

INFORMATION-ADVISORY PROVIDING OF AGRARIAN SECTOR DEVELOPMENT: FOREIGN EXPERIENCE, RECOMMENDATIONS FOR UKRAINE

ІНФОРМАЦІЙНО-КОНСУЛЬТАЦІЙНЕ ЗАБЕЗПЕЧЕННЯ РОЗВИТКУ АГРАРНОГО СЕКТОРУ: ЗАРУБІЖНИЙ ДОСВІД, РЕКОМЕНДАЦІЇ ДЛЯ УКРАЇНИ



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Transition of the agrarian sector of the economy of Ukraine to innovation-based growth involves implementation of a system of measures aimed at increasing its efficiency, structural and technological competitiveness, provision of well-balanced social and economic development of rural areas, and in particular of depressed regions, taking into account the risks, threats and possibilities obtained due to European Union's (hereinafter the EU) provision of the autonomous preferential trade regime to Ukraine, in particular for national agricultural commodity producers (hereinafter – ACP). As foreign experience proves the significance of information and advisory services in different directions of agricultural production, development of rural areas, and export of agricultural products to the EU member states in particular is greatly increasing under such circumstances.

Consulting can be traced back to the 19-century England when, in the course of the Industrial Revolution, the first factories appeared and competition called forth constant improvement of entrepreneurial and management methods within business structures. Thus, in 1867-1868 the University of Cambridge made first practical attempts to spread knowledge, which was further called 'extension'. Furthermore, the term 'agricultural extension service' was first used in 1914 in the USA with adoption of so-called Smith Law.

Activity of advisory organisations is specific, especially in the sphere of agricultural production. There are different approaches to technologies of its organisation, estimation of efficiency and sources of financing etc., which require carrying out of respective scientific research. Moreover in the EU the significance of information and advisory services is fixed in legal instruments of member states of the organisation as well as in legal instruments of the EU. Thus, Council Regulation (EC) No 73/2009 establishing common rules for direct support schemes for farmers under the Common Agricultural Policy and establishing certain support schemes for

farmers, amending Regulations (EC) 1290/2005, (EC) 247/2006 and repealing Regulation (EC) 1782/2003 includes a provision that member states shall have a consultancy system for farmers (i.e. advisory system)

on issues of land and management of farms with one or several appointed bodies or private organisations, and the system itself shall meet national requirements of farming in the country. All this becomes more topical on the background of signing the economic part of the Ukraine-European Association Agreement on 27 June of this year in Brussels and makes studying of world practices of agricultural advisory services organisation more vital including for member states, for their further implementation in national regulatory field, in particular in the Agricultural Code of Ukraine initiated by the Ministry of Agrarian Policy and Food of Ukraine, the work over which is being carried out with participation of key domestic scientific schools of agrarian specialisation and foreign world-known experts.

Procedure and methodological issues of functioning of informational and advisory systems (hereinafter IAS) for assurance of ACP development in financial and economic, management and marketing spheres are described in works of P.A. Andrieiev, V.M. Bautin, A.A. Broiak, M.Ya. Veselevskiy, H.M. Demyshkevych, A.L. Eydis, Yu.I. Klymenko, V.V. Kozlov, L.S. Kolotov, R.Ya. Korinets, M.F. Kropyvko, V.V. Lazovskiy, V.V. Makovetskiy, V.H. Savenko, I.S. Sandu, A.I. Filatov, A.V. Chaianov, B.I. Shaitan and other key scientists-economists.

On the other hand certain aspects of the systems of management, financing and efficiency of functioning of agricultural advisory organisations in foreign countries, including their role in structural and transformational breakthroughs in agrarian and sectorial construction of economies of the USA, Germany, Great Britain, Canada, Denmark and Poland have not been studied sufficiently yet. What else should be additionally systematised is problematic issues of structural and dynamical character of the management system of

national agricultural advisory services with further development of relevant instrumental apparatus of their levelling and implementation of the latter in sectorial regulatory instruction and methodological documents.

