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Report Highlights:

Federal Law No. 93 of April 20, 2015 “On Amendments to the Federal Law “On the Federal Budget 2015 and the planned period 2016 and 2017” decreased the total 2015 budget of the Russian Federation by 2 percent, to 12.14 trillion rubles. Meanwhile financing of agriculture (Ministry of Agriculture, Federal Service for Veterinary and Phytosanitary Surveillance, and Fisheries Agency) went up by 5.6 percent, to 236.97 billion rubles. Although, the share of these three agencies remained less than 2 percent of the total federal budget. Federal financing of the Ministry of Agriculture will increase by 7.9 percent to 210.96 billion, while financing of the Federal Service for Veterinary and Phytosanitary Surveillance and the Fisheries Agency will decrease.

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General Information

On April 20, 2015 the President of the Russian Federation signed Federal Law No. 93 “On Amendments to the Federal Law “On the Federal Budget 2015 and the planned period 2016 and 2017”. Due to economic problems in Russia, the Government cut the total federal budget by 2 percent, or almost 194 billion rubles (\$3.2 billion¹), to 12.14 trillion rubles (\$202 billion)². Meanwhile, financing of agriculture, one of the vital segments of economy and social stability, went up by 5.6 percent to 236.97 billion rubles (\$3.95 billion), although the share of agriculture remained less than 2 percent of the total federal budget of the Russian Federation.

NOTE: There is no official summary of the 2015 agricultural budget of the Russian Federation, and FAS/Moscow used different official legislative documents to obtain data for analysis, such as Federal Law No.384-FZ of December 1, 2014 “On the Federal Budget for 2015 and the planned period 2016 and 2017”, Federal Law No. 93-FZ of April 20, 2015 “On Amendments to the Federal Law “On the Federal Budget for 2015, and the planned periods 2016 and 2017”, and data of recent government orders and resolutions.

The agricultural budget is composed of budgets for three government bodies: the Ministry of Agriculture of the Russian Federation, the Federal Service for Veterinary and Phytosanitary Surveillance (VPSS), and the Fisheries Agency (Table 1). The last two government bodies are subordinated to the Ministry of Agriculture, but have their own budgets. Amendments made in April 2015 increased the 2015 budget of the Ministry of Agriculture by 7.9 percent to 211.0 billion rubles (\$3.52 billion). This will be the second highest budget for the Ministry of Agriculture in the last 5 year. However, due to the volatility of the U.S. dollar/ruble exchange rate over the last 12 months, it will be the lowest budget in the last 5 years. The VPSS and Fisheries Agency 2015 budgets were cut by 11 and 9 percent to 10.6 billion rubles (\$177 million) and 15.4 billion rubles (\$256 million), respectively.

Allocations to the Fisheries Agency include federal subsidies for the State Program “Development of the Fisheries Industry until 2020”³ and for the overhead expenses of the Agency for implementation of the Program, including monitoring and surveillance.

¹ Conversion calculations into U.S. dollars are made based on the 2015 average forecasted exchange rate used by the Ministry of Economic Development of the Russian Federation: 60 rubles per \$1.

² The original 2015 federal budget was adopted by Federal Law 384-FZ of December 1, 2014: <http://publication.pravo.gov.ru/Document/View/0001201412030001>

³ FAS/Moscow reported on this Federal Program in the GAIN report [Fish and Seafood Production and Trade Update 3-18-2014.pdf](#). The federal budget for 2015 plans to allocate to the Fishery Agency 15.4 billion rubles, most of which will be spend for implementation of the Fishery Program.

