

# Agricultural Land Share Project

## Monthly Report

### June 2000

#### Success Story:

The first two training stages for oblast and raion officials of the Ministry of Agricultural Policy (MAP) to complete the settling of property and land relations on farms in 17 oblasts are almost concluded. Through the end of June, 6,594 senior officials were exposed to the orientation seminars (120% of planned target), and 1,362 officials completed the one-week in depth basic training (101% of planned target). In the course of training, 1,216 demonstration farms were selected on which these officials should complete the restructuring process during 2000.

#### 1. Overview

The month of June saw a transition in the training cycles being carried out by ALSP subcontracting firms from orientation to basic training in farm restructuring. This training targets raion Ministry of Agricultural Policy staffs who will be responsible for restructuring at the farm level. The results of this effort are reflected in Attachment B to this Report. As anticipated, the initiatives in Chernihiv, Zhytomyr, and Odessa are likewise under way, though somewhat behind the schedule seen in the other oblasts.

Identification of four farms per raion for demonstration restructuring has also progressed as anticipated with 1,216 farms selected by the last week of June. Farm selection was carried out in 306 of the 351 raions in the 17 ALSP oblasts. Thus the final number of demonstration farms should be about 1,400.

Distribution of ALSP public education materials is now primarily in the hands of the oblast subcontractors and NGOs. They are being provided with Manuals, Annexes, Methodological Recommendations and land and property rights street pamphlets needed to inform oblast/raion officials, farm leaders and farm workers and pensioners about the requirements for effective restructuring and distribution of land and property.

The status of ALSP funding as of May 31, 2000, was:

Funds obligated:	\$17,195,872
Invoiced through 5/31/00	16,266,875
Social Tax set aside	749,205
Funds remaining	179,792

#### 2. Legal Section

Pavlo Kulynych was the primary contributor to a Draft Land Code and Explanatory Notes prepared in association with the Ukrainian Institute of State and Law for submission to the Verkhovna Rada. In addition, together with Albina Ishchenko, Kulynych wrote a comparison of this Land Code and that produced by the State Committee on Land Resources (SLRC). The analysis in particular focused on the extent to which the SLRC version reflects the alterations proposed by Attorney Leonard Rolfes, a specialist commissioned by the World Bank to review the SLRC code.

Andriy Nikonenko made a presentation as part of the Training of Trainers session in Kherson. He also prepared proposals to the Draft Regulation on Inclusion of Land Parcels into Legal Entities Balance Sheets. Mr. Nikonenko also continued to render assistance to ALSP oblast subcontractors on obtaining licenses for full operation as legal entities.

Albina Ishchenko prepared a memorandum regarding registration of individuals as sole entrepreneurs under Ukrainian legislation, both as it may affect tax obligations and contract interests.

#### 3. Economics Section

Together with the Legal Section Head Pavlo Kulynych, Serhiy Demyanenko of the Economics Section published an article "Reforms or Their Imitation" in the magazine *Propozytsiya*. Demyanenko also took part in the workshop for oblast level specialists in Odessa on settlement of land and property relations for newly created entities.

The Section continued work on the Methodological Recommendations on Settlement of Land and Property Relations in New Legal Entities.

Oleg Kantsurov and Kyryl Parygyn prepared the syllabus on Accounting Training for ALSP accountants and distributed it to project field offices. The course curriculum was also completed and will be tested July 5 – 7 in Kyiv in a Training of Trainers seminar held for ALSP oblast staff accountants.

The Section prepared and disseminated invitations for an International Conference on Agricultural Reform to be held at Kyiv Economics University, October 18-19, 2000.

Serhiy Demyanenko and Itil Asmon attended the World Bank seminar, in Moldova, on debt problems in agriculture from June 11 to 14. Yaroslava Chapko authored an article on farm production restructuring for the UMREP bulletin.

Asmon and Orel travelled to Sumy and studied the factors which induce farm break-up and concluded that the most important initiative ALSP could do to stimulate farm break-up would be a program to identify and train potential farm entrepreneurs. Accordingly Asmon did the preliminary design of such a program. This is planned for implementation on a pilot basis within the current ALSP budget. The program was submitted to USAID for consideration

#### **4. Monitoring Section**

MAP designated the installation of a national monitoring system to track the progress of farm restructuring as one of its highest priorities for 2000. The first stage of the installation is implementation of a nation-wide baseline survey to determine the current status of farm restructuring. To complete the pilot-testing phase the baseline survey will be administered in July on all farms selected for demonstration restructuring.

Asmon, Fursov and Orel spent June 5 – 7 in Sumy to study the pilot implementation of this baseline survey in three raions of that oblast. Based on that study, the survey form was redesigned to reflect better the situation of a CAE, which during restructuring breaks up into several entities. Andrey Pavlov, the computer programmer hired by ALSP to do the computerisation of the monitoring system, participated in the trip to determine the existing material and human resources for computerisation.

On June 22<sup>nd</sup> the Ministry of Agricultural Policy held a meeting for heads of oblast centers of farm restructuring covering implementation of baseline monitoring surveys for farm restructuring. Participating in this event were Dep. MAP Minister Roman Schmidt, and Oblast officials charged with coordinating the farm restructuring program, and from ALSP Conrad Fritsch, Lyudmila Rusetska and Victor Fursov. Fritsch discussed the ALSP farm restructuring approach and Fursov explained the purpose and development of the national monitoring system. There were a total of 35 attendees representing all but five oblasts.