During the study we used regulatory, tactical and strategic, programme and instructional documents of Ukraine and other

countries – agrarian leaders, such as USA, Germany, Great Britain, Canada, Denmark, Poland, reporting and statistical information of the World Bank, FAO, USAID, and materials of scientific publications on development of agricultural advisory services for ACPs and rural areas. At the same time abstract, logical and monographic methods of research, statistical grouping and expert evaluations were applied during execution of the work.

As it was said earlier, foreign countries have great experience in establishment of organisations, which are engaged in provision of advisory and analytical services for ACPs on both systemic and one-off bases. Thus, the institute of systematic and regular agricultural assistance to rural working people in Great Britain, Germany, Denmark and the Netherlands commenced its formation a bit earlier than in Russia, in the middle of the 19th century. The experts of the Trinity College (Cambridge, Great Britain) are considered to be the first who began to provide advisory services to farmers in 1867. Following the British, such activity was caught up by experts and teachers of agricultural colleges of the above mentioned countries. By the end of the 19th century these countries had established relatively independent advisory systems at educational institutions. In Denmark, an independent agricultural advisory service was established in 1870-1890 and in 1893, since the establishment of the Farmers Union, this service became a part thereof.

In 1810 in the USA the first agricultural journal *The Farm* appeared. It was issued two years only, and since 1819 J. St. Skinner commenced publication of a new journal *The American Farmer*, where framers were suggested to place information on their agrarian achievements and ways of solving problems, which appear in the process of farming. Pages of this periodical contained first pieces of advice worth attention, however there was also information which did not have any practical importance.

Morrill Act (1862) established specialised agrarian universities for teaching people how to carry out farming activity and crafts. No one other country but the USA can be considered an official founder of agricultural consultancy as an kind of activity, so far as in 1914 Smith-Lever Act was adopted, which determined partner relations between agricultural colleges and the Ministry of Agriculture of the USA for provision of advisory services to farmers. Under the law the

main functions of agricultural consultancy covered [3]: development of recommendations as to practical application of scientific knowledge; teaching and practical demonstration of existing or progressive methods and technologies in agriculture. Moreover the law determined that US federal government shall provide each state with certain financing on the basis of demographic estimations.

Nowadays, so-called grants are allotted annually by NIFA (the National Institute of Food and Agriculture).

First trials of the IAS were carried out during the First World War, when IAS helped nation to perform their military needs [13]: crop acreage was increased from 47 million acres in 1913 to 74 million in 1919; the US Department of Agriculture (USDA) was provided with assistance for performance of its new powers: support and develop agricultural and processing industry as well as marketing; military industry was also provided with help due to lack of labour force during harvesting by means of creating the Women's Land Army and the Reserve Army of Children.

During the First World War the IAS activity facilitated strengthening of its reputation as an educational system as well as an experienced agricultural consultant for individuals, organisations and federal government.

All in all even A.V. Chaianov stated in 1924 that in the USA local agricultural construction was carried out 'by principle of dividing the state territory into separate minor districts with one agriculturist being attached to each of them, who, as it used to be earlier, remains to be an agent of local high agricultural school' [12] on the basis of triad organisation of science, education and extension, which is rather attractive but hardly accommodated to modern conditions, which require first of all assurance of large-scale participation in implementation of all innovations.

During the Great Depression state colleges and the Ministry of Agriculture of the USA strengthened consultancy assistance in farm management for individual farmers. Consultants (Extension agents) taught farmers marketing and helped farm groups in organisation, purchase and sale of farms. At the same time the extension agents taught women how to conserve food surplus, gardening, poultry and cattle husbandry, looking after the elderly,

sewing, which helped many farm families to survive during the economic depression and drought.

