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REFORMATION OF FINANCIAL-BUDGETARY REGULATION SYSTEM OF THE AGRICULTURAL PRODUCTION IN THE CONTEXT OF MODERN INSTITUTIONAL TRANSFORMATIONS

Summary

The theoretical and methodological principles of budgetary regulation of agricultural production were revealed. Scientific and methodical approaches to the reformation of budgetary regulation as a component of the financial regulation system of the agricultural sector development in the conditions of modern institutional transformations were identified. The model of strategic program-targeted budgetary regulation of the agricultural production development in the system of perspective forecasting and planning of the country's agrarian and rural development was suggested. The specifics of institutional providing of the budgetary regulation system of Ukraine's agricultural sector development in the modern period were generalised. The main trends in the dynamics of the volume and structure of budget providing for the Ukraine's agricultural production in 2013–2023 were analysed. The features of transformation of the budgetary support mechanism for Ukraine's agricultural producers in war period were outlined. An assessment of the effectiveness of budgetary regulation of Ukraine's agricultural sector development in the pre-war and war periods was carried out. The directions of reforming the system, mechanisms and tools of budgetary regulation of Ukraine's agro-industrial production development have been identified.

Introduction

Supporting the sustainable development of agricultural production acts as a strategic priority of the state policy of the vast majority of countries, which is explained by the need to guarantee food security and meet the needs of the population in agro-food products of the appropriate range, quality and safety at affordable prices, stimulate the growth of the agrarian component of GDP, expand and increase export potential country, supporting employment and incomes of the population, filling the revenue part of the budget, etc.

The need for state financial regulation of the development of the agrarian sector of the economy is also determined by the need to achieve such national

goals as the effective use of the agro-industrial potential of the socio-economic growth of the country and the sustainable development of its rural areas, the achievement of a balanced structure of the production of agro-food products to meet the needs of domestic and foreign markets, and the provision of comfortable living conditions and life activities in rural areas and elimination of a significant gap between the living standards of the urban and rural population, reduction of irregularity in the levels of socio-economic development of the country's regions, economical and ecologically safe use of its natural resource potential, increase in the level of public welfare and health of the nation in general.

Financial and budgetary policy are the main instruments of the state's influence on the development of the agricultural sector, as it substantiates the peculiarities of the formation and directions of the use of budget funds for the development of the industry on the basis of the defined goals and priorities of the country's agrarian and rural development, taking into account the requirements for the effective achievement of planned specific sectoral and socio-economic results.

Many domestic and foreign researches are devoted to the issues of scientific substantiation of the system of budgetary regulation of economic development, in particular the improvement of the budgetary mechanism of influence on the dynamics of the development of agro-industrial production and rural areas, which undoubtedly contributes to the deepening of the understanding of budgetary policy as an important regulator of socio-economic processes. However, it is necessary to further develop research in the directions of strengthening the use of the regulatory potential of budgetary instruments of financial regulation and achieving their mutual adaptability in the implementation of the strategic priorities of the country's agrarian and rural development, in particular in the conditions of modern institutional transformations associated with the strengthening of financial and economic globalization, military challenges and the growing level of militarization of the economy, rapid digitization of public relations.

Chapter 1. Development of the theoretical and methodological approaches to the budgetary regulation of the country's agricultural production

Budgetary regulation as an important component of the system of financial regulation of trends in socio-economic processes is an effective tool for influencing the dynamics of the development of the country's agricultural production, as it is carried out within the framework of the approved priority areas of its development and taking into account the requirements for the effective achievement of specific planned results through the implementation of agrarian budget programs. The specifics of planning the volume and

structure of the agrarian budget expenditures determine the priorities for the development of agro-industrial production in the country and, forming these indicators, the state implements agrarian policy measures with defined goals, objectives, directions of activity, expected results and is able to influence the development trends of the industry and prevent negative processes in medium and long term.

Modern progressive approaches to the use of budgetary tools for regulating the development of the agricultural industry, namely, budget financing and budget lending, are based on the principles of medium-term program-targeted budget planning in section of budget programs of managers of the industry's budgetary funds. Its essence is the use of budgetary resources to achieve the planned strategic goals, tasks and results of the state's agrarian policy in the medium term, which allows for a progressive transition from planning sectoral budget expenditures to planning specific sectoral and socio-economic results from spending budgetary funds on the industry's development.

Since the dynamics of the volumes of budget expenditures of the agrarian direction and the peculiarities of their structure in the program, organizational, functional and economic classifications characterize the strategic directions of the development of national agro-industrial production, its priority sectors, as well as vectors of institutional transformations, by regulating these indicators, the state is able to implement consistent and an effective agrarian policy of supporting and reforming the industry, preventing and overcoming negative trends in the country's agrarian and rural development in the medium-term and long-term periods [1].

The program-targeted method of budgetary resources managing is a model of the organization of the budget process, which links the distribution and use of budgetary funds with the expected and achieved results of the activities of state organizations in the implementation of the priority goals and tasks of the socio-economic development of the country with the aim of obtaining maximum social utility from use of budgetary resources. In most economically developed countries the problems of rational formation of the volume and structure of budget expenditures and their effective and efficient use for needs to ensure sustainable socio-economic growth are solved within the program-targeted method of managing budgetary resources [2; 3].

