

December 14, 2000

UKRAINE AGRICULTURAL LAND SHARE PROJECT

FINAL REPORT

EPE-I-04-95-000064-00

Task Order No. 04

I Executive Summary

RONCO Corporation managed the Agricultural Land Share Project (ALSP) over the period October 1995 through December 2000. Task Orders No. 01 and No. 02 implemented from October 1995 through May 1997 reflected the pilot development of farm restructuring and land titling procedures. National roll out implementation was effected with Task Order No. 04 that was signed in May 1997.

USAID project planners anticipated that the ALSP would operate in a reform environment, but this was not the case. However, even at Project end national legislation needed to support transparent credit, product marketing and land market institutions are still not in place. The replacement of Soviet era local officials that manage the farm and land reform process is still proceeding quite slowly in many areas of the country. In large measure Project success depended on being able to take advantage of the existing imprecise Soviet era legislative and regulatory environment to bring about farm restructuring and land reform results in local areas where progressive local governmental and farm leaders were in place. The selection of experienced Ukrainians to lead 18 farm-restructuring teams at oblast levels contributed materially to Project success in bringing about a positive political environment to support local level farm restructuring and land reform activities.

Moreover, until late 1999, the heavily Communist and Socialist dominated national Parliament (Verkhovna Rada) was openly antagonistic to restructuring collective farm entities into private sector farms and was adamantly opposed to issuance of land titles to farm workers and pensioners. This reform-hostile legislative and political environment provided the framework within which the ALSP operated until late 1999.

To circumvent the lack of national legislation, the ALSP Legal and Economic Sections, based on extensive field implementation experience, successfully collaborated with GOU regulatory staff in preparing and publishing seven Methodological Recommendations (MR). The MR provisions closely paralleled those contained in the ALSP How-To Manual on "Implementing Agricultural Land Sharing and Farm Restructuring in Ukraine". These quasi-regulatory documents set out specific procedures and standards to guide issuance of land titles, and the settlement of land and property relations during the course of farm restructuring. They were used effectively to set local administrative precedents. In addition, specific provisions were entered as evidence in legal proceedings where courts were asked to rule on disputed farm restructuring and land-titling activities.

Reelection of President Kuchma in December 1999 marked the beginning of national policy support for farm restructuring and land titling. By that time ALSP oblast staff had restructured more than 750 farms in 18 oblasts and issued some 205,000 land titles across Ukraine. These results were well known and supported by most senior Ukrainian oblast level political and administrative leaders. ALSP technical staff were able to draw on this success in co-authoring the Presidential Decree of December 3, 1999 that required all farms to be legally restructured by April 2000. The already released MRs were at that time largely accepted as setting out national farm and land reform policy. A final MR issued in March 2000 that set out procedures and methodology to complete settlement of property and land relations on farms that were legally restructured under the Presidential Decree of December 1999, is now under preparation as a Presidential Decree scheduled to be issued in early 2001.

After issuance of the December 1999 Presidential Decree the ALSP Legal and Economic Section staff adopted a more pro-active approach to developing reform legislation and policy discussion. This work resulted in drafting of a progressive Land Code by the ALSP Legal Section that was introduced into the VR directly by pro-reform Deputies. It served as the basis for a compromise bill now in preparation by the VR drafting commission. Passage is expected in early 2001.

The still tenuous political support for transferring land and property from collective ownership into private ownership by former collective farm members prevents consistent implementation of farm restructuring breakup strategies in all areas of Ukraine. To achieve farm breakup into a variety of farm sizes at the time that farm land and property is transferred to farm workers it is necessary to carefully select target areas where administrative leadership is supportive of this aspect of farm restructuring.

An important component of agricultural land reform in the Ukrainian context is the political and economic empowerment of former farm workers and pensioners that is achieved by widespread transfer of land ownership from the collective to the individual. For both farm workers and pensioners land is the most important asset that most of them will ever own. Accordingly, these new landowners should be legally protected against loss of their ownership rights during the current transition period in order to prevent a "land grab" by a small number of powerful individuals. If such a land grab does occur the progressive income-distribution benefits of small scale private agricultural land ownership may be negated by a new form of agriculture dominated by a small number of excessively large "super farms".

Major milestones attained over the total ALSP performance period included:

- 922 collective agricultural enterprises restructured into more than 18,000 small and large scale private farms
- almost 140,000 land titles issued to farm workers and pensioners on 416 restructured farms in 19 oblasts representing some 740,000 hectares of land;
- private sector consulting companies formed in 18 oblasts, that provide fee for service legal, financial, accounting and farm management advice to support farm restructuring and private farm management development;
- 29 private and parastatal land survey companies in 19 oblasts identified, trained and met project-determined standards in issuing land titles;
- more than 92,000 formal training contacts provided since May 1997 among farm leaders and local regional and national government officials including:
 - 5,500 persons trained by ALSP Kyiv staff over the period May 1997 – December 2000
 - 61,000 persons trained by ALSP oblast staff over the period May 1997 – December 2000
 - 25,500 persons trained by ALSP oblast staff during the April – December 2000 program institutionalization period.
- Almost 2 million copies of farm restructuring, land reform, farm and agro-processing training bulletins, educational and informational pamphlets, brochures and posters prepared and distributed including:
 - 1.68 million farm restructuring and land reform brochures, "street pamphlets" and posters distributed to farm workers and pensioners describing their rights to farm land and property ownership;
 - 137,200 farm restructuring, and land reform technical bulletins (24 issues) with technical articles addressing specific legal, financial and methodological aspects of farm and land reform;
 - 114,000 farm management and agro-processing technical bulletins (10 issues) with technical articles to support efficient development of farm production and farm commodity processing activities;
 - 43,000 Methodological Recommendations (seven issues) prepared in association with appropriate GOU regulatory agencies that provide specific methodological guidelines and procedures to carry out legal, financial and technical aspects of farm restructuring, issuance of land titles and conversion of farm accounts into new western based National Accounting Standards;
 - 14,000 copies each, How-To Manual on "Implementing Land Sharing and Farm Restructuring in Ukraine" and associated Legal Annex;

- 8,100 land reform questions and answers brochures completed in association with the USAID financed Ukrainian Market Reform Educational Project (UMREP);
- 3,300 Accounting Training Manuals to transform existing farm accounts into the new western based National Accounting Standards.