During the Second World War the IAS worked with farmers and members of their families again as well as with members of 4-H youth organisation¹ in order to ensure growth of agricultural production,

Національні сільськогосподарські товаровиробники постійно стикаються з проблемами, вирішення яких залежить не тільки від заходів держави щодо підтримки їх збалансованого розвитку й регулювання аграрного ринку, а й від наявності відповідних знань та практичних навичок ведення господарської діяльності в умовах обмежених ресурсів та притаманних сучасному етапу розвитку національної економіки підприємницьким ризикам. Проте створені за обмеженої фінансової й технічної допомоги провідних міжнародних донорів, зокрема USAID, діючі нині малочисельні сільськогосподарські інформаційно-консультаційні (дорадчі) служби не в змозі задовольнити потреби численних сільськогосподарських структур підприємницького типу у просвітницькій роботі щодо тактико-стратегічних напрямів розвитку аграрної політики, надання дорадчих послуг з організаційно-економічних, техніко-технологічних, юридично-правових, соціальних, маркетингових та інших питань. Водночас у Регламенті (ЄС) № 73/2009 Ради ЄС про заснування спільних правил для схем прямої підтримки фермерів у рамках Спільної сільськогосподарської політики і про заснування деяких схем підтримки для фермерів чітко записано: кожна країна – член ЄС повинна мати систему консультування фермерів. Це в повній мірі кореспондує з 404 статтею Угоди про асоціацію між Україною та ЄС і таким чином змушує нас зкожого швидше завершити реформування системи сільськогосподарського дорадництва з метою покращення позицій українських фермерів у боротьбі за споживача на висококонкурентних ринках країн – членів ЄС.

National agricultural commodity producers constantly run into problems, which decision depends not only on the state efforts in supporting of their balanced development and adjusting of agrarian market but also from the presence of corresponding knowledge and practical skills of economic activity conducting in the conditions of limited resources and enterprise risks, inherent to the modern stage of development of national economy. However, small number of agricultural information-consultative (advisory) services, created with limited financial and technical help of leading international donors, in particular USAID, are still unable to satisfy the requirements of numerous agricultural enterprises in educational work regarding tactical and strategic directions of development of agrarian policy and providing advisory services on organizationally-economic, technological, legal, social, marketing and other questions. At the same time as it is clearly written in Council Regulation (EC) N 73/2009 establishing common rules for direct support schemes for farmers under the common agricultural policy and establishing certain support schemes for farmers, each country-member of EU must have Farm Advisory System. This statement completely corresponds to article 404 Agreement about Association Ukraine-EU and thus forces us to complete as soon as possible reformation of agricultural advisory system to improve positions of the Ukrainian farmers in a fight for a consumer on high competition's market in countries-members of EU.

¹ 4-H Club (the name stands for Health, Hands, Head, and Heart) is one of the biggest international children's out-of-school organisations, which performs its activity in more than 80 countries of the present world.

which had a particular significance during war time. Within five years total production of food was increasing yearly. According to [3] food production in 1944 was by 38% more than average rate for the period of 1935-1939.

The Victory Garden Program was one of the most popular programmes in the war time. Extension agents developed and actively implemented supporting programmes on provision of seeds, fertilizers and simple tools for gardening. Under estimations of [3] during 1942-1943 about 35 million families planted 'Victory Gardens'. The programme allowed growing vegetables for consumption by 40% more in these years.

Within the period from 1950 to 1997 the number of farms in the USA dramatically decreased: from 5.4 million to 1.9 million, whereas the size of lands of medium farms expanded. Whereas in 1950 one farmer provided food for about 16 people, in 1990 – 100 and in 1997 – about 140 citizens of the USA [14]. Despite the decreasing number of farms, such intensification of labour productivity appeared to be possible due to enhancement of mechanisation, application of modern chemical fertilizers, new seed hybrids and other technologies. Consultancy services for American farmers and rancho owners played an important role in extension of these innovations.