The program-targeted approach creates preconditions for evaluating the effectiveness of budget programs and the activities of state organizations in solving priority tasks, as well as researching the socio-economic effect of budget expenditures and the activities budget funds managers. The assessment of the effectiveness of budget expenditures is a tool for increasing the efficiency and flexibility of budgetary resource management, since its integration into the budget mechanism allows for a constant analysis of the expected and achieved level of effectiveness of budget programs at all stages of the budget process

and, on this basis, to optimize the distribution (redistribution) of budget funds taking into account the criterion of achieving the required level of effectiveness of program measures.

The modern system of medium-term program-targeted budget management is being improved in the following main directions:

- strengthening of strategic orientation and increasing the time range of budgetary regulation by introducing long-term forecasting and medium-term planning of agrarian budget expenditures within the framework of the implementation of the country's socio-economic development strategies and sectoral strategies;
- improvement of theoretical and methodological approaches to the evaluation of the effectiveness of budget programs and activities of managers of budget funds, as well as deepening its application at all stages of the budget process;
- decentralization of strategic program-targeted management of budget expenditures by strengthening the independence and responsibility of budget funds managers for their targeted, efficient and effective use;
- development of internal financial control over the use of budget funds [3].

Achieving strategic orientation of the program-targeted management of budget funds for the agro-industrial sector development involves expanding the time range for the formation of indicators of agrarian budget expenditures within the framework of the implementation of the Strategy for the Development of the Country's Agro-Industrial Complex and Rural Territories, which will allow ensuring the compliance of the planned results of the activities of the sectoral state organizations with the strategic priorities of country's agrarian and rural development in the medium and long term (Figure 1).

This approach makes it possible to coordinate strategic plans for the development of the agricultural sector with the financial capabilities of the budget, as well as to ensure the direction of limited budget resources to fulfil the priority goals and tasks of the country's agrarian development, while simultaneously increasing the efficiency, effectiveness and economy of the use of budget funds.

The main goal of long-term/medium-term forecasting and planning of agrarian budget expenditures is to assess the resource potential for the implementation of the state's agrarian policy and the prevention the unjustified growth of budget expenditures by harmonizing strategic sectoral development plans with budgetary opportunities, which creates prerequisites for the sustainability of the industry's development in the medium and long term, achieving budgetary balance.

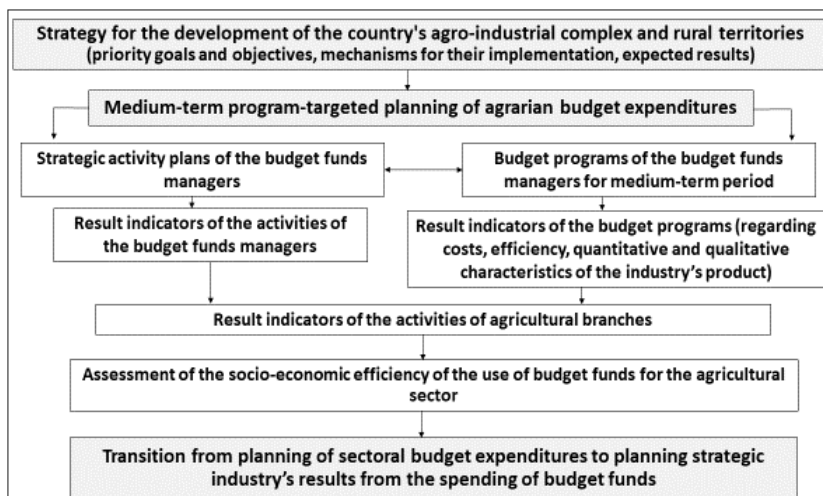


Figure 1. The model of strategic program-targeted budgetary regulation of the agricultural production development in the system of perspective forecasting and planning of the country's agrarian and rural development

Source: developed by the author

Within the medium-term forecast (limit) levels of agrarian budget expenditures and in accordance with the Strategy for the Development of the Country's Agro-Industrial Complex, the main managers of budget funds draw up strategic plans for their activities, which will determine their main goal as a subject of state administration in the relevant field, strategic goals, tasks, activities, measures for their implementation and expected results in the medium and long term, and will also contain a list of budget programs necessary for the implementation of the planned goals and tasks, as well as the necessary volumes of budget financing of their activities.

In order to implement the activities strategic plans, the main managers of budget funds form budget programs for the medium-term period (from 3 to 5 years), the passports of which must contain the main purpose of their formation, goals and objectives for its achievement, types and directions of activities, volumes of budget funding, as well as a list of the result indicators, which can be used to assess the degree of achievement of the set goals.

Long-term forecasting and medium-term planning of budget indicators should be carried out using the sliding method of formation, which assumes that after the end of the budget year, the corresponding indicators of the next year are added to the forecast/plan indicators, and the previous forecast/plan

indicators remain either unchanged or can be adjusted taking into account the need making changes. Thanks to the mentioned approach, agrarian policy acquires signs of continuity, consistency and predictability [3].

