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FINANCIAL SECURITY AND STATE SUPPORT OF AGRICULTURAL ENTERPRISES IN UKRAINE

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ФІНАНСОВА БЕЗПЕКА ТА ДЕРЖАВНА ПІДТРИМКА АГРАРНИХ ПІДПРИЄМСТВ В УКРАЇНІ

Ensuring financial security and state support for agricultural enterprises in Ukraine faces numerous challenges caused by both military operations and structural problems in the economy, and is a key element of economic stability, social cohesion and strategic independence of Ukraine.

In modern war conditions, these measures are of critical importance for supporting the functioning of the agricultural sector, ensuring food security and laying the foundations for the country's economic recovery.

The key aspects of ensuring the financial security of agricultural enterprises in Ukraine are highlighted, in particular in wartime and economic instability. The main factors affecting the financial stability of agricultural enterprises are identified, including structural changes as a result of the war, reduced profitability of production, limited access to credit resources and investments, as well as increased logistics costs.

The impact of the war on key indicators of agricultural production, exports, financial stability of enterprises and food security of the country is analyzed. The main challenges facing the agricultural sector are identified, including: loss of access to land resources due to temporary occupation of territories, destruction of infrastructure, reduction in production volumes, and complication of logistics chains. Significant attention is paid to the analysis of Ukraine's international trade relations in the agricultural sector, in particular export operations, which remain critically important for ensuring the financial sustainability of the industry.The study emphasizes that despite the challenges, the agricultural sector remains one of the key links of the national economy, maintaining its export orientation and strategic role in ensuring food security both in Ukraine and in the world.

Measures of state support for the agro-industrial complex aimed at overcoming crisis phenomena are also considered. Among them, financial assistance, preferential lending, as well as facilitating access to international markets are particularly highlighted. The importance of introducing innovations and digital technologies to increase the efficiency of production processes and restore the industry in the post-war period is noted.

Prospects for further development of the agricultural sector are identified, including infrastructure modernization, development of the domestic market and integration of Ukraine into global food systems.

The problem of ensuring the financial stability of agricultural producers lies in ensuring their sufficient solvency, the ability to timely fulfill obligations to creditors, suppliers and employees. In order to ensure the financial security of agricultural producers, the state should implement comprehensive support for agricultural enterprises.

Забезпечення фінансової безпеки та державної підтримки аграрних підприємств в Україні стикається з численними викликами, обумовленими як воєнними діями, так і структурними проблемами в економіці, є ключовим елементом економічної стабільності, соціальної згуртованості та стратегічної незалежності України.

У сучасних умовах війни ці заходи набувають критичної важливості для підтримки функціонування аграрної галузі, забезпечення продовольчої безпеки та закладання основ для економічного відновлення країни.

Висвітлено ключові аспекти забезпечення фінансової безпеки аграрних підприємств України, зокрема в умовах воєнного часу та економічної нестабільності. Визначено основні фактори, що впливають на фінансову стійкість агропідприємств, серед яких структурні зміни внаслідок війни, зниження рентабельності виробництва, обмежений доступ до кредитних ресурсів та інвестицій, а також зростання логістичних витрат.

Проаналізовано вплив війни на ключові показники сільськогосподарського виробництва, експорту, фінансової стабільності підприємств та продовольчої безпеки країни. Визначено основні виклики, що постають перед аграрним сектором, серед яких: втрата доступу до земельних ресурсів через тимчасову окупацію територій, руйнування інфраструктури, скорочення обсягів виробництва та ускладнення логістичних ланцюгів.

Значна увага приділена аналізу міжнародних торговельних відносин України у сфері сільського господарства, зокрема експортних операцій, які залишаються критично важливими для забезпечення фінансової стійкості галузі. У дослідженні підкреслено, що попри виклики, аграрний сектор залишається однією з ключових ланок національної економіки, зберігаючи свою експортну орієнтованість та стратегічну роль у забезпеченні продовольчої безпеки як України, так і світу.