Allocations to the Ministry of Agriculture include federal funds for the State Program “Development of Agriculture and Regulation of Markets of Agricultural Products, Raw Materials and Foods for 2013-2020” (hereinafter referred to as “State Program 2013-2020”)⁴ and several smaller, long-term programs primarily aimed at the development of rural areas and restoration of land resources, and also funds for overhead expenses of the Ministry of Agriculture and its regional institutions for implementation of these programs. The bulk of federal funds that are given to the Ministry of Agriculture are transferred to provinces on terms of co-financing. For example, provinces may use federal funds for subsidizing interest rates on farmers’ loans only on terms of co-financing of 20 percent of the project. According to industry analysts, the requirement for co-financing limits the use of federal funds because some provinces do not have money for such co-financing and therefore cannot use these funds. Thus, by the end of the year part of allocations to the Ministry of Agriculture may not be obligated.

Table 1: Allocations for agricultural and related agencies in the federal budget 2011-2015

	2011	2012	2013	2014	Original Budget 2015 (FL #394 of Dec. 1, 2014)	Amendments	Amended Budget 2015 (FL # 93 of Apr. 20, 2015)
	Billion Rubles						
Total Federal Budget	10,935.2	12,890.8	13,342.9	13,960.0	12,332.4	-193.6	12,138.8
- Ministry of Agriculture	166.7	175.2	216.7	208.5	195.5	+15.5	211.0
- VPSS	9.9	9.5	10.4	11.5	11.9	-1.3	10.6
- Fishery Agency	14.1	14.6	14.3	14.1	17.0	-1.6	15.4
- Academy of Agriculture*	8.4	7.3	7.7				
TOTAL	199.1	206.6	249.1	234.1	224.4	+12.6	237.0
	Share of Agriculture Related Bodies in the Total Federal Budget, %						
Total Federal Budget	100.00	100.00	100.00	100.00	100.00		100.00
- Ministry of Agriculture	1.52	1.36	1.62	1.49	1.59		1.74
- VPSS	0.09	0.07	0.08	0.08	0.10		0.09
- Fishery Agency	0.13	0.11	0.11	0.10	0.14		0.13
- Academy of Agriculture*	0.08	0.06	0.06				
TOTAL	1.82	1.60	1.87	1.68	1.82		1.95
	Million USD						
Total Federal Budget	372,579	414,895	419,324	367,368	205,540	-3,226	202,313
- Ministry of Agriculture	5,680	5,639	6,810	5,487	3,258	+258	3,516

⁴ FAS/Moscow reported on the State Program 2013-2020, including on the amendments to this Program in the following GAIN reports: [Agriculture Development Program 2013-2020 11-6-2012.pdf](#), [GOR Resolutions on Distribution of Agricultural Subsidies 1-25-2013.pdf](#), [Federal Agricultural Budget in 2013 3-13-2013.pdf](#)

- VPSS	337	306	327	302	198	-21	177
- Fishery Agency	480	470	449	371	283	-27	256
-Academy of Agriculture*	286	235	242				
Approximate exchange rate: rubles per \$1**	29.35	31.07	31.82	38.0	60.0	60.0	60.0
Notes: *Academy of Agriculture merged with Russian Academy of Sciences in 2013 and separate financing discontinued; **Average exchange rate is calculated by the Central Bank of Russia. Forecast of Russian Ministry of Economic Development for 2015 is 60 rubles per \$1.							

Budget of the Ministry of Agriculture in 2015

Below is the summary of the amended budget of the Ministry of Agriculture in 2015 by major sub-programs of the State Program 2013-2020 and other programs per the Federal Law No. 93 of April 20, 2015 (for details see Table 2).

