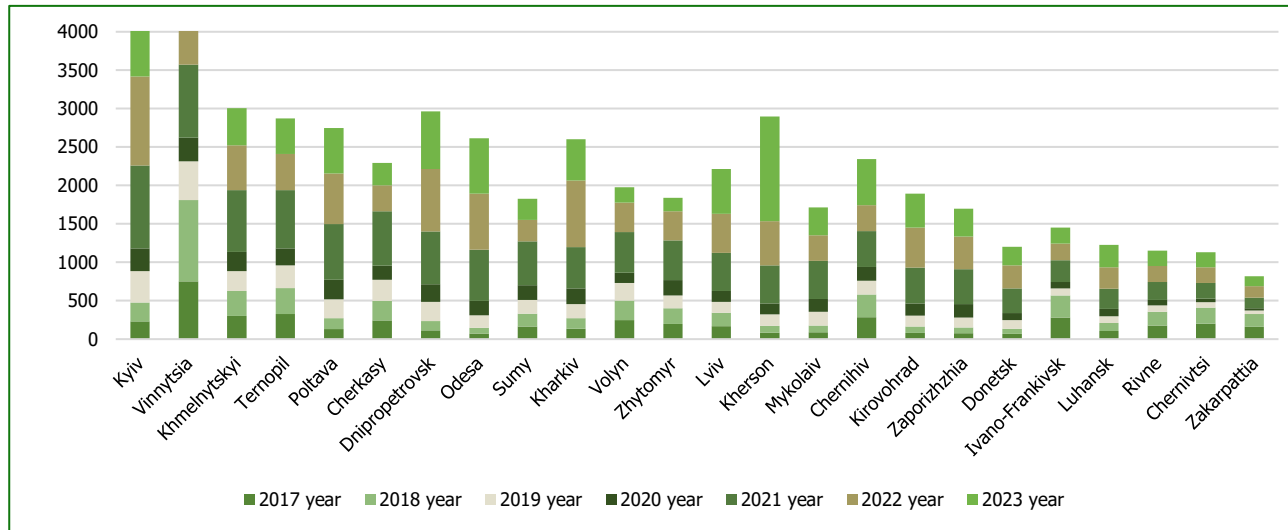
**Table 1. Analysis of the state support for agricultural enterprises for the period 2017-2023, UAH.** (Source: authors' compilation on the basis of data: <https://minagro.gov.ua/pidtrimka>)

№	Forms of financial support from the state	Amount of funds received
<b>2017</b>		<b>5405800000</b>
1.	Providing financial support by reducing the cost of loans	299400000
2.	State support to the livestock sector	169900000
3.	State support for the crop production sector	438700000
4.	Financial support for farming development	65000000
5.	State support for developing hop-growing, establishing and supervising young stores, vineyards and berry gardens.	298800000
6.	Financial support for the producers of agricultural products	4134000000
<b>2018</b>		<b>3788700000</b>
1.	Providing financial support by reducing the cost of loans	265600000
2.	State support to the livestock sector	2393300000
3.	State support for the crop production sector	240100000
4.	Financial support for farming development	90600000
5.	State support for developing hop-growing, establishing and supervising young stores, vineyards and berry gardens	104100000
6.	Financial support for the producers of agricultural products	695000000
<b>2019</b>		<b>4567650824</b>
1.	State support to the livestock sector	2433576120
2.	State support for developing hop-growing, establishing and supervising young stores, vineyards and berry gardens	397878900
3.	Lending to farming businesses	225083000
4.	Financial support for measures in the agricultural sector in the form of cheaper loans	449872336
5.	Financial support for farming development	420446654
6.	Financial support for the producers of agricultural products	640793815
<b>2020</b>		<b>4031385373</b>
1.	Lending to farming businesses	65566900
2.	Financial support for the producers of agricultural products	3965818473
<b>2021</b>		<b>4712394875</b>
1.	Lending to farming businesses	50000000
2.	Financial support for the producers of agricultural products	4662394875
<b>2022</b>		<b>2165500000</b>
1.	Provision of loans to agricultural farms.	180000000
2.	Support for agricultural farms and other producers of agricultural products	1545500000
3.	Financial support for agricultural producers.	440000000
<b>2023</b>		<b>281000000</b>
1.	Providing loans to agricultural farms.	80000000
2.	Financial support for agricultural producers.	201000000
<b>Total</b>		<b>24952431072</b>

The results show that between 2017 and 2021, Ukraine has significantly reduced its budget support programs for industry. However, it hasn't reduced its cash payments (Table 1). The number of financial support programmes has increased in late 2022 and early 2023. In particular, one of the priority programmes for the increase is humanitarian aid (distribution of seeds, fertilizers and certain equipment) to war-affected regions.