It is important to note that modern state finance management systems are not sufficiently oriented to the assessment of the results of management activities, which is most often manifested in the planning of budget expenditures based on the indicators of previous periods, adjusted for the level of inflation, without taking into account the assessment of the expected and achieved level of effectiveness of budget programs, and as well as carrying out an analysis of the effectiveness of the use of budget funds by determining the level of execution of the budget expenditures planned indicators without assessing the level of achievement of the expected result indicators. The effectiveness of budget expenditures occupies a central place in the program-target model of budget resource management, which is explained by the implementation of planning processes and the execution of the budget expenditure part depending on the expected and achieved level of effectiveness of budget programs and the activities of budget funds managers.

With the full functioning of program-target budgeting, the emphasis is shifted from the management of budgetary resources to the management of budgetary results in matters of solving the priority tasks of the country's socio-economic development, which allows us to move to a qualitatively new level of the public finance management.

Regular systematic evaluation of the effectiveness of budget expenditures allows to create a complete closed system of management of budget resources aimed at ensuring dynamic optimization of the distribution and use of budget funds based on the criterion of the expected and achieved level of effectiveness. This will allow identifying insufficiently effective budget programs and analysing the possibilities of redirecting budget funds in favour other more effective and priority programs, which will create prerequisites for minimizing losses and maximizing results from spending budget funds at all stages of the budget process, as well as improving efficiency and economy of use of public finances in general.

Therefore, the strategic program-target management of agrarian budget expenditures should provide for the integration of the evaluation of the budget programs effectiveness in all stages of the budget process, which, in addition to the procedures of forecasting, planning, review, approval, execution, making changes, and control, should contain procedures for constant monitoring and evaluation of the level of effectiveness budget programs.

According to the results of the conducted research, the following are the main directions for improving the system of financial-budgetary regulation of the development of agricultural production and rural areas:

- strengthening the strategic nature of the budget funds management for the industry's development: deepening the application in the budget process of the principles of medium-term program-targeted planning of agrarian budget programs on the basis of the rolling method within the framework of long-term forecasts and medium-term indicative plans for the development of the agro-industrial branches, adopted in the Strategy for the Development of the Country's Agro-Industrial Complex with specified strategic priority goals and tasks, clear mechanisms for their implementation and expected results;
- achieving dynamic adaptability and synchronization of the use of budgetary tools of the financial regulation system of the agro-industrial production development based on the criterion of maximally efficient and effective achievement of the strategic priorities of its development;
- ensuring the full integration of the evaluation of the effectiveness of agricultural budget programs in all stages of the budget process and the development of its methodological basis, taking into account the specifics of the industry, which provides for:
 - specification and measurability of the expected results of the implementation of agrarian budget programs and the activities of their managers by forming a system of annual and quarterly result indicators for each budget program regarding costs, efficiency, quantitative and qualitative characteristics of the industry product, which must be specified in the approved passports of budget programs and strategic activity plans of their managers;
 - implementation of constant monitoring and assessment of the achieved level of effectiveness of the budget program in the process of its implementation and its comparison with the planned level defined in the passport of the budget program, while the actual effectiveness of the budget program will be determined by the level of implementation of the planned indicators of costs, product, efficiency and quality within the established terms of using the planned volume of budget funds;
 - optimizing the distribution and use of budget funds aimed at the industry development by revising and streamlining the list of agrarian budget programs, improving their internal structure based on the identification of insufficiently effective programs in the process of their implementation, identifying, on this basis, opportunities to save budget funds at all stages of the budget process and its redistribution in favour other priority agrarian budget programs;
- the introduction of an assessment of the final socio-economic efficiency of agrarian budget programs with the aim of determining and rationally using the multiplier effect of the anticipatory growth of the agricultural sector in order to obtain the maximum economic and social effect from the use of budget

funds, which involves a study of the impact of agrarian budget expenditures on result indicators agricultural industries, their development trends, the level of productivity, profitability and competitiveness of the national agricultural producers, as well as socio-economic indicators of the development of rural areas, the country as a whole;

– increasing the share of local budgets in the structure of budgetary regulation of the country's agricultural development by deepening the application of the principles of decentralization and subsidiarity in the state financial management.

Chapter 2. Scientific and methodical providing for reformation of financial-budgetary regulation system of the Ukraine's agricultural production development in the modern period

Unprecedented challenges and devastating consequences of full-scale military operations on the territory of Ukraine for all spheres of public relations, forced militarization of the national economy in conditions of ever-increasing needs for state support for the processes of its recovery and reconstruction in the affected territories, ensuring the stability of its key industries with simultaneous structural and institutional reconstruction in the context of the acceleration of European integration processes lead to an urgent need to reform the system of financial-budgetary regulation of the development of domestic agricultural production, which historically acts as a fundamental and system-forming component of the national economy.