#### **5. Public Education Resource Center**

4,000 copies of the Methodological Recommendations on Transformation of Agricultural Accounts to the National Accounting Standards were published. An additional 6,000 copies of the MR on property Use were reprinted and 1,000 copies each of the ALSP Production, Processing and Restructuring bulletins were reprinted.

ALSP publications distributed during June included:

- How-To Manuals and Legal Annexes: 30
- Methodological Recommendations on Property Use: 361
- Methodological Recommendations on Accounting: 3,067
- ALSP Bulletin Series: 3,028

Lydmyla Shvetsova participated in the UMREP Press Club held in Chernivtsi on June 23 to discuss land and property rights of farm workers and pensioners.

Lyudmila Rusetska, Lyudmila Shvetsova, Pavlo Kulynych and Serhiy Demyanenko participated in preparing the Second Edition of a land rights brochure to be jointly published by ALSP and UMREP.

## **6. Training of GOU Oblast and Raion Farm Restructuring Personnel and Farm Restructuring**

Training of oblast and raion officials by the ALSP subcontracting firms in individual oblasts continued as provided in the performance contracts. The total number of raions reached by Orientation Seminars conducted during the reporting period was 72, extending training to 2,831 officials. In addition, 17 regional basic training seminars were conducted in 87 raions with 433 trainees in attendance.

Rivne and Sumy oblast subcontractors started training Chernihiv and Zhytomyr oblast and raion officials. All five orientation seminars were held in Zhytomyr oblast, while in Chernihiv oblast two Orientation and Basic training events were each completed.

The Odessa team renewed its operation, holding two Orientation seminars and one Basic seminar. Training is expected to be activated in Dnipropetrovsk in July.

Orientation and Basic Regional Training were, as anticipated, completed for the most part in June. Chernihiv, Zhytomyr and Odessa oblasts where new teams and teams representatives began to operate for the first time during the reporting period are scheduled to complete orientation and basic training by the end of July.

The work of identifying demonstration farms for restructuring was completed during the reporting period in 306 of the 351 raions in the 17 ALSP oblasts (87%). With a target of four farms per raion in each oblast in which subcontracting firms are operating, a total of 1,216 farms were selected. The comprehensive data for this figure is contained in Attachment A to this Report.

Overall current state of training by Kyiv office and oblast teams is reflected in Attachment B.

## **7. Farm Management and Business Development Unit, Lviv**

During June, as part of both the sweet corn and 4-H Program, two farm based seminars on "How to produce high-yield vegetables" were held. The seminar's goal was to familiarize 4-H club members and others with open soil vegetable growing. T. Lesiv made the presentation before 23 participants, including 4-H Club members from Zvenygorod village and the Sykhiv Club of Lviv. T. Lesiv made a presentation on "Women and Privatization" at a sweet corn processing forum.

In cooperation with the Holland Milk Project, the milk collection point of Teisariv Cooperative started operation in June. Assistance was provided by the AAMD regarding raw milk quality control systems and training of AI technicians. The project co-sponsored an agricultural field day at which MAP Dep. Minister Roman Schmidt attended. Cattle prepared for showing by 4-H Club members figured prominently in the show.

On June 25, a seminar titled, "Bee Keeping Management using the Apipol System," was held at the Lviv Veterinary Academy before 35 participants. The primary goal was to analyze the Apipol approach for its advantages and disadvantages. A great deal of interest was expressed in adopting the system next season.

Twelve new 4-H clubs were organized during the month and potential new leaders were identified in Pustomyty raion in two villages: Solonka and Nagoryany. This was followed up by an organizational meeting in Solonka where 4-H club goals, activities, and record keeping were explained.

AAMD is planning to organize and conduct a seminar on "Problems of Raw Milk Collection" in conjunction with CNFA.

## **8. Personnel Actions**

Howard DeNike completed his ALSP assignment on June 30.

Itil Asmon was on LWOP status from June 19 – 23.

## **9. Unresolved Issues**

Publication of the Methodological Recommendations on Completing Land and Property Sharing was delayed.

#### **10. Future Plans**

- Publish Methodological Recommendations on Completing Land and Property Sharing
- Start the three month accounting training cycle for all oblasts on converting existing accounts to the new National Accounting Standards
- Complete raion level orientation and basic training in Chernihiv, Zhytomyr and Odessa
- Complete selection of demonstration farms for further restructuring in Odessa
- Start orientation and basic training in Dnipropetrovsk
- Start selection of farms for demonstration restructuring in Dnipropetrovsk
- Initiate farm restructuring baseline survey on demonstration farms
- Initiate expertise training at oblast and raion levels in completing property sharing and debt restructuring
- Hold farm breakup training development seminar with all ALSP contractor team leaders to prepare approaches top training new farm leaders on farms that will undergo further breakup this fall
- Complete revised version of Land Reforms Questions and Answers in association with UMREP.