From September 1998 ALSP conducted a post privatization farm management and business development program in Lviv Oblast working primarily with restructured private farms and those which leased in land parcels privatized through ALSP land titling activities. An effective sweet corn varietal testing program was established on six farms in association with the Lviv State Seed Testing Association. A new sweet corn processing line was established by importing used equipment. A cross border technical exchange program with Poland was established to provide direct experience of farm business operations in a market economy.

Attachment A provides a listing of all major ALSP publications that are stored on the compact disc that accompanies this report.

II Objectives

Task Order No. 04 implementation started May 15, 1997 for a two-year period with a ceiling price of \$6.2 million. The TO was modified June 15, 1998 when the period of performance was extended through July 14, 1999 and the ceiling price increased to \$16.6 million. Subsequent modifications in August 1999 and March 2000 extended performance completion dates to March 31, 2000 and December 31, 2000 respectively. The ceiling price was modified to \$18.2 million.

TO No. 04 continued the work initiated under TO No. 02 with slightly modified objectives through March 2000 to reflect the shift from a pilot to a roll out procedures. Results provide in this report relate substantially to the period May 1997 through December 2000. Objectives for this period include:

1. elaborate roll out model procedures with an emphasis on issuing individual land titles in 12 additional oblasts;
2. reform the legal and regulatory framework for land and property privatization and land markets creation;
3. build upon the experience gained in the Phase II rollout program and stimulate the restructuring of the newly created JSCs into more suitable commercial entities including limited liability companies, cooperatives, partnerships, associations, peasant farms and individually owned private farms on the basis of issuing individual land titles;
4. enhance the professional skills of local and national level governmental officials responsible for land privatization implementation activities.

The above objectives include sub objectives such as: accelerating current privatization initiatives; converting use, inheritance, and other partial rights to full ownership rights; promoting the exercise of ownership rights currently in place; training Ukrainian professional staff at oblast level entities to replace expatriate personnel providing CAE restructuring support for national expansion; and enhancing the public and decision maker's understanding of the benefits of land privatization.

This phase also included introduction of pilot post farm restructuring activities in Lviv Oblast to provide follow on farm management, processing and marketing support activities to existing and newly formed private farms.

The final extension phase, from April through December 2000, targeted the full institutionalization of farm restructuring and land reform activities by Ukrainian counterpart organizations including private sector consulting companies and the national, oblast and raion levels of the Ministry of Agrarian Policy (MAP).

III Tangible Results

Tangible results are provided separately for the period May 1997 through March 2000 and for the period April 2000 through December 2000. The period ending March 31, 2000 marked the formal completion of direct ALSP farm restructuring activities. Some land titling activities remained to be completed during the extension period. The focus of printing and publication activities shifted from providing primarily technical materials to farm leaders and government personnel to providing public education materials to recipients of collective farm land and property. The results provided in section A largely represents work accomplished through March 31, 2000. However, issuance of land titles and summaries of printed material track results through December 2,000 where it is felt that this provides a more complete reflection of Project activities.

Tangible results defined for the period April through December 2000 reflected the shift from direct project management of farm restructuring and issuance of land titles to institutionalizing the farm restructuring process within the new Departments of Agricultural Reform (DAR) formed by the GOU at oblast and raion levels. All ALSP oblast technical teams were restructured by April 1 into private sector consulting companies and provided formal and informal training to the designated GOU employees.

A. Tangible Results for the Period May 1997 through March 2000

1. **Land and property privatization completed on 750 farms in up to 17 oblasts. The restructuring process is considered complete only when the statutes of the new business created from CAEs are approved by the appropriate public agencies.**

Results: 922 farms restructured, including land and property privatization, into 1,331 new legal entities and 16,842 subsidiary peasant farms.

2. **At least 100 Ukrainian professionals comprising twelve additional local teams fully trained and capable of implementing CAE restructuring activities following their hands-on training and implementation of the roll-out methodology. The contractor's ability to promote the financial self-sustainability of these professionals is an important target of this task order.**

Results: More than 200 Ukrainian farm restructuring professionals and specialists identified and trained under RONCO's aegis formed sustainable private sector firms in seventeen oblasts, each registered as a business entity.

3. **Information on different aspects of project implementation are distributed to parties interested in land titling privatization in all oblasts of Ukraine through use of Bulletins, How-To Manuals and other promotional training materials.**

Results: The following were published and distributed by ALSP:

- 137,200 farm restructuring, and land reform technical bulletins (24 issues) with technical articles addressing specific legal, financial and methodological aspects of farm and land reform;
- 43,000 Methodological Recommendations (seven issues) prepared in association with appropriate GOU regulatory agencies that provide specific methodological guidelines and procedures to carry out legal, financial and technical aspects of farm restructuring, issuance of land titles and conversion of farm accounts into new western based National Accounting Standards;
- 14,000 copies each, How-To Manual on "*Implementing Agricultural Land Sharing and Farm Restructuring in Ukraine*" and associated Legal Annex;
- 4,100 land reform questions and answers bulletins completed in association with the USAID financed Ukrainian Market Reform Educational Project (UMREP);
- 3,300 Accounting Training Manuals to transform existing farm accounts into the new western based National Accounting Standards.

4. **At least 203,000 land titles are issued. The process will be considered complete only when owners secure title to specific land parcels and are free to exercise their ownership rights by leasing, selling, transferring, mortgaging, their land and property.**

Results: 224,657 land titles issued with ALSP financial assistance, on 416 farms covering 694,657 hectares in 19 oblasts. An additional 14,078 were issued on ALSP farms without ALSP financial assistance. Total titles issued on ALSP farms is: 239,026 covering some 740,000 hectares.

