



USAID | AgrolInvest Project
FROM THE AMERICAN PEOPLE

QUARTERLY REPORT JULY 1 – SEPTEMBER 30, 2014

October 2014

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

AGROINVEST

**QUARTERLY REPORT
JULY 1 – SEPTEMBER 30, 2014**

Contract No. AID-121-C-11-00001

CONTENTS

Acronyms	v
Introduction.....	1
Quarterly Highlights.....	2
Section I: Accomplishments and Progress to Date.....	4
Technical Implementation... ..	4
Component 1	4
Component 2.....	20
Component 3.....	23
Project Communications.....	27
Gender Integration.....	29
Section II: Deliverables.....	30
Section III: Challenges and Plans to Overcome Them.....	30
Section IV: Planned Activities for Next Quarter	32
Section V: Level of Effort Report	35

Annexes:

- Annex 1 Meetings of the National Agrarian & Land Press Club
- Annex 2 List of Press Publications Highlighting USAID AgroInvest
- Annex 3 Environmental Mitigation and Monitoring Report
- Annex 4 Success Story: From Price Takers to Price Makers: Increasing Small Farmers’
Livelihoods through Links to Wholesale Market Opportunities
- Annex 5 Performance Management and Evaluation Summary

ACRONYMS

ARC	Autonomous Republic of Crimea
ASC	Agriculture Service Cooperative
AUCUA	All-Ukrainian Credit Union Association
CURE	Center for Ukraine Reform Education
DCA	Development Credit Authority
DCFTA	Deep and Comprehensive Free Trade Area
EU	European Union
GOU	Government of Ukraine
IEE	Initial Environmental Evaluation
LOE	Level of Effort
MAPF	Ministry of Agrarian Policy and Food
NGO	Non-governmental Organization
PO	Producer Organization
RRP	Reanimation Reform Package
SMP	Small and Medium Producer
UNASCU	Ukrainian National Association of Savings and Credit Unions
WOCCU	World Council of Credit Unions

INTRODUCTION

Project Overview

The purpose of AgroInvest is to provide technical assistance to accelerate and broaden economic recovery in Ukraine and increase the country's contribution to global food security efforts. AgroInvest is achieving this objective by supporting a stable, market-oriented agricultural policy environment, stimulating access to financial services for small and medium producers (SMPs), and facilitating a more effective market infrastructure for SMPs.

The scope of work identifies three main components, refined into six tasks, as follows:

- Component 1: Support a Stable, Market-Oriented Policy Environment
 - Task 1-a: Accelerate Market-Oriented Reforms
 - Task 1-b: Strengthen Industry Associations
 - Task 1-c: Provide Public Education for Land Rights
- Component 2: Stimulate Access to Finance
 - Task 2-a: Provide Sustainable Access to Financial Services for SMPs
- Component 3: Facilitate Market Infrastructure for Small and Medium Producers
 - Task 3-a: Producer Organization Development
 - Task 3-b: Develop Wholesale Markets and Other Market Infrastructure

AgroInvest is a five-year project with an estimated completion date of January 24, 2016. The scope of this Project encompasses the following U.S. Foreign Assistance Framework Program Areas: 4.2 Trade and Investment, 4.5 Agriculture, 4.6 Private Sector Competitiveness, and 4.7 Economic Opportunity.

From July to September 2014, the political and social situation in Ukraine continued to stabilize. However, the country is still going through a period of economic, political, and social distress that had consequences for AgroInvest's technical and administrative activities. A large part of Donetsk and Luhansk oblasts experienced fighting between armed groups, and the Autonomous Republic of Crimea remained a self-declared independent territory. In August, the President announced early parliamentary elections to be held at the end of October 2014.

On the positive side, Ukraine ratified the Association Agreement with the European Union (EU) and agreed on a military ceasefire in Donetsk and Luhansk oblasts in September 2014. The impact of the ongoing situation in Ukraine on project activities is discussed throughout this quarterly report.

QUARTERLY HIGHLIGHTS

From July to September 2014, the AgroInvest project team marked the following key activities and accomplishments:

- Finalized proposals on reforming the activities of the State Agricultural Inspection Agency and distributed them to partner industry associations for discussion and further submission to the government;
- Prepared detailed Practical Recommendations for land-owners based on main findings of the Study of Agriculture Land Lease Agreements;
- Completed an impact analysis of Deep and Comprehensive Free Trade Areas (DCFTAs) signed between the EU and other countries, and prepared recommendations for implementation of the DCFTA between Ukraine and the EU in the agricultural sector;
- Prepared an assessment of the performance of Ukraine's Grain Warehouse Receipt System and proposed recommendations on improving its operation;
- Project experts joined the agriculture and agribusiness working group under the Reanimation Reform Package initiative (RRP) – a well-established group of Ukrainian civil society organizations that have strong support in the Verkhovna Rada and focus, in part, on agriculture reform issues;
- Held a competition and selected five regional agricultural industry associations to implement capacity building programs;
- Printed and disseminated a manual prepared by the All-Ukrainian Association of Village Mayors, entitled “Practical Advice for Village Mayors for the Improvement of Sustainable Rural Development and Agricultural Production”;
- Continued the operation of the Land Rights Resource Center and Web-Portal;
- Facilitated preparation and assisted the Land Union of Ukraine with distribution of well-structured policy proposals to prevent abuse of power and corruption in land relations, entitled “Ten Steps to Combat Corruption – Recommendations for Government Actions”;
- Expanded the Program of Legal Land Rights to Zakarpatya, a new oblast, and continued the Program in Chernivtsi, Dnipropetrovsk, Ivano-Frankivsk, Kherson, Khmelnytskyi, Mykolayiv, Odesa, Poltava, and Ternopil oblasts, with an emphasis on training village mayors and village-level land managers;
- Conducted risk assessments for five credit unions – candidates for the loan portfolio guarantee program with the USAID Development Credit Authority (DCA) – and facilitated the signing of the DCA guarantee agreements between USAID and the five credit unions;
- Finalized preparation of a study tour to Poland for representatives of the Ukrainian government and national association of credit unions, providing an opportunity for knowledge sharing and allowing participants to gain exposure to

Polish credit unions' successful experience harmonizing legislation with EU standards;

- Conducted two practical agro-technological training sessions focused on innovations in production technologies for cucumbers and other vegetables. As part of the training, the project promoted agrilending opportunities available to those employing new technologies;
- Kickstarted operations at the production facilities of four agriculture cooperatives that are AgroInvest grantees;
- Completed the first round of training seminars on HACCP-based food safety standards for agricultural produce;
- Developed and sent to the Ministry of Agrarian Policy and Food (MAPF) two draft laws of Ukraine intended to regulate establishment and operations of family farms by amending a farming law and a tax code law;
- In partnership with experts and research institutions, developed new guidelines on bookkeeping in agriculture service cooperatives.

SECTION I: ACCOMPLISHMENTS AND PROGRESS TO DATE

Technical Implementation

COMPONENT 1: Support a Stable, Market-Oriented Policy Environment

Task A: Accelerate Market-Oriented Reforms

Analysis of Legislation on Agricultural Land Market

During the reporting period, AgroInvest continued to monitor, review, and analyze legislation on land-related issues. This analysis focused on draft legislation proposed for public discussions and review by government agencies and members of the Parliament and included:

- Review and analysis of the draft law “On Amendments to Certain Legislative Acts of Ukraine regarding the Improvement of the Procedure for Sale of Lease Rights to Agricultural Land” prepared by the Land Agency. The project recommended withdrawal of this draft law, as it contained provisions that could further delay movement on the moratorium on the sale of agricultural land in Ukraine. This analysis was shared with AgroInvest partners and presented at land-related public events;
- Analysis of several draft laws aimed at changing the responsibilities of government agencies in managing state-owned land (draft laws dealing with Article 122 of the Land Code of Ukraine). The analysis identified weaknesses in the proposed legislation and proposed ways to address them, in particular in the context of decentralization initiatives set forth by the government;
- Analysis of the September 10, 2014 Resolution of the Cabinet of Ministers No. 442 on the reorganization of government control and supervision agencies that deal with agriculture and land issues. This Resolution reorganized the State Land Agency into the State Service on Geodesy, Mapping, and Cadastre, and removed many control functions from the newly created Service;
- Developing a draft law on the exchange of privately-owned land plots used in agricultural production to facilitate consolidation of land. This draft law proposed a set of incentives, rather than a mandatory procedure, for land-owners wishing to exchange their land plots – a change that could result in conflicts and violations of land rights.

Land and legal experts of the Resource Center, established by the Land Union of Ukraine under an AgroInvest grant, also continued analyzing legislative documents dealing with land relations and developing proposals to address the issues identified during the analysis. In particular, from July to September 2014, the Resource Center conducted the following activities:

- Participated in developing the draft law of Ukraine “[On Amendments to Some Legislative Acts on Land Title Acquisition by Owners of Land Units \(Shares\)](#).” The proposed law was registered in the Verkhovna Rada on July

16, 2014 (registration No. 4288a) and is waiting to be scheduled for a review by the Parliamentary Committee on Agricultural Policy and Land Relations. The approval of this law will allow harmonization of provisions of the law of Ukraine “On the Procedure for Allocation of Land Units (Shares)” with the Land Code of Ukraine and the laws of Ukraine: “On State Registration of Rights to Real Estate and Their Encumbrances” and “On State Land Cadastre.” It will also help protect the rights of landowners to form land plots in unsettled areas that are not part of a raion or where the raion administration is not formed.

- Prepared a draft law of Ukraine “[On Amendments to Some Legislative Acts of Ukraine Concerning Improvement of Legal Regulation of Land Lease](#)” (registration No. 4493a dated August 13, 2014). This draft law was submitted at the end of the reporting period and is waiting to be scheduled for a review by the Parliamentary Committee on Agricultural Policy and Land Relations. Approval of this law will allow land users to preserve the quality of agricultural land and prevent further depletion of it. The draft law suggests measures to encourage proper use of agricultural land and to contribute to greater stability in farming activities. In addition, the draft law supports long-term planning, which may attract more private investment in the development of social infrastructure in rural areas. Thus, the draft law will help create conditions to promote the rational use, quality, and fertility of Ukrainian soil.

In addition, the experts of the Resource Center initiated distribution and presentation of their proposals to prevent abuse of power and corruption in land relations, entitled “Ten Steps to Combat Corruption – Recommendations for Government Actions.” Detailed information on this activity is provided below under Task C: Provide Public Education for Land Rights. Project staff also distributed the “Ten Steps to Combat Corruption – Recommendations for Government Actions” and promoted recommended activities during various land-related public events and discussions.

Publication of LGAF report. In August 2014, the World Bank published the Ukraine Land Government Assessment Framework (LGAF) Report (link to the publication: <http://go.worldbank.org/CEES859PY0>), which included an executive summary and a policy brief. The LGAF study for Ukraine was undertaken in 2011-2012 and was a joint effort of the World Bank and the USAID AgroInvest project. The LGAF analysis for Ukraine identified and structured the most important land-related policy issues, which Ukraine needs to address to improve the governance of its land resources. The project will continue to promote land reform by working to address those identified issues that are tied to the agriculture sector.

Land lease agreements. This quarter, the project verified and finalized the following three reports, based on the results of the land lease report: “Study of Agriculture Land Lease Agreements,” “Recommendations to the Government of Ukraine (GOU),” and “Manual for Small Land Owners.” The recommendations will be submitted to MAPF, the Committee of Verkhovna Rada of Ukraine on Agricultural Policy and Land Relations, and other state bodies. The manual will be printed for distribution among land owners

and NGOs. The project consulted with the Agrarian Union, the Land Union of Ukraine, the Association of Private Farmers and Landowners, and providers of primary and secondary legal services to farmers in regions, to determine which laws and normative acts needed amendment or approval in order to strengthening the position of small land owners in land lease relations.

Other Policy Initiatives

Developing recommendations for reorganization of activities of the State Agricultural Inspection Agency. The State Agricultural Inspection Agency is one of the GOU bodies responsible for executing broad control and inspection functions in the agricultural sector. The structure, functions, and procedures that the Agency uses are regulated by a number of Ukrainian laws and by-laws that, according to representatives of the agricultural business community, are conducive to corruption and oppose international best practices.

AgroInvest worked with partner agriculture industry associations to analyze the regulatory frameworks that govern the activities of the State Agricultural Inspection Agency. The team developed a comprehensive set of proposals to revise the Inspection Agency's functions, streamline Ukraine's agricultural inspection system, and limit its potential for institutional corruption. Based on the analysis, the team proposed a draft law that amends and streamlines the Inspection Agency's responsibilities and eliminates activities duplicated by other government agencies. These proposal was presented to leading Ukrainian agricultural industry associations, discussed, and finalized based on feedback. AgroInvest's partner industry associations submitted the proposal and the draft law to the Cabinet of Ministers for approval and subsequent submission to the Verkhovna Rada.

This galvanized further discussion on the reorganization of the State Agricultural Inspection Agency's activities by the Cabinet of Ministers. As a result, within the context of a broader initiative to restructure government oversight agencies, the Cabinet decided to liquidate the State Agricultural Inspection Agency. This decision was reflected in the Cabinet of Ministers Resolution No. 442 of September 10, 2014, "On Optimizing the System of Central Bodies of Executive Power." AgroInvest and its partners supported this decision by proposing to move certain functions of the Inspection Agency to other government agencies. The project will continue working on business deregulation issues related to improving investments, growth, and the overall business environment of the agricultural sector.

Contribution to drafting the provisions on the newly created State Agency for Food Safety and Consumer Protection. With Resolution No. 442, the Cabinet of Ministers reduced the total number of government agencies with oversight functions from 56 to 27. As part of this resolution, the State Veterinary and Phytosanitary Service merged with the State Inspection for Protection of Consumer Rights and the State Sanitary and Epidemiological Service, in the newly created State Service for Food Safety and Protection of Consumers. At the request of the Center for Coordination of Reforms under the President's Administration, AgroInvest joined an expert working group tasked with developing provisions for the new State Service. Other members of the working group

include representatives of industry associations, technical assistance projects, experts, and international organizations. The group will prepare the draft provisions and submit them for review and approval to the Secretariat of the Cabinet of Ministers in early November 2014.

Legislative and regulatory framework for development of agricultural producer organizations. AgroInvest and its partners, such as Heifer International, developed and prepared for publication the following methodological recommendations on accounting and internal controls for agriculture service cooperatives in the sphere of procurement and processing of agricultural products:

- “Organizing Procurement and Sales Service of Agricultural Service Cooperatives: Accounting, Taxation, and Certain Legal Aspects”;
- “Organizing Procurement, Cooling, Processing, and Sale of Dairy Products by Agricultural Service Cooperatives: Accounting, Taxation, and Certain Legal Aspects.”

Draft law on small family farms. In June 2014 AgroInvest finalized the draft law “On Amendments to the Law of Ukraine ‘On Farming’” and the law “On Amendments to the Tax Code of Ukraine (Stimulating the Development of Family Farms).” The main objective of these laws is creating appropriate conditions to transform subsidiary household farms into commercial family farms. These draft laws were submitted to the MAPF in July 2014. In August and September 2014, AgroInvest supported public review and discussion of these documents in a special working group established by the MAPF.

Analysis of the impact of free-trade agreements between the EU and other countries on the agriculture and food sectors of each country. As a part of the Association Agreement, the EU and Ukraine agreed on establishing a Deep and Comprehensive Free Trade Area (DCFTA) to bring Ukraine closer to the EU through opening markets for goods and services and reducing barriers to trade. In August and September 2014, prior to the discussion and ratification of the Association Agreement between the EU and Ukraine in the Parliament, AgroInvest produced an impact analysis of the implementation of free-trade agreements signed between the EU and other countries. Of the 26 countries with free-trade agreements or other types of trade facilitation arrangements with the EU, the analysis identified and focused on the seven countries most similar to Ukraine. The results identified common developments within the selected countries and provided recommendations for the implementation of the DCFTA between Ukraine and the EU in the agricultural sector.

Assessment of Ukraine’s grain warehouse receipt system. In September 2014, the project engaged an international agriculture market development specialist to execute an independent review of the performance of Ukraine’s grain warehouse receipt system. The specialist interviewed representatives and stakeholders of the system and developed recommendations for increasing its efficiency and utilization. The assessment identified other areas for improvement and proposed possible interventions to create a more efficient warehouse receipt system for Ukrainian agricultural commodities. The

assessment resulted in an exit interview with USAID and other selected donors, and a report that will be submitted to USAID in mid-October 2014.

Analysis of the legal framework for GMO regulation in Ukraine and new draft legislation on these issues. In July 2014, Parliament registered a draft law on the legal framework for GMO regulation in Ukraine (draft law No. 4278a, entitled “On Amendments to Certain Legislative Acts of Ukraine Regarding Implementation of Government Supervision (Control) over the Circulation of Genetically Modified Organisms”). This draft law raised significant concern among agricultural industry associations, which believed its implementation might create unnecessary hurdles for production of certain crops, in particular grain and soybeans. To address this concern, AgroInvest conducted a legal analysis of the proposed draft law. In addition, the analysis included a comparative review of GMO regulation in the EU and the U.S. and proposals on creation of a more efficient and clear system of GMO regulation in Ukraine. The analysis was discussed and shared with leading agriculture sector associations, which intend to submit it to relevant committees of the Verkhovna Rada to inform their decision on the proposed legislation.

