



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

QUARTERLY REPORT OCTOBER 1 – DECEMBER 31, 2014

JANUARY 2015

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

AGROINVEST

**QUARTERLY REPORT
OCTOBER 1 – DECEMBER 31, 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.....	21
Component 3.....	24
Project Communications.....	29
Gender Integration.....	32
Section II: Deliverables.....	33
Section III: Challenges and Plans to Overcome Them.....	34
Section IV: Planned Activities for Next Quarter	36
Section V: Level of Effort Report	40

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: Protecting Landowners' Rights with Pro Bono Legal Assistance	
Annex 5 Success Story: Strengthening NGOs to Advocate for Business-Enabling Agricultural Policy	
Annex 6 Performance Management and Evaluation Summary	

ACRONYMS

ASC	Agriculture Service Cooperative
AUCUA	All-Ukrainian Credit Union Association
CURE	Center for Ukraine Reform Education
MAPF	Ministry of Agrarian Policy and Food
DCA	Development Credit Authority
DCFTA	Deep and Comprehensive Free Trade Area
EU	European Union
GOU	Government of Ukraine
IEE	Initial Environmental Evaluation
JEEG	Judicial Education for Economic Growth Project
LOE	Level of Effort
LPG	Loan Portfolio Guarantee
MAPF	Ministry of Agrarian Policy and Food
MP	Member of Parliament
NGO	Non-Governmental Organization
PO	Producer Organization
RFP	Request for Proposals
RRP	Reanimation Reform Package
SMP	Small and Medium Producer
UNASCU	Ukrainian National Association of Savings and Credit Unions
VAT	Value-Added Tax
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 October to December 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. Parliamentary elections were held in October and the new Cabinet was approved by the Parliament in December 2014. These changes in the GOU have also brought with them changes in the Ministry of Agrarian Policy and Food. In December 2014, Oleksiy Pavlenko was named as Minister of Agrarian Policy and Food.

The impact of the ongoing situation in Ukraine on AgroInvest activities is discussed throughout this quarterly report.

QUARTERLY HIGHLIGHTS

From October to December 2014, the AgroInvest project team marked the following key activities and accomplishments:

- Prepared analysis and comments to the agricultural sector part of the draft Action Program of the Cabinet of Ministers for 2015 and submitted these documents to the Committee of Verkhovna Rada of Ukraine on Agriculture Policy and Land Issues;
- Provided assistance to the Ministry of Agrarian Policy and Food (MAPF) in developing an Action Plan to implement the Cabinet of Ministers' Action Program for 2015 and parliamentary Coalition Agreement for 2015-2016;
- Ensured submission and registration in the Verkhovna Rada of a draft law to simplify crop rotation requirements for farmers;
- Facilitated registration of two draft laws aimed at creating conditions for transforming subsidiary household farms into commercial family farms in the Verkhovna Rada of Ukraine;
- Prepared and disseminated a report, "Recommendations on Improving Ukraine's Pig Industry Regulations";
- Prepared a draft manual, "The History of Ukrainian Land Legislation for Judges," and shared it for review and comments with the National School of Judges and the Canadian Department of Foreign Affairs, Trade, and Development-funded Judicial Education for Economic Growth (JEEG) project;
- Printed and distributed guidelines for land-owners on concluding and implementing lease agreements for agricultural land;
- Made a public presentation and distributed a report with an impact analysis of the Deep and Comprehensive Free Trade Areas (DCFTAs) signed between the EU and other countries, and recommendations for implementation of the DCFTA between Ukraine and the EU in the agricultural sector;
- Prepared an analytical paper identifying Ukrainian agriculture and food products that have the greatest export potential in the short term and proposing policy interventions to help realize this potential;
- Finalized pre-award determination and commenced implementation of grant-based capacity building programs with five regional agricultural industry associations;
- Commenced participation of project experts in working groups to design a Comprehensive Strategy for Agriculture and Rural Development in Ukraine for 2015 - 2020 jointly with the MAPF and the European Commission;
- Launched the official USAID Development Credit Authority (DCA) Loan Portfolio Guarantee (LPG) program between USAID and five AgroInvest partner credit unions. AgroInvest also supported the process of the credit unions paying

their required DCA LPG origination fees. As such, the credit unions can now begin placing loans under DCA coverage;

- Conducted a study tour to Poland for representatives of the Ukrainian government and national associations of credit unions, providing an opportunity for knowledge sharing and exposing participants to the Polish credit unions' successful experience transitioning to the regulatory requirements/framework of the European Union;
- Conducted five agro-technological trainings for loan officers of two partner banks and seven credit unions;
- Accomplished four internal audits of partner credit unions;
- Conducted four practical agro-technological training sessions focused on innovations in production technologies for various vegetable crops. As a part of the training, the project promoted agrilending opportunities available to those employing new technologies;
- Launched production facilities for four agricultural service cooperatives which had received grant support from AgroInvest;
- Prepared and printed two manuals of methodological recommendations on implementing HACCP-based food safety systems for small and medium-sized enterprises' storing, handling, and processing of raw and processed food products;
- Developed and prepared for publication methodological guidelines on accounting standards for agricultural service cooperatives;
- Organized and successfully conducted the "European and Ukrainian Fruit and Vegetable Markets: Challenges and Prospects" conference at Shuvar Wholesale Market in Lviv. USAID Mission Director Jed Barton and various local and national members of the GOU participated in the conference.
- On December 23, 2014, two draft laws developed by AgroInvest were registered in the Verkhovna Rada of Ukraine:
 - Draft Law of Ukraine No. 1599 "On Amending Selected Laws of Ukraine with Regard to Stimulating Establishment and Operations of Family Farms";
 - Draft Law of Ukraine No. 1600 "On Amending the Tax Code (with Regard to Stimulating Establishment and Operations of Family Farms)."

These laws deal with the recognition of family farms as legal entities, which allows them to take advantage of tax benefits.

