

QUARTERLY UPDATE

CREDIT FOR AGRICULTURE PRODUCERS (CAP) PROJECT IN UKRAINE

The CAP Project in Ukraine focused its activities on the following areas:

1. Legal & Regulatory Framework

- Prepared an expert opinion on the legal status of credit union members' shares in various jurisdictions and their coverage by the deposit guarantee system and submitted it to the Deposit Guarantee Fund (DGF) and the National Bank of Ukraine (NBU), per their request.



Expert opinion prepared and submitted

- Remarks and recommendations submitted to the NBU, the nation's credit union regulator, on proposed new regulatory reporting requirements that reflect credit union regulation best practices.
- Continued advocacy and consulting efforts for building up a legal framework on deposit guarantees for credit union members through participation in joint working groups with the DGF and the NBU.

PROJECT PARTNERS MAP



On February 24, 2022, Russia launched an unprovoked and unjustified war against Ukraine.

Despite a difficult operating environment, the CAP Project continues to support Ukrainian credit unions and stimulate agricultural lending, along with helping its partners overcome the new challenges of operating in wartime.

2. USAID/Worldwide Foundation for Credit Unions Liquidity Fund

- Worldwide Foundation for Credit Unions moved forward with the decision to extend **repayable financial assistance** to both of Ukraine's United Credit Unions (UCUs) for an **additional two years**, as it transfers more responsibilities for the Fund's implementation to the UCUs.
- Since its inception in April 2021, the Liquidity Fund has supported **707** agricultural MSME borrowers that received **837 loans**, for a total of **UAH 53.91 million** (USD 1.9 million) through **18 partner credit unions**.

707 borrowers



received 837 loans



through 18 credit unions



USAID / WFCU Liquidity Fund

- Qualification criteria updated** for partner credit unions with access to the Liquidity Fund to mitigate credit risks arising amid the consequences of the war.
- 504 credit union loans** have been disbursed since April 2022 to rural and MSME borrowers, for a total of **UAH 30,24 million** (USD 1,06 million).



504 credit union loans



to rural and MSME borrowers



for a total of UAH 30,24 million

- Training session completed for Ukrainian credit unions on **effective liquidity management**, focusing on liquidity gap analysis, drafting an action plan to manage negative liquidity gaps and ready-to-use tools for liquidity management. The online training was attended by **50 representatives** of 39 credit unions.

3. Digitalization

- Data migration launched to **new, modern websites** for over 50 credit unions of the two national associations.
- Recommendations on the “**Basics of Cyber Protection and Cyber Hygiene in Credit Unions**” were developed and shared with CAP partners and associated credit unions to help them ensure digital safety amid difficult wartime conditions.
- Training on using the **accounting section of a new core banking system (CBS)** was organized for the staff of three credit unions engaged in the activity.

4. Market Dynamics

- An analysis of **Ukrainian credit union market** dynamics (nine months of performance in 2019 and 2022) was completed. The results confirm:



CAP partner credit unions **outperformed** the general credit union market.



Drop only by 5%

Their loan and deposit portfolios **dropped only by 5%** when compared to the general market performance that witnessed over a 50% drop in both loan and deposit portfolios since the war began.

5. Agricultural Lending

- **Annual General Meeting** with partner credit unions took place virtually to present results of 2022 CAP activities, plans for 2023 and to discuss the agribusiness lending performance of credit unions.
- In cooperation with the **Worldwide Foundation for Credit Unions**, CAP continued to provide immediate support to agricultural producers seeking to stimulate agribusiness lending in wartime through the:



Partial reimbursement of loans that supported **1,031 credit union members** with a total reimbursement of **USD 70,000** toward loans issued after February 24, 2022.



Fuel Disbursement Program, which provided **163 agricultural producers** with coupons to receive free fuel to continue essential agricultural activities in wartime.

- **488 loans** totaling **UAH 24,20 million** (USD 661,686) disbursed by **15 partner credit unions** this quarter; bringing the total number of new loans under the CAP to **17,516**.



488 loans totaling



UAH 24,20 million



disbursed by 15 CU

17,516 new loans under CAP

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6. Communications & Advocacy

- Video produced to mark **International Credit Union Day 2022**, featuring the bravery and impact **Ukrainian women leaders** from credit unions and local businesses are having on their communities amid Russia's ongoing full-scale aggression.
- Video released focusing on a **berry processing cooperative** led by young Ukrainians who continue to run their business to support the country's economy with the help of credit union loans.
- Participation of the CAP Chief of Party in a panel discussion on “**Cooperatives in Times of Crisis**” at NCBA CLUSA's 2022 Cooperative Impact Conference in Washington, D.C. to illustrate the elevated importance of credit unions in wartime Ukraine.
- CAP Chief of Party participated in a series of **meetings held in Brussels, Belgium** between a delegation of experts from WOCCU, and representatives of the European Commission and Council of the European Union, to boost the advocacy efforts designed to ensure Ukrainian credit unions are excluded from the scope of the CRD IV Directive.



Support to Ukrainian credit unions