5. **The legal and regulatory framework for survey works required for issuance of land titles, land property privatization and land market creation is substantially improved through either reformed legislation, decrees, regulations, or other means.**

Results: A satisfactory legal and regulatory framework for survey work and issuance of land titles established with ALSP support primarily in the form of regulatory acts. The Verkhovna Rada is preparing a Land Code based largely on a draft originally drafted by the ALSP Legal Section. Several Presidential Decrees prepared with ALSP specialists' participation have significantly improved privatization procedures, most importantly the Presidential Decree of December 3, 1999, No. 1529 "On Urgent Measures to Accelerate the Reform of the Agrarian Sector of the Economy." In addition, the Verkhovna Rada has passed beneficial laws in this area: "On Lease of Land" and "On Agricultural Cooperatives." A Presidential Decree relating to the amount of notarization fees for lease contracts, earlier rejected by the Rada, later became law when the Verkhovna Rada passed it in identical form. ALSP legal specialists also worked in conjunction with the Tax Administration of Ukraine and succeeded in securing a ruling that CAE members were no liable for income tax upon withdrawal of property shares. The Verkhovna Rada adopted a law prepared by ALSP specialists providing there should be no VAT upon the transfer of social sphere assets by CAEs to local governments. Methodological Recommendations on Accounting Procedures and Property Transfer during Restructuring were prepared by ALSP staff and approved for implementation by the TAX Inspectorate, Ministry of Agro-Industrial Complex, and Agrarian Economics Institute.

6. **Approximately 800 key agrarian reform decision makers at the national and regional levels are fully informed of, and understand project issues, reform initiatives, land appraisal, titling and registration, surveying and the roll out project activities.**

Results: At least 1,150 officials at oblast and raion levels trained in all phases of ALSP activities through a variety of orientations, seminars, and training sessions.

7. **A Draft National Land Titles Issuance Program has been prepared and discussed with the Ukrainian Government.**

Results: A national land titles issuance discussion paper was in process at the end of March 2000. In September 2000 a national land titling program discussion paper was prepared and submitted to the Secretariat of the Presidential Commission for Agrarian Reform for use in developing a GOU discussion paper on preparation of a national land titling program. This is currently under review by the World Bank.

8. **Training entities and staff are developed in up to 17 oblasts for delivering further technical training to farmers and government officials on the issues of farm restructuring, land privatization and land markets.**

Results: In the 15 ALSP oblast offices operating in March 2000, key specialists are well-trained and furnishing technical support to farmers, officials, etc. The Volyn team continues to work in almost its original composition after loss of ALSP financial support. The Dnipropetrovsk team divided into two separate entities, which today compete for business.

9. **At least 20 private sector and independent parastatal land survey companies have been registered, provided equipment (in exchange for land titles issued), staffs trained and are carrying out traditional survey work needed to issue land titles.**

Results: Twenty-nine (29) fully-licensed subcontractors engaged in performing survey and land titling under the auspices of the ALSP program and with ALSP training. These and other land survey teams are engaged in activities across Ukraine that can result in issuance of up to 234,000 additional land titles by December 2000.

10. Agricultural land market and leasing information is being collected and widely disseminated.

Results: Information on average land parcels and leasing rates collected on 282 farms in November 1999. This data was processed and submitted to USAID and all ALSP offices. The results were widely disseminated in an ALSP Bulletin (No. 21) and through other media outlets. The Radekhiv and Peremyshliany Raion Land Resources Departments (Lviv Oblast) with ALSP guidance is computerizing a land title registration system, which when completed will create a basis for a system of land marketing. Articles covering land market and leasing matters are published regularly in the ALSP bulletins.

11. A Draft Land Code that is consistent with the Constitution has been prepared, discussed with the Government, and submitted to the Presidential Agricultural Reform Commission.

Results: A Draft Land Code prepared with the participation of RONCO's Sr. attorney on the drafting committee organized by the Committee on State Land Resources. (See also tangible result No. 8 of Section III. B. of this report.)

12. During the restructuring process: A) at least 950 private legal entities formed to include 500 limited liability companies and 450 private farming entities; B) At least 100 private leasing companies facilitated; and C) at least 2,000 subsidiary or unregistered farms created by individuals who receive land parcels or individual title.

Results: 1,331 new farm legal entities formed including 559 limited liability companies (LTDs); and 555 single owner private legal entities. 16,842 peasant subsidiary farms were formed by individuals adding their new land parcels to already existing household plots.

13. Land titles issued to former CAE members who decide to lease land to private farmers. The objective is to provide assistance to 50 such farmers.

Results: The number of contracts signed with private farmers in which individual land parcels under State Deeds are leased, stands at thirty-two. This covers 5,072 individual State Deeds. In addition, more than 50 existing private farmers have leased land from CAE members receiving land titles with ALSP financial support.

14. At least 100 private farming entities (half in the target oblasts) developed during the restructuring process to include leasing operations that obtain support from the Project and gain access to trade credits and direct investment for inputs and/or equipment and machinery on a lease basis.

Results: By the end of March 2000, cooperation between farmers and investors established on 210 farms. Of this number 114 are leasing land and property of the former CAE members. In the other 96 instances, new legal entities have been established with the involvement of investors. Trade credits have been extended at farms (with overlap in only a few cases within the 136 farms mentioned above). Comparable credit development work is in progress on 144 additional farms.

15. An intensive post-restructuring farmer training program and operational program is being implemented in the three target oblasts¹ and within the framework of the new USAID Agricultural Strategy.

¹ At the time that the ALSP Workplan was developed USAID was preparing background materials for a follow on project in three targeted oblasts and required ALSP to strengthen its farm restructuring and land titling activities in these three oblasts. By October 1997 the number of target oblasts had been reduced to one.

Results: A Farm Management and Business Development (FMBD) group formed in October 1998 to provide post farm restructuring farm management, food processing and marketing support. Clientele were largely restructured farms and existing private farms that expanded by leasing in land privatized by the ALSP land titling component. An effective sweet corn varietal testing program was established on six farms in association with the Lviv State Seed Testing Association. A new sweet corn processing line was established by importing used equipment at 10 percent of the cost of purchasing new equipment. By September 2000 more than 200,000 cans of sweet corn had been processed in the updated facilities. An effective cross border technical exchange program with Poland was established to provide direct experience of farm business operations in a market economy. This program was especially successful in establishing Polish/Ukrainian operational relationships for developing a honey-based health enhancing beverage industry. Working closely with the Polish 4-H Club national director, the FMBD also formed twenty-two 4-H Youth clubs in Lviv Oblast and inaugurated a pilot 150 member small farmer milk marketing cooperative in September 2000 where all former collective farm workers received ownership to land formerly worked by the collective. 89 individuals chose to work this land themselves. This is the first example of the formation of a small farmer milk marketing cooperative in Ukraine where members gained ownership of land in former collective operation. 1,000 PE support brochures each were printed and distributed explaining FMBD activities in sweet corn varietal testing and processing, developing new markets for honey based health products and 4-H club formation.

Post farm restructuring work was further supported in all ALSP oblasts through preparation and distribution across Ukraine of 114,000 farm management and agro-processing technical bulletins (10 issues) with technical extension type articles to support efficient private farm development of farm production and farm commodity processing and marketing activities.

B Tangible Results for the Period April 2000 through December 2000

1. Draft National Farm Restructuring Program prepared in association with the National Farm Restructuring Agency Staff.

Results: A national program to complete land and property settlement of all farms restructured under the Presidential Decree of December 3, 1999 prepared in association with the Secretariat of the Presidential Commission on Agrarian Reform. The package included a program of debt restructuring and full methodology to transfer land and property ownership to eligible farm workers and pensioners. A legislative package was prepared by ALSP specialists and partially enacted by the Verkhovna Rada. Three Methodological Recommendations were prepared by ALSP staff, in association with relevant GOU regulatory agencies, and were published. The Cabinet of Ministers passed an Order on settling state debts of restructured farms and amendments were introduced in the VR to remove the current exemption of the agricultural production sector to the Restoration of Solvency Law.

2. More than 100 public meetings held with at least 25,000 national, oblast and raion officials and CAE members.

Results: 200 meetings held with oblast, raion and farm level personnel to explain the implications of the Presidential Decree of December 1999, with 31,000 persons attending.

3. Farm restructuring and land reform information and education materials prepared and distributed to families on all CAEs within the ALSP training catchment area.

Results

- 1.68 million farm restructuring and land reform brochures, "street pamphlets" and posters;
- 50,000 copies of forms needed to initiate the land titling process
- 4,000 land reform questions and answers bulletins completed in association with the USAID financed Ukrainian Market Reform Educational Project (UMREP);

4. **Press Club meetings provided in ALSP supported oblasts in association with the Ukraine Market Reform Education Project.**

Results: Press Club meetings held in conjunction with UMREP in all oblasts where ALSP was active. ALSP Kyiv or Oblast staff participated in each of them. In addition, ALSP Kyiv staff participated in four regional public hearing gathering information for use by the VR in its deliberations on the Land Code that were sponsored by the Regional Initiative Group funded by the Renaissance Foundation.

5. **Up to 160 oblast level training of trainers courses (8 per oblasts x 20 oblasts) provided for about 2,000 DAR raion and oblast level staff covering all technical aspects of farm restructuring and PERT.**

Results: 67 three day in depth workshops conducted by ALSP oblast partner consulting companies for 2,038 raion DAR staff in 373 raions.

6. **Up to five special farm restructuring issues workshops provided for up to 2,000 DAR raion and oblast staff on an as needed basis.**

Results: 292 one and two day technical expertise workshops provided for 15,200 persons. Topics covered included specific legal, financial, and related aspects for settling land and property relations, debt restructuring, conversion of existing farm accounts into the new western based National Accounting Standards and implementation of the computer assisted national program for monitoring farm restructuring.

7. **PERT implementation, evaluation and monitoring programs set up and operated by DAR staff in up to 400 raions, and at the national level.**

Results: With strong support from the Ministry of Agricultural Policy, the computer assisted monitoring program was prepared in Kyiv and field-tested by staff of the Sumy Oblast ALSP partner consulting team. An Executive Order signed November 9, 2000 by the Minister, MAP provided the basis for implementing the national computer assisted farm restructuring monitoring program in all oblasts of Ukraine and the Autonomous Republic of Crimea. All aspects of the program were successfully transferred to the MAP on November 15, 2000 at which time ALSP provided computers, software and final training to implement the program nation wide. Staff of the Sumy Oblast ALSP partner team provides technical backup for all oblasts.

8. **Legislation, decrees and methodological recommendations to support farm and land reform prepared, enacted and implemented.**

Results: Policy discussion papers and draft legislation prepared to support national farm restructuring under the Presidential Decree of December 1999 (point 1 above). MRs were prepared on "Settlement of Property and Land Relations in Private Entities Created in the Process of CAE Restructuring", and "Allocation of Land Shares in Kind, Preparation and Issuance of State Deeds to the Right of Private Land Ownership and Use of Land Parcels". A draft Land Code was prepared and is being reviewed by the Verkhovna Rada. The ALSP Sr. attorney is a member of the VR drafting committee. ALSP Kyiv and oblast staff collaborated with relevant GOU regulatory agencies to prepare:

- a draft law to place a moratorium on alienation of land share certificates (there is no current legislation governing such sales and numerous abuses have been cited);
- a real property title registration law and implementing regulations;
- a Presidential Decree on the formation of a National Extension Service

Other farm, land and related reform policy and legislative activities included preparation of:

- policy discussion paper on removing the current exemption of the agricultural sector from the Restoration of Solvency Law;
- policy discussion paper on reforming farm commodity pricing within the emerging market economy;

- several policy discussion papers and a Methodological Recommendation on farm debt restructuring issues;
- Presidential Decree on farm debt restructuring; and
- Presidential Decree on settlement of land and property relations during farm restructuring.

9. Some 1,400 farms restructured by DAR raion farm restructuring groups.

Results: 1,431 pilot farms selected in 373 raions of 18 oblast for further restructuring by raion DAR teams. This sample of pilot farms provides representation in almost 80 percent of all agricultural raions in Ukraine.

IV Lessons Learned

In 1995 the donor community anticipated that the political will existed in Ukraine to launch major reforms in farm restructuring and land ownership. The ALSP was predicated on this premise. In retrospect, this early optimism was unwarranted as most oblast (province), and raion (county) officials and most farm managers (who were appointed by these officials) remained opposed to reforms that would transfer ownership of farm land and non land assets to collective farm members. Moreover, raion officials further opposed transferring farm resource management decisions to existing farm managers. In fact most of the existing farm managers did not have either the ability or the inclination to accept this type of responsibility. This was in large part due to the fact that national farm policy administrators still set informal targets for production of major agricultural commodities and the necessary enabling legislation was not in place to provide transparent marketing and credit institutions needed to reform Ukrainian agriculture from a command to a market economy. Moreover, many farm managers did not have the training or the personal inclination to make profit oriented decisions. Many others were unwilling to make decisions resulting in labor force reductions that could lead to village political and social unrest and provoke further industrial job actions that would undermine the economic viability of the farm production unit. At the same time it was essential that the farm reform process effectively breakup the "industrial plantation" environment that concentrated social, political and economic leadership in the person of the farm manager.

The existing political realities required some modification of initial operating assumptions but also provided opportunities for achieving positive results. The following lessons learned may provide useful guidelines for future technical assistance projects addressing farm and land reform.

1. Ukraine has a unitary political and administrative structure but strong oblast and raion leaders often exercise considerable autonomy and independence from the national leadership. This can be effectively exploited by working through capable local level Ukrainian project staff able to achieve results at the field level. Positive results achieved at local levels can then be transmitted to the national level at regular monthly meetings of senior oblast officials. National leaders, including the Prime Minister and the President often attend these meetings.
2. The existing legislative base still does not support bold farm restructuring and land reform initiatives. However, the existing Soviet legislation is often written in vague terms that support creative reform initiatives by progressive administrators. As the Soviet legal system did not serve the same functions as in western market economies, administrative rather than legal precedents often form the building blocks on which reform programs can be implemented.
3. Legislative reform initiatives should include clauses that declare void all existing Soviet legislation that is contrary to the intended reform law or alternatively, require that all contrary Soviet law be brought into strict conformity with the new legislation.
4. Senior level Ukrainian administrators are generally well educated and respond positively to donor proposals that are logically and objectively stated. Preparation of position papers that encourage discussion and possible compromise, rather than attempt to openly force through politically unacceptable concepts, can serve to develop initial working relationships.
5. Senior Ukrainian administrators are generally skilled negotiators and are accustomed to implementing compromise solutions. When addressing controversial policy issues step by step

progress is often possible by finding one or two areas of agreement and then building a working relationship based on these initial agreements.

6. When developing working relationships with senior Ukrainian administrators it is often better to firmly state policy or implementation differences, but then try to seek areas of common interest and approach so work can get started.
7. Ukrainian land survey staff are by and large well trained. They understand trigonometry functions needed to conduct quality land survey fieldwork and the use of total stations and Global Positioning Systems (GPS) field survey technology and associated computer support equipment. Consequently, it is not necessary to provide complex training programs to effectively implement mass issuance of land titles based on completion of field survey works.
8. Representatives of donor projects will rarely be brought into formal senior GOU policy or legislative discussions. However, it is possible for donor representatives to positively influence the policy process by preparing short crisply worded policy options papers that provide alternative outcomes to specific issues in an objective and non-partisan fashion.
9. The still tenuous political support for transferring land and property from collective ownership into private ownership by former collective farm members prevents consistent implementation of farm restructuring breakup strategies in all areas of Ukraine. To achieve farm breakup into a variety of farm sizes at the time that farm land and property is transferred to farm workers it is necessary to carefully select target areas where administrative leadership is supportive of this aspect of farm restructuring.
10. At minimum, the essential goal of farm restructuring is the breakup of existing collective social, political and business management relations. This can be done effectively by transferring full ownership of land and property to former collective farm members and encouraging formation of resource poor private farm legal entities with no more than five owners. These new entities can lease in land and property needed to operate successfully. If they become illiquid, important production resources can be easily transferred to new or other existing private sector farming entities. Land and property lease terms should not exceed three to five years to prevent inefficient lessees from locking up land and property use rights over an extended period.
11. An important component of agricultural land reform in the Ukrainian context is the political and economic empowerment of former farm workers and pensioners that is achieved by transferring land ownership from the collective to the individual. For both farm workers and pensioners land is the most important asset that most of them will ever own. Accordingly, these new landowners should be legally protected against loss of their ownership rights during the current transition period in order to prevent a "land grab" by a small number of powerful individuals. During the transition period, inclusion of privatized land as part of the asset base or common ownership of a legal farming entity should be allowed only if the land can be reclaimed for individual use without requiring formal consent of the company management board or the remaining common land owners.

V Attachments

- A. Compact Disc Contents
- B. Farm Restructuring Directly Managed by ALSP Staff
- C. Pilot Farm Restructuring Managed by GOU Department of Agricultural Reform Staff
- D. Land Titles Issued by ALSP
- E. ALSP Training Results
- F. ALSP Oblast Team Startup and Ending Dates

ATTACHMENT B
Farm Restructuring Directly Managed by ALSP Staff

Status as of September 30, 2000

Oblast	Total Farms	Farms Restr-ed	Farms in the Process of Restr-ng	Restructured Farms							New Entities not Registered	Total New Entities e+f+g+h+i+j	Single Owner Legal Entities which are Private Leasing Companies	Certificates Issued	Land Titles Issued	Subsidiary Farms
				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		
Chernivtsy	0	0	0	0	0	0	0	0	0	0	0	-	92	-		
Chernigiv	2	2	0	0	3	0	1	0	0	4	0	1,208	1,148	-		
Cherkassy	59	59	0	0	54	7	0	0	2	63	7	43,888	2,950	66		
Dnipropetrovsk	24	24	0	2	10	10	0	2	0	24	10	18,346	1,808	-		
Iv-Frankivsk	20	18	2	0	0	12	0	1	0	13	12	22,797	26,026	9,070		
Kharkiv	59	59	0	2	27	22	8	0	0	59	22	29,421	5,809	35		
Kherson	45	45	0	7	40	19	3	3	5	77	1	25,809	1,585	-		
Khmelnitsky	49	49	0	0	49	6	8	0	0	63	6	24,327	16,303	9		
Kirovograd	40	40	0	1	21	14	7	0	0	43	14	16,130	16,525	1,630		
Lugansk	80	80	0	6	66	28	0	0	0	100	10	43,922	6,665	-		
Lviv	99	99	0	0	80	21	0	0	0	101	21	59,599	79,820	3,837		
Mykolayiv	55	55	0	18	30	20	6	3	0	77	11	23,650	2,503	67		
Odessa	22	17	5	0	10	6	0	0	0	16	6	6,048	5,626	96		
Poltava	30	30	0	0	17	25	0	3	0	45	25	14,964	10,717	237		
Rivne	120	117	3	0	0	243	63	4	0	310	49	75,358	3,986	446		
Sumy	105	105	0	8	67	88	2	36	0	201	53	62,638	31,931	551		
Ternopil*	60	60	0	0	61	18	0	2	0	81	18	34,153	14,430	239		
Vinnitsya	25	23	2	0	15	6	2	0	0	23	6	14,480	8,039	139		
Volyn	28	28	0	4	9	10	0	0	8	31	10	15,906	3,063	420		
Totals	922	910	12	48	559	555	100	54	15	1331	281	532,644	239,026	16,842		

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

ATTACHMENT C
Pilot Farm Restructuring Managed by the GOU Department of Agricultural Reform Staff

Status as of October 2000

Oblast Name	Total Number of Pilot Farms Selected for Further Restructuring	Members are informed of the value of their individual property shares (# of farms)	Contracts With Land Surveying Companies Signed		# of land share certificates holders	State Deeds of Private Ownership of Land Distributed*		Agreements on Property Transfers to New Entities Signed**	Agreements on Debt Restructuring are Signed with Creditors Holding the Majority of Debt***	Certificates of Transfer of Social Sphere Facilities to Local Authorities are Signed (# of farms)	New Legal Entities Established						Number Of C.A.E.-s Removed From State Registers	Property Lease Agreements Signed (# of farms)	Land Lease Agreements Signed (# of farms)	
			# of farms	# of contracts		# of farms	# of Deeds				Legal Entities Registered					TOTAL: New Legal Entities (+...+n)			on the basis of land shares	on the basis of state deeds
											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	q	r	s	t	u
Chernigiv	88	88	0	0	45,024	0	-	88	0	28	2	41	8	37	1	89	24	23	81	0
Cherkassy	80	71	7	7	52,309		32	35	41	1		69	9	8		86	80	35	83	0
Dnipropetrovsk	84	76	0	0	52,408	4	2,163	53	0	0	0	61	18	13	0	92	84	6	92	0
Iv-Frankivsk	41	41	4	4	30,347	2	2,236	34	21	15	0	15	20	15	2	52	20	33	40	1
Kharkiv	104	97	36	36	11,117	5	1,994	127	15	9	7	70	40	20	7	144	55	127	137	5
Kherson	68	35	35	35	30,646	10	556	13	6	7	1	37	11	19	2	70	39	13	53	0
Khmelnytsky	78	78	6	6	58,199	1	331	72	18	9	3	50	9	18	0	80	78	63	77	1
Kirovograd	86	77	20	21	51,202	7	2,356	56	30	7	1	38	21	40	0	100	63	34	92	6
Lugansk	68	68	10	10	31,571	23	823	58	58	8	1	51	18	11	16	97	37	2	68	23
Lviv	71	71	25	25	41,233	14	5,519	64	62	17	0	38	24	6	3	71	63	60	59	12
Mykolayiv	81	77	4	4	44,185	4	1,669	16	74	1	10	14	9	48	0	81	81	2	80	1
Odessa	79	56	25	25	42,490	15	4,584	78	26	5	1	39	8	30	0	78	53	46	68	9
Poltava	100	89	53	53	66,105	11	4,075	45	25	3	2	54	40	19		115	82	45	107	7
Rivne	72	72	30	30	48,804	57	539	55	15	12	0	1	32	58	1	92	52	55	86	0
Sumy	72	72	47	47	48,755	4	1,774	63	28	27	0	51	30	4	0	85	54	59	71	3
Teropil	85	85	5	5	52,407	8	164	37	2	16	1	42	55	2	0	100	18	20	100	0
Vinnitsya	80	80	6	6	58,649	0	-	75	10	33	0	47	16	17	0	80	80	75	80	0
Zhytomyr	94	94	48	48	53,109	35	243	75	15	18	0	42	40	13	0	95	77	75	94	0
Totals	1,431	1,327	361	362	818,560	200	29,058	1,044	446	216	29	760	408	378	32	1,607	1,040	773	1,468	68

* Titles distributed to all eligible individuals, except the following categories of people:

- heirs who have not filed their claims;
- those undergoing military service;
- those temporary residing in other locations, but maintaining their eligibility to land parcels;
- others with a valid excuse.

** Number of farms that signed those agreements

*** Number of farms that signed at least 1 debt-resolving agreement at value exceeding 50% of the farm's total accounts payable.

ATTACHMENT D
Land Titles issued by ALSP

Status as of September 30, 2000

Oblast	All Survey Work and Titles Issued to Date			
	With ALSP Financial Support			All Titles Issued on ALSP farms*
	Farms	Hectares	Land Titles	
Chernivtsy	1	189	92	92
Chernigiv	2	3794	1148	1148
Cherkassy	10	10100	2871	2950
Dnipropetrovsk	2	8371	1093	1808
Ivano-Frankivsk	25	21559	26026	26026
Kharkiv	16	31489	5550	5809
Kherson	0	0	0	1585
Khmelnitsky	36	47283	16274	16303
Kirovograd	41	93354	15931	16525
Luhansk	13	51082	5695	6665
Lviv	118	179235	79472	79820
Mykolayev	4	4633	563	2503
Odessa	22	38514	5626	5626
Poltava	16	34419	9164	10717
Rivne	5	8812	3330	3986
Sumy	56	106985	27856	31931
Ternopil	28	28236	13750	14430
Vinnitsa	15	19071	7752	8039
Volyn	6	7531	2755	3063
Total:	416	694657	224948	239026

Note:

* Includes titles issued on ALSP restructured farms but without ALSP financial support

ATTACHMENT E

ALSP Training Results

May 1997 through November 2000

Kyiv Managed Training

Date: 1997	Title	Theme/Comment	Venue	Attendees
June 12	ORIENTATION	Restructuring	Lviv	180
July 13-23	EXPERTISE	Rural Land Markets	Sumy	19
August 18-19	IN-SERVICE	Economic	Kyiv	30
September 2-5	IN-SERVICE	New Oblast Trng	Kyiv	30
October 15-16	IN-SERVICE	Surveying/Titling	Kyiv	25
October 27-31	IN-SERVICE	Legal	Kyiv	30
October 30	EXPERTISE	Accounting	Sumy	90
November 4-5	ORIENTATION	Restructuring	Mykolaiv	66
November 17-21	IN-SERVICE	Economic	Kyiv	40
December 8-12	IN-SERVICE	Economic	Kyiv	40
January 1998				
16	ORIENTATION	Restructuring	Cherkasy	150
19-20/East	IN-SERVICE	Economic/Legal	Kyiv	40
22-23/West	IN-SERVICE	Economic/Legal	Kyiv	30
23	ORIENTATION	Restructuring	Kyiv obl.	30
27	ORIENTATION	Restructuring	Kharkiv	160
28	ORIENTATION	Restructuring	Rivne	180
29	ORIENTATION	Restructuring	Khmelnitsk	50
February 1998				
23-24/All Oblasts	IN-SERVICE	Economic/Legal	Kyiv	65
March 4	ORIENTATION	Restructuring	Poltava	170
April 27-29	IN-SERVICE	Economic/Legal	Kyiv	76
May 29-30	ORIENTATION	Restructuring	Luhansk	70
July 27-30	IN-SERVICE	Investment/Accounting	Kyiv	75
September 1-3	INTERPROJECT	Training of Trainers	Kyiv	26
September 8	ORIENTATION	Restructuring	Crimea	75
September 29 - October 2	IN-SERVICE	New Oblast Training	Kyiv	25
October 7	ORIENTATION	Association of Farmers of Ukraine	Kyiv	70
October 12-17	EXPERTISE	Farm Management	Poland	12
October 19-31	EXPERTISE	Appraising	Kyiv	18
October 27-29	IN-SERVICE	Legal	Kyiv	25
November 9-12	INTERPROJECT	Marketing	Kyiv	28
December 1-4	EXPERTISE	Farm Management	Poland	11
December 9-11	EXPERTISE	Accounting	Kyiv	18
January 1999				
20-21	INTERPROJECT	Social Sphere	Kyiv	18
21	EXPERTISE	Land Reform	Vinnitsya	50
26	IN-SERVICE	Property Appraisal	Kyiv	14
February 3-4	ORIENTATION	Restructuring	Rivne	70

February 8-13	EXPERTISE	Soil Appraisal	Kyiv	2
February 9-12	IN-SERVICE	Economic	Lviv	11
February 16-17	IN-SERVICE	Fundamentals of Credit	Lviv	15
February 22-23	ORIENTATION	Post Privatization	Odesa	80
March 1	ORIENTATION	Post Privatization	Poltava	90
March 22-26	EXPERTISE	Land Survey	Kyiv	12
March 30-31	IN-SERVICE	Financial Analysis	Lviv	16
April 21-23	IN-SERVICE	Property Sharing	Kyiv	75
April 28-30	EXPERTISE	Training of Trainers	Odessa	30
May 24-26	IN-SERVICE	Legal	Kyiv	40
May 25-27	ORIENTATION	Restructuring	Odessa	30
June 1-3	ORIENTATION	Restructuring/CAE	Odessa	27
June 17-19	ORIENTATION	Restructuring/CAE	Odessa	27
June 22	ORIENTATION	Restructuring/Private Farmers	Odessa	22
July 15	ORIENTATION	Restructuring/Private Farmers	Lviv	28
July 22-23	IN-SERVICE	IAS/Moldova	Kyiv	70
August 19	ORIENTATION	Restructuring/Officials	Lviv	75
September 6-7	ORIENTATION	Post Restructuring	Saki	65
September 20-24	EXPERTISE	New Survey Technologies	Pushcha Ozerna	70
September 22-23	IN-SERVICE	Property Sharing-Lviv	Kyiv	17
November 3-4	EXPERTISE	Property Sharing	Buzsk	90
November 12	EXPERTISE	Sweet Corn Growing	Lviv	40
November 15-21	EXPERTISE	Land Valuation	Kyiv	60
November 23, 25, 30	EXPERTISE	Property Sharing	Sambir, Stryi, Kamyanka	150
November 25-26	ORIENTATION	Land Privatization	Sumy	200
November 29-30	EXPERTISE	Land Valuation	Kyiv	20
December 1,2,7,8,9	EXPERTISE	Property Sharing	Lviv Oblast	1000
December 1-5	EXPERTISE	Land Valuation	Kyiv	20
December 3	IN-SERVICE	Accounting Standards	Kyiv	17
December 7-9	IN-SERVICE	Legal Section	Pushcha Ozerna	45
December 8-10	EXPERTISE	Sun Flower Seed	Kyiv	20
December 27-28	IN-SERVICE	NAS	Kyiv	25
Year 2000				
January 20-22	EXPERTISE	Land Reform	Kyiv	33
January 25-27	IN-SERVICE	PERT System	Kyiv	10
February 15-17	IN-SERVICE	Law on Restructuring	Pushcha Ozerna	60
February 17-18	ORIENTATION	Rural Land Appraisal	Kyiv	20
February 17	INTERPROJECT	Ukraine Poland	Kyiv	100
February 24-25	IN-SERVICE	Activities in 2000	Kyiv	25
March 20-26	IN-SERVICE	Rural Land	Kyiv	20