For the recent century the system of agricultural consultancy of the USA was been adapted to disharmony of economic conditions. Nowadays the Cooperative Extension Service works in six main spheres:

1. 4-H Youth Club develops important life skills which form character of growing generation and provide them help in choosing profession. Consultants teach young people elementary skills of farm management, after which they are able to help in food production, sew clothes, make furniture for a house, help on the farm, work in the garden and kitchen garden just as adults, work in fields, grow fruit and vegetables, breed poultry and milk-producing cattle, look after dogs, horses, fix electricity supply and preserve food.

2. Agriculture – realises research and educational programmes aimed at high-quality assistance to people in learning new ways of obtaining income by means of alternative kinds of activity, improvement of marketing strategies and managerial skills as well as assistance to farmers and rancho owners in improvement of productivity by means of resources management, new agricultural products production technologies and efficient marketing.

3. Development of leadership – training and consulting of experts and volunteers for implementation of programmes on gardening, health and safety, family and households as well as 4-H Youth Club who are able to act as a leader in the society.

4. National resources – teaches land owners and householders to use natural resources wisely and protect environment; offers educational programmes on efficient (rational) usage of water, forest resources and waste management: composting, disposal etc.

5. Family and households – helps families to manage a household efficiently: teaches systems of healthy diet, cooking, looking after children and the elderly, family communication, finances management and health safety.

6. Community and economic development – helps local authorities to study and create efficient projects of economic and social development aimed at creation and preservation of jobs, development of small and medium business, efficient and coordinated response to extraordinary situations, disposal of solid waste, development of tourism, training of labour force and land use planning.

Thus, unlike the majority of European systems the task of American IAS became expansion of knowledge on not merely agriculture, but economy and house holding, among population.

Irrespectively of the programme, the activity of advisory service meets community needs on a local level. In addition IAS provides advisory services online. One of the purposes of the IAS is development of a uniform informational system on-line, where clients will have 24-hour access to reliable specialised information on a wide range of agrarian issues.

Information on IAS web-site is divided by directions of Communities of Practice (COP). Each direction includes articles, news, events and FAQ. Information on the site comes from agricultural universities and independent experts. All information is based on research and passes unbiased expert evaluation before publication.

Now let us study main elements of a mechanism of functioning and financing of advisory services of European zone on the example of Denmark, Great Britain, Canada, Poland and Germany, whose services are ranged by sources of financing such as state, semi-state and private [11]. At the same time the advisory service of Germany is a uniform system, subsystems of which differ by set of elements irrespectively of their appurtenance to federal lands. Let us study typical variants of functioning of IAS with different forms of financing. On Baden-Württemberg lands state advisory service at the Ministry of Agriculture dominates. There is a subdivision 'Training and Consulting' at the Ministry, which coordinates work of district consultation bureaus. It consists of three people, who supervise work in three directions: consulting, training and qualification upgrading.

In Baden-Württemberg there are about 50 district agriculture administrations, whose main functions are consulting and training of agricultural commodity producers. They consist of a set of departments with total number of staff being on average 20-25 people. Consulting and Training department is at the heart of the district administration structure. Consultants on animal husbandry (cattle, sheep breeding), crop husbandry, protection of plants, land and water resources work in the department. The consultants are public servants. The workload of one state consultant involves 100-150 farm yards.

One district comprises 2-3 field consultants, whose activity is financed by semi-state sources. Their remuneration is provided by manufacturing associations (on pigs breeding, milk production, etc.) whereas 50% of expenses for maintaining such a consultant is compensated by the state. Employment of a consultant is carried out on a competition basis.

Main functions on agriculture management in some federal lands of Germany are delegated from the Ministry of Agriculture to the Chamber of Agriculture. Normally, the union of consultants, which is functioning in jurisdiction of the Chamber of Agriculture, provides advisory services for minor rural farms. Financing structure of such an advisory union is 30% by state and 70% by means of farmers contributions for their membership in the Chamber of Agriculture.