- Support and Development of Plant Production, Processing and Marketing (sub-program of the State Program 2013-2020) – 57.72 billion rubles (\$962 million) for the following:
 - Decoupled support of crop producers (subsidies per 1 hectare of sown area),
 - Partial compensation of interest rate (investment loans) in plant production, processing and marketing,
 - Partial compensation of interest rate (short term loans) in plant production, processing and marketing,
 - Partial compensation of insurance premiums in plant production,
 - Funds for State Grain Interventions (purchases to/sales from the Intervention Fund),
 - Support of economically important provincial programs in plant production,
 - Other programs and overhead expenses for implementation of the above.
- Support and Development of Livestock and Poultry Production, Processing and Marketing (sub-program of the State Program 2013-2020) - 32.95 billion rubles (\$549 million) for the following:
 - Partial compensation of interest rate (investment loans) in animal production, processing and marketing;
 - Support of economically important provincial programs in livestock production;
 - Subsidies for support of purebred livestock farming;
 - Partial compensation of interest rate (short term loans) in animal production, processing and marketing;
 - Subsidies to milk producers per 1 liter of marketed milk;
 - Partial compensation of insurance premiums in livestock production;
 - Other programs and overhead expenses for implementation of the above.
- Support and Development of Meat Cattle Farming (sub-program of the State Program 2013-2020) – 7.45 billion rubles (\$124 million) for the following:
 - Subsidies for support of purebred meat cattle farming;
 - Subsidies for support of economically important provincial programs in meat cattle;
 - Subsidies for support of economically important provincial programs in meat cattle.
- Support of Small Forms of Agricultural Enterprises (sub-program of the State Program 2013-2020) – 12.71 billion rubles (\$212 million).
- Technical and Technological Modernization and Innovative Development of Agriculture (sub-

program of the State Program 2013-2020) – 2.15 billion rubles (\$36 million);

- Implementation of State Program 2013-2020 in 2015 – 30.43 billion rubles (\$507 million). This includes 20 billion rubles (\$333 million) of additional funds, which will be distributed in accordance with special decisions of the Russian Government;
- Subsidies for new sub-programs of the State Program 2013-2020 – 27.41 billion rubles (\$457 million). These sub-programs were adopted in 2014 and funds are included in the 2015 federal budget for the first time. Sub-programs were adopted in order to facilitate import substitution:
 - purchase of elite seeds;
 - support of purebred livestock farming;
 - support of purebred meat cattle;
 - compensation of direct expenses for construction and modernization of planting seeds selection and animal breeding centers;
 - interest rate subsidies for construction and modernization of planting seeds selection and animal breeding centers;
 - development of wholesale distribution centers and social food systems.
- Other programs and overhead expenses of the Ministry of Agriculture – 40.13 billion rubles (\$660 million)
 - Sustainable Development of Rural Territories in 2014-2017 and until 2020;
 - Development of irrigation;
 - Support of pre-school, school, higher and professional education
 - Other programs and expenses.

Government Orders on Allocation of Federal Funds to the Ministry of Agriculture in 2015.

Under the federal budget, the government of the Russian Federation issues orders on financing the Ministry of Agriculture's programs and sub-programs. Since adoption of the 2015 amended budget, the Government has issued several orders on financing the Ministry of Agriculture's programs and distribution of these subsidies among provinces, including the following:

- GOR Order No. 1051-p of June 8, 2015, on distribution of 21.34 billion rubles for interest rate subsidies on short term loans in plant production, processing, development of infrastructure and marketing. The previous funds for these purposes were 18.84 billion rubles (2.5 billion rubles less) and consisted of 10.04 billion rubles envisaged in the original federal budget of the Ministry of Agriculture (Code 082 04 05 25 1 5083) and funds that were added for interest rate subsidies to plant producers and processors at the expense of special funds of the Ministry of Agriculture for implementation of State Program 2013-2020 (Code 082 04 05 25 6 2023) ⁵.
- GOR Order No.1110-p of June 16, 2015, (<http://government.ru/docs/18527/>) on distribution of 11.58 billion rubles for subsidies for partial compensation of interest rate (investment loans) in plant production, processing, development of infrastructure and marketing (Code 082 04 05 25 1 5039). These subsidies are 2.15 billion rubles more than the original budget envisaged. <http://government.ru/media/files/DtLQdUSzvKAmM0YndZbwBS2Ag68JltCG.pdf>;
- GOR Order No. 1109 of June 16, 2015 (<http://government.ru/docs/18526/>) on distribution of 5.1

⁵ Government Order No.224-p of February 13, 2015: <http://government.ru/docs/18437/>. FAS/Moscow reported in [Russian Agricultural Policy and Situation Bi-Weekly Update No 3_2-27-2015.pdf](#)

billion rubles for subsidies for partial compensation of interest rates (investment loans) for construction and modernization of feedlots (Code 082 04 05 25 3 5052). These subsidies are 0.5 billion rubles more than the original budget envisaged.