**Summary Information On Farm Selection In Raions For Restructuring By  
Raion Teams  
as of June 30, 2000**

Oblast	Total # of Raions	of the total # of raions where farm identification started	of raions started # of raions where farm identification completed	# of farms selected	average # of farms selected per raion -- counting raions where the process started and/or completed ("e"/"c")	# of raions where farm selection has not started ("b"- "c")
a	b	c	d	d	f	f
Chernigiv	22	22	22	88	4.0	0
Cherkassy	20	20	17	78	3.9	0
Ivano-Frankivsk**	14	12	11	46	3.8	2
Kharkiv**	27	26	26	104	4.0	1
Kherson**	18	16	11	67	4.2	2
Khmelnitsky**	20	20	19	78	3.9	0
Kirovograd	21	19	16	75	3.9	2
Lugansk	18	18	15	67	3.7	0
Lviv**	20	19	9	61	3.2	1
Mykolayiv	19	19	19	80	4.2	0
Odessa*	26					26
Poltava**	25	24	24	103	4.3	1
Rivne	16	16	16	72	4.5	0
Sumy	18	18	18	72	4.0	0
Ternopil	17	17	17	85	5.0	0
Vinnitsya*	27	17	3	46	2.7	10
Zhytomyr	23	23	23	94	4.1	0
<b>TOTALS</b>	<b>351</b>	<b>306</b>	<b>266</b>	<b>1216</b>	<b>4.0</b>	<b>45</b>

\* Odessa and Vinnitsya Oblasts: Farm selection process has not been started (or has been started only recently) due to technical reasons

\*\* -- Ivano-Frankivsk Oblast: All farms in Kosiv Raion were restructured earlier by the ALSP Team; in Nadvira Raion, part of the farms were restructured by ALSP; the rest will be restructured w/o ALSP involvement, pursuant to Raion Authorities decision;

-- Kharkiv Oblast: Krasnograd Raion has refused to identify farms;

-- Kherson Oblast: Skadovsk and Kakhovka Raion are not providing information; in one of the other Raions almost all farms were restructured earlier;

-- Khmel'nitsky

-- Lviv Oblast: Sokal Raion is procrastinating in farms identification; a situation in other Raions demands more detailed investigation;

-- Poltava Oblast: Novi-Sanzhary Raion is not providing information.

TRAINING & CONSULTING CONDUCTED BY ALSP OBLAST TEAM							
<b>OBLAST:</b>	<b>All ALSP oblasts except Vinnytsya</b>	<b>MONTH:</b>	<b>June</b>		<b>DATE OF REPORT:</b>	<b>6.28.2000</b>	
No.	TYPE OF TRAINING	CURRENT MONTH			SINCE 4/1/2000		
		PLANNED	REALIZED	% REALIZED	PLANNED	REALIZED	% REALIZED
1.	Information/orientation seminars at raion and oblast level:						
1.a	Number of seminars	32	32	100	74	77	104
1.b	Length of seminars, hours/days						
1.c	Total number of trainees	2535	2831	112	5513	6594	120
2.	Regional basic training (30-32 hours) for raion & oblast restructuring officials:						
2.a	Number of seminars completed	17	16	94	45	44	98
2.b	Length of seminars, hours/days						
2.c	Total number of trainees	405	433	107	1347	1362	101
3.	Expertise training in ACCOUNTING:						
3.a	Number of seminars					2	
3.b	Length of seminars, hours/days						
3.c	Total number of trainees					68	
4.	Expertise training in PROPERTY SHARING						
4.a	Number of seminars		1			4	
4.b	Length of seminars, hours/days						
4.c	Total number of trainees		63			346	
5.	Expertise training - LEGAL						
5.a	Number of seminars		1			2	
5.b	Length of seminars, hours/days						
5.c	Total number of trainees		26			98	
6.	Expertise training -Monitoring						
6.a	Number of seminars						
6.b	Length of seminars, hours/days						
6.c	Total number of trainees						
7.	Other training						
7.a	Number of seminars		25			53	
7.b	Length of seminars, hours/days						
7.c	Total number of trainees		2459			3331	

## Attachment C

Performance Against Benchmarks for the First Three Months of the Current Extended Task Order (April 1, 2000 through June 30, 2000)

### BENCHMARKS

- Enter into performance-based contracts with existing 15 ALSP oblast training and consultation teams.
- Enter into a performance-based contract with the Agency for Agribusiness and Marketing Development (AAMD).
- Prepare Draft Law on Farm Restructuring.
- Prepare Draft Land Code.
- Prepare other laws, decrees, and MRs as needed.
- Prepare pilot farm and land reform workplan.
- Provide orientation in farm restructuring concepts and procedures to 25,000 GOU officials and farm leaders.
- Distribute How-To Manuals, Legal Annexes and Methodological Recommendations to appropriate GOU officials and to farms undergoing restructuring.
- Distribute public information materials targeted to farm workers and pensioners through Ukrainian NGOs and similar organizations that have established grass roots contact and distribution networks.
- Provide policy advice as needed on farm restructuring and related issues including debt resolution, transfer of social sphere objects and land reform.
- Initial three to four day training of trainers course provided for existing ALSP oblast teams and national DAR staff.
- DAR staff selected four farms in each raion in the fifteen oblasts starting the program in April.
- Program plans and restructuring targets are completed in fifteen original ALSP oblasts by April 30. In new oblasts plans are completed by the end of the month in which the oblast joined the program.
- Farm restructuring and training of trainers course provided to FDR staff in at least four new oblasts.
- DAR staff selects four farms in each raion in new oblasts starting program.
- Conduct (in each of up to 20 oblasts) four sets of 30 hour farm restructuring subject matter training courses, training up to 2,000 DAR oblast and raion staffs in farm restructuring and implementing the PERT approach.
- Conduct training course for monitoring specialists in operating the PERT computer assisted monitoring system at raion and oblast level.
- PERT evaluation and monitoring program installed and operational at national, oblast and raion levels.
- An exchange trip to Poland devoted to honey production/processing.
- 25,000 land titles issued under existing bridging contracts.