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 and other policy documents on land-related issues. This analysis focused on draft legislation registered in the Parliament or proposed for public discussions and review by government agencies and project partners. From October to December 2014, this analysis included:

- Review and analysis of four draft laws aimed at decentralization of authority from the central government to local administrations to manage land located outside the boundaries of urban settlements. These draft laws were registered in the Verkhovna Rada in November and December 2014, and their provisions directly deal with the right to manage communally-owned agricultural land. AgroInvest compared the land decentralization mechanisms proposed in these draft laws, highlighted strengths and weaknesses for each of them, and shared the analysis with project partners;
- Analysis of the draft law “On Amendments to Certain Legislation Acts of Ukraine Regarding the Improvement of the Mechanism for State Control Over Protection of Land Fertility,” and draft law “On Amendments to the Land Code of Ukraine and Other Legislative Acts on Limiting the Excessive Intervention of the Government in Economic Activities of Agricultural Producers.” Both draft laws proposed the removal of a mandatory requirement for farmers to have their crop rotation plans approved by government agencies. These draft laws have the same objective as the legislation on streamlining the application of crop rotations, which was developed by AgroInvest (described below);
- Review and analysis of land-related issues in the draft law “On Amendments to Certain Legislative Acts of Ukraine Regarding the Simplification of Conditions for Business Activities (Deregulation),” registration No. 1580. This draft law was submitted to the Verkhovna Rada by the Cabinet of Ministers and approved in the first reading on December 28, 2014. AgroInvest specifically reviewed and commented on the provisions of this draft law that pertain to the lease of agricultural land, and highlighted potential risks associated with approval of the proposed provisions. The results of this analysis will be shared with project partners in January to inform the discussion of the law in the Parliament prior to the second reading;
- Analysis of land and agriculture-related sections in the draft Action Program of the Cabinet of Ministers for 2015, which was presented for approval to the Verkhovna Rada on December 10, 2014. AgroInvest reviewed activities proposed by the Cabinet of Ministers on issues of leasing agricultural land, registration of land lease agreements,

development of small businesses, and food security. AgroInvest proposed amendments and additional actions. The results of the analysis were submitted to the management of the Committee of Verkhovna Rada on Agricultural Policy and Land Relations prior to discussion of the Cabinet program in the Parliament.

From October to December 2014, AgroInvest continued focusing on streamlining regulations that deal with mandatory crop rotation requirements for farming enterprises. During the previous reporting periods, AgroInvest developed and proposed for public discussion draft legislation with amendments to the law of Ukraine “On Land Protection,” the law of Ukraine “On Land Management,” and the Land Code of Ukraine to make the development and application of crop rotation schemes simpler and more affordable to farmers. This draft legislation was registered in the Verkhovna Rada of Ukraine on December 4, 2014 as draft law “On Amendments to Certain Legislative Acts of Ukraine on the Improvement of Legal Regulation for Application of Crop Rotations in Agriculture” (registration No. 1253). This legislation was submitted and registered by a group of members of the Parliament who represent three leading factions in the parliamentary coalition. One of AgroInvest’s experts was included in the list of authors of the document. The main objectives of this legislation are: (i) canceling the requirement for farmers to develop crop rotation plans as land management plans and (ii) introducing intra-farm land management plans for land used for commercial farming purposes. It is expected that the draft law will be reviewed by the relevant parliamentary committees and presented for discussion and approval at the plenary meeting of the Verkhovna Rada in early 2015.

Experts of the Resource Center, which was established by the Land Union of Ukraine under an AgroInvest grant, also analyzed legal and legislative documents dealing with land relations and developed proposals to address the issues identified during the analysis. During the reporting period, the Resource Center conducted the following activities:

- Participated in preparation of the draft law “On Amendments to Certain Legislative Acts of Ukraine on Clarification of the Authorities of Notaries and Peculiarities of Registration of Derivative Rights to Agricultural Land Plots,” for discussion and approval in the Verkhovna Rada (draft law No. 0944, dated November 27, 2014). The objective of this draft legislation is the simplification of registration of lease rights to agricultural land plots by means of (i) broadening the authority of notaries to access and use the data of the State Land Cadastre and (ii) allowing owners or lessees to file applications for registration of their rights to land plots in an electronic format;
- Developed draft law “On Certain Measures for Increasing the Role of Local Communities in Managing Land Resources.” This draft law was registered in the Verkhovna Rada on December 2, 2014 (registration No. 1159). The main objective of this legislation is the transfer of ownership rights to land located outside the boundaries of urban settlements from the central government to local communities;
- Contributed to developing the draft law “On Amendments to Certain Legislative Acts of Ukraine Regarding the Simplification of Conditions for Business Activities (Deregulation),” (registration No. 1580). This draft legislation proposed a number of steps aimed at simplification of requirements

for leasing agricultural land. This legislation was submitted to the Parliament by the Cabinet of Ministers and approved in the first reading on December 25, 2014);

- Provided assistance to the Committee of the Verkhovna Rada on Agricultural Policy and Land Relations in preparing the draft law “On Amendments to Certain Legislative Acts of Ukraine Regarding the Definition of the Content, Composition, and Approval Procedure for Land Management Documentation,” for the second reading (draft law No. 0904, dated November 27, 2014). The main objective of this draft legislation is the improvement and streamlining of the procedure for approval of land management documentation.

During the reporting period, AgroInvest developed a draft manual, “The History of Ukrainian Land Legislation for Judges,” and shared it for review and comment with the National School of Judges and the Canadian Department of Foreign Affairs, Trade, and Development-funded Judicial Education for Economic Growth (JEEG) project. Once comments are received, AgroInvest will finalize the manual and transfer it to the National School of Judges and the JEEG project. This manual will be used by the National School of Judges during training sessions to raise the qualifications of judges who are involved in resolving land-related disputes.

AgroInvest has also printed and distributed to partners and stakeholders guidelines for landowners on concluding and implementing lease agreements for agricultural land. This document was developed to help rural landowners protect their rights vis-à-vis farmers and enterprises that lease out their land. The guide lists typical problems identified by the AgroInvest Lease Survey (implemented during earlier reporting periods), and provides recommendations to landowners on addressing similar problems when concluding their lease agreements.

