

ASSESSMENT OF THE RESTORATION'S PROSPECTS AND ANALYSIS OF KEY NEEDS OF SMALL AND MIDDLE AGRIBUSINESS IN UKRAINE

on the basis of focus groups and deep interviews

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Russia's invasion of Ukraine boosts global food crisis. In 2021 the cost of food has increased by 40% globally, so the Russian-Ukrainian war will only worsen the situation. According to experts, Ukraine will lose from 20% to 60% of the harvest.



Report was elaborated based on the deep interview with small farmers, profile experts and representatives of local authorities in Ukraine and it summarizes the most typical challenges of agriculture field representatives with the purpose of reducing the negative costs of the war on the food security of Ukraine and in the world.



Along the research we conducted 11 focus group studies and 33 deep semi-structured interviews with small and medium-sized farmers, experts, and representatives of local authorities (both in regions that were directly affected by hostilities and in conditionally safe regions).



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INTRODUCTION

Russia's invasion of Ukraine boosts global food crisis. In 2021 the cost of food has increased by 40% globally, so the Russian-Ukrainian war will only worsen the situation. According to experts, Ukraine will lose from 20% to 60% of the harvest (depending on the damage caused by hostilities). Government of Ukraine assures that the key reserves for 2022 are sufficient inside the country, but this raises the question of significant reduction (or even embargo) to export some types of crops. However, even without the worst scenario, seaports in Ukraine are currently blocked by Russian aggression, which makes it impossible for normal export activities.

Military actions, mainly, occurred or go on in 12 regions of Ukraine, where the main harvest is grown. The situation is complicated not only by warfare, but also by difficult economic situation. There is a problem with fuel and oils (and their prices), logistics organization, etc. Russian troops intentionally destroyed a significant number of agricultural entities.

At the same time Ukraine's food security for 2022 and 2023 years is considered acceptable. The government has formed sufficient supply of products to avoid total deficit. However, exports from Ukraine will be difficult, if not possible at all. Below is the approximate list of problems that already cause impossibility for the regular degree of agricultural exports:

- Destruction of agricultural machinery and elevators.
- Unstable economic situation and lack of guarantees for the purchase of fuel and oils and necessary fertilizers.
- Land mines at agricultural areas where the combat action is conducted.
- Blocking the Black and Azov Sea trade ports.
- Uncertainty about the future conflict development makes it impossible to secure farming in relatively safe areas.

Still, it is impossible to precisely predict the consequences of the unfolding situation. However, we can already talk about the extremely serious consequences of the Russian invasion for Ukraine's agriculture, therefore, a significant food crisis in the world.

The food crisis will mostly affect African countries that are highly dependent on Ukrainian grain. If wealthy countries can provide themselves with costly food, then the poorest countries of Africa (and partially Asia) will not be able to properly meet their needs, which in some cases can lead to a famine.

This report was elaborated based on the deep interview with small farmers, profile experts and representatives of local authorities in Ukraine and it summarizes the most typical challenges of agriculture field representatives with the purpose of reducing the negative costs of the war on the food security of Ukraine and in the world.

RESEARCH METHODS

Along the research we conducted 11 focus group studies and 33 deep semi-structured interviews with small and medium-sized farmers, experts, and representatives of local authorities (both in regions that were directly affected by hostilities and in conditionally safe regions). The focus groups were conducted online through video and on-screen services.

Focus groups and deep interviews were conducted during May - June 2022 in accordance with the guides (manuals), which were developed as separate editions for conditionally safe regions and those regions where hostilities took place or occurring (Appendices # 1, # 2). Respondents' confidentiality was assured. Audio recordings of focus group discussions and interviews were transcribed into a text format with the removal of personal data. All quotes are impersonal for the impossibility of identifying the respondent.

All recommendations are based on data collected during the research and not necessarily reflect the views of the research's implementer.

SITUATION IN THE AGRARIAN FIELD AND TYPICAL PROBLEMS OF AGRICULTURAL ENTERPRISES BEFORE FULL -SCALE INVASION OF RUSSIA

Before the full -scale Russian invasion small and medium -sized farmers had enough difficulties and problems, but most of them were solved in Ukraine. The sphere, in general, has been developing and demonstrated positive dynamics. Among the typical problems that occurred were the following:

Challenges in getting loans and machinery leasing:

I3: *It can be said that it is the inability to obtain loans for equipment repair or machinery leasing. Everyday issues of farmers, nothing special.*

FGD -2_Mykola: *- If you take a loan, it means to remain without anything. As, once, my associate said: you will lose even short pants. It's definite. It is simply impossible to repay the loan with a farm of 50 or 100 hectares.*

Part of the focus groups participants noted that for some entrepreneurs the problems were rather not in getting a loan but in the loan rate and terms of its service.

FGD -5_Olexander: *- Loans now - no problem. Write an application, fill in the relevant documents and take how much you need. At least for us.*

FGD -5_ch4: *- Yes, as now, at least for AG (agriculture), no problem.*

Part of the farmers faced in general with lack of working capital

I16: *We had such problems as lack of working capital, and this hindered our development very much.*

Absence or low level of the state support, difficulties with the law administration are the typical complains of the agrarian entrepreneurs. Complexity of the regulation administration leads the part of business into shadow which is reflected in the unofficial employment and absence of tax payments, etc.

I12: *Before the war, as in all other farmers, there was insufficient money to keep the livestock, lack of support from the state*

FGD-1_Vasyl: *In agriculture, problems have always been, it is and will be. Because there are problems that depend on us, but there are those that do not depend on us. In addition to nature, most problems always created by the state*

FGD-3_ch2: *If it is like before the war, for example, I was liable to pay tax in amount of UAH 600,000. But the law clearly states who is exempt from taxes. We write the complaints to the tax authority, we are ignored, we file a lawsuit, and the lawyer says that if there is no 10% of this amount, there is no value to go to court. We find this amount, again go to court and win it, and we already lost 70 thousand. The lawyer went to concessions, took less than 10 thousand, but we still lost 60 thousand hryvnias. That is, when you are constantly attacked by tax obligations, when you want to work relatively honestly, as possible, Ukraine will simply not exist after the war, even if we get victory.*

FGD-9_O: *Black market. It is not fixed, does not account, does not generate income. There are very few legal farms. 80 % work in dark. That is, it brings nothing.*

Significant challenges are connected with tax issues, especially difficulties of VAT administering.