The programs have received UAH 4712394875, and there were 11325 enterprises that received funds. If we compare 2020 with 2021, the amount of funds received under these programs has increased by UAH 681009502, while the number of recipients has decreased by 357 companies. Financial support for agricultural producers in 2021 was UAH 4662394875, up 11.33% from 2017. This means that state support for financial compensation has increased and is helping agricultural enterprises to develop their business.

Analysis of state support for regional agricultural enterprises for the years 2017-2023 (Figure 2).



**Figure 2. Analysis of state support for regional agricultural enterprises for the years 2017-2023, UAH million.** (Source: created by the authors based on data from: <https://minagro.gov.ua/pidtrimka>)

The results of the analysis show that agricultural enterprises in the Kyiv region didn't receive large compensation from the state from 2017 to 2020. Monetary compensation amounted to UAH 1.081 million under the programs of state support for the livestock sector, financial support for agricultural producers, financial support for the development of farms, financial support for measures in the agro-industrial complex by reducing the cost of loans, provision of loans to farms, state support for the development of hop growing and the planting of young orchards, vineyards and berry gardens in 2021 Agricultural enterprises in the Vinnytsia region have a leading position, although state support in 2021 amounted to UAH 947 million, which is UAH 134 million less than in the Kyiv region. On the other hand, state support from 2017 to 2020 amounted to UAH 2.323 million, which is UAH 1.450 million more than in the Kyiv region over the same period.

Khmelnytsky region - UAH 803 million, Ternopil region - UAH 758 million, and the smallest financial compensation was received in Zakarpattia region with a total amount of UAH 138 million in 2021.

Thus, the main factors of the negative impact of the war on the Ukrainian agro-sector are the following: a decrease in cultivated area (by 20% compared to 2021) (Patyka N. 2023) damage to industrial buildings, structures and equipment, rising prices for fertilizers and diesel fuel, as well as the blockade of Ukrainian ports on the Black Sea, restrictions on export opportunities, and disruptions in logistics chains. All these factors have significantly reduced the incomes of Ukrainian farmers and agricultural enterprises. Also, the disruption of logistics chains was an important factor.

In other words, state support to the regions is extensive and doesn't have a constant financial component, so the analysis shows that there are no repetitions but large financial gaps in support to the region each year. This was caused by some internal factors, such as personnel, equipment, technology, and external factors, such as the political situation in the country, lack of budgetary funds, etc.

The results of the analysis for the year 2022 show that 43.648 farmers have received UAH 95.467 billion in loans. The state guarantee program amounted to UAH 24.722 billion in the amount of 80%. The largest volumes of loans were given to agricultural enterprises in the following regions: Kyiv region (UAH 15.5 billion), Vinnytsia region (UAH 10.2 billion), Kirovohrad region (UAH 8.6 billion), Dnipro region (UAH 6.8 billion), Odesa region (UAH 6 billion) (ukrstat.gov.ua).

In Ukraine, 18.275 loan agreements totalling UAH 76.27 billion have been concluded since March 2022 under the state programme "Affordable Loans 5-7-9%" (including 13,686 loan agreements totalling UAH 40.01 billion by state banks). In more detail, this includes (ukrstat.gov.ua):

- UAH 0.82 billion - for investment purposes;
- UAH 6.39 billion as anti-crisis loans;
- UAH 4.38 billion - refinancing of previously obtained loans;
- UAH 25.74 billion - loans to agricultural producers;
- UAH 38.91 billion - for anti-war purposes.

The research shows that among all business entities and types of economic activity, the largest indicator of step-by-step support from the state is anti-war goals because of the war in Ukraine. Agricultural enterprises are in second place with a gap of UAH 13.17 billion.

As of the end of April 2023, the top five regions leading in attracting loans for agriculture, forestry, and fisheries were: Kyiv and Kyiv city (UAH 35.088 billion); Dnipropetrovsk (UAH 7.497 billion); Odesa (UAH 7.184 billion); Lviv (UAH 5.836 billion); Kharkiv (UAH 5.359 billion) (ukrstat.gov.ua).

