

FINANCIAL PROVISION FOR ORGANIC AGRICULTURAL PRODUCTION OF UKRAINE IN THE CONTEXT OF SUSTAINABLE DEVELOPMENT

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Introduction

Natural agro-production technologies have started to be introduced in Ukraine, but their activity is rather low, complicated by the existence of a significant transition period, which significantly reduces the profitability of the enterprises. The solution to this problem requires a comprehensive systematic research and development of a modern methodology of financial support for natural agro-production, which would involve a combination of state, traditional market and modern alternative sources of financing.

Methods

In accordance with the tasks the following research methods were used: scientific abstraction, induction and deduction, analysis and synthesis, logical generalization; comparative and statistical analyzes, logico-historical method and method of analogies (in the study of current trends in the development of financial support for natural agro-production); panel data analysis method, principal component method (in determining the impact of the country's natural resource intensity on economic growth); structural modeling method (in determining the optimal size of state and market financial support of agricultural production); methods of SWOT-analysis and PEST-analysis; correlation and multivariate regression analyzes (in determining the factors that influence the development of natural agro-production); taxonomic analysis (in determining the potential capacity of financial support for natural agro-production).

References

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Results

It was suggested to consider "green" finance as a segment of the financial system at the subnational, national and supranational levels, within which a set of ecological-economic and socio-economic relations between economic agents (state institutions, private investors and financial intermediaries) is formed, arising from the creation, use, and regulation of financial instruments to ensure sustainable economic development and obtaining socio-ecological-economic effect.

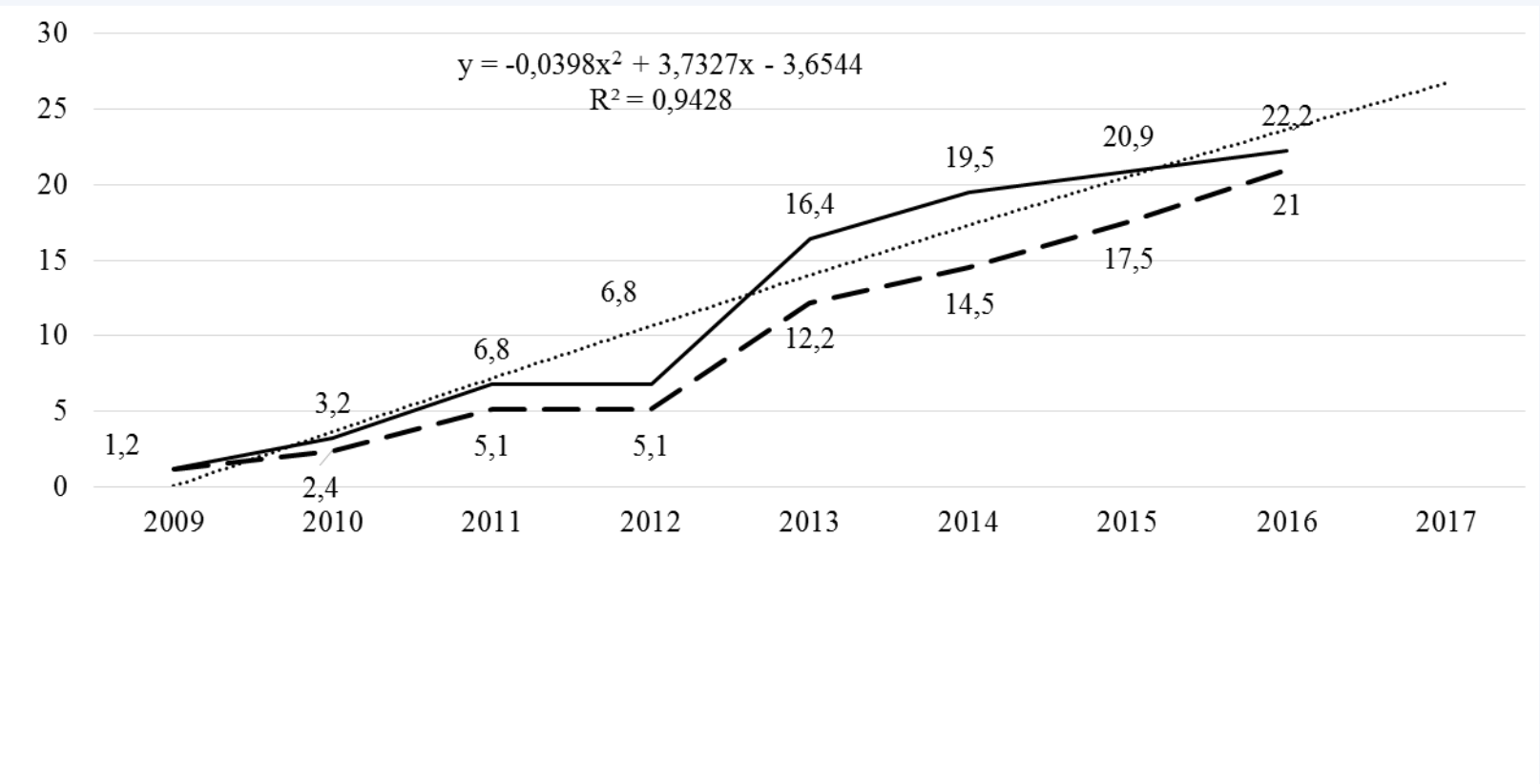
The concept of multi-channel financial provision for organic agricultural production was developed. It is aimed at the formation of green growth through internal and external channels, taking into account the principles of organic agricultural production and financial provision, harmonization of the interests of a wide variety of stakeholders at different levels (micro-level, subnational, national, supranational) with regard to objects and methods of financing (traditional and/or alternative).