FGD-3_ch2. *I explain. This is if in January I sold my products for 1 million and I have formed an obligation to the tax of 20%. If I do not have a tax credit, then an obligation is 20 %. So, I have 20% to give to the state. But in order not to give, the farmer begins to generate something. For example, he sells products for one hundred thousand and buy something for his business. Thus, this VAT is minimized. It sold - the tax liability is plus, but how he purchases - it minuses the tax liability. And it is crosscutting tax and you have nothing to pay. And if I bought more than sold, then I have a minus tax liability. That is, the state is to blame. If the state is guilty, it does not pay me anything. It just accumulates at mine. And when I sold, and I am already being liable to the state, I must pay by the end of the month, because there will be a fine.*

FGD-3_ch1. *If you are a VAT payer, you should be an accountant. Should I hire an accountant for reporting every month? Adopt the regulation how to pay for 1 hectare of land and I will pay. My great grandfather had 60 hectares of land. The grandmother said that they paid the land tax with money raised from the sale of the bull. I think that in our district farmers association, in addition to a qualified lawyer, we also need to have a killer. They employ such haughty people, these people are also protected by the state. It is easier for me to struggle against bandits than fight with officials.*

FGD-8_ch2: *Yes, it is not easy (to manipulate) to adjust. As my colleague has already said about the Bureau of Economic Security, I consider that in general the VAT is purely tax on the air, the percentage of living in our state on this added value. It comes from nowhere and goes to nowhere. And if you want to lessen the amounts of payment the tax administration officers get you to knee. Saying: you cannot do this. To my mind I would cancel this tax and only profit tax should be left that calculated from turnover like it is with a single tax. It would be more comfortable, more feasible. Less problematic and less headaches.*

FGD-8_ch1: *I also want to add. Firstly, VAT was invented in Europe, as the tax to decrease productivity it was for crisis hampering, which is irrelevant to us. So, this kind of tax initially hampers manufacturing. For example, in the US there is no VAT and nothing is worrying. Secondly, tax administration came up with a completely genius scheme of penalties, without any court. They just block the tax papers, and the man is debtor. And to prove that he is right, one will spend 3 years. There is no such system in the world, only we have. And we must suffer the consequences, why Ukraine grew so slowly. Here and all. So, the VAT should be cancelled. This system should be totally destroyed together with the computers. This is only damage.*

A potential Russian military invasion began to generate instability and problems in the country before times in February 2022. A significant part of the farmers felt the instability in the country long before the full-scale Russian aggression.

I4: *In principle, if it is possible to say so, before the war, everyone had problems with the fact that it was instability in the country. In fact, people were very worried and horrified by the fact that everything was prepared before, but as it turned out, all our anxieties were justified.*

In addition, small and medium-sized farmers also complained about the impossibility of competing with large agricultural holdings that use their position and connections with the authorities.

FGD -2_ Victor: - *Where is the court? There is no court - war. There is nothing. It is necessary to introduce the law so that when, for example, I want to process 100 or 200 hectares of land so that I can take and work. Not so, the holding took away 150 or 200 thousand land, and we all get behind. Well, what is it? All Poland, America rely on farmers, and here on tycoons.*

In general, the topic of corruption is considered broader than just the abuse of large agricultural holdings that have access to power. A number of participants pointed to the corruption of both local and central authorities, which should efficiently regulate the processes of agricultural entrepreneurship.

FGD-1_B: *The governor also embarked helping and took the forty percent of the "rollback". The XXX has gone, or rather not the XXX, but her company, which had built three biogas plants here, and had left another fourth unfinished. Now they have left the market at all, went to other countries. She is now working with Moldova. Moldova, Romania. Why has the tobacco factory left Ukraine? They produce only for Ukraine. Earlier, the Pryluky factory produced products for the whole of Southeastern Europe, for all Duty Free around the world and for Ukraine as well. Today, their products are only for Ukraine. Kyiv office, which is a 9-storey building, all moved to work in Romania. In short, it is corruption.*

Ukrainian agriculture is characterized by a high dependence on imports: machinery, fertilizers, and sometimes certain types of seedlings were mostly imported.

I10: *Yes, of course, it depends on and, to some extent, directly. First, those machines which we use and the spare parts to them are of foreign production. Second, tractors used for the handling of vineyards are also imported.*

Despite number of problems, majority of the farmers indicate that the industry has developed in general. Although there were difficulties, but they were not fundamental and unresolved. Enterprises replenished technical means, used new agricultural technologies and tried to develop in the long run.

I8: *Most likely, if you can say so, we wanted to increase volumes, tried to get quality grain. It was not always possible, as we wanted, but still got good fertilizers, seeds.*

I33: *We have a farm where we teach students. There is a new, foreign equipment, 750 hectares of land bank. In recent years, we have purchased John Deere 8530 and 6135 tractors. We have developed very intensively and the purchase of foreign agricultural machinery for training purposes, without additional assistance from the state, I think, it is a significant indicator. In addition to tractors, we recently bought a cultivator, a disk harrow, a sprayer.*

FGD-1_Svitlana: *At the level we have, we can say that everything was well. In addition, if we wanted to develop, for example, then there were problems with people. Because now no one wants to go to work on land and plus credits.*

FGD-5_Vasyl: *Compared to what is happening now, we can say that there were no problems. We worked and that's all. As my boys said, "We lived, and we didn't know that we lived well."*

Typical ways to organize agricultural production exports by small and medium-sized farms before full-scale invasion of Russia

Larger majority of the agricultural enterprises worked mainly for export before the war. Transportation most often carried out by sea transport.

I19: *98% of products were exported. Another 2% went to oil factories in Kazanka and Kryvyi Rih, that also exported sunflower oil.*

I7: *Yes. Through Odessa, we brought to the ports. From there, everything went for export.*

I29: *Everything went to export. 100% raw materials. We used own transport, everything was taken to the ports of Mykolaiv and Odesa.*

I30: *About 80% of production went for export. I hired trucks; I have no truck. Basically they drove everything to Nibulon. The rest went for payments to rent givers, out to the papers, sold to mills and oil factories.*

At the same time, practically no one realized foreign economic activity on their own. Small farmers organized exports mainly through dealers who purchased the goods and were already engaged in export and sale. This method of activity is inherent in the smallest agricultural producers who have not been able or wish to organize the process of implementation within the country or carry out foreign economic activity. The main problem here was the loss of the part of potential value of goods because of release of products through the intermediary.

FGD -2_Victor: *People like us do this only through intermediaries. Only large industrialists can do it directly.*

FGD-2_Mykola: *Here 80% of all agricultural products were oriented to export. None of us worked directly with foreign buyers and now we do not work. As a former director of a small processing factory, I say it with full responsibility. Whether large or small agricultural companies, everyone work on ports through people who sit and only carry money back and forth.*

FGD -1_Mykola: *Of course, export's products were on move. And what was the logistics? Dealers, who call themselves FOPs, would come, before they were speculators, now everyone has become FOPs. He came to me, bought to resold through the tenth hands. He already has an "earning" or profit.*

FGD-5_Olexander: *See, the fact is that the export contract is completed, and the price is fixed there. This price is more or less adequate. And inside the country everything is lost. At the moment, they, intermediaries, can earn 30 percent, sometimes even 35. In the other case, they can minus 10, if they need to "kill" a contract. That is, they earn 25 percent for sure. But, it is not possible to say how much they earn.*

Part of the small and medium -sized farmers avoided one chain of intermediaries and sold products to traders in the port or on elevators (however, in fact, they still used intermediary services)

FGD -1_VasyI - *No, only grain. We sold all the sunflower to XXX for three years. Corn was also sold to large traders in the port because of large volumes. The same with wheat.*

I17. *About 80% were given to local elevators, then they had already sent raw materials for export to ports, and everything else is local oil factories.*

I18. *We sold everything to the elevators, and they in their turn exported raw materials through the ports.*

ASSESSMENT OF LOSSES BY SMALL AND MEDIUM -SIZED AGRO -ENTERPRISES IN CONNECTION WITH FULL -SCALE RUSSIAN AGGRESSION.