This quarter, the project prepared a request for proposals (RFP) to undertake a study on responsible investment and agricultural sector development. The scope of work for this initiative was developed in close consultation with project partners who have experience in social partnerships between farming enterprises and village communities. The study intends to identify best practices and appropriate ways to create strong, transparent social partnerships between medium-sized farmers, agri-holdings, and village communities. It is worth noting that the Coalition Agreement signed by the parliamentary coalition in November 2014 includes activities to improve social partnerships between agricultural producers and local communities. AgroInvest will work closely with the MAPF to incorporate findings of the study into specific GOU actions to promote responsible investments. The RFP to implement this initiative will be issued in February 2015.

Other Policy Initiatives

Assistance to the Ministry of Agrarian Policy and Food in developing a strategic document for an upcoming donor conference. In October and November 2014, AgroInvest provided assistance to the MAPF in developing the agriculture section of the Strategic Document for Economic Reforms. This is the working name for a document that the government intends to draft and present at a donor conference in early 2015. The objective of the agriculture section of the Strategic Document is to ensure the sustainable development of the agricultural sector of the economy and

increase its contribution to the national wellbeing. AgroInvest experts took part in working group meetings at the MAPF and the Ministry of Regional Development, and assisted with developing the structure and content of the agriculture section of the document.

Contribution to drafting the MAPF's action plan for 2015. Following the approval of the Cabinet of Ministers Action Program for 2015 in early December 2014, the MAPF started preparing its plan of activities to implement the Action Program and the Coalition Agreement and requested AgroInvest assist during this process. As part of this activity, AgroInvest experts provided comments and suggestions on specific activities that deal with land issues, development of agriculture service cooperatives, and market infrastructure. The plan of activities will be finalized and submitted by the MAPF to the Cabinet of Ministers in January 2015.

Participation in development of a Comprehensive Strategy for Agriculture and Rural Development in Ukraine for 2015 – 2020. At the request of the MAPF, AgroInvest commenced active participation in working groups established by the MAPF to prepare a comprehensive sectoral development strategy. This strategy is being prepared jointly with experts of the European Commission, with support from other donors. AgroInvest was invited to assist in preparing a strategic vision and specific activities on agricultural land reform, rural development, agricultural finance, support to small farms and service cooperatives, and market infrastructure development for small and medium-size agricultural producers. A draft strategy will be presented for public discussion and consultations in April 2015 and finalized in July 2015.

Analytical group for the Ministry of Agrarian Policy and Food. In November 2014, at the request of the MAPF, AgroInvest initiated activities aimed at establishing an analytical and advisory group in the Ministry. This group will provide analytical support to core functions of the MAPF and strengthen the capacity of the Ministry in developing and implementing agriculture sector reforms. The project advertised the positions in the analytical group, compiled a list of candidates, and proposed a short list for interviews and selection to the MAPF. The group's activities are expected to commence in February 2015.

Contribution to drafting provisions on the newly created State Service for Food Safety and Consumer Protection. During the reporting period, AgroInvest continued its participation in a working group tasked with developing provisions for the new State Service for Food Safety and Consumer Protection. This State Service was established by the Cabinet of Ministers in September 2014 through a merger of the State Veterinary and Phytosanitary Service, the State Inspection for Protection of Consumer Rights, and the State Sanitary and Epidemiological Service. Members of the working group included representatives and experts of government agencies, industry associations, technical assistance projects, and international organizations. The group prepared draft provisions and submitted them for review and approval to the Secretariat of the Cabinet of Ministers in November 2014.

Legislative and regulatory framework for development of agricultural producer organizations. In conjunction with MAPF officials, leaders of agriculture sector NGOs, and experts, AgroInvest continued its activities aimed at approval of legislation that allows for fair, transparent, and equitable taxation conditions for

agricultural service cooperatives. Such taxation will create incentives for smaller farmers to sell their output through cooperatives. A draft law of Ukraine “On Amendments to the Tax Code of Ukraine Regarding the Improvement of VAT Taxation for Commodities Produced by Household Farms and Sold through Agricultural Service Cooperatives” was registered in the Verkhovna Rada in April 2014. In addition, AgroInvest continued discussing other legislative initiatives that deal with activities of agriculture service cooperatives. In particular, on December 9, 2014, the project organized a discussion of draft legislation that allows legal entities to become full-fledged members of agricultural cooperatives, with participation of almost all leading experts in this area. The discussion showed that the proposed legislation has certain controversial aspects and requires more work before it can be supported by the expert community.

Legislation aimed at creating conditions for transforming subsidiary household farms into commercial family farms. During the previous reporting periods, AgroInvest developed and presented for public discussion the draft law “On Amendments to the Law of Ukraine ‘On Farming’” and draft law “On Amendments to the Tax Code of Ukraine (On Stimulating the Development of Family Farms).” At the initiative of new members of the parliament, these draft laws were registered in the Verkhovna Rada of Ukraine in December 2014 (registration Nos. 1599 and 1600, respectively). These draft laws are expected to be reviewed by the relevant parliamentary committees and presented for approval by the Verkhovna Rada during its next session (February to June 2015).

Analysis of the impact of free trade agreements between the EU and other countries on the agriculture and food sectors of each country. In September 2014, prior to the discussion and ratification of the Association Agreement between the EU and Ukraine in Parliament, AgroInvest prepared an impact analysis of the implementation of free trade agreements signed between the EU and other countries. A summary report and recommendations from this analysis were presented and discussed during a workshop organized by the project in October 2014. Following the discussion, the summary report was finalized and shared with project partners and stakeholders.

