



USAID The Credit for Agriculture Producers Project

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PROGRESS UPDATE

Draft law “On Credit Unions” registration marks next step in process toward the law’s adoption in Ukraine



Official opening ceremony of the CAP Project during the meeting of the Committee of Parliament.

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April 5, 2017 marked the official opening ceremony of the Credit for Agriculture Producers (CAP) Project—implemented by World Council of Credit Unions (WOCCU) through the Volunteers for Economic Growth Alliance (VEGA)— that resulted in the registration of the new draft law “On Credit Unions” in Ukraine. The event took place during the meeting of the Committee on Financial Policy and Banking of the Verkhovna Rada (the Parliament) of Ukraine – a crucial partner in the process of the registration and adoption of the new law.

The opening ceremony was well attended by Members of Parliament, including committee members Mr. Rybalka, Mr. Dovbenko and Mr. Lavrik, as well as by Mr. Pashko, head of the National Commission for Financial Services Market Regulation (the regulator of the credit union market). Officials from the National Bank of Ukraine and Ministry of Finance also attended along with representatives from USAID and USAID partner technical assistance project Financial Sector Transportation (FST) and presidents of the national credit union associations. The event increased the momentum of and support for credit union development, which plays a crucial role in rural economic development in Ukraine.

In her speech, chief of party of the CAP Project, Ms. Ewa Sierzynska, emphasized the importance of adopting new legal standards governing credit unions’ operations that will encourage credit unions’ contributions to the development of rural agriculture through the provision of financial services and financial education.

Mr Rybalka, the Head of the Committee on Financial Policy and Banking, said, “Today we have discussed the issue of lending to agriculture producers as far as we need to stimulate development of small and medium-sized farms. After all, they create jobs, develop infrastructure and [the] social sphere of rural settlements. Credit Unions finance small farmers much more often than banks. Our Committee has prepared [a] new version of [the] law on credit unions as it has not been updated for [the] last sixteen years.”

During the event, the members of the Committee on Financial Policy and Banking – the People’s Deputies of the Verkhovna Rada of Ukraine (Members of Parliament) discussed the draft law to reform CU sector in Ukraine. They stressed the crucial need to update legislation that regulates credit union operations in a manner which is compliant with European Union standards and best practices worldwide. Their opinions were strongly supported by the national credit union associations—the voice of the credit union sector in Ukraine. As a result, the Head of the Committee, committed to supporting the law and its registration with Parliament.

After two weeks of consultations and edits following the opening ceremony, the draft was registered under number #6405 on April 21, 2017 and is pending its first reading by Parliament in early fall 2017. This milestone marks the next step in the process toward the law’s adoption.

The CAP Project contributed to the development of the updated draft law "On Credit Unions" in close cooperation with the Ukrainian National Association of Savings and Credit Unions and the All-Ukrainian Credit Union Association, the National Commission on State Regulation of Financial Services Markets, and other relevant state authorities and organizations. Innovations within the draft law seek to improve the regulatory environment to accelerate credit unions’ cooperation and to unveil credit unions’ potential—creating opportunities to expand small and medium-sized producers’ access to financial resources.



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