Development of proposals for the draft Agrarian Code of Ukraine. In July 2014, at the request of the MAPF, AgroInvest attended meetings of a Ministry-established working group to develop an Agrarian Code of Ukraine. During the working group, the Minister of Agrarian Policy and Food described the Code as a compilation of all main legal provisions governing agricultural activities in Ukraine. In response, AgroInvest prepared an outline for a possible structure of the Agrarian Code and shared it with members of the working group. Further progress on this issue will depend on the MAPF’s priorities and initiatives.

Participation in the meeting of the Agrarian Forum. On July 10, 2014, AgroInvest participated in the in the second stage of the Third All-Ukrainian Agrarian Forum. It was attended by 250 representatives of leading agricultural sector industry associations and NGOs, producers, processors, traders, experts, and government officials. The Prime Minister of Ukraine, the Minister of Agrarian Policy and Food, the Minister of Finance, and the Minister of Energy participated in and spoke at the forum. Senior government officials from the Ministry of Justice, Ministry of Economic Development and Trade, and State Land Agency also attended. During the meeting, leading agricultural industry associations gave presentations on critical policy issues in the sector, presented proposals to address these issues, and received feedback from senior cabinet officials who committed to support these proposals.

The All-Ukrainian Agrarian Forum is a permanent structure that brings together industry associations, producers, and processors of agricultural products. The forum board consists of the leaders of the Ukrainian Agrarian Confederation, the Agrarian Union of Ukraine, the Ukrainian Agribusiness Club, and the Association of Private Farmers and Landowners of Ukraine, which are AgroInvest partner associations, as well as the Association of Poultry Producers. This meeting demonstrated the positive impact of AgroInvest’s capacity building program in strengthening the voice of industry associations and creating opportunities for them to contribute to policy analysis.

Contribution to activities of the Reanimation Reform Package (RRP) initiative. In July 2014, AgroInvest experts became active members of the agriculture and agribusiness working group under the RRP – a well-established group of Ukrainian civil society organizations that have tangible support in the Verkhovna Rada and focus, in part, on agriculture reform issues. From July to September 2014, project staff participated in discussions of the RRP agriculture and agribusiness working group, including topics such as: developing proposals to transfer management authority of state-owned agricultural land to the local level; simplification of customs regulations for the export and import of agricultural commodities; and reorganization of the State Agricultural Inspection Agency.

Task B: Strengthen Industry Associations

From July to September 2014, AgroInvest continued to support the activities of 10 partner agricultural industry associations selected for implementation of the project's capacity building grants program. Highlights of each of these partners' activities during the reported period are provided below:

1. *Ukrainian Agrarian Confederation.* The main accomplishments of the Ukrainian Agrarian Confederation during this quarter included:

- Preparing and publishing analytical notes on the following agricultural policy issues: (i) proposed changes to the tax system and their implications for the agriculture sector (ii) the situation in the Ukrainian agricultural sector from January to July 2014 and January to August 2014; (iii) the export of meat and meat products from Ukraine; (iv) the export of milk and dairy products from Ukraine; (v) results of grain export terminal activities during the 2013 and 2014 grain marketing season;
- In conjunction with the Ukrainian Agribusiness Club, Agrarian Union, and the Association of Farmers and Landowners of Ukraine, organizing the second stage of the Third All-Ukrainian Agrarian Forum to discuss agricultural policy issues with senior government officials;
- Preparing comments on the draft law “On Amendments to the Land Lease Law” on establishing the minimum level of land lease payments and submitting them to parliamentary committees and partners for discussion;
- Analyzing three draft resolutions of the Cabinet of Ministers, preparing and disseminating comments and proposals on them;
- Chairing a working group hosted by the Council of Entrepreneurs under the Cabinet of Ministers to develop proposals to reform the central bodies of executive power in the agricultural policy sphere;
- In conjunction with industry associations, preparing several open appeals to the GOU or Parliament or both on pending legislation on agrarian policy and agriculture sector issues.

2. *Ukrainian Grain Association.* Main accomplishments of the Ukrainian Grain Association during the reporting period included:

- Working with agribusiness consulting agency APK Inform to organize the first stage of the Fifth Ukrainian Grain Forum in Paris, France from September 8 to September 10, 2014;
 - Jointly with the Ukrainian Agrarian Confederation and Ukrainian Agribusiness Club, submitting proposals to the Cabinet of Ministers on restructuring functions of the State Agricultural Inspection Agency;
 - Developing proposals on the activities of the State Enterprise “Registries of Ukraine,” which maintains the registry of grain warehouse receipt documents and submitting them to the Prime Minister and the Minister of Agrarian Policy and Food;
 - Organizing a working group meeting to develop proposals on monitoring the grain market after liquidation of the State Agricultural Inspection Agency;
 - Developing, translating, and publishing analytical materials based on the United States Department of Agriculture’s longitudinal dataset on global commodities trends, and publishing weekly news monitoring reports on the Ukrainian grain market.
3. *Organic Federation of Ukraine.* Main accomplishments during this quarter included:
- Organizing a national Organic Week from September 8 to September 14, 2014, which included an international organic symposium on September 8 and an annual organic fair on September 13;
 - Participating in activities of a MAPF working group, which is developing proposals for amendments and additions to the law of Ukraine No. 425-VII “On Production and Circulation of Organic Agricultural Products and Raw Materials”;
 - Preparing, publishing, and distributing a compilation of U.S. standards of organic production;
 - Publishing the next issue of the quarterly magazine “Organic UA.”
4. *Society for Promotion of Rural Green Tourism in Ukraine.* Main accomplishments during the reporting period included:
- Holding a nationwide conference entitled “Policy Development and Operation of Rural Tourism in Ukraine as a Factor of Rural Development.”

Implementation of this grant program ended in August 2014.

5. *National Association of Agricultural Advisory Services “Dorada.”* Main accomplishments of the National Association of Agricultural Advisory Services during the reporting period included:
- Identifying locations and selecting trainers for regional seminars for trainers on agriculture service cooperative development;
 - Organizing and holding two training seminars for regional cooperative trainers;
 - Assistance in organizing and participation in the XVIII National Agricultural Exhibition “Ukrainian Farmer 2014” from September 10 to 12, 2014;
 - Issuing 7 biweekly bulletins to members and partners.

6. *Association of Farmers and Private Land Owners of Ukraine*. Main accomplishments during this reporting period included:

- Preparing an appeal to the Cabinet of Ministers to provide assistance to private farmers in Donetsk and Luhansk oblast and in Crimea in July 2014;
- Collaborating with the Ukrainian Agribusiness Club and Ukrainian Agrarian Confederation to analyze the impact of the Ministry of Economics and Trade's decision to levy anti-dumping duties on ammonia fertilizers, and preparing a request to the government to revoke the duty;
- Working with agricultural sector industry associations to organize the second stage of the Third All-Ukrainian Agrarian Forum to discuss central agricultural policy issues with senior government officials.

Implementation of this grant program ended in August 2014.

7. *All-Ukrainian NGO Association of Village Mayors*. Main accomplishments during this quarter included:

- Joint publishing and distribution of the manual "Practical Advice for Village Heads for the Improvement of Sustainable Rural Development and Agricultural Production";
- Developing proposals with amendments to the law "On Private Farms" and submitting them for public discussion;
- On September 4, 2014, organizing and holding a special national meeting of village mayors, in order to discuss and submit proposals to the Cabinet of Ministers in support of the development of village councils;
- Preparing and publishing two issues of the "Bulletin of Village Councils."

8. *Agrarian Union of Ukraine*. Main accomplishments during this reporting period included:

- Creation of a working group on financial markets in the agriculture sector to develop proposals to improve farmers' access to financing;
- Review and preparation of comments on the draft law "On Amendments to Certain Legislative Acts of Ukraine Regarding the Improvement of the Procedure for Sale of Lease Rights to Agricultural Land," which was prepared and presented for public discussion by the State Land Agency;
- The Analytical Center of the Agrarian Union continued the preparation of analytical notes for its members, partners, and Government officials on the sector's current policy issues;
- Issuance of [weekly bulletins](#) by the Independent Expert Board on the state of the Ukrainian grain market.

9. *Ukrainian Pig Breeders Association*. Main accomplishments include:

- Preparation of explanations for its members on the following draft laws registered in the Parliament: draft law No. 4055a dated June 11, 2014, "On Supplementary Products of Animal Origins not Aimed at Human Consumption"; draft law No. 4179a, "On Amendments to Certain Legislative

Acts of Ukraine on Food Products”; draft law No. 4987-1, “On Amendments to Certain Legislative Act of Ukraine on Identification of Animals”; draft law No. 4986-1, “On State Control Aimed at Checking the Compliance with Requirements of Legislation on Food and Feed Safety and Quality”; and draft law No. 4280-a1, “On Safety and Hygiene of Animal Feed”;

- Development of a draft law “On Amendments to Certain Legislative Acts of Ukraine on Animal Selection”;
- Drafting a regulation on the import of pigs and receiving concurrence on it from the State Veterinary and Phytosanitary Service of Ukraine;
- Organization of two national-level round tables on current policy issues in the pig industry;
- Organization of three regional seminars on veterinary issues in Kyiv, Dnipropetrovsk, and Ternopil oblasts.

10. *Ukrainian Agribusiness Club Association*. Main accomplishments of the Ukrainian Agribusiness Club during this quarter included:

- Organizing a national conference on efficient farming practices on September 13, 2014;
- Preparing a set of proposals on deregulation of the agricultural inputs market and submitting them for review and approval to the Cabinet of Ministers;
- Reviewing and analyzing five legal documents and sharing the results with the MAPF and other stakeholders;
- Preparing and disseminating eight press releases on pending issues of agricultural policy in Ukraine.

Capacity Building Grant Program for Agricultural Industry Associations

In July 2014, AgroInvest issued a Request for Applications (RFA), initiating competition for a grant program for oblast-level agricultural industry associations to build their capacity in 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. As a result of the competitive process, AgroInvest selected the following five oblast associations:

- (1) Poltava branch of the All-Ukrainian Public Organization “Union of Rural Women of Ukraine”;
- (2) Interregional Union of Poultry Breeders and Forage Producers;
- (3) Ternopil Oblast Regional Organization “Union of Land Owners”;
- (4) Association of Traditional Products and National Cuisines of Ukraine;
- (5) Association of Rural Development of Poltava Region.

Following the responsibility determination process, implementation of these grant programs will commence in October or November 2014, upon USAID approval.

Additionally, AgroInvest selected a training provider and held an additional capacity building course for agricultural industry associations. The training was informed by AgroInvest’s organizational capacity needs assessment of agricultural industry associations, conducted earlier in the year. The training course, called the “Mobilization of External Funding in Not-for-Profit Organizations (Fundraising),” was successfully completed on September 19, 2014.

AgroInvest also prepared a scope of work for capacity building trainings on economic policy analysis and lobbying activities for industry associations. The training is planned for the upcoming quarter.

Task C: Provide Public Education for Land Rights

During the reporting period, the AgroInvest project continued to help rural citizens protect their land rights and increase awareness about land issues through the Legal Land Rights Services Program as well as the Land Rights Awareness & Education Campaign “My Land, My Right.”

Land Rights Public Education and Outreach Campaign

The Land Rights Awareness & Education Campaign “My Land, My Right” is implemented by AgroInvest partner, the Center for Ukraine Reform Education LLC (CURE), and uses a wide range of tools, such as the National Agrarian & Land Press Club, information materials, and TV and radio programs. The campaign focuses broadly on land issues, including numerous topics central to AgroInvest’s work.

In the reporting period, the First National Radio Channel broadcast six seven-minute radio programs as part of the campaign, reaching an audience of about 1 million. The radio messages covered the following topics:

Table 1. My Land, My Right Campaign

Date	Topic	Audience
July 8, 2014	<i>Rural tourism: yesterday, today, tomorrow</i>	260,000
July 22, 2014	<i>How to eliminate corruption in land relationships?</i>	260,000
Aug. 13, 2014	<i>Is there is a need to impose a permanent moratorium on the sale and purchase of agriculture land?</i>	260,000
Aug. 26, 2014	<i>Is it feasible for a smallholding owner as an individual to obtain the status of a family farmer as a legal entity?</i>	260,000
Sep. 9, 2014	<i>Introducing an agriculture produce safety system</i>	260,000
Sep. 23, 2014	<i>Export potential of the Ukrainian fruit and vegetable sector</i>	260,000

The [National Agrarian & Land Press Club](#), established as part of the Land Rights Public Education and Outreach Campaign, conducted two events in the reporting period, one press conference and one round table.

Of special note was the press conference on July 11, 2014, entitled “How to Eliminate Corruption in Land Relationships?” At the press conference, the Land Rights Resource Center presented a program they developed, entitled “Ten Steps to Combat Corruption – Recommendations for Government Actions.” The Ten Steps Program is comprehensive in that it clearly identifies 10 areas in land relations highly prone to corruption and suggests measures needed to overcome this corruption through either legislation or administrative steps.



AgroInvest not only supported the development and implementation of this program but also organized an information campaign around it, which included the above-mentioned press conference, a radio program, and an interview with Andrij Martyn, one of the program’s authors. The interview was highly publicized in both electronic and print media, a total of 37 media outlets.

The table below summarizes the formats and topics of the events. For more details, please refer to Annex 1.

Table 2. Events at the National Agrarian & Land Press Club

Date	Format	Title
July 11, 2014	Press Conference	How to eliminate corruption in land relationships?
September 18, 2014	Roundtable	Will Ukraine manage to solve the pressing problems hindering the marketing of domestic fruits and vegetables?

Legal Land Rights Services Program

The Legal Land Rights Services Program was implemented in cooperation with seven partners, namely the Land Union of Ukraine (through the Kyiv-based Land Rights Resource Center) and six local-level providers of legal land rights services. The program covers Dnipropetrovsk, Ivano-Frankivsk, Kherson, Khmelnytskyi, Mykolayiv, Odesa, Poltava, Ternopil, and Zakarpatya oblasts.

Land Rights Resource Center. In this reporting period, the Land Rights Resource Center worked towards implementation of the “Ten Steps to Combat Corruption – Recommendations for Government Actions” program, and conducted other activities as part of the Legal Land Rights Services Program. For example, the Center conducted trainings; provided consultations to providers of primary legal land rights services; produced a number of new materials, available at the Land Web-Portal and disseminated by legal land rights services providers; organized and took part in expert discussions; and initiated a number of legislative initiatives aiming to improve the legal and regulatory environment dealing with land relations.

Work towards implementation of the “Ten Steps to Combat Corruption – Recommendations for Government Actions” program. This work included:

1. Development of draft laws necessary for program implementation or advocacy for their inclusion in the parliamentary agenda, including:
 - “On Measures to Strengthen the Role of Local Communities in Land Management” (draft law No. 4150, dated February, 17, 2014; the draft law was included in the parliamentary agenda on September 2, 2014)
 - “On Amending the Law of Ukraine ‘On State Land Cadastre’ (to Optimize Authority of the State Cadastre),” which eliminates the “territorial monopoly” of state cadastral registrars by making it possible to perform state registration of any land plot irrespective of its location (draft law No. 4083, dated June 16, 2014; the draft law was included in the parliamentary agenda on September 2, 2014);
 - “On Amendments to Certain Legislative Acts of Ukraine regarding the Determination of the Content and Procedure for Approval of Land Use” (draft law No. 3238, dated September 12, 2013; the draft law was included in the parliamentary agenda on September 9, 2014);
 - “On Amendments to Some Legislative Acts on Removing Administrative Barriers to the Development of Land Use Documentation” (draft law No. 4138, dated June 20, 2014; the draft law was included in the parliamentary agenda on September 2, 2014).
2. Presentation of the program at a press conference on July 11, 2014;
3. Round table on July 25, 2014, entitled “Algorithm for Rapid Implementation of Sector Reforms in Ukraine Demonstrated by Land Property Relations”;
4. Presentation of the program at the meeting of the Reanimation Reform Package initiative on August 15, 2014;
5. Organization of a discussion about the program at a meeting of the Public Council of the State Land Agency on September 12, 2014. The discussion focused on increasing the role of agricultural communities in land management by supporting draft law No. 4150, which combats corruption at the local level;
6. Interview with Andrij Martyn, an author of the program from the National Land and Agrarian Press Center, entitled “In our country, the largest bribes are given for land. In this situation, can corruption in the land sphere be eliminated quickly?” published by 37 media outlets;
7. Direct outreach to government agencies via letters explaining ways to fight corruption in land relations and requesting immediate support for a regulatory framework based on the “Ten Steps to Combat Corruption – Recommendations for Government Actions” program. The following agencies were sent letters: President of Ukraine; Cabinet of Ministers of Ukraine; Committee on Agrarian Policy and Land Relations of the Verkhovna Rada of Ukraine; Ministry of Agrarian Policy and Food of Ukraine; Ministry of Justice of Ukraine; State Land Agency of Ukraine and Public Council under the State Land Agency; State Service for Regulatory Policy and Development of Entrepreneurship; sector associations; and EU Twinning project.