### TANGIBLE RESULTS

1. *Enter into performance-based contracts with 15 existing ALSP oblast training and consultation teams.*  
**Results:** Performance-based contracts with 15 oblast training and consultation teams entered. Additional performance-based contracts entered for training officials in Chernihiv and Zhytomyr.
2. *Enter into a performance-based contract with the Agency for Agribusiness and Marketing Development (AAMD).*

**Results:** Performance-base contract with AAMD entered.

3. *Prepare Draft Law on Farm Restructuring.*

**Results:** Progress on Draft Law on Farm Restructuring is delayed because GOU's program is in process of development. The Secretariat, however, is now showing renewed interest in further developing the existing draft law.

4. *Prepare Draft Land Code.*

**Results:** Draft Land Code prepared in association with the Institute of State and Law and submitted to Verkhovna Rada for consideration.

5. *Prepare other laws, decrees, and MRs as needed.*

**Results:**

- Prepared draft Cabinet of Ministers of Ukraine Decision on Writing Off Farm Debts to the State along with Explanatory Notes to the Draft.
- Prepared draft Cabinet of Ministers of Ukraine's Decision on Introduction of Changes to Legal Status of Central and Regional Commissions on Sanation of Agricultural Enterprises (regarding their authority to write off farms' debts to the State).
- Prepared and published Methodological recommendations on Property Use by New Legal Entities
- Prepared and published Methodological Recommendations on Transforming Existing Financial Reports Based on the New National Accounting Standards

6. *Prepare pilot farm and land reform workplan.*

**Results:** Workplan was prepared but USAID failed to confirm workplan as part of Extended Task Order.

7. *Provide orientation in farm restructuring concepts and procedures to 25,000 GOU officials and farm leaders.*

**Results:** Thirty thousand nine hundred fifty-two (30,952) GOU officials and farm leaders received one day introduction to and orientation regarding farm restructuring as part of implementation of Presidential Decree 1529.

8. *Distribute How-To Manuals, Legal Annexes and Methodological Recommendations to appropriate GOU officials and to farms undergoing restructuring.*

**Results:** One thousand five hundred fifty-nine (1,559) How-To Manuals along with a comparable number of Legal Annexes were distributed during the Quarter. Additionally, 8,725 volumes containing ALSP's farm restructuring methodological recommendations covering various subjects were distributed during the same period.

9. *Distribute public information materials targeted to farm workers and pensioners through Ukrainian NGOs and similar organizations that have established grass roots contact and distribution networks.*

**Results:** Six hundred sixty posters were distributed during the Quarter, along with 27,909 pamphlets and 348,083 ALSP land and property rights brochures.

10. *Provide policy advice as needed on farm restructuring and related issues including debt resolution, transfer of social sphere objects and land reform.*

**Results:** Economics and Legal Section Staff, including I. Asmon, P. Kulynych, S. Demyanenko, Ya Chapko, and O. Kansurov provided numerous consultations to the Secretariat of the Presidential Commission on Agrarian Reform; State Land Resources Committee; Cabinet of Ministers and Verkhovna Rada technical staff; Agrarian Economics Institute; State Tax Inspectorate and selected Deputy Ministers of Agriculture on:

- Farm inputs and agricultural price parity
- farm restructuring including property sharing, debt write off and land and property leasing
- agricultural accounting reform,

- Land Code provisions
- Transferring social sphere assets and providing for their continued maintenance

In addition, senior Ukrainian staff published several articles in professional journals, influential government newspapers and farm magazines on the status and future directions of agricultural reforms.

11. *Initial three to four day training of trainers course provided for existing ALSP oblast teams and national DAR staff.*

**Results:** Initial training of trainers for ALSP oblast teams completed in April. Training of trainers for national DAR staff is delayed until such staff is in place.

12. *DAR staff selected four farms in each raion in the fifteen oblasts starting the program in April.*

**Results:** The number of farms selected for restructuring in 15 original ALSP oblasts is 1034. The work is essentially complete on original oblasts and is targeted for completion in all new oblasts by mid August.

13. *Program plans and restructuring targets are completed in fifteen original ALSP oblasts by April 30. In new oblasts plans are completed by the end of the month in which the oblast joined the program.*

**Results:** Training plans developed in each original oblast, as well as in Chernihiv and Zhytomyr oblasts where training contracts have also been entered.

14. *Farm restructuring and training of trainers course provided to DAR staff in at least four new oblasts.*

**Results:** Training of trainers is completed and farm restructuring training is underway in the newly added oblasts of Chernihiv and Zhytomyr, as well as for the newly constituted office staff in Odessa.

15. *DAR staff selects four farms in each raion in new oblasts starting program.*

**Results:** Farms selected for restructuring in new oblasts of Chernihiv and Zhytomyr, total 182, meeting the target for these two oblasts.

16. *Conduct (in each of up to 20 oblasts) four sets of 30 hour farm restructuring subject matter training courses, training up to 2,000 DAR oblast and raion staffs in farm restructuring and implementing the PERT approach.*

**Results:** Forty-four training seminars have been held in 16 oblasts with 1,362 participants regarding farm restructuring for DAR staffs at oblast and raion levels. (PERT/Monitoring training segments awaits completion of currently on going field-testing.)