<http://government.ru/media/files/AYyYtdUQEhGAmGHZmJNpi39AwGs9w617.pdf>;

- GOR Order No.1108 of June 16, 2015 (<http://government.ru/docs/18525/>) on distribution of 3.2 billion rubles as grants to beginning farmers and for the development of peasant farms (Code 082 04 05 25 4 5053). These grants are 1.3 billion rubles more than the original budget envisaged.
<http://government.ru/media/files/52ruAPWcQ8krAvc406cYzDMMUnjsVWNf.pdf>;
- GOR Order No. 1107-p (<http://government.ru/docs/18524/>) on distribution of 3.1 billion rubles as grants for development of family livestock farms (Code 082 04 05 25 4 5054). The grants are 1.65 billion rubles more than was envisaged by the original budget.
<http://government.ru/media/files/ceThDQcW1vzXMDbyUjHPrW6rL4mIQS7L.pdf>.

Government Plans to Add More Federal Funds to Agriculture in 2015

The Russian Government declared agriculture as one of the priority spheres for additional federal support during the difficult economic situation in 2015. On January 27, 2015, the Russian Government approved the national “anti-crisis” plan by its [Order No. 98-p](#)⁶. Among other things, the anti-crisis plan aimed at support of the Russian economy, the plan envisaged “up to 50 billion rubles” of additional funds for support of agriculture and agribusiness, but did not specify the spheres of additional support. An additional 50 billion rubles in funds were partially (15 billion rubles) included in the amended budget of the Ministry of Agriculture in 2015 as per the Federal Law No. 93 of April 20, 2015. The rest of the additional “anti-crisis” funds may be given to the Ministry of Agriculture by special government orders. Industry analysts expect that these additional funds will be reported as amendments to the budget of the Ministry of Agriculture post-factum, in the end of CY 2015. Thus, on May 22, 2015, the Government issued Order No. 932-p that added 6.2 billion rubles to the previous 1.9 billion rubles of “per liter” milk subsidies (GAIN report: [Russian Agricultural Policy and Situation Bi-Weekly Update No 8_6-2-2015.pdf](#)).

Attachment

Table 2. Budget of the Ministry of Agriculture in 2015, Million Rubles

	Budget code	2015 budget original	Amendments made in April 2015	Amended Budget 2015
MINISTRY OF AGRICULTURE	082	195,49	15,470	210,96

⁶ FAS/Moscow reported on this Anti-crisis plan in [Russian Agricultural Policy and Situation Bi-Weekly Update No 2_2-25-2015.pdf](#)