As a result of these activities, the following bodies explicitly supported the program:

- The Public Council under the State Land Agency discussed and supported the Ten Steps Program at its meeting.
- The Reanimation Reform Package initiative discussed the program at several meetings and decided to support it.
- The State Service for Regulatory Policy and Development of Entrepreneurship sent a letter to the Land Union Resource Center No. 8-025-704-14, dated September 5, 2014, supporting the program and encouraging action on the initiatives, in order to improve state regulation in the area of land relations.

The first success of the “Ten Steps to Combat Corruption – Recommendations for Government Actions” program was achieved in the reporting period. Step number eight, “Destroying Corruption Schemes in Tax Assessment” has been implemented.

During the next quarter, activities to promote and implement the Ten Steps Program will continue on all fronts, by organizing public discussions, developing necessary legislation, and advocating in the Parliament and with the presidential administration. The ultimate goal is to ensure all ten steps are implemented.

Other activities of the Land Rights Resource Center as part of the Legal Land Rights Services program. The Land Rights Resource Center conducted two training events for providers of primary and secondary legal land services and local authorities, including:

1. Workshop “Land Relations in 2014” (August 15, 2014 in Kyiv, 20 participants);
2. Workshop “Local Self-Government and Management of Processes to Reform Local Self-Government” (September 12, 2014 in Kyiv, 19 participants).

Through participation in training activities, meetings, and roundtables, experts of the Land Rights Resource Center identify, analyze, and develop solutions to problems. In the reporting period, the Land Rights Resource Center executed the following:

3. Developed the draft law of Ukraine “On Amendments to Some Legislative Acts on Title Acquisition of any Land In-Kind, by Owners of Land Shares (Units)”;
4. Developed the draft law of Ukraine “On Amendments to the Land Code of Ukraine (Concerning Decentralization of Authority in Approval of Land Use)”;
5. Took part in the development of the draft law of Ukraine “On Amendments to Certain Legislative Acts of Ukraine Concerning Improvement of Legal Regulation of Land Lease”;
6. Sent a letter to the Ministry of Ecology and Natural Resources of Ukraine describing suggested approaches to resolve obstacles related to the right to use bodies of water.

These initiatives are aimed at solving problems such as land allocation, decentralization of the authorities for approval of land use, land lease issues, and permitting issues surrounding the use of bodies of water.

In addition, the Resource Center produced the following new materials:

1. Roadmaps:

- How Can a Land User Sell His or Her Right to Emphyteusis (perpetual lease)?
- How to Secure an Address to a Land Plot?
- How to Register a Land Plot in the Cadastre?
- How to Legalize an Unauthorized Construction on a Land Plot?

2. Frequently asked questions:

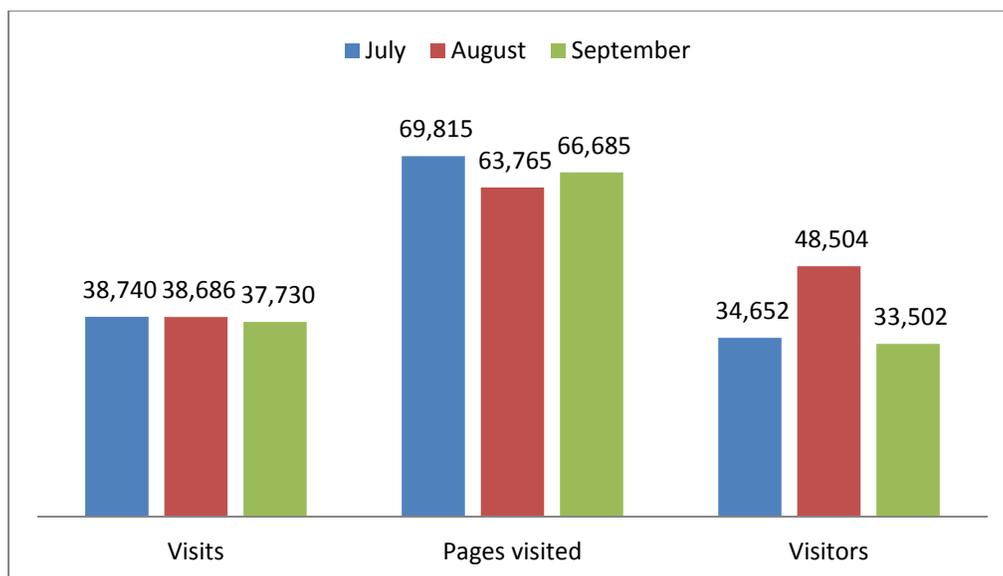
- What is the Maximum Number of Land Plots into which a Land Plot can be Divided?
- Does the Lease Rate Change as the Normative Value of Land Changes?
- Can the Secretary of the Village Hall Certify the Signature on an Application Regarding State Registration of Title?
- What is an Unauthorized Construction on a Land Plot?
- How to Protect Villagers?

3. Document templates:

- Agreement providing the right to use an agricultural land plot (emphyteusis);
- Owner consent of a land plot, which is used on the basis of emphyteusis, to exercise the purchase right for emphyteusis.

These and other materials developed by the Land Rights Resource Center are available at the Land Rights Web-Portal (www.zem.ua) maintained by the Center. This quarter included more than 116,658 visitors to the Land Rights Web-Portal, bringing the total number of unique visitors since the launch of the program to 627,000. The number of pages visited in the reporting period exceeded 200,000, and the overall number of pages visited totaled 400,000. For detailed month-by-month statistics, please see the chart below.

Exhibit 1. Land Rights Resource Center Web-Portal Use



Furthermore, during the reporting period, the Resource Center:

- Analyzed land laws and initiatives, developed comments and proposals on improvement of land legislation and regulations, and participated on the Public Council of the State Land Agency;
- Worked intensively with the State Land Agency and Center of State Land Cadastre, and Association of Farmers and Private Landowners to identify problems and find solutions;
- Participation by Center experts in the International Visitor Leadership Program (IVLP) implemented by the Bureau of Educational and Cultural Affairs of the U.S. State Department. The topic of the program was “Public Interest in Best Practices of Land Governance in the U.S.A.”;
- Provided 54 consultations to providers of primary and secondary legal land rights services, mainly related to land registration, corrections of errors in the state land cadastre, approval of land use documents, state registration of land title, privatization, assignment of land plot cadastral number, lease relations, etc.;
- Participated in the information campaign: organized or took part in expert discussions and round tables; gave interviews; participated in public events, press-conferences, or the Agrarian and Land Press Club event; commented on land issues in the press; participated in TV and radio programs, etc.

Providers of secondary legal land rights services. In the reporting period, AgroInvest continued the grant program “Provision of Secondary Land Rights Services.” Under this program, AgroInvest established partnerships with six local NGOs covering eight oblasts:

- (1) *First Agrarian Cluster* (covering Chernivtsi, Ivano-Frankivsk, Ternopil oblasts);
- (2) *Kherson Oblast Committee of Voters of Ukraine* (covering Kherson oblast);
- (3) *Odesa Oblast Committee of Voters of Ukraine* (covering Odesa oblast);
- (4) *Agency for Economic Development* (covering Mykolaiv oblast);
- (5) *Civic Platform on Implementation of Land Reform in Dnipropetrovsk Oblast* (covering Dnipropetrovsk oblast);
- (6) *Union of Rural Women* (covering Poltava oblast).

In addition, activities were implemented in Kirovohrad, Khmelnytskyia, and Zakarpatya oblasts this quarter. In the reporting period, AgroInvest’s partners:

- Continued to support the operation of contact points (law centers) to provide rural landowners legal services and consultations according to established schedules. The total number of consultations reached 1,922 this reporting period;
- Organized “mobile” contact points and provided consultations, information, and legal aid according to established schedules at a beneficiary’s place of residence;
- Conducted 72 community meetings and group consultations for rural landowners;
- Conducted workshops for village mayors, land surveyors, and other providers of primary legal services. The events were organized jointly with raion state

- administrations, raion offices of the State Land Agency and/or State Registration Service, and similar organization, so the target audience of village-level authorities could receive first-hand advice from raion-level authorities;
- Trained and coached providers of primary legal land rights services:
 - a. disseminated posters and leaflets with roadmaps developed by the Land Rights Resource Center and materials from the Land Rights Web-Portal;
 - b. trained providers of primary legal land rights services on how to use these materials and where to find needed information;
 - c. advised providers to refer community members to the Law Centers, should they need secondary legal services;
 - d. conducted webinars for land managers informing them of the latest developments in land legislation and regulations, to enable them to provide better secondary legal land rights services in their communities;
 - Participated in meetings of oblast and raion authorities to discuss joint solutions to the problems identified through interactions with land surveyors, villagers, and mayors.

The Civic Platform on Implementation of Land Reform in Dnipropetrovsk oblast. The Civic Platform continued to support the establishment and coaching of expert groups in raions of Dnipropetrovsk and Poltava oblasts. The expert groups met monthly to identify and analyze existing conflicts related to the land sphere in the raions and discuss progress achieved in addressing the major conflict situations. This activity paves the road for enhancing democracy at the raion level and empowering raion activists interested in improving the lives of their community members.

In the reporting period, providers of legal land rights services continued to collect information about typical problems and advise the Resource Center on topics for future roadmaps. This information was analyzed and used by the Resource Center in preparing roadmaps and developing legislative changes, as appropriate.

The table below summarizes the main results achieved by providers of secondary legal land rights services in the reporting period and from the launch of the program in June 2012. These numbers represent all oblasts where the program operates.

Table 3. Results of Secondary Legal Land Rights Service Providers

Indicator	July - Sep. 2014 (reporting period)	June 2012 - Sep. 2014 (total since program launch)
Number of consultations	1,922	11,470
Number of land deeds issued in target communities	2,467	48,388
Number of land conflicts resolved as a result of project assistance	104	652
Number of round tables, presentations, training events, community meetings	72	354
Number of participants	855	8,461

Indicator	July - Sep. 2014 (reporting period)	June 2012 - Sep. 2014 (total since program launch)
Number of materials disseminated	3,646	30,504
Number of media publications, including TV and radio	140	1,712
Number of people who received information from media	1,862,100	34,772,399

COMPONENT 2: Stimulate Access to Finance

Work with Partner Banks

Agro-technological trainings for financial specialists of partner financial institutions. This quarter, AgroInvest extended the subcontract with TA Consult LLC for developing new training modules and conducting agro-technological trainings for financial analysts and loan officers of partner financial institutions, such as banks and credit unions.

The project incorporated new modules into the training program, such as “Poultry Breeding” and “Agricultural Produce Logistics.” The “Poultry Breeding” follows the structure of the six existing modules, and covers chicken, turkey, quail eggs, and meat production. It contains a detailed presentation of the agro-technological production cycle and discussion of marketing and distribution channels, including legal aspects that could impact production efficiency and, consequently, cash flow. The innovative “Agricultural Produce Logistics” module captures all aspects of post-harvest processing, and storage and transportation of agricultural produce by road, railway, river, and sea. Cold chain distribution and export opportunities are considered and matched onto cash flow frame. A logistical module is developed for grain and technical crops, orchards and berries, intensive crops farming, milk, and meat production.

AgroInvest conducted training for a team of financial analysts at Metabank, as outlined below:

Table 4. Financial Analyst Training, Metabank

Module	Date	Participants	Location	Description of Training
1	Sep. 26, 2014	13 loan officers from Metabank and Kredobank	Zaporizhzhia	Field crops: corn, sunflower, soy. Analysis of seed grower operations, direct cost evaluations, and irrigation systems

In an evaluation, 78% of the trainees ranked the training quality as “very high.” Tests demonstrated that the group improved their knowledge and understanding of cash flow elements for grain and technical crop farming by 7%, compared with tests results from December 2012.

Selection of potential subcontractor for analytical survey of regional loan subsidy programs for agricultural SMPs. In this reporting period, AgroInvest specialists identified The Institute for Budgetary and Socio-Economic Research (IBSER) as an appropriate, potential subcontractor to conduct an analytical survey. The survey would collect data on

the current experience of regional programs subsidizing loan costs for agricultural SMPs, which were launched by three regional state administrations of Ukraine. The Institute is a USAID grantee and an all-Ukrainian public nonprofit organization established in June 2007 by a leading group of experts with extensive experience in the financial sector. The Institute's activities are focused on state budget analysis; surveying revenues and expenditures; and developing recommendations for budgeting processes. Given this, IBSER has unique access to state-owned databases of financial data at the central and regional levels. In addition, IBSER specialists provide legislative, methodological, and organizational support to central and local governments.

As such, IBSER's specialists have the requisite experience to conduct the survey on regional practices, analyze results, and develop recommendations and necessary templates. Regional governments will be able to use these templates (for instance, questionnaires for SMP risk assessment) to develop their own programs supporting financing for SMPs. The most important task for regional authorities interested in developing agriculture remains identifying and responding to key areas for SMP operations development. With progress towards decentralization, local funds will become more easily and effectively used to stimulate and open access to finance for SMPs, particularly in areas of the market critical for regional agricultural development.

Work with Partner Credit Unions

Developing partner credit unions' capacity to increase effective agrilending to SMPs. Implementation of the subcontracts to develop agrilending in member credit unions of the Ukrainian National Association of Savings and Credit Unions (UNASCU) and the All-Ukrainian Credit Union Association (AUCUA) in the last two years yielded positive results: member credit unions increased the quantity and quality of their agri-loan portfolios. Given these results, AgroInvest plans to continue its support to UNASCU and AUCUA through the end of the project. Credit union association managers and Component 2 specialists reviewed the action plans under the completed subcontracts and included new activities, such as quarterly monitoring of agrilending indicators (six reporting periods), on-site internal audits of Task Force member credit unions (15 credit unions), and follow-up training seminars.

Audits conducted in the 2013/2014 season enabled AgroInvest and UNASCU's management to assess the financial status of credit unions (CUs) objectively. Some CUs received funding from the UNASCU United Credit Union in February and March 2014 (when credit unions had the greatest need for funding) and made their first loans to agricultural producers. In the upcoming period, AgroInvest will support UNASCU's activities in (i) conducting four seminars to share agrilending best practices and update participants on latest changes in the legislation on credit unions, and (ii) collecting relevant materials, preparing, and publishing four articles with success stories about agrilending.

From the AUCUA Task Force, AgroInvest continues to require quarterly reporting; on-site monitoring of economic and legal operations for five credit unions; follow-up

training seminars; and trainings of credit union internal auditors. AgroInvest also requested two training seminars on management of non-performing loans; two training seminars on the “Energy Conservation” loan product; and two seminars to share best practices. In addition, AUCUA will prepare and publish four articles with success stories about agrilending.

Gaining exposure to successful implementation of harmonizing credit union legislation with EU standards. This reporting period, AgroInvest worked in consultation with Polish credit union specialist Pawel Grzesik, who provided recommendations for the exclusion of EU Directive provisions that could adversely affect Ukrainian credit union operations. Considering the similarity of the Polish and Ukrainian credit union systems, and Poland’s predominantly positive experience transforming their legal environment for credit cooperation with the EU, the project developed the concept of a study tour to Poland, planned for October 2014.

Representatives of Ukrainian state associations and AgroInvest partner credit union associations expressed interest in learning about the Polish experience of harmonizing credit unions’ legislation with that of the EU. Participants were especially interested in defining roadmaps and timelines in preparation for such a transformation. Study tour participants will include top officers from both credit union associations, UNASCU and AUCUA, and the principal officials overseeing or working on the development of legislation for credit unions: the National Commission on Financial Services, the Ministry of Agricultural Policy and Food, the Ministry of Economic Development and Trade, the Ministry of Finance, Parliament Committees on Finance and Eurointegration, and the State Fund of Funds Guaranteeing. Study tour visitors will be accompanied by AgroInvest technical specialists.

The participants will have an opportunity to interact directly with top managers of the Polish system of credit unions, key senators and members of parliament, and top managers of Polish credit unions. These representatives will share their experiences developing and harmonization legislation to the EU standards; effective practices of lobbying for exclusions from EU Directives; new developments in relevant legislation; credit unions’ roadmaps for joining the EU, and their progress and development since joining the EU. In addition, they will visit representatives of rural credit unions, for perspective on the practical experience of achieving harmonization with EU standards.

Concluding the DCA guarantee agreement with pilot credit unions. In the reporting period, AgroInvest successfully completed tasks in the “agreement pre-execution” stage of the Development Credit Authority (DCA) program, which will guarantee loans to small and medium agriculture producers (SMPs). AgroInvest is collaborating with the USAID DCA to select candidate credit unions, explain the terms of the agreement to selected credit unions, identify bottlenecks in agrilending and solutions for overcoming them, complete risk assessments, develop draft agreements and, finally, support the timely signing of these agreements.

Following recommendations of partners AUCUA and UNASCU, the project pre-selected seven credit unions as candidates for participation in the DCA program. The project analyzed and rated their operations based on five performance indicators proposed by AgroInvest and agreed upon with the DCA. Ultimately, the five credit unions with the strongest ratings were selected to move forward to the negotiation and risk assessment phases. The goals and terms of the DCA instrument were explained in detail to the credit union managers. Credit unions were mainly concerned about having a clear definition of the meaning of “collateral,” which would allow them to significantly increase DCA-guaranteed agrilending. To resolve this, the definition of collateral was updated in the terms sheets to clarify it as a fixed asset or a personal warranty.

Updated terms and conditions were successfully negotiated with all five candidate credit unions and, after a thorough due diligence process, Hromada, Narodna Dovira, Anisiya, Vygoda and HKVD credit unions signed loan guarantee program agreements with the USAID Office of Development Credit Authority.