17. *Conduct training course for monitoring specialists in operating the PERT computer assisted monitoring system at raion and oblast level.*

**Results:** This work is in progress, and includes to date the testing of baseline survey forms in three Sumy raions. Using the results of practical testing, the ALSP team's form provides the oblast leadership with the status of restructuring and a list of problems, which hinder restructuring. The Monitoring System was presented to the Deputy Heads of the raions' AIC departments in Sumy oblast, and twice to candidates for the positions of Head of Oblast Restructuring Centers at ALSP-led seminars in Lviv and Kyiv.

18. *An exchange trip to Poland devoted to honey production/processing.*

**Results:** In May a trip by a team from the Polish honey production firm Apipol-Farma to Lviv took place, organized by Western Ukrainian Bank. On May 16, two beekeepers were sent to attend a month-long training course in Krakix, Poland, in order to study bee keeping and honey production under Apipol methods.

19. *25,000 land titles issued under existing bridging contracts.*

**Results:** The Benchmark of issuance of 25,000 land titles under the extension has been achieved.

# AGRICULTURAL LAND SHARE PROJECT

## Monthly Report

### May 2000

#### Success Stories:

The farm restructuring and land titling approaches pioneered by the ALSP are now being incorporated as part of the official GOU policy for development of the agricultural sector. In a seminar in Lviv on May 24-26 for the newly appointed Heads of Oblast Centers for Agricultural Restructuring throughout Ukraine, Mykhailo Hladiy, Deputy Prime Minister of Ukraine, mentioned training and the issuance of land titles as two of the three top sectoral priority areas. Roman Schmidt, Deputy Minister of Agricultural Policy (MAP) for farm restructuring and land reform mentioned the restructuring of agricultural enterprises, issuance of land titles, training of oblast and raion officials in restructuring approaches and monitoring of the farm restructuring process as his four main priorities. Methodological approaches and field demonstrations for all of the above are main components of the ALSP program. MAP is now extensively using the methodologies pioneered by ALSP and the manuals prepared by ALSP to implement its program.

On 5/29/00 the New York Times International published under the title "A Great Leap: Farm Profit in Ukraine" a feature article on a private farmer in Poltava oblast. This farmer, with assistance of the Poltava ALSP restructuring team, expanded his operations from 12 ha to 1,700 ha, and serves an example of the new breed of farm entrepreneurs who are reviving the Ukrainian agricultural sector. The ALSP subcontractor teams who are trained in legal and financial aspects of farm and land reform and asset appraisal are now providing expert advice and consultations to these new private farmers.

#### 1. Overview

The month of May saw a consolidation and extension of the previous month's campaign to train oblast and raion officials charged with carrying out the Presidential Decree to accelerate farm restructuring. The extension consisted of selecting two liaison officers from Chernihiv and Zhytomyr, plus the reconstitution of the Odessa contracting firm. In order to activate training in these oblasts as rapidly as possible, the new Odessa specialists (legal advisor, economist, accountant, research assistant, and training manager), and oblast officers from the added oblasts named above, were brought into Kyiv for intensive in-service training over May 23-25. (In addition, a new lawyer hired for the Kyiv Legal Section was included.) The final day of training was devoted to a Training of Trainers session conducted by a training techniques specialist. The new liaison officers in Chernihiv and Zhytomyr will work in association with ALSP supported consulting firms in Sumy and Rivne, respectively.

ALSP oblast contracting firms continue with their training activities, which are divided into three phases: Orientation, Regional Basic Training, and Expertise Training. Typically, orientation training consists of one day meetings with Oblast and Raion administrators, technical specialists and staff of regulatory agencies to provide the objectives and overview of farm restructuring and land reform and how to support these activities. Regional Basic Training consists of 4 to 5 consecutive training days for 4 to 6 person teams from each raion. Teams from 4 to 6 raions are trained simultaneously. The objective is to provide all participants with initial training in the technical aspects of farm restructuring and an understanding of the inter-relationships between legal restructuring, land and property distribution, and introduction of new balance sheets and income statements as elements of farm restructuring. Orientation and basic training is expected to be completed in all oblasts except Odessa, Chernihiv and Zhytomyr by the end of June. Training will start in these three oblasts in June and be completed in July.

The status of ALSP funding as of April 30, 2000, was:

Funds obligated:	\$17,195,871
Invoiced through 4/30/00	15,889,026
Social Tax set aside	1,300,000
Funds remaining	6,845

## 2. Legal Section

During May, the article "New Land Code of Ukraine: What It Should Be," written by Legal Section Head Pavlo Kulynych, appeared in the weekly publication of the Association of Lessees and Lessors of Land. Also, during the month, together with the Economics Section, the ALSP Methodological Recommendations on Property Use was completed and published.

Pavlo Kulynych took part as moderator in the workshop "Reformation of the Agro0Industrial Complex" conducted by the USAID-funded International Center for Political Studies. He also made a presentation at the international conference "Ownership Status and Problems of Rational Land Usage," held by the National Academy of Sciences of Ukraine.