Since 2014, the Ukraine's economy and its agricultural sector have been operating in the conditions of a hybrid war, which the Russian Federation unleashed against Ukraine, however, the large-scale military actions of the aggressor on the territory of our country since February 24, 2022 have created new extraordinary challenges, including and in the field of preserving the sustainability of national agricultural production, guaranteeing national and global food security.

Before the start of active hostilities, the Ukrainian agricultural sector accounted for almost 20% of the country's GDP and was one of the largest suppliers of food and agricultural products to international markets, accounting for up to 45% of our country's exports. Such a decisive influence of the agricultural sector on the pre-war dynamics of the socio-economic development of Ukraine and its rural areas, as well as its key role in guaranteeing the country's food security and maintaining the stability of the national economy during the war period, prove its strategic priority and significant internal potential for preserving and further increasing the volume of production and export activity even in the conditions of wartime risks and challenges of post-war recovery [4].

The importance and relevance of the research is also determined by the need to solve a number of applied problems regarding strengthening the effectiveness of budget instruments in achieving the strategic priorities of Ukraine's agrarian and rural development, supporting the financial stability and productivity of domestic agricultural producers in the military conditions and European integration challenges, stimulating the sustainable competitive development of domestic agro-industrial production in conditions of modern challenges.

In particular, in the context of the deepening of European integration processes, work continues on the realization of the strategic Plan for the recovery, reconstruction and modernization of Ukraine (Ukraine Plan), the effective implementation of which is a necessary condition for receiving financial assistance from the EU budget in 2024–2027 through the Ukraine Facility instrument, which, in turn, will act as a catalyst for accelerating Ukraine's accession to the European Union after it acquires the status of a candidate for membership on June 23, 2022. The sectoral development strategy of Ukraine Plan defines the agro-food sector as a key industry of national importance and global potential, the growth of which will ensure comprehensive development of the economy and activate related industries. This will require the concentration of investment resources and government efforts to stimulate the sustainable development of agricultural production, increase its competitiveness and productivity, facilitate adaptation to European standards, ensure the quality and safety of food products, as well as increase the level of environmental friendliness of production processes [5].

The priority directions of the Government's Wartime and Postwar Reconstruction Program also position the domestic agro-industrial complex and its processing component with a high content of added value as key points of postwar economic growth, reconstruction of the affected territories, support for the development of rural areas, and improvement of the population's well-being [6]. This will require the implementation of a scientifically based approach to budgetary regulation of anticipatory development of national agro-industrial production and its modernization according to sustainable, innovative, ecological, inclusive approaches of the EU's Common Agricultural Policy (CAP).

In accordance with the Law of Ukraine dated 06.12.2018 No. 2646-VIII "On Amendments to the Budget Code of Ukraine Regarding the Introduction of Medium-Term Budget Planning", in recent years, the Ukraine's budget process has been gradually transitioning from annual budget planning to the system of medium-term budget management, which involves the implementation of processes planning of agrarian budget expenditures for a three-year perspective within the framework of the implementation of strategic priorities of the country's agrarian and rural development.

According to the amendments made in Article 33 of the Ukraine's Budget Code, the preparation of the Budget Declaration as a document of medium-term budget planning, which must contain strategic goals of state policy, which are formed and detailed by the main budget funds managers in accordance with the national priorities defined in the Program of the Cabinet of Ministers of Ukraine. Indicators of their achievement should be determined for each goal of state policy, as each goal should have an understanding of the final result of the activity of the main budget funds managers in the relevant field or clearly define the direction of changes aimed at improving the situation or solving problems in this field.

The strategic goals of state policy, directions of the state organization activity regarding their implementation, as well as quantitative and qualitative indicators of the result, which will characterize the level of achievement of the established goals, should be reflected in the strategic plans of activities of the main budget funds managers. Thus, the achievement of the strategic goals of the state policy is ensured within the framework of the implementation of the strategic plans of the state administration through the implementation of their budget programs, the passports of which detail and specify the defined strategic goals, the activity directions, program measures for their implementation and expected results (result indicators of budget expenditures, of the obtained product, its quality, the level of effectiveness of program activities).

The Budget Declaration must contain the maximum (limit) budget expenditures for the main budget funds managers for each year of the medium-term period for the further planning of their budget programs, necessary to ensure the performance of the functions assigned to them, the realization of the defined strategic goals and the achievement of the planned results.

The return to medium-term budget planning was actualized only within the framework of the implementation of the Program of Extended Financing of Ukraine for 2023–2026 from the IMF with structural beacons in terms of fulfilling the requirements for the introduction of strategic indicative management of public finances to strengthen the country's financial stability in the context of wartime challenges [7].

The long-term priorities for the development of Ukraine's agro-industrial complex, the mechanisms of their practical implementation and the expected industry results are defined in the National Economic Strategy for the period until 2030, approved by Resolution No. 179 of the Cabinet of Ministers of Ukraine dated 03.03.2021. The strategy envisages measures to improve the efficiency of agrarian policy and the institutional capacity of state management bodies; ensuring access of agricultural producers to financial and educational resources; increase in the level of production manufacturability; development of elevator, transport and irrigation infrastructure; regulation of the structure of agro-industrial production in the directions of stimulating the development of

animal husbandry and its diversification, production of high-margin crops; increasing the share of the processing sector in the agro-industrial sector for reorientation to the production with a high content of added value; strengthening control over compliance with hygienic and sanitary requirements in the food products production; promoting the development of Ukrainian farming through the implementation of programs to reduce the cost of lending and loan guarantee mechanisms, technological support and advisory programs; taking effective measures to improve the quality of land resources, etc.