COMPONENT 3: Facilitate Market Infrastructure for SMPs

Task A: Producer Organization Development

This quarter, the project continued to focus on two priorities: (1) organizing and implementing trainings and studies focused on building the capacity of SMPs and producer organizations (POs) and (2) coordinating and implementing competitive grant projects for POs. AgroInvest also continued monitoring and capacity building of partner producer organizations’ grant projects, including: Storozhynets ASC Union “Hospodar Pidhirya,” ASC “Zakhidny,” ASC “Budzhak,” ASC “Severyn,” ASC “Ivankovetsky Svitanok,” ASC “Lypivsky,” ASC “Losyatynske Molochne Dzherelo,” ASC “Shyroke,” ASC “Small Golden Bee,” Lviv oblast ASC Union “Rivnopravnist,” ASC “Chysta Flora,” ASC “Snovyanka,” and ASC “Molochni Riky.”

During the reporting period, the project successfully supported producer organizations in the following ways:

As part of the AgroInvest grant project aimed at developing agricultural producer value chains, a freezer for berries and mushrooms was put into operation in the agriculture service cooperative, Chysta Flora in Spas village, Kolomiya raion, Ivano-Frankivsk oblast, on August 18, 2014. The freezer will facilitate the cooperative’s growing operations and help its members increase their profit, as it will shorten processing time and increase opportunities to sell their products.

On September 15, 2014, the Ivankovetsky Svitanok agriculture service cooperative opened its new dairy factory in Yukhymove village, Kirovohrad oblast. The development of this dairy plant is a joint project between USAID AgroInvest and Heifer International. The dairy will improve the livelihoods of more than 176 families in the village by establishing a local buyer and processor that will be able to offer higher prices for their raw milk. The event was a community affair, with more than 100 villagers present for the

ceremony, tour of the facility, and picnic lunch. As there was no defined methodology for the processing of milk-based agricultural cooperatives in Ukraine, AgroInvest developed guidelines entitled “Organizing the Provision of Services by Agriculture Service Cooperatives from Procurement, Cooling, and Processing of Raw Milk to Marketing Finished Produce.” The guidelines will be shared with members of other cooperatives.

Working in partnership with Heifer International and Ukrainian research institutions, the project also developed guidelines on bookkeeping in agriculture servicing cooperatives, entitled “Organizing Procurement and Marketing Services by Agriculture Service Cooperatives: Accounting, Taxation, and Selected Legal Aspects.” The guidelines will allow cooperatives to better understand how to keep records of their financial and economic operations and to control the use of their financial resources more efficiently.

During the reporting period, AgroInvest held various events to foster development of cooperative production facilities and to share experiences in cooperative development and operations. Specifically, on September 9, 2014, in partnership with the Rivne Regional Center for Investment and Development and Rivne Oblast Association of Farmers and Private Landowners, AgroInvest held a seminar on the topic of horticulture development, gardening, and prospects of entering the European market. The seminar provided an opportunity for 30 farm managers to learn about organizing effective marketing channels, processing, washing, filling, grinding, drying, canning, refrigeration, freezing, and wholesale marketing.

In cooperation with the Department for Agroindustrial Development of Chernihiv Oblast State Administration, AgroInvest held a workshop dedicated to the prospects of organic production in Chernihiv oblast. The project gave a presentation on the topic of fostering development of producer organizations engaged in organic farming to 50 participants, including representatives from oblast and raion administrations, organic producers, experts, and managers of agricultural and food processing enterprises. During the workshop, participants visited the production facilities of the Agriculture Service Cooperative “Nadia” in Avdiivka village, Kylikiv raion to learn about the cooperative’s operations and challenges. “Nadia” is the first certified organic vegetable growing cooperative in Ukraine, and the participants received detailed information on the procedures for receiving certification for organic production.

Also in September, AgroInvest cooperated with the Rivne oblast state administration, the Rivne oblast Association of Farmers, and the Rivne Regional Center for Investment and Development to organize a workshop on the development of agriculture service cooperatives with small-scale animal producers from Rivne oblast. Nearly 40 farmers, stakeholders, and representatives of marketing organizations attended. They discussed prospects for mobilizing investments in agriculture cooperatives and mechanisms to develop small meat and dairy producers in the region. Farmers were exposed to best practices for developing and attracting resources from diversified sources, which could assist them in expanding their activities and improving the quality and volume of their agricultural produce.

Component 3, Task B: Developing Effective Market Infrastructure for Small and Medium-Sized Producers

Under Component 3, Task B AgroInvest continued to develop legislative proposals governing agricultural market operations, and to produce design and feasibility studies for construction of agricultural wholesale-and-retail markets and logistics centers.

During the reporting period, the following are the main achievements under Task B:

- Development of the wholesale-and-retail agriculture market in Hola Prystan. AgroInvest continued its assistance supporting the permitting process, as well as construction of a covered pavilion for selling fresh meat, fish, and dairy products. The market owner invested UAH 130,000 of his own funds to finalize construction of the building during the reporting period;
- Renovation of Charodiy livestock market facilities in Zhashkiv raion, Cherkasy oblast, specifically, the slaughterhouse and the facility for pre-sale preparation of meat products. This quarter, UAH 100,000 in private funding was invested in the project to complete the sanitary rooms and the chambers for cooling and storing meat;
- Development of a wholesale-and-retail agriculture market in the village of Chornyanochka, Kakhovka raion, Kherson oblast. While the documentation for obtaining necessary construction permits is being reviewed by the local authorities, the villagers have developed a temporary site for selling produce (fruits and vegetables) from trucks;
- Renovation of vegetable storage facilities in the agriculture service cooperative, Ovochivnyk-Plus, in Podove village, Novotroitsk raion, Kherson oblast;
- Renovation of the fruit and vegetable storage facilities in the agriculture service cooperative, Beryslav-Agro, Beryslav raion, Kherson oblast.

During this quarter, AgroInvest competed a subcontracting opportunity to prepare a feasibility study on developing a logistics center in the agriculture service cooperative Tavriysky Dar, in Velyka Lepetykha raion, Kherson oblast. The feasibility study will enable (i) the development and enhancement of local facilities for post-harvest handling, storage, and pre-sale preparation of fruits and vegetables grown by SMPs; (ii) job creation in rural areas; and (iii) the enhancement of food product distribution channels through formation of joint commodity lots.

AgroInvest continued its support of informational and training events related to the development and diversification of agriculture markets. In July, the project organized two observation tours to Shuvar wholesale market in Lviv for managers and owners of farms from Chernihiv and Kherson oblasts. The 37 farmers learned about alternative distribution channels; ways to market fruits and vegetables; and requirements for packaging and produce quality in commercial product lots. In addition, the participants established new business contacts and reached agreements on marketing their produce in western Ukraine - and even exporting, with Shuvar support. As a result, the following supply contracts were entered into: 20 MT of tomatoes from ASC “Chornyanochka”; 300

MT of carrots from ASC “Fortuna”; 50 MT of beets, 50 MT of onions, and 100 MT of tomatoes from ASC “Agro-Yugservice”; 1 MT of broccoli, 2 MT of eggplants and 10 MT of radishes from ASC “Dary Khersonschyny”; and 100 MT of watermelons from Farm “La-Kan.”

In order to create the conditions necessary to improve access to new markets for SMPs, Component 3 completed development of the following food safety guidelines for SMPs:

- Guidelines on implementing HACCP-based food safety systems on small enterprises processing animal products (milk, meat, honey);
- Guidelines on implementing HACCP-based food safety systems on medium-sized enterprises storing fruit and vegetables.

These guidelines served as a basis for developing training materials and conducting four specialized seminars in Odesa, Rivne, Chernihiv, and Kherson oblasts. Nearly 187 SMP representatives, some already in the process of preparing their production facilities for certification, learned more about food safety standards and sought advisory support from AgroInvest on attaining their HACCP certification.

In addition, Component 3 developed the structure and prepared the materials necessary to shoot an educational film on best practices of developing efficient fruit and vegetable distribution channels and ensuring produce safety and quality standards. This documentary will help increase awareness on a range of issues, such as the formation of marketing channels for a wide circle of SMPs, and helping SMPs increase their income from sales of produce through organized channels.

Activities Devoted to the Development of SMPs and POs

In this quarter, AgroInvest organized several conferences, seminars, and trainings focused on organizational and legal support for SMPs and POs. AgroInvest also facilitated cooperation between SMP and PO processing companies, wholesale and wholesale-retail agriculture markets, and their customers. Seminars and training sessions were held at the request of local authorities, leaders of producer organizations, and NGOs. The events focused on improving awareness of legislative regulation regarding the establishment, organization, economic activities, and accounting and taxation of agriculture service cooperatives.

On July 1, 2014, in cooperation with partner organizations and farm representatives, AgroInvest held a roundtable to discuss the draft law of Ukraine “On Amending the Law of Ukraine ‘On Farms’.” The outcome of this event was the approval of the draft law and its sending to the Ministry of Agrarian Policy and Food.

On the same day, AgroInvest specialists participated in a meeting of the task force on developing small economic entities in rural areas, which operates under the umbrella of the Ministry of Agrarian Policy and Food. The participants discussed the need to refine the law of Ukraine “On Farms,” with regard to establishment and operations of family farms. The event helped attract a wider circle of officials, representatives of scientific establishments, and NGOs to the development and lobbying of draft laws.

The project also participated in a meeting of the working group tasked to develop the draft law of Ukraine aiming to provide the legislative framework for establishment and operation of family farms, chaired by the Deputy Minister of Agrarian Policy and Food, Oleksandr Sen. Participants considered suggestions of academic institutions and universities to amend the law of Ukraine “On Farms.” Working group members agreed that a draft law developed by the AgroInvest project should be revised slightly, and serve as a basis for amendments to the existing law.

PROJECT COMMUNICATIONS

During this quarter, USAID AgroInvest continued to use its established communications tools to disseminate project success and achievements, including the AgroInvest website, the project Facebook page, and the National Agrarian & Land Press Club. The project organized 94 public events, which functioned as platforms for sharing project messages. AgroInvest experts gave eight interviews to print and electronic media and participated in two radio programs and one TV talk show, speaking on 11 topics. Given the heightened media interest, the project communications team recognized the need to prepare informational materials on various project issues, including agricultural policy, access to finance for SMPs, and market infrastructure development. Overall, the project was highlighted in 80 print, electronic, and online media reports. (Please find a full list in Annex 2).

National Agrarian & Land Press Club

The National Agrarian & Land Press Club organized two public events during this reporting period. Details pertaining to these events can be found in Annex 1. In addition, the Press Club prepared nine articles disseminated to media outlets across Ukraine for reprinting. The table below shows the number of re-prints for each of these topics.

Due to significant coverage and clear messages, these publications are an important tool in attracting decision makers’ attention to the issues AgroInvest and its partners are addressing.

Table 5. National Agrarian & Land Press Club Events

Title	No. of reprints
<u>Land Reform in Ukraine must become corruption free</u> Interview with Andrij Koshyl, head of the Land Rights Resource Center, discussing corruption in land-related issues and efforts of the Land Rights Resource Center to combat corruption through improving legislation and regulations.	36
<u>How Ukrainian agriculture producers are being tested by land lease</u> A report presenting findings of the Land Lease Survey conducted by AgroInvest earlier this year.	29
<u>When will Ukrainian organic agriculture products become common at our table?</u> Interview with Mykhaylo Stovpyuk, head of the cooperative <i>Chysta Flora</i> (an AgroInvest grantee), and producer association “Smak Ukrainskykh Karpat,” which produces organic products. The interview focuses on the outlooks of development of the organic sector and the role of cooperatives in this.	18
<u>In our country, the largest bribes are given for land. In this situation, can corruption in the land sphere be eliminated quickly?</u> Interview with Andrij Martyn, head of the Land Rights Resource Center, presenting the Ten Steps to Combat Corruption – Recommendations for Government Action Programs and the role of the	37

Title	No. of reprints
Land Rights Resource Center.	
<u>AgroInvest offers lease tips to land owners</u> Article announcing publication of the Guide for Landowners on Leases, prepared by AgroInvest based on findings of the Land Lease Survey conducted by AgroInvest earlier this year.	15
<u>When will Ukrainian fruits and vegetables be available in EU markets?</u> Interview with AgroInvest Component 3 Leader, Mykola Hrytsenko about steps Ukrainian producers have to take in order to prepare for exporting to EU.	35
<u>The HACCP approach is a reliable guide for agricultural producers to ensure good quality and a driver to optimize the production process</u> Interview with AgroInvest consultant Yury Ohlshenny about the HACCP system and its role in optimizing operations and ensuring a producer's products are good quality.	28
<u>AgroInvest proposes enhancing lease relationships in the land sphere</u> Interview with AgroInvest Senior Legal Advisor Pavlo Kulynych on problems in lease relations identified by AgroInvest's Lease Survey and measures the government should undertake to solve those problems.	19
<u>Land reform: how to not oppose the lessee and the lessor?</u> Interview with AgroInvest Senior Legal Advisor Pavlo Kulynych focusing on recent government initiatives in regulating lease relations and their possible impact on the balance of interests of landowners and farmers.	<i>Monitoring in progress</i>

Project Website. AgroInvest continued to develop and maintain its [bilingual website](#) to share the latest project news, reference materials, and grant and subcontract opportunities. Website content is regularly updated with learning and training opportunities, agricultural sector news and reports (including links to all radio and TV programs produced), and informational materials available for re-printing.

The table below shows statistics of the use of AgroInvest's website during the reporting period.

Table 6. AgroInvest Website Use

Month	Unique visitors	Number of visits	Pages	Hits	Volume/downloads, GB
April 2014	2,221	4,978	19,420	111,066	4.55
May 2014	1,926	4,553	16,165	90,500	4.37
June 2014	2,368	4,853	19,519	110,981	4.98
Total	6,515	14,384	55,104	312,547	14.00

In addition to the project website, AgroInvest continues to promote its activities through its Facebook page. The page contains information about the project, its activities, success stories, newsletters, land legislation updates, and numerous photos from events organized by AgroInvest. Over 200 new pieces of information are posted on AgroInvest's Facebook page each month.

During the reporting period, the project continued to issue its monthly electronic [USAID AgroInvest Newsletter](#) in Ukrainian. The target audience is intentionally broad, reaching everyone from institutional partners to media to interested farmers. After each public event, new subscribers are added to the publication's mailing list. The newsletter is well received by its readership; the project is frequently contacted with inquiries for additional details, particularly on upcoming events, which suggests that the publication meets its purpose. Thanks to cooperation with the USAID Bibliomist project, the Newsletter is available on websites of libraries throughout Ukraine.

Publications. This quarter, USAID AgroInvest supported the following publications:

- In cooperation with Heifer International, AgroInvest developed [Guidelines for Bookkeeping](#) for two types of cooperatives, marketing cooperatives and dairy cooperatives. The Guidelines will be published at the beginning of the next quarter, and disseminated at trainings, workshops and other events targeted at cooperatives.
- [Guide for Rural Citizens on Concluding and Implementing Lease Agreements](#), a useful guide developed to help rural landowners protect their rights vis-à-vis farmers and enterprises that lease out their land. The Guide lists nine typical problems identified by the AgroInvest Lease Survey implemented earlier this year, and describes approaches that can help landowners prevent similar problems when concluding their next lease agreement. The Guide is currently available through the AgroInvest website, and will be published at the beginning of the next quarter. The Guide will be disseminated at presentations, trainings, workshops, and other events targeted at rural land owners, as part of the Legal Land Rights Services Program.

GENDER INTEGRATION

On July 17 in Dnipropetrovsk and July 23 in Vinnitsya, AgroInvest worked with the Ukrainian Women's Fund to conduct follow-up seminars to discuss the main achievements and challenges of gender integration. The idea was to identify how participants have been applying the knowledge adopted during the trainings, and how it has influenced economic development opportunities for women and men in rural areas.

During 23 sessions conducted throughout Ukraine, AgroInvest brought together 466 participants: 405 women and 61 men. While the disparity between the number of female and male participants appears significant, male participation is considered encouraging for the future of gender relations in Ukraine, when placed in the context of the strong patriarchal culture and traditions in rural areas.

The Ukrainian Women's Fund and AgroInvest also organized a conference in Kyiv on August 27 to summarize the results of the training program, circulate ideas for introducing gender-sensitive approaches in rural community life, and develop recommendations for further cooperation on gender issues. The event was attended by 54 people. Moving forward, an emphasis will be placed on the role of gender in community

mobilization, an important part of decentralization, which is expected to bring more power to the local level. The key component of this activity, considered a milestone, is gender integration and broader consideration of gender in the decision-making process at the community level.

The Gender Analysis performed by the project, as well as the results of the training program, demonstrated insufficient levels of women’s involvement in decision-making processes within rural communities, resulting in significant socioeconomic consequences for the communities’ overall development. One participant from Dnipropetrovsk, a village mayor, reported overcoming the “strong challenge of traditional roles,” to promote gender integration. Her experience demonstrated the importance of disseminating information on gender issues in rural areas, in order to achieve socioeconomic improvements in peoples’ lives. By focusing her efforts on these kinds of initiatives, the participant reported some slight changes in communication and interest in collaboration during community meetings. While communities are still strongly influenced by traditional understandings of gender roles, some people are making efforts to bridge these gaps and reach mutual understanding.