Contribution to activities of the Reanimation Reform Package (RRP) initiative. From October to December 2014, AgroInvest experts continued their participation in activities of the agriculture and agribusiness working group under the RRP – a well-established group of Ukrainian civil society organizations that have support in the Verkhovna Rada and focus, in part, on agriculture reform issues. During this period, project staff took part in discussions of the RRP agriculture and agribusiness working group, which focused on reviewing draft legislation on the decentralization of management of state and communally-owned land, the deregulation of business activities in the agriculture sector, and amendments to legislation on the import of agricultural inputs to Ukraine.

Analysis of Ukrainian agriculture and food products that have the greatest export potential in the short term. Given the importance of exports for the pace of agriculture sector development in Ukraine, AgroInvest conducted an analysis of Ukraine’s agro-food export potential and identified the agriculture and food products that have the best prospects for expansion in foreign markets in the short-term perspective. The analysis also identified the main constraints to the growth of agriculture and food

exports in the immediate future and proposed a list of policy recommendations and actions required to address these constraints. The main findings and recommendations of the analysis were presented to USAID in December 2014.

Preparation of a report, "Recommendations on Improving Ukraine's Pig Industry Regulations." In order to support the Association of Pig Breeders, an AgroInvest partner, in promoting more transparent and efficient pig industry regulations focused on harmonization with EU requirements, AgroInvest prepared a report with recommendations to support deregulation activities in the following specific areas of the pig industry: (i) veterinary-and-sanitary rules for pig farm operations; (ii) permit/approval documentation; and (iii) rules for importing pigs from other countries. The report was presented at a workshop in November and shared with project partners in December 2014. The Association of Pig Breeders is going to use the recommendations for promoting more transparent and efficient pig industry regulations according to EU best practices and standards.

Discussion of land and grain sector policy issues with partner organizations. In October 2014, in collaboration with the Agro-Lviv Project and the Ukrainian Agribusiness Club, AgroInvest held two focus group discussions on agricultural land policy and development of the grain sector. The focus group meetings were attended by representatives of the MAPF, leaders of agriculture sector industry associations, and experts of research institutions and international organizations. Jointly with partners, AgroInvest developed a summary paper with a list of current key issues/constraints for the grain sector and land reform, and proposals to overcome them. The project shared the document with the MAPF and presidential administration, and some of its provisions were taken into account when developing the Cabinet of Ministers' Program for 2015.

International "Agri Invest Forum." During the reporting period, AgroInvest provided support in organizing the International "Agri Invest Forum," which was conducted in Kyiv on October 7, 2014. The event was initiated by the MAPF and the Ukrainian AgroInvestment Council. The forum's discussion focused on the following topics: (i) Government Initiatives in the Agricultural Sector: Encouragement, Support, and Perspectives; (ii) Association with the EU: Opportunities, Access to the Free Trade Zone; (iii) Operations in Conditions of Instability: How to Survive; and (iv) Agricultural Financing: How to Efficiently Use Funds. The event served as a useful platform for interaction and dialogue between MAPF officials and business representatives.

Fifth Ukrainian Grain Congress. During the reporting period, AgroInvest provided support to partner industry associations in organizing the 5th Ukrainian Grain Congress. The Congress was held in Kyiv from November 24 to 25, 2014 and served as a platform for policy dialogue between the government and agribusiness on grain market issues in Ukraine. The director of the USAID Mission in Ukraine made a presentation and participated in discussion at a round table during the Congress.

Task B: Strengthen Industry Associations

Capacity Building Program for National-Level Agricultural Industry Associations

From October to December 2014, AgroInvest continued supporting the activities of eight national agricultural industry associations through the project's capacity building grants program. Highlights of the activities for each of these partner industry associations during the quarter are provided below:

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

- Preparing and publishing analytical notes on the following agricultural policy issues: (i) the export of Ukrainian agricultural commodities and food products to the EU; (ii) the situation in the Ukrainian agricultural sector from January to October 2014; (iii) the prices for poultry meat in the Ukrainian domestic market; (iv) the results of agriculture sector trade activities from January to September 2014; (v) the total grain harvest in 2014 and prices for grain in the domestic market; (vi) prospects for the export of Ukrainian pork to the EU; (vii) the development of an agricultural insurance system in Ukraine; (viii) prospects of Ukrainian agricultural commodities in the EU; and (ix) the evaluation of fiscal policy in Ukraine in 2014;
- Organizing and holding a round table, "Export and Import of Agricultural and Food Commodities: Losses from Trade 'Wars' with Russia and Gains from DCFTA with the EU";
- Co-organizing a forum of non-governmental organizations on the impact of tax reforms and innovations, entitled "Focus-System of Electronic Administration of Value-Added Tax (VAT): Consequences for Business and Alternatives";
- Organizing a round table entitled "Reform of the Tax System in the Agro-Industrial Complex";
- Analyzing a draft resolution of the Cabinet of Ministers and a draft order of the Ministry of Infrastructure, preparing and disseminating comments and proposals to them;
- Preparing and disseminating comments on draft law No. 1499 dated December 17, 2014, "On Amendments to the Law of Ukraine 'On Food Safety and Quality Regarding the Sale of Food Commodities Produced in Households at Agricultural Markets'";
- Jointly with other leading industry associations, preparing and submitting to the GOU a draft regulation on technical requirements for the safe storage of grain.

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

- Jointly, with agribusiness information agency APK-Inform, organizing the Fifth Ukrainian Grain Congress in Kyiv on November 24 to 26, 2014;
- Organizing a meeting of the Working Group on Grain Markets to discuss national grain balances, prospects for grain export, and proposals to the government for improved monitoring and information systems for grain export during the 2014/2015 marketing season;
- 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;

- Initiating preparation for the U.S./Ukraine Agriculture Conference scheduled for March 2015 in Washington, DC;

It is noted that the period of performance for this grant program ended in December 2014.