Також розглянуто заходи державної підтримки агропромислового комплексу, спрямовані на подолання кризових явищ. Серед них особливо виділено фінансову допомогу, пільгове кредитування, а також сприяння доступу до міжнародних ринків. Зазначено важливість впровадження інновацій та цифрових технологій для підвищення ефективності виробничих процесів та відновлення галузі у післявоєнний період.

Визначено перспективи подальшого розвитку аграрного сектору, серед яких модернізація інфраструктури, розвиток внутрішнього ринку та інтеграція України у глобальні продовольчі системи.

Проблема забезпечення фінансової стійкості агровиробників полягає у забезпеченні їх достатньої платоспроможності, здатності своєчасно виконувати зобов'язання перед кредиторами, постачальниками і працівниками. З метою забезпечення фінансової безпеки агровиробників держава має впроваджувати комплексну підтримку аграрних підприємств.

Keywords: *financial security, agricultural sector, financial stability, agricultural producers, solvency, financial risks, state support.*

Ключові слова: *фінансова безпека, аграрний сектор, фінансова стійкість, агровиробники, платоспроможність, фінансові ризики, державна підтримка.*

Ensuring financial security and state support for agricultural enterprises in Ukraine is determined by a number of economic, social and strategic factors, in particular economic stability, food security, social significance, maintaining competitiveness, the need to adapt to new conditions and post-war recovery. In the structure of Ukraine's GDP, the agricultural sector accounts for about 10-12% and remains the main source of foreign exchange earnings through the export of agricultural products. Structural changes have occurred due to the war, the profitability of production has significantly decreased due to the loss of territories, logistical problems, increased costs for fuel, seeds and fertilizers. The need to provide support to prevent bankruptcies and stabilize financial flows in the industry is becoming increasingly urgent. Fluctuations in prices for agricultural products, climate change and international competition and a number of other factors require agricultural producers to have financial stability, which the state can support. Agricultural enterprises need support to adapt to new conditions: relocation, demining of territories, restoration of supply and sales chains.

Problem statement. The spread of crisis phenomena, geopolitical conflicts, and economic instability in general are a real threat to the financial security of national economies around the world. The agricultural segment of the economy today faces the urgent challenges of our time. Enterprises in the agricultural sector form not only the country's food security, but their stable operation also affects the filling of the state budget, the creation of a reliable rear, the preservation of state sovereignty, and the economic and national security of the state as a whole.

Analysis of recent research and publications. The essence of financial security of enterprises has been studied in their works by many domestic scientists, in particular Kvasnyts'ka R. S., Dotsenko I. O., Matviychuk L. O., etc. [1]. It is worth noting that the agro-industrial complex is a strategic sector of the country's economy, which provides a significant amount of GDP, but there are structural problems that limit its full development, in addition, modern Ukrainian realities of the agricultural sector of the economy form new requirements for its functioning.

Formulation of the objectives of the article. The aim of the article is to study the features of ensuring the financial security of agricultural enterprises in Ukraine in conditions of economic instability, analyze the impact of crisis phenomena on their activities, and develop practical recommendations for state support of the industry.

Presentation of the main material of the study. Financial security of an enterprise is the state of its financial system, which ensures stability, stability and the ability to function and develop effectively, despite the influence of internal and external threats. It is a key component of the overall economic security of the enterprise and ensures its ability to achieve strategic and tactical goals.

The main aspects of the financial security of an enterprise are: 1) solvency – the ability to timely and fully fulfill obligations to counterparties, employees, the state; 2) financial stability – the balance of financing sources (equity and loan capital), which allows avoiding excessive debt burden; 3) profitability – the ability to generate a sufficient level of income to cover expenses, ensure capital growth and investment in development; 4) financial management efficiency – optimization of financial flows, planning and control over the use of resources; 5) protection against financial risks – minimizing the negative impact of risks (economic, market, currency, inflation, etc.) by implementing risk management mechanisms; 6) investment attractiveness – the ability of an enterprise to attract external resources to finance development on favorable terms.