Monitoring and Evaluation activities this quarter were primarily focused on completing the Annual Survey on the Improvement of Services, provided to members of the beneficiary agriculture service cooperatives. The cooperatives surveyed received new equipment (fruit and herb dryers, dairy equipment, processing, and packaging machinery, etc.), which has helped improve the quality of services provided to their members; several have even reported a 100 percent increase in the quality of processing services.

SECTION II: DELIVERABLES

The following deliverable was completed and submitted during the reporting period:

Deliverables	Date Submitted
April 1- June 30, 2014 Quarterly Report	July 31, 2014

SECTION III: CHALLENGES AND PLANS TO OVERCOME THEM

Early elections of the Verkhovna Rada of Ukraine on October 26, 2014, are likely to slow down activities of government agencies and delay approval of various regulatory documents and policy decisions, including the ones developed by AgroInvest and its partners. Some policy initiatives proposed by the existing Cabinet of Ministers may not receive support from a new Cabinet to be created after the parliamentary elections. Appointment of a new Cabinet may result in changes of senior officials in key government agencies, with which AgroInvest works. At the same time, it is possible to

expect that the new Parliament and Cabinet of Ministers would undertake more active steps to reform the economy and be willing to focus on difficult or complex issues. In order to minimize the impact of the early parliamentary elections on implementation of proposed policy actions, AgroInvest will continue its close collaboration and dialogue with mid-level officials and experts in respective government agencies. Once the new Parliament is elected and Cabinet appointed, AgroInvest will engage in discussions with senior officials to continue promoting implementation of market-oriented reforms in the agriculture sector.

The reorganization of government agencies initiated by the Cabinet of Ministers on September 10, 2014, may create uncertainty of functions and responsibilities of different government bodies. This, in particular, may be the case with the State Land Agency, which is being transformed into the State Service for Geodesy, Mapping, and Cadastre. To address this risk and ensure on-going dialogue with the government agencies being reformed, AgroInvest will heighten its communication with relevant government officials and promptly establish new contacts if and when needed.

The inconsistency in the GOU's ability to introduce government programs and declarations for financial support for the development of agricultural cooperatives and market infrastructure, including agricultural markets, remain an obstacle for AgroInvest. Key challenges in these specific areas are summarized below:

- The current political and economic situation continues to restrain investment of private funds and is eliminating opportunities to attract foreign investments, especially in the case of the wholesale agricultural market “Shelen” in Rivne oblast (whose potential investors are from Slovakia). The investments in development of this market were suspended during the reporting period, and a search for alternative investors is underway. To address these issues, AgroInvest will execute a series of investment forums intended to present potential business projects related to the development of wholesale markets and logistics centers. Furthermore, the complicated political situation hinders mobilization of local investments and makes project sponsors unsure whether investment of personal funds is feasible in southern and eastern regions of Ukraine.
- The anticipated changes in the Parliament and the Government structure in general have resulted in decreased law-making activities related to the development of market infrastructure. The delays are present on the draft law of Ukraine on Amendments to the Law of Ukraine on Wholesale Agricultural Markets; draft law of Ukraine on Amendments to the Tax Code of Ukraine regarding the improvement of VAT taxation on agricultural produce harvested by individual homesteads and sold by agriculture service cooperatives; and the draft decree of the Cabinet of Ministers of Ukraine on Approval of the Pre-Feasibility Study of the National Project “Green Market” and Identification of Main Forms of Government Support to Implement the “Green Market” project. AgroInvest will continue to promote the need for legislative adoption at the level of the Ministry of Agrarian

Policy and Food of Ukraine, in cooperation with partner associations and parliamentary committees.

- Shrinking and/or closure of the traditional agricultural distribution markets (Russia, Crimea) continue, creating a threat for SMPs that have no opportunity to shift their activities into other markets. AgroInvest will continue specialized trainings for groups of farmers from eastern and southern Ukraine on the formation of distribution channels for their produce through the wholesale markets of the central and western regions of Ukraine.
- Recent, frequent changes of local government authorities hinder the process of obtaining construction permits needed to develop market infrastructure facilities. For example, three governors and their corresponding staff were changed in Kherson oblast within the last six months.
- Low capacity of SMPs inhibits their ability to distribute their products in foreign markets. Due to changes in market conditions, Ukrainian SMPs are gaining more opportunities to export their produce. However, this potential is jeopardized by the SMPs lack of relevant certifying documents and an inability to prove the quality of their products. In order to disseminate information on the produce quality certification system in compliance with the HACCP and Global GAP standards, AgroInvest will select and train trainers (advisors) and facilitate certification of the pilot project in the next quarter. In the future, the project will implement regional training sessions for authorities, small and medium agricultural producers, and processors.

SECTION IV: PLANNED ACTIVITIES FOR NEXT QUARTER

The following is a select list of USAID AgroInvest's events and activities for the coming quarter, in accordance with the Year 5 Work Plan. However, given the ongoing political challenges and changes in Ukraine, the project will continue to be flexible; the safety and security of all project and partner staff remains the highest priority.

Component 1, Support a Stable, Market-oriented Policy Environment

- Finalize pre-award determination and commence implementation of five capacity building grant programs with regional agricultural industry associations;
- Release a tender to identify the implementing partners that will assist AgroInvest in establishing an analytical platform focused on supporting partner industry associations through December 2015;
- Participate in the 5th Annual Ukrainian Grain Congress from November 24 to November 25 in Kyiv;

- Print and disseminate recommendations to individual land owners on how to protect their property and interests when entering into land lease agreements;
- Issue a request for proposals to conduct a study on responsible investment;
- Conduct a study tour to a selected EU country on government controls and activities of self-regulating organizations;
- Present for public discussion the results of the impact analysis of DCFTA implementation between the EU and seven other countries, and distribute the final report;
- Continue participating in activities of the expert group on agriculture and agribusiness under the Reanimation Reform Package initiative;
- Continue the Land Rights Awareness & Education Campaign, including radio and TV programs, and work with media through the National Agrarian & Land Press Club;
- Continue the operation of the Land Rights Resource Center and Land Web-Portal with a special emphasis on the implementation of the Ten Steps to Combat Corruption – Recommendations for Government Actions Program;
- Organize a knowledge-sharing event focused on the recent Land Lease Study and Guide developed by the project to foster prevention of lease-related conflicts.

Component 2, Stimulate Access to Finance

- Organize and conduct a study tour to Poland for Ukrainian officials and top management of partner associations of credit unions, to learn and better understand Poland's experience aligning legislation for credit unions to EU standards;
- Develop basic templates for procedures and policies, cash flow assessment tools, and other background documentation for DCA loan guarantee program partner credit unions, and train them accordingly;
- Support executing supplementary legal documentation with DCA loan guarantee program partner credit unions ;
- Hold the official DCA guarantee agreement signing ceremony between USAID and partner credit unions on November 14 in Kyiv;
- Conduct a round table on “Lending to the Agrarian Sector: Potential and Practices of Credit Unions,” as part of the forum “Versatility and Systemic Development of Cooperation Forms,” in Lviv oblast to discuss relevant issues on agrilending and to share best practices;
- Hold three on-site internal audit sessions for credit unions of the UNASCU Task Force, and one on-site monitoring of legal, lending, and financial operations for a partner credit union from the AUCUA Task Force;
- Conduct at least two agrotechnological trainings on horticulture and greenhouses for members of partner credit unions.

Component 3, Facilitate Market Infrastructure for SMPs

- Provide technical support at the approval and adoption stages for finalization of the following draft laws of Ukraine:
 - a) “On Amendments to the Law of Ukraine ‘On Wholesale Agricultural Markets’”;
 - b) “On Amendments to the Tax Code of Ukraine regarding VAT Taxation on Agricultural Produce Cultivated by Individual Farms and Sold by Agricultural Service Cooperatives”;
 - c) “On Amendments to the Law of Ukraine ‘On Farm Enterprise’ (regarding the establishment and operations of family farms)”;
 - d) “On Amendments to the Tax Code of Ukraine (regarding stimulation of the development of family farms)”;
- Conduct a new grant competition for producer organization projects. Sign grant agreements with POs and starting implementation of the grant projects;
- Refine guidelines on implementing HACCP-based food safety systems on small enterprises in accordance with the newly adopted “Law of Ukraine on Enhancing Food Safety and Quality.” Print and distribute the guidelines;
- Select four to five pilot production facilities from AgroInvest partner agriculture service cooperatives, and assist them in securing their HACCP and Global GAP certifications;
- Print and distribute two guidelines on organizing bookkeeping in agriculture service cooperatives;
- Prepare a feasibility study for developing a logistics center in the agriculture service cooperative Tavriysky Dar, in Velyka Lepetykha raion, Kherson oblast.
- Conduct training on the organization of operations of wholesale agricultural markets to improve access of SMPs and POs;
- Organize and conduct demonstration site visits for farmers from the southern and eastern regions of Ukraine to wholesale markets in central and western Ukraine to establish alternative distribution channels and means of marketing produce and to learn about the market requirements for forming commodity lots;
- Complete the process of filming an educational documentary on best practices of developing efficient fruit and vegetable distribution channels and ensuring safety and proper quality of such produce.

Gender Integration

- Extend the subcontract with the Ukrainian Women’s Fund in order to execute a new gender integration program for heads of village councils and local rural leaders;
- Organize and conduct the All-Ukrainian Conference dedicated to the 2014 International Day of Rural Women in collaboration with the USAID FIN-REP II project.

SECTION V: LEVEL OF EFFORT REPORT

LOE Matrix as of September 30, 2014

Labor Category	Total Work Days	Total Work Days Utilized To Date	Total Remaining Work Days
LT Technical Assistance (Key Personnel)	1,239	896	343
LT Technical Assistance (Expatriate)	81	81	0
LT Technical Assistance (CCN)	14,405	10,460	3,945
ST Technical Assistance (Expatriate)	600	389	211
ST Technical Assistance (CCN)	595	497	98
HO Support	240	201	39
Total	17,160	12,523	4,637

Note: LOE was reallocated per contract modification #10, dated March 4, 2014

SECTION VI: ANNEXES

Annex 1: Meetings of the National Agrarian & Land Press Club

Event	Major Issues Covered	Speakers	Journalists Present	Articles/Programs Run in the Media on the Topic
<p>Press Club meeting: "How to eliminate corruption in land relationships?"</p> <p>July 11, 2014</p>	<ul style="list-style-type: none"> • Why do professional and non-governmental organizations (NGOs) propose corruption fighting action plans? • Is elimination of corruption in land relations a complicated task? • What bribes are typically solicited in the processes of obtaining and exercising right to land plots? • Essential provisions of the program entitled "Ten steps to eliminate corruption in land relationships"; • Feasible mechanisms to eliminate corruption in the land sphere; • What government authorities and NGOs should be responsible for implementing the program? • What is the proposed timeframe for the program implementation? 	<p>Moderator: Serhiy Hubin,</p> <p>Speakers: Andriy Martyn, Professor of Economics, Head of the Land Management Design Chair, National University for Bio-Resources and Nature Management; Serhiy Bilenko, Ukrainian Land Union Association Board member; Anna Nahnybida, Executive Director of the NGO, Ukrainian Union of Land Surveyors; Pavlo Kulnych, Senior Legal Advisor to AgrolInvest.</p>	14	15
<p>Round table: "Will Ukraine manage to solve pressing problems hindering marketing of domestic fruits and vegetables?"</p> <p>September 18, 2014</p>	<ul style="list-style-type: none"> • This year's yield of fruits and vegetables and opportunities to sell them in domestic and international markets; • Specifics of the current situation in EU food markets caused by the trade war declared by Russia and its possible negative effect on the Ukrainian export of fruit and vegetables to EU 	<p>Moderator: Serhiy Hubin</p> <p>Speakers: Olexander Zhemoyda, Executive Director of the Ukrainian Agrarian Business Club; Vyacheslav Zabelin, Commercial Director of Stolychny wholesale market, Kyiv;</p>	14	15

Event	Major Issues Covered	Speakers	Journalists Present	Articles/Programs Run in the Media on the Topic
	<p>member countries;</p> <ul style="list-style-type: none"> • Specific aspects of selling fruit and vegetables in international markets; • A need to implement HACCP and Global GAP, particularly to enable export of Ukrainian fruits and vegetables; • A need to develop an organized system for wholesale trade in fruits and vegetables on the national scale; • Agriculture service cooperatives as a means to streamline access to new domestic and international markets and increase sales of fruits and vegetables. 	<p>Ivan Tomych, Chairman of the Ukrainian Union of Agriculture Service cooperatives;</p> <p>Mykola Hrytsenko, AgroInvest "Market Infrastructure Development" Component leader;</p> <p>Yuri Ohlasheny, AgroInvest Expert and HACCP and Traceability Expert on the EU-funded project, Enhancing the Food Safety System in Ukraine;</p> <p>Dmytro Ukrainets, Chairman of Rivne Regional Association of Farmers and Land Owners.</p>		

Annex 2: List of Press Publications Highlighting USAID AgrolInvest

1. [!\[\]\(b918af89b3d29b3fd1d13eb4ddf791b5_img.jpg\) Legal updates/overview for the period from September 22, 2014 through September 28, 2014](#)
2. [!\[\]\(da9ce1d6b0f2a0fcf0d0a74eb777d743_img.jpg\) Significant terms of a land lease agreement. Aspects to be considered by land owner entering into a land lease. Current restrictions on land use.](#)
3. [!\[\]\(9b41209e48913d157f03a61d958bbddd_img.jpg\) Legal updates/overview for the period from September 08, 2014 through September 14, 2014](#)
4. [!\[\]\(46e2e6dc5a0e06689502da0a79fac6c3_img.jpg\) Whether a person using a private land plot on the emphyteusis \(perpetual lease right\) can initiate with authorities the issue of changing the designated purpose of the land plot](#)
5. [!\[\]\(acb4ada31f3334fe4a27c88f8594d7b0_img.jpg\) New opportunities for Ukrainian agriculture](#)
6. [!\[\]\(06e2de8f9ca9ad66846f33be8d8c80eb_img.jpg\) Forum: "Innovation. Investments. Kharkiv Initiatives!" will gather experts from 12 countries](#)
7. [!\[\]\(bf8dd083e4ef8e67ef42bb42e17191c8_img.jpg\) New dairy plant is opened in Kirovohrad region](#)
8. [!\[\]\(75c51d7cd8343fe10793fd160109b8e6_img.jpg\) 6th International Economic Forum "Innovations. Investments. Kharkiv Initiatives!"](#)
9. [!\[\]\(f86a0bd1434e86396536b5f1b5781619_img.jpg\) Family-type farms will be legalized in Ukraine](#)
10. [!\[\]\(1834205f45a0845b6a8be45925a9715a_img.jpg\) Expert explained how to integrate Ukrainian agriculture into large European markets](#)
11. [!\[\]\(c0a5e636762a7658de1e40d27857d29e_img.jpg\) Useful and inexpensive. Kirovohrad region inhabitants are promised to get milk products at cost.](#)
12. [!\[\]\(041463a90ebdfc648572271b440115cb_img.jpg\) New dairy plant is opened in Yukhymove village](#)
13. [!\[\]\(89ad605523f7141d3a8786baeb38106e_img.jpg\) To enter the EU markets, small vegetable producers need to unite – Expert](#)
14. [!\[\]\(3b846bd931f09f4b36f6eb5dcb4f78bb_img.jpg\) HACCP system is a reliable guide for agricultural producers to ensure produce quality and a driver for production optimization](#)
15. [!\[\]\(646b8b3fdae1400563f0cc8e1ab59190_img.jpg\) Construction of the first cooperative dairy plant is completed](#)
16. [!\[\]\(5041e5278d2ec64150f457bf2552ed0c_img.jpg\) Ukrainian family farms will have an opportunity to sell their produce to Europe](#)
17. [!\[\]\(8ba01c99a4dc2c0ed115f45ebfca7ede_img.jpg\) A pumpkin is walking around Europe, or when will Ukrainian fruit and vegetable produce engage with the EU market?](#)
18. [!\[\]\(9f4b8b56a15ecbe6e742aa098eb73657_img.jpg\) Voznesensk legal aid center is continuing the practice of on-site consultations](#)
19. [!\[\]\(dddf71ec84389871f601b725fc6e8b68_img.jpg\) Woman from Voznesensk region has won a suit in court without spending a penny](#)
20. [!\[\]\(ab1fee83cbbcd9b0a0fa9d0f27561cb0_img.jpg\) Group consultations in Tatarbunary raion became an effective form of education in land rights](#)
21. [!\[\]\(00a6cb07f33a27326875e8bed85d4170_img.jpg\) "Sosnova Sich" is gathering friends](#)
22. [!\[\]\(0460f6f7f3b6faad61ac23631cb241ef_img.jpg\) Will Ukraine manage the urgent problems having a negative impact on the marketing of domestic fruit and vegetable produce?](#)
23. [!\[\]\(bbd3508ec693e51f80f3a2704113d296_img.jpg\) Clarification on the renewal of a land lease was provided](#)
24. [!\[\]\(736cf8815f84bddeaa3773bc8650f156_img.jpg\) Ukrainian Pig-Breeders Association conducts seminars on stock feeding](#)
25. [!\[\]\(8754a1c29739b81c90ba4b87be914bcb_img.jpg\) AgrolInvest conducted a training for farmers – greenhouse cucumber producers](#)
26. [!\[\]\(ccd4585c9618ee84213a3d117766ec19_img.jpg\) USAID AgrolInvest Project presented its activities for Lviv residents and guests](#)