Andriy Nikonenko prepared materials relating to new employment agreements for ALSP staff in Kyiv. He also finalized the English version of the Methodological Recommendations on Property Use, and prepared an explanation of terms for the Secretariat of the Commission on Agrarian Policy under the President of Ukraine.

Pavlo Kulynych met with World Bank legal consultant Leonard Rolfes to review the Draft Land Code produced by Derzhkomzem. Separately, Mr. Kulynych met with the Verkhovna Rada's legal expert, M. Yerofeyev in order to prepare a Legal Opinion on the Draft Code.

Itil Asmon has been working with Kulynych in providing support to the Secretariat of the Presidential Commission on Agrarian Reform on the regulations necessary to implement the recent Law *On Writing off Taxes and Charges...in Connection with Farm Restructuring*". The purpose of the regulations is to assure that only farms that have carried out effective restructuring will be eligible for tax writeoff benefits.

## 3. Economics Section

Serhiy Demyanenko of the Section authored the article "The Evaluation of the Process of Collective Agricultural Enterprise Reform for the bulletin *Economic Reforms Today* published by the Ukrainian Center for Independent Political Research.

Together with Pavlo Kulynych of the Legal Section, Mr. Demyanenko traveled to Odessa to interview and evaluate the candidates for staff specialists in the revamped ALSP contractor's office for the oblast.

Economics and Legal Section Staff prepared the first draft of the Methodological Recommendations on Settlement of Land and Property Relations for Newly Created Legal Entities under Presidential Decree 1529.

Yaroslava Chapko and Oleg Kansurov completed the Methodological Recommendation on the Transformation of Agricultural Accounts to the western-based National Accounting System. Work is underway to prepare curricula and to provide systematic training to oblast and raion accountants.

## 4. Monitoring Section

Itil Asmon, since returning to Ukraine on May 15, continued to refine the system for monitoring the progress of MAP national farm restructuring and land titling program, assisted by Victor Fursoy. This work is in anticipation of the issuance of a MAP Order in June that will identify Sumy Oblast as the pilot for implementing the national program using the experience gained in pilot implementation of the "baseline survey" part of the system during April/May. The national program is scheduled to start in July with a baseline survey. In this regard, Asmon and Fursoy are working with MAP to

develop and implement countrywide procedures and computerization of the system. Asmon also developed procedures to streamline ALSP monitoring of its 15 sub contractor teams.

Initial results of the ongoing study of land lease relationships undertaken by Zhenya Orel indicate that fewer than 1 percent of ALSP study farms make lease payments in cash, 45 percent make payments only with in-kind products and 47 percent provide payments both in-kind and by services. The effect of the requirement in the Presidential Decree that lease payments be, at minimum, 1 percent of the land share certificate nominal value has had the effect of more than doubling the effective returns to land share and land parcel holders from leasing their land.

## **5. Public Education Resource Center**

The first national seminar for heads of oblast centers of farm restructuring (approximately 40 individuals) was held in Lviv on May 24 -26. The Team Leader, Conrad Fritsch, along with Lyudmila Rusetska, Serhiy Demyanenko, and Victor Fursov, represented ALSP. They provided the audience with information concerning ALSP activities, in particular regarding legalization of property relations and monitoring the process of farm restructuring.

Lyudmyla Shvetsova prepared brochure "Frequently Asked Questions on Land Reform" (for use in the Lviv training session described above and the upcoming AGRO 2000 Exposition in Kyiv). Ms. Shvetsova prepared two public education land reform articles for "New Market Courier" and "Proposyztsia." She also responded to 17 telephone information inquiries, plus two in writing.

Tatiana Rudenko completed final editing of the Methodological Recommendation on Property Use, which was published during the month.

ALSP publications distributed during May included:

- How-To Manuals and Legal Annexes: 810
- Methodological recommendations on Property Sharing: 190
- Methodological Recommendations on Property Use: 3150
- Brochure on Pensioner Rights: 150
- Brochure on Lessor and Lessee Rights: 66,000

## **6. Training of GOU Oblast and Raion Farm Restructuring Personnel and Farm Restructuring**

Training of oblast and raion officials by the ALSP subcontracting firms in the individual oblasts continued according to the terms of the performance contracts between ALSP and those firms. (Comprehensive results of this training are reflected in Attachment B to this Report.) The total number of raions reached by Orientation Seminars conducted during the period was 146, extending to a total of 2,370 officials.

The number of raion Regional Basic Training Seminars to provide in depth technical training for future raion restructuring agency personnel was completed for 734 individuals in 133 raions out of a prospective target of 1200 people. Both Orientation and Basic Regional training are targeted for completion during the month of June for all oblasts except Odessa, Chernihiv and Zhytomyr where oblast subcontractor personnel was installed in June. Training Plans have been completed for these oblasts and are under review by Kyiv technical specialists. Orientation and Regional Basic training of oblast and raion officials will begin in these oblasts in June.

With completion of Regional Basic training, members of the raion level Farm Restructuring Agencies (FRA) will work with four farms in each raion to complete property distribution on a demonstration basis and verify new legal structures and land leasing documents created under Presidential Decree 1259. Demonstration restructuring on these farms is to be completed by October 2000. By the end of May, 694 farms had been selected in 177 raions for completion of restructuring activities. At least 1200 farms are expected to be included in this program and will be selected by the end of June. The farm restructuring aspect of ALSP work is set forth in Attachment A, Parts 1 and 2.