From February 24, 2022, a legal regime of martial law was introduced in Ukraine, the effect of which extends to all spheres of public relations, including the functioning of the agro-industrial sector. The urgent need to effectively overcome the military and European integration challenges for the sustainable development of national agro-industrial production requires a reformatting of the priorities of the budget policy regarding the support of the industry with emphasis on guaranteeing the food security of the country and its affected regions, effective support of the production and export activities of domestic agricultural producers in the conditions of war, speed up the recovery and reconstruction of the affected territories. Also, one of the top strategic priorities of budgetary support for the industry's development in the context of accelerating European integration processes is the dynamic transformation of the institutional foundations of the functioning of the domestic agricultural sector in accordance with the principles of the EU's Common Agricultural Policy and the stimulation of the implementation of key sectoral reforms in order to accelerate the transition to European standards of agro-industrial production in terms of compliance with "green" initiatives course, requirements for the safety and quality of agro-food products, stimulation of innovative, inclusive and digital components of the agricultural development, etc.

Budgetary regulation of the development of Ukraine's agricultural production in the pre-war and post-war periods was carried out in the following main directions: *budgetary financing of institutional providing for the functioning of the agricultural industry* (in particular, providing and regulation of the activities of institutions in the system of state management, operation of the state management and reclamation water complex and management of water resources, conducting land reforms, land inventory and updating the cartographic basis of the State Land Cadastre, ensuring the functioning of the Ukraine's Agrarian Fund, antiepidemiological activity); *direct state financial support of priority agricultural producers* through the provision of non-returnable budget dotations, subsidies, grants, compensations, assistance; *budgetary lending to farms*; *budgetary financing of fundamental and applied researches* in the field of agrarian economy.

The share of agrarian budget expenditures in the total volume of expenditures of the Ukraine's consolidated budget in the period 2013–2023 had

a steady tendency to decrease from 1.69% in 2013 to 0.26% in 2023, except for 2017 with an increase from 0.79% to 1.35% as a result of the abolition of the special value added tax regime for farmers and the gradual transition to predominantly budgetary regulation of the development of domestic agro-industrial production (Figure 2). The indicated negative long-term trends contradict the declared strategic tasks of transforming Ukraine into a powerful agrarian state with anticipatory steady growth of agricultural production as a key GDP-forming link of the national economy.

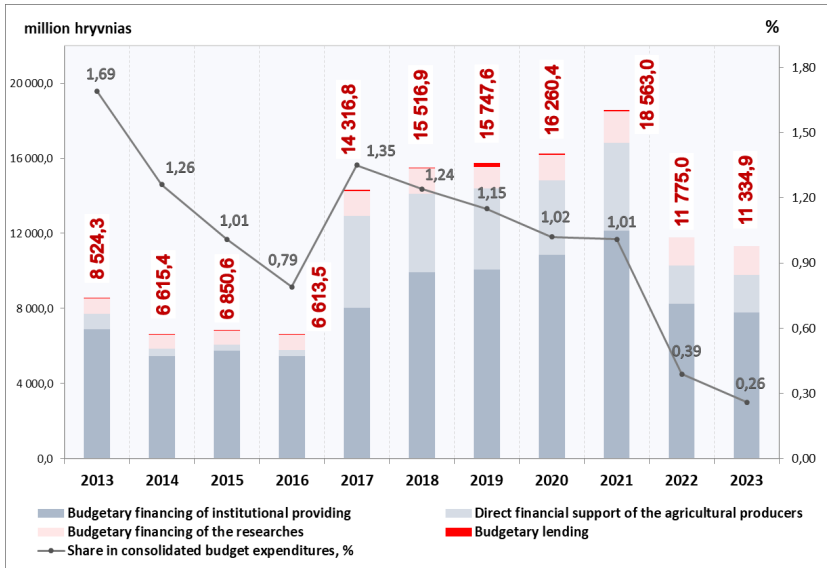


Figure 2. Dynamics of the volume and structure of budget providing for the Ukraine's agricultural production in 2013–2023

Source: based on the data [8; 9]

The structure of budgetary providing for Ukraine's agricultural sector development on average for the pre-war period of 2017–2021 was characterized by the following indicators: budgetary financing of institutional providing for the functioning of the agricultural sector – 63.3%; direct state financial support of agricultural producers – 27.6%; budgetary financing of fundamental and applied researches in the field of agrarian economy – 8.5%; budget lending to farms – 0.6%. In the war years 2022–2023, the total amount of budgetary providing for the industry's development decreased by 37% compared to the pre-war year 2021 mainly due to a significant reduction and transformation of the mechanism of direct state financial support for

agricultural producers (structural drop from 25% to 17%, respectively) and the termination of budget lending to farms (Figure 2).

