Short food supply chains in Ukraine

General overview of the state of play

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1. What is the current situation with respect to SFSC in my country

Agriculture in Ukraine appears to be quite developed in terms of large-scale commercial production. However, when it comes to ensuring the country's population has access to high-quality and diverse food products, the situation is far from optimal.

1.1. Production and Consumption of Food Products

Over the past two decades, agricultural production in Ukraine has shifted towards grain production, which has increased **2.2 times** from 1991 to 2021. In contrast, the production of sugar beets has **decreased 3.3 times**, meat (in slaughter weight) **1.7 times**, and milk **2.6 times**.

During the same period, the number of livestock has significantly declined:

- Cattle decreased **9.3 times**
- Pigs decreased **3.5 times**
- Sheep and goats decreased **7.7 times**

In 2021, **82.3%** of Ukraine's total agricultural production came from crop farming.

This situation leads to an **unbalanced diet** for the population.

According to the **Food and Agriculture Organization (FAO) of the United Nations**, the **average daily protein intake per person in Ukraine** (three-year average for 2018–2020) was **88 grams**, compared to:

- **Germany** – 105 grams
- **Poland** – 108 grams
- **Romania** – 107 grams
- **Estonia** – 103 grams
- **Latvia** – 96 grams
- **Lithuania** – 125 grams

Of this, **animal-based protein intake** in Ukraine was **42 grams per day**, while in:

- **Germany** – 66 grams
- **Poland** – 61 grams
- **Romania** – 53 grams
- **Estonia** – 68 grams
- **Latvia** – 57 grams
- **Lithuania** – 79 grams

The **average daily fat intake per person in Ukraine** during the same period was **86 grams**, significantly lower than in:

- **Germany** – 157 grams
- **Poland** – 130 grams
- **Romania** – 126 grams

- **Estonia** – 133 grams
- **Latvia** – 135 grams
- **Lithuania** – 117 grams

Additionally, the **average dietary energy supply relative to the minimum required level** in Ukraine during **2020–2022** was **118%**, compared to:

- **Germany** – 146%
- **Poland** – 140%
- **Romania** – 148%
- **Estonia** – 127%
- **Latvia** – 136%
- **Lithuania** – 137%

1.2. Legislation

Ukraine has formed a fairly large body of legislation to regulate agricultural production:

- "On state control over compliance with legislation on food products, feed, animal by-products, animal health and welfare"
- "On information for consumers regarding food products"
- "On materials and articles intended for contact with food products"
- "On the basic principles and requirements for organic production, circulation and labeling of organic products"
- "About farming"
- "On personal farming"
- "On state support for agriculture in Ukraine"
- "On the basic principles and requirements for the safety and quality of food products"
- "On state control over compliance with legislation on food products, feed, animal by-products, animal health and welfare"

However, all this legislation **does not operate with the concept of "short food supply chains"** and does not contain priorities for their development.

1.3. Strategic Documents

Recently, Ukraine has adopted two strategic policy documents:

- **The Strategy for the Development of Agriculture and Rural Areas in Ukraine until 2030**[1]
- **The Food Security Strategy of Ukraine until 2027**[2]

The **Food Security Strategy** outlines key strategic goals that could potentially support the idea of **shortening food supply chains**, including:

[1] https://zakon.rada.gov.ua/laws/show/1163-2024-%D1%80#n12
[2] https://zakon.rada.gov.ua/laws/show/684-2024-%D1%80#n12

Strategic Goal 1: Ensuring food market supply by promoting the sustainable development of agricultural and food production.

Strategic Goal 2: Guaranteeing economic accessibility of food for all population groups in Ukraine.

However, the **strategy does not provide any specific provisions** recognizing the importance of short food supply chains. Moreover, the **Operational Action Plan**[3] for this strategy does not include any measures addressing this issue.

It is important to note that **large agribusiness holdings dominate Ukrainian agriculture**, primarily focusing on high-volume production of **grain and oilseeds**. Meanwhile, **a significant share of food products for direct consumption reaches consumers from very small producers – individual household farms**.

All existing **strategic documents are primarily oriented toward large-scale commercial production** and fail to include solutions for the **development of small-scale producers** or their **access to markets**.

1.4. Situation in Food Markets

The sale of household-produced food products primarily takes place in urban markets, which can be:

- **Legal markets** with some level of product quality control.
- **Informal (street) markets** that operate without such controls.

The **Law of Ukraine "On Wholesale Agricultural Markets"**[4] establishes regulations for the creation and operation of wholesale markets. However, it **does not cover retail sales or the reduction of supply chain lengths**.