All the surveyed farmers were preparing for a full season. Thanks to this, many of them were ready: they stored the necessary materials, fertilizers, etc. At the same time, this state of affairs is pertinent for the majority, but not all farmers. Also, practically no one have bought or kept the required volumes of fuel.

I23: *The fighting began in February, and I start sowing in January. I had partially sown seedlings. Of course, at first there was uncertainty whether something needed to do. But we were preparing for a full season*

At the territories where the fighting occurred (or goes on) all farmers suffered significant material losses. These are both the loss of technology (which was destroyed by the Russians during the seizure of these territories) and in the reduction of agricultural areas (due to mines or inability to cultivate). The losses of already sown areas, the destruction of commercial infrastructure, etc. are common. If the losses at the liberated territories (Kyiv, Sumy, Chernihiv regions) are significant, then in the territories where hostilities (such as Kherson and Mykolaiv) are now the damages are certainly catastrophic, since it is not even possible to calculate losses. This level of damage puts the question of farms survival at all.

In addition, part of the enterprises has staff deficits as some of the employees went to the armed forces as volunteers or were mobilized. In many cases, women workers left the country and went abroad.

I2: *First, yes, the machinery was lost. There is a completely broken equipment, and some was just taken away and taken out, in a word, stolen. There are also mined territories, and therefore the impossibility of sowing work. There are also losses in the human factor. Some employees went to fight on the front of the Armed Forces, some went to Territorial Defense. Almost all women are evacuated abroad. ... We are now waiting for demining. And you can also add that there is no machinery because there are problems with fuel.*

FGD-6_Olexiy: *We understand that no one will go to demine barley, wheat or any other crop when you have a green mass up yo your belt, and you do not know where to set your foot. No one will go to such a risk.*

I3: *As for people, we can say that not everyone has returned from evacuation now. As for the losses, it is the workers who, again, have not returned, there is no one else to work with. As for the dead, I do not know, I do not have this information. Regarding the devices, the equipment was either stolen or broken. But, however, something left. Yes, if you look generally, it is almost absent. And for land, it is now impossible to use them, because the demining has not carried on everywhere. That is, now nothing can be done until the authorities allow you to work on earth.*

I4: *We all had "fresh", modern. We have updated old equipment, bought new, but now, unfortunately, it is damaged and unsuitable for use.*

I5: *No, in this regard, everything is fine. As for the machines, I have not lost anything yet, so far everything is on the spot. The tractor stands, everything stands in its place. Even we have planted a little. Sunflower was sown, just finished today. Cereals sowed from winter, that winter seeds were sown. Of course, I understand and expect that the harvest this year*

will be much less than in the past years. Plus, as for the gourd crops, which is pumpkins, watermelons, melon - in general there will be a very small area. Honestly, compared to last years, this is nothing.

I12: *Yes, we almost lost everything at all. The Russian invaders have completely bombed the entire farm, the whole barn. Almost all livestock died. We have no house now, there is nothing. Lucky that the family was transferred on time. Today, there is no opportunity to continue work in the field, develop this area, since it is necessary to restore everything from scratch.*

I16: *Yes, everything is completely destroyed and destroyed. In part, maybe the foundations are left of outbuildings.*

I23: *There is a loss of loss. First, it is a John Deere 8370R tractor. If you were in the occupation, maybe you saw it in the center when you were leaving. He stood in the center, broken, collapsed. Further: batteries are stolen from almost every technique, radio, broken windows, fused diesel, mutilated electronics, knocked out gates. The grain seems to be intact.*

FGD-4_ch1. *In the farm, where we rented the equipment, there was their brigade, racists, they beat the equipment - two MANs were destroyed, and they took the third one with them. The grain combines harvesters were crushed.*

FGD-4_Z. *Loss of technique? Well, as I said earlier, we had two powerful enterprises in the community. There was also a lot of equipment. As a result of hostilities, a lot was destroyed during one month. We, as a local self-government body, have been examining buildings. The commission was created. I can say one of the businesses you passed at the beginning of the village. It was very affected. About 30 pieces of equipment are destroyed, expensive equipment. Really this technique is destroyed before the sowing.*

I27: *Further down Borodyanka it is. The technique was taken out, also all records, they shot cab, stolen batteries. Here it is. Now we restore all and we go out into the fields.*

Where the fighting did not happen, there have obviously been no losses of such degree. However, for agricultural producers at conditionally safe territory, the first stage of the war also did not go without loss. Associated losses are mostly related to the extremely unstable situation in the country and the inability to work in full. In some cases, this even led to the loss of the crop.

I1: *- First of all we have lost the harvest. Even before the war started, in that year we had problems with fueling anyway, and after war came, then the logistics could not support, the trucks did not come, and we had lost harvest. This is about an early cucumber.*

Specifics in changing the small and medium -sized agricultural enterprises ongoing work

In fact, all agricultural producers were forced to change their activities after the Russian invasion. Even those farmers who operate in conditionally safe regions have encountered a crisis and inability to adequately provide critical means (such as fertilizers) and fuel. This has led to a deterioration of the production process, which in the future will lead to a decrease in crops and a general financial result.

The change of work also affected the staff, part of them volunteered for defense forces, or were mobilized. The problem was the lack of working capital - these cannot be replenished in view of the impossibility of sales (ports still do not work). At the same time, majority of the farmers try to somehow minimize losses during this agricultural season, but they will obviously not succeed to do it fully.

I7: *A lot has changed. For example, there are no sales of corn at all. There is practically nowhere and very difficult to hand over or sell the grain. Now it is also very difficult with fuel. Somewhere, somehow the warehouses had the remains of diesel. We somehow collected fuel for sowing, but what to do next, we do not know.*

I14: *Of course, it has changed. First, what was committed for realization was transferred to buyer, I organized deliveries to restaurants, I put up for sale before the war. Well, you understand that at this time such arrangements do not work. Therefore I have sharply fell by 80% of the sales.*

I19: *It is very problematic with the sale of our products. We do not have an income, that is why we cannot fully pay taxes and wages. The ports do not take raw materials. The price of sunflower is very low - 30% lower than its cost. Therefore, we are forced to sell this year's harvest with significant losses.*

FGD-7_Yaroslav: *70 percent wholesale markets, at present, simply do not work during these three months of war. Kharkiv, Zaporizhzhia, Kopani, in a word, all the East, which took away 70 percent of our products. Thirty percent remained here in Western Ukraine; the rest went there. And now it does not work.*

FGD-1_Vasyl: *Most likely. In the Chernihiv region, we will not cultivate 500 hectares in the Chernihiv region, but there will be no big loss. Because we got 300 hectares of land last fall, which we did not register last year. So, it will turn out that we have a minus of 200 hectares. But we got a black soil near Bobrovytsa, and the sand, which in the Kozelets district, will not be processed, the one that near the Desna military landfill. The losses will be small, but at seven and a half thousand hectares, there minus 200, compared to last year, minus 200 or 300, these are not significant losses. Here in the Sumy region, half of the land will not be cultivated.*

FGD-8_ch1: *Firstly, we have a lot of people from our team who went to army. It is naturally the case we cannot escape. Therefore we have difficulties with workers, engineers and other staff. This is first. Second, we have very bad problems with logistics. Particularly in March, when this disaster started, no place to go where to get fuel. Now this issue, thank God, is solved.*

The main problem for the majority of farmers who continue or restore their work is obviously war. It destroyed the logistics and sales chains, the supply of the necessary materials and means. In addition, a lot of entrepreneurs live in uncertainty. Military time limitations, such as a curfew, also have a negative impact on the ability to work properly.