Considering the history of the development of agricultural enterprises, the problem of developing effective mechanisms for forming their financial security is outlined, which is especially aggravated in conditions of low liquidity of the industry and the difficulty of access of domestic enterprises to free financial resources. In view of this, there is a need to form organizational and economic tools for ensuring the financial security of agricultural enterprises as a key tool for minimizing financial risks and protecting interests in the conditions of market functioning.

The impact of destabilizing factors on the development of domestic agriculture ensures the formation of not only negative trends in the development of agricultural enterprises, but also restrains the socio-economic development of the Ukrainian countryside and the state as a whole. The problem of ensuring financial security at the level of agricultural enterprises has become the object of scientific research relatively recently. Some of its aspects were considered as a component of the financial and economic condition of the enterprise. However, the intensification of negative financial influences in conditions of economic crisis prompted the isolation of this problem into a separate direction of scientific research, which in modern conditions of military operations is becoming increasingly relevant.

A review of the solvency of Ukrainian agricultural enterprises over the past five years indicates a number of challenges and trends affecting their financial condition. According to the State Statistics Service of Ukraine, in 2022, agricultural enterprises received a net profit of UAH 4.5 billion, which is 15% less than the previous year. This indicates a decrease in the efficiency of the agricultural sector [2].

The reason for this is primarily the impact of martial law, which has negatively affected the solvency of enterprises. According to a study published in «Economic Pravda», 8.9% of enterprises noted an increase in the volume of work compared to the pre-war period, while 8.0% experienced a decrease. Attracting investment in agriculture remains limited. In 2022, the volume of foreign investment in agriculture amounted to 1.2 billion US dollars, which is 10% less compared to 2021. Access to credit resources for agricultural enterprises remains difficult, as interest rates on loans for them are 15-20% per annum, which is too high for this sector of the economy [3].

Among the main problems affecting the solvency of agricultural enterprises are: low level of mechanization and technological equipment of agricultural production; high level of debt to suppliers and banks; instability of product sales markets.

Based on this, to improve the solvency of agricultural producers, it is necessary to ensure the attraction of investments for the modernization of production, improve access to financing from the banking system, develop cooperation and integrate agricultural enterprises.

The problem of ensuring the financial stability of agricultural producers is to ensure their sufficient solvency, that is, the ability to timely fulfill obligations to creditors, suppliers and employees.

The agricultural sector of Ukraine has suffered significant financial losses due to the full-scale war. According to estimates by the Ministry of Agrarian Policy and Food of Ukraine and the Kyiv School of Economics, as of the end of 2022, direct losses in the agricultural sector amounted to 6.6 billion USD. In 2022, 21% of agricultural, forestry and fishery enterprises suffered a net loss, compared to 11% in 2021. The profitability level of all activities in 2022 was 14.1%, while in 2021 this figure was 37.8%. Indirect losses associated with reduced production, blockade of ports and increased production costs are estimated at 34.25 billion USD [4].

According to the State Statistics Service of Ukraine, in 2022, gross agricultural output decreased to 29.344 billion USD, compared to 51.360 billion USD in 2021 [2].

Despite these challenges, the agricultural sector has demonstrated high resilience. In 2023, according to preliminary estimates, exports of agricultural products amounted to 67.5 million tons, which is 15% more compared to 2022. However, export revenue in 2023 amounted to 21.9 billion US dollars, which is 8% less than in 2022 due to falling prices for most types of agricultural products and more expensive export logistics [5]. Thus, the financial stability of Ukrainian agricultural enterprises in wartime conditions has undergone significant tests, but the sector continues to adapt and recover.

In agribusiness enterprises, the reasons for their crisis or unsustainable state are quite often specific processes and phenomena that are not typical for other sectors of the economy. Therefore, taking this into account, an important element in the financial security of the enterprise is precisely the methods of regulation and financial and credit support, especially from the state: through tax, credit, budgetary and international policies.