## **7. Farm Management and Business Development Unit, Lviv Oblast**

Activities continued on several fronts, in particular: Sweet Corn Development Project; Honey Project; and 4-H Club Development.

The Sweet Corn Project reported 16 varieties were planted for demonstrations at planned field days scheduled for the summer. Test plot seeds were distributed to 40 farmers in attendance at a seminar devoted to sweet corn cultivation. That which has been planted is reported up and progressing excellently. Roger Huibregste, the ACDI/VOCA volunteer arrived and in early May assisted setting and assembling the sweet corn cutter at Brody Cannery.

On May 5<sup>th</sup> a meeting was held with the director of Apipol-Farma. On May 11-12, a trip was organized for the Polish representatives of this firm to Lviv. The meeting was organized by the manager of the Western Ukrainian Bank to explore opening a line of credit. Possible premises for the firm were also inspected. On May 16, two beekeepers were sent to attend a month-long training session in Krakiv, Poland, in order to study bee keeping and honey production according to Apipol methods. Formation of a bee keeping 4-H Club is being discussed with the Lviv Beekeepers Association.

Coordination of 4-H Club development in Ukraine is going forward with support from Polish 4-H Clubs under the auspices of ALSP. An exchange program between 4-H Clubs in Poland and their counterparts in Ukraine is being organized for the summer, including competitive features. Materials from the Polish clubs have been translated into Ukrainian and distributed to potential 4-H members in Lviv oblast. A Lviv television station recorded a video for airing on a local program. AAMD/ALSP representatives, Mykhailo Lesiv, Ivan Pakuliak, and Deneil Parker were present, and Mr. Parker recounted the history of the 4-H movement in the US.

## **8. Land Survey and Title Issuance**

Final reports from all outstanding survey and titling contracts were reported in last month's report, with one exception. The single remaining surveying work relates to members of Bratkovych Cooperative where titles for 303 individual land parcels are expected to be issued. All survey work under this remaining outstanding contract is now completed and new land parcel owners are in the process of specifying parcel locations.

## **9. Other Activities**

Conrad Fritsch and Lyudmila Rusetska traveled to Ivano-Frankivsk and met with representatives of USAID-funded Financial Restructuring Project, Halych Sugar Mill, Halych and Rohatin raion administrators, Agricultural Department representatives, and members of the Private Farmers Association. The purpose of these meetings was to develop ideas for collaboration in achieving successful business workout for the Halych Sugar mill under the new Ukrainian Restoration of Solvency Law, which may enable development of a market for sugar beets from existing and newly formed private farmers in the region.

On May 12, the International Center of Prospective Research held discussions on state policies affecting the agro-industrial complex in Ukraine. Participating in the vent were representatives of the Cabinet of Ministers Secretariat, the Ministry of Economics, Freedom House, Institute of Agrarian Economics, CNFA, and ALSP in the persons of Pavlo Kulynych and Serhiy Demyanenko.

Project staff held periodic meetings with Yuri Luzan, First Deputy Minister, (MAP), Roman Schmidt, Deputy Minister, MAP and with Andriy Chopik, Head of the MAP Farm Restructuring Section, with regard to development of strategy and programs to complete farm restructuring under the Presidential Decree. Excellent cooperation and coordination of ALSP work has been achieved with these and other MAP officials.

## **10. Personnel Actions**

- Kiril Panygin was hired as an accountant in the Economics Section
- Albina Ischenko was hired as a staff attorney in the Legal Section.

## **11. Unresolved Issues**

- In May, Project funding dropped below the level required to maintain long term substantive project activities

## **12. Future Plans**

- Prepare and publish Methodological Recommendation on Property and Land Relations to support further farm and land reform under Presidential Decree 1259
- Publish Methodological Recommendation on Transformation of Accounts to the National Accounting Standards
- Prepare curriculum for training oblast and raion accountants in the conversion of existing accounts to the NAS
- Complete all raion and oblast Orientation and Regional Basic training seminars in farm restructuring seminars with exception of Odessa, Chernihiv and Zhytomyr
- Initiate raion and oblast Orientation and Regional Basic training seminars in farm restructuring in Odessa, Chernihiv and Zhytomyr
- Complete selection of four farms in each raion for demonstration restructuring training
- Submit to Verkhovna Rada an alternative version of the Land Code which includes World Bank-supported provisions
- Begin implementing a pilot National Farm Restructuring Monitoring Program in Sumy oblast in association with MAP
- Start subject matter expertise training in farm restructuring for oblast and raion personnel
- Prepare a revised version of Land Reform Questions and Answers in association with the UMREP Project
- Provide continuing consultation to the Presidential Commission on Agrarian Reform, particularly in the area of farm debt restructuring and land reform
- Provide technical consultation and distribution of ALSP materials at the Agricultural EXPO 2000 field days during June 7 – 11.