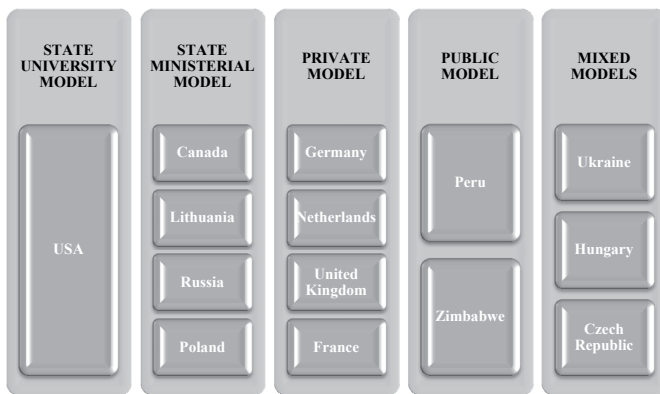
Let us take a look at activity of an advisory bureau of consultancy partners in Göttingen as an example of a private advisory service. Private advisory bureaus mainly service large agricultural enterprises.

A private consultant covers large range of issues, but the main emphasis in the activity of a private advisory bureau is given to economy of the enterprise (investment projects, agriculture development projects, business plans for loan taking, preparation of an application to a bank for taking a loan, etc.). The range of enterprises-partners of the private bureau, to whom advisory services were provided, is not restricted to one land only. Such consulted enterprises of this bureau include both minor farm yards of 'western' lands and large (by German standards) enterprises of 'eastern' lands.

The workload of one private consultant is from 30 to 50 farms. Average frequency of visiting of a serviced farm by the consultant is 4 times a year. Relations between a consultant and a farm are regulated by a written or oral agreement. A remuneration of a private consultant is on an hour basis – in proportion to time spent for providing consultations.

In Denmark information and advisory centres are located in suburbs within easy reach of farm yards. Around the centre building there are exhibitory and research plots, where specialists of the centre carry out their research and familiarize farmers with scientific achievements, explain how to use protection equipment, fertilizers, agricultural tools in the real world. Information and advisory centres are equipped with sophisticated computers and special classrooms for trainings. Great attention is paid to development of programmes

Figure 1: Visualization of models of extension system development in the world



Source: systematised by authors

and business projects, financial reports of farms (including accounting and tax reports are compiled for them, so far as major part of farmers do not have special knowledge and appropriate experience) and showing films on new technologies. Such centres regularly service up to 70 farms. Specialists of the centre provide information materials to farms month to month and organise on-site audits in order to settle out problems of the farm on the site and make sure that all their recommendations are duly implemented.

In Great Britain the extension service was state for more than 100 years and its activity was completely financed by means of budget funds and services were provided to clients free of charge. In 01 April 1997 it was privatised and transferred to self-financing. Nowadays the state is one of clients of the extension service. Consultations for farmers and different organisations and companies, connected with agriculture, are provided in the following directions: production of livestock products, main agricultural crops, horticulture, environment, management of farms, land resources management and development, product marketing, construction, building and equipment, research, carrying out of laboratory analyses, and specialized projects.

Canada's extension service constitutes a part of a department of regional agrarian services of the Ministry of Agriculture and Food and comprises 4 regional and 39 district divisions, where specialists-advisors, specialists on issues on agrarian economy, agrarian production (zootechnics, agronomy) agrarian business (management), engineers, and administrative personnel work. At district level specialists of the extension service provide services to producers and their families enhancing their knowledge and skills on agrarian management, marketing, new production technologies. Moreover, employees of extension service provide services to farmer's families as to improvement of conditions of their husbandry practice, planning of economic activity, organise and support 4-H clubs facilitating development of leadership in rural communities. Duties and obligations of specialists on agrarian production issues, who work in the four main regional extension divisions, except for provision of consultations to farmers, include also assistance to specialists of district divisions.