Ukraine has a number of **regulatory acts governing food quality control**, which can significantly affect the ability of **small producers and household farms to directly supply food products**. These include:

- The **Law "On Basic Principles and Requirements for Food Safety and Quality"**
- The **Methodology for Determining Key Food Security Indicators**[5], as defined by **Cabinet of Ministers Resolution No. 1379 of December 5, 2007**

1) Retail Chains

[3] https://zakon.rada.gov.ua/laws/show/684-2024-%D1%80#n161
[4] https://zakon.rada.gov.ua/laws/show/1561-17#Text
[5] https://zakon.rada.gov.ua/laws/show/1379-2007-%D0%BF#Text

The majority of food products in Ukraine are sold through **large supermarket chains**.

According to the **Retailers Association of Ukraine**, the country has a **well-developed network of large retail chains**[6] **specializing in food sales**.

Топ-10 продуктових мереж України за кількістю працюючих магазинів у 2023 році

№	Компанія	Мережі	Лого	Центральний офіс	Кількість торгових точок, 2023 р.	Кількість торгових точок, 2022 р.	Приріст 2023-2022 рр., %	Кількість відкритих магазинів у 2023 р.	Кількість областей покриття, грудень 2023 р.
1	АТБ	АТБ, АТБ express		Дніпро	1207	1162	3,9%	19	22
2	Fozzy Group	Сільпо, Фора, Fozzy Cash&Carry, Le Silpo, Thrash!, Foodpod		Київ	768	717	7,1%	53	22
3	МХП	М'ясомаркет		Київ	269	225	19,6%	76	22
4	VolWest Retail	Наш Край, Наш Край експрес, SPAR		Луцьк	259	249	4,0%	22	19
5	Аритейл	Коло		Київ	238	221	7,7%	19	2
6	Клевер Сторс	Сім23, Сімі		Луцьк	234	167	40,1%	70	5
7	Львівхолод	Рукавичка, Під Боком		Львів	209	200	4,5%	12	7
8	Оптторг-15	Делві		Київ	181	148	22,3%	40	6
9	Вересень плюс	Файно маркет, Файно express, Файно Дискаунтер, Соціальний магазин		Кропивницький	169	139	21,6%	30	3
10	Август-Плюс	МаркетОпт		Кременчук	166	133	24,8%	33	7

RAU.UA

Major retail chains primarily sell products in large quantities, which **limits access for small producers**. These chains **source products from large suppliers**, making it difficult for small-scale farmers and household producers to enter their distribution networks. Additionally, supermarkets are concentrated in **large and medium-sized cities with significant populations**. In contrast, **small towns and rural settlements remain outside the focus of these retail networks**.

2) Traditional and Organized Markets

Traditional markets and fairs are an **important channel for SFSC**, as they allow farmers and craft producers to **interact directly with consumers**, avoiding additional intermediaries.

Permanent markets of various sizes exist in all **regional centers, district centers, and central settlements of communities with populations over 10,000 people**. A significant portion of the products grown by **small farmers and household producers** is sold at these markets.

Fairs are **temporary organized markets** that operate on specific days determined by local authorities in designated locations.

[6] https://rau.ua/novyni/top-10-merezh-kilkistju-2023/

A good example is **Kyiv**, where the **Kyiv City State Administration** organizes **regular agricultural fairs** in different districts of the capital. These fairs enable consumers to **buy products directly from producers**, promoting a more direct and transparent food supply system.

3) Craft Producers and Farm Products: Producer Associations and Marketplaces

Over the past **10–15 years**, **craft food production** has been developing in Ukraine. The main categories include:

- **Dairy products**
- **Meat products**
- **Honey**
- **Beer and wine**
- **Herbal teas**
- **Healthy food**

These products are primarily sold through:

- **Online platforms**
- **Tourist locations**
- **Hotels**
- **Small shops near tourist attractions**

Ukrainian craft producers and farmers

- Brand catalog on " Kraft Society "
- Marketplace craft and farm products

Online platforms for local products

- Craftmarket.shop
- Foody.ua
- Hectare.ua (Online store)
- CraftFoodShop
- ItsCraft
- OLX: "Kraft" in the "Food & Beverage" section

Expansion of e-commerce has made it easier for **craft producers and small farms** to provide consumers with access to **local and "regional" products**. This has had a **positive impact** on the development of **SFSCs** since producers can now **sell their products directly to end consumers**.