The conducted research indicate the need to rationalize the structure of budget expenditures at the development of the national agricultural industry in order to reduce the level of management costs by stimulating the development of digitization and automation of management processes, in particular through the digital platform of the State Agrarian Register, the Diya portal, the IT planning and monitoring system budget, as well as expanding the use of budget lending and cheaper lending as an effective tool for stimulating the development and regulation of the structure of agricultural production and increasing the efficiency and economy of using limited budget resources, especially during the post-war reconstruction and restoration of Ukraine.

In the structure of direct budgetary support for Ukraine's agricultural producers in the pre-war period of 2017–2021, the largest share was the support for the development of animal husbandry and processing of agricultural products – 51.9%; partial compensation of the cost of agricultural machinery and equipment of domestic production – 19.5%; financial support through cheaper loans – 15.0%; support for the development of horticulture, viticulture and hops – 8.6%; support for the development of farms – 4.0%.

The dynamic transition of Ukraine to the functioning of the wartime budget, characterized by the need for priority financing of the ever-growing needs of the defense complex and the social sphere with limited possibilities of budget revenues, led to the institutional transformation of the budgetary support mechanism for agricultural producers in war 2022–2023 years:

- active use of international sources of financial support for domestic agricultural producers, in particular the involvement of financial/humanitarian aid from the EU, IMF, World Bank, FAO, USAID, donor countries, and other international financial organizations; financial and technical assistance from EU's pre-accession funds after Ukraine receives the status of a candidate country for membership, Ukraine Facility instrument; financial support within the Interreg/European Territorial Cooperation, LIFE, "Single Market" programs;

- modernization of the mechanism of budgetary support for agricultural producers by applying the instrument of state grant support in priority directions for the state (creation or development of own business, horticulture, berry growing and viticulture, greenhouse farming, processing enterprises) on the condition that they achieve significant socio-economic results (creation of new jobs, payment of taxes to the state and local budgets in the amount of received grants, functioning in territories affected by hostilities in the context of ensuring their reconstruction, etc.);

- priority budget support for farms and personal peasant farms for the recovery and stimulation of post-war regional and rural development, in

particular through the provision of irreversible financial support per unit of agricultural land and for the maintenance of livestock, as well as budget lending and cheaper lending to farms;

- active budgetary stimulation of the development of credit support for agricultural producers and their preferential lending with the participation of the state, in particular through the launch of the Fund for partial guarantee of loans in agriculture, the operation of the state programs "Affordable loans 5-7-9%", "Affordable financial leasing 5-7-9%", "Available factoring" and its spread on de-occupied, front-line and areas adjacent to the combat zone;

- digitization and automation of the processes of providing direct budget support to agricultural producers through the digital platform of the State Agrarian Register, Diya portal.

Taking into account the importance of supporting the financial stability of Ukrainian agricultural producers during the war period in the context of ensuring the uninterrupted production of agricultural products and preventing threats to national and global food security, stimulating agricultural production as a key factor in the stability of the national economy, employment and income of the population, the Government of Ukraine has significantly expanded the directions of state support for agrarians and budgetary instruments for its provision in 2024 compared to 2022–2023.

In the current year, the list of direct non-refundable state financial support for agricultural producers registered in the State Agrarian Register was expanded, and the level of corresponding payments was increased. The planned volume of budget funds under this support program for 2024 is UAH 796 million and will be directed to the following areas: budget subsidy to agricultural producers who cultivate up to 120 hectares of agricultural land (the size per hectare has been increased from UAH 3100 in 2022 to UAH 4000); a separate budget subsidy to agricultural producers from de-occupied territories and territories with completed hostilities (8000 UAH per 1 ha); a special budget subsidy for keeping cattle (cows) for farmers keeping from 3 to 100 heads (the amount per head has been increased from UAH 5300 in 2022 to UAH 7,000); a special budget subsidy for the maintenance of breeding stock of goats and/or sheep for farmers keeping from 5 to 500 heads (2000 UAH per head).

The key direction of state support for the industry during the war period remains the active state stimulation of credit support for the activities of agricultural producers and their preferential lending with the participation of the state using the mechanism of compensation (subsidization) by the state of part of the interest rate on loans depending on the number of new jobs created, as well as the provision of state guarantees for fulfilment of credit obligations. In particular, the state program "Affordable loans 5-7-9%" continues to operate, under the terms of which agricultural producers can receive a loan of up to

UAH 90 million at reduced interest rates, and agro-processing enterprises – up to UAH 150 million with a credit term for investment purposes of up to 10 years. In addition, for enterprises from de-occupied territories and territories of possible hostilities, mechanisms of additional compensation by the state for the riskiness of activity have been introduced, in particular, compensation of interest rates for investment purposes up to the levels of 1% for the first two years and 5% from the following year, for financing working capital – up to the level 3%, an increase in the credit limit to UAH 150 million, an increase in the term of lending for investment purposes to 10 years. Since the beginning of the current year, the volume of credit resources raised by agricultural producers under the program "Affordable loans 5-7-9%" already amounts to 40 billion hryvnias.