3. *Organic Federation of Ukraine*. Main accomplishments of the Organic Federation of Ukraine during this quarter included:

- Participating in activities of a MAPF working group tasked to develop 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 booklet, “Cooperation and Organics,” which compiles examples of the best international and national experiences of agricultural cooperatives that produce organic products;
- Supporting the preparation for and participating in the international conference, “Development of the Organic Food Market in Ukraine: Export of Organic Products and Policy Dialogue”;
- Preparing and distributing informational materials on the development of the organic food market in Ukraine;
- Publishing the next issue of the quarterly magazine “Organic UA.”

It is noted that the period of performance for this grant program ended in December 2014.

4. *National Association of Agricultural Advisory Services “Dorada.”* Main accomplishments of the National Association of Agricultural Advisory Services during the reporting period included:

- Organizing and holding four regional training seminars for trainers on agriculture service cooperative development;
- Assistance in organizing and participation in the international conference, “Cooperation – A Way to Increase Efficiency: German Experiences for Ukraine”;
- Jointly with MAPF and the National University of Life and Science, organizing and holding the International Scientific and Practical Conference, “Innovative Agricultural Advisory Services on the Way to European Integration”;
- Maintaining and updating a website and an electronic library of publications on agricultural advisory services;
- Issuing four bi-weekly bulletins to members and partners.

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

- Developing proposals with amendments to the law “On Amendments to the Budget Code of Ukraine (on Inter-Budget Relations)” and presenting them for review by the Ministry of Finance;

- Reviewing the draft law “On Amendments to Legislation on Broadening the Authority of Local Councils to Manage Land Plots and Ensure Proper Use and Protection of Land” and submitting the analysis for public review;
- Participating in evaluating the results of the national competition “Best Practices of Local Self-Governance”;
- Preparing and publishing one issue of the “Bulletin of Village Councils.”

It is noted that the period of performance for this grant program ended in December 2014.

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

- Holding an annual meeting of the Union to discuss the situation in the agricultural sector, developing policy proposals for the government, and electing the management of the association;
- Signing a Memorandum on Cooperation with the National Association of Banks of Ukraine to facilitate access to finance for medium-size agricultural producers;
- Presenting the Union’s electronic communication system, “Agrarian Center Communication,” at the National Agricultural Exhibition in Kirovohrad;
- Developing and sharing with its members analytical notes on current policy issues in the sector, including: (i) an expert opinion on the draft law “On Amendments to the Tax Code of Ukraine Regarding Improved Administration of the Single Agricultural Tax”; (ii) an express-note on draft regulation of the State Service of Ukraine “On Food Safety and Protection of Consumers’ Rights”; (iii) an article-by-article analysis of draft regulation of the same State Service; (iv) a review of new proposals on amendments to the tax system in the agriculture sector and analysis of their possible impact on farm production and profitability; (v) an analytical note on the legal basis for management of land lease rights;
- Issuance of [weekly bulletins](#) by the Independent Expert Board on the state of the Ukrainian grain market.

7. *Ukrainian Pig Breeders Association*. Main accomplishments of the Pig Breeders Association included:

- Contributing to preparation of a report on deregulation of activities in the pig industry, and developing proposals for amendments to the veterinary and sanitary rules for pig farm operations and the permit/approval documentation and regulations for pig imports from other countries. The Association will use the report and its recommendations to promote more transparent and efficient pig industry regulations in compliance with EU best practices and standards;
- Advocating for amendments to the explanatory note to the Order of the Ministry of Agrarian Policy and Food No. 96, “On Approval of Fees for Veterinary, Plant, and Variety Protection Services Provided by Departments and Organizations of the State Veterinary and Phytosanitary Service.” The explanatory note has been amended and now clearly

explains the responsibilities of veterinary doctors and the level of fees they may charge;

- Advocating for amendments to veterinary requirements for importing pig genetic materials to Ukraine that allow for more flexibility and different transportation techniques;
- Holding two joint meetings with the State Veterinary and Phytosanitary Service to amend veterinary and sanitary requirements for pig producers. These requirements prescribe all activities that ensure the safety of outputs, the health of animals, and the protection of the environment.

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

- Organizing an international conference, “Doing Agribusiness in Ukraine: Prospects for 2015” to discuss main factors that might impact activities of Ukrainian farmers and food processors next year;
- Organizing and holding “agrodebates” to discuss the sugar market in Ukraine and prospects for exporting Ukrainian sugar to other countries, in particular to the EU;
- Reviewing and preparing comments and proposals for four draft laws that deal with agriculture sector development;
- Drafting and submitting for public discussion and consideration one draft resolution of the Cabinet of Ministers;
- Preparing and disseminating ten press releases on pending issues of agricultural policy in Ukraine.

Analytical and Coordination Platform for agriculture sector industry associations. Many of the capacity building grants for national industry associations initiated in 2012 and 2013 were completed in 2014. These grants were instrumental in developing the grantees’ capacity to successfully conduct policy analysis and advocate for policy changes to benefit their members and the development of their respective industries. At this point, AgroInvest plans to shift the focus from supporting individual industry associations to providing a platform for their joint and coordinated efforts, which will create synergies and contribute further to agricultural policy development in Ukraine. This will be achieved through creating and supporting an Analytical and Coordination Platform for sector industry associations. This Platform will allow the industry associations to (i) continue their analytical capacity building for policy work and (ii) better coordinate their activities on agriculture policy issues and develop common positions on important issues. It will enable industry associations to avoid duplication of efforts, increase coordination, and create/maintain joint working groups.

From October to December 2014, AgroInvest prepared a request for proposals (RFP) and competitively selected a subcontractor to establish and operate the Analytical and Coordination Platform. The Platform’s activities will commence next quarter, following the pre-award determination and contract negotiations. The Platform will work until the end of 2015 to provide full-time support to agricultural industry associations on policy analysis, legal issues, and coordination. It will also support the activities of the Public Council of the MAPF.

