

Data Sheet

USAID Mission:	Ukraine
Program Title:	Small and Medium Enterprise and Agriculture
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	121-0132
Proposed FY 2004 Obligation:	\$17,249,000 FSA
Prior Year Unobligated:	\$10,101,000 FSA
Proposed FY 2005 Obligation:	\$14,301,000 FSA
Year of Initial Obligation:	FY 2003
Year of Final Obligation:	FY 2007

Summary: USAID's program aims to increase the growth of small and medium enterprises (SMEs) and agriculture.

Inputs, Outputs, Activities:

FY 2004 Program:

Encourage growth of Small and Medium Enterprises (SMEs) (\$12,706,991 FSA, \$3,860,922 FSA carryover, \$1,977,975 FSA prior year recoveries). USAID will provide assistance to improve the ability of SMEs to compete in local and international markets as well as strengthen the legal and regulatory environment. USAID's BIZPRO project will help formulate and implement regulations that would improve the business environment and reduce corruption. USAID will assist Ukraine to establish 30 one-stop-shops for business registration and the issuing of permits and business licenses. More than 5,000 SMEs will access best business practices and legal/regulatory information on a monthly basis. USAID's Women's Economic Empowerment project will provide technical assistance to help more than 3,000 women to obtain jobs, get access to credit and start businesses. More than 11,000 women from rural and urban areas are expected to participate in USAID-funded entrepreneurship and job-skills training. USAID will improve undergraduate business management education at 26 Ukrainian universities and business schools. The program will foster university and business community partnerships; and develop the national accreditation system and processes to guide Ukrainian business management education programs. USAID will continue developing Business Internet Centers in four rural towns with populations between 35,000 and 100,000, to serve as hubs for rural business development. USAID will improve access to credit for business and agriculture using development credit authority (DCA) loan guarantees with commercial banks and the West NIS Enterprise Fund (WEST NIS). DCA programs will develop a micro lending institution, provide a portable guarantee to the WEST NIS to improve their capital position, support additional commercial banks to provide agricultural credit, develop a DCA municipal bond program, and establish a primary and secondary mortgage market with DCA-backed credit guarantees. USAID will establish a local government, USAID-sponsored DCA to help provide financing of needed utility system infrastructure improvements. The program will work with commercial banks to lend to cities for capital improvements in water, waste water and district heating systems. Carryover funds will be used for the DCA obligation.

Principal contractors/grantees: Development Alternatives Inc., Winrock, University of Minnesota, National Telecommunications Association (all prime).

Encourage growth of agriculture (\$4,542,009 FSA, \$4,261,825 FSA carryover). USAID's Ukraine Land Titling Initiative will provide direct support to: 1) issue land titles; 2) streamline the regulatory environment for land transactions; 3) provide public education to new landowners about their rights; and, 4) provide legal assistance enabling new landowners to exercise their rights and benefit from ownership. Carry-over funds will be used to issue an additional 700,000 land titles; the goal is 1.8 million land titles by the end of the project. USAID provides technical assistance to develop and exploit agricultural markets for small and medium farmers. USAID's Agricultural Marketing program will enable farmers and processors to

increase the production and processing of high-value commodities and products. USAID is supporting the development of a U.S. land-grant university agricultural extension model in selected oblasts. The extension program provides farm management advice to farmers, demonstrates different production technologies, and supports producers' associations and farmers' stores. USAID is improving farmers' access to grain markets and credit by supporting the development of a grain warehouse receipts' system (GWR). Ultimately, this may be the first step in the development of a unified, agricultural commodity futures market in Ukraine. The GWR program will provide assistance to develop a grain inspection service, a receipt register, training for warehouse operators, development of an indemnity fund and a licensing system. USAID will provide training to Ukrainian social scientists to formulate and defend market-oriented policies. USAID's agricultural policy project plays an important role in enabling the GOU to meet the agricultural regulatory requirements of WTO accession. USAID will also continue supporting USAID global programs to improve food safety and to encourage U.S. farm and agribusiness volunteers to share their knowledge with Ukraine to improve the quality of farm production and increase farm income.

Principal contractors/grantees: Louisiana State University, European Bank for Reconstruction and Development, Citizens Network for Foreign Affairs, United Nations Development Program.

FY 2005 Program:

Improve the business climate, business skills and SME access to credit (\$14,301,330 FSA). USAID will broaden its program of regulatory reform to remove key barriers to business development. USAID will strengthen its efforts to support women-based businesses through training and greater access to credit. Support will continue for business education and training to prepare Ukraine's next generation of entrepreneurs. Access to credit, leasing, grain warehouse receipts, and mortgage finance will catalyze business growth and spread equity. USAID will develop or expand agricultural programs to support policy reforms and to further accelerate agricultural growth. By the end of 2005, 1.8 million land titles should be issued to rural Ukrainians. The focus in 2005 will be on land market development and regional agricultural trade and investment.

Performance and Results: In 2003, SMEs benefited from the implementation of 210 regulatory acts, the operation of 20 one-stop-shops for business registration that reduced business registration time and from the enactment of a national law on Regulatory Policy. Local budgeting improved. USAID's agriculture program provided more than 450,000 land titles, and new landowners doubled their rental income as a result. The urban land program generates \$126,000 a day of income for municipalities to use for improvement in public services. In 2003, the agricultural extension program doubled its clients to almost 5,000 small farmers. USAID's agricultural policy project pushed through legislation to enable the GWR program to begin. The EBRD Micro Lending program (UMLP), with USAID as a major contributor, disbursed 2,500 loans on average per month during 2003. Lending reached over 3,304 loans in September 2003, with an average loan amount of \$4,800. The UMLP portfolio increased 15% during the fourth quarter of 2003 to \$86.1 million in outstanding loans to micro and small businesses.