The regions with the lowest volumes of loans for agriculture, forestry, and fisheries were as follows: Zakarpattia (UAH 228 million); Luhansk (UAH 488 million); Donetsk (UAH 541 million); Chernivtsi (UAH 599 million); Rivne (UAH 1.015 billion); Ivano-Frankivsk (UAH 1.102 billion); Kherson (UAH 1.363 billion) (ukrstat.gov.ua).

The Business Development Fund has concluded cooperation agreements with 45 banks under the government programme "Affordable Loans 5-7-9%" since the beginning of 2023 (as of 09/01/2023). Since the beginning of the government programme, enterprises of all types of economic activity have received 53,097 loans from authorised banks in the amount of UAH 165.9 billion. In total, there were 34,162 loans from state banks with a total value of UAH 66.66 billion (minagro.gov.ua).

Despite the martial law in the country, the government has implemented various financial programs to support agribusiness with the assistance of other countries. These are programs designed to provide agricultural entrepreneurs with temporary storage facilities for grain and equipment for the loading (and unloading) of hoses. As of the beginning of January 2023, farmers have received 27,000 grain bins. It is planned to distribute 30,700 grain bins (1 bin holds 200 tonnes), which will ensure the storage of 30% of the national needs (thanks to the support of the governments of Canada, Japan and the Minderoo Foundation).

The next programme will provide spring crop seeds (wheat, barley, peas) to support small farmers in the frontline regions: Sumy, Chernihiv, Donetsk, Kharkiv, Dnipro, Zaporizhzhia, Mykolaiv, Kherson and Odesa. A total of 3,000 agricultural companies are expected to benefit.

High-quality treated maize and sunflower seeds will be distributed by the Food and Agriculture Organization of the United Nations (FAO). They will be provided by the Japan International Cooperation Agency (JICA). They will be distributed among the 455 most vulnerable small farmers in the Kharkiv region. The Kharkiv region is the region of Ukraine that has been hardest hit by the war. In total, FAO will distribute 3,200 units of sunflower seed and 2,700 units of maize seed. This will allow up to 10,700 hectares of land to be sown. All applicants who meet the criteria have a choice of what they would like to receive: 10 seeds of sunflower or 20 seeds of maize. This support will enable farmers to protect their livelihoods and rebuild the agricultural value chains that have been disrupted by the war (minagro.gov.ua).

Supported by the US government, Ukrainian farmers with 5 to 500 hectares of land will receive DEKALB corn seed for approximately 15,000 hectares.

The USAID's Agriculture Growing Rural Opportunities Activity (AGRO) and the Ministry of Agrarian Policy and Food of Ukraine have been providing fertilizers for spring and winter crops and sunflower seeds to agricultural enterprises since 1 March 2023. USAID AGRO will be distributing sunflower seeds for sowing on 42,000 hectares of land. The list of areas that can receive ammonium sulphate has also been extended.

The project: "Integrated, Competitive and Economically Rational Value Chain Development in Agriculture, Fisheries and Forestry" provides grants to micro and small agricultural producers. The permitted sectors are the cultivation of vegetables, the cultivation of berries, aquaculture, the production of Hutsul cow cheese, the production of Hutsul sheep cheese, the production of honey and the production of wine. The regions permitted are Ivano-Frankivsk, Zakarpattia, Lviv, and certain territories of the Chernivtsi region.

Support to agricultural enterprises includes the following: vegetable seeds and seed potatoes, winter wheat seeds and cash assistance (from USD 1.000 to USD 25.000 (UAH equivalent)). The company's assistance to small and medium-sized agricultural enterprises includes grain storage hoses and auxiliary equipment, and winter wheat seeds.

The government also procured equipment for the laboratory in Izmail. Polymerase chain reaction (PCR) equipment was purchased for six laboratories of the State Service of Ukraine for Food Safety and Consumer Protection. The Bank of Genetic Resources was also relocated.

Before the war, Ukrainian agriculture played a significant role in the national economy. It accounted for 10% of the gross domestic product (GDP), employed 14% of the workforce, and played a key role in the country's export operations, accounting for 41% of all export operations. However, the outbreak of the war, which occurred shortly before the 2022 spring planting campaign, severely damaged the agricultural sector, leading to serious losses and difficult challenges for its recovery.

As of December 24, 2023, the losses and damages for the Ukrainian agrarian sector were estimated at USD 40.2 billion. At the same time, the amount of losses amounted to USD 8.72 billion, while total losses stood at USD 31.50 billion (Welsh, Dodd, 2023).

As a result of hostilities, the agricultural sector suffered significant losses, including the partial or complete destruction of various assets. Machines and equipment necessary for agricultural operations were seriously damaged or completely destroyed. Warehouses that stored production resources and finished products were also affected, resulting in large losses.