Also, last year, new state programs "Affordable financial leasing 5-7-9%", "Affordable factoring" were launched and their spread in de-occupied, affected and areas close to hostilities is being stimulated. Under the "Affordable Financial Leasing 5-7-9%" program, agricultural producers can use machinery, equipment, and vehicles used for commercial and industrial purposes at reduced interest rates. The state program "Affordable factoring" (lending against receivables) aims to create prerequisites for meeting the working capital needs of micro, small, and medium-sized agricultural enterprises and improving their liquidity through quick access to financing and reducing the risks of non-payment by counterparties.

Also in the current year, the Fund for Partial Guarantee of Credits in Agriculture with a charter capital of almost UAH 400 million of budget funds became operational, which will provide guarantees in the amount of up to 50% of the credit obligations of individual agribusinesses, micro, small and medium-sized agricultural producers with land plots of up to 500 ha for up to 10 years. Therefore, agricultural producers will be able to obtain a guarantee for credit obligations through the fund and thus reduce the loan collateral by half. According to the fund's estimates, 17700 small Ukrainian farmers can potentially use this support tool to purchase agricultural land, machinery and equipment for agricultural production.

Another direction of state financial support for agricultural producers in 2024 is the restoration of the program of partial compensation of the cost of agricultural machinery and equipment of domestic production, which was already functioning in the pre-war years 2017–2021. Farmers will be able to receive compensation from the state in the amount of 25% of the cost of purchased equipment from Ukrainian manufacturers. UAH 1 billion has been earmarked for the implementation of this program in the state budget, which, according to preliminary calculations, will satisfy the requests of about 4,000 farmers.

In May of this year, the Government launched a procedure for partial state compensation to farmers for the costs of demining agricultural land to maintain stability and restore agricultural production in the territories where hostilities have ended and in the de-occupied territories. This instrument of financial support provides for partial (up to 80%) compensation by the state for the cost of demining services; 3 billion hryvnias have been set aside for these needs in the state budget for 2024.

In the current year, the practice of providing financial support to agricultural producers continues by providing non-refundable grants for the development of greenhouses, horticulture, berry growing and viticulture, processing enterprises on the condition of creating new jobs, helping to fill the income part of the budget through the payment of taxes in the amount of the received grants. The amount of grants for the development of gardens is up to UAH 7 million, greenhouses are up to UAH 10 million, the amount of state support can be up to 70% of the project cost.

The program of financial support for agricultural producers who use reclaimed land and water user organizations continues to operate, which provides for compensation of up to 50% of the cost of restoration and construction of reclamation systems, in particular, the laying of pipes, drainage, sprinkler equipment. The state budget for 2024 provides 200 million hryvnias for these purposes.

New state support programs for Ukrainian producers, which representatives of the agro-industrial sector can also take advantage of, were also introduced in 2024, including stimulation of domestic demand for domestic goods and services (UAH 3 billion), state support for the implementation of investment projects (UAH 3 billion), provision of state guarantees compensation for damage caused by the armed aggression of the Russian Federation to the owners of sea vessels and inland navigation vessels (up to UAH 2 billion), state stimulation of industrial parks, in particular in the food industry, processing of agricultural products, production of compound feed, ecological fertilizers (1 billion UAH).

Taking into account the significant expansion of directions and instruments of state financial support for agricultural producers in 2024 compared to 2022–2023 in the conditions of the operation of the wartime budget with priority financing of defense expenditures and social protection of the population and limited opportunities for budgetary stimulation of economic development, it should be noted that the declared volumes of state support farmers as a whole will be enough to support the financial sustainability of domestic agricultural production and its partial recovery in the affected territories, but under the condition of ensuring the fulfilment of the planned volumes of the revenue part of the state budget and timely receipt of international financial aid.

The decisive influence of Ukraine's agricultural sector on the dynamics of economic and socio-demographic processes, national and global food security, population employment, stability and balance of rural and regional development necessitates reformation of the budgetary regulation system of agricultural development in the following directions:

- Implementation of strategic indicative planning for the development of national agro-industrial production by developing long-term forecasts and medium-term activity plans of its branches, forming and implementing a scientifically based Strategy for the development of Ukraine's agro-industrial complex and the peculiarities of its budgetary providing. The deepening of the application of strategic indicative principles is actualized in connection with the insufficient level of systematicity, consistency, predictability of planning directions of budgetary support for agricultural producers in the pre-war period, as well as the low level of their efficiency and interconnection with the strategic priorities of the country's agrarian and rural development, in particular the priority support of farms and personal peasant farms, containment of negative structural disproportions of domestic agro-industrial production in terms of falling production volumes of animal husbandry products and certain its sub-sectors, reduction of the share of processing industry with a high content of added value, high-margin horticulture, berry growing, viticulture, greenhouse farming, etc. Also important is the timely and high-quality implementation of the Recovery, Reconstruction and Modernization Plan of Ukraine (Ukraine Plan) for 2024–2027 and its investment component, taking into account the recommendations of the European Commission and EU principles, including the reformation of domestic agro-industrial production with justification of the strategic directions of its development in accordance with European standards, industry's priorities, indicative indicators of reformation and needs for financial support.