I30: *Now the main problem is the war. There is no confidence that we are going to harvest what we have sowed. The fact is that the enemy did not reach us literally 50 km. The fighting was near the Bashtanka, Berezneguvate. If he was not restrained, it is unknown what would happen at all. Now the enemy is about 90 kilometers from Snihurivka. With such a distance from the enemy, there is no confidence that we will work on our land at home. The second serious problem is the sale of products. What we put in warehouses we cannot sell because all logistics is broken. Nobody buys crops today, sunflower is taken for 14 thousand UAH per ton. Before the war, it costed 20-21 thousand UAH. A huge fuel deficit - nothing to fill the equipment. Fertilizers and spare parts prices went up. There is a serious restriction on work - this is a curfew, we are allowed to work only from 6am to 8pm. Previously, we worked in two shifts, now only one.*

I23: *But it is unclear in terms of sales, if we talk about crops, they are exported. The problem is with exports. In general, we have almost all the income from crops, so there is anxiety in this regard.*

Logistics problems, namely, the blocking of ports by Russia has led not only to the risk of the global food crisis, but also to significant problems within the country. The inability to sell its products causes a significant fall in prices. In fact, farmers fall into an extremely difficult situation. On the one hand, it is characterized by a decrease in selling prices for finished agricultural products because of market inability for selling. On the other hand, it is characterized by simultaneous rise in the necessary resources and goods for production: fertilizers, seedlings, fuel. All this jeopardizes the further existence of individual enterprises: they can only sell available products at an extremely low price, which will result in insufficient working capital for existence and continuation of their activities in the conditions of rapid inflation.

FGD-2_Mykola: *the cost of pork, live weight, decreased from 52 by 41 per kilogram, cost of beef from 48 to 32 per kilogram, all poultry about 60 UAH per kg. ... Earlier there was a time when the price was 80 UAH per kg. ... I took the herbicide price yesterday and compared to the autumn price. As a result, the price has risen three times. The diesel fuel, to date, I don't even know. Yesterday the last price was, 64 UAH. It also went up 3 times. I do not say about fertilizers, almost 5 times.*

FGD-2_Victor: *Food is sold more expensive several times, and no one needs corn, it just lies, There is nowhere to go. And the price for it decreased below the level. Earlier, my colleagues already emphasized that the mineral fertilizer costs 12 UAH. To date, the price is already 30-35 UAH. Seeds also went up several times.*

FGD-4_ch1: *Yes, fertilizers, they were 23 thousand, and now 35 thousand for a ton. Before the war, corn was 7,300, and now 6,500.*

FGD-4_ch2. *In fact, logistics makes it all painful, because all grain product realization went through the southern ports. Now all the southern ports do not work. We have two ports, in my opinion, "Southern" and yet, I do not remember which, they amount of 80% of grain delivery from Ukraine. Now only when they stopped working, immediately the price went down.*

I26: *In terms of profit. We now have soybeans, wheat at the storehouses. And we cannot realize it, so we cannot buy fertilizers, good plant protection products to make more expensive and effective technology. And the old harvest, we do not know if and to where we will sell it. We just sow and think what to do. I now have soybean, corn, sunflower. It should all turn into funds we use for sowing, but we cannot sell.*

FGD-1_Mykola: *Of course, broken. We went to Mykolaiv, there we took 600 UAH per ton. And now 1200 UAH, and probably more. If it does to Western Ukraine, there is 2000 UAH in general. If this remains 4000, then do you think the logistics works? The price is 3 times less. How much effort, resource and everything else should be invested, and no one takes, no one needs it, because they do not know where to get it.*

I27: *The main one is that we cannot sell our products, corn from 2021. We can buy nothing, neither protection, fuel, fertilizers. We have a problem of funding deficit. A very complicated procedure. We sold little corn in March. For this money we buy diesel fuel and critical spare parts. Now we have concluded agricultural receipt on the means of plant protection, we close the matter. As for fertilizers: We had workplans, we closed wheat. On potassium fertilizers, corn, sunflower we have got loans. But we sow without nitrogen and phosphorus fertilizers. The main problem is absence of funding. We work on exports. The ports are closed. We try to sell. So we sow, I think, we will manage it. There is other problem: There is no fuel physically. This is a problem. The harvest is laid, but we do not calculate the maximum produce. If we are commissioned by the state, we will make nitrogen feeding of corn and sunflower.*

Separately, it is necessary to distinguish a block of problems that relate to the lack of fuel and a significant increase its price. This has created significant difficulties for farmers within the sowing campaign and led to a significant increase of the production costs.

I1: *The top among the main appearing problems is sharp increase of price on fuel, by which we heated the greenhouses. It means that working is more challenging in winter.*

I6: *The biggest problem now has emerged with diesel fuel. There were major problems with transportation and equipment. Well, and you know, with seeds, too, not all right. I mean, it is with quality seed material we also has challenges.*

I8: *Fortunately, in our territory there were no active fighting, so we do not have such tangible losses. Everything we had before was left. The only problem that is clear to everyone, is an increase in prices for sowing materials, fertilizers, and now huge problem with fuel. If, for example, large agro holdings are engaged in fuel delivery, that is, they work directly with producers and with supply of petroleum products, then a regular, small farmer, which processes up to 20-30 hectares, it is almost impossible to buy a diesel fuel. First, it is not so simply released in the canister at the gas station, and secondly, large queues were formed. Everyone of course made some storage, but they are exhausted, so we do not even know whether it is enough for spraying, and further cultivation.*

I17: *Fuel deficiency. This is the biggest problem. Before the war, we get supply from Belarus, we have our own barrel. Now we look for it among colleagues, use coupons. We purchased fertilizers before the war, so there were no special problems with this.*

FGD -1_Petro: *- And now, whether one has money, or has not – does not matter. The shortage of fuel and lubricants has emerged, and without them you will do nothing.*

I10: *Yes, after the start of the war, we have noticeably big problems. First, as I said before, it is a fuel deficit. If it is at the gas stations somewhere, it is very expensive. Secondly, problem with spare parts also became absolute, you can not get the proper one, because now they are not brought, there are no deliveries. And, in general, we are depressed. I do not even know, I can't tell you whether we will have the opportunity to sell grapes this year or not, nothing is known.*

Another substantial problem is the lack of quality fertilizers, as well as a significant increase in prices. The situation is also complicated by the fact that after the invasion of Russia the main suppliers of fertilizers are situated either on the occupied territories or at the territory of Belarus.

I1: *And now is the problem with fertilizers, so that price for everything increased too much, everything has grown up. If earlier, the sack costed 600 hryvnias, then now it is 1,800 hryvnias. Today it is a big problem.*

The impossibility of adequate exports, as well as hostilities, caused destroying almost the entire logistics system. Today, all logistics is much more complicated and much more expensive, which has a very negative impact on the work of agricultural producers.