Capacity Building Grant Program for Oblast (Regional) Agricultural Industry Associations

During the reporting period, AgroInvest completed the responsibility determination process and signed agreements with five competitively selected oblast-level agricultural industry associations to build their capacity in policy analysis and engagement in discussions with local and central government authorities. This grant program will also enhance the sustainability of the organizations as they are expected to provide more useful and diverse services to their members. As a result, implementation of the capacity building program has commenced with the following oblast industry associations:

1) *Poltava branch of the All-Ukrainian Public Organization “Union of Rural Women of Ukraine.”* The objective of this grant is to increase the institutional capacity of specialized agricultural associations of Poltava region in introducing public policy standards for advocacy of solving priority problems of the development of agricultural production. Implementation of this grant started in November 2014. During November and December, the grantee organized 16 meetings (488 participants) to present the project and discuss the agenda for priority problems.

2) *Interregional Union of Poultry Breeders and Forage Producers (Kharkiv).* The objective of the grant is to strengthen the capacity of the Union to advocate the interests of its members through establishing a dialogue between state authorities (including local self-government bodies) and enterprises in the sphere of poultry breeding and fodder production. Implementation of this grant started in November 2014.

3) *Ternopil Oblast Regional Organization “Union of Land Owners.”* The objective of this grant is creating conditions for the development of small and medium farmers of Ternopil oblast by implementing changes to state agricultural policy and increasing the influence of the public and farmers on the process of its formation. Implementation of this grant started in November 2014. The grantee has organized two press conferences to present the project and its goals to potential partners and the public at large.

4) *Association of Traditional Products and National Cuisines of Ukraine (Vinnytsya).* The objective of this grant is to develop small and medium-sized agriculture producers' capacities for increasing employment, self-employment in rural areas, and their profitability, through development of traditional products. This grant agreement was signed in December 2014.

5) *Association of Rural Development of Poltava Region.* The main objective of this grant program is to strengthen and ensure sustainable operation of the Association of Rural Development of Poltava Region to help accelerate agrarian policy reform. Implementation of this grant started in December 2014.

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 television and radio programs. The campaign focuses broadly on land issues, including numerous topics central to AgroInvest’s work.

During the period of October to December 2014, six seven-minute radio programs under the “My Land, My Right” campaign were broadcast on the First National Radio Channel. The overall audience of these programs exceeded 1.5 million people. The table below illustrates the topics of each of the seven programs and the date they aired. It is noted that each program has a listening audience of approximately 260,000 people.

Table 1. My Land, My Right Campaign

Date	Topic/Title of Radio Program
Oct. 10, 2014	<i>Implementation of the Association Agreement between Ukraine and the EU: A Mechanism for Agricultural Development and Economic Growth?</i>
Oct. 28, 2014	<i>Family Farms</i>
Nov. 11, 2014	<i>What do Lawyers Advise to Owners of Land Shares who Rent Out Their Land?</i>
Nov. 25, 2014	<i>New Funding Opportunities for Small and Medium Agricultural Producers Offered by Credit Unions in Ukraine</i>
Dec. 9, 2014	<i>Is There a Place for Pork on the New Year's Table?: What Consumers can Expect from the Prohibition of Slaughtering Livestock in their Backyards</i>
Dec. 23, 2014	<i>Farmers Looking Forward</i>

The [National Agrarian & Land Press Club](#), established as part of the Land Rights Public Education and Outreach Campaign, conducted three roundtables this reporting period, including one regional event in Lviv.

Of special note was the December 11 roundtable, entitled “Does the Roadmap for Development of the Agricultural Sector Outlined in the Coalition Agreement Meet Public Demands, and Political and Economic Realities?” The Deputy Minister of Agrarian Policy and Food, Mr. Oleksander Sen, and other top officials, as well as leaders of industry associations and leading researchers attended the roundtable. The event was instrumental in initiating discussion of detailed



Meeting of the National Agrarian & Land Press Club, December 11, 2014

aspects of land and agricultural reforms, including decentralization, deregulation, and anti-corruption initiatives, which were or were not addressed in the Coalition Agreement and must be included in the Government Program that follows.

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

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

Date	Location	Roundtable Title
October 14, 2014	Kyiv	How to Ensure the Development of Family Farms?
November 20, 2014	Lviv	EU and Ukraine Horticulture Markets: Prospects and Challenges
December 11, 2014	Kyiv	Does the Roadmap for Agrarian Development Outlined in the Coalition Agreement Meet Public Demands, and Political and Economic Realities?

Legal Land Rights Services Program

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

Land Rights Resource Center. This quarter, the Land Rights Resource Center continued conducting a variety of trainings, providing consultations to providers of primary legal land rights services, developing and posting new materials on the Land Web-Portal, and disseminating materials through legal land rights services providers. In addition, experts of the Land Rights Resource Center organized and/or took part in expert discussions, and introduced a number of legislative initiatives aiming to improve the legal and regulatory environment surrounding land issues. Highlights of the Land Rights Resource Center's work this quarter are below:

Work towards the implementation of the "Ten Steps to Combat Corruption – Recommendations for Government Actions" program. On October 31, 2014, the Land Rights Resource Center organized a session to discuss next steps in the implementation of the Ten Steps Program, which received support from the Public Council of the State Land Agency and was discussed as part of the GOU's Reanimation Reform Package.

On December 20, 2014, the Land Rights Resource Center organized a conference entitled "Land Relations in Ukraine: A Look into the Future." The event was attended by Yuri Kulakovsky, Deputy Chief of the State Land Agency; Andriy Tarnapolsky, Director of the State Land Cadastre; Olexander Krasnolutsky, Head of the Department for Land Management, Land Use, and Protection of the State Land Agency; MPs; experts and partners the Land Union of Ukraine; representatives of civil society organizations and land management companies from all regions of Ukraine, and researchers.



The conference covered the following issues: (i) land reform: its current state and prospects for its completion; (ii) overcoming the crisis in the land surveying industry; (iii) what to expect from the new parliament and legislative initiatives; (iv) priorities for the national land policy; (v) development of the State Land Cadastre: current

achievements and problems; and (vi) transfer of authority of land to local governments.

