

# QUARTERLY UPDATE

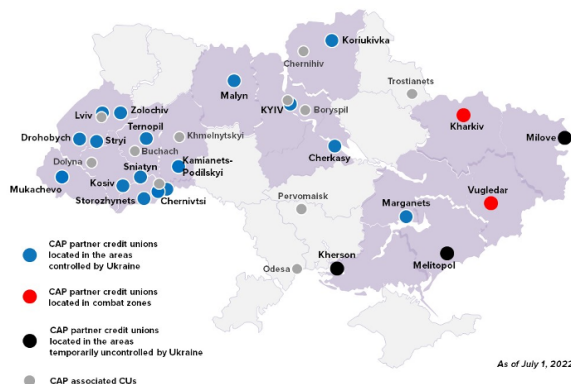
## CREDIT FOR AGRICULTURE PRODUCERS (CAP) PROJECT IN UKRAINE

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

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

### Project Partners Map:



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

### 1. Legal & Regulatory Framework

- Two knowledge-sharing workshops for the National Bank of Ukraine (NBU) and Individuals' Deposit Guarantee Fund (DGF) were held by experts from the National Credit Union Administration (NCUA) – the US credit union regulator – on how to charter, regulate, and supervise credit unions, as well as on how to implement support programs for small credit unions and build a deposit insurance system.

At the event, **NCUA Chairman Mr. Todd M. Harper** expressed his heartfelt support for the people of Ukraine during this most troubling time and emphasized the key role of small credit unions that *"need to remain viable in every country for the system to continue to achieve its full potential."*

- Two sets of expert recommendations were provided to the NBU on further deregulation for credit unions in wartime and an operational framework for credit unions in temporarily occupied territories.
- Credit Union Financial Recovery Planning guidelines with examples from Canada and Poland were shared with the NBU.

### 2. USAID/Worldwide Foundation for Credit Unions Liquidity Fund

- Disbursement of the second and final tranche** of the Liquidity Fund.
- A total of USD 449,500** was provided to the two partner United Credit Unions (UCUs) for on-lending to CAP Target Credit Unions in April.
- To expand outreach to agricultural MSME borrowers, the **pool of Target Credit Unions temporarily expanded** by 11, making a total of **25 credit unions eligible to borrow** from the Fund through September 2022.
- In total, since the inception of the Fund in April 2021 through June 2022, **543 MSME borrowers** obtained **614 loans for UAH 43.6 million (USD 1.5 million)** through **16 Target Credit Unions**.

### 3. Digitalization

- Developing modern websites for associations and their member credit unions
- Detailed **analysis of the Regulator's requirements for websites** and current regulatory framework.
- **Design of a structure for future websites** and a model credit union website.
- Development of a prototype **web-based financial calculator for credit and deposit products**.
- Completed ToR for the websites that defines all business and technical requirements, including **cyber security and Search Engine Optimization (SEO)** standards.
- **Developing a core banking system for a group of partner credit unions**
- Terms of reference for **internal controls functionality** updated per the new NBU reporting regulations.
- Requirements for **financial & regulatory reporting module** developed.

### 4. Agrilending

- **Value chain financing**
  - Methodology developed on how to **conduct market analysis and identify value chains and distributed to credit unions** to help them tap in as lenders.
  - **Market analyses completed** in three selected oblasts: Lviv, Cherkasy and Dnipropetrovsk.
  - Three pilot credit unions have received individualized documents with lists of local contacts of agricultural companies with partnership potential, as well as recommendations on possible models for cooperation.
- **Agribusiness financing and types of production**
  - Overview of the current situation in four agricultural sectors to determine the potential prospects for agricultural lending for credit unions completed: **berries and fruits, grains and oilseeds, vegetables and dairy**.
  - **Small-scale agricultural processing prioritized** as most promising areas at the MSME level, which will require financial support from credit unions.

**581 loans**

totaling

**UAH 33,36 million**  
**(USD 1.14 million)**

disbursed by partner  
credit unions this  
quarter

**16,438**

**new loans  
disbursed**

during the life of  
CAP Project.

- **Cooperation with the Worldwide Foundation for Credit Unions to support agriproducers and help members of associated credit unions to stimulate agrilending in wartime.**
- Launched immediate response program that will provide **partial reimbursement of loans issued to small agricultural producers** after February 24, 2022 with a goal to activate agricultural lending through credit unions and reduce the financial burden on agriproducers,
- 16 credit unions applied to participate in the program.
- **Free seed initiative in cooperation with USAID AGRO Activity**
  - CAP and AGRO projects connected their local partners – Credit Union Anisia and the Ukrainian Berries Association in Lviv Oblast – to distribute seeds of various vegetables among the credit union members.
  - A total of 90 credit union members received a variety of free seeds from the association through the credit union.

### 5. Psychological Support & Women's Leadership Group

- Remote group sessions on psychological stability during wartime organized for credit union employees – various techniques for restoring psychological balance presented.
- Developed and distributed recommendations on **“Psychological support and self-assistance during the war. Specifics of communicating with children in wartime.”**
- **Thirteen hours of individual psychological consultations** facilitated for employees and members of partner credit unions, with full confidentiality.
- Online training sessions for Women's Leadership Group held focusing on **methods for budgeting in times of uncertainty**, using financial literacy to help credit union members and others affected by the war.