The main indicators of the development of natural agro-production in Ukraine

Year	Sales of organic products, million UAH *	The share of organic products in agricultural production, %	Share of organic produce, in farmers' products, %	The share of natural agricultural land in farmland
2007	6,92	0,01	0,20	5,95
2008	7,7	0,01	0,13	6,24
2009	13,04	0,01	0,26	6,28
2010	25,27	0,01	0,21	6,29
2011	56,56	0,03	0,36	6,52
2012	52,38	0,02	0,38	6,50
2013	129,44	0,05	0,68	9,20
2014	227,79	0,09	1,19	8,76
2015	424,02	0,18	2,24	9,44
2016	594,09	0,23	2,69	8,59

* translated by the author at the weighted average euro exchange rate according to the NBU

Comparison of real volume of organic produce with estimated potential financial security capacity, EUR million



Discussion

The market for organic products is a dynamically developing market but remains unconsolidated. The leading players in the market are the USA, Germany, France, Great Britain. The Ukrainian market is developing dynamically, but despite its significant growth, it remains small in size and therefore has significant risks. Based on a combination of principles of SWOT-analysis and PEST-analysis, vectors of strengthening the development of the financial provision of organic agricultural production in Ukraine were determined.

Based on the taxonomic method for determining the integral indicator taking into account the most important factors influencing the general financial situation of the sector, the general state of organic agricultural production development in Ukraine and the level of state financial provision, the scientific and methodological approach for identifying the potential capacity of financial provision for organic agricultural production in Ukraine was developed.

The classification criteria of crowdfunding were identified as the following: the purpose of the project, the mechanism of the reverse cash flow formation, the requirements of replenishment, the reservation of the target amount and inter-entity relations.

Conclusion

The potential capacity of the Federal Social Security Fund of Ukraine has been determined on the basis of a taxonomic method of calculating the integral index, taking into account the most important factors of influence, which reflect the state of market financial support and the level of state financial support. The difference between the real and the calculated indicators creates that corridor of a permissible change towards a possible increase of the Federal Security Service of Ukraine in the context of sustainable development.

Acknowledgement