In addition, the agricultural sector lost a significant part of livestock, fisheries and aquaculture due to the destruction of farms and water bodies. This led to losses not only in financial terms but also in the loss of an important source of production to cover the needs of the population.

Perennial plantations, which are the basis for the cultivation of agricultural crops, were also affected by the hostilities. They take a long time to recover and may require significant investment to fully restore production capacity.

The most negative aspect is the theft of production resources and products, which significantly complicates the process of restoring the agricultural sector. This complicates the task of restoring and maintaining agricultural infrastructure and production in the conditions of uncertainty and instability that accompany military conflict.

Losses from the war also include lost profits for Ukrainian farmers and agricultural enterprises due to reduced production volumes, such as missed harvests, and higher purchase prices due to disruptions in export logistics. There are also higher additional production costs, such as fertilizer and fuel costs, as well as the costs of rehabilitating contaminated sites after they have been explored, demined and cleared.

The damage caused by military actions has serious consequences for the Ukrainian agricultural sector, which is one of the key branches of the economy. Losses include the partial or complete destruction of machinery and equipment necessary for agricultural operations, as well as the destruction of warehouses that provided storage of production resources and finished products. The livestock, fisheries and aquaculture industries were also affected, suffering serious losses due to the destruction and loss of infrastructure.

However, the biggest cause of total damage is damage to machinery and equipment that is necessary for agricultural activities. This creates significant obstacles to the recovery of production and affects the production process as a whole. After that, it is worth noting the theft of production resources, which deepens the already difficult situation, as well as the damage to warehouses, which play an important role in the storage and ensuring the safety of products. All these factors are taken into account when assessing the amount of damage and determining ways to further restore the agricultural sector.

The total estimated need for reconstruction and recovery in Ukraine exceeds USD 411 billion (Welsh, Dodd, 2023). The need in agriculture is at least 7% of this amount.

At the same time, it is important to understand that the war continues, as Russia currently does not stop destroying and looting Ukraine's industrial infrastructure. In addition, hostilities and related restrictions will not cease, and accordingly, even more damage will be inflicted. It is obvious that losses and damages will continue to accumulate before long-term recovery can begin, not just minor repairs. Based on current estimates of losses and damages and the methodology for determining post-disaster needs from KSE Agrocenter, it is projected that at least USD 23.5 billion (KSE 2023) will be needed for the reconstruction and recovery of Ukrainian agriculture. This estimate allocates USD 7 billion for reconstruction and USD 16.5 billion for recovery.

Given the analysis of the state of Ukraine's agro-industrial sector, the scale and structure of the damage incurred, it is expedient to identify, summarize and systematize the areas of financing the needs of rebuilding Ukraine's agro-industrial sector along the strategic and tactical outlines for addressing the tasks of its strategic development (Table 2).

**Table 2. Areas of financing the needs of rebuilding Ukraine's agro-industrial sector along the strategic and tactical outlines for addressing the tasks of its strategic development.**

Areas of Financing Needs Along the Strategic Outline for Addressing Tasks	Areas of Financing Needs Along the Tactical Outline for Addressing Tasks
Reconstruction of the Production Capacities of the Agro-Industrial Sector	<ul style="list-style-type: none"> <li>▪ Restoration of agricultural machinery, infrastructure and other material means of production;</li> <li>▪ Ensuring quality storage of agricultural products;</li> <li>▪ Restoration or improvement of yield and stability of production;</li> <li>▪ Restoration of production and support for the development of animal husbandry in the agro-industrial sector.</li> </ul>
Recovery and modernization of agricultural production capacities of agriculture	<ul style="list-style-type: none"> <li>▪ Ensuring access to land, water resources, financial instruments and other necessary resources, as well as providing state support in the form of subsidies, subventions and other forms of social and economic support.</li> <li>▪ Implementation of modern management methods, optimization of work processes and use of resources.</li> <li>▪ The development of new varieties of plants, the introduction of modern land cultivation methods, as well as the use of advanced technologies in the production and processing of agricultural products.</li> </ul>
Recovery of export infrastructure taking into account the experience of the war	<ul style="list-style-type: none"> <li>▪ Establishing a diverse logistical system resilient to external influences;</li> <li>▪ Construction of new roads, modernization and reconstruction of existing routes, as well as development of railway infrastructure with the aim of increasing throughput and ensuring comfortable transportation of passengers and cargo.</li> <li>▪ Modernization and expansion of port infrastructures on the Danube, as well as the introduction of technologies that allow convenient transportation of goods between different modes of transport, in particular by rail and sea.</li> </ul>
Demining and recultivation of agricultural lands	<ul style="list-style-type: none"> <li>▪ Removal of unexploded ordnance to ensure safety in agricultural areas and avoid possible traumatic events during agricultural operations.</li> <li>▪ Demining of agricultural lands in order to restore working lands and ensure their safety for local residents and agricultural workers.</li> <li>▪ Removal of the remains of destroyed military equipment, which can interfere with agricultural operations and threaten the life and health of people.</li> <li>▪ Reconstruction and replacement of damaged craters, trenches and other fortifications created during hostilities to restore normal functioning of agricultural land and infrastructure.</li> </ul>
Implementation of reforms aimed at European integration and Ukraine's prospect of joining the EU	<ul style="list-style-type: none"> <li>▪ Comprehensive market regulation;</li> <li>▪ Adherence to standards regarding agricultural activities, product safety, environmental protection, and animal welfare.</li> </ul>