27. [!\[\]\(64e618e0b8a62985fd12e422d2ee819c_img.jpg\) Family farms will be legalized in Ukraine](#)
28. [!\[\]\(30957f6687543a4bf12c2e20323237ea_img.jpg\) SEMINAR “Local self-governance and management of the processes of local self-governance reform”](#)
29. [!\[\]\(7d0c0e40aa6608e6fcaf990fe162650b_img.jpg\) Training on fundraising for non-profit organizations](#)
30. [!\[\]\(c447d29a025507b8c5339dcbc7b07c72_img.jpg\) Celebration dedicated to the completion of construction of a dairy plant as a part of the project “Establishment of milk value chains”](#)
31. [!\[\]\(18c68be392cbefa2fe5b86ddec484095_img.jpg\) International Agricultural Investment Forum “Agri Invest Forum”](#)
32. [!\[\]\(b1018613336bf9efa828c21f259ce779_img.jpg\) Preparation to conduct a social survey “Typical problems causing conflicts in exercising land rights and potential ways to solve them” has been started](#)
33. [!\[\]\(57674651f5fcbbb3629a0bd5965deb86_img.jpg\) On September 12, 2014, Training seminar was held for heads and secretaries of the expert groups in rural raions of Dnipropetrovsk oblast](#)
34. [!\[\]\(04a5ed749a696adbf03c95ae6ecad73f_img.jpg\) On September 13, 2014, USAID AgroInvest presented its key activities during the Dnipropetrovsk City Day celebration](#)
35. [!\[\]\(d5eca59d5f7c9f4ae2c9d618e44e3858_img.jpg\) 6th All-Ukrainian Organic Fair](#)
36. [!\[\]\(47b13a793aafee25b060f6614dab5eff_img.jpg\) Training seminar for local cooperative trainers](#)
37. [!\[\]\(cee89401296f7c105ed3b01ac13dc8b9_img.jpg\) Study tour for Rivne oblast farmers](#)
38. [!\[\]\(462060e860efbfdd8dc12081b3a7e315_img.jpg\) For two years, more than 750 landowners from Odesa region received legal protection and assistance](#)
39. [!\[\]\(670c2c1126977a65f7546f7740353270_img.jpg\) On September 13, 2014, the 6th All-Ukrainian Organic Fair will be held](#)
40. [!\[\]\(44cfe8e22b11716453a1db88642240b8_img.jpg\) USAID AgroInvest-PwC Film](#)
41. [!\[\]\(f46de3f4fb824798c89b1cfb77eebd4b_img.jpg\) AgroInvest proposes to improve land lease relations](#)
42. [!\[\]\(09f704bd73f56a26208957bdd8fe2d76_img.jpg\) Training seminar in Kherson](#)
43. [!\[\]\(4fbee3efbc6a88cff0642a1e9146a93a_img.jpg\) USAID AgroInvest Newsletter for August 2014](#)
44. [!\[\]\(d2f589f6f7b563d23b2cfef3ab1f7208_img.jpg\) Group Consultations Became an Effective Form of Land Rights Education](#)
45. [!\[\]\(c985ac7c19a018e2da633a737b323e6e_img.jpg\) Final meeting “Equal gender participation in community mobilization as a necessary component for rural development” \(Kyiv\)](#)
46. [!\[\]\(fcdf77119701abcee87b2ccc0269911d_img.jpg\) The first regional veterinary seminar organized by the Ukrainian Pig-Breeders Association has been held](#)
47. [!\[\]\(99def79dea6a2ade775317acc9f9e8af_img.jpg\) AgroInvest proposes land lease tips for landowners](#)
48. [!\[\]\(cd6f1638357c1b46a03af50ca1cf3d9e_img.jpg\) Report on the round table “Privatization and lease of agricultural land plots under new land legislation”](#)
49. [!\[\]\(6b813126a6a226854db77d2e149b4cde_img.jpg\) How should villagers correctly enter into lease agreements for their land shares?](#)
50. [!\[\]\(88dc5517229ae73a4fc93b66135a65a1_img.jpg\) AgroInvest proposes land lease tips for landowners](#)
51. [!\[\]\(bff99626c47c14bd70b1016150a9592e_img.jpg\) Lawyer of the Kakhovka legal aid center helped address the court on lease payment recalculation](#)
52. [!\[\]\(2cad029340c78252aa763ee13e352977_img.jpg\) How Ukrainian agrarians are tested with land lease](#)

53. [!\[\]\(60f33415568cc5650bf99b1f11ed7172_img.jpg\) USAID AgrolInvest Newsletter for July 2014](#)
54. [!\[\]\(8439a8c7a63385593bd59084c02109fc_img.jpg\) Tatarbunary continues land education: about 200 people have been already assisted](#)
55. [!\[\]\(2ec3b0f3ae63a66971269df8437b6abf_img.jpg\) Does the government need an Agrarian FBI?](#)
56. [!\[\]\(413c480e3806b9e4a546f933464ebe96_img.jpg\) A discussion on land issues between the government and the community took place in Kherson](#)
57. [!\[\]\(896bf06d3c43bc98cafcafac388c3b9c_img.jpg\) About 200 people of Tatarbunary area received legal aid on land issues since the beginning of the year](#)
58. [!\[\]\(435afe026b47e1e720f40c9e814ca367_img.jpg\) USAID will help Rivne oblast expand food sale markets](#)
59. [!\[\]\(d0a27f4a86c3e2c3310ceaca26cb1892_img.jpg\) Americans will help local farmers trade with Europe](#)
60. [!\[\]\(131804b39242a6c6e783d92a6d1afc67_img.jpg\) Cooperatives can play a major role in the revival of the agricultural sector of Ukraine - Mykola Malik](#)
61. [!\[\]\(77258024b857e6a5f87f7709699061ba_img.jpg\) Accelerating the development of farming in Ukraine requires legislation improvement - Viktor Zayats](#)
62. [!\[\]\(5a0a4ca52a7aa12c8a224711643bfb47_img.jpg\) Agrarians were informed about export opportunities to the EU](#)
63. [!\[\]\(b9dc1fd0e2143cd791cd87fa083c35e4_img.jpg\) Note on taxation for agricultural cooperatives](#)
64. [!\[\]\(d77891319507cf68ef280778b2663f1f_img.jpg\) National Agrarian and Land Press Club issues new material for free media reprint](#)
65. [!\[\]\(8ba0aabb3608755eafb1de956046865e_img.jpg\) Subgroup as a part of the Working Group on the Development and Regulation of the Pig Industry has been created under the auspices of the Ministry of Agrarian Policy and Food of Ukraine](#)
66. [!\[\]\(673dc698ab02ae0e11f96696fe94dc51_img.jpg\) How Ukrainian agrarians are getting tested by land leases](#)
67. [!\[\]\(87f213129ec9456655e9e297c7c11a1e_img.jpg\) Implementation of Food Safety Based on HACCP System](#)
68. [!\[\]\(40b30c7271a8ae889659946bdc90ebf3_img.jpg\) Implementation of state and local programs in the agro-industrial sector](#)
69. [!\[\]\(4d1b625aec6fab440c10734810ed787e_img.jpg\) 20% of all lease contracts contain violations of the contract renovation - O. Muliar](#)
70. [!\[\]\(400a77ea71e0baa71a9528ec91381ff7_img.jpg\) Discussion: "Land Lease Agreements: How to Defend the Rights of Landowners?"](#)
71. [!\[\]\(602f9685e8efede02c9a5f123f9391a9_img.jpg\) Experts discussed challenges of reforming the State Agriculture Inspection Service of Ukraine](#)
72. [!\[\]\(2bd6e950c15fdc74170095542c17027e_img.jpg\) Kherson center of legal services expanded the geography of its activities in June](#)
73. [!\[\]\(cedd1548bcb027b947c19a642b2379cc_img.jpg\) The level of "land" corruption in Ukraine](#)
74. [!\[\]\(3e1d373f8e44d15626b8dbb5d1c1000d_img.jpg\) How to end corruption in land relations?](#)
75. [!\[\]\(e2153526be23a002dd21e034a5e6a302_img.jpg\) Family farms in Volyn' will get loans](#)
76. [!\[\]\(cc6e555fc2c63785aea7f800c7d7231f_img.jpg\) Farmers do not rush to cooperate, waiting for tax preference](#)
77. [!\[\]\(e79f65b9b6cbb9877ea3b78d22d89af0_img.jpg\) Farming with the status "family"](#)
78. [!\[\]\(c5b5670ca588f43e294db7ea70c1b410_img.jpg\) USAID AgrolInvest monthly newsletter for June 2014 has been released](#)
79. [!\[\]\(a618cd318b86435b758e92b953fd7d59_img.jpg\) Land Reform in Ukraine is to lose the corruption component](#)
80. [!\[\]\(7dc74e5db3094d820e0142ad6f73fecd_img.jpg\) Agroexpert Mykola Hrytsenko - Farming in Ukraine Can Become a Family Business](#)

Annex 3: Environmental Mitigation and Monitoring Report



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

Environmental Mitigation and Monitoring Report

July 1 - September 30, 2014

Contract No. AID-121-C-11-00001

October 2014

This publication was produced for review by the United States Agency for International Development. It was prepared Chemonics International Inc. The author's views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

Introduction

The purpose of the USAID AgroInvest Project is to provide technical assistance to accelerate and broaden economic recovery in Ukraine and increase the country's contribution to global food security efforts. AgroInvest is achieving this objective by supporting a stable, market oriented agricultural policy environment, stimulating access to financial services for small and medium producers (SMPs), and facilitating a more effective market infrastructure for SMPs.

The scope of work identifies three main components, refined into six tasks, as follows:

- Component 1: Support a Stable, Market-Oriented Environment
 - Task 1-a: Accelerate Market Oriented Reforms
 - Task 1-b: Strengthen Industry Associations
 - Task 1-c: Provide Public Education for Land Rights
- Component 2: Stimulate Access to Finance
 - Task 2-a: Sustainable Access to Financial Services for SMPs Provided
- Component 3: Facilitate Market Infrastructure for Small and Medium Producers
 - Task 3-a: Producer Organization Development
 - Task 3-b: Develop Wholesale Markets and Other Market Infrastructure

USAID requires that all supported project activities be environmentally sound to ensure project development sustainability. The implementation of all AgroInvest activities is being done in accordance with the requirements of USAID Environmental Procedures and Policy and with Ukraine country environmental regulations. Where there is a conflict between the host country and USAID regulations, USAID's regulations prevail. To-date, no conflict has occurred during the application and integration of the two environmental policies.

AgroInvest aims to build and strengthen the local capacity for environmental assessment and management through training of the Project's local partners, and to establish linkages between USAID Environmental Procedures and Policy and Ukrainian Environmental Policy during the implementation and operation of all sub-projects, to ensure the sustainability of Ukrainian agriculture after the end of USAID funding.

USAID Environmental Procedures and Policy

USAID regulation 22 CFR 216, provides the conditions and procedures for environmental review of all supported project activities. USAID prepared an umbrella initial environmental examination (IEE) based on this regulation on April 9, 2010, which was approved by the Acting Bureau Environmental Officer (BEO) and the USAID Ukraine Mission Director on April 13, 2010. The IEE Threshold Determination for AgroInvest recommended a Negative Determination with Conditions for all proposed activities stating that, "Pursuant to 22 CFR 216.2(c)(3), the originator of the proposed activities has determined that most of that most of the USAID support under the AgroInvest project will consist of interventions entirely within the categories listed in paragraph (c)(2) of Section 216.2 of Title 22 CFR 216, and therefore are categorically excluded from any further environmental review requirements."

That said, the AgroInvest Project screens each of its sub-projects/activities as they are identified to determine the level of risk for potential adverse environmental impacts (e.g. low risk, medium risk and high risk), followed by preparation of Environmental Review and Assessment (ER) Checklists

when applicable so as to clearly identify any potential impacts due to the sub-project implementation. Based on the outcome of the ER checklists, Environmental Mitigation and Monitoring Plans (EMMPs) for preventing or minimizing the occurrence of adverse impacts are prepared. The EMMPs are then incorporated into the sub-project design and implementation to satisfy the requirements of USAID regulation 22 CFR 216, and to ensure that the sub-project design is environmentally sound.

AgroInvest Activities

As discussed above, to comply with the requirements of the Project's IEE, AgroInvest developed an environmental review process that is being used to screen each sub-project as it is identified, followed by preparation of ER checklists for identification of potential adverse environmental impacts due to implementation and operational phases, and their respective EMMPs where/when applicable to reduce or eliminate the occurrence of adverse impacts.

At present, the majority of AgroInvest's current and past activities (exceptions are discussed below) have fallen under a categorical exclusion because the activities are fully within the following classes of actions:

- Education, technical assistance, or training programs except to the extent that such programs include activities directly affecting the environment (such as construction of facilities, etc.). [22 CFR 216.2(c)(2)(i)];
- Analyses, studies, academic or research workshops and meetings. [22 CFR 216.2(c)(2)(iii)];
- Document and information transfers. [22 CFR 216.2(c)(2)(v)];
- Studies, projects or programs intended to develop the capacity of recipient countries to engage in development planning, except to the extent designed to result in activities directly affecting the environment (such as construction facilities). [22 CFR 216.2(c)(2)(xiv)].

Those activities of AgroInvest that presently do not meet the categorical exclusions outlined above fall solely under Component 3. Component 3A works with producer organizations and agriculture servicing cooperatives to build their organizational and administrative capacities as well as help them to increase their profitability through increased production of higher quality produce/products. One of the means of accomplishing this is through providing small grants to these organizations for equipment procurement and installation. As the equipment and the related activities pertain to its use has the potential to impact the environment, AgroInvest executes ER checklists and develops EMMPs for each producer organization grantee activity. This quarter, each grantee and activity under Component 3A was fully compliant with its respective reporting and EMMP requirements. A listing of each Component 3A grantee can be found in Annex 1 of this report.

Component 3B focuses on the development of wholesale markets and other forms of market infrastructure (logistics centers, warehouses, etc.). AgroInvest limits its involvement to creating and assisting local level initiative groups as well as conducting feasibility studies for regional markets and wholesale markets. No funding from AgroInvest is used for any physical site preparation or construction of any of the markets for which the feasibility studies are executed. That said, a section regarding environmental mitigation and risk issues is included in each of the feasibility studies in line with USAID Environmental Procedures and Policy and with Ukraine country environmental regulations. Additionally, when and where possible, European Union standards pertaining to environmental, safety, and health are incorporated into the feasibility studies to help Ukraine better align with EU requirements as it becomes more integrated with western markets.

Quarterly Environmental Mitigation and Monitoring Highlights

Development Credit Authority Loan Portfolio Guarantee

This quarter the AgroInvest Project continued to work closely with the USAID Ukraine Mission and the USAID Development Credit Authority (DCA), which is based out of Washington, DC, to

launch a loan portfolio guarantee (LPG) program through AgroInvest. This quarter it was defined that the DCA LPG will be an eight year, \$7 million USD program in cooperation with five Ukrainian credit unions: Vygoda (Lviv); Anisia (Lviv); Hromda (Kherson); Narodna Dovira (Kherson); and Kasa Vzeyemodopomohy (Kharkiv). On September 30th, the DCA LPG agreements were signed between the five credit unions and the USAID Mission Director.

Pursuant to ADS 249.3.4.2, loan portfolio guarantees made by USAID without the right to approve individual loans qualify for the categorical exclusion set forth in 22 CFR 216(c)(2)(x) and consequently are not subject to the general procedures contained in 22 CFR 216.3. Therefore, as a legal matter, DCA activities generally constitute support for intermediate credit institutions and, therefore, are entirely within the classes of action cited in Title 22 of the CFR Section 216.2 (Applicability of Procedures) paragraph (c)(2) which reads, “Support for intermediate credit institutions when the objective is to assist in the capitalization of the institution or part thereof and when such support does not involve reservation of the right to review and approve individual loans made by the institution [22 CFR 216.2(c)(2)(x)].”

However, as a policy matter, the USAID Ukraine Mission instructed AgroInvest to conduct an IEE for the anticipated activities to be covered by the DCA LPG which will serve as an amendment to the Project’s initial IEE. AgroInvest drafted the IEE amendment this quarter and it was officially cleared and signed by the Mission the Bureau Environmental Officer on September 8th, 2014.