Research indicates that **craft cheeses, sausages, jams, honey, and baked goods** are among the **most in-demand** products. The **growth in purchasing power** within this segment confirms a trend toward **"conscious consumption"**, where people choose **local products** for their **freshness, quality, and support of local producers**.

Craft production has also contributed to the **rise of a new form of tourism – gastro-tourism**, which **complements wellness, health, and cultural-historical tourism**. This type of tourism has **particularly flourished** in the following regions:

- **The Carpathians** – Zakarpattia, Lviv, Ivano-Frankivsk, and Chernivtsi regions

- **Along the Dniester River** – Ternopil, Khmelnytskyi, and Vinnytsia regions
- **Southwestern Odesa region**

Positive Trends in Craft Production

Currently, craft production in Ukraine is experiencing **steady growth**, characterized by:

- An **increasing number of small producers** developing their **own brands and exclusive product lines**.
- The **emergence of shared platforms and cooperatives** that help promote **craft products** and expand into **new markets**.

Interim Conclusion

The **current development** of **short food supply chains in Ukraine** relies on three key areas:

1. **Traditional formats** – urban food markets, market fairs, and wholesale markets.
2. **Online tools** – marketplaces and craft producers' websites that connect **local farmers and craft entrepreneurs** with **urban consumers**.
3. **Tourism** – enhancing the **touristic appeal** of regions with a focus on **local identity** (e.g., the **Carpathians**), where **craft products** serve as an additional attraction for visitors.

Ukraine **lacks a clear policy** to support **small producers and the shortening of food supply chains from producer to consumer**. Additionally, the **current legislation does not facilitate the development of small-scale food producers or their access to food markets**, highlighting the need for **regulatory improvements**.

Despite positive trends and growing demand for **local and craft products**, the main obstacles to expanding SFSC are **limited market infrastructure, a complex regulatory environment, and insufficient interaction between government agencies, retail, and small farmers.** The increase in online services, organized markets, urban fairs, and attention to local/regional identity indicate the gradual integration of short food supply chains into Ukraine's food system.

2. What is the ideal or desired situation for SFSC in my country (from whose perspective)?

The formation of an **ideal model for short food supply chains in Ukraine** requires a **shift in approaches** to **agricultural policy** and **food security policy**. This necessitates consideration of various legal relationships among **producers, consumers, and the state**.

Farmers' Perspective

The ideal scenario for **small and medium-sized agricultural producers** in Ukraine includes:

1. **A wide network of short food supply chains** that allow producers to **bypass intermediaries** and receive **fair prices** for their products (with relatively high added

value). This is feasible primarily within **territorial communities and regions**, utilizing existing **market networks and trade operators**.

2. **Improved infrastructure**, including **shared (cooperative) storage facilities, logistics centers, and efficient sales channels** (both online and offline).
3. **Simplified regulatory framework**, with **a phased certification and labeling system for food products**, considering the **scale of production**.

Consumers' Perspective

1. **Accessibility and transparency** – consumers, regardless of whether they live in **urban or rural areas**, should have access to **affordable local products**.
2. **Variety of sales channels**, including **farmers' markets, specialized stores, permanent pick-up points, online platforms, and mobile apps**, making it easier to purchase fresh products year-round.
3. **Community building** – closer communication between **producers and consumers** enhances the **understanding of food production processes**, **strengthens trust**, and fosters a **culture of responsible consumption**.

Such models have already been **partially implemented** in several European countries, where **local governments support farmer cooperatives and "farm-to-table" initiatives**. In Ukraine, integrating such practices into **regional development programs** could **enhance food security and strengthen local economies**.

Government's Perspective

For **central and local authorities** short food supply chains can serve as a foundation for the **sustainable development of rural areas**:

1. **Integration into rural development strategies –** SFSCs can be incorporated into the **Strategy for the Development of Agriculture and Rural Areas in Ukraine until 2030** and the **Food Security Strategy**.
2. **Financial incentives –** providing **grants, preferential loans, or tax incentives** for **cooperatives and farmers** implementing **innovative trade and logistics solutions**.
3. **Reducing regional disparities –** expanding SFSCs in **less developed regions** can help **reduce migration to cities** and stimulate **local employment growth**.

Interim Conclusion

The **desired model for developing short food supply chains in Ukraine** requires a **coordinated approach** from all stakeholders:

- **Farmers** benefit from **higher income** and **direct market access** without intermediaries.
- **Consumers** gain **price transparency, affordability, and confidence in product quality**.
- **The state** achieves **sustainable development goals**, reduces **regional disparities**, and strengthens **rural communities**.

