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# EASTERN PARTNERSHIP

## Rural and Agricultural Advisory Systems: Best Practices and Experience in the Eastern Partnership



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# AGRICULTURAL ADVISORY SERVICES IN UKRAINE AND FUTURE PROSPECTS



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International Conference  
Rural and Agricultural Advisory Systems (RAAS): Best Practices  
and Experience in the Eastern Partnership

# Why agricultural advisory services are important for Ukraine ?

- Rural population (2014) - 14164,9 thousand people or 31,3% of total population.
- Agricultural land - 42744,5 thousand ha.
- The number of owners of land shares (stocks) - about 7 million persons, the average share of about 4 hectares.
- The number of people employed in agriculture (2014) - 3577,5 thousand people or 17,5% of total population.
- Including hired workers - 659,9 thousand people

## NUMBER OF AGRICULTURAL ENTERPRISES

as of July 1, 2013

• Commercial companies	8295
• Private entities	4153
• Production cooperatives	810
• <b>Farming enterprises</b>	<b>40856</b>
• State-owned enterprises	278
• Enterprises of other economic activity type	1466

# History in documents

- The 90-ies of the XXth century – The creation of the first services in the framework of international technical assistance projects.
- 2001 - The concept of formation and development of a network of agricultural advisory services in Ukraine (Ministry of Agrarian Policy, Ukrainian Academy of Agrarian Sciences, the National Agrarian University).
- 2001 - the term «agricultural advisory service» was first used in the Law of Ukraine «On Stimulating the Development of Agriculture for the Period 2001-2004».
- **2002 - Preparation of proposals on improvement of the legal framework and the development of a network of agricultural advisory services by the Cabinet of Ministers of Ukraine was assigned to the priority provisions of the Programme of Ukraine's integration into the European Union in 2002.**
- **June 17, 2004 – the Law of Ukraine «On Agricultural Advisory Activities».**
- **2007 – National target program of agricultural advisory activities for the period until 2009.**
- 2011 - The concept of the formation of the national system of agricultural extension.
- 2011 - Action Plan to implement the Concept of formation of the national system of agricultural advisory services for the period up to 2015.

# The Law of Ukraine «On Agricultural Advisory Activities»

## Two main objectives of these activities were identified:

- Improvement of the welfare of the rural population;
- Development of the rural areas.

The Law defines the main tasks of these activities:

- raising **knowledge level** and improving **practical skills** of conducting profitable business;
- providing economic entities and rural population with **advisory services on economy, technology, management, marketing, accounting, tax, legislation, ecology, and the like**;
- Providing advisory services to **executive bodies and local municipalities** in the preparation and implementation of plans for socio-economic development, the formation of civil society;
- dissemination and implementation/commissioning of **modern technologies, the latest achievements of science and technology**;
- fostering the development of **non-agricultural businesses** in rural areas, including rural green tourism, increase of rural population employment and the like;
- work with **rural youth**, initiation and implementation of youth programs;
- **other tasks** as defined by law.

The marked objectives and tasks can be called universal: they cover all human activities in rural areas. **That is, in fact, we are talking about rural advisory services, and not just agricultural.**

## Basic methods of agricultural advisory work:

- o **Training** of producers and rural population;
- o **Studies** of the socio-economic problems of rural areas and **development of the options to address them;**
- o **Demonstration** of forms and methods of economic entities;
- o **Information support** provided to business entities and rural population, and **the like.**

# The Law of Ukraine «On Agricultural Advisory Activities»

## Subjects of agricultural advisory work:

- consultants,
- experts- consultants,
- advisory services.

**The law does not stipulate any restrictions in regards of organizational and legal form or ownership of agricultural advisory service.**

# The Law of Ukraine «On Agricultural Advisory Activities»

## The law establishes several mandatory requirements:

- a legal person can call itself an advisory service, if it is registered in the **Register of Advisory Services**;
- a legal person, wishing to be registered in the **Register of Advisory Services**, shall employ **at least three consultants** – physical persons, which are listed in the Register of Consultants;
- a physical person, wishing to be registered in the Register of Consultants, shall undergo **professional training**, pass a qualification exam, obtain a qualification certificate.



# The Law of Ukraine «On Agricultural Advisory Activities»

## The law provides that such activities may be carried out using:

- the state and local budgets,
- funds of economic entities,
- grants, international technical assistance,
- international programs and projects
- donations of physical and legal persons,
- other sources not prohibited by law.

# The Law of Ukraine «On Agricultural Advisory Activities»

## The law stipulates:

- In the **National Budget** of Ukraine for the relevant year there is a **separate line** stipulating **allocation of funding** for the national target program of agricultural advisory activities, providing **socially-oriented advisory services**.
- In accordance with the programs of social and economic development local municipalities and local government administrations every year make special provisions in local budget drafts allocating funds for advisory activities.
- National target programs, aimed at the development of agriculture and rural areas, provide for funding of advisory activities **in the amount of not less than 5%** of the funds allocated for these programs.