Step eight of the Ten Steps Program, “Eliminated Corruption in Real Estate Appraisal for Taxation Purposes,” has been fully implemented. Of the draft laws that have been developed to implement the other steps of the program, the following have been submitted to the parliament:

- Preparation for the second reading of the draft law ["On Amendments to Certain Legislative Acts of Ukraine to Clarify the Powers of Notaries and Specifics of Registration of Derivative Rights to Agricultural Land"](#) (No. 0944, dated November 27, 2014).
Main idea: To ensure automated transfer of records maintained in the State Land Register through the end of 2013, to the State Register of Rights to Immovable Property, which was launched on January 1, 2014.
- Development of the draft law ["On Some Measures to Strengthen the Role of Local Communities in the Management of Land Resources"](#) (No. 1159, dated December 2, 2014).
Main idea: To transfer the state-owned land located outside the boundaries of settlements (except those that are public facilities) to communal ownership by territorial communities of villages, towns, and cities.
- Development and revision for the second reading of the draft law ["On Amendments to Certain Legislative Acts of Ukraine on Facilitating Business \(Deregulation\)"](#) (No. 1580, dated December 22, 2014. Passed in the first reading on December 26, 2014.)
Main idea: Deregulation in land relations.

During the next quarter, activities to promote and implement the Ten Steps Program will continue. Activities will include organizing public discussions, developing necessary legislation, and advocating for implementation of all the steps in the parliament and with the presidential administration.

Other activities of the Land Rights Resource Center as part of the Legal Land Rights Services Program. During the reporting period, the Land Rights Resource Center conducted the following events for providers of primary and secondary legal land services and local authorities:

- Three workshops for heads of village councils, chairmen of rural committees and raion councils, managers and specialists of agriculture departments of three raions of Kyiv oblast: Bilotserkivsky raion (October 17, 2014); Skvirsky raion (October 21, 2014), and Taraschansky raion (November 2, 2014);
- One workshop on state regulation of the status of land (in cooperation with German BVVG agency; November 20, 2014, Kyiv).

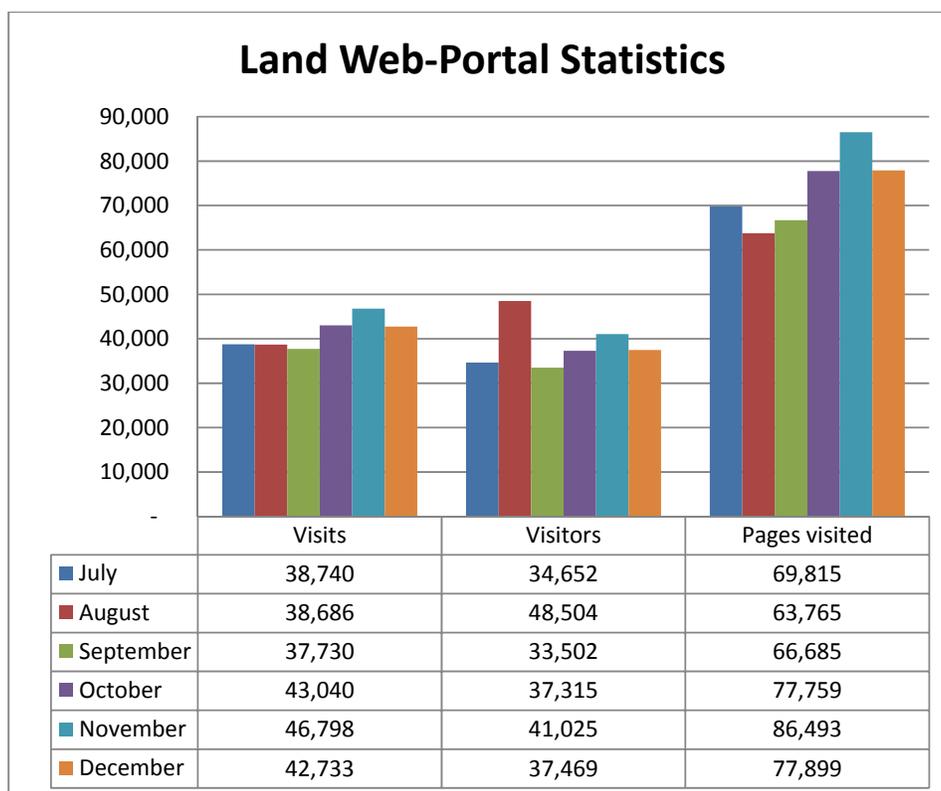
In addition, the Land Rights Resource Center produced the following new materials:

- Roadmaps:
 - How to Secure Permission to Work Within the Protected Area of Power Transmission Lines?

- What to Do if a Tenant Suggests You Sign an Emphyteusis Agreement and How Does it Differ from a Lease?
- How Property Seizure is Fulfilled During Martial Law or a State of Emergency?
- How Can a Land User Sell His Lease Rights?
- Brochure:
 - What to Do if the Tenant Suggests You Sign an Emphyteusis Agreement and How Does it Differ from a Lease?
- Document templates/samples:
 - Sample of a land plot owner's consent to sell the right to use an agricultural land plot (emphyteusis);
 - Sample act of expropriation or seizure of property;
 - Sample letter from a tenant on refusal to use the preemptive right to purchase land;
 - Sample consent from a tenant of leased land to use the preemptive right to purchase land.

These and other materials developed by the Land Rights Resource Center are available at the Land Rights Web-Portal (www.zem.ua). This quarter included more than 115,000 visitors to the Land Rights Web-Portal, bringing the total number of unique visitors since the launch of the program to 742,000. The number of pages visited in the reporting period exceeded 240,000, and the overall number of pages visited totaled 640,000. Of note, the average number of visits on a monthly basis increased in the reporting quarter compared to the previous quarter by 13.1% (from 38,385 to 44,190), and the average number of pages visited increased by 17.3% (from 66,755 to 80,715). For detailed month-by-month statistics, please see the chart below.