I13: *Let's say so, it has become more expensive. Now there is little road transport, for example. They take more payment and we have to wait longer. ...It became more expensive in half or two times, even more, perhaps.*

I25: *The first problem is logistics. There is practically no sale, and hence all the problems. Victory (village - auth) was under occupation. But even broken staff is destroyed, we can restore it by ourselves, but we cannot impact at logistics. There are few offers from those interested in agricultural products. In Odessa, they were interested in sunflower, but 10 thousand with delivery gets less than the cost. We will not even buy fertilizers and fuel. The second question is lending. By what time there were no problems at all, because all banks wanted to work, and now it is only at the state level. Received a call from Oschadbank, promised up to five million. This is not enough, but we will be able to cover from our own expense. Raifazen Bank Aval said it was necessary to close current loans, and only then they will consider lending. There is an opportunity that we will get a loan quickly from the Savings Bank, but it is unknown what sanctions the Raifazen Bank will impose. But I hope they will consider that the war is now.*

FGD-1_ch4: *Today, large manufacturers who sold their own and bought from small farmers, they export and deliver. That's why they were abandoned. They do not know where to sell, reduce the price to earn at least something. Here we are an average producer, 10-12 thousand hectares of land, and that is difficult. XXX sold 140,000 hectares of land because logistics is not capable and does not allow the grain to be delivered.*

Peculiarities of the resumption of agrarian enterprises work at liberated territories

Obviously, the possibility of restoring work at the liberated territories directly depends on the degree of damage of Russian invasion. Where these losses are significant, but some equipment is left and some of the territories can be processed, farmers try to restore their work at least to certain amount. In conditionally safe regions, a small part of farmers tries to intensify working and increase production, but such cases are rather an exception. More difficult is the situation in frontline areas that undergo massive shelling. Return to work is impossible in the closest perspective there.

Even though the respondents will mostly try to restore production, all of them expect a significant fall in outcomes due to reduction of areas, simplification of technologies or other current problems. Also, some the farmers feel the shortage of hired employees, but mostly it was due to the departure of labor force or their mobilization and rarely due to purposeful decrease due to reducing the amount of work.

If the war is over in the perpetual perspective, most entrepreneurs plan to restore their activities to the pre-war level, but the return to such level may take several years. The worse situation in the Donbass where the agricultural season has not begun and at the occupied territories of the South, where it is not currently possible to restore work at all.

I1: *We have tried to recover now, I think we are about 60 percent, probably. Rather, to be more precise, we are now only beginning to recover, and we are trying to do it somehow. If one is talking about today, then we are not working. Now we are working on attracting money, starting to work. But even if we raise money, it will still be about 60 percent of the volume that we did before. ... - There were a maximum of 50 (employees)... We have 5 employees left and, I think, in the near future, there will be no more than 7 in total. That is, first of all, we simply cannot afford to pay for their work, secondly, there was less work and so on. That is, now we will have a maximum of 6-7 employees*

I6: *Somewhere about for 20 percent if not all 30. (less - AS)*

I10: *When the war is over, yes we plan. And today everything is so unstable. I don't even know how to plan, the situation is too difficult now. After the war, I can confidently say: yes, we definitely plan to restore our activities and, I think, everything will be much better. Now, I don't know what to do and how to answer your question.*

I11: *approximately, percent of 37-40, no more.*

I12: *zero percent, zero. Absolutely zero. I already said that everything was destroyed and demolished. ... To restore everything to the pre-war level, it is necessary, firstly, a lot of money, and secondly, in order to adjust it all, to rebuild, to restore, to repair it is needed more than one year. I will even say more than one - five years. Of course, there is a wish. I said earlier, the most important task, we are now trying to eliminate the consequences of destruction, and then we will make a family decision about rebuilding. The wish of course is a great wish. But how everything will develop, it is very difficult to predict something. In addition, again I will repeat, it requires quite large solutions for recovery, because everything, absolutely everything needs to be restored from scratch, starting from the foundation. Whether there is such an opportunity to purchase, including building materials, livestock, feed, the necessary equipment, medicines, in fact. In short, we will solve problems along how the questions will be raised and the troubles will be accumulated.*

I13: *Given the current situation in the country, we have tried to increase the volume of area and planting material. ... The fact is that the size of the site does not allow us to expand a lot. But, 20-30 percent, we still tried to increase. ... We are aimed at increasing the land bank - these are the best adjustments, the number one priority.*

I19: *While we work as we worked. We work for all 120%. Despite the difficulties. However, it is worth noting that curfew makes work difficult for us. We carry on spraying only at low temperatures - that usually in the evening. We must work until 8:00 pm (the tractor driver we need to return home by 21:00), so we have only a few hours a day for spraying.*

I17. *Per 100%. What we planned to sow - we sowed. We prepare for the harvest.*

I26: *The sowing does not change. Set and number of crops. As we sow we continue to sow. The only thing is that we make technology cheaper. We try not to plow, sow without cultivation of land, that is, technologies that allow you to consume less fuel. In this connection, the harvest may be low.*

The significant fall in production occurs but in almost all cases the farmers try to return to work at the territories where there was intense fighting but currently stopped.

I2: *30 people worked before the war. There were also a few more hired. ... A lot of them has gone. There are only five employees left now, and these are those who work as security. There are several men with whom we restore the tractors' complex, disassemble the damaged buildings. ... Definitely, we will try to restore the farm.*

I2: *If one can say so, almost what we have is 10 percent left, then it is very good.*

I3: *I think no more than 20-30. And then this is in case if everything is good and if the circumstances come right way.*

I3: *As people say, what God will give. But, however, we plan to completely restore the work. We plan to return those workers who will be available to set employment with them. Over time, it will be possible to look for new ones. You will also need to look for logistics outputs, look for chances to get credits. You will need to do everything possible to gradually return to the level that was before.*

I22: *What we could, we do. We automate production, distance work. Everyone continues to work, in spite of whether they are abroad or in Lviv. Accountants work remotely, the control system too. There is no domestic market we go to the external. We even go abroad to look for new customers. Globally so much changed: tax pressing was lifted during the war, export preferences appeared, imports without control at the border, this is a great deal of relief compared to what was before.*

Talking about staff specifically, most entrepreneurs have retained their employees, but there are opposite situations. As noted earlier, in some cases, farmers were forced to reduce part of the labor force or reduce wages. There are also many cases of employees joining the forces of defense or their recruitment to Army. Another important topic is that in many cases, working in the fields is now dangerous, as not all agricultural land has been demined so far.

I1: No, nothing threatens anyone. That is, in terms of security, the only thing I can say about is who is of draft age. They are gradually called up to the military recruitment office. And there is no other such direct threat yet.

I2: People are not protected, and people are also afraid to go to the fields where hostilities were carried out.

I3: There is a need for employees, because now many of our employees are at the front, in the territorial defense or in the Armed Forces. And when it comes to women, they went abroad or other safer areas.

I7: Almost everyone remained. We did not release the hired workers, so only 3 or 4 men were taken from us into the army. We did not release anyone, and in general, everyone remained in their places.