Thus, the agricultural sector faces various challenges that require both short-term and long-term planning. The identified areas of financing for the recovery and reconstruction needs of the Ukrainian agro-sector shape its current state and will affect future development. The implementation of these areas requires a high degree of flexible adaptation of the agro-sector to external environmental conditions in order to enable agrarian sector enterprises to function sustainably in the long run.

The agro-sector is facing diverse tasks that demand both short-term and long-term planning. The identified financing areas for meeting the recovery and reconstruction needs of the Ukrainian agro-sector shape its current state and will impact future development. Realizing these areas necessitates a high degree of flexible adaptation of the agro-sector to external environmental conditions, to make it possible for agrarian sector enterprises to function sustainably over the long term.

In this regard, to ensure the implementation of the proposed areas of financing for the recovery and reconstruction needs of the Ukrainian agro-sector, it becomes objectively necessary to fulfil a set of socio-economic conditions for their implementation, in particular: ensuring diversification of the agricultural structure; conducting ongoing monitoring of competition and market access, regional differentiation, conducting administrative examination of financial management of recovery funds and permanent assessment of the effectiveness of agrarian policy tools. Even if the directly affected regions have high priority for recovery and corresponding resource allocation, less affected regions should not be neglected. The started decentralization process provides opportunities for regionally diverse models of economic development. At the same time, the conditions of competition for agrarian enterprises and farms must be equal.

Fulfilling these conditions for the agro-sector will facilitate the implementation of the formulated areas of financing for meeting the recovery and reconstruction needs of Ukraine's agro-industrial sector along the strategic and tactical contours

of solving tasks, with the goal of rationally optimizing the resources of agro-sector enterprises and their ability to adapt in the face of transformational change.

Meeting these conditions for the agro-sector will promote realizing the stated financing areas for the recovery and reconstruction needs of Ukraine's agro-industrial sector along with strategic and tactical outlines for addressing tasks. This is with the purpose of rationally streamlining the resources of agro-sector enterprises and their capacity to adjust under transformational shifts.

## DISCUSSION

The conducted analysis of the state, development trends of the agrarian sector of Ukraine, and state support of agricultural enterprises in wartime allowed to identify the main problems, define, summarize and systematize the areas of financing the needs for recovery and reconstruction of Ukraine's agro-industrial sector.

Based on a review and consolidation of scientific papers on the development of Ukraine's agro-sector and approaches to increasing the sustainable productivity growth of entrepreneurial structures in Ukraine's agrarian sector in the post-war period, this study proposes an original scientific and methodological approach to identifying areas of financing needs for recovery and reconstruction of Ukraine's agro-industrial sector.

The proposed approach, unlike those highlighted in (Rauv et al. (2023); Lupenko et al. (2023); Vdovenko et al. (2015); S. Kramon-Taubadel (2022); Zhuk et al. (2023); Vasilyeva and Goroshkova (2022), Andrushkiv et al. (2023); Welsh and Dodd (2023)) provides for determining the relationship between the areas of financing the needs for recovery and reconstruction of Ukraine's agro-industrial sector along the strategic and tactical outlines for addressing the tasks of its strategic development, which shape its current and future state, and the implementation of a set of socio-economic conditions for their introduction in an environment of transformational change.