According to the study “Ukraine: The Impact of War on the Profitability of Agricultural Production”, based on the results of 2023, the agricultural sector is forecast to lose money on grain and oilseed crops. However, the production of three out of five main crops will remain unprofitable. In particular, due to falling prices, sunflower has turned from a profitable crop into a loss-making one, and the loss-making nature of wheat production has increased, despite the increase in yield, due to lower purchase prices. Farm losses from corn production have more than doubled due to lower prices both on the domestic market of Ukraine and in the nearest ports, as well as increased logistics costs [5].

Despite these challenges, the agricultural sector has demonstrated high resilience and adaptability to wartime risks. In 2023, according to preliminary estimates, agricultural exports amounted to 67.5 million tons, which is 15% more than in 2022. However, export revenue in 2023 amounted to 21.9 billion US dollars, which is 8% less than in 2022 due to falling prices for most types of agricultural products and more expensive export logistics [6]. The dynamics of profitability of agricultural producers in Ukraine during the war is characterized by a decrease in profitability and an increase in unprofitability of the production of main crops, which is due to falling prices and increasing logistics costs.

Effective sequential steps for managing financial risks are:

- identification of risks, through the analysis of a range of factors that may negatively affect the financial condition, in particular, such as currency fluctuations, changes in lending rates and tax changes;

- development of risk minimization strategies using hedging instruments, insurance, and asset portfolio optimization;

- monitoring of financial indicators, in particular, constant monitoring of profitability, receivables and other key indicators.

Practical steps to protect against financial risks can be taken by Ukrainian agricultural producers through the use of various strategies, in particular, insurance of agricultural products, which is the main tool for protection against natural disasters and other risks. Since 2021, farmers can receive state support for insurance of industry risks, they could receive reimbursement of part of the insurance payment in the amount of up to 50%, with a further increase in the future to 80% [5].

To ensure the financial stability of the agricultural industry over a long period, it is necessary to constantly monitor the financial condition of its business entities, promptly respond to changes, study their regularity and the reasons for deviation from the critical limit of satisfactory assessment in terms of financial stability, solvency, and take measures to improve the efficiency of financial and economic activities.

Only an innovative development scenario can ensure the growth of the efficiency and productivity of domestic agricultural enterprises, as well as the achievement of economic security of the agricultural industry. Economic growth of the industry without a corresponding growth of the innovation component occurs only due to the exhaustion of internal reserves, and, therefore, is unpromising.

Innovative processes in agriculture have specific development characteristics, since the industry uses living organisms - plants, animals, the yield and productivity of which directly affect the competitiveness of the final product and the financial results of enterprises. Among the innovations in the agricultural sector, biological, biodynamic, organic farming systems, soil conservation technologies, as well as other systems of low-cost sustainable agricultural production deserve special attention. Foreign experience, in particular India, shows that with relatively small investments, using high-yielding plant varieties and advances in agricultural technology, it is possible to significantly increase the production of grain and other agro-food crops in a relatively short time.

It can be argued that the innovative security of the agricultural industry involves ensuring the competitiveness of agricultural products through the implementation of developments of domestic science in the field of breeding, seed production, storage, transportation of agricultural products, etc.

Financial relations in the agricultural sector of the economy are based on the possible social and economic benefits from the use of invested capital.

In the enterprises of the industry, there are significant obstacles to access to long-term credit resources, which are associated with the restriction of collateral to ensure the return of the money raised.

Another means of protecting financial risks is to provide appropriate support from the state. The Government of Ukraine provides financial assistance to agricultural producers to compensate for losses from natural disasters and other unforeseen circumstances. Thus, in particular, in 2022, the volume of such support for farmers amounted to UAH 4.5 billion, which is 15% less compared to previous periods [7].

Financial security of agricultural development should be focused on creating a competitive national economy, the primary task of which is to ensure the country's food security. Therefore, the mechanism for ensuring the financial security of agriculture should take into account the sources of financial resources and minimizing financial risks. It is on them that the improvement of economic relations and ensuring sustainable development of the agricultural sector depend, which is achieved through financial instruments, levers and methods that, influencing the financial security of the industry, form its level, which is based on financial self-sufficiency, reliability, independence, sustainability and stability.