I18: No one left abroad. Two guys went to the armed forces: one volunteer, one was recruited. No one was released, on the contrary, several people were hired.

I19: Fortunately, there is no loss of equipment. But many of our employees, about 30 percent, went to the front. Some are in hot spots, some on block posts, someone stay in the reserve. Now we get many employees who are refugees from neighboring Snigurivsky rayon and Kherson region.

I33: We move the employees to 2/3 of wages, cut the salary as much as possible. People work and take it with understanding. When we went to the field, I called our village head and he said that it was possible to work quietly, there is no mined territories around Kazanka. We were lucky that we had tenders in time for the purchase of fuel and sowing. While there are enough stocks, people are set to win and on the agrarian front.

FGD-1_Vasyl: We have several people who went to serve in the army. The Executive Director was evacuated to Western Ukraine but returned before sowing. And the agronomist also returned from the Khmelnytsky region. All the rest are in place except those who went into the army. The engineer, thank God, he was moved out of the army. They said look at the passport and sent him home. The man was very tough to fight with his son. The son went to serve as a volunteer, and he was with him. When the territories were de-occupied, he returned home. This is the person whom I would miss.

Considering limitations with foreign currency the majority of respondents has not faced any difficulties.

I2: No, I would not say that currency restrictions somehow influenced. We have virtually no dependency on the currency.

I7: You can say that yes, they have influenced a little. Because, some were in debt with us for the grain we drove to the ports, and they have not yet returned, they did not pay us. But they promise to return. This is something that concerns currency. With hryvnia funds, there are no such significant problems.

NECESSARY HELP FOR SMALL AND MEDIUM -SIZED FARMERS FROM THE STATE

One of the basic requests is deregulation and simplification of tax administration. A significant part of the respondents believe that the state should minimally interfere with the agricultural sphere.

FGD-5_Vasyi: *We have everything so much regulated that it is very difficult to understand this. You understand. Suppose a large firm, even as I am average, can still afford to hire qualified personnel e.g. accountant. Someone else, a small farmer, will not be able to afford it, because a good, qualified accountant will not work for less than 50 thousand UAH per month. A small farmer will not pay such a salary. ... We pay a common tax, VAT, and a subsoil tax, we pay water supply, we pay land tax, land rent. I have already named 5?*

I27: *The largest - to prevent it from interfering. Help, lending - well, but do not interfere.*

FGD-4_ch2. *I think that the problems are significant, and help required from the state is in the tax system, namely, to put in order, not to make applications that will need additional inspections. On the contrary, to give more opportunity for agrarian business that provides 15% of the GDP of the country. That's due to the reduction of sowing land in the Kharkiv region, in the southern part of our country, here we need to give the opportunity to sow and assist. Provide help in the tax system, help with loans, help with logistics*

FGD-4_ch2. *But I think that in principle, the state is little interfering with. And better would not interfere*

Financial support from the State is important but very small number of farmers count on it.

I25: *Well, there are some changes in the tax system. During the war. And for us the fact that the state provides financial support, it means a lot. The only thing is that the formalities are not delayed. Because the package of documents we have provided will delay the process for up to three weeks. Of course, changes should be introduced so that it is not burdensome regulated.*

Leasing equipment and available lending is vital for a significant part of the respondents. At the same time, many of them are still negative about loans. If they consider preferential lending, it should relate to the annual or two -year perspective: shorter times are unacceptable in view of the annual cycle of agriculture, and long -term credit programs are mainly perceived as "yoke".

I1: *Look, if to speak specifically about us, for example, the state could provide us with good equipment either in leasing or in installments, on some simplified terms, so that it would be comfortable for us, this would be very nice. We would sooner be able to return to our work, and we would be able to cover a large area of work with this technique. And also, it is necessary to somehow regulate this issue with fuel, because if there will be very high prices for fuel, then I do not know at all how farmers will actually launch early production.*

FGD-11_ch5. *Zero rate... Need at least for a year, how it can be for 6 months? If a person took a loan for 6 months, a noose has already been hung around his neck.*

FGD-1_Mykola: *Today, the farmer and other agrarian producers are given an interest-free loan for six months. I have not yet had time to grow and harvest, and I already need to pay out credit. Where to get the money? If the state thought about this issue, it was necessary to give a longer term. For example, to be extinguished after harvesting, or not returning*

until the end of the war. Or, as an option, continue for six months or even a year, to sell it, or move it somehow and get money.

I3: *I think all this should be in universal, holistic. Both financial support and some credit holidays, and maybe even exemption or partial exemption, from taxation. You can also introduce vacations for a couple of months. There should be a raw material that can be purchased for an adequate cost.*

I14: *I thought about it, and more than once. Because there are very interesting grape presses, there are in France*

I6: *It would be nice to get support from the state. For example, to make it easier to get fuel and lubricants. Well, and of course, you can take some good credit, and that you can buy some more or less reliable tractor to make it easier.*

I27: *We need a loan. To buy fertilizer, fuel, pay salaries.*

I2: *If there is a help from the state, loans will be available, then I think we can.*

Part of the respondents stand for the State regulation of prices for both fuels and lubricants, as well as for the sale of finished agricultural products.

I8: *I think it is necessary to adjust the situation to modify the prices for products because it should be fixed. I say this because we need planning to buy something so that there is an adequate market. One can still raise the question of equipment, so that it is in such volumes that the sowing campaign can be carried out. It would be good for all that we are engaged in agriculture somewhere, and this is not for us to sell, but to meet all our needs.*

I5: *The fact is that there is a place to sell, there are no problems with it, the intermediaries are ready and take away on the grain elevator. We would only like that the state directly buys. If the grain on the elevator costs \$ 200, I tell you approximate price, you know. I also market the prices at elevators, it is 21 century, and intermediaries come and take away for \$135 - 140. You see how much the cost decreases. If it was so that the state came to me and took away from me for 200 dollars, or, for example, leasing on a diesel fuel ... I would easily get fertilizers for this money, or spare parts for equipment. Then it will not be 3 tons of wheat into the car, but 5 tons or 6 tons, it will be good now for the country, and for me. I think so. This is my opinion. You see, earlier, when I was working in Pobuzhzhya, everything went to development, all the fertilizers were, the wheat we had 80 - 100 tons per hectare. Not like now.*

I5: *I will give you this example. Here we will take the fuel. The diesel costs about 40 UAH. Do you see? But if the state regulated prices and released me for 20 UAH, I took 20 on my shoulder, and the rest 20 I would have paid. Take, for example, fertilizers. The same nitrate, at the moment, costs almost 30000 UAH, somewhere we will count 28000-30000 UAH. Here if you divide it by half, it would be good and stunning in general. Further, spare parts for machines, we raise the same questions and problems. This is all I commit my message to, at least half of burden divided between the state and the farmers.*

I19: *As for the legislative changes, I think that 7% of VAT was very good, thus reducing the price of diesel. But, say again, a very big problem is in the absence of this diesel.*

Solving the problem of low selling prices and normalization of production, according to farmers is possible only with unlocking the work of ports. On one hand, it is a task that cannot be realized only by Ukraine. On the other hand, farmers hope for rail exports, but they also understand that it is unlikely that the railway can provide all the necessary scale of transportation, since neither Ukrainian nor European resources are sufficient. The problem is also increased by the lack of unification of track standards between Ukraine and the EU.