Agricultural Land Share Project  
Farm Restructuring Status as of May 31, 2000 (farms where work started prior to March 2000)

Oblast	Total Farms	Farms Restructured	Farms in the Process of Restructuring	Restructured Farms							New Entities not Registered	Total New Entities c+f+g+h+i+j	Single Owner Legal Entities which are Private Leasing Companies	Certificates Issued	Land Titles Issued	Subsidiary Farms	Comments
				Legal Entities Registered													
				JSC	LTD	Single Owner Legal Entities	Co-ops	Other									
a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p		
Chernivtsy	0	0	0	0	0	0	0	0	0	0	0	0	92	0			
Chernigiv	2	2	0	0	3	0	1	0	0	4	0	1208	1148	0			
Cherkassy	59	58	1	0	53	7	0	0	2	62	7	43435	2950	66			
Dnipropetrovsk	24	24	0	2	10	10	0	2	0	24	10	18346	1808	0			
Iv-Frankivsk*	20	17	3	0	0	11	0	1	0	12	11	22797	26026	7312	1 subsidiary enterprise, 6 farms will be liquidated, all members received land titles and withdrew land parcels		
Kharkiv	59	58	1	2	27	22	7	0	2	60	9	29421	5809	35			
Kherson	45	45	0	7	40	19	3	3	5	77	1	25809	1585	0	Other: 3 unions of land and property owners		
Khmelnitsky	49	49	0	0	49	6	8	0	0	63	6	24327	16303	9			
Kirovograd	40	40	0	1	21	14	7	0	0	43	14	16130	16525	1073			
Lugansk	80	79	1	6	66	28	0	0	2	102	10	43922	6665	0			
Lviv	99	99	0	0	80	21	0	0	0	101	21	59599	79519	3837	2 base farms split into 4 Ltds		
Mykolayiv	55	55	0	18	30	20	6	3	0	77	11	23650	2503	67	Other: 2 affiliates, 1 secondary farm		
Odessa	22	17	5	0	10	6	0	0	0	16	6	6048	5626	96			
Poltava	30	30	0	0	17	25	0	3	0	45	8	14964	10717	237	3 subsidiary enterprises		
Rivne	120	115	5	0	0	242	62	4	0	308	48	75358	3986	446	Other: 2 ag divisions of state enterprises, 1 secondary farm of a state enterprise, 1 ag. division of OJSC		
Sumy	105	105	0	8	67	88	2	36	0	201	53	62638	29058	551	additionally restructured 22 farms		
Temopil**	60	60	0	0	58	11	0	2	2	73	11	34153	14430	239	2 subsidiary entities		
Vinnitsya	23	19	4	0	13	5	1	0	0	19	5	13917	8039	139	2 farms restructured in April-May		
Volyn	28	28	0	4	9	10	0	0	8	31	10	15906	3063	420			
Totals	920	900	20	48	553	545	97	54	21	1318	241	531628	235852	14527			

## Notes:

- Farms Restructured: Farms where FGAs have approved foundation documents of new legal entities  
 JSC Open or closed joint stock company  
 Ltd Limited liability company  
 Other Associations, unions of land and property owners, ag. shops, etc.  
 Private Leasing Co. Farming entity that leases land and/or property and is founded by a single person.  
 Subsidiary Farm Unregistered individual farms created from land parcels held under State Deeds to Private Ownership on Land  
 \* Two farms were only land surveyed.

\*\*On the basis of 7 Ltd-s new parallel entities were set up

15

**Agricultural Land Share Project**

Attachment A (Part 2)

**Farms Selected for Demonstration Restructuring by Farm Restructuring Agency Staff,  
May 31, 2000**

<b>Oblast</b>	<b># of Farms</b>	<b># of Raions</b>
Cherkasy	34	10
Ivano-Frankivsk	46	12
Kharkiv	106	26
Kherson	48	13
Khmelnysky	43	11
Kirovohrad	4	1
Luhansk	63	17
Lviv	10	6
Mykolaiv	44	11
Poltava	76	19
Rivne	72	16
Sumy	72	18
Ternopil	76	17
<b>TOTAL</b>	<b>694</b>	<b>177</b>

Agricultural Land Share Project

Raion Farm Restructuring Training Events April 1 through May 31, 2000

Oblast	Orientation Seminars				Regional Seminars				Expertise Seminars				Comments
	# raions	# days	# hours	# people	# raions	# days	# hours	# people	# raions	# days	# hours	# people	
<i>a</i>	<i>b</i>	<i>c</i>	<i>d</i>	<i>e</i>	<i>f</i>	<i>g</i>	<i>h</i>	<i>i</i>	<i>j</i>	<i>k</i>	<i>l</i>	<i>m</i>	<i>n</i>
Cherkassy	20	1	6	26	10	10	64	41					
Iv-Frankivsk	14	5	40	79	7	4	32	21					
Kharkiv	10	2	8	183	10	12	64	41					
Kherson	5	4	32	340									
Khmelnitsky	2	2	12	181	15	14	80	92					1 basic training is in progress, scheduled to end June 9
Kirovograd	11	3	18	330	7	5	32	24					
Lugansk	4	4	24	335	9	10	50	50					
Lviv	20	1	8	141	20	20	120	123					
Mykolayiv	5	3	18	135	16	14	96	70	18	1	6	72	1 basic training is in progress, scheduled to end June 9
Odessa													
Poltava	1	1	6	61	13	12	64	80					
Rivne	8	2	12	328	11	8	64	89					Includes members of farms selected for further restructuring
Sumy*	2	2	12	55	10	10	60	59					
Ternopil	17	1	4	20	5	5	32	20					
Vinnitsya	27	1	6	112									
<b>Totals</b>	<b>146</b>	<b>32</b>	<b>206</b>	<b>2326</b>	<b>133</b>	<b>124</b>	<b>758</b>	<b>710</b>	<b>18</b>	<b>1</b>	<b>6</b>	<b>72</b>	