- Achieving systematicity, dynamic adaptability and flexibility in the use of budgetary instruments as components of a complete system of financial regulation of the development of national agricultural production, based on the criterion of the most efficient and effective achievement of the strategic priorities of its development.

- Improving the formation of agrarian budget programs based on the criteria of strategic direction, priority, effectiveness and socio-economic efficiency of program measures in the context of the introduction of perspective forecasting and indicative planning of the development of domestic agro-industrial production and return to medium-term (three-year) program-targeted budget planning.

- Ensuring the full integration of the assessment of the effectiveness of agrarian budget programs in all stages of the budget process, which involves specifying and measuring the planned (expected) results of the implementation

of agrarian budget programs and the activities of their managers by forming a system of quarterly and annual result indicators for each budget program in terms of costs, efficiency, quantitative and qualitative characteristics of the industry's product, in accordance with agrarian specifics, which are specified in the approved budget program passports and strategic activity plans of their managers.

- Introduction of assessment of the final socio-economic effectiveness of agrarian budget programs, which involves researching their impact on indicators of the functioning of agricultural industries, trends in their development, the level of productivity, profitability and competitiveness of domestic agricultural producers, as well as socio-economic indicators of the development of rural regions [10].

- Increasing the share of local budgets in the structure of budgetary regulation of the development of Ukraine's agricultural production in accordance with European standards of subsidiarity and decentralization.

- Modernization of the mechanism of budget providing for the development of national agro-industrial production in accordance with the principles of the of the EU's Common Agricultural Policy, as well as optimization of the volumes and tools of direct budgetary support of domestic agricultural producers in accordance with European standards [11].

- Differentiation of tools, mechanisms and amounts of budgetary support for agricultural producers of certain territories depending on the coverage of military actions and the level of destruction (rear territories, de-occupied territories, front-line territories, combat zones), in particular through the introduction of a priority regime of budgetary support and financing of infrastructure reconstruction.

- Budgetary stimulation of the modernization of the material and technical base and the introduction of advanced technologies in order to increase the productivity and profitability of the national agro-industrial production to the level of advanced global indicators for its successful integration into the European and international agro-food markets.

- Budgetary stimulation of the development of credit-investment and insurance support for the production and export activities of domestic agro-industrial producers to reduce its risks under the conditions of martial law and to accelerate post-war reconstruction and recovery.

Conclusions

In view of the uncertainty regarding the further duration and possible consequences of hostilities, which are currently still ongoing in Ukraine, it is important to ensure the effective use of the potential of budget instruments to support and stimulate the post-war European integration development of national agricultural production, in particular in the areas of partial

neutralization and mitigation military factors for its reconstruction, sustainable development and reformation according to European standards, as well as creating prerequisites for reducing the vulnerability and sensitivity of the economic activity of domestic agricultural producers to military influence in the conditions of the functioning of the wartime economy.

From the point of view of ensuring effective state financial management of the processes of post-war reconstruction and reforming of national agricultural production on the basis of EU standards, it should be noted that the reduction and low level of budget support for agricultural producers, especially in the conditions of war restrictions on access to other sources of credit and investment resources, will restrain recovery and further sustainable development of the industry, will reduce its competitiveness and opportunities for convergence with the European economic area. This, in turn, will lead to a further decline in the volume of domestic agro-industrial production and export of agro-food products, the level of employment of the rural population, will cause an increase in food prices, and will pose a threat to the food security of the country and its regions. The specified trends will also negatively affect the dynamics of socio-economic indicators of the country's development in general, as well as budgetary indicators, in particular, the amount of tax revenues from agricultural producers to the state and local budgets and, accordingly, the possibility of budgetary financing of defense and social expenditures, programs of state support for sustainability national economy.

Overcoming the above-mentioned risks to ensure effective financial-budgetary regulation of Ukraine's agricultural production development in the war and post-war periods will require the modernization of approaches to the formation of the state's agrarian policy and the use of budget tools for its implementation in the following directions:

- strengthening the perspective orientation and scientific substantiation of agrarian policy through the introduction of strategic indicative planning of priority directions of development and reformation of agro-industrial production, as well as specifying the tools for their implementation, in particular budget policy;

- modernization of the mechanism of financial-budgetary regulation of the development of national agro-industrial production taking into account the principles of strategic direction, indicativeness, priority, systematicity, effectiveness and socio-economic efficiency in the performance of tasks country's agrarian and rural development;

- differentiation of mechanisms, tools and volumes of financial-budgetary support for domestic agricultural producers depending on the territorial coverage of military operations, the level of destruction and losses incurred (rear areas, de-occupied areas, front-line areas, combat zones);

– state financial-budgetary providing for the processes of creating institutional prerequisites for Ukraine’s effective use of available financial and technical assistance from EU pre-accession funds for post-war reconstruction, modernization and reformation of the domestic agricultural sector in accordance with European standards.

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