I31: *Urgently ensure the export of grain through the ports, because we will not export it with railway. We took the grain to Odessa, Nikolaev, Kherson. In a month, we will not have capacity to store a new crop.*

I27: *Agribusiness gets to its feet by virtue of competition. We need loans and corridors for exports of products. The issue should be addressed at the state level. The ports are closed, everything stands.*

FGD -1_Vasyli: *- 80 percent was exported through ports, and today there are no ports. See, XXX ", XXX .. They exported products to the European Union, the largest range of cheese in the world is producing. They exported those products earlier and export today. Because they have used trucks. Today, it became a little more difficult, vans stand in traffic jams for few days, but they go, carry it all abroad. Now, practically all the export of meat has gone. Today relationships with Arabs are settled. Before, they didn't take bulls from us, it's beef. And already this week they called and agreed that they will take the bulls and feed them in the Boryspil district. They have already fixed the route. Now they will not drive cars to Odesa but have agreed with the Romanians that they will go directly to the Romanian port, and then to the place to where they focus. To Lebanon or somewhere else. ... We rent ours, but it is not a very bulky product. And the most voluminous product is grain. It's just that the railroad cannot now transport the 80 percent that went through seaports. That is precisely why such a problem arose. They are already waiting there to buy grain. Everything has already been fixed, there are intermediaries who deal with this and can buy*

FGD-1_Sergiy: *The EU has taken Russian and Belarusian cars, but this will not be enough. They should give us more because it is in their interests. Even these carriages help. Let it be tens of thousands of wagons because the ports are closed.*

Other wishes expressed by farmers are for the settlement and approval of certificates for separate types of products (such as beekeeping) to unlock exports of a niche products.

I20. *Personally, we do not plan yet. We do not have such great capacity so far. I would also like to have adopted and approved permits of international standard certificates for our bee products at the state level. This is necessary to ensure that in the case of large batches of products, we can freely, calmly and confidently export our products abroad. Although, this honey we provide is taken in small batches, there is probably an enterprise that sells it and, so I understand, it also goes to export. We really want people in European countries, maybe somewhere in Canada, maybe even in America, to taste, try, know and recognize that we have the most delicious honey in the world.*

I2: *All these three components, they are all necessary for a full restoration of work. Financial support is the main one, it should also be material, and the export support law must also be submitted. It should be too.*

Assistance required from international partners and donors

A lot of the respondents need assistance in machinery to replace lost and damaged one during the war. Schemes of providing such assistance can be different - from irreversible grants to investments and preferential loans.

I1: *If we are talking about financial help, then now we only need equipment. If there is such an opportunity to financially support the purchase of equipment, or simply help with equipment, or leasing or installments, then the equipment would help us a lot, increase and expand the scope of work.*

I6: *I think it would be good if it was supported by seeds and fertilizers. Well, and if it was possible to take a loan at a small percentage, then you could already think about development, expansion. Because, looking at such interest as now, you do not want to be linked with credit.*

Information and consulting assistance should also be considered separately in order to bring the provisions of available and prospective agricultural support programs to the beneficiaries.

I8: *Look, I personally know few people who would like to do farming today. In particular, I personally, for example. I am 25 years old today. My dream is the development of the economy, it is livestock and agriculture. I would like to have more available lending information in order to develop in this area. Of course, we want to move forward, but when such a situation with prices, we just lose a lot of time. If the starting capital, with adequate conditions, at some low interest, we would develop much sooner. And, today, for example, judging by myself, I can say: I work practically myself, sometimes my father helps. If I have a scale, of course, I would have hired workers and good equipment, then it would be possible to do efficient agriculture and animal husbandry. Here, look, personally, I, according to the first education, a veterinarian, and by the second - an agronomist, I have practical experience in both fields. I would also like to develop it, introduce new technologies, work stable.*

Ukrainian farmers need grants or preferential loans for infrastructure for recycling products as a separate assistance area. Obviously, it is unlikely to launch large infrastructure projects during martial law, but the interviewed entrepreneurs see the prospect of small processing plants or mini factories. This will significantly increase the added value of the product and partially reduce the export problems of part of farmers.

FGD -1_Petro: *- I believe that a grant can be obtained for improving destroyed logistics. The grant can be obtained to restore it. This is the first. Secondly, in my opinion, it would be very logical to ask them, in the international community, these are all mini-factories that process products. I do not know how with meat, but vegetables, fruits, the rest of the agricultural products to sell already processed. It's like clean metal, to sell. And if they were already selling some product, it would be good. They are already well established, all this. These mini-factories are not so expensive. They can even give them. Or, alternatively, one of them can enter here, as an investor, who will later have a certain percentage. Otherwise, you know, if they are processing products here, I mean, organize production, then they*

will sell here. That is, it will be consumed here. Here, we will not process it. Thus, such help should be asked. Or only investors and grants. Grants can also be taken for some production, I do not know what they produce from milk, but apparently you can take it.

FGD-4_ch2. *The problem is that the lack of processing in the territory of the region close to the farm still affects because both sunflower growing and soybean growing and corn growing all requires processing. If there was a recycling, it would be much easier somewhere here nearby. Well, so basically everything goes to exporters. Exporters work for the appropriate margin. It would be an enterprise that would process in the domestic market that would be much better for Ukraine, including for our enterprise*

FGD-7_Yaroslav: *We cannot talk about the prospect for 2-3 years because we do not know about tomorrow. If the war is over, then the prospect of 2-3 years is the restoration of Ukraine. Restoration and creation of markets. At the moment, that is, for two to three years of prospects I do not see. At least that's my opinion.*

FGD-11_Ch. *I will add. Today, those international partners that have invested in processing enterprises that were in the Russian Federation should create conditions, ensure and assist the arrival of these enterprises here that would establish the same processing. These are the production of natural ingredients - what is in the world today. It is the production of amino acids. Western Germany financed three plants in the Russian Federation. This should be done here. For the production of amino acids, which make up 70% of animal feed, it is necessary to do here. Most of them are made of corn. Here we said that we would burn corn. Why burn it if you can make amino acids and give to chicken. Therefore, it is, first, at the state level of major negotiations to attract companies here to invest and create factories for the processing of fruits, vegetables and crops.*

Export plans of the interviewed small and medium -sized farmers

Majority of the respondents plans to return to the pre war operating mode over time. Also, some of them has development plans, including exports. The forced evacuation of individual workers of agricultural enterprises abroad has, oddly enough, some advantages in this situation too. These employees can deal with export organization on -site.

I1: *In the future, we are planning. But, if the Ukrainian market will consume all our products and our volume will stay the same, we will not send it. And if the Ukrainian market does not consume all products, then we will send, let's say so, remains, but not all products.*

I26: *The main thing is to establish logistics and sales of our crop. If not, there is no point in growing. The most important thing is to restore or find new ways of selling products. This is mostly export. We export 70%*

FGD-8_ch1: *Yes, I'm planning. Our people went to Europe, women, our managers, signing contracts there. As we are situated at the border, we will plan the export of vegetables, for sure.*

Those farms that have been focused mainly on the Eastern and Southern regions of Ukraine are currently looking for alternative products. Some of them hope for duty -free trade with the EU, which can allow raising selling prices in Ukraine and avoiding heavy losses.