Polish extension service, which was established and functions by means of the state, is efficient and well-structured. Financing of the agricultural extension services from the state budget ensures free information to farmers and rural population, which is an important tool of ACPs. Upon adoption of the law 'On Agricultural advisory bodies' on 22 October 2004 the Centre of Agricultural Advisory Centre in Brwinów with branches in Krakow, Poznań, and Radom, whose activity was commenced on 01 January 2005, was established by means of transformation of the National Centre of Agricultural Advisory Services and Development of Rural Areas. Its activity covers the whole territory of the country and is directly subordinated to the minister of agriculture and development of rural

areas. Actual tasks of the Centre involve measures on increasing the level of income and competition of the farms with a purpose to facilitate stable development of rural areas.

Figure 1 shows a systematised model of extension system development in the world. At the same time we should admit, that in countries under analysis the need for agricultural advisory services emerged in a period of general economic depression and agriculture deterioration, when government made all possible active attempts to reform the sector and implement new mechanisms, which would ensure crisis overcoming.

In Ukraine legal feasibility of carrying out agricultural advisory activity is envisaged by a similarly-named law, according to which agricultural advisory activity is a set of actions and measures aimed at satisfaction of needs personal rural and farm yards, farm companies and other agricultural enterprises of any form of the ownership and enhancement knowledge and practical skills of rural population as to profitable farming [9]. Advisory services (AS) alongside with agro-consulting companies and extension centres are structural components of Ukrainian IAS in agriculture. For the period of their existence AS have paid an important role in assurance of privatisation processes and denationalisation of land and property, establishment of farming, reformation of former collective farms into market oriented organisational institutions. However in present Ukraine agricultural advisory services as a system of consultations for agriculture commodities production has not been properly developed yet. Network of advisory services is being still under formation. Nowadays advisory services encompass, according to data [2; 4; 10], less than 5% ACPs whereas as on 01 January 2014 only 71 AS had been registered where 1392 professional agricultural advisors work. At the same time all AS, agricultural advisors and expert advisors are united in All-Ukrainian Civic Organisation 'National Association of Agricultural Advisory Services of Ukraine' established on 11 March 2003 with the purpose to increase living standards and prosperity in rural areas by means of enhancing knowledge and practical skills of rural population and ACPs, satisfaction and protection of social, economic, professional and other common interests of members of the association.

At the same time we have identified main reasons which restrain development of agricultural advisory services in Ukraine at present:

1. Slowdown of institutional base of advisory system. Thus, the decree of the Cabinet of Ministers of Ukraine 'On adoption of an activity plan as to implementation of the Concept on formation of the State system of agricultural advisory services for the period to 2015' [7] envisaged even in 2012 establishment of a National centre of agricultural advisory system and oblast agricultural advisory system with rayon branches. However, even now such centre has not been established de-facto.

2. Decrease of financing agricultural advisory activity from the state budget as well as incomplete usage of state funds directly by advisory services: materials of the audit conducted by Accounting Chamber as to execution of measures of the State target programme of Ukrainian village development for the period to 2015 in part of advisory services support prove that for this purpose by this programme UAH 7 m or 15.6% of predicted volume, in particular in 2008 – UAH 3487.6 thousand (33% of the predicted volume), 2009 – UAH 1863 thousand (17.3 %), 2010 – UAH 1659.4 thousand (14,9 %) [1] was used from the state budget. In 2012 UAH 1600 thousand out of planned UAH 2 million were used, and in 2011 and 2013 money for state support of agricultural advisory services was not allotted at all.

3. Difficulties in procedure of receiving budget funds by advisory services, what hinder ensuring balanced development and regularity of advisory services provision as well as due payment of social charges. Financing of socially oriented services from state budget is provided as earned, i.e. all disbursements connected with performance of advisory activity shall be ensured by the advisory service, and upon submission of a work completion report territorial administrations

of agro-industrial development shall compensate for costs. Due to lack of possibility to receive funds from state budget by advisory services as well as low level of their own working capital, advisory services often do not have any possibility to reimburse expenses for advisory activities.