		3		3
Including:				
--- International relations related to implementation of Program 2013-2020	082 01 08	17	8	25
--- Protection of population and territories in emergency situations, fire and floods	082 04 05 10	58 5	-77	50 9
Support and Development of Crop Production and Processing	082 04 05 25 1			
---Government overhead expenses	082 04 05 25 1 0019	35		35
---Subsidies for partial compensation for purchase of elite seeds	082 04 05 25 1 5031	1,5 87	- 1,58 7	
--- Subsidies for partial compensation of maintenance of vineyards	082 04 05 25 1 5032	31 5	701	1,0 16
--- Subsidies for removal of old orchards and re-cultivation of land	082 04 05 25 1 5033	11 0		11 0
--- Subsidies for partial compensation for maintenance of fruit and berries orchards	082 04 05 25 1 5034	1,1 31	1,35 0	2,4 81
--- Subsidies for support of economically important provincial programs in plant production	082 04 05 25 1 5035	2,8 50	- 1,85 0	1,0 00
--- Subsidies for seeds purchase and delivery to the Northern territories	082 04 05 25 1 5036	26 2		26 2
--- Subsidies for support of crop production in low fertile soils of the Far North and similar territories	082 04 05 25 1 5037	44 6		44 5,5 5
--- Subsidies for partial compensation of interest rate (short term loans) in crop production, processing and marketing	082 04 05 25 1 5038	7,5 42	2,50 0	10, 04 2
--- Subsidies for partial compensation of interest rate (investment loans) in crop production, processing, development of infrastructure and marketing	082 04 05 25 1 5039	9,4 31	2,15 0	11, 58 1
--- Subsidies for partial compensation of insurance premium in crop production	082 04 05 25 1 5040	4,9 97		4,9 97
--- Subsidies for decoupled support of crop producers (per 1 hectare of sown area)	082 04 05 25 1 5041	14, 72 5	8,50 0	23, 22 5
--- Subsidies for partial compensation of construction and modernization of fruit storage facilities	082 04 05 25 1 5437	0	100	10 0
-- -Procurement and selling (commodity) interventions in agricultural markets and collateral operations	082 04 05 25 1 6426	4,4 27	- 2,00 0	2,4 27
Support and Development of Animal Production	082 04 05 25 2			
---Government overhead expenses	082 04 05 25 2 0019	1,4 44	-500	94 4

---Subsidies for support of purebred livestock farming	082 04 05 25 2 5042	4,2 23	- 4,22 3	
--- Subsidies to milk producers per 1 liter of marketed milk (including milk for farmers' own processing)	082 04 05 25 2 5043	1,9 26		1,9 26
--- Subsidies for partial compensation for growing sheep and goats breeding stock	082 04 05 25 2 5044	73 9		73 9
--- Subsidies for partial compensation for northern deer and meat horses	082 04 05 25 2 5045	38 0		38 0
--- Subsidies for support of economically important provincial programs in livestock production	082 04 05 25 2 5046	7,1 54	- 6,65 4	50 0
--- Subsidies for partial compensation of interest rate (short term loans) in animal production, processing and marketing	082 04 05 25 2 5047	2,8 68		2,8 68
--- Subsidies for partial compensation of interest rate (investment loans) in animal production, processing and marketing	082 04 05 25 2 5048	32, 62 8	- 8,49 0	24, 13 8
--- Subsidies for partial compensation of insurance premium in animal production	082 04 05 25 2 5049	1,4 25	-822	60 3
--- Subsidies for support of production of marketing of fine and semi-fine wools	082 04 05 25 2 5436	0	54	54
--- Subsidies to MinAg's enterprises for financing production of veterinary pharmaceuticals and their delivery to provinces	082 04 05 25 2 6743	0	800	80 0
Support of Development of Meat Cattle	082 04 05 25 3			
--- Subsidies for support of purebred meat cattle farming	082 04 05 25 3 5050	38 0	-380	
--- Subsidies for Support of economically important provincial programs in meat cattle	082 04 05 25 3 5051	2,3 75		2,3 75
--- Subsidies for partial compensation of interest rate (investment loans) in meat cattle	082 04 05 25 3 5052	4,5 74	500	5,0 74
Support of Small Forms of Enterprises	082 04 05 25 4			
--- Grants to beginning farmers and for development of peasant farms	082 04 05 25 4 5053	1,9 00	1,30 0	3,2 00
---Grants for development of family livestock farms	082 04 05 25 4 5054	1,4 25	1,65 0	3,0 75
---Subsidies for partial compensation of interest rates (short-, middle-, and long-term loans) for small size farmers	082 04 05 25 4 5055	5,9 85		5,9 85
--- Subsidies for partial compensation of payments for privatization of farmers' land plots	082 04 05 25 4 5056	11 4	-64	50
--- Subsidies for grants to farmers' consumer (input supply) cooperatives	082 04 05 25 4 5438	0	400	40 0
Technical and Technological Modernization and Innovative Development	082 04 05 25 5			