Exhibit 1. Land Rights Resource Center Web-Portal Use



Providers of secondary legal land rights services. This quarter, AgroInvest continued implementation of the “Provision of Secondary Land Rights Services” grants program. Under this program, AgroInvest provided grants to six Ukrainian 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); and
- (6) *Union of Rural Women* (covering Poltava oblast).

During this reporting period, AgroInvest’s “Provision of Secondary Land Rights Services” 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 provided from October to December 2014 reached 1,641;
- Conducted 30 community meetings and group consultations for 695 rural landowners;

- Provided capacity building support to primary legal land rights services providers, including:
 - Disseminated 3,328 copies of posters and leaflets with roadmaps developed by the Land Rights Resource Center and materials from the Land Rights Web-Portal;
 - Trained providers of primary legal land rights services on how to use these materials and where to find the needed information;
 - Advised referring community members to the Law Centers, should they need secondary legal services;
 - Helped resolve 89 land conflicts;
 - Conducted webinars for land managers with the goal of keeping them abreast of the latest developments in land legislation and regulations, so they could provide secondary legal land rights services in their communities.
- Participated in meetings of the oblast and raion authorities to discuss problems and find joint solutions to the problems identified through interactions with land surveyors, villagers, and mayors;
- Disseminated information through the partners’ own media publications, including success stories. These success stories also serve as “roadmaps” because they highlight a problem and provide detailed information on how this problem was resolved, including concrete steps and guidance on documents and templates needed for each step. The total number of media publications reached 75 in the reporting period.

Exhibit 2. Results Achieved by Secondary Legal Land Rights Services Providers

Also, in the reporting period, the providers of legal land rights services continued to collect information on routine issues and problems and provide advice to the Land Rights Resource Center on topics for future roadmaps. This information was analyzed and used by the Land Rights Resource Center for both preparing the needed roadmaps and developing legislative changes as appropriate.

The illustration to the right summarizes the cumulative results achieved by providers of secondary legal land rights services since program inception in June 2012. These numbers represent all oblasts where the program operates.



Although the grants provided to the partners operating in Kherson, Mykolaiv, and Odesa concluded during this reporting period, the partners continue to provide land rights legal services in the form of consultations, dissemination of materials, and referring interested rural land owners to the Land Rights Web-Portal. Despite the conclusion of their formal grant agreements, AgroInvest partners will continue to have access to the Resource Center and will continue to receive advisory assistance from AgroInvest as needed.

COMPONENT 2: Stimulate Access to Finance

Agro-technological training sessions for financial specialists of partner financial institutions. From October to December 2014, AgroInvest conducted five trainings, including the “Poultry Breeding” and “Agricultural Produce Logistics” training modules, for loan officers of partner banks and credit unions.

This quarter, the project continued to provide intensive training on agrotechnologies for small agricultural producers to loan officers of partner credit unions. AgroInvest applies the proven approach of providing two-day training seminars consisting of five to six training modules on agrotechnologies for the financial specialists. The trainers pay special attention to technologies that focus on manual processing, as this method of cultivation is typical for Ukrainian private households. At the same time, additional attention is paid to the application of modern technologies promoted by multinational input suppliers (i.e. no-till technologies, irrigation techniques, etc.). Specifically, this quarter AgroInvest conducted the following training sessions for the financial analysts of partner financial institutions:

Table 3. Financial Analyst Trainings

Date	Participants	Location	Description of Training
Oct. 6, 2014	18 loan officers from the bank Kyivska Rus	Kyiv	“Dairy Farming” and “Pig Breeding” training modules
Oct. 28-29, 2014	20 loan officers from four credit unions in Lviv oblast	Lviv	“Field Crop Production” (wheat, corn, barley); “Vegetables” (cucumber, onion, carrot, beet); “Orchards” (apple, pear, strawberry, raspberry, currants); “Intensive Horticulture” (tomatoes, onion, greens); “Dairy Farming”; “Pig Breeding”
Nov. 21, 2014	15 loan officers from the bank Metabank	Zaporizhzhia	“Agricultural Produce Logistics” for the following agricultural produce groups: 1) Grain and industrial crops; 2) Fruits, vegetables, and berries; 3) Milk and meat
Dec. 11-12, 2014	17 loan officers from three credit unions	Kharkiv	“Field Crop Production” (wheat, corn, sunflower, spring barley, soya); “Intensive Horticulture” (tomatoes, onion, greens); “Dairy Farming”; “Pig Breeding”; “Poultry Breeding”
Dec. 19, 2014	17 loan officers from the bank Kyivska Rus	Kyiv	“Poultry Breeding” training module

Development of requests for proposal. In this reporting period, two requests for proposal were developed and published:

- *Study to Assess the Efficiency of Design and Implementation of Regional Programs for Supporting Funding of Small and Medium-Sized Agriculture Producers from Oblast Budgets and Development of Recommendations on Improving Performance of Such Programs.*

The intent of this activity is to study the existing practice of covering a part of the interest on commercial loans to SMPs with local (oblast) budget funds and to develop a model document package for dissemination in several pilot oblasts.

Implementation of the program in the pilot oblasts will be based on outcomes of discussions and round tables with representatives from local and central authorities and industry associations. These discussions will constitute a basis for developing the final recommendations on implementation of the program for covering a part of the interest on commercial loans to SMPs with local budget funds.

The recommendations will ensure that those oblasts where the mentioned programs are not currently operating will develop and implement such programs properly. Where such programs are functional, they will enhance their programs; thus, facilitating the decentralization and optimal use of central and regional budget funds to support the development of small and medium-sized producers in those segments most critical for the Ukrainian agrarian sector's economic development.

- *Training Events to Familiarize SMPs with, and Prepare Them For, New Opportunities for Receiving Finance.*

The objective of this series of trainings is to increase the capacity of SMPs in target locations to receive financing through AgroInvest DCA LPG partner credit unions. AgroInvest will conduct a series of five training seminars for SMPs in regions where AgroInvest's five partner credit unions (Vyhoda, Anisiya, Gromada, Narodna Dovira, