



USAID | **AgroInvest Project**
FROM THE AMERICAN PEOPLE

AGROINVEST

ANNUAL WORK PLAN – YEAR 5

OCTOBER 1, 2014 – SEPTEMBER 30, 2015

August 31, 2014

This publication was produced for review by the United States Agency for International Development. It was prepared by Chemonics International.

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Contract No. AID-121-C-1100001

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ACRONYMS

AMDI	Agrarian Markets Development Institute
CDCS	USAID Ukraine's Country Development Cooperation Strategy
CIDA	Canadian International Development Agency
COR	Contracting Officer's Representative
CPOM	Communications and Public Outreach Manager
CU	Credit Union
DCA	Development Credit Authority
DCFTA	Deep and Comprehensive Free Trade Area (DCFTA)
DCOP	Deputy Chief of Party
EU	European Union
FAIR	USAID Fair, Accountable, Independent and Responsible Judiciary Program
FINREP-II	USAID Financial Sector Development Program
GOU	Government of Ukraine
JEEG	Judicial Education for Economic Growth
LOP	Life of Project
LPG	Loan Portfolio Guarantee
MAPF	Ministry of Agrarian Policy and Food of Ukraine
NALPC	National Agrarian and Land Press Club
NGO	Non-government organization
OCA	Organizational Capacity Assessments
PO	Producer organization
PPD	Public-private dialogue
PMP	Performance Monitoring Plan
RFA	Request for Applications
RFP	Request for Proposals
SOW	Scope of Work
SMP	Small and medium-sized producer
UAH	Ukrainian hryvna
U-Media	USAID Ukrainian Media Project
UNASCU	National Association of Credit Unions of Ukraine
U of M	University of Missouri
USAID	United States Agency for International Development
VAKS	All-Ukrainian Credit Union Association
VAT	Value-added tax
WTO	World Trade Organization

SECTION I

Introduction to AgroInvest

A. Contract Background

AgroInvest is a five-year project (2011-2016) funded by USAID/Ukraine. The purpose of the Project is to provide technical assistance to accelerate and broaden economic recovery in Ukraine through support to the agriculture sector and increase the country's contribution to global food security efforts. The contract is a Cost Plus Fixed Fee Term-type, Level-of-Effort contract with a ceiling of \$18,755,641.

B. Project Scope of Work and Challenges Encountered During Year 4

AgroInvest will accelerate broad-based economic recovery through a more inclusive and competitive agricultural industry. AgroInvest is designed around three separate but interrelated component objectives, each supported by specific expected results under each component as illustrated below in the Results Framework.

Component 1 activities involve both a supply- and demand-side approach to supporting a stable, market-oriented policy environment. From the supply side, AgroInvest promotes the implementation of less volatile, more market-oriented policies that stimulate increased production and investments in the agricultural sector. On the demand side, Component 1 activities strengthen the capacity of industry associations to shape agricultural policies and provide public education on land rights among rural landowners. Under Component 2, AgroInvest focuses on stimulating access to finance by strengthening partnerships between financial service providers and value chain actors, including input suppliers and buyers, to increase sustainable access to financial services for small and medium sized producers (SMPs). Finally, Component 3 activities focus on creating a more effective market infrastructure for SMPs and increasing the profitability of farming through better access to markets, developing wholesale and regional markets, and capacity building for producer organizations (POs).

During Year 4, AgroInvest encountered numerous challenges. The unexpected political turmoil throughout the country, civil unrest in Kyiv, armed conflict in eastern Ukraine, and the annexation of Crimea all adversely affected AgroInvest activities. The events beginning in late November 2013 and still unfolding at the time of submission of this work plan caused the project to postpone or change locations of trainings, seminars, and mentoring visits to regions. AgroInvest was forced to halt all activities in Crimea in March 2014 at USAID's direction and all Donetsk and Luhansk based activities, though minimal, have been put on hold until the security situation allows for safe travel to and from the region for project staff, local counterparts, and training participants. In most instances, the project has been able to mitigate the effects of these events through rescheduling or relocating events and activities.

Additionally, the situation has resulted in legislation being passed through the Verkhovna Rada to slow, and at times completely stall, over the past year. This has resulted in certain policy initiatives of the Project being delayed. With new

Parliamentary elections set for October 26th, 2014, the Project anticipates additional disruptions in Year 5 in this area, but at this time it remains unclear as to the magnitude. The Project has seen that potential investors (foreign and domestic) are increasingly becoming apprehensive to invest in Ukraine due to the instability. This is having an adverse impact on AgroInvest activities, especially those under Component 3 which rely on external investment/funding for the actual construction of the infrastructure work the Project is supporting.

C. Project Results Framework

The USAID Ukraine Country Development Cooperation Strategy (CDCS) has set the Mission's goal for the period from 2012 through 2016 as "A More Stable, Democratic, and Prosperous Ukraine". AgroInvest is contributing to achievement of that overarching goal and more specifically supports CDCS Development Objective (DO) 2 "Broad-Based, Resilient Economic Development as a Means to Sustain Ukrainian Democracy." In particular, the Project supports this DO by contributing to achieving IR 2.1: "Increased Investment Availability to the Emerging Middle Class" and IR 2.2 "Strengthened Private Sector Advocacy and Support Institutions." Attainment of component objectives will allow AgroInvest to contribute to achieving both the Mission's goal and the AgroInvest Project's defined purpose of accelerating broad-based economic recovery in Ukraine through support to the agricultural sector.

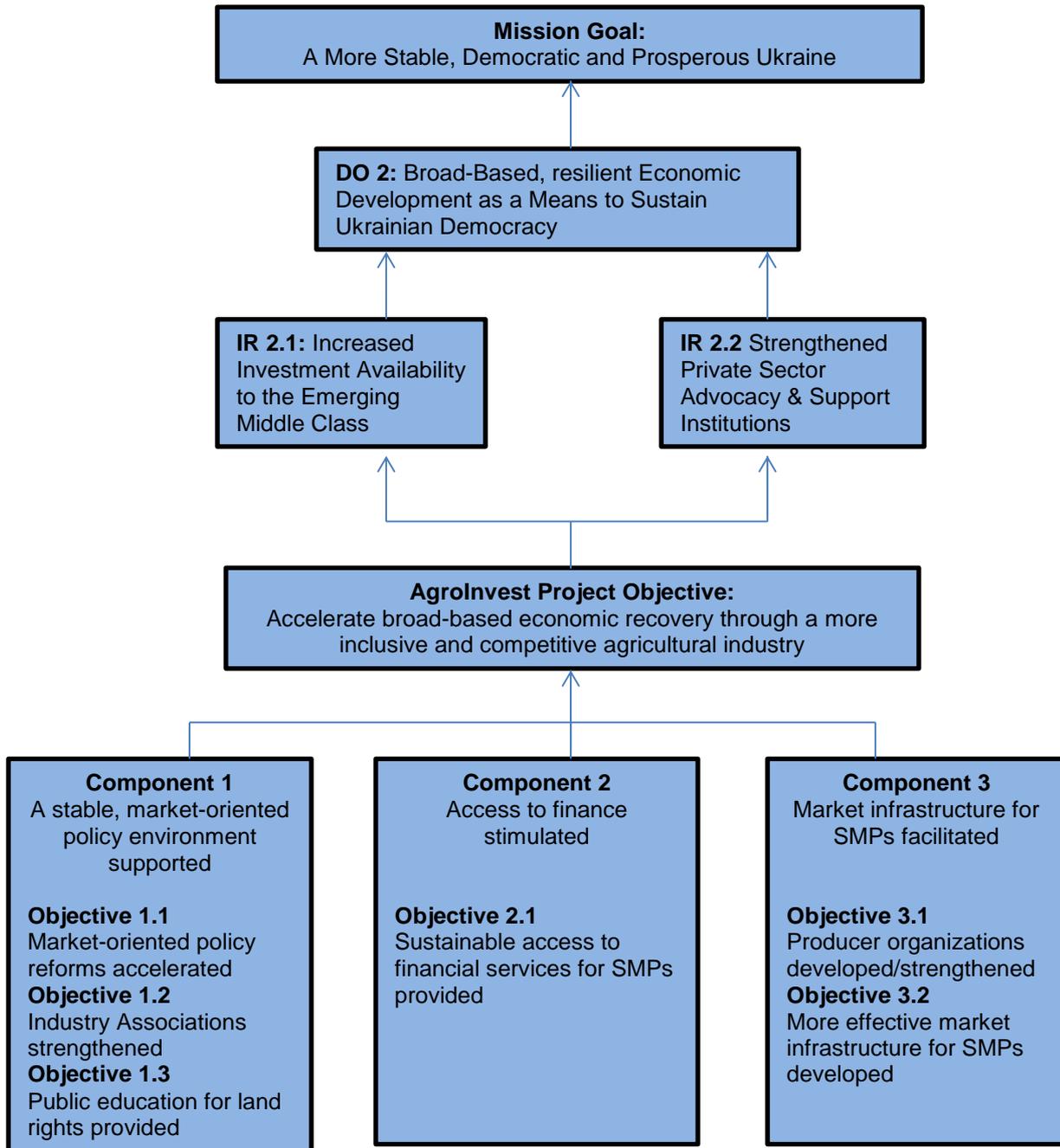
Broad-based economic growth is dependent upon creating physical and managerial infrastructures and institutions that encourage business activity creation and development, attract investment, and create employment opportunities. AgroInvest is focusing on this growth by working closely with local small and medium sized producers (SMPs) and producer organizations to develop their capacities in the areas of business planning and application of modern agro technological methods that increase productivity and improve the quality of produce. Additionally, the Project works closely with financial institutions to stimulate access to finance so that the SMPs can acquire the funding they require for their agricultural activities.

In addition to economically focused activities, AgroInvest focuses on activities that build citizen and civil society capacity to meaningfully influence the development and monitoring of government policies at the national and local levels. As better governance can only be achieved through active participation of a broad range of diverse Ukrainian citizens, AgroInvest works with non-governmental organizations to build their capacities to be able to better advocate for their and their constituents' interests. The industry associations with which the Project partners, play a critical role in counterbalancing the influence of elite economic and political forces. Through AgroInvest's national public education and outreach campaign, even the most rural of citizens are provided valuable information that allows them to protect and understand their property rights.

The Project's monitoring and evaluation (M&E) system, included in the Performance Monitoring Plan (PMP), is designed to measure and report on progress against established objectives and expected results using 35 indicators. These indicators and their associated annual and life-of-project targets are listed in the table shown in the PMP chart (Annex A). It is noted that the Project's PMP plan was updated in Year 3

in response to the Office of the Inspector General (OIG) performance audit that took place in September/October 2012.

AgroInvest Results Framework



SECTION II

Annual Work Plan – Year 5

WORK PLAN

This annual work plan covers the period from October 1, 2014 to September 30, 2015 and outlines the planned activities and expected results for each Project component. This section represents AgroInvest’s proposed work plan for Year 5 of the Project, organized by Project components and tasks. It is comprised of a narrative that elaborates our approach followed by a Gantt chart detailing our activities for Year 5 of the Project for each component. The Project’s PMP is included as Annex A.

Technical Activities

A. Component 1 – Support a Stable, Market-Oriented Policy Environment

The main objective of Component 1 activities is to promote agricultural policies that are less volatile and more market-oriented, leading to increased investments and sustainable development and growth of the agricultural sector in Ukraine. Project activities under this Component are also aimed at strengthening the long-term capacity of agricultural industry associations to provide policy analysis and advocacy, promote market-oriented reforms, and demand more transparent and participatory governance in the sector. In addition, Component 1 helps land owners in rural areas understand their land rights and supports them with legal assistance in target communities, so that land owners can better defend these rights. The section below outlines the AgroInvest Project’s strategy and implementation activities for Component 1 during Year 5 of the Project.

General Approach to Component 1, Tasks A and B

Agricultural policy activities of the Project during Year 5 will focus on issues that have been identified as priorities in consultations with USAID and key project partners and stakeholders, including the Ministry of Agrarian Policy and Food (MAPF) and leading sector industry associations. Year 5 activities also take into account recommendations outlined in the “Review and Update of the AgroInvest Project’s Agriculture Policy Priorities” prepared for the Project in June 2014 by Senior Agrarian Policy Specialist Douglas Hedley. This update identified four overarching strategic policy priorities for Ukrainian agriculture:

- Achieving an open land market;
- Eliminating unnecessary costs and regulations for doing business in Ukrainian agriculture;
- Open and transparent markets for agricultural exports and tariff-free import of farm inputs;
- Stable, long term and predictable policies, critical for increased investment and growth.

The June 2014 update of the policy priorities also proposed a set of more specific areas for policy attention of the Project which, in particular, included land markets, leases and taxes; credit markets; local marketing; food safety and quality

arrangements; building relationships across agrarian and marketing organizations; food security and poverty; and training.

In order to select the specific issues and activities identified in the update of the policy priorities that the Project would focus on, the AgroInvest team held multiple discussions with its main stakeholders (USAID, GOU, and industry associations) and also applied the selection criteria developed during Year 1 and updated during Year 3 of the Project¹. In addition, the need to ensure the continuity of Project activities was taken into account, since many policy issues require time for analysis, engagement with partners, public consultations and/or legislative drafting.

As a result, AgroInvest identified the following issues as priority areas for Component 1 agricultural policy activities of the Project during Year 5:

- Land market reform: a diverse set of activities related to agricultural land market reform remains one of the core policy priorities of the AgroInvest Project;
- Agricultural trade facilitation: helping Ukrainian farmers expand their exports, in particular in the context of implementation of the Deep and Comprehensive Free Trade Area (DCFTA) with the European Union;
- Deregulation and development of favorable conditions for economic activity and investment in the agriculture sector;
- Assistance to the GOU in preparing a medium-term development program for the agricultural sector;
- Promotion of policies and legislation dealing with development of producer organizations, market infrastructure, and private farming.

Specific activities and tasks to be undertaken under each of these priority policy areas are detailed in the next section. To implement the policy agenda during Year 5, AgroInvest will work closely with the Ministry of Agrarian Policy and Food and its departments, the State Land Agency, the State Registration Agency, the Parliamentary Committee for Agricultural Policy and Land Relations, and other relevant government agencies.

The Project will also continue to closely coordinate its policy work with the agriculture sector industry associations and NGOs, for example, the Reanimation Reform Package initiative. This reflects AgroInvest's focus on building local capacity for policy analysis and developing public-private dialogue (PPD) mechanisms to improve the policy environment and engage representatives of the business community in agricultural policy activities. Many policy issues will be addressed in close collaboration with industry associations that became AgroInvest partners in

¹ The selection criteria/filters include answers to the following questions: 1. Is the matter an important policy issue? 2. Is there a reasonable likelihood the policy proposal will be adopted? 3. Does the policy issue relate to one of the three areas of attention of the AgroInvest Project? 4. Is the policy issue already being dealt with and appropriately addressed by some other party? 5. Do AgroInvest Ukraine and its partners have the capacity to deal with the policy issue?

earlier Project phases through the capacity building and advocacy grant program. The Project will continue working closely with these associations, engaging them in policy discussions and/or working groups as appropriate for each specific situation. AgroInvest will also maintain contacts with sector industry associations that are not formally participating in the capacity building grant program and engage with them on relevant issues.

During Year 5, the Project will provide grants, awarded on a competitive basis, to select oblast and regional level industry associations to build their capacity and policy advocacy skills, so that they are better able to participate in agriculture sector policy discussions at the local level. In addition, AgroInvest will continue implementing a training program for organizational development of the national and regional level industry associations.

Given the quickly changing political environment, AgroInvest will remain flexible in its policy activities. The Project team will be open to new issues and ideas, in order to focus on those initiatives that promise to have considerable impact on the development of agriculture and are likely to be successfully implemented. All new and emerging policy initiatives will be carefully reviewed and vetted against the policy selection criteria, the availability of resources, and agreed with the AgroInvest COR prior to implementation.

An important feature of the short- and medium-term reform agenda in all sectors of the Ukrainian economy is anti-corruption and decentralization. To the extent possible, AgroInvest and its partners will support anti-corruption and decentralization initiatives in the agriculture sector and food industry. Project activities in anti-corruption will be focused on deregulation and land issues, while decentralization will be addressed through the land reform activities and new capacity building and advocacy program for regional and oblast level agricultural industry associations.

During implementation of Component 1 policy activities, AgroInvest will continue interacting and collaborating with relevant donor agencies and their projects active on the same or similar policy issues. In particular, the Project plans to coordinate its policy work with:

- The World Bank, Kyiv School of Economics on their new World Bank-funded project to enhance MAPF policy development capacity, including agricultural statistics, land markets, and design of investment projects and the EU Twinning project between Ukraine and the Netherlands, Germany, and Lithuania, "Assistance in Development of Open and Transparent Agricultural Land Market in Ukraine" on agricultural land reform issues;
- USAID's Fair, Accountable, Independent and Responsible (FAIR) Judiciary Program and the Canadian International Development Agency (CIDA) Judicial Education and Economic Growth Project on land related curriculum for a judicial training program;
- The European Union Delegation to Ukraine and EU-financed projects, in particular the "Improvement of Food Safety Control System in Ukraine" project on trade facilitation and any other issues related to the Association Agreement/DCFTA;

- IFC Investment Climate for Agribusiness in Ukraine Project on deregulation of business activities in agriculture and further liberalization of agrarian markets;
- World Bank and the International Monetary Fund on major elements of the agriculture sector program;
- The Agrarian Markets Development Institute (AMDI) on development of PPD mechanisms, in particular on collaboration with the Public Council of the MAPF supported by AMDI (in October-November 2014);
- USAID’s Ukraine National Initiatives to Enhance Reforms (UNITER) project and its partners on capacity building for agriculture sector industry associations;
- USAID’s Financial Sector Development Program (FINREP II) Project on any issues related to commodity markets to ensure there are complementarities and no overlap in activities;
- USAID’s Ukrainian Media Project (U-Media) on land related issues and advancing the skill-sets of journalists to cover land and agriculture stories;
- Canadian International Development Agency on policies related to development of producer organizations.

To implement this policy agenda during Year 5, Component 1 will utilize subcontracts with local and international organizations that have expertise and experience in relevant issues and allocate grants to agriculture sector industry associations and NGOs. The Project will also engage qualified local and international short-term experts as appropriate in each specific situation.

Component 1, Task A Activities to be Undertaken During Year 5

Land Market Reform.

During Year 5

AgroInvest will continue to work actively on agriculture land reform activities in Ukraine. Opening the land market remains one of the key policy issues that will ensure further sustainable development of the agriculture sector in the country. Development of an efficient agricultural land market – with a focus on private land ownership and policy that balances the power and benefits between land owners and lease-holders,

LOP Expected Results	Year 5 Targets
<ul style="list-style-type: none"> ▪ A clearer and more stable policy environment that has led to increased agricultural investment; ▪ Formal sustainable and transparent public private dialogue mechanisms established and engaged in promoting investment and the advancement of agricultural industry in line with WTO rules; ▪ Private-public dialogue is more effective and regular; ▪ Laws, regulations and policies outlined in the agriculture policy strategy adopted and implemented. 	<ul style="list-style-type: none"> ▪ Number of policies/regulations/administrative procedures analyzed as a result of USG assistance: <u>6</u> ▪ Number of policy reforms/regulations/administrative procedures drafted and presented for public/stakeholder consultation as a result of USG assistance: <u>3</u> ▪ Number of policies rejected/vetoed/removed that are inconsistent with WTO, or inconsistent with agricultural market-friendly/investment-friendly procedures: <u>1</u> ▪ Number of policies, regulations, and administrative procedures passed: <u>1</u> ▪ Number of public-private dialogue mechanisms utilized as a result of USG assistance: <u>4</u>

and between small, medium, and large-scale farms – will facilitate investment and unleash the significant potential of Ukrainian agriculture.

A moratorium on the sale of agricultural land has been in place in Ukraine since 2002 and is considered a significant barrier to further development of Ukrainian agriculture. The Government of Ukraine has repeatedly announced its intention to lift the moratorium and gradually introduce a market for agricultural land. The most recent attempt to do this was undertaken in 2013 when the State Land Agency developed and presented for discussion a draft law "On Agricultural Land Circulation". Approval of a law on land circulation is a precondition for opening the agricultural land market.

The draft law "On Agricultural Land Circulation" proposed for discussion by the SLA in 2013 was criticized by many agriculture sector representatives and experts as it put forward a number of controversial proposals, including limitations on who could own agricultural land and the priority position of the State Land Bank in relation to any other players or entities in the market. While the declared objective of the draft law was to create a viable and transparent land market, the proposed mechanisms and procedures relied too heavily on government controls rather than market processes. Development of this draft law and its discussion demonstrated a lack of understanding of the benefits of an open and transparent land market in Ukraine. It also demonstrated a lack of consensus or a prevailing opinion among policy makers and stakeholders on how the land market should be introduced.

During Year 4 of AgroInvest implementation, any significant progress or even a serious discussion of agricultural land reform was hindered by political developments in the country. The only exception to this was the approval of a law in June 2014 that eliminated the State Land Bank. This decision of the Verkhovna Rada (Parliament) showed that progress is possible and that there is a chance for the existing moratorium to be lifted, provided there is better understanding of the benefits of an open and transparent land market.

The law "On Agricultural Land Circulation" deserves attention from the AgroInvest Project during Year 5 because the existing moratorium on the sale of agricultural land expires on January 1, 2016. Parliament will need to decide whether to open the land market in 2016 or extend the moratorium again. Therefore, many important issues related to land reform will likely be put on the agenda for discussion and approval in the context of this law in the next 12 to 18 months, i.e. during the implementation of this work plan.

During Year 5, AgroInvest will also focus on issues such as agricultural land lease arrangements, regulation of crop rotations, monitoring of land-related legislative initiatives, and training judges on land issues. Project activities will build on the work done and progress achieved in Year 4 and previous years.

During Year 5, the Project will focus its policy efforts on implementing the following land-related activities:

Disseminating the analysis of the draft law "On Agricultural Land Circulation" with a focus on principles of efficient land market functioning. During Year 4, AgroInvest prepared and shared with key partners and stakeholders an analysis of the most recent draft law "On Agricultural Land Circulation". Using the draft law as a starting point, the analysis described the basic principles governing efficient land markets, identified

and explained options for satisfying these principles, reviewed the experiences (both positive and negative) of other countries with alternative land market policies, and listed the advantages and disadvantages of alternative policies in the Ukrainian context.

The report outlines a framework to analyze land-market related legislative proposals and easily eliminate those proposals that are not likely to support meaningful development in the sector. The report promotes the following principles necessary to establish an efficient land market:

- Transparency;
- Low transaction costs;
- Minimal uncertainty;
- Liquidity.

The Project considers the report highly relevant for further discussion due to its focus on these principles and its assessment of alternative pathways to develop the sales and rental markets for agricultural land in Ukraine. During the first several months of Year 5, AgroInvest will engage in disseminating the analysis and organizing public and expert discussions of the report. The purpose of the discussions will be to promote the principles of an efficient agricultural land market and facilitate better understanding of the benefits of an open and fair land market among key stakeholders in the GOU and local business and expert communities. The dissemination and discussions will be done in collaboration with AgroInvest's main partners on land-related issues.

Developing a new draft law on agricultural land circulation and presenting it to the stakeholders for discussion. Following the discussion of the principles of establishing an open and fair land market with key stakeholders, AgroInvest will develop a new draft law "On Agricultural Land Circulation". The objective of the law will be to create the legal framework for a viable and transparent agricultural land market. Once the draft law is developed, the Project will ensure that there is an open public discussion of the proposed legislation involving all relevant partners: GOU representatives, industry associations, agricultural businesses and small farmers, experts, and donors. This discussion will advance understanding of the benefits of the land market and help the Project refine key provisions of the law before it is formally submitted to the GOU for review and approval. Provided the draft law developed by the Project is accepted for formal review, AgroInvest and its partners will support the review process at all stages.

To support the approval of the proposed law, the Project will organize a series of public events (workshops, seminars, public discussions) to present the main provisions of the legislation to key stakeholders and create a public platform where the main players on land market issues can express their position and communicate it to the public. With the help of the AgroInvest-supported National Agricultural and Land Press Club, the Project will facilitate publication of press interviews and articles written by AgroInvest staff and Project partners. These will include analyses of the draft law and proposals for how to improve and support it.

Promoting more efficient and balanced land lease relations. In the short and medium term, the Project expects lease arrangements to continue as the main mechanism for

land access in the agricultural land market. Therefore, AgroInvest will continue to pay close attention to the improvement of the land lease market in order to make it more transparent, balanced, and friendly to small land owners.

During Year 4, the Project analyzed land lease agreements and developed relevant recommendations, which were validated by AgroInvest partners and other market players as being on target. Based on the findings of the analysis, the Project will develop and promote a list of legislative acts to address lessee/lessor imbalances and to enhance efficiency of land lease relations during Year 5. Specifically, the Project and its partners will develop the following legislative and normative documents:

- A draft law to amend the “Land Lease Law”;
- A draft cabinet resolution to establish a new standard lease agreement for agricultural land;
- A draft cabinet resolution to establish a model lease agreement for non-agricultural land;
- Other sub-laws as needed.

AgroInvest will develop these documents in close collaboration with its partners, organize public discussions of the proposed legislation, and then facilitate their approval in order to create a more transparent land lease environment and better protect the land lease rights of Ukrainians.

When the above policies are approved, AgroInvest will implement activities to support their implementation. This will, in particular include national and regional-level training workshops and development of recommendations on their implementation for farmers and land-owners collaboration with the MAPF, the newly established State Service of Geodesy, Mapping and Cadastre (the successor to the State Land Agency (SLA)²) and Project partner industry associations and NGOs.

In addition, AgroInvest, together with its partners in the regions and the Association of Village Mayors, will develop and implement on a pilot basis a mechanism to provide assistance to land share owners in improving their knowledge to negotiate and conclude new lease agreements. This work will allow land owners to better assess lease agreements at negotiation stages, better protect their land ownership rights and provide for a more balanced land lease relations.

AgroInvest will also review possible approaches and mechanisms for using agricultural land lease agreements as collateral. As a first step in this activity, the Project will develop and submit for public discussion a concept note on this issue that will deal with legal, economic and implementation aspects of possible land lease collateral mechanisms. If the concept is supported by the GOU and project partners, AgroInvest will then propose steps for implementation of mechanisms identified in the concept. The Project does not view this activity as a substitute to introducing an open and competitive land market for agricultural land. The lease of land will be an

² In September 2014 the Cabinet of Ministers approved a Resolution which would reorganize the State Land Agency into the State Service of Geodesy, Mapping and Cadastre. The work plan refers to the State Land Agency with the understanding that the SLA will be transformed as a part of the new Service and discontinue to exist as a separate GOU agency in early 2015.

important instrument in the development of farming in Ukraine under any circumstances and mechanisms for using land lease as collateral might provide additional opportunities to attract financing to the sector.

Developing recommendations to preserve soil quality (through crop rotation) that decrease the role of government regulation and make compliance with relevant state regulations less expensive for agricultural producers. In 2013, the GOU enacted legislation that introduced obligatory development, approval, and application of crop rotation schemes for any farmer who uses more than 100 hectares of agricultural land. Practical application of this legislation turned out to be overly complicated and costly for farmers, resulting in insufficient adherence to the mandatory crop rotations, which in turn limited improvements in farming practices. During Year 4, AgroInvest analyzed existing regulations and developed proposals to abolish obligatory and expensive crop rotation schemes. According to estimates from Project partners, the cancellation of existing crop rotation rules may save farmers approximately \$100 million annually.

As a result of proposals, presentations, and public discussions developed by AgroInvest, private sector, state agencies, and other market participants now agree on the need to amend crop rotation legislation make it non-obligatory and significantly less expensive. To address this issue, two draft laws were developed and registered in the Verkhovna Rada that contain proposals based on those put forward by AgroInvest. However, these laws have not yet been approved, and the simplification of crop rotation regulations has not happened.

During Year 5, AgroInvest and its partners will continue promoting and developing legislation that simplifies crop rotation requirements. If no relevant legislation is approved by late 2014, then AgroInvest will develop its own draft law to streamline and simplify crop rotation arrangements and register it in the Verkhovna Rada through partners.

Monitoring land-related legal initiatives and analyzing draft legislation. The Cabinet of Ministers, President's office and individual members of the Verkhovna Rada regularly prepare and submit for parliamentary review and approval multiple draft laws on agricultural land issues. They are related to a diversified range of issues and have various degrees of detail and depth of preparation. With its partners, AgroInvest will analyze the most important draft laws that deal with agricultural land and present the results of these analyses for discussion with the government and other key partners during Year 5 of the Project. To the extent possible, these analyses will not only raise issues identified but will also provide recommendations and, in certain cases, alternative draft laws on the most efficient ways to address issues and problems.

Promoting responsible investment and efficient partnerships between large agricultural enterprises and local communities. A significant increase in large-scale farming operations based on land lease agreements has taken place in Ukraine over the last decade. This has allowed for large scale investment attraction and improved productivity in the agriculture sector. At the same time, the growth of large farming companies, or 'agri-holdings,' has raised concerns regarding the impact of this

development on rural livelihoods. Establishing balanced relations between ‘average’ farms, agri-holdings, agricultural multi-national companies (MNCs), and local communities is in the interests of these enterprises as well as local community members who lease out their land due to the following reasons:

- Agricultural land privatization in Ukraine resulted in the creation of nearly 7 million private landholdings. Leasing these land units from individuals is the principal source of land for agricultural producers;
- The producers must deal with numerous, sometimes thousands, of individual landowners;
- The short terms of leases in Ukraine require frequent renegotiation between lessors and lessees, increasing transaction costs for the agri-holdings;
- The existing competition among farmers to lease agricultural land creates incentives for the current lessees to set up formal and informal relationships with local communities beyond agricultural land lease relations and utilize different kinds of social partnerships to promote productive long-term relationships with their communities;
- Responsible producers and multi-national companies already see value in providing local communities with additional benefits beyond land lease payments to small land owners. It is important that this practice develops in a sustainable and equitable way.

There is a broad diversity in relations between enterprises in the agricultural sector and local communities. According to the results of the Land Government Assessment Framework (LGAF) study undertaken by AgroInvest in partnership with the World Bank in 2011-2013, the introduction of clear mechanisms to support the establishment of social partnerships between farmers and village communities will be very useful. In particular, it will simplify procedures and mechanisms for social assistance to communities from large-scale farmers and provide clear and accessible information to village communities regarding such assistance. AgroInvest will identify successful examples for partnerships between farmers of different sizes, agribusiness companies and rural communities in order to make the partnerships more transparent and efficient and promote best practices.

To implement this task, AgroInvest will undertake a study on responsible investment and agricultural sector development, which will include policy recommendations on best practices and appropriate legal ways to make social partnerships between average-sized farmers, agri-holdings, and agricultural MNCs, and village communities more transparent. The main stages of the study will be as follows:

- The Project will develop a methodology to collect relevant data from farmers of different sizes, from residents of local communities that participate in social partnerships, and from village mayors and regional administrations. This will include gathering and analyzing social partnership programs at the farm and raion/oblast levels as appropriate, as well as working with Project partners to survey local communities using questionnaires;
- For this study, the Project will select 10-20 farms for each of the following groups by size of land cultivation in different oblasts: (1) up to 1,000 hectares (2) 1,000-5,000 hectares (3) above 10,000 hectares. The Project will engage its partner industry associations – the Association of Private Farmers and

Landowners, the Agrarian Union, and Ukrainian Agribusiness Club – to select and work with producers during the study;

- AgroInvest will analyze the data gathered to identify best practices, propose transparent and efficient mechanisms, and make recommendations to amend relevant legislation to simplify and legalize socially responsible partnerships;
- AgroInvest will also hold focus groups to validate study findings and round tables to share and discuss them;
- AgroInvest will develop policy recommendations on best practices and if it is feasible, the Project will draft legislative acts and support their adoption to promote responsible investments;
- The Project will support demonstration tours to the sites where good partnerships between local communities and agricultural producers are set up to expand best experience already available among producers and communities in different regions;
- The Project, in partnerships with the Association of Village Mayors and other partner associations, will initiate pilot activities to promote well balanced relations between agricultural producers and village communities and small holdings. Where feasible, the Project will consider models of public-private partnerships to leverage private sector resources and demonstrate the benefits in terms of sustainability of partnering directly with profit-driven enterprises.

Implementation of the results of this initiative will have a positive impact in promoting best practices of responsible investments, transparent and mutually beneficial relationships between farming enterprises of different sizes and local communities.

Developing land related curriculum for Ukrainian Judges. In Year 5, AgroInvest will continue collaborating with the USAID FAIR Project to develop curriculum for the judicial training component of the CIDA-funded Judicial Education for Economic Growth (JEEG) Project. JEEG focuses on enhancing the capacity of the Academy of Judges of Ukraine and its regional branches to plan, design, and deliver relevant judicial educational programs. AgroInvest cooperated with the USAID FAIR and CIDA JEEG projects to develop training materials on land legislation in order to raise the qualifications of judges resolving land-related disputes. As part of this effort, AgroInvest developed an outline for the manual, “The History of Ukrainian Land Legislation for Judges”, which was approved in May 2014 by the working group created by the National School of Judges and JEEG project. Based on the approval, AgroInvest received a request to prepare the manual in accordance with the proposed outline. AgroInvest will develop the first draft of the manual by December 1, 2014 and present it to the working group for review. Once comments are received, AgroInvest will finalize the manual and transfer it to the National School of Judges and JEEG project.

Agricultural Trade Facilitation. During Year 5, AgroInvest will expand its activities providing technical assistance for agricultural trade facilitation. This is due to recent developments that significantly affect Ukrainian agricultural and food trade. The signing of the Association Agreement between the EU and Ukraine will create new opportunities for Ukrainian agricultural and food producers in EU markets. Utilizing these opportunities, however, will require knowledge, skills, and

development of the national systems (e.g., food safety system) to ensure increased exports to EU countries. At the same time, the Russian Federation, a destination for a sizeable share of Ukrainian agriculture and food exports, started introducing trade restriction measures, which led to a significant reduction and, in some cases, a total ban of Ukrainian supplies to Russia. This increases the incentive for Ukrainian farmers and food processors to look for new markets, primarily in the EU but also globally.

During Year 5, AgroInvest will help Ukrainian farmers expand their exports, in particular in the context of implementation of the Deep and Comprehensive Free Trade Area (DCFTA) with the European Union. Specific activities in this area will include:

Preparing a roadmap for DCFTA implementation in the agriculture sector. Ukraine signed the political part of the Association Agreement (AA) with the European Union on March 21, 2014, and completed the process of AA signature by signing the provisions on a Deep and Comprehensive Free Trade Area (DCFTA) with the EU on June 27, 2014. The DCFTA is an integral part of the AA, which intends to bring Ukraine closer to the EU through opening markets for goods and services and reducing barriers to trade. The AA is expected to be ratified by the Verkhovna Rada of Ukraine (Parliament) in September-October 2014 and its implementation will be one of the main drivers for internal reforms in Ukraine in the short and medium term.

It is expected that the AA, in particular the DCFTA, will offer Ukraine significant opportunities to increase bilateral trade with the EU. As a large agriculture producer with a number of natural and economic comparative advantages, Ukraine and its agriculture sector should be able to capitalize on major economic benefits from implementing the AA. The AA also envisages Ukraine's gradual harmonization with EU regulations and norms in a number of trade and trade-related areas, including sanitary and phytosanitary rules for agricultural products, competition, public procurement, and investment.

The implementation of the AA in the agriculture sector requires Ukraine to take steps in several areas, including the deregulation of business activities, trade facilitation, and approximation of legislation. Since the AA implementation agenda in the agriculture sector is complex, it is first necessary to structure this process and determine the sequence of steps to be taken, in order to ensure efficient implementation of the AA provisions, in particular on the DCFTA. Many aspects of the implementation agenda are not directly included in the AA itself and require reviewing and undertaking a broad set of reforms in the agriculture sector. In addition, EU countries will be implementing the AA with the Common Agricultural Policy (CAP) providing a framework, while Ukraine does not have access to CAP instruments and resources.

AgroInvest will support the process of AA implementation by developing a roadmap for it within the agriculture sector of Ukraine. This roadmap will serve as a basis for development of detailed implementation plans, including the sequence of actions and the timing of specific activities. As part of this work, the Project will undertake the following activities:

- Facilitate EU and Ukraine reviews of the AA, determine provisions explicitly or implicitly applicable to the agriculture sector and food industry in Ukraine, prepare a detailed list of these provisions, and provide an explanation of their importance, applicability, and interrelations;
- Develop a structured list of activities necessary to allow Ukraine to efficiently and promptly implement the AA in the sphere of agriculture. This list will serve as guidance for the actions of the GOU in preparing detailed AA implementation plans. It will also include a list of EU programs Ukraine may access during the implementation process and propose how to apply for funding from these programs;
- Prepare a comprehensive list of EU regulations applicable to the agriculture sector with an explanation of their importance, and a list of Ukrainian legislation that needs to be changed.

AgroInvest will engage the expertise of the University of Missouri to implement this activity and will closely coordinate this work with the office of the European Union and its projects in Ukraine. While there is strong interest in implementing this activity in the private sector, none of the existing EU-funded projects currently deal with this activity directly. The rationale for including this activity in the work plan is based on suggestions of leading agricultural industry associations and the magnitude of the work that needs to be done to implement the AA. Once the European Union increases its support to the implementation of the AA in the agriculture sector, AgroInvest will reduce its support to this work. Based on current discussions with EU colleagues, their initiatives in this area will not begin in earnest until late 2015/early 2016. As such this is the time same time AgroInvest will be coming to an end and the Project will be able to “hand over” this work to them.

Identifying the standards and certifications that would result in increased exports of Ukrainian agriculture products to the EU (jointly with USAID REG Project). In Year 5 AgroInvest will engage in an activity that will promote increased compliance of Ukrainian agricultural producers and food processors with EU quality certification requirements. As part of this work, AgroInvest will:

- Identify the agriculture products that have the greatest export potential and the quality standards that would allow for a significant increase in exports to the EU;
- Assess the current capacity of public and private sector organizations in the country to increase compliance of agriculture producers and processors with quality certifications;
- Make recommendations on quick wins and interventions to build organizational capacity in the agriculture quality infrastructure going forward.

Higher quality standards and food safety practices will help increase Ukrainian agriculture exports to EU markets. This work will be undertaken by the USAID REG Project’s international experts and local consultants engaged by AgroInvest.

Strengthening the analytical capacity the MAPF in developing new export markets for the agriculture sector products. During Year 5 of the Project, AgroInvest will provide support to the Ministry of Agrarian Policy and Food in increasing the efficiency and capacity of the Ministry in issues of foreign economic relations. The objective of this

work will be to raise the ability of the MAPF in monitoring international agricultural markets, analyze issues related to trade in agricultural and food commodities, and prepare proposals for government policies in this area. With the help of the materials produced with support of AgroInvest, the government will be able to make more strategic decisions in the area of foreign economic relations. This support will be provided by establishing an analytical group which will focus on monitoring international agricultural markets as well as supporting the preparation of a medium-term Development Program for the Agricultural Sector (described in a separate subsection below).

Deregulation of Economic Activities in the Agriculture Sector. The new GOU has declared the deregulation of economic activities and simplification of doing business as one of the top priorities for its government reform program. This is being supported by the president and business community as something that requires immediate attention. The purpose of the deregulation is improving the business climate, fighting corruption, and restoring the growth of the Ukrainian economy.

This reform agenda is very important for the agriculture and food industry, where the government still maintains many control and monitoring functions that increase the cost of doing business and create an environment for corrupt practices. Deregulation in the agriculture sector requires significant changes to the role and functions of central ministries and a number of inspection agencies, which exercise control and monitoring functions over agricultural producers, traders, and input suppliers. AgroInvest will contribute to this work by undertaking the following activities during Year 5 of the Project:

Supporting the restructuring of government control and supervision agencies and functions in the agriculture sector of Ukraine. In May-June 2014 AgroInvest developed proposals on reforming the State Agricultural Inspection Agency. These proposals were discussed with leading agriculture sector industry associations and included a draft law on the proposed reform measures. These proposals were further refined by the sector industry associations and submitted to the Cabinet of Ministers for review and approval. Based on these and other initiatives, the Cabinet of Ministers approved a plan for restructuring of government control and supervision agencies which has major implications for the agriculture sector and food industry in Ukraine. In particular, the State Agricultural Inspection Agency will be fully liquidated and the State Veterinary and Phytosanitary Service will be merged with two other government agencies into a State Service for Food Safety and Consumer Protection. In addition, the State Land Agency will be transformed into the State Service of Geodesy, Mapping and Cadastre.

Working closely with its partners, AgroInvest will support the transition of essential functions of the reorganized agencies to new GOU bodies through engaging legal expertise to prepare necessary legal documents and regulations. This activity will also include an analysis of the existing government functions in the sphere of the veterinary and phytosanitary control in order to develop proposals for deregulation of these activities. This work will be closely coordinated with agriculture sector industry associations and the EU “Improvement of Food Safety Control System in Ukraine” project.

Analyzing the scope of government regulation of agricultural production and trade in the EU and determining the role played by self-regulatory organizations in regulating these issues. In developing proposals for deregulation, GOU representatives and experts often refer to experiences and practices of EU countries. In most cases, these examples are based on takeaways from study tours to specific countries or meetings with officials or experts from the EU. There is, however, very little systematic and well-organized information on (i) what regulatory and monitoring functions are performed by the EU or national governments of its member countries and (ii) what functions have been delegated to self-regulatory organizations and are being successfully implemented by them.

In order to address this issue, AgroInvest will undertake an analysis of the scope of government regulation and the role of self-regulatory organizations (industry associations) in the EU countries. To implement this activity, AgroInvest will engage the expertise of the University of Missouri, which prepared a review in March-April 2014 on the extent to which self-regulating organizations draw upon international experience in formulating agricultural policy. This analysis will be complemented by developing a draft law on self-regulatory organizations and a study tour described below.

Study tour on deregulation and activities of self-regulatory organizations in EU countries. The Project will increase the knowledge of GOU officials and industry association representatives, regarding other countries' experiences organizing private sector participation in the policy making process and transferring certain functions and authorities to self-regulated organizations. To achieve this, AgroInvest will organize a study tour for a selected group of officials, experts, and business representatives to a country with proven experience and success in enhancing the role of industry associations. The Project will identify participants and arrange the study tour during Year 5. Appropriate attention will be given to follow-up activities, to ensure dissemination of information and application of the knowledge gained during the study tour. If feasible, the follow-up activities might include the piloting of devolving certain responsibilities to self-regulatory organizations in the agriculture sector.

Contribution to the Preparation of a Medium-term Development Program for the Agricultural Sector. Further sustainable development of Ukrainian agriculture requires the GOU to define and articulate the priorities for developing the sector. In October 2013 the Cabinet of Ministers approved a Strategy for Agriculture Sector Development until 2020. Based on this strategy, the MAPF plans to initiate the process of drafting a new medium-term program for agricultural development. It will cover the period of 2015 to 2020.

AgroInvest will assist the MAPF with developing this sector program. Given the magnitude of the task and also the focus of AgroInvest's policy priorities, the assistance will focus on support to drafting selected areas of the program rather than the entire document as well as coordinating the engagement of agricultural industry associations in the development of the document. To draft the program, an analytical group will be established in the MAPF to provide for necessary expert skills and capacity. This group will also provide support in building the analytical capacity of the MAPF in developing new export markets for agricultural commodities (described in the Agriculture Trade Facilitation section above). On the issues of the international

experience, AgroInvest will engage the expertise of the University of Missouri to implement this activity and will ensure that partner industry associations and their Analytical and Coordination Platform are engaged in the drafting and discussions of the sector program. AgroInvest will also work closely with the expert consultant USAID will be embedding in the MAPF to ensure that the analytical group and the expert's work are in sync when and where possible.

Post-conflict Assessment of Agriculture and Agribusiness in the Eastern Part of Ukraine. Given the on-going developments in Eastern Ukraine, agriculture and agribusiness in Donetsk and Luhansk oblasts are suffering significantly. Agricultural logistics channels are being destroyed and there is an increasing risk that future harvests and sowing campaigns will be adversely affected. It is also expected that obligations under standing agricultural land leases will not be fulfilled in many cases. Additionally, food supplies in a number of villages, towns, and cities are becoming more limited. Should the situation improve, AgroInvest will undertake an assessment of the conditions to identify the main tasks and resources required to rebuild the agrarian sector in the East, specifically in Donetsk and Luhansk.

Promoting Approval of Legislation to Further Develop Agricultural Service Cooperatives (with Component 3). During Year 4, AgroInvest supported the development of the draft law "On Amendments to the Tax Code of Ukraine Regarding the Improvement of VAT Taxation for Commodities Produced by Household Farms and Sold through Agricultural Service Cooperatives". It was registered in the Verkhovna Rada in April 2014 (registration No. 4731). The draft law allows for fair, transparent, and equitable taxation conditions for agricultural service cooperatives, creating incentives for increased sales of agricultural produce through cooperatives. The draft law is awaiting review by several committees of the Verkhovna Rada. In Year 5, AgroInvest will support the approval of this legislation.

Support the Development and Approval of Legislation on Agricultural Markets (with Component 3). During Year 5, AgroInvest will develop and present for public discussion a draft law "On Agriculture Produce Markets", which will amend the existing legislation on larger wholesale markets, a set of regulations governing activities of the second-tier markets for agricultural produce, and also activities of slaughter houses. This work will be based on the Green Markets feasibility study undertaken by the Project during Year 4.

Support the Development and Promote Approval of Legislation on Family Farms (with Component 3). At the request of the MAPF, and in cooperation with its partners, AgroInvest developed a draft law "On Amendments to the Law of Ukraine on Farming" and a draft law "On Amendments to the Tax Code of Ukraine (in Stimulating the Development of Family Farms)" in June 2014. These laws create conditions for the transformation of subsidiary household farms into commercial family farms. Both draft laws have been presented for public review, discussed, and submitted to the MAPF in July 2014. AgroInvest plans to continue supporting the development and approval of these laws during Year 5 of the Project.

Support to GOU Public-private Dialogue Mechanisms. During Year 5, AgroInvest Project will continue supporting public-private dialogue mechanisms on agricultural reform issues. This will include assistance to the Public Council under the MAPF to make its activities more substantive and useful to the industry associations

represented in the Council. This activity will commence in December 2014, once AMDI discontinues its support to the Public Council. Analytical support to activities of the Public Council will be provided through the Analytical and Coordination Platform created for industry associations (described in Part 1B of the work plan) while AgroInvest will help with administrative arrangements for meetings of the Council.

Addressing Other Policy Issues as Needed. It is likely that new policy issues and initiatives will emerge during implementation of the Year 5 work plan. AgroInvest will remain open to responding to such issues, provided they fall within the framework of AgroInvest's key goals and objectives and the Project has resources to address them. Requests to engage in new policy activities will be discussed and agreed with the COR and selection criteria for prioritizing policy issues will be appropriately applied.

Work Plan Activities	2014 Y5Q1			2015 Y5Q2			2015 Y5Q3			2015 Y5Q4			Milestone	Responsible	
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep			
COMPONENT 1. Support a stable, market-oriented policy environment															
TASK A: ACCELERATE MARKET-ORIENTED REFORMS															
1. Land market reform															DCOP, Policy Coord., Sr. Legal Advisor
1.1. Disseminating analysis of draft law "On Agricultural Land Circulation" to establish a framework for efficient land market functioning															Analysis of draft law disseminated and framework established
1.2. Developing a new draft law on agricultural land circulation and discussion															New draft law developed and public discussions held
1.3. Promoting more efficient and balanced land lease relations															More efficient land lease relations implemented based on relevant legislative initiatives
1.4. Developing recommendations to preserve soil quality (through crop rotation) that decrease the role of government regulation															Recommendations developed and role of government regulation decreased
1.5. Monitoring land-related initiatives and analyzing most important draft legislation															Most important land-related initiatives are analyzed
1.6. Promoting responsible investment and efficient partnerships between farming enterprises and local communities															Responsible investment and efficient partnerships promoted
2. Agricultural trade facilitation															DCOP, Policy Coord., Sr. Legal Advisor

Work Plan Activities	2014 Y5Q1			2015 Y5Q2			2015 Y5Q3			2015 Y5Q4			Milestone	Responsible	
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep			
2.1. Preparing a roadmap for DCFTA implementation in the agriculture sector														Roadmap for DCFTA implemented	DCOP, Policy Coord., Sr. Legal Advisor
2.2. Identifying the standards and certifications to increase exports of to EU (jointly with USAID REG Project)														Standards and certifications identified and export increased	DCOP, Policy Coord., Sr. Legal Advisor
2.3. Creating an analytical group on development of new export markets for the agriculture sector products														Analytical group established and operates	DCOP, Policy Coord., Sr. Legal Advisor
3. Deregulation of economic activities in the agriculture sector															DCOP, Policy Coord., Sr. Legal Advisor
3.1. Supporting the restructuring of government control and supervision agencies and functions in the agriculture sector														Regulations on new government agencies drafted and approved	DCOP, Policy Coord., Sr. Legal Advisor
3.2. Undertaking an analysis of the existing government functions in the sphere of the veterinary and phytosanitary control and developing proposals on their deregulation														Reform proposals developed	DCOP, Policy Coord., Sr. Legal Advisor
3.3. Analyzing the scope of government regulation of agricultural production and trade in the EU and determining the for self-regulatory organizations in regulating these issues														Scope of government regulation of trade is analyzed and role for self-regulatory organizations determined	DCOP, Policy Coord., Sr. Legal Advisor
3.4. Study tour on deregulation and activities of self-regulatory organizations in EU countries														Study tour held	DCOP, Policy Coord., Sr. Legal Advisor
4. Contribution to the preparation a medium-term development program for the agricultural sector														Medium-term development program for ag sector prepared	DCOP, Policy Coord., Sr. Legal Advisor
5. Post-conflict assessment of agriculture and agribusiness in Eastern part of Ukraine														Post-conflict assessment in Eastern Ukraine done	DCOP, Policy Coord., Sr. Legal Advisor

Fifth Annual Work Plan
 October 2014 - September 2015

Work Plan Activities	2014 Y5Q1			2015 Y5Q2			2015 Y5Q3			2015 Y5Q4			Milestone	Responsible	
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep			
6. Promoting approval of legislation to further develop agricultural service cooperatives														Legislation on cooperatives approved	DCOP, Policy Coord., Sr. Legal Advisor
7. Support the development and promote approval of legislation on agricultural markets														Legislation on agricultural markets approved	DCOP, Policy Coord., Sr. Legal Advisor
8. Support to GOU public-private dialogue mechanisms														PPD mechanisms implemented	DCOP, Policy Coord., Sr. Legal Advisor
9. Update of Project policy priorities														Project policy priorities updated	DCOP, Policy Coord., Sr. Legal Advisor
10. Addressing other policy issues as needed														Other policy issues addressed	DCOP, Policy Coord., Sr. Legal Advisor

Component 1, Task B: Strengthen Industry Associations

One of the key tasks of the AgroInvest Project is the strengthening of agricultural industry associations through building their capacities and enhancing the sustainability of these associations for promoting market-oriented reforms. This is primarily done through activities of Task B under Component 1. The Project is also assisting these organizations to push for key reforms and react to issues as they arise.

During Year 5 AgroInvest will continue building the capacity of local industry associations by combining the activities supported by grant programs with direct engagement of these organizations in policy discussions

LOP Expected Results	Year 5 Targets
<ul style="list-style-type: none"> ▪ A clearer and more stable policy environment that has led to increased agricultural investment; ▪ Private-public dialogue is more effective and regular; ▪ Partner industry organizations are well established and engaged in promoting investment, trade, and other priorities under the aforementioned agriculture policy strategy; ▪ Partner industry organizations demonstrating enhanced sustainability and effectiveness; ▪ Capacities of industry associations are built, leading to sustainable improvements in policy 	<ul style="list-style-type: none"> ▪ Number of regional-level working groups engaged by partner industry associations: <u>3</u> ▪ Number of institutions/organizations undertaking capacity/competency strengthening as a result of USG assistance: <u>0</u> (it is noted that the Project has met and exceeded its LOP target for this indicator) ▪ Aggregated increase in self-financing for targeted industry associations: <u>9</u> ▪ Number of new members in partner industry associations: <u>10</u>

where partner industry associations are able to take the lead on certain policy priorities, prepare analysis required for formulating policy recommendations and actively engage in dialogue with the government. This will be complemented by a diverse training program and further strengthening of the analytical capacity and coordination activities of agricultural industry associations.

Component 1, Task B Activities to be Undertaken During Year 5

Specific implementation activities for this task will consist of:

Implementing a capacity-building program for regional agricultural industry associations. In July 2014, AgroInvest initiated a competition for a capacity building grant program that was targeted to oblast level industry associations to build their capacity for policy analysis and engagement in discussions with local and central government authorities. The program will also enhance the sustainability of these organizations as they are expected to provide more useful and diverse services to their members.

AgroInvest expects to select up to six oblast associations for implementation of grant programs. During the evaluation, priority will be given to those organizations that represent the interests of SMPs or directly work with SMPs. In terms of geographic location, some priority will be given to organizations that represent the eastern and southern oblasts of Ukraine. Implementation of these grants will commence in October-November 2014 and last for approximately 12 months. To the extent possible, AgroInvest will engage these partner industry associations in supporting the

decentralization reform agenda of the Project which will be a focus of AgroInvest's during Year 5 of the Project.

Implementing a supplementary grant program to further build analytical capacity of national-level agriculture sector industry associations. During Year 5 AgroInvest will initiate and implement a competitive grant program to continue building the analytical capacity of agricultural industry associations. This grant program will allow the industry associations to prepare detailed analysis of selected agricultural policy issues important for their members and develop proposals to address them. The proposals will include draft laws and other regulatory documents drafted based in the analysis. AgroInvest expects to select up to five national-level associations for implementation of this grant program.

Implementation of this activity will be synchronized with the timing of the training program described below so that all potential applicants for the grants have a chance to undertake training in economic policy analysis and calculation of economic impact of policy decisions, legislative drafting skills and peculiarities of lobbying activities for industry associations and use their new knowledge while developing the proposals and implementing the activities.

Monitoring the performance of grantees and providing them with help and guidance as needed. Throughout the year, AgroInvest will closely monitor the implementation of activities under the grant programs (both the national and oblast level grants) and provide support and assistance to partner industry associations if/when needed.

Implementation of the training program for sector industry associations. During Year 4, AgroInvest launched a capacity building training program for agricultural industry associations based on the organizational capacity needs assessment conducted by the Project. Representatives of 22 various national and regional level industry associations attended five training sessions on selected topics held in May-July 2014. The initial experience and feedback with the program was positive, and the Project plans to continue implementing these formal trainings.

In Year 5, AgroInvest will expand the capacity building program by adding several additional training modules including but not limited to the following topics: legislative drafting skills; economic policy analysis and calculation of economic impact of policy decisions; peculiarities of lobbying activities for industry associations; how to increase association membership; and fundraising. AgroInvest will consider modifying some training modules by extending them from one-day sessions to two-day sessions, to help training participants develop better practical skills. AgroInvest will involve short-term local and expatriate expertise, as well as Project staff, to conduct the training under these modules.

Increase the participation of agricultural industry associations in policy dialogue discussions. The Project will continue to work closely with partner industry associations to ensure that opportunities for them to participate in public-policy councils, working groups, and other PPD discussions are utilized to the maximum extent. Specific AgroInvest activities to increase industry associations engagement in designing, implementing and monitoring reforms will include support to the Public Council under the MAPF, involvement of the associations in drafting the sector

program (described in part 1A of the work program) and support to various working groups and councils created on specific issues of agricultural policy and establishment of a joint platform for policy work (described below).

Strengthening the analytical capacity and coordination activities of agricultural industry associations. During the last two years, AgroInvest made progress in enhancing the analytical capacity of the national level sector industry associations and engaging them in policy discussions. Implementation of the capacity building grant program and a training program on organizational development in 2013-2014 made agriculture industry associations stronger, more capable analytically, and more influential. Partner industry associations are now better equipped to develop and articulate arguments on agricultural policy issues and protect the interests of their members. They also started to develop and express joint positions on key issues of agricultural policy more frequently. An example of this was a strong and well-articulated statement in support of EU integration and signing of the Association Agreement between Ukraine and the EU in November 2013, which was led by key partner industry associations of AgroInvest.

Agricultural industry associations' stronger voice and increased analytical capacity allowed for progress on several important sector deregulation and anti-corruption activities in April-June 2014. For example, as a result of active advocacy of sector industry associations, the Verkhovna Rada removed mandatory certification of grain silos and certification of grain for quality (April 2014), cancelled obligatory technical inspection of agricultural machinery (June 2014), and created oblast grain reserves (June 2014).

AgroInvest will continue its active engagement with agriculture sector industry associations, especially as most capacity building grants initiated in 2012 and 2013 will be completed by the end of 2014. This continued engagement will be implemented through creating and supporting an Analytical and Coordination Platform (hereafter Platform) to allow the industry associations to: (i) continue their analytical capacity building for policy work and (ii) better coordinate their activities on agriculture policy issues and develop common positions on important issues. This will allow industry associations to avoid duplication of efforts, increase coordination, and create/maintain joint working groups.

To implement this activity, AgroInvest will competitively select an NGO, analytical group, or educational institute engaged in the sector to develop and maintain the Platform for policy work of agricultural industry associations. The Platform will be created in December 2014 and work until the end 2015. It will provide on-going, full-time support to agricultural industry associations on policy analysis, legal issues, and coordination. It will also support the activities of the Public Council of the MAPF.

The Platform will have a coordination committee representing key AgroInvest partners. It is expected that this initiative will further strengthen the capacity of agriculture industry associations to undertake policy analysis for promoting market-oriented reforms. It is also expected that some (or all) elements of this Platform will be supported directly by the sector industry associations after AgroInvest discontinues its assistance in December 2015.

AgroInvest will coordinate the activities of this Platform in order to ensure the participation of its experts in development of the MAPF medium-term sector program and other important activities where leading sector associations are engaged. AgroInvest, however, does not plan to merge this Platform with the analytical group supporting the MAPF as the agenda, views and proposals of the industry associations might be different from those of MAPF and it makes sense to keep a clear focus of this Platform in supporting the activities of industry associations.

Work Plan Activities	2014 Y5Q1			2015 Y5Q2			2015 Y5Q3			2015 Y5Q4			Milestone	Responsible	
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep			
COMPONENT 1. Support a stable, market-oriented policy environment															
TASK B: STRENGTHEN INDUSTRY ASSOCIATIONS															
1. Implementing a capacity-building program for regional agricultural industry associations														The program is under implementation	DCOP, Policy Coord., SAF team
2. Implementing a supplementary grant program to further build analytical capacity of national-level agriculture sector industry associations														The program is under implementation	DCOP, Policy Coord., SAF team
3. Monitoring the performance of grantees and providing them with help and guidance as needed														Industry Association grantees are compliant with all aspects of their respective program descriptions.	DCOP, Policy Coord.,
4. Implementation of the training program for sector industry associations														The program is under implementation	DCOP, Policy Coord.,
5. Increase the participation of agricultural industry associations in policy dialogue discussions														Ongoing engagement of IAs in policy discussions	DCOP, Policy Coord.,
6. Strengthening the analytical capacity and coordination activities of agricultural industry associations														Analytical capacity strengthened – a joint policy platform is operational	DCOP, Policy Coord.,

USAID AgroInvest's Integrated Approach to Delivering Land Rights Services and Education

Land Rights Resource Center- This Center is the “brain” of the integrated approach. It is tasked with analyzing the issues arising during land interactions and developing materials to help landowners and farmers protect their rights, including a specialized web-portal containing roadmaps (step-by-step instructions on how the various land issues can be addressed) and templates of documents instrumental in resolving land issues. The roadmaps and materials developed by the Resource Center are published in the form of posters or booklets and are also available to the public on the Resource Center's Land Web-Portal (www.zem.ua).

Law Centers comprise the outreach element of the approach, or its “hands and feet”. The Law Centers interact directly with rural landowners through regular meetings to discuss problems, analyze their documents, and provide information, consultations, and legal advice on a wide range of land-related issues. They also prepare claims and represent the landowners on a *pro bono* basis in the courts, if needed, or help resolve the issues through mediation when possible.

In addition, The Law Centers train local authorities, including village mayors, to provide land consultations. In turn, these authorities use the roadmaps and other materials from the Land Web-Portal; they also refer their community members to the Law Centers when they need professional legal services.

“My Land, My Right” National Information Campaign- All of the integrated approach's activities are supported by the, “My Land, My Right” campaign which is the “life blood” of the program. The national information campaign utilizes various media outlets to ensure the program's messages are spread to as large an audience as possible.

Component 1, Task C: Provide Public Education for Land Rights

In Year 5 AgroInvest will continue implementing its integrated approach consisting of the *Land Rights Public Education and Outreach Campaign* and the *Strategy for Delivering Sustainable Legal Land Rights Services*. Based on the lessons learned during the previous years, AgroInvest will fine-tune these activities in Year 5 and place a special emphasis on sustaining the achieved progress through encouraging local partners to help government authorities at all levels establish mechanisms addressing the Program's goals, which could exist beyond the life of the Project.

One such mechanism is the raion-level expert groups which bring together local activists, land experts, and local authorities to discuss local land-related issues and find solutions to address them. This mechanism will also foster democracy and good governance in local communities.

Another mechanism is empowering village mayors by providing first-hand training, which equips them not only with knowledge of the substance of land legislation but also with necessary materials available on the Project-supported Land Rights Web-Portal and technical skills regarding effective usage of these materials.

AgroInvest and its partners have taken great pains to develop and implement these innovative mechanisms for the benefit of rural Ukrainian citizens. The important prerequisite for this was the implementation of the integrated approach to establishing the Program's essential elements, including: the Land Rights Resource Center; the Land Rights Web-Portal; the Legal Land Services Program (Law Centers); and the information campaign “My Land, My Right.” These elements are currently all in place and will help AgroInvest attain the Program's goals in Year 5.

In addition, a follow-up survey will be executed in Year 5 to measure the Program's impact compared to the baseline survey, which AgroInvest conducted in 2012, and to provide a strong basis for further policy reform interventions.

Component 1, Task C Activities to be Undertaken During Year 4

The baseline survey carried out in late 2012 provided data about the level of awareness of land related issues at the

beginning of the Program. In Year 5, a follow-up survey will be executed to measure the Program’s impact.

In addition to the practical goals of providing baseline data, fine-tuning the information campaign’s messages, and helping us better understand the target audiences’ needs, the baseline survey assisted in the collection of important information on

LOP Expected Results	Year 5 Targets
<ul style="list-style-type: none"> ▪ Greater understanding for individual rights among rural land owners in targeted areas; ▪ Property right protection improved for rural land owners; ▪ Rural population in targeted regions is more supportive of an open, and better functioning land market; ▪ State administrators held more accountable for efficient issuance of state acts; ▪ Legal aid services are delivered sustainably for rural land owners. 	<ul style="list-style-type: none"> ▪ Number of media appearances on land issues: <u>100</u> ▪ Awareness of land rights among target communities: <u>55%</u> ▪ Number of land deeds issued in target communities: <u>1,500</u> ▪ Number of land conflicts resolved as a result of project assistance: <u>200</u> ▪ Percentage of legal aid service costs covered by non-project sources: <u>100%</u>

numerous aspects of land relations and defining areas that should be addressed by policy reforms supported by AgroInvest. Similarly, the Progress Survey will not only measure the impact of activities under Task 1C but also will help identify policy gaps that should be addressed, by drafting legislation related to land policy.

The follow-up survey will be implemented by a subcontractor selected through a competitive tender and will be launched at the end of Year 4, so that the field part of the survey can be executed early in Year 5. The survey will be followed by a focused information campaign to present its findings, and thus promote both AgroInvest’s successes in protecting rural citizens’ land rights and the legislative initiatives of the Project.

Delivery of legal land rights services program

The Sustainable Delivery of Legal Land Rights Services Program is implemented through a series grants provided to partners selected on a competitive basis.

AgroInvest uses a two-tier approach where the Kyiv-based Land Rights Resource Center plays the role of a think tank and the source of expertise and helpful materials, while the local partners use this expertise and these materials for efficient operation of the Law Centers at the oblast and raion levels in Chernivtsi, Dnipropetrovsk, Ivano-Frankivsk, Kherson, Mykolaiv, Odesa, Poltava, and Ternopil oblasts.

Resource Center, including a web-portal

In Year 4, the Project extended the Land Union of Ukraine’s grant to continue to operate the Land Rights Resource Center and the Land Rights Web-Portal attached to it. The experts of the Resource Center have developed an enormous amount of useful information for the Web-Portal, ranging from weekly legal updates and land-related news to numerous well-designed roadmaps – step-by-step instructions addressing a variety of land-related issues and accompanied by templates with easy-to-follow

instructions. Since its launch, more than 500,000 visitors have utilized the Web-Portal, as its reputation for transparent and user-friendly content has spread.

The experts working in the Resource Center are also engaged in training and coaching Project partners in the delivery of primary legal land rights services and in analyzing the cases referred to them by local partners. This analysis is used as a starting point to develop not only the roadmaps but also new legislation designed to address these cases in a systemic manner.

One of the breakthrough outcomes of the support AgroInvest provided to the Land Union was the development of a comprehensive action plan entitled “Ten Steps to Combat Corruption in Land Relations”. This action plan is based on numerous cases that local NGOs referred to the Land Rights Resource Center. This information has helped experts identify the typical forms and types of corruption in land relations seen throughout Ukraine. In order to combat corruption, it is not sufficient to merely instruct people not to pay bribes; rather, it is more important to create a system wherein officials do not have the opportunity to ask for bribes, and this can be done only at the legislative level, by closing legislative gaps.

Each step in the “Ten Steps to Combat Corruption in Land Relations” action plan addresses a typical problem faced by thousands of rural landowners and villagers in Ukraine. The Land Rights Resource Center has not only identified these problems but also started to develop legislative initiatives to close the legislative gaps. Two of these draft laws are already submitted to Parliament and await approval. The implementation of “Ten Steps to Combat Corruption in Land Relations” will be one of the key areas of focus for the Land Rights Resource Center in Year 5.

Additionally, the Land Rights Resource Center will continue to implement the following tasks in Year 5:

- Analyzing land-related issues, grouping them into broader categories, identifying typical issues that can be addressed through roadmaps (e.g., step-by-step algorithms; templates of documents, which a rural citizen/farmer can effectively use to resolve “typical problems”);
- Preparing the roadmaps in plain language and user-friendly format suitable for downloading from a web-portal;
- Preparing methodological materials for providers of primary legal land rights services;
- Preparing brochures, booklets, and posters for the information campaign;
- Ensuring continuous monitoring of legislation/regulations to update the roadmaps as appropriate;
- Conducting training of trainers for providers of primary and secondary legal land rights services;
- Ensuring continuous monitoring of land-related problems in order to:
 - Summarize them for decision-makers (e.g., government officials and Parliament members) and assist in developing new laws and regulations to improve land legislation and resolve the problems identified, as well as to ensure advocacy for changes aimed to streamline overly complicated procedures, close loops for corruption, and increase transparency in regulation and implementation of land relations;

- Refer to providers of secondary legal land rights services for interventions;
- Continuous liaising with project partners at the national and regional levels;
- Supporting the awareness campaign “My Land, My Right” with expert opinions and other materials to inform its content; and
- Maintaining the interactive web-portal.

Provision of secondary legal land rights services

The primary goal of the AgroInvest Sustainable Delivery of Legal Land Rights Services Program is to provide legal land rights services to vulnerable landowners. This goal is attained with the help of local partner NGOs providing such services on a *pro bono* basis using the expertise and materials available in the Land Rights Resource Center and Web-Portal.

In addition to this primary goal, the Program also contributes to:

- Increasing public accountability and democracy by hosting public events that engage decision makers and public officials and by establishing raion-level expert groups;
- Upgrading services provided by local governments through focused training programs, informative posters, and other materials disseminated through the program; and
- Enhancing the rule of law in Ukraine by increasing judicial transparency, accountability, and access to justice through support for legal clinics and advocacy organizations.

The secondary legal land rights services are provided by local NGOs engaged in the Program as grantees. These grants are designed as capacity-building grants, intended not only to support partners in providing legal assistance and consultations to rural landowners in the Law Centers but also to strengthen these NGOs and help them become active leaders in advocating for policy changes and a sustainable source of knowledge and expertise for rural citizens who need help to protect their land rights.

This approach proved effective as local partners have demonstrated that the grants have strengthened their capacity to provide legal land rights services, which continue to be in great demand, as evidenced by the constant stream of requests from rural citizens to partner NGOs, local authorities, and AgroInvest staff for consultations and detailed informational material.

Strong, well-maintained relationships with village mayors resulted in AgroInvest’s local partners entering cooperation agreements with them. Based on these agreements, lawyers from the Law Centers provide consultations to both village mayors (as primary legal services providers) and villagers at community meetings or workshops. These events are typically conducted in cooperation with local branches of the State Land Agency, Ministry of Justice, and State Registration Service, which ensures a comprehensive approach and provides rural citizens with first-hand information.

At the beginning of Year 5, the Project will organize a knowledge sharing event for all partners engaged in the Sustainable Delivery of Legal Land Rights Services Program to share experiences and discuss best practices, which can then be

implemented in other locations. This event will help align activities of all the local partners and identify the areas where the program can be enhanced in order to achieve best results.

One important area of focus for that event will be to share best practices, such as the mechanism of establishing raion-level expert groups as a tool to increase civil society activism in Ukraine. This mechanism was first implemented in Dnipropetrovsk oblast and has recently been extended to Poltava oblast. The expert groups are designed to resolve land issues at the raion level and contribute to the development of democracy and good governance in Ukraine.

Provision of primary legal land rights services

Primary legal land right services are services that provide information to a person about his or her rights and freedoms and, when warranted, help them appeal against decisions, actions, or inaction of state authorities, local government officers, and employees.

For the Legal Land Rights Services Program, the Project has partnered with stakeholders that have the potential to become reliable and sustainable service providers, and that have a mandate fully or partially aligned with providing legal land rights services, especially those with a focus on low-income and vulnerable landowners. These partners will continue to receive extensive methodological help, guiding and coaching, and capacity building by Project and Resource Center experts.

In Year 5, AgroInvest will continue to provide training and support to the following providers of primary legal land rights services: village mayors, village land surveyors, state registrars and notaries, advisory services, and local farmers associations.

Land Rights Public Education and Outreach Campaign

In Year 5, the Project will continue to implement the *Land Rights Public Education and Outreach Campaign* (the Campaign). The specific objectives of the Campaign will remain as follows:

- Increasing private plot holders' awareness of their land rights;
- Increasing private plot holders' awareness of how to adequately plan for the land market, so they can make informed decisions about land sales and purchases;
- Increasing farmers' awareness on how to protect their farm holdings in the event of a land market;
- Educating target groups on the new legislation (once adopted) and its implications for their land rights, risks, and opportunities;
- Providing information to all target groups on locally available and trustworthy legal assistance.

The target audiences of the Campaign include the following:

Primary

- Vulnerable rural landowners (pensioners), rural residents, and so-called "private plot holders";

Secondary

- Farmers, defined by the law “On Farmer Enterprise”;
- Households, those who have a small plot of land that is not clearly designated;
- Producer associations;
- Local government officials, including village rada (council) heads, land engineers and surveyors, raion administrative officials and oblast officials;
- Journalists, industry associations, and national policy makers.

To achieve the objectives of the Campaign, AgroInvest will implement the following activities:

Radio Programs

The campaign will continue to include a series of educational radio programs aired twice per month on the First National Radio Channel, on the “Kolos” program, which is well-targeted to the rural population and farmers.

National Agrarian and Land Press Club

The National Agrarian and Land Press Club (NALPC) established as part of the “My Land, My Right” Information Campaign has become an instrumental platform for journalists interested in the topics of land and agriculture to take part in joint activities, such as training, knowledge sharing, press tours, study tours, press conferences, roundtables, and other events.

The NALPC has built a core of journalists who provide objective, unbiased, and well-informed media coverage on a variety of subject matters dealing with land reform and helping vulnerable land owners protect their rights. The NALPC will continue to meet on a monthly basis in Kyiv in Year 5. Also, journalists will continuously prepare informational materials and disseminate them among media outlets so that they can be re-printed and/or used by local journalists as a starting point for their own publications.

In previous years, this approach has proven to be very efficient as a tool to:

- Raise interest of the topics in focus for the campaign;
- Disseminate messages verified by AgroInvest;
- Improve the quality of publications of local journalists.

In addition to the national press club meetings, for Year 5, a series of regional meetings will be conducted to cover more diverse areas and issues.

AgroInvest will collaborate with the USAID U-Media Project to link NALPC organizers and members to other regional press clubs and media outlets.

In Year 4, AgroInvest partnered with the USAID U-Media Project to conduct training events for our partner industry associations to help them better understand specifics of communications with media. The trainings were conducted in close cooperation with the NALPC, whose president was the main trainer. This practice will continue in Year 5 with a special emphasis on regional industry associations, which will join the pool of AgroInvest partners in Year 5.

Media Study Tour

The campaign will be supplemented by the Anti-Corruption Media Study Tour for the national and regional press to see with their own eyes how corruption in the land and related spheres is addressed and how legal land rights services are delivered in the EC. The study tour will be implemented in cooperation with the USAID U-Media project. The venue and timing for this activity will be set after additional consultations with the NALPC and U-Media.

Work Plan <u>Activities</u>	2014 Y5 Q1			2015 Y5 Q2			2015 Y5 Q3			2015 Y5 Q4			Milestone	Responsible		
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep				
Component 1. Support a stable, market-oriented policy environment																
TASK C: Public education for land rights provided																
1. Progress survey																CPOM, DCOP
1.1. Develop the SoW, RFP, conduct the competition, evaluate proposals, select the subcontractor															Subcontractor selected, subcontract signed	CPOM, DCOP
1.2. Develop and test the questionnaire															Questionnaire developed and tested	CPOM, subcontractor
1.3. Implement the survey															Survey implemented	CPOM, subcontractor
1.4. Analyze and present findings															Survey findings analyzed and presented	CPOM, subcontractor
2. Sustainable delivery of legal land rights services program																CPOM, DCOP
2.1. Resource Center & Web-portal																CPOM, Resource Center
2.1.1. Implementation of the 10 Steps to Combat Corruption Program															Information and lobbying campaign implemented	CPOM, Resource Center
2.1.2. Maintain the web-portal and populate it with land rights information and some basic advice on land rights related issues															Web-portal is functioning and content is up-to-date	CPOM, Resource Center

3.4. Monitoring of publications of the Ag&Land Press Club	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	Materials & articles produced by press club members are regularly in the media and logged	CPOM, Program Assistant
3.5. Anti-Corruption Media Study Tour (in cooperation with U-Media)		□	□	□		■	□		□	□	□		Study tour implemented	CPOM, Component 1 Leader, Program Assistant			

B. Component 2 – Stimulate Access to Finance

The unmet demand for financing in Ukraine’s agricultural sector continues to persist and increase, and mechanisms to meet this demand remain underdeveloped. Component 2 looks to develop and support funding and lending mechanisms that will provide access to finance for Ukrainian SMPs and ameliorate the challenges faced in the existing Ukrainian financial and economic environment.

General Approach to Component 2

During Year 4, Component 2 Project activities focused on strengthening partnerships with three groups of financial partners (banks, credit unions and value chain actors) based on action plans specified for each partner.

LOP Expected Results	Year 5 Targets
<ul style="list-style-type: none"> ▪ By Year five, 10,000 credit transactions through USAID partner organizations; ▪ Portfolio at risk for average agriculture lending is no more than 10% at 90 days for partner financial institutions; ▪ New financial products operating in the market providing greater access to credit for SMPs 	<ul style="list-style-type: none"> ▪ Value of agriculture finance facilitated: <u>\$34 million</u> ▪ Number of credit transactions facilitated: <u>4000</u> ▪ New Loan portfolio at risk at 90 days: <u>10%</u> ▪ Number of innovative financial products developed and introduced into the market as result of project assistance: <u>0</u> (it is noted that the Project has met and exceeded its LOP target for this indicator) ▪ Number of SMPs trained in financial competencies pertaining to increasing access to finance: <u>540</u> (of which 30% are female).

During Year 5, Component 2 activities will continue strengthening and further developing these partnerships with financial institutions. Specifically, Component 2 activities will focus on the following:

- Supporting the launch and implementation of the Development Credit Authority (DCA) loan portfolio guarantee (LPG) for pilot credit unions to engage new market segments of SMP-borrowers;
- Provision of agro-technological training to financial specialists in partner institutions;
- Executing capacity building initiatives for credit unions focused on loan portfolio management and marketing to facilitate increased agrilending to SMPs;
- Developing of innovative projects to reduce trade barriers;
- Sharing the best regional experience in the application of local budget subsidy programs;
- Supporting the development of legislation for improved agrilending by credit unions.

Component 2 Activities to be Undertaken During Year 5

Support the Launch and Implementation of the DCA LPG for Five Partner Credit Unions to Enter New Market Segments of SMP-borrowers. In previous years, AgroInvest worked closely with credit unions to help them develop improved processes and practices to lend to the agriculture sector. In Year 5, the DCA LPG will

greatly help increase access to finance for SMPs – customers of credit unions - as it will reduce collateral requirements where lack of a clear land title significantly hampers access to finance for farmers and will enable access to finance for larger farmers who, given their size, are not currently served by credit unions and are underserved by traditional banks because they are considered not large enough.

At the end of Year 4, five partner credit unions were selected to access this risk-hedging tool and to receive comprehensive support during the launch of the DCA LPG. In Year 5, AgroInvest will continue to support the DCA LPG's implementation, by:

- identifying capacity building requirements of the CUs to increase the impact of DCA on agrilending to SMPs;
- developing an action plan based on the identified capacity building needs of each credit union to facilitate the DCA LPG implementation;
- supporting the development of lending policies and procedures for each CU to enable accountable agrilending to SMPs (farmers and households) according to new market segments qualification determined for DCA implementation;
- organizing and supporting “DCA LPG Club” meetings for credit unions as a platform for training, knowledge and experience sharing, and developing and disseminating unified practices;
- developing and disseminating templates for use by CUs in their quarterly reporting to the DCA;
- developing metrics and templates for monitoring activities of credit unions and DCA related indicators;
- structuring and delivering a focused training program for CU loan officers to increase their awareness of lending mechanisms which are supported by DCA mechanisms.

AgroInvest will also support trainings on financial literacy for the members of partner credit unions (i.e farmers and producers). These trainings will be delivered by CU loan officers who participated in AgroInvest's “training for trainers” program during Years 3 and 4.

By the end of Year 5, AgroInvest specialists will assist with performing an assessment of the DCA LPG program in terms of value lent, non-performing loan ratio and help identify additional capacity development requirements for the DCA LPG program's continued implementation.

Agro-technological Training for Financial Specialists of Partner Financial Institutions. To-date agro-technological training seminars for financial specialists of partner financial institutions have been highly successful. As a result, additional trainings have been requested by the institutions. In Year 5, AgroInvest will conduct up to 12 trainings in oblast centers and Kyiv, according to the specific requirements detailed in the marketing strategies of the financial partners. Training topics will include field crop production, vegetables, orchards, intensive horticulture, dairy farming, and pig breeding technologies, as well as the presentation of modern technologies and practices adapted for financial specialists in the areas of poultry production and logistics solutions for agricultural produce at pre-sale and sale stages. All trainings will build on the materials developed by AgroInvest during Year 4 and

involve delivery of a series of structured and interactive modules that include practical case studies.

Trainings will be tailored to address the specific and unique needs of the lending institution and will be split into two categories based on the types of agro-technologies applied by SMP-borrowers of banks versus credit unions. SMP-borrowers of credit unions use more manual labor intensive technologies which impact specific cash flow drafting and monitoring approaches for adequate risk assessment for financial specialists of credit unions. In addition, they often require more training on modern methods of risk assessment compared to financial analysts of partner banks.

Agro-technological training for the financial analysts of the banks will focus on them gaining a better understanding of the agricultural production cycles and increase their ability to assess corresponding risks and develop risk mitigation measures. AgroInvest will provide training to banks that were unable to attend trainings provided during Year 4 (for instance, the Bank Kyivs'ka Rus and Kredobank) but have expressed interest and willingness to organize intensive training programs for their analysts in Year 5.

CU loan officers, on the other hand, need to gain knowledge and skills associated with the cost structure of various agricultural produce. AgroInvest will help them learn about modern methodologies of financial and economic analysis and also share examples of successful local SMPs.

Capacity Building and Training Program for Credit Unions. During Year 5, AgroInvest will pay special attention to the development of internal audit functions and corresponding audit procedures in partner credit unions. Having clear audit functions and defined procedures and policies will facilitate transparent accounting, ensure that loans are segregated into proper categories, and enable loan portfolio analysis for improved quality control and management.

During Year 3 and Year 4 AgroInvest supported the establishment of internal audit principles and policies for both partner Associations of credit unions and conducted numerous trainings for the internal audit entities of Associations and loan officers of credit unions of both AgroInvest supported Task Forces. As a result, both Associations are well equipped with functional auditing units and trained personnel. In response to a request received by the credit unions, AgroInvest also supported the on-site internal audits (nine for credit unions – members of VAKS Task Force and four for credit unions – members of UNASCU Task Force) which were conducted by the newly created audit entities of the Associations. These on-site internal audits enabled the credit unions to determine appropriate segregation of loans based on various types of agrilending (such as loans to farmers versus loans to private households), correct and fix the accounting issues for these loans, and identify loan repayment issues and control collection procedures. AgroInvest will continue supporting on-site internal audits and monitoring sessions for the rest of both Task Forces' credit unions in order to complete the set-up of internal audit facilities in credit unions that provide agriloans.

Regular quarterly seminars to promote knowledge and experience sharing will be conducted by AgroInvest. These seminars will focus on relaying successful experiences in agrilending with a detailed analysis of the drivers that lead to success. AgroInvest will publish articles about the partner credit union's successes in agrilending in mass-media and on websites of the partners. Furthermore, so as to ensure that the impact of the DCA LPG program is maximized, AgroInvest, the five DCA credit unions, and the respective credit union associations will make it a priority to disseminate the experiences of the DCA LPG program and how it is benefiting local producers and farmers. The "DCA LPG Club" defined above will be tasked with developing and disseminating quarterly newsletters with success stories to be disseminated in their communities and shared with other credit unions through the associations. AgroInvest will work closely with the "DCA LPG Club" to ensure this occurs as it will be an extremely important communications tool to be utilized after AgroInvest ends and the DCA LPG program continues.

Because of worsening economic environment in Ukraine, AgroInvest will focus the Year 5 training program for partner credit unions on loan portfolio management with special coverage of practical methods for managing non-performing loans.

Participation and Facilitation of Public Dialog Regarding Legislative Initiatives and Their Harmonization with EU Standards. One of major hindrances to the development of credit unions and efficient lending to SMPs is the lack of proper legislation. Today, credit unions are not able to serve legal entities as they are restricted to working with individuals only. Furthermore, credit unions in Ukraine are not able to access the deposit guarantee system which results in their risk adverse behavior preventing the expansion of their lending portfolios. As such, there is a need to develop and adopt new legislation which would ensure the development of credit unions in order to:

- 1) Secure the sustainability of the credit union system through systemizing and transparently standardizing government regulation of credit unions' operations with regard to supervision, reporting, and enforcement as well as developing self-regulation mechanisms;
- 2) Develop a proper financial-and-organizational infrastructure for the overall credit union system which would include systems for financial rehabilitation of credit unions and a deposit guarantee system;
- 3) Broaden the range of consumers of credit unions' financial services by expanding the range of financial services and mechanisms used and provided by credit unions.

Additionally, as Ukraine is in the process of preparing and moving forward with signing the economic component of the EU Ukraine Association Agreement, it is essential to ensure that Ukraine is not subject to those provisions of the EU Directives which do not take into account the nuances of the country context which may cause more harm than good and ensure that the Ukrainian legal and regulatory frameworks of credit unions are harmonized with those of the EU from the very beginning.

In Year 4, AgroInvest developed recommendations based on progressive amendments to Ukrainian legislation for credit unions and harmonized with EU standards. New legislation will enable credit unions providing agrilending to SMPs to finance farming

operations as legal entities, increase the number of SMP-customers, and improve the efficiency and volume of agrilending.

In Year 5 AgroInvest will organize public discussion of the recommendations developed. As the recommendations are heavily based on Poland's positive experience of transforming its legal environment for credit cooperation to EU standards, and since the Polish operational system of credit unions is similar to that of Ukraine's, AgroInvest will organize and sponsor a study tour to Poland for Ukrainian state officials and officers of both Ukrainian-wide associations of credit unions (partners of AgroInvest) to learn about the Polish experience of transforming and harmonizing legislation for credit unions.

The study tour shall focus on the following topics: what the road map for legislative transformation looks like, how long transformation could take, how credit unions should prepare themselves for the transformation, corresponding costs, and other practical issues. The study tour participants will meet Polish governmental officials that participated in the process of successfully transforming Polish legislation and numerous Polish credit unions to learn from their experience of going through the various stages of transformation.

As governmental policy is not currently focused on the development of the credit unions system, and there is no previous positive local market experience to draw on, input of international transformation practices and the basics of positive historic practices will help provide significant impetus to the development of this legislative transformation in Ukraine and will serve as a roadmap for Ukrainian credit unions to extend agrilending to the smallest categories of agricultural producers in rural areas.

AgroInvest will also organize another study tour for a group of select governmental officials and top managers of both Associations of credit unions to the EU Headquarters in Brussels, Belgium in order to establish their partnership with EU offices for successful lobbying of exemptions from EU Directives for credit unions. The list of offices has been proposed by Mr. Pawel Grzesik, a credit union development specialist engaged by AgroInvest, who agreed to support the visit of the group to the EU Headquarters to ensure that lobbying efforts of Ukrainian officials would be met by the EU offices, in particular, the European Network of Credit Unions.

Sharing Best Practices of the Regional Programs for Subsidizing Agrilending Interest Rates. Moving towards integration with the EU and the decentralization of state governance, increases in spending at the local (regional) levels are expected in the near future. One of the most prospective areas of budget utilization correlates with huge demand in financing of SMPs' agricultural operations. Starting in 2010-2011, select oblasts started to develop regional pilot programs, the most notable being Lviv, Volyn, and Rivne, to subsidize the high interest rates charged to SMPs by other financial institutions. As a rule, the programs focus on production of commodities which require additional financing for further development. For example, Lviv authorities identified cattle breeding and organic production as its most important agrarian areas to support. At the same time, these agro-technologies require more financing due to their longer payback periods. This is why the methodology applied by the regional administrations in the oblasts could become a good working example

for other regional administrations. In Year 5, AgroInvest will develop and disseminate information on the program to all oblasts as described below, but so as to demonstrate continued replicability, AgroInvest will identify one to two promising oblasts in collaboration with the USAID Municipal Finance Strengthening Initiative program to roll-out the program on a larger scale.

AgroInvest will build on information collected in Year 4 about regional practices related to agrilending subsidies and conduct regional polling of this experience. The survey of the practices will result in a leaflet with the program's description, templates of regional policies, and sets of application documents which will be disseminated to other regional authorities. Discussions with the Ministry of Agrarian Policy and Food of Ukraine proved that the Ministry would readily support this initiative. AgroInvest, will also organize round tables to help disseminate the approach, and use mass-media to reach a wider audience and create awareness/demand for such programs among various segments of SMPs.

These basic pillars will be highlighted in the recommendations developed by AgroInvest for the programs on regional subsidies:

- The regional authorities should start by identifying the most important segments of SMP-agroproduction for improved efficiency, including consideration of value chain leverage factors;
- Define categories of SMPs with insufficient access to finance, and focus mechanism of subsidies on financing their operations in the most critical areas of lending terms (short-, medium- or long term financing);
- Perform an overview of the existing market offer of financial resources to SMPs, and outline the ranges of interest rates which should be supported by the subsidies in order to ensure stable payback of the loans issued by financial institutions;
- Identify a transparent operational financial entity to implement (operate) the mechanism of subsidies and process applications;
- Establish a monitoring and evaluation procedure over the subsidies implementation and define corresponding entities to implement it;
- Draft the policy regarding subsidies, get approval of corresponding regional authority and promote it to SMPs in the region.

Establishing the mechanism of regional subsidies will allow for:

- Decentralizing the central management and control over distribution of budget resources;
- Increasing access of SMPs to finance in the most critical areas of SMP agro-production and on affordable terms; and,
- Eliminating corruption and increasing transparency in sensitive areas of subsidies application.

Fifth Annual Work Plan
October 2014 - September 2015

Work Plan Activities [1]	2014Y5 Q1			2015 Y5 Q2			2015 Y5 Q3			2015 Y5 Q4			Milestone	Responsible
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep		
1. DCA launch and maintenance														Ag Finance Comp Leader
1.1 Develop maintenance plan														Maintenance plan drafted
1.2 Training CUs officers														5+ trainings conducted
1.3 Agriending promotion campaign/Financial literacy														Promo events conducted
1.4 Monitoring results														Quarterly reports to DCA Group submitted
2. Integration with EU: Harmonization of legislation for CUs with EU standards														Ag Finance Comp Leader
2.1 Recommendations on harmonization														Reports completed
2.2 Round-tables with governmental agencies														Plus Comp 1
2.3 Study tour to Poland for officials and Associations														Study tour conducted
2.4 Public awareness campaign														Plus Comp 1 (1C)
2.5 Study tour to EU HQ (Brussels)														Contacts for lobbying set up

C. Component 3: Facilitate Market Infrastructure for SMPs

Development of an efficient market infrastructure for SMPs in Ukraine remains key to increasing performance of Ukrainian small holdings and farms. Ukraine still needs to develop transparent and economically feasible distribution channels for agriculture produce, especially, fruit, vegetables, meat and dairy products of which a significant share is produced by small, individual producers. As these producers are not business entities, they are not full-fledged players in the Ukrainian agriculture market.

The informal (i.e. grey) market of individual producers is continuing to grow, especially given the worsening economic situation in Ukraine at the rural level. These producers also suffer from discriminatory tax burdens on individual agriculture producers as compared to that of formal legal entities and a large difference between selling prices through organized, versus informal, distribution channels.

Additionally, development of modern integration processes with international markets set new requirements for the quality and safety of agriculture produce which SMPs are not able to meet on their own, nor are they capable of accessing organized markets without cooperation.

The current situation is due to the following main factors:

- Lack of sustainable government policies to develop efficient agriculture produce markets and to support SMPs' efforts in accessing organized markets;
- Lack of government support and ensured mobilization of external investments needed to develop agrarian market infrastructure (wholesale agriculture markets, fruit and vegetable storage facilities, processing facilities);
- Lack of a proper information environment to ensure efficient communications among participants to wholesale trade and facilitate an access to international markets for them;
- Poor informational and organizational support to SMP associations which limits efficient procurement and sale operations;
- Failure to implement proper agriculture production practices, traceability systems, and systems confirming the quality and safety of agriculture produce.

As Ukraine has formalized the AA and DCFTA with the EU, it must now move forward with developing and implementing new ways to develop a competitive agrarian sector within the context of the national economy, engage small and medium-sized agriculture businesses in this process, and create the proper conditions for profitable operations of SMPs and adequate living conditions in rural areas based on European and other countries' experience.

Taking into consideration the above, the goal of facilitating development of an efficient agrarian market infrastructure, and the request of the Ministry of Agrarian Policy and Food of Ukraine, AgroInvest conducted in depth studies and prepared a pre-feasibility study for the national project, "Green Markets – Developing a Network of Wholesale Food Markets," to serve a basis for making government decisions on setting conditions for public-private partnerships with government support,

mobilizing investments in market infrastructure development, and enhancing the legislative framework in this sphere.

Component 3, Task A: Producer Organization Development

A study of trends in development of producer organizations and their capacity to access organized produce markets shows that the process of PO development in Ukraine slightly improved during Year 4 of the Project, especially in the fruit and vegetable sectors. The process was hindered by the complexity of the legislative framework after enactment of the tax code. In late 2012, the Parliament of Ukraine adopted the revised Law of Ukraine "On Agriculture Cooperation"

LOP Expected Results	Year 5 Targets
<ul style="list-style-type: none"> ▪ Local projects implemented that increase member services, market access, and productivity; ▪ Investment facilitated through producer group projects; ▪ Strengthened capacity of farmer organizations to provide better services to their members; ▪ Increased productivity of farms in targeted producer organizations; ▪ Increased profitability of farming in targeted producer organizations 	<ul style="list-style-type: none"> ▪ Number of producer organizations identified, assessed, and selected for assistance: <u>0</u> (while the defined Y5 target is 0, the Project has not yet achieved its LOP target of 20 for this indicator and as such plans to identify and work with an additional 3 POs in Y5) ▪ Value of investment (in kind or otherwise) facilitated through producer group projects: <u>\$650,000</u> ▪ Perceived improvement in the quality of services provided to members by producer organizations: <u>10%</u> ▪ Number of producer organizations, water users associations, trade and business associations, and community-based organizations receiving USG assistance: <u>40</u> ▪ Number of participants in USG supported trade and investment capacity building trainings: <u>150</u>

which came into force early 2013. Following enactment of this law, and at the request of the MAPF, AgroInvest drafted a number of regulations on development of agriculture servicing cooperation. However, there is still a need to regulate issues associated with imposing VAT on the value of the produce individual producers market through agriculture servicing cooperatives. The current situation places individual producers (small holdings) and farms in unequal conditions as the latter are able to accumulate VAT in their accounts and use these funds for the purpose of developing their facilities.

As a result, agriculture servicing cooperatives are developing very slowly. As of April 1, 2014, there were 1,027 registered agriculture servicing cooperative uniting no more than five percent of all existing SMPs. According to official data from the MAPF, only 665 of them are functional³. At the same time the number of small holdings is decreasing by approximately 50,000 per year and the number of farms is also decreasing. On the whole, there were some 4,300,000 small holdings and 40,900 farms in Ukraine as of July 01, 2013⁴.

³ <http://minagro.gov.ua/node/13884>

⁴ <http://www.unian.ua/society/822209-derjstat-vpershe-oprilyudniv-statistiku-fermerskih-gospodarstv.html>

Last year, in view of these patterns and a need to revise the VAT treatment of cooperative members' produce, AgroInvest developed a draft law which was registered with the Parliament.

The issue of government support for agriculture cooperatives also remains unfulfilled. For example, the state budget still has not fulfilled its responsibility/commitment for co-funding the purchase of machinery for the cooperatives which the MAPF pledged in both 2012 and 2013.

Large losses of SMPs' agriculture produce pose another problem, especially for remote villages. Up to 50 percent of fresh fruit and vegetables never reach consumers. At best, these products are marketed through intermediaries or at temporary or roadside markets. A large percentage of fruit, vegetables, milk, and meat produced by SMPs are finally used to feed animals or simply lost because of the absence of organized distribution channels for regular marketing. All these factors contribute to substantial financial losses for SMPs.

At the same time, through the establishment of defined and structured trade channels, development support of building and increasing the capacity of POs, SMPs have the ability to compete with the large enterprises in the sphere of agricultural production and processing and to promptly react to the market demand and supply for required agricultural products.

According to the research and analysis conducted by AgroInvest experts during previous years, the largest need of POs and SMPs in all regions is assistance in creating local cooperative and individual storehouses with the capacity of 5-10 thousand tons that include equipment for washing, sorting, packaging, cooling, and storing fruit and vegetables. It has also been identified that there is a very real need for the development of cooperative service centers focused on animal slaughtering, freezing, and the processing and packaging of meat products, as well as collection centers for cooling, initial processing, and manufacturing of soft cheeses and other dairy products. This problem is of particular concern considering the forthcoming January 1, 2015 ban on selling meat which has been slaughtered outside of specialized slaughtering centers as well as milk produced/collected by non-mechanized means. This means that those farmers who process their own meat and dairy products at home will no longer have the ability to legally sell their products at/through local markets.

Implementation of Component 3, Task A in Year 5

In cooperation with the MAPF, non-government organizations and associations, and other donor projects, AgroInvest will continue activities focused particularly on enhancing the legislative, regulatory, and methodological frameworks of agricultural service cooperatives and marketing groups. Inter alia, AgroInvest will support activities associated with adoption by the Parliament of the Law of Ukraine "On Amending the Tax Code of Ukraine (with regard to enhancing imposition of VAT on agriculture produce which is produced by small holdings and marketed through agriculture servicing cooperatives)".

Additionally, AgroInvest will provide institutional capacity development support to cooperatives' and help them with the implementation of best practices of developing value chains by means of (i) post-harvest handling /processing of agriculture produce

and (ii) establishment of partnerships between agriculture cooperatives and agriculture wholesale markets. This, in turn, will enable cooperatives to access new domestic and international markets.

Under Component 3A, in Year 5, AgroInvest will continue supporting the implementation of development programs for 18 producer organizations which were selected during the previous years. The Project will continue administering the grant program whereby grants of up to \$25,000 are awarded to producer organizations on a competitive basis for the purpose of increasing their capacity through increasing the volume and quality of the agriculture produce manufactured by their members. In Year 5 AgroInvest plans to competitively award up to three more additional PO grants in eastern and/or southern Ukraine.

AgroInvest will organize and conduct at least eight training sessions focused on teaching the basics of management, financial operations (including marketing and supply/demand forecasting), value chain development, financial and tax reporting, and land rights. The trainings will also cover long-term and short-term business planning, drafting development strategies (programs), and preparing business plans for the implementation of concrete projects pertaining to the improvement in sales of agricultural products. In addition, a series of trainings for record-keeping systems and analysis of activities of agricultural service cooperatives with allowance for changes in the legislation regulating operations of agriculture servicing cooperatives will be conducted.

Under Component 3 Task A, the Project will conduct internal demonstration site visits for model POs who have received grants from the Project and have, or are developing, strong value chains for their agricultural produce. Year 3 and 4 experience has demonstrated the effectiveness of similar activities and the benefits for representatives of agricultural cooperatives, marketing groups, and local authorities. These site visits will be closely coordinated with Component 2 so as to link the Project's access to finance activities and financial institution partners with the POs' members.

In view of the need to harmonize legislation with EU standards and increase capacities of Ukrainian agriculture producers, Component 3 will disseminate guidelines and hold trainings on implementing HACCP-based food safety systems at production, storage and marketing stages. These materials will serve as a basis for training trainers on implementation of HACCP and Global GAP principles.

Component 3, Task B: Develop Wholesale Markets

As discussed above, the existing market infrastructure does not facilitate SMPs' agriculture produce being able to reach customers quickly. As a result, losses are incurred by both SMPs who have to market their produce through informal distribution channels which are characterized by non-transparency and intermediary monopolies, and customers who have to buy produce of, often, dubious quality at higher prices.

Local roadside and other informal markets continue to serve as major distribution channels through which SMPs sell the crops they grow. Animal products, milk in

particular, are sold mainly to processing companies which set low prices, thus causing reduction of production in this sector.

Development of the network of wholesale, local, and regional agriculture markets is hindered by a poor regulatory framework on allocation of land for development of such infrastructure facilities and mobilization of investments for such purposes.

The current Law of Ukraine "On Wholesale Agriculture Markets" must be revised in order to facilitate the development of a three tiered market infrastructure system based on a well-developed network of local facilities for procurement, post-harvest handling, and storage of agriculture produce and farmers wholesale and wholesale/retail markets located in close vicinity to production areas and supply chain links.

Changes in the political situation brought about new challenges in the sphere of marketing agriculture produce. Annexation of Crimea led to disruption and limitation of traditional distribution channels and posed new challenges, especially for SMPs, related to identification of new channels and forms for marketing of agriculture produce and diversification of production.

Not only did the current situation in Ukraine create new challenges for AgroInvest partners, but it also created new opportunities for revising traditional approaches to production and marketing of agriculture produce, improving the utilization of available resources, and using every possible means to supply high quality agriculture produce to residential customers at affordable prices.

In Year's 2 and 3 of the Project, AgroInvest had strong success in working with local counterparts and authorities as well as international investors to execute the requisite feasibility studies and begin construction of the Shuvar wholesale market in Rivne. In the midst of construction of Shuvar market, the crisis began and the Slovakian investors decided to postpone any additional funding commitments until the crisis is resolved. As a result, at present, there is a shell of a market whose timeframe for completion is uncertain.

As AgroInvest moved forward with identifying the location for the second wholesale market it would support the development of in Year 4 and onward, it became readily apparent that the large scale investment required to be committed for such large scale wholesale market projects, be it from local, international, or GOU sources, is not feasible at the present time. While AgroInvest could move forward with supporting the development of the requisite feasibility study, financing for the actual construction is not realistic for the foreseeable future, especially when taking into account that AgroInvest's period of performance has only 15 more months remaining.

Based on this reality, it has been determined that the resources that would have been allocated to the development of the second wholesale market (approximately \$20,000 USD related to the feasibility study and then any/all corresponding staff time and travel to organize and participate in meetings with authorities, local community members, and potential investors) be reallocated to other AgroInvest activities that have been identified as being more needed and achievable at the present time given the current situation in Ukraine. As such, these resources are being reallocated to the development of the Project's local/regional markets and other market infrastructure projects (i.e. cold storage, logistics facilities, processing/packaging facilities, etc.).

While the external investment requirements for the large scale wholesale markets range from \$10-\$12 million USD, the investment requirements for the smaller market infrastructure activities refined above range between \$500-\$800 thousand USD. Furthermore the requisite feasibility studies for these markets are much smaller and in most cases a portion of the required external investment as well as the land allocation have already been committed/secured.

Furthermore, in Year 5 AgroInvest will focus more on the provision of technical assistance in developing proposals on enhancing legislation on development of the agrarian market. With regard to POs, emphasis will be placed on the formation of commercial lots of produce and certification of safety and quality, which is a main precondition for accessing new markets and successful marketing of the POs' produce.

Implementation of Component 3, Task B in Year 5

During Year 5, AgroInvest will continue providing technical assistance in development of the agrarian market infrastructure facilities which were selected in Years 2-4, namely:

- Interregional wholesale agriculture market in Rivne oblast;
- Local/regional markets and market infrastructure facilities, such as (cold) storage facilities, packing/grading/handling/processing facilities in Kherson and Cherkasy oblasts

AgroInvest will use the following approaches to developing and organizing operations of market infrastructure facilities:

- Consultations on selection of potential sites of markets and other logistic facilities;
- Technical assistance to sponsors of markets / agriculture produce supply centers and local governments with developing designs and preparing feasibility studies for such facilities;
- Organizing and holding events (round table, fora etc.) for the purpose of disseminating information on investment project and attracting investment for such projects;
- Providing assistance in drafting internal (technological) regulations for the above facilities;
- Providing technical support in dissemination and implementation of best practices of developing agrarian market infrastructure facilities (study/observation tours);

AgroInvest will continue providing assistance in enhancement of marketing chains so that SMPs have a better access to agriculture wholesale markets by means of observation tours, training, and relevant informational-and-advisory support. This will facilitate integration of markets, producers, and customers.

Specifically under Component 3B, in Year 5 AgroInvest will:

- Select two agrarian market infrastructure facilities and prepare the feasibility studies for these facilities;

- Provide technical support for developing and organizing operations of regional markets, supply centers, and other infrastructure components based on the feasibility studies;
- Support the process of mobilizing investments for the development of markets (jointly with Component 2);
- Support development and implementation of cooperative logistics centers;
- Organize and conduct observational site visits for staff members of markets, cooperatives, and logistics centers to expose them to best practices of Ukrainian markets operations;
- Develop a training video on distribution forms and channels for various agriculture products produced by SMPs.

Work Plan Activities	2014 Y5 Q1			2015 Y5 Q2			2015 Y5 Q3			2015 Y5 Q4			Milestone	Res	
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept			
COMPONENT 3. Facilitate Market Infrastructure for SMPs															
Support implementation of PO grants (selected in Year 2-4)														Compor Grants/ Manage	
Select SMPs/POs projects under the AgrolInvest grant program and support these projects													Up to 3 partner POs selected	Compor Grants/ Manage	
Development of the project of cooperation seed producers and SMPs														Compor coopera Compor	
Conduct specialized trainings on institutional development and operational activities' improvement (18)													Developed Implementation Strategy	Compor	
Organize and conduct domestic demonstration site visits for SMPs/POs representatives (4)													Developed Implementation Strategy	Compor	
Trainings for record-keeping system and analysis of activities of agricultural service cooperatives (2-4)													Implementation Strategy	Compor coopera Compor	
Develop proposals on harmonizing Ukrainian laws and regulations with those of EU (for PO)													Implementation Strategy	Compor coopera Compor	
Develop Guidelines on HACCP basics for SMPs and POs and hold four trainings													Implementation Strategy	Compor	
Hold training for trainers on HACCP													Implementation Strategy	Compor coopera Compor Grants/ Manage	
TASK B: Producer organization development															
Support market infrastructure facilities selected: regional wholesale market and wholesale-and-retail markets (selected in Y2-4)													Markets sites under consideration	Compor	
Prepare feasibility studies for construction of selected market infrastructure facilities (2 logistic centers)													Markets sites under consideration	Compor Grants/ Manage	

D. Project Communications

General Approach to Project Communications

During Year 5, AgroInvest will continue to consistently deliver its messages to all target audiences with a special emphasis on the promotion of achieved results and success stories.

The Communications and Public Outreach Manager (CPOM) will support all components in terms of communications and help the Project create visibility of its progress towards attaining the goal of accelerating and broadening economic recovery in Ukraine through support to the agriculture sector and increase the country's contribution to global food security so that USAID, other donors, the Government of Ukraine, other stakeholders and partners, and the public are aware of the Project's past and ongoing activities and achievements.

Project Communications Activities to be Undertaken During Year 5

Media relations. The USAID AgroInvest Project will continue to nourish good working relations with selected industry and mainstream media outlets. The Project supports the National Land and Agrarian Press Club as part of the Information Campaign, *My Land, My Right*. The press club proved to be very instrumental in delivering AgroInvest's messages and, in many cases, creating the necessary momentum for media to "discover" issues that are in focus for AgroInvest. With this media support, it is easier for AgroInvest to promote important policy solutions, bring them to the attention of policy makers and ensure understanding of these moves by a wide public of farmers and other stakeholders.

In Year 5, the National Land and Agrarian Press Club will continue to meet regularly to discuss issues dealing with recent developments in agriculture and land relations. It has become a recognized forum for important discussions on a wide range of issues and its meetings are attended by both the media and key experts.

AgroInvest will also prepare articles/information materials for industry press and Internet-media on best practices, interviews with beneficiaries, etc., which will be distributed among interested printed and online media with a special emphasis on our press club members.

Presence on the Internet. The Project's bilingual web site will continue to be an important instrument to share the latest Project news, reference material, and grant opportunities. The web-site has the ability to link viewers to their preferred social media sites or send the link via their emails, thereby increasing the distribution of site contents to a wider audience.

The AgroInvest web-site has become very popular among target audiences and the Project receives numerous requests for additional information from the visitors, which shows that the web-site is an important interface between the Project and target audiences.

In Year 5, the Project will put a special emphasis on ensuring that all practical materials, such as manuals, guidelines, booklets, roadmaps, are posted in the Resources section of the Project website and are easily available to the visitors. Also, AgroInvest will make additional efforts to draw attention of the visitors to our success stories and knowledge sharing opportunities.

The Project will also continue to use social networks to disseminate information about project activities, progress, and successes. The Project currently utilizes Facebook which has proven to be very instrumental, the number of followers of AgroInvest's page increases weekly, and we receive requests for additional information through the Facebook messaging tool. Publications posted on Facebook are re-posted by our followers, ranging from industry associations and the USAID mission to individual farmers, credit unions and cooperative members. Therefore, this activity will continue and build up.

Events. The Project will organize events, press conferences, round tables, briefings, public hearings, etc. to discuss legislative gaps, effects of the lack of access to finance and underdeveloped market infrastructure and the Project's approaches to remove these constraints and on other issues as deemed appropriate. Such events will continue to be coordinated with all three components as well as Project partners.

Small-scale, focused information campaign on topical issues. The Project will continue to organize small-scale, focused information campaigns. These campaigns have proven to be essential communications instruments for disseminating AgroInvest messaging to wide audiences in terms of size and diversity. A typical campaign entails the following steps:

- Identification of an issue and discussion with AgroInvest technical experts and ways AgroInvest considers appropriate to approach it;
- Preparing information material based on an interview with the technical expert or research;
- Dissemination of the informational material about the issue and AgroInvest's suggested approach to addressing it among members of the Agrarian & Land Press Club and other interested media;
- Conducting a press club meeting in the format of a round table or press-conference to present AgroInvest's position on the issue and discuss it with other interested parties; and
- Preparing and disseminating new informational material reflecting different opinions of participants to the round table.

Each one of these steps paves the road for the next step and increases interest and discussion on the issue. As a result of such campaigns, the issue identified by AgroInvest becomes a hot topic. In the past, several such campaigns resulted in very important decisions made by government bodies to the benefit of the development of the land and agricultural sectors in Ukraine. This innovative communications tool will continuously be employed in Year 5, as appropriate.

Publications. The Project will continue to prepare and disseminate the Weekly Highlights (in English) covering all important and/or newsworthy developments that have happened over the course of the week. In addition to Project news and upcoming events, the Weekly Highlights contains a brief analysis of legislative initiatives registered in the parliament in the preceding week and most important sector news. This publication will be submitted to the USAID mission on a weekly basis.

The Project will continue to prepare and disseminate the Monthly Highlights (in Ukrainian) covering all important and/or newsworthy developments that have happened over the course of the month. This publication will be disseminated among project stakeholders and posted on the Project web-site and Facebook page on a monthly basis. At the moment, the list of subscribers of this publication counts about 300 readers and new subscribers are added to the list after each public event. Due to cooperation with the USAID PDP and Bibliomist projects, the Monthly Highlights are also posted on the web-sites of numerous libraries all over Ukraine.

The Project team will continue to prepare success stories in order to make sure that important Project successes are properly reported and presented to the target audiences to encourage further successes and increase USAID AgroInvest's visibility.

Work Plan Activities	2014 Y4Q1			2015 Y4Q2			2015 Y4Q3			2015 Y4Q4			Milestone	Responsible	
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep			
1. Prepare mission <i>Weekly Highlights</i> and submit to the USAID on a weekly basis														Weekly Highlights delivered on a regular basis	Component Leaders, with CPOM
2. Update project and component one-pagers														Project one-pager always up-to-date & available	Component Leaders, CPOM
3. Maintain the project website and Facebook page														Website and Facebook page are always up-to-date	CPOM , IT administrator
4. Organize overall Project media events														Media events conducted	CPOM, Office Manager, Component Leaders
5. Prepare and disseminate success stories														Four Success Stories reviewed and approved by USAID per quarter	CPOM, Component Leaders
6. Prepare articles for industry press and Internet- media on best practices, interviews with beneficiaries, etc.														Articles prepared and disseminated	CPOM, Component Leaders
7. Prepare and disseminate Monthly Highlights														Monthly Bulletin Distributed	COP, Component Leaders, CPOM
8. Prepare and organize small-scale, focused information campaign on topical issues														Issue Briefs are prepared and disseminated	CPOM, COP, Component Leaders
9. Provide support to information/communications activities of the project's partners, ensure proper branding/markng														Support provided (ongoing)	CPOM, COP, Component Leaders

E. Gender Integration

Gender equality and women empowerment are listed among key development objectives for USAID. Gender integration is an important cross-cutting activity of the AgroInvest Project and is included into all components of the Project according to the USAID Gender Equality and Female Empowerment Policy and current policies of Ukraine. The main focus of the Project's activities in terms of gender equality and women empowerment is the facilitation of equal access for all interested producers to the resources and services they require through the activities in the components of the Project.

During Year 4, the Project successfully completed a gender analysis to help identify Gender Integration activities for Year 5. Given the ongoing turmoil that started in November 2013 the Project is regularly facing new and unexpected challenges. In response to the current situation, the Project's gender integration activities must increasingly address decentralization and anti-corruption issues. Addressing these issues will play a significant role in civil society development and building the capacity of the rural population, including the growing numbers of displaced persons.

Gender Integration Activities to be Undertaken During Year 5

While gender integration activities are embedded in all aspects of each the Project's Components, the following activities will be emphasized in Year 5:

- The Project will organize a conference for the Day of Rural Women on October 15. The Project plans to hold this event on the premises of one of the Project's Partner ASC "Chysta Flora" in the Ivano-Frankivsk region. This cooperative is a good example of effective gender integration and will be a good venue for sharing best practices while inspiring the participants of the conference. Women-farmers, local women-leaders and authorities from across Ukraine will participate in the event, which will contribute to the sustainable increase of self-efficacy of rural women at all levels;
- Continue the capacity building training sessions initiated in Year 3 for agriculturally focused organizations (project partners, public authorities, small and medium agriculture producers, agriculture-related NGOs, and other interested parties) in selected regions of Ukraine focused on gender equality, women empowerment and development of gender strategies of community development. The trainings executed under this initiative with the "Ukrainian Women's Fund" has proven extremely successful and will be extended in Year 5 with an increasing emphasis on anti-corruption and decentralization issues;
- AgroInvest will work with the newly started USAID Office of Transition Initiatives project in an attempt to identify ways in which the two projects might collaborate on addressing the growing problems facing eastern and southern Ukraine. One of the OTI project's main tasks is rebuilding the capacity of local authorities. In this regard AgroInvest may be able to support these activities with a plan it developed in collaboration with the Association of Village Mayors to train women mayors in Ukraine. Most village mayors across Ukraine are women, with proven leadership and trust from community, which means women are well positioned to be the drivers and leaders of

economic and social development within rural communities. This becomes even more important, taking into account that under current conditions. While many men are participating in the military conflict, women remain in rural areas and are responsible for managing the family farms and communities.

ANNEX A

Performance Monitoring Plan Chart

PMP Performance Indicator Chart

	Unit measure	Data Source	Baseline	Yr1 Target	Yr2 Target	Yr3 Target	Yr4 Target	Yr5 Target	LOP Target	
Project Objective 1.1: Market-oriented policy reforms accelerated										
Indicator										
1.1.1	Number of policies/regulations/administrative procedures analyzed as a result of USG assistance	#	Partners, GOU documents	0	5	10	10	10	6	41
1.1.2	Number of policy reforms/regulations/administrative procedures drafted and presented for public/stakeholder consultation as a result of USG assistance	#	Partners, GOU documents	0	2	5	5	6	3	21
1.1.3	Number of policies rejected/vetoed/removed that are inconsistent with WTO, or inconsistent with agricultural market-friendly/investment-friendly procedures	#	Partners, GOU documents	0	0	3	3	2	1	9
1.1.4	Number of policies, regulations, and administrative procedures passed	#	Partners, GOU documents	0	0	3	3	3	1	10
1.1.5	Number of public-private dialogue mechanisms utilized as a result of USG assistance	#	Partners, project data	0	4	8	8	8	4	32
Project Objective 1.2: Industry associations strengthened										
Indicator										
1.2.1	Number of regional-level working groups engaged by partner industry associations	#	Partners, project data	0	2	5	5	5	3	20
1.2.2	Number of institutions/organizations undertaking capacity/competency strengthening as a result of USG assistance	#	Partners, project data	0	0	8	8	4	0	20
1.2.3	Aggregated increase in self-financing for targeted industry associations	%	Partners, project data	0	0	3	6	8	9	26
1.2.4	Number of new members in partner industry associations	#	Partners, project data	0	0	5	10	10	10	35
Project Objective 1.3: Public education for land rights provided										
Indicator										
1.3.1	Number of media appearances on land issues	#	Partners, project data	0	50	100	100	100	100	450
1.3.2	Awareness of land rights among target communities	%	Survey results, project data	0	25%	30%	35%	45%	55%	55%
1.3.2a	Share of female rural citizens in target communities	%	Partners, project data	0	50%	50%	50%	50%	50%	50%

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1.3.3	Number of land deeds issued in target communities	#	GOU documents	0	0	2,000	6,000	3,000	1,500	12,500
1.3.4	Number of land conflicts resolved as a result of project assistance	#	Partners, GOU documents	0	0	150	350	300	200	1,000
1.3.5	Percentage of legal aid service costs covered by non-project sources	%	Survey results, partners, project data	0	0	5%	40%	75%	100%	100%
Project Objective 2.1: Sustainable access to financial services for SMPs provided										
Indicator										
2.1.1	Value of agriculture finance facilitated	\$	Partners, project data	0	\$0	\$4 M	\$7 M	\$15 M	\$34 M	\$60 M
2.1.2	Number of credit transactions facilitated	#	Partners, project data	0	0	1,000	2,000	3,000	4,000	10,000
2.1.3	New Loan portfolio at risk at 90 days	%	Partners, project data	0	0	10%	10%	10%	10%	10%
2.1.4	Number of innovative financial products developed and introduced into the market as result of project assistance	#	Partners, project data	0	0	3	2	1	0	6
2.1.5										
2.1.5a										
Project Objective 3.1: Producer organizations developed/strengthened										
Indicator										
3.1.1	Number of producer organizations identified, assessed, and selected for assistance	#	Partners, project data	0	5	8	7	0	0	20
3.1.2	Value of investment (in kind or otherwise) facilitated through producer group projects	\$	Partners, project data	0	0	\$ 450,000	\$ 500,000	\$ 625,000	\$ 650,000	\$ 2,225,000
3.1.3	Perceived improvement in the quality of services provided to members by producer organizations	%	Partners, project data	0	0	5%	10%	10%	10%	35%
3.1.3a	<i>Share of female members reported improvement of services provided by producer organizations</i>	%	Partners, project data	0	0	16%	16%	17%	18%	18%
3.1.4	Number of producer organizations, water users associations, trade and business associations, and community-based organizations receiving USG assistance	#	Partners, project data	0	5	40	35	40	40	160
3.1.5	Number of participants in USG supported trade and investment capacity building trainings	#	Partners, project data	0	125	400	350	150	150	1,175
3.1.5a	<i>Share of female training participants</i>	%	Partners, project	0	50%	50%	50%	50%	50%	50%

		data								
Project Objective 3.2: More effective market infrastructure for SMPs developed										
Indicator										
3.2.1	Number of wholesale markets formed (through at least Stage 4)	#	Partners, project data	0	0	0	1	0	0	1
3.2.2	Number of local/regional markets or market infrastructure (e.g. storage/cold storage, packing/ processing/sorting facilities) formed with project assistance	#	Partners, project data	0	0	4	6	4	0	14
3.2.3	Number of trading/market places established	#	Partners, project data	0	0	500	1,000	2,000	1,500	5,000
3.2.4	Number of micro enterprises linked to larger-scale firms as a result of USG assistance to the value chain	#	Partners, project data	0	0	100	200	400	300	1000
3.2.4a	<i>Share of female-owned/managed micro enterprise</i>	%	Partners, project data	0	0	16%	16%	17%	18%	18%
3.2.5	Value of investment facilitated in market infrastructure	\$	Partners, project data	0	\$0	\$400,000	\$10.6 M	\$10.25 M	\$0	\$21.25 M
Cross-Cutting										
Gender Integration										
Indicator										
	Proportion of females who report increased self-efficacy at the conclusion of USG supported training/programming	%	Partners, project data	N/A	N/A	20%	35%	60%	60%	