---Subsidies for partial compensation of cost of construction of bio-energy facilities, subsidies and grants for innovation projects	082 04 05 25 5	3,1 45	- 1,00 0	2,1 45
Implementation of Government Program of Development of Agriculture 2013-2020	082 04 05 25 6			
--- Expenses of federal authorities for implementation of State Program 2013-2020 (purchase of commodities and services for federal needs)	082 04 05 25 6 0019	97	-10	87
--- Expenses of federal authorities for implementation of State Program 2013-2020 (subsidies to budget autonomous organizations and other non-commercial organizations)	082 04 05 25 6 0059	11, 42 4	- 1,23 5	10, 18 9
--- State support of agricultural producers based on decisions of the Government of the Russian Federation for implementation of the State Program 2013-2020	082 04 05 25 6 2023	20, 00 0		20, 00 0
--- Other expenses of federal authorities for implementation of the State Program 2013-2020	082 04 05 25 6 (3987 and 9999)	17 6	-18	15 8
Sustainable Development of Rural Territories in 2014-17 and until 2020	082 04 05 25 7	1,1 38	-114	1,0 24
Subsidies for Development of Irrigation of Agricultural Lands	082 04 05 25 8	8,3 03	-934	7,3 69
Subsidies for sub-program "Development of vegetable production in open space and in green houses and development of production of seed potato"	082 04 05 25 9		700	70 0
Subsidies for sub-program "Development of dairy cattle industry and milk production"	082 04 05 25 Б		11,7 58	11, 75 8
Subsidies for sub-program "Support of animal breeding, selection and seed breeding"	082 04 05 25 Г			
--- Subsidies for purchase of elite seeds	082 04 05 25 Г 5031		2,78 7	2,7 87
--- Subsidies for supports of purebred livestock farming	082 04 05 25 Г 5042	0	4,22 3	4,2 23
--- Subsidies for support of purebred meat cattle	082 04 05 25 Г 5050	0	380	38 0
--- Subsidies for compensation of direct expenses for construction and modernization of planting seed collection and animal breeding centers	082 04 05 25 Г 5447	0	100	10 0
--- Subsidies for partial compensation of interest rate on investments loans for construction and modernization of planting seeds selection and animal breeding centers	082 04 05 25 Г 5449	0	100	10 0

Subsidies for sub-program "Development of Wholesale Distribution Centers and Infrastructure of System of Social Food"	082 04 05 25 Д	0	7,36 6	7,3 66
Investments in state/municipal owned irrigation objects	082 04 05 28 6 999	1,9 95	-374	1,6 20
Federal Program Development of Kaliningrad oblast	082 04 05 37 4	11 7	-12	10 5
Expenses of federal and provincial bodies for implementation of sub-programs of emergency situations, sustainable development of rural territories, development of irrigation	082 04 11	39 6	-23	37 3
Other expenses of federal and provincial bodies for implementation of different agricultural sub-programs	082 04 12	85 9	-92	76 7
Subsidies for implementation of federal program "Sustainable Development of Rural Area in 2014-2017 and till 2020"	082 05 02 25 7 5018	2,4 80	-248	2,2 32
Expenses for implementation of support of pre-school, school, higher and professional education and training in agriculture and related industries and in rural areas (from codes "082 07 01" through "082 07 08")	082 07	22, 44 4	-759	21, 68 5
Other administrative expenses for support of development of rural territories, including development of medical services (in codes 082 09 02 and 082 09 05)	082 09	25 1	-25	22 5
Other subsidies (from code 082 10) for Program "Sustainable Development of Rural Territories for 2014-2017 and till 2020"	082 10 03 25 7 5018	4,5 20	-452	4,0 68
Other subsidies (from code 082 11) for Program "Sustainable Development of Rural Territories for 2014-2017 and till 2020"	082 11 01 25 7 5018	15 0	-15	13 5
SOURCE: http://base.consultant.ru/cons/cgi/online.cgi?req=doc;base=LAW;n=178391;fld=134;from=57125-6;rnd=0.19527379260398448				