Pesticide Evaluation Report and Safe-Use Action Plan

It is envisioned that the DCA LPG program cited above may be used for activities involving the procurement and/or use of pesticides, insecticides, fungicides, rodenticides, or other agricultural chemicals. As such, the Mission has requested that the AgroInvest Project develop a Pesticide Evaluation Report and Safe-Use Action Plan (PERSUAP) based on the fact that USAID and its implementation partners are obliged to follow the U.S. Government environmental regulations outlined in 22 CFR 216 (b)(1) requiring all proposed projects involving assistance for the procurement (including payment in kind, donations, guarantees of credit) or use (including handling, transport, fuel for transport, storage, mixing, loading, application, cleanup of spray equipment, and disposal), or both, of pesticides shall be subject to the procedures prescribed in §216.3(b)(1)(i) through (v). Pesticides cover all insecticides, fungicides, rodenticides, etc. covered under FIFRA – ‘Federal Insecticide, Fungicide, and Rodenticide Act’ in various sectors, like agriculture, construction, health, water, etc. Pesticides are broadly defined in FIFRA Section 2(u) as chemicals and other products used to kill, repel, or control pests. Food Quality Protection Act of 1996 (FPQA) (P.L. 104-170) further amends both the Federal Insecticide, Fungicide, and Rodenticide Act (FIFRA) and the Federal Food, Drug, and Cosmetic Act (FFDCA). It establishes a more consistent, protective regulatory scheme for pesticides, mandating a single health-based standard for all pesticides in foods, in addition to advancing other protective provisions.

This quarter AgroInvest identified the pesticide an agrichemical specialist, Alan Schroeder, who will undertake this activity. Mr. Schroeder has years of experience and has developed more than 20 PERSUAPs for USAID Missions and projects throughout the world. Mr. Schroeder will travel to Ukraine October 14 -24th to conduct in-country research and meetings. The target deadline to have the draft of the PERSUAP completed and submitted to AgroInvest’s COR and the Mission Environmental Officer is mid-November 2014. Continued updates on the development of the PERSUAP will be provided in AgroInvest’s subsequent Environmental Mitigation and Monitoring Reports.

Annex 1: Component 3A Producer Organization Grantees

	Grantee	Program/Project Name	Grant Agreement Number	Start/End date	Date EMMP approved	Notes
1	ASC Krymekoproduct	Creation of Rendering Service System to Collect, Remove and Processing of Straw from the Fields by Producing Fuel Briquettes	AGRO-GA11-3A-04/2	10/22/12-10/17/13 *It is noted that this grant was terminated on 10/17/13	10/1/12	The grant with ASC Krymekoproduct was officially terminated on October 17, 2013 based on the grantees failure to make progress with the timeframe agreed to regarding its responsibility in renovating the facility where the briquette making equipment would be placed.
2	ASC Gospodar Pidgirya	Development of Dairy Industry in Pidgirya Region	AGRO-GA11-3A-04/1	10/22/12-11/22/14	10/4/12	As of the end of the reporting period, ASC Gospodar Pidgirya is currently compliant with its EMMP. This reporting period, the cooperative began to develop documents for its HACCP certification, namely the description of process operations and a description of the premises. During the next reporting period AgrolInvest will engage a consultant to further assist the cooperative to attain its HACCP certification in line with all required

						environmental compliance issues.
3	ASC Khayal-2009	Creation of a cool storage chamber to organize strawberry and strawberry seedling storage	AGRO-GA12-3A-06/01	12/18/12-6/20/14	12/7/12	Given the circumstances in Crimea, in consultation with, and approval from, the Contracting Officer, the grant to Khayal-2009 was closed. Given the inability for Project staff to travel to Crimea, the final EMMP and grant close out site visit to ensure final compliance with all terms of the grant.
4	ASC Boodjak	Developing of a milk processing facility	AGRO-GA11-3A-04/3	01/03/13-12/30/14	12/20/12	As of the end of the reporting period, ASC Boodjak is currently compliant with its EMMP.
5	ASC Zakhidnyi	Improving the Quality of Compound Feed through Implementation of Extrusion and Granulation Technologies	AGRO-GA12-3A-06/02	12/28/12-12/28/14	12/20/12	As of the end of the reporting period, ASC Zakhidnyi is currently compliant with its EMMP. Of note this quarter: Tenders to procure equipment and its installation were conducted in line with EMMP requirements and staff were trained on the new equipment operation and safety procedures. Zakhidnyi began operation on producing combined feeds.

						<p>During an AgroInvest site visit on September 26, 2014, and in accordance with the contract and the grantee's EMMP, the project verified the installation status of equipment as well as the contract for the supply of goods and services.</p> <p>This reporting period, Zakhidnyi also began to develop documents for its HACCP certification, namely the description of process operations and a description of the premises. During the next reporting period AgroInvest will engage a consultant to further assist the cooperative to attain its HACCP certification in line with all required environmental compliance issues.</p>
6	ASC Ivankivetskyi Svitanok	Establishment of a milk processing facility	AGRO-GA12-3A-06/04	04/16/13-4/16/15	3/28/13	<p>As of the end of the reporting period, ASC Ivankivetskyi Svitanok is currently compliant with its EMMP.</p> <p>Of note this quarter: On September 15, 2014, Ivankovetsky Svitanok held a ribbon cutting ceremony for</p>

						<p>the dairy factory. During the next reporting period the cooperative will be focusing on equipment testing and beginning plant operations.</p> <p>Ivankovetsky Svitnok also began to develop documents for its HACCP certification, namely the description of process operations and a description of the premises. During the next reporting period, AgroInvest will engage a consultant to further assist the cooperative to attain its HACCP certification in line with all required environmental compliance issues.</p>
7	ASC Severyn	Construction of a cool chamber for fruits and berries storage	AGRO-GA12-3A-06/03	04/16/13-4/16/15	3/29/13	As of the end of the reporting period, ASC Severyn is currently compliant with its EMMP.
8	ASC Umyut	Phytoindustry development in the Crimea	AGRO-GA12-3A-06	05/21/13-6/20/14	<p>Original EMMP approved 4/29/13</p> <p>Revised EMMP approved 8/30/13</p>	Given the circumstances in Crimea, in consultation with, and approval from, the Contracting Officer, the grant to Umyut was closed. Given the inability for Project staff to travel to Crimea, the final EMMP and grant close out site visit to ensure final

						compliance with all terms of the grant.
9	ASC Losyatynske Molochne Dzherelo	Establishment of a cool storage chamber for berries	AGRO-GA12-3A-08/1	07/30/13-7/30/15	7/9/13	As of the end of the reporting period, ASC Losyatynske Molochne Dzherelo is currently compliant with its EMMP.
10	ASC Shyroke	Establishment of a Cool Storage Facility for Vegetables and Melons	AGRO-GA12-3A-06/6	07/31/13-7/31/15	7/13/13	As of the end of the reporting period, ASC Shyroke is currently compliant with its EMMP.
11	ASC Lypivsky	Establishment of Facility for processing potatoes and crops	AGRO-GA12-3A-08/2	08/12/13-8/13/15	8/8/13	As of the end of the reporting period, ASC Lypivsky is currently compliant with its MMP.
12	ASC Fruits of Crimea	Development of a modernized fresh fruit and vegetable logistics/processing facility	AGRO-GA12-3A-08/3	8/29/13-6/20/14	8/13/13	Given the circumstances in Crimea, in consultation with, and approval from, the Contracting Officer, the grant to Fruits of Crimea was closed. Given the inability for Project staff to travel to Crimea, the final EMMP and grant close out site visit to ensure final compliance with all terms of the grant.
13	ASC Dzhylek	Establishment of a Cool Storage Facility for	AGRO-GA13-3A-12/1	11/11/13-6/20/14	MEO approved streamlined EMMP 11/19/13	Given the circumstances in Crimea, in consultation with, and approval from, the Contracting Officer, the grant

		Vegetables and Fruits				to Dzhylyk was closed. Given the inability for Project staff to travel to Crimea, the final EMMP and grant close out site visit to ensure final compliance with all terms of the grant.
14	ASC "Start M"	Development of a modernized fresh vegetable logistics/processing facility	AGRO-GA13-3A-12/2	11/15/13-6/20/14	MEO approved streamlined EMMP 11/19/13	Given the circumstances in Crimea, in consultation with, and approval from, the Contracting Officer, the grant to Start-M was closed. Given the inability for Project staff to travel to Crimea, the final EMMP and grant close out site visit to ensure final compliance with all terms of the grant.
15	ASC Rivnopravnist	Development of Pasture Based Dairying and Milk Collection Points	AGRO-GA12-3A-08/4	1/3/14-7/3/15	12/23/13	As of the end of the reporting period, ASC Rivnopravnist is currently compliant with its EMMP. Of note this quarter: Rivnopravnist conducted the tendering process for selection and procurement of equipment in line with EMMP requirements.
16	ASC Golden Bee	Establishment of modernized honey	AGRO-GA13-3A-12/3	12/10/13-6/20/14	MEO approved streamlined EMMP 12/3/13	Given the circumstances in Crimea, in consultation with, and approval from, the Contracting Officer, the grant

		processing and packaging facility				to Golden Bee was closed. Given the inability of Project staff to travel to Crimea, the final EMMP and grant close out site visit to ensure final compliance with all terms of the grant.
17	ASC Small Golden Bee	Establishment of modernized honey processing and packaging facility	AGRO-GA13-3A-12/7	06/26/14 – 06/26/15	6/25/14	<p>As of the end of the reporting period, ASC Small Golden Bee is currently compliant with its EMMP.</p> <p>Of note this quarter: Tenders to procure equipment and its installation were conducted in line with EMMP requirements and staff were trained in the new equipment operation and safety procedures. During September 2014 the facilities began operations.</p>
18	ASC Snovyanka	Improving the Quality of Compound Feed through Implementation of Extrusion and Granulation Technologies	AGRO-GA13-3A-12/4	3/7/14- 9/7/15	MEO approved streamlined EMMP 3/3/14	<p>As of the end of the reporting period, ASC Snovyanka is currently compliant with its EMMP.</p> <p>Of note this quarter: The tender to procure equipment was conducted in line with EMMP requirements.</p>

19	ASC Chysta Flora	Establishment of a Cool Storage Facility for Fresh Fruits and Berries	AGRO-GA13-3A-12/5	3/10/14-9/10/15	MEO approved streamlined EMMP 3/3/14	<p>As of the end of the reporting period, ASC Chysta Flora is currently compliant with its EMMP.</p> <p>Of note this quarter: Tenders to procure equipment and its installation were conducted in line with EMMP requirements and staff were trained in the new equipment operation and safety procedures. On August 18, 2014 a freezer for berries and mushrooms was put into operation.</p>
20	ASC Molochni Riky	Improving the Quality of Compound Feed through Implementation of Extrusion and Granulation Technologies	AGRO-GA13-3A-12/6	4/11/14-10/12/15	MEO approved streamlined EMMP 4/2/14	<p>As of the end of the reporting period, ASC Molochni Riky is currently compliant with its EMMP.</p> <p>Of note this quarter: Tenders to procure equipment and its installation were conducted in line with EMMP requirements and staff were trained in the new equipment operation and safety procedures. Molochni Riky began operation on producing combined feeds.</p> <p>During an AgroInvest site visit on September 26, 2014, and in accordance with the contract and the grantee's EMMP, the project verified the</p>

						<p>installation status of equipment as well as the contract for the supply of goods and services.</p> <p>This reporting period, Molochni Riky also began to develop documents for its HACCP certification, namely the description of process operations and a description of the premises. During the next reporting period AgrolInvest will engage a consultant to further assist the cooperative attain its HACCP certification in line with all required environmental compliance issues.</p>
--	--	--	--	--	--	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------



USAID | AgrolInvest Project

FROM THE AMERICAN PEOPLE

SUCCESS STORY

From Price Takers to Price Makers: Increasing Small Farmers' Livelihoods through Links to Wholesale Market Opportunities



Onions on sale from Kherson Oblast at Shuvar wholesale market in Lviv, Ukraine

Photo: ERIC BLEICH

Small and medium sized producers in Ukraine have limited opportunities in terms of where they sell their produce. Through linking these producers with wholesale markets, USAID AgrolInvest is helping them sell increased quantities at higher prices.

U.S. Agency for International Development
www.usaid.gov

Due to the lack of an organized market infrastructure in Ukraine, most small and medium sized agriculture producers (SMPs) often must sell their produce locally at the height of the harvest through local roadside or other informal markets. This forces them to accept whatever price they are offered for their produce, or risk their fruits and vegetables spoiling before being sold. To combat this, USAID AgrolInvest has teamed up with Shuvar wholesale market in Lviv to host a series of demonstration site visits where farmers from across Ukraine come to Shuvar for a two-day demonstration site visit and training to learn and better understand the country's market channels and the benefits of working with and through wholesale markets. Shuvar's strategic location makes it the ideal market to work with, due to its proximity to western European markets.

One of the results of these site visits and trainings has been SMPs signing contracts with Shuvar to sell their produce remotely. The system is simple: upon harvest, the produce in question is transported to Shuvar market. Once at Shuvar, the produce is stored in a secure facility (cool or dry storage, as appropriate). The SMPs have access to a live stream of their produce via closed circuit television 24 hours a day, seven days a week. Shuvar staff are on hand to sell the SMPs produce and verify that producers accept the offered price before selling to a potential buyer. Shuvar charges a modest fee of 5% for this service.

This arrangement offers SMPs peace of mind in knowing that their produce is secure, and allows them to focus their energy on farming in their home localities. From Kherson oblast alone, SMPs have already entered into agreements with Shuvar for 160 tons of tomatoes, 300 tons of carrots, 50 tons of beets, 50 tons of onions, one ton of broccoli, two tons of eggplants, 10 tons of radishes, and 120 tons of watermelons.

Another benefit for the SMPs is that through signing such contracts, they can better plan for future harvests, knowing that they have an outlet for their produce through the agreements they are making with the wholesale market.

According to Anatoly Merkotyan, a farmer from Kherson oblast, "Through USAID AgrolInvest linking farmers in Kherson to Shuvar market, I have been able to sell 120 tons of watermelons remotely. This is great, and I am very pleased. In Kherson, watermelons are hard to sell, but in Lviv people buy with pleasure for local consumption or to forward on to markets in Western Europe. In November, we will collect cabbage and plan to sell it through Shuvar and, of course, we plan to expand our cooperation in the coming year."

Annex 5: AgroInvest Performance Management and Evaluation Summary

PERFORMANCE INDICATOR	Year 1	Year 2	Year 3	Year 4			Cumulative Project		Notes and Explanations
	Annual Actual/Annual Target	Annual Actual/Annual Target	Annual Actual/Annual Target	Actual this Quarter	Actual Annual	Annual Target	Actual result	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	4/5	14/10	13/10	15	31	10	62	41	<p>1. AgroInvest prepared an analysis of the draft law “On Amendments to Certain Legislative Acts of Ukraine Regarding the Improvement of the Procedure for Sale of Lease Rights to Agricultural Land” prepared by the Land Agency;</p> <p>2. AgroInvest prepared an analysis of the September 10, 2014 Resolution of the Cabinet of Ministers No. 442 on the reorganization of government control and supervision agencies;</p> <p>3. AgroInvest prepared an analysis of the draft law No. 4278a entitled “On Amendments to Certain Legislative Acts of Ukraine Regarding Implementation of Government Supervision (Control) over the Circulation of Genetically Modified Organisms”;</p>

PERFORMANCE INDICATOR	Year 1	Year 2	Year 3		Year 4		Cumulative Project		Notes and Explanations
	Annual Actual/Annual Target	Annual Actual/Annual Target	Annual Actual/Annual Target	Actual this Quarter	Actual Annual	Annual Target	Actual result	LOP Target	
									<p>4. The Association of Village Mayors developed recommendations on the draft law “On Amendments to the Law ‘On Local State Administrations’”;</p> <p>5. The Association of Village Mayors developed proposals and amendments to the law “On Family Farms”;</p> <p>6. The Association of Village Mayors made an analysis and recommendations regarding proposals of the Ministry of Regional Development to improve relationships between the state budget and local budgets in 2015;</p> <p>7. The Agrarian Union of Ukraine made an analysis of the draft law “On Amendments of Legislative Acts of Ukraine Regarding Sales of Agricultural Land Lease Rights”;</p>

PERFORMANCE INDICATOR	Year 1	Year 2	Year 3		Year 4		Cumulative Project		Notes and Explanations
	Annual Actual/Annual Target	Annual Actual/Annual Target	Annual Actual/Annual Target	Actual this Quarter	Actual Annual	Annual Target	Actual result	LOP Target	
									<p>8. The Association of Pig Breeders of Ukraine developed proposals to the draft law “On Livestock Breeding”;</p> <p>9. The Association of Pig Breeders prepared an interpretation of the application of the MAPF Order #96 (regarding payments for veterinary services);</p> <p>10. The Ukrainian Agrarian Confederation prepared comments on the draft law “On Amendments to the Land Lease Law” (on establishing the minimum level of land lease payments);</p> <p>11. The Ukrainian Agrarian Confederation developed an analysis of the draft order of the Ministry of Infrastructure “On Amendments to Coefficients Used for Railway Transportation Tariffs”;</p> <p>12. The Ukrainian Agrarian Confederation</p>

PERFORMANCE INDICATOR	Year 1	Year 2	Year 3		Year 4	Cumulative Project		Notes and Explanations
	Annual Actual/Annual Target	Annual Actual/Annual Target	Annual Actual/Annual Target	Actual this Quarter	Actual Annual	Annual Target	Actual result LOP Target	
								<p>developed an analysis of the resolution of the Cabinet of Ministers No. 934 of October 22, 2008 “On Boundaries of the Mykolayiv Sea Port”;</p> <p>13. The Ukrainian Agribusiness Club prepared an analysis of draft law No. 3237 “On Amendments to Certain Legislative Acts of Ukraine Regarding the Powers of Notaries to Register Rights to Land Plots”;</p> <p>14. The Ukrainian Agribusiness Club developed an analysis of the Cabinet of Ministers’ draft resolution “On Approval of the Procedure for Insuring Risks Associated with the Storage and the Use of Pesticides and Agrochemicals”;</p> <p>15. The Ukrainian Agribusiness Club prepared an analysis of the decision of the Interagency Commission on International Trade</p>