Problems with payment of social charges of advisory services are caused by the fact that at the moment of compilation of a work completion report they are obliged to pay a uniform social contribution² and actual absence of account settlements on the part of the State Treasury as to reimbursement of costs of advisory services makes its execution impossible.

4. Low payment capacity of organisation and entrepreneurial elements of agrarian sector results in lowering their possibility to order agricultural advisory and consultancy services: according to [4] the share of farms in a total number of farm enterprises with a level of sales proceeds up to UAH 50 thousand a year in 2012 comprised nearly 50% with loss level being 8.5%. Recent years witnessed decrease of the number of farm enterprises: in 2012 – by 289 units in comparison with 2011 and by 848 units in comparison with 2010 [4]. The number of physical entities – entrepreneurs in agriculture also decreased in 2012 in comparison with 2010 by 8814 entities or by 29.7 % whereas the share of households in rural area with monetary income per capita a month being lower than minimum subsistence level per month in the 3rd quarter of 2013 was about 16%.

5. Low cost of socially-oriented advisory services: common order of the Ministry of Agrarian Policy and Food together with the Ministry of Economy of Ukraine 'On adoption of cost of socially-oriented advisory services' dated 21 November 2007 No 816/394 determined their cost as following [6]: one day seminar for 25 people-participants – UAH 2000; demonstrative display for 30 people – UAH 3294.24; individual advisory services – UAH 25 per hour; information issues (booklets, information hand-outs, brochures) – UAH 200 per issue. Since 2007 the price of services has not been reviewed, what under present conditions leads to economic inexpediency of provision agricultural advisory services or make them create additional package of services, payment for which would come to created affiliated structures.

6. Abridgement of international programmes on technical support of development of agricultural advisory services in Ukraine. In Ukraine out of 71 registered advisory services only few operate. Their activity is mainly financed by means of international technical assistance, but major part of international projects has been completed or is at the stage of their completion [2].

On the state level the significance and importance of advisory services in performance of agricultural activity in Ukraine is underestimated at present, what was logically extrapolated to usage of opportunities of the EU Autonomous preferential trade regime for our country by ACPs. Moreover at the meeting of the Government on 09 July of this year the premier—minister of Ukraine Arseniy Yatseniuk stated: '... I am absolutely not satisfied with the level of how we use our possibilities to export Ukrainian goods to the EU member states. The doors are open, but no one goes there. Well, we started to supply honey. This is important, no doubt. But there are also many other opportunities, which, unfortunately, our entrepreneurs do not use.' [5]. We should notice that under estimation of the Ministry of economic development and trade of Ukraine total economic effect from trade preferences with EU for Ukrainian economy is estimated in the amount of EUR 497 m, out of which EUR 340 from export of agricultural products.

² Uniform social contribution was paid to the Pension Fund and since 01 October 2013 the procedure on its administration was imposed on the Ministry of Revenue and Duties of Ukraine under the law of Ukraine 'On introduction of changes to certain legal acts of Ukraine due to carrying out of an administrative reform' dated 04 July 2013 No 406-VII. It should be mentioned that according to the Decree of the Cabinet of Ministers of Ukraine dated 21 May 2014 No 160 on the basis of the Ministry of Revenues and Duties of Ukraine the State Fiscal Service was created whose competence covers administration of the Uniform social contribution on the basis of the Provision thereon approved by the Decree of the Cabinet of Ministers of Ukraine on 21 May 2014 No 236.

At the same time we should take into account that costs spent for support of advisory services, as experience of above mentioned analysed foreign countries proves, are covered by means of significant increase in efficiency and productivity of ACP activity. The output from investments into institutional development of advisory services is higher in comparison with other directions of state support of agrarian sector and comprises, under estimations of [2], 15-40%.

