

## **Project “LAND REFORM BAROMETER: Information and Advocacy Campaign”**

### **Land reform barometer**

#### **Barriers to Agricultural Development**

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*Agricultural producers consider unstable state agricultural policy, lack of government support and problems with marketing of products as the most common and relevant problems for the development of agribusiness in Ukraine. Moratorium on the farmland sales, lack of market information, machinery and equipment supply, fuel supply and the inability to obtain loans are also very important, but for fewer agricultural producers.*

The barriers to agribusiness development in Ukraine were studied in the opinion poll in the framework of the "Land Reform Barometer" project. These factors were evaluated by two criteria, i.e. by their prevalence and relevance. Prevalence was measured as the percentage of agricultural producers who reported the problems; and relevance was measured by rating the problems, where the score of one is assigned to the most relevant problem.

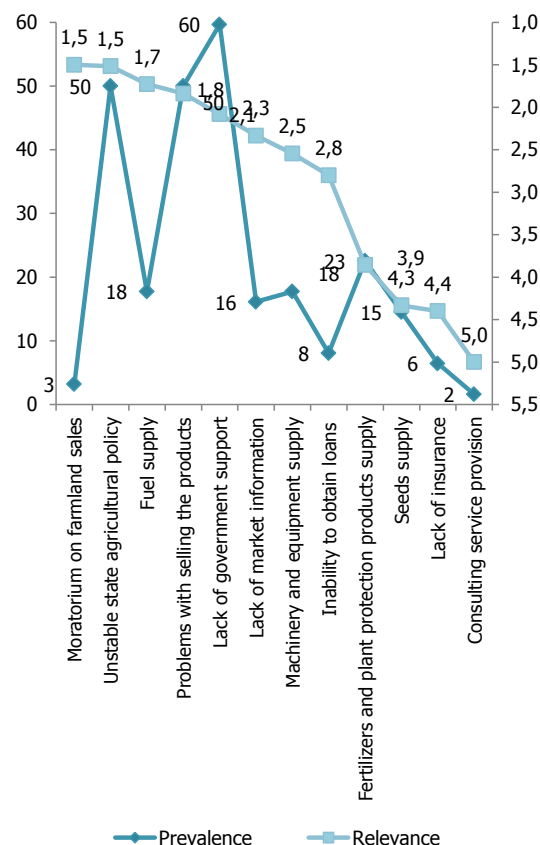
Three problems: **unstable state agricultural policy, lack of government support and problems with selling the products** are the most prevalent and relevant barriers for agricultural producers. 50% of the agricultural producers mention unstable state agricultural policy as a barrier to business development (see Fig. 1). The average relevance score for this problem is one of the highest ones, i.e. 1.5. Selling the products is relevant and problematic issue, too, with an average score of 1.8. 50% of the respondents face this problem. 60% of agricultural producers mention the lack of government support. The average score of relevance of this problem is 2.1.

Some obstacles are also considered as relevant by agricultural producers but they are typical for fewer respondents. For instance, only 3% of agricultural producers mention moratorium on farmland sales as an obstacle, but all of them find it important, which results in its average relevance score of 1.5. 18% of agricultural producers report problems with fuel supply and with machinery and equipment supply. However, average relevance score for these problems is quite high, i.e. 1.7 and 2.5 correspondingly. Lack of market information is at the score of 2.3 by relevance. 16% of respondents mention this problem. Problems with getting the loan have become a barrier for only 8% of agricultural producers, but its effect is quite big. Its average relevance score equals to 2.8. In addition, 23% of agricultural producers face the problem of supply of fertilizers and plant protection products, but

this problem is relatively less important. Its average score is 3.9.

Thus, the problems of state regulation of the agricultural sector, lack of market information, sales of products, fuel and technology supply are the most important and most common ones for Ukrainian agricultural producers. These data are quite consistent with the results of the survey conducted by the Centre for Social Expertise in 2010, where agricultural producers frequently mentioned the following problems for the development: i) disparity between agricultural production prices and materials and technology costs (23%), ii) lack of available loans (17%), iii) high taxes (15%) and iv) lack of civilized markets (14%).

**Fig. 1.** Business development barriers for agricultural producers. Left scale shows percentages, right scale shows average score (score 1 - the most important barrier).



Source: own data