I22: *If you look at Ukraine, the largest networks, the largest demand for agricultural products was in the south and east. And the center. Today, fighting is taking place in these territories, or people have evacuated. We are looking for ways to sell products. We will most likely export. There is the information that the EU can make duty -free trade. If that is, it is also a chance.*

I17: *Now, allegedly, they talked about Romania and, as it seems, it will be possible to go there, but I do not know how it will be. We will think somehow. We will see what others will do, so we will follow. Of course, we hope for the better, we hope that the sea is demined as soon as possible, and everything will be well. We will also go to Odesa, to Mykolaiv, we will carry staff there. And if nothing changes, then I don't even know. We will look for outputs and markets for Europe, we will consider different options.*

FGD-8_ch2: *Yes, we will also plan expansion. But, again, it will be in stages, little by little. So far, only a narrow family circle. Implementation is only in our region, but it is planned to go further. Yes, we want to expand in the future. The businessperson who does not want to conquer the whole world and conquer the whole market is bad.*

Farms often do not have the opportunity to engage in export activities. That is why some of them believe that it is necessary to create effective organizations or associations that will be able to carry out export activities for the network of businesses.

I13: *To my opinion, we need to cooperate. It is necessary to unite, to create something, I am not saying, a union. It is at this time that during this period to create an organization that will deal with such issues and problems that arose because of the invasion of the enemy into our territory. So, it is possible even to use the machinery in turn. Of course, I say a joke now, but if you think so, you can do it. Whether to create a representative body that will monitor, ask for technical, financial assistance, even for donor assistance from other countries that are ready to help us. This is, if you can say so, in general and briefly.*

Some of the surveyed farmers plan to build storage facilities as due to the impossibility of sales, products should be stored somewhere, and there are not enough space and infrastructure. The main problem is expensiveness of this activity, so not all farmers will be able to take such a step.

I23: *About the future. We think about building a vegetable storage not to sell products immediately but to sell it during the winter. We think about it, let's start laying the foundation. There is no experience in this, which is very expensive.*

FGD-1_Mykola: *Now, of course, there is a problem that we still have last year's grain. Nowhere to sell it and no one to buy. And what next? After all, there will be nothing to live for. Currently, we have accomplished sowing. For whom we sowed, we do not know ourselves. We also do not know where to go. It is time to harvest, either we do not know how to collect and where to put it to store it, because the warehouses are packed.*

CONCLUSIONS AND RECOMMENDATIONS

Before the full-scale Russian military invasion, there were many unresolved problems in the Ukrainian agricultural sector that hindered its development. Despite this, the sector developed quite actively, modernized and was competitive.

The Russian invasion has led to tremendous direct losses (destruction of equipment, reduction of agricultural areas, outflow of staff) that continue to increase and cannot be finally assumed. Even greater losses are of a collateral nature: the destruction of logistics, supply chains, blocking of ports, which led to massive losses in the agricultural sector.

The impossibility of exporting in the usual volumes affects not only Ukraine, but also the world. Despite the fact that Ukraine is not threatened by famine, the inability of farmers to sell their products (due to the blocking of sea ports) leads to a significant drop in prices for them. Together with a significant increase in the price of consumables, this leads to an extremely difficult situation in the industry: a large number of enterprises are simply unable to carry out further work, since their expenses are significantly greater than their income.

At the same time, the lack of Ukrainian exports can even have worse consequences for many poor countries that were one of the main buyers of Ukrainian agricultural products. Therefore, unlocking agricultural exports from Ukraine is critically necessary.

At the same time, Ukraine is not able to unblock the work of ports on its own, there is a military threat from the Russian Federation. Consequently, such unlocking will be possible under the conditions of complete destruction of the Russian Black Sea Fleet, or in the presence of clear security guarantees by third countries, especially NATO members.

At the same time, the authorities and international partners can improve the situation in the field by contributing to the solution of several less fundamental, but still significant problems. This applies to both the regulation of agricultural business and its support in various forms. The Russian invasion painfully hit both the infrastructure of agriculture and the available material and technical resources, which demands rapid response and support.

The following recommendations can be stated based on the research with deep interviews and focus groups.

For government

- Despite that the fuel situation is not as critical as before, it is necessary to develop mechanisms for which farmers will be able to buy fuel and lubricants if the crisis deepens. Alternatively, it may be a ban of fuel sale restrictions for farmers, or setting higher limits for sale;
- It is necessary to develop preferential credit programs, or co-financing the purchase of agricultural machinery, which has been damaged as a result of the Russian invasion;
- Normalization of the government's tax policy for farmers. Cancellation of dual taxation of land through land tax and minimum tax liability. Simplification of VAT administration;
- Make legislative changes for easier registration and enrollment of seasonal workers (reduce the tax burden on remuneration to avoid mass unofficial registration of employees);
- Creation of the nationwide agricultural exchange for improving the sale of products;
- Conducting information campaigns regarding the restoration of agricultural activities and the introduction of green technologies into agriculture;
- Providing opportunities for preferential financing the purchase of seeds, fertilizers, chemicals for farmers;
- Providing maximum priority for the organization of logistics corridors by rail for the export of large products (grain). Formation of poultry and port routes (south of Odessa).
- Organization of special financial programs for rapid construction of repositories (elevators) in the west of the country.
- Expanding low-percent loans to replenish working capital for one up to three years.
- Co-financing small processing plants to increase the added value of the product and reduce the volumes of export crisis.

For international partners and donors

- Facilitating the unblocking of seaports for safe passage of civilian ships;
- Organization of grant programs for small and medium -sized farmers, the funds of which will go for the purchase of agricultural machinery in return of the lost as a result of Russian military aggression.
- Conducting information campaigns regarding European business practices in agribusiness and introducing green technologies in agriculture.
- Establishing the regime of facilitating the export of agricultural goods through railway roads by maximum.
- Co -financing or providing preferential loans for the construction of permanent or temporary storage (elevators) near the border of Ukraine and the EU.
- Co -financing of small processing plants to increase the added value of the product and reduce the scope of export crisis.

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ASSESSMENT OF THE RESTORATION'S PROSPECTS AND ANALYSIS OF KEY NEEDS OF SMALL AND MIDDLE AGRIBUSINESS IN UKRAINE

on the basis of focus groups and deep interviews



Russia's invasion of Ukraine boosts global food crisis. In 2021 the cost of food has increased by 40% globally, so the Russian-Ukrainian war will only worsen the situation. According to experts, Ukraine will lose from 20% to 60% of the harvest.



Report was elaborated based on the deep interview with small farmers, profile experts and representatives of local authorities in Ukraine and it summarizes the most typical challenges of agriculture field representatives with the purpose of reducing the negative costs of the war on the food security of Ukraine and in the world.



Along the research we conducted 11 focus group studies and 33 deep semi-structured interviews with small and medium-sized farmers, experts, and representatives of local authorities (both in regions that were directly affected by hostilities and in conditionally safe regions).



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