Short food supply chains must **move beyond a niche market** and become a **full-fledged driver of economic growth**, **enhancing food security** and **promoting environmentally responsible practices** in Ukraine.

3. How to get from the current to the desired?

To achieve the ideal model for the development of SFSCs in Ukraine **coordinated cooperation** is required at the levels of **state policy, infrastructure development, and consumer awareness**. It is essential to **consider international experience** and adapt **proven approaches** to Ukrainian realities.

Currently, the **main obstacle** to expanding SFSCs is the **limited number of producers** capable of ensuring a **steady supply of products**, alongside the **overwhelming dominance of large agribusiness holdings** in the agricultural sector.

The war has highlighted the **importance and flexibility of small producers**. After the occupation of a significant part of the **Kherson region in 2022**, Ukraine **lost a major share of onion, tomato, eggplant, and watermelon production**. However, by **2023 and especially 2024**, these losses were **compensated by small producers from other regions**, even those **previously unaccustomed to growing these crops**.

Thus, the **path to change** could be structured as follows:

1. Changes in Agricultural and Rural Development Policies

1.1. **Amendments** to the **Strategy for Agricultural Development** and the **Food Security Strategy**.
1.2. **Simplification of food safety regulations** for **small producers and household farms**.
1.3. **Financial incentives and targeted funding** for small producers and food retail networks to **support the sale of fresh produce**.
1.4. **Grant and organizational support** for the **self-organization of household farms** that grow local products for **local and regional markets**.

2. Capacity Building

2.1. **Training programs** for farmers and household producers in **modern agricultural technologies**.
2.2. **Adaptation of producers** to **growing new crops** in response to **climate change and consumer preferences**.
2.3. **Support for agricultural cooperatives**.
2.4. **Encouragement of craft food production**.
2.5. **Registration and protection of local geographic names** (e.g., regional specialties).
2.6. **Marketing and promotion** of **local brands and products**.

3. Infrastructure Development

3.1. **Local markets** to support direct sales.
3.2. **Mobile fairs** to improve accessibility in rural areas.
3.3. **Online platforms** for direct farm-to-consumer sales.
3.4. **Mobile collection points** for small producers to supply regional markets.

4. Consumer Awareness and Education

4.1. **Local and regional information campaigns** to promote SFSCs.
4.2. **Educational programs for schoolchildren and youth** to raise awareness of local food production.
4.3. **Support for local food festivals** to celebrate regional food traditions.
4.4. **Encouragement of community spaces** for gastronomy and food culture development.

5. Pilot Projects and Scaling Up

5.1. **Launch of regional pilot projects** focused on SFSC development.
5.2. **Assessment of results** and **scaling successful models** through **regional and national programs**.

Interim Conclusion

The transition to the **ideal SFSC model** requires a **comprehensive approach** and **active participation** from **all stakeholders**: **the government, farmers, businesses, local authorities, and consumers**.

The development of an **efficient and beneficial SFSC system in Ukraine** will be driven by:

- **Legislative improvements**
- **SFSC infrastructure development**
- **The creation of producer cooperatives**
- **Support for sales channels**
- **Educational initiatives for the population**
- **Scaling up successful pilot projects**

4. Who needs to do what? When should they do it? With what resources and in whose interest?

The **transition from the current model**, dominated by **large retail chains and agribusinesses**, to a **resilient food supply system** that ensures **community access to food** requires a **comprehensive policy**. The responsibility for developing such a policy falls under the **Ministry of Agrarian Policy, the Ministry of Community and Territorial Development, and the Ministry of Economy**.

At present, **there are no visible initiatives** in this area, as the topic is **not present in the public discourse** and is **not being actively promoted** by **potential beneficiaries** – namely, **small producers, household farms, and consumers**.

To initiate progress, the following steps are necessary:

1. **Launch a public discussion** on SFSCs.
2. **Conduct a more in-depth study** to identify the **needs of key stakeholders**.
3. **Establish a core group of stakeholders** interested in shaping SFSC policies.
4. **Develop policy proposals** for reforming the current system.

5. **Conduct an advocacy campaign** to promote policy changes in the interests of **small producers and consumers**.

Since **revisions to the State Strategy for Regional Development 2027 and its implementation plan** are currently in progress, it is **possible to incorporate SFSC elements into the rural development program**. This would support the **wider adoption of short food supply chains**, strengthening the **direct link between producers and consumers**.