March 31	IN-SERVICE	Contract	Kyiv	20
April 10-12	IN-SERVICE	TOT	Kyiv	80
May 23-25	IN-SERVICE	Oa,Cv,Zh New obl	Kyiv	10
May 24-26	ORIENTATION	Oblast Centers of Restructuring	Lviv	40
June 22	ORIENTATION	Baseline Survey	Kyiv	35
July 5-7	IN-SERVICE	Accounting	Kyiv	20
July 10-11	IN-SERVICE	Property Sharing	Kyiv	25
July 28	Expertise	Baseline Survey	Kyiv	50
August 1	IN-SERVICE	Land and Property	Kyiv	60
August 16	ORIENTATION	Land Relations	Chernihiv	50
August 16-17	IN-SERVICE	TOT	D-P	6
August 23-25	Expertise	Monitoring System	Sumy	5
August 28	ORIENTATION	Titling, Farm Restructuring	Saky, Crimea	65
September 5-7	Expertise	Monitoring System	Kyiv	7
October 18-19	INTERPROJECT Conference	Farm Restructuring & Land Reform	Kyiv	150
Total	91 events			5504

Breakdown by periods:

1. June 1997-March 2000

National Level Training	77	4901
Oblast Level Training	700	30500
Presidential Decree Campaign	200	30952

2. April-October 2000

National Level Training *	14	603
Oblast Level Training	455	25504

Oblast-by-oblast breakdown

Oblast	Orientation		Basic		Expertise	
	# of events	# of attendees	# of events	# of attendees	# of events	# of attendees
Cherkassy	4	217	4	94	31	2615
Dnipropetrovsk	4	280	4	130	10	365
Ivano-Frankivsk	3	176	2	42	48	2394
Kharkiv	7	389	4	116	24	910
Kherson	4	562	4	110	13	607
Khmelnitsky	20	1578	4	119	14	710
Kirovohrad	5	596	3	89	10	181
Luhansk	5	650	4	106	15	489
Lviv	2	280	4	127	11	1860
Mykolaiv	11	662	4	132	23	408
Odessa	6	410	5	155	9	210
Poltava	5	634	4	130	21	877
Rivne	5	547	3	132	18	1469
Zhytomyr	5	531	4	174	10	775
Sumy	4	293	4	104	12	283
Chernihiv	2	190	3	85	7	270
Ternopil	2	135	3	85	9	420
Vinnitsya	2	160	4	108	7	338
TOTAL	96	8290	67	2038	292	15176

a) Orientation **	96	8290
b) Basic ***	67	2038
c) Expertise ****	292	15176

April-October SubTotal	469	26107
Overall Total	1446	92460

* National Level Training includes primarily in-service training to ALSP oblast staff on specific aspects of farm restructuring, land reform and related issues. Training is conducted mainly by ALSP Kyiv staff.

** Orientation Training: one-day seminars for government officials and others to provide introductory material on farm restructuring and land reform. Training is conducted primarily by ALSP oblast staff.

*** Basic Training: generally multi-day (2-6 days) training to government officials and others that provides in-depth discussion of legal, economic, financial and land survey aspects of conducting farm restructuring and land reform activities. Since April 1, 2000, this training has been provided primarily to MAP raion and oblast staff. Training is conducted basically by ALSP oblast staff.

**** Expertise Training: one-day or multi-day training of government officials, farm specialists or oblast level ALSP staff on technical aspects of specific farm restructuring or land reform activities including property distribution, accounting, land titling and business management. Training is provided by both ALSP Kyiv and oblast staff.

Gender of attendees: average male/female ratio of ALSP training participants is:

for Orientation conferences - 62 per cent;
 for Basic workshops - 59 per cent;
 for Expertise seminars - 54 per cent.

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Oblast	Orientation		Basic		Expertise	
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ATTACHMENT F

ALSP Oblast Team Startup and Ending Dates

Oblast	Startup Date	Ending Date
Farm Restructuring Program		
Sumy	Nov-95	Oct-00
Dnipropetrovsk	Dec-96	May-99
Kherson	Sep-96	Oct-00
Lviv	Sep-96	Oct-00
Mykolayiv	Sep-96	Oct-00
Ternopil	Sep-96	Oct-00
Volyn	Sep-96	May-99
Cherkassy	Sep-97	Oct-00
Kharkiv	Sep-97	Oct-00
Khmelnitsky	Sep-97	Oct-00
Kirovograd	Sep-97	Oct-00
Poltava	Sep-97	Oct-00
Rivne	Sep-97	Oct-00
Luhansk	Jul-98	Oct-00
Ivano-Frankivsk	Oct-98	Oct-00
Odessa	Oct-98	Oct-00
Vinnitsa	Oct-98	Oct-00
Training Program		
Chernihiv	Apr-00	Oct-00
Zhytomyr	Apr-00	Oct-00
Dnipropetrovsk	Sep-00	Oct-00