The basic elements of the financial security mechanism of agricultural development are financial methods or organizational and economic forms of ensuring financial activity, which include: financial planning, financial support, financial control, operational management, financial regulation and financial stimulation. In addition, the most active elements of this mechanism are financial levers (financial norms and regulations; financial limits and reserves; financial incentives; financial sanctions), which are implemented by appropriate financial methods.

The issue of the development of bank lending to the agricultural sector of Ukraine is relevant, where mutual measures and mechanisms should be based both on the part of the state and on the part of banking institutions. Among them, it is necessary to expand existing bank lending programs for the agricultural sector and introduce new ones: the inclusion of state support programs for land users and the reduction of interest rates on agricultural loans, the increase of state allocations for cheaper loans, the continuation of the 5-7-9% lending program, as well as the increase of lending to small and medium agricultural business and others. All these measures will provide an opportunity to promote the development of land users in the agricultural sector of the Ukrainian economy and create a favorable climate for investments in agriculture.

Diversification of production gives agricultural producers the opportunity to expand the range of products in order to reduce dependence on one type of product and minimize risks associated with fluctuations in market prices. Expanding the use of financial instruments, active use of credit lines, forward contracts and other financial instruments to hedge price risks and ensure liquidity; uniting into cooperatives allows agricultural producers to jointly purchase resources, sell products and access financing, which reduces individual financial risks. The application of these strategies helps agricultural producers in Ukraine reduce the impact of financial risks and ensure the stability of production.

In order to ensure the financial security of agricultural producers, the state should implement comprehensive support for agricultural enterprises, which is especially relevant in martial law.

The main areas of such support should be:

- providing financial support and compensation: compensation for the cost of machinery and equipment; partial compensation for the cost of domestically produced agricultural machinery and equipment to increase production efficiency;

- grants for business development: providing grants for the creation or development of a business, in particular in horticulture, berry growing, viticulture and greenhouse farming;

- supporting farms and other producers of agricultural products through the state program of affordable lending, in particular the program "Affordable Loans 5-7-9%";

- providing budget subsidies per 1 hectare of arable agricultural land for conducting activities in territories where hostilities and temporary occupation have ended;

- providing support through funds and programs: ensuring the functioning of the fund for providing grants for business development;

- provision of financial assistance for relocated enterprises: a program of financial assistance for small and medium-sized businesses relocated due to the war, in particular in Kyiv, Ivano-Frankivsk, L’viv and Ternopil regions;

- support through international organizations of small and medium-sized farming enterprises through co-investment programs of the Swiss Agency for Development and Cooperation (SDC) in processing, value-added production, storage and provision of agricultural services;

- grant programs for agricultural enterprises that have relocated their businesses, as well as for farming enterprises affected by the war within the framework of the international humanitarian organization Mercy Corps.

Such measures are aimed at stabilizing the financial condition of agricultural enterprises, increasing their competitiveness and ensuring the country's food security in wartime conditions.

The domestic agricultural market in Ukraine has significant potential for development. Stable demand, opportunities for expanding processing and state support create favorable conditions for manufacturing enterprises. However, to realize this potential, it is necessary to overcome existing challenges and actively implement modern technologies and practices.

Conclusions and prospects of further investigations in this direction. Ensuring financial security and state support for agricultural enterprises is a key element of economic stability, social cohesion and strategic independence of Ukraine. In the current conditions of war, these measures are of critical importance for supporting the functioning of the agricultural sector, ensuring food security and laying the foundations for the country's economic recovery. Priority areas of state support should be aimed at creating favorable conditions for the sustainable development of the agricultural sector. State policy should simultaneously take into account short-term challenges (war, economic crisis) and long-term goals (environmental sustainability, increasing competitiveness). The implementation of these measures will ensure the stability and development of the agro-industrial complex, which is a key sector of the Ukrainian economy.

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