Incomplete development of the system of advisory services lowers competition capacity of entrepreneurial structures of small and medium-sized business in rural area. According to [4] at the beginning of 2013 in Ukraine there were about 100 agroholding companies, 4.9 thousand farms, 4.3 m individual farm households. Work in housestead lands and small holdings, where more than 80% of rural families participated, is very typical to Ukraine, though the productivity is 3-5 times less than that one in developed countries. At the same time according to [4] these numerous minor agricultural commodity producers produce about 55% of gross agricultural products including 80-95% of labour-intensive products – milk, potato, fruit and vegetables etc. However in fact they do not have direct access to the civilised agrarian market including the European one, they are not duly grouped for common economic management, they do not have proper knowledge or skills of profitable economic management and they do need help in settlement of these and many other economic, marketing, logistical and social issues, first of all by means of receiving advisory services. As a result at the moment only 4 Ukrainian poultry plants and few producers of casein, fish and honey have a right to export their products to the EU.

We should remember that development of the system of agricultural advisory services in Ukraine is an integral part of a large scale European integration process commenced on 27 June of this year. Thus, article 404 of the Ukraine-European Association Agreement indicates that cooperation between the parties in the sphere of agriculture and development of rural areas shall encompass, among other things, the following directions: extension of knowledge by means of trainings and information events; facilitation of innovation by means of research and promotion of the advisory system to agricultural producers.

Ensuring stable profitable farming in Ukraine efficiently operating advisory activity in agrarian sphere, hierarchically built in accordance with European standards, will facilitate formation of principally new production relations in the link 'ACP – other participants of agrarian market – state authorities – agrarian education and science', and decrease general level of poverty among rural population with simultaneous improvement of their well-being. We believe that to promote state support of agricultural advisory services development in Ukraine the following measures should be taken first and foremost:

1. The Cabinet of Ministers of Ukraine, the Ministry of Agrarian Policy and Food of Ukraine should:

□ ensure execution of the Activity Plan as to implementation of the Concept on formation of the state system of agricultural advisory services for the period to 2015 in part of assurance of provision of socially-oriented advisory services for at least 90% of farm undertakings and rural population for the period to 2015;

□ ensure execution of provisions of article 8 of the Law of Ukraine 'On Agricultural advisory activity' first of all in part of financing advisory activity in the amount of not less than 5% of costs provided by state target programmes aimed at development of agricultural activities and rural areas;

□ develop measures as to implementation of provisions of the Association Agreement between Ukraine and the EU and its member states in part of promotion of the advisory system to ACPs in Ukraine taking into account provisions of the Regulation No 73/2009 of EU Council, in particular in context of their implementation in Agrarian Code of Ukraine;



□ review the cost of provision of socially-oriented advisory services adopted by a common order of the Ministry of Agrarian Policy and Food and the Ministry of Economy of Ukraine on 21. 11.2007 No 816/394 'On adoption of cost of socially-oriented advisory services' by means of establishment of economically substantiated pricing which will cover expenses of advisory services.

2. The Ministry of Agrarian Policy and Food of Ukraine, oblast and rayon state administrations (within their jurisdiction) should:

□ ensure within a month after the end of the budget year presentation of a report on usage of budget funds aimed at financing of agricultural advisory activities on the web-site of the Ministry of Agrarian Policy, preparation of which is incorporated in clause 10 of the Decree of the Cabinet of Ministers of Ukraine 'On adoption of the procedure on usage of costs provided in state budget for state support of agricultural advisory service' dated 19.09.2007 No 1131 (as amended) [1];

□ facilitate involvement of establishments of agrarian science and education, institutions of the National Academy of Agrarian Sciences of Ukraine in cooperation with agricultural advisory services with the purpose to study possibilities to implement world experience on settlement of issues on information and consultation provision of functioning of agricultural activity in Ukraine [2];

□ consider possibility of establishment of advisory services on cooperative bases as well as on bases of state and private partnership involving business, professional and civic organisations;

□ ensure information extension via mass media to agricultural producers and rural population as to kinds and possibilities of receiving agricultural advisory services;

□ facilitate involvement of international technical support for creation and development of agricultural advisory services with participation of local self-governing authorities.

ЛІТЕРАТУРА

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