## Excellent law –poor performance

- Since the adoption of the law **none** of the national programs, aimed at the development of agriculture and rural areas, has provided for 5% of funding for advisory support.
  - Since 2012 there has been no government support.
  - Support by local budgets - the exception rather than the rule.
  - There are no real steps to create a public system of agricultural extension

# Reality

- As of 2014 - **74 legal persons** were registered in the Register of Agricultural Advisory Services and **1444 physical persons** were registered in the Register of Agricultural Consultants and Experts- consultants.
  - Certain services are fully operational with the support of international technical assistance projects or local budgets.
  - All services are legal entities of exclusively **private law**.
  - The amount of governmental support is no more than 2 million hryvnia per year, or **14 kopecks per rural resident**.
  - Budget funds are received by services **erratically**.
  - There is a government's debt to services for services already rendered.

**There is demand for services, but it is insolvent demand due to the poverty of the rural population.**

# Reality

## Private advisory services (there are no public ones):

- can not plan their activities in the face of uncertainty;
- do not see their own perspectives;
- tend to switch to other activities;
- refuse to use the national budget funds;
- terminate their activities.

In Ukraine, there is no **system** of agricultural extension, there are just its fragments, and the government is rather passive in regards of building such a system.

**The main providers of idea:** the National Association of Agricultural Advisory Services and our partners (Farmers' Association, the Union of Agricultural Cooperatives, Association of Rural and Village Councils), some universities.

# Working with faith in the future

Some results of the project «Improving the Competitiveness of the Dairy Sector in Ukraine» implemented by **Lviv Agricultural Advisory Service** (2008-2013), supported by the Government of Canada:

- 15 new family farms with livestock up to 2,752 cows were created ;
- 48 pastures were created on the area of 1152 ha;
- a pasture area of 688 ha was improved;
- the project participants - owners of cows- managed to increase milk production at their farms by 7,000 tons;
- more than 800 workshops, visited by 17,000 people, were conducted;
- more than 5,000 consultations were provided directly to farms;
- a system of monthly reference information for each cow (5,000 cows) was introduced ;
- a monthly laboratory evaluation of the quality of milk is implemented ;
- a cooperative association «Ravnopraviye(Equality)» was founded.



# Expanding opportunities with faith in the future

**Lviv Agricultural Advisory Service, Dnipropetrovsk Agricultural Advisory Service** implement a new project «Development of the dairy business in Ukraine»:

- The total budget - \$ 27700000 Canadian dollars.
- Term - 7 years (2014-2021)
- Direct beneficiaries - 5000 people
- Indirect beneficiaries - 10,000



- Financial Partners - Government of Canada - Ministry of Foreign Affairs, Trade and Development, Ecofund Danone in Ukraine, Danone Ukraine Foundation, Foundation «The Well-being of Communities» Dnipropetrovsk Regional State Administration, Lviv Regional State Administration.

## The Association Agreement between Ukraine and the EU

### Article 404

Cooperation between the Parties in the field of agriculture and rural development will cover, inter alia, the following areas:

- a. promoting mutual understanding of the policies in the field of agriculture and rural development;
- b. strengthening the administrative capacity at central and local levels with respect to planning, evaluation and implementation of policies;
- c. promotion of modern and sustainable agricultural production, taking into account the need to protect the environment and animals, in particular the spread of the use of organic production methods and the use of biotechnology, among other things, by adopting the best practices in these areas;
- d. exchange of knowledge and best practices on policies for rural development in order to promote economic well-being of rural communities;
- e. improvement of the competitiveness of the agricultural sector, efficiency and transparency of the markets and the conditions for investment;
- f. dissemination of knowledge through training and information activities;
- g. Promoting innovation through research and promotion of advisory services for agricultural producers;
- h. greater harmonization on the issues discussed in the framework of international organizations;
- i. exchange of best practices with respect to mechanisms to support policy in the field of agriculture and rural development;





# Future

**Single comprehensive strategy for the development of agriculture and rural areas in the years 2015-2020 (draft) – being developed with the support of the EU - as an example of efforts to find solutions:**

- Unsystematic provision of advisory services does not comply with the socio-economic needs of the society, the level of development of agricultural production and food security.
- It is necessary to create a network of agricultural advisory services at provincial and district levels with offices in rural (village) councils.



## Special opinion

In today's complex environment, **the financial resources of the Ukrainian state** are extremely limited. Despite the high importance of counseling for the development of agriculture and rural areas, it is hard to hope that the government will find resources for the creation of the public system of advisory services.

There is a need for an appropriate **program of international technical assistance**. It will be **different** from all previous programs due to the fact that it will focus not on the creation of separate counseling services, but on the formation of the public **system** of advisory services – i.e. entities and institutions - **together with the state and with the participation of the state**.

There are all preconditions for the success of such a program.





**Thank you !**  
**Welcome to cooperation!**



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