## CONCLUSIONS

Agricultural enterprise development is characterized by changes like production through the correct choice of financial support. It will contribute to the rapid transformation of agricultural production technologies, multifunctionality, and the transformation of information into a factor of production. State support for agricultural enterprises is currently being actively developed in Ukraine. The sector is one of the priority industries in the country. Attracting investment in the development of an agricultural enterprise saves on the cost of its services and reduces the environmental impact of the use of natural resources. This is particularly important in the agricultural sector.

The analysis of the state, trends in the development of the agricultural sector of Ukraine, and state support for agricultural enterprises during the war made it possible to determine the directions for financing the needs for the restoration and reconstruction of the Ukrainian agro-industrial sector, systematized according to the strategic and tactical contours of solving the problems of its future development and a set of socio-economic conditions for their implementation. Fulfilment of these conditions will contribute to the establishment of a process of strategic and tactical tasks, ensuring the stable development and competitiveness of the Ukrainian agro-industrial sector in the face of modern challenges.

The directions of financing the needs of the reconstruction of the agricultural industry of Ukraine identified by the authors of the article are characterized by multidimensionality and systematicity, which makes it possible to permanently take into account their strategic and tactical components, to determine the elements of the configuration of its current and prospective state, which will ensure the possibility of involving subjects of various levels in order to timely identify, prevent and elimination of the effects of destabilizing factors to achieve the interests of agro-industrial business structures.

Among the socio-economic conditions for the implementation of the proposed directions are: ensuring the diversification of the structure of agriculture; conducting constant monitoring of competition and access to markets, regional differentiation, conducting administrative expertise on the management of recovery financial funds and permanent assessment of the effectiveness of agricultural policy instruments. Fulfilment of these conditions for the agricultural sector will contribute to the implementation of the formulated directions of financing the needs of recovery and reconstruction of the Ukrainian agro-industrial sector in order to rationally optimize the resources of agricultural sector enterprises and their ability to adapt in the conditions of transformational changes.

There are many programs of state support for agricultural enterprises in Ukraine. It includes grants, support for livestock and crop production, cheaper loans, land reclamation, horticulture development, compensation for agricultural machinery, farm support, financial support and agricultural insurance.

The government continues to support agricultural businesses during the period of martial law through the implementation of financial programs and negotiations with other countries. These countries have agreed to support the initiative of Ukraine and to strengthen the development of the agricultural sector.

Further research will be aimed at developing a set of tools for the implementation of defined areas of financing the needs of recovery and reconstruction of the Ukrainian agro-industrial sector according to the strategic and tactical contours of solving the tasks of its development and evaluating their effectiveness.

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## ADDITIONAL INFORMATION

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*The Authors declare that there is no conflict of interest.*

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## НАПРЯМИ ФІНАНСУВАННЯ ПОТРЕБ ВІДБУДОВИ АГРАРНОГО СЕКТОРА УКРАЇНИ

Аграрний сектор України, відіграючи значну роль у формуванні основних макроекономічних показників, перебуває під постійним впливом різноманітних факторів, що робить його динамічним і непередбачуваним. Ці виклики ставлять перед агросектором завдання гнучкої адаптації в умовах воєнного стану та післявоєнного періоду до необхідності відбудови для забезпечення сталого функціонування та позиціонування його на майбутнє.

Метою дослідження є визначення напрямів фінансування потреб у відновленні та реконструкції агропромислового комплексу України відповідно до стратегічних і тактичних контурів виконання завдань його перспективного розвитку, реалізація яких сприятиме економічному зростанню цієї галузі; подальшої трансформації аграрної політики України щодо державної підтримки підприємств агропромислового комплексу, інтернаціоналізації та зміцнення міжнародного партнерства.

У статті запропоновано оригінальний науково-методичний підхід до визначення напрямів фінансування потреб відбудови АПК України, який передбачає визначення співвідношення напрямів фінансування потреб відновлення та реконструкції агропромислового комплексу України відповідно до стратегічних і тактичних контурів вирішення завдань його стратегічного розвитку, які формують його поточний і перспективний стан, та виконання комплексу соціально-економічних умов їх реалізації в умовах трансформаційних змін. Серед соціально-економічних умов реалізації запропонованих напрямів у статті визначено: забезпечення диверсифікації структури сільського господарства; проведення постійного моніторингу конкуренції та доступу до ринків, регіональної диференціації, проведення адміністративної експертизи щодо управління фінансовими коштами відновлення та постійної оцінки ефективності інструментів аграрної політики.

**Ключові слова:** державна підтримка, фінансове забезпечення, аналіз, сільськогосподарські підприємства, форми державної підтримки, напрями відбудови, регіони, стратегічний і тактичний контури виконання завдань

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