PERFORMANCE INDICATOR	Year 1	Year 2	Year 3	Actual this Quarter	Year 4	Annual Target	Cumulative Project		Notes and Explanations
	Annual Actual/Annual Target	Annual Actual/Annual Target	Annual Actual/Annual Target		Actual Annual		Actual result	LOP Target	
									dated July 1, 2014 on the antidumping duties on ammonia fertilizers imported from the Russian Federation.
1.1.2- Number of policy reforms/regulations/administrative procedures drafted and presented for public/stakeholder consultation as a result of USG assistance	1/2	7/5	11/5	4	26	6	45	21	<p>1. AgrolInvest drafted and presented for public discussion through the Reanimation Reform Package initiative a draft law “On Amendments to Certain Legislative Acts of Ukraine Regarding the Exchange of Land Plots Located Within One Field”;</p> <p>2. Experts of the Land Union of the Resource Center prepared a draft law of Ukraine “On Amendments to Some Legislative Acts of Ukraine concerning Improvement of Legal Regulation of Land Leases” (registration No. 4493a dated August 13, 2014);</p> <p>3. Experts of the Land Union Resource Center prepared a draft law of Ukraine “On Amendments to Some</p>

PERFORMANCE INDICATOR	Year 1	Year 2	Year 3		Year 4		Cumulative Project		Notes and Explanations
	Annual Actual/Annual Target	Annual Actual/Annual Target	Annual Actual/Annual Target	Actual this Quarter	Actual Annual	Annual Target	Actual result	LOP Target	
									<p>Legislative Acts of Ukraine Concerning Improvement of Legal Regulation of Land Leases” (registration No. 4493a dated August 13, 2014);</p> <p>4. Ukrainian Agribusiness Club developed and presented for public discussion amendments to the draft law “On Amendments to the Tax Code Regarding Improvement of Conditions for Doing Business.”</p>
1.1.3- Number of policies rejected/vetoed/removed that are inconsistent with agricultural market-friendly/investment-friendly procedures	0/0	0/3	1/3	2	2	2	3	9	<p>1. Draft Law No. 4182a “On Amendments to Certain Legislative Acts of Ukraine (Regarding Transactions with Grain and Products of its Processing) was removed from the agenda of the Verkhovna Rada due to advocacy activities of the Grain Association, Ukrainian Agricultural Confederation, and Ukrainian Agribusiness Club;</p> <p>2. Provisions on taxation</p>

PERFORMANCE INDICATOR	Year 1	Year 2	Year 3	Actual this Quarter	Year 4	Annual Target	Cumulative Project		Notes and Explanations
	Annual Actual/Annual Target	Annual Actual/Annual Target	Annual Actual/Annual Target		Actual Annual		Actual result	LOP Target	
									on the agricultural sector were removed from draft Law No. 4309a “On Introducing Amendments to the Tax Code and Other Legislative Acts (on Refining Certain Provisions)” due to advocacy activities of the Grain Association, Ukrainian Agricultural Confederation and Ukrainian Agribusiness Club, and Agrarian Union of Ukraine.
1.1.4- Number of policies, regulations and administrative procedures passed	0/0	0/3	6/3	1	4	3	10	10	The Cabinet of Ministers’ Resolution No. 358 “On Evaluation for the Purposes of Taxation and Payment of Obligatory Dues Paid under the Law,” drafted by experts of the Land Union under the Resource Center, was approved on August 21, 2014.
1.1.5- Number of public-private dialogue mechanisms utilized as a result of USG assistance	2/4	3/8	5/8	3	8	8	18	32	1. The Agrarian Union of Ukraine initiated and formed a working group on monitoring agriculture and agribusiness financial markets. Members of the

PERFORMANCE INDICATOR	Year 1	Year 2	Year 3		Year 4		Cumulative Project		Notes and Explanations
	Annual Actual/Annual Target	Annual Actual/Annual Target	Annual Actual/Annual Target	Actual this Quarter	Actual Annual	Annual Target	Actual result	LOP Target	
									<p>working group are representatives of industry associations, the National Bank of Ukraine, the MAPF, and commercial banks;</p> <p>2. The Ukrainian Agribusiness Club joined the Public Council under the State Investment Agency in August 2014;</p> <p>3. The Ukrainian Agribusiness Club joined a working group “On Taxation of Agricultural Sector” in May 2014 (reported during this period).</p>
Project objective 1.2: Industry associations strengthened									
Indicator									
1.2.1- Number of regional-level working groups engaged by partner industry associations	NA	NA	0/5	0	0	5	0	20	<p>No regional working groups engaged during the reporting period.</p> <p>Next quarter, AgroInvest will commence implementation of 5 regional grant programs with local associations, which are focused, inter alia, on the development of regional-level working</p>

PERFORMANCE INDICATOR	Year 1	Year 2	Year 3	Year 4		Cumulative Project		Notes and Explanations	
	Annual Actual/Annual Target	Annual Actual/Annual Target	Annual Actual/Annual Target	Actual this Quarter	Actual Annual	Annual Target	Actual result		LOP Target
									groups.
1.2.2- Number of institutions/organizations undertaking capacity/competency strengthening as a result of USG assistance	2/0	6/8	4/8	0	12	4	24	20	No new organizations were engaged for capacity/competency strengthening during this period.
1.2.3- Aggregated increase in self-financing for target industry associations	0/0	0/3	3.8%/6%	15.4%	15.4%	8%	15.4%	26%	Compared to the previous period, targeted industry associations increased coverage of expenses through membership fees by 15.4%
1.2.4- Number of new members in partner industry associations	0/0	0/5	115/10	44	116	10	231	35	Seven new members joined the Association of Village Mayors, 11 new members joined the Agrarian Union, three new members joined Association of Pig Breeders; one new member joined the Ukrainian Grain Association; one new member joined the Ukrainian Agrarian Confederation; two new members joined the Ukrainian Agribusiness Club; and 19 new members joined the Organic Federation of Ukraine.
Project objective 1.3:Public education for land rights provided									

PERFORMANCE INDICATOR	Year 1	Year 2	Year 3	Year 4		Cumulative Project		Notes and Explanations	
	Annual Actual/Annual Target	Annual Actual/Annual Target	Annual Actual/Annual Target	Actual this Quarter	Actual Annual	Annual Target	Actual result		LOP Target
Indicator									
1.3.1- Number of media appearances on land issues	0/0	0/0	814/100	140	411	100	1,225	500	The number of media appearances was 140 and includes those generated through the information campaign "My Land, My Right," the Legal Land Rights Services Program at the national level (Land Rights Web Portal) and at the local level (publications generated by providers of secondary legal land rights services).
1.3.2- Awareness of land rights among target communities	0/25%	NA/30%	20.32%/35%	N/A at this time	N/A at this time	45%	20.32%	55%	The data for this indicator are not available, as the Progress Survey is planned for the beginning of Year 5.
1.3.2a- Share of female rural citizens in target communities	0/50%	NA/50%	50%/50%	N/A at this time	N/A at this time	50%	50%	50%	The data will be reported after the Progress Survey is completed. It is planned for the next quarter.
1.3.3- Number of land deeds issued in target communities	0/0	340/2,000	10,207/6,000	2,467	32,793	3,000	43,340	12,500	2,467 land deeds were issued this quarter based on official statistics retrieved by providers of secondary legal land rights services for the

PERFORMANCE INDICATOR	Year 1	Year 2	Year 3	Actual this Quarter	Year 4	Annual Target	Cumulative Project		Notes and Explanations
	Annual Actual/Annual Target	Annual Actual/Annual Target	Annual Actual/Annual Target		Actual Annual		Actual result	LOP Target	
1.3.4- Number of land conflicts resolved as a result of project assistance	0/0	24/150	229/350	99	386	300	639	1,000	past quarter. 99 land-related conflicts were resolved with the support provided by local partners. The data are reported by providers of secondary legal land rights services and cover the following oblasts: Chernivtsi, Ternopil, Ivano-Frankivsk, Kherson, Odesa, Mykolaiv, Dnipropetrovsk, and Poltava.
1.3.5- Percentage of legal aid service cost covered by non-project sources	0/0	0%/5%	17.37%/40%	16.91%	16.91%	75%	16.91%	100%	The data are reported by providers of secondary legal land rights services per annum. Non-project sources cover 16.91% of total costs.
Project objective 2.1: Sustainable access to financial services for SMPs provided									
Indicator									
2.1.1- Value of agriculture finance facilitated	\$0/\$0	\$13.14M/\$4M	\$33.4M/\$7M	\$2.7M	\$19.2M	\$15M	\$65.7	\$60M	Despite the continuing economic crisis, all partner financial institutions render lending to SMPs.

PERFORMANCE INDICATOR	Year 1	Year 2	Year 3	Actual this Quarter	Year 4	Annual Target	Cumulative Project		Notes and Explanations
	Annual Actual/Annual Target	Annual Actual/Annual Target	Annual Actual/Annual Target		Actual Annual		Actual result	LOP Target	
									Because of noticeable termination of activities in Luhansk oblast, the value of finance decreased in AUCUA member credit unions. Metabank also restricted lending in the southern oblasts, though keeping the NPL ratio at the same low level (2.88%). Only partner CU Hromada increased lending, though the NPL ratio of Hromada has slightly increased to 3.64% (from 1.2% in Q3 Y4).
2.1.2- Number of credit transactions facilitated	NA	7,052/1,000	8027/2000	1,175	7,026	3,000	22,105	10,000	The number of transactions decreased comparative to the decrease of the value of finance facilitated. The only partner credit union that did not decrease the # of transactions was Hromada, though value of finance per loan has increased by 40% due to UAH devaluation (which is important when considering import of ag inputs).

PERFORMANCE INDICATOR	Year 1	Year 2	Year 3	Year 4			Cumulative Project		Notes and Explanations
	Annual Actual/Annual Target	Annual Actual/Annual Target	Annual Actual/Annual Target	Actual this Quarter	Actual Annual	Annual Target	Actual result	LOP Target	
2.1.3- New loan portfolio at risk at 90 days	0/0	10%/10%	4%/10%	6%	4.5%	10%	4.5%	10%	Though the target is achieved, this quarter an increase of NPL ratios at several partners was noticed due to decline of payment discipline of their borrowers. AgroInvest will train relevant credit unions in credit portfolio management in order to address this trend and decrease their NPL ratio.
2.1.4- Number of innovative financial products developed and introduced into the market as result of project assistance	0/0	3/3	2/2	0	3	1	8	6	AgroInvest did not plan to develop any new loan product in Q3 Y4 but did update and tune several loan products developed in previous quarters to increase their effectiveness.
2.1.5- Number of SMPs trained in financial competencies pertaining to increasing access to finance	NA	NA/NA	404/460	n/a	n/a	n/a	n/a	n/a	During Year 5 work planning, AgroInvest and the Project's COR agreed to remove this indicator from AgroInvest's PMP as its targets will not be realized due to the fact that the planned training of trainers program (where CU partners would train SMPs) is not able to be realized due to the trainers' inability to reach the target

PERFORMANCE INDICATOR	Year 1	Year 2	Year 3		Year 4		Cumulative Project		Notes and Explanations
	Annual Actual/Annual Target	Annual Actual/Annual Target	Annual Actual/Annual Target	Actual this Quarter	Actual Annual	Annual Target	Actual result	LOP Target	
									<p>numbers. Despite removing this indicator, AgrolInvest and its partners will continue to work with SMPs on financial literacy issues, especially in terms of the DCA LPG.</p> <p>This indicator will be removed from AgrolInvest's PMP as well as subsequent quarterly report PMP summaries.</p>
2.1.5a- Share of women SMPs trained in financial competencies pertaining to increasing access to finance	NA	NA/NA	29%/25%	n/a	n/a	n/a	n/a	n/a	See above
Project objective 3.1: Producer organizations developed/strengthened									
Indicator									
3.1.1- Number of producer organizations identified, assessed and selected for assistance	0/5	9/8	10/7	0	0	0	18	20	No new POs were identified, assessed, and/or selected for assistance this quarter, though it is noted that AgrolInvest released a new RFA and expects to select up to three new POs for assistance next quarter.
3.1.2- Value of investment (in kind or otherwise) facilitated	\$0/\$0	\$0/\$450,000	\$847,454/\$500,000	\$52,916	\$426,247	\$625,000	\$1,273,701	\$2,225,000	\$52,916 USD was invested into producer organizations through

PERFORMANCE INDICATOR	Year 1	Year 2	Year 3	Year 4			Cumulative Project		Notes and Explanations
	Annual Actual/Annual Target	Annual Actual/Annual Target	Annual Actual/Annual Target	Actual this Quarter	Actual Annual	Annual Target	Actual result	LOP Target	
through producer group projects									cost-shares included in AgroInvest grants during this quarter.
3.1.3- Perceived improvement in the quality of services provided to members by producer organizations	0/0	5%/5%	17.6%/10%	26.5%	26.5%	10%	26.5%	35%	According to the annual survey results, members of 11 cooperatives selected for assistance reported improvement of 26.5% in the quality of services provided by the POs to which they belong.
3.1.3a- Share of female members reported improvement of services provided by producer organizations	0/0	21%/16%	46%/16%	44%	44%	17%	44%	18%	Female members accounted for 44% of the group defined above.
3.1.4- Number of producer organizations, water users associations, trade and business associations and community-based organizations receiving USG assistance	51/5	48/40	98/35	19	63	40	260	160	During this period, representatives of 19 organizations participated in trainings conducted by the project.
3.1.5- Number of participants in USG supported trade and investment capacity building trainings	137/125	392/400	365/350	335	572	150	1,466	1175	335 people have been trained in capacity building and investment development this quarter. The Y4 actual number of unique participants is 572.
3.1.5a- Share of female training participants	23%/50%	55%/50%	48%/50%	39%	41%	50%	44% Indicator	50%	Calculated annual share of females participating

PERFORMANCE INDICATOR	Year 1	Year 2	Year 3	Year 4			Cumulative Project		Notes and Explanations
	Annual Actual/Annual Target	Annual Actual/Annual Target	Annual Actual/Annual Target	Actual this Quarter	Actual Annual	Annual Target	Actual result	LOP Target	
							calculated on annual basis as average of quarterly figures. Updated according to totals for Y4.		in trainings is 39% according to the lists of participants.
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)	0/0	0/0	1/1	0	0	1	1	2	Due to the deteriorating investment climate in Ukraine, identification and development of the second wholesale market has been suspended indefinitely. USAID has stated it will modify AgrolInvest's contract to formally reflect this sometime in the next quarter.
3.2.2- Number of local/regional markets of market infrastructure (e.g. storage/cold storage, packing/processing/sorting facilities) formed with project assistance	0/0	3/44	6/6	3	3	4	12	14	During the reporting period construction continued on Chernyanka market, ASC Beryslav Agro (fruit storage), and ASC Ovochivnyk Plus (vegetable storage).
3.2.3- Number of trading/market places established	0/0	300/500	201/1,000	0	0	2,000	501	5,000	No new trading/market places were established during this period due to decline of investments in long-term activities,

PERFORMANCE INDICATOR	Year 1	Year 2	Year 3	Year 4			Cumulative Project		Notes and Explanations
	Annual Actual/Annual Target	Annual Actual/Annual Target	Annual Actual/Annual Target	Actual this Quarter	Actual Annual	Annual Target	Actual result	LOP Target	
									causing development gaps in AgrolInvest-supported markets. Promising, though, is the construction on three regional markets and places will be established in the upcoming periods.
3.2.4- Number of micro enterprises linked to larger firms as a result of USG assistance to the value chain	0/0	119/100	216/200	101	428	400	763	1,000	During this period, 101 micro enterprises were linked to larger firms.
3.2.4a- Share of female-owned micro enterprise	0/0	17%16%	46%/16%	41%	44%	17%	44%	18%	The share of female-owned micro enterprises that were linked to larger firms accounted for 41% in the past quarter, out of the 101 listed above.
3.2.5- Value of investment facilitated in market infrastructure	0/0	\$2,170,673/ \$400,000	\$3.67M/ \$10.6M	\$60,000	\$1,055,500	\$10.25	\$6,896,173	\$21.25M	\$60,000 USD was invested into market infrastructure development during this reporting period. The instability in Ukraine continues to negatively impact investments in Ukraine.
Cross-Cutting Indicator									
Proportion of females who report increased self-efficacy at the conclusion of USG	0/0	0/0	31%/20%	73%	56%	60%	56% Indicator calculated on annual basis as	60%	In the reported period, females participating in the project's self-efficacy program reported

PERFORMANCE INDICATOR	Year 1	Year 2	Year 3		Year 4		Cumulative Project		Notes and Explanations
	Annual Actual/Annual Target	Annual Actual/Annual Target	Annual Actual/Annual Target	Actual this Quarter	Actual Annual	Annual Target	Actual result	LOP Target	
supported training/programming							average of quarterly figures.		improvement in own self-efficacy of 73%. Annual results calculated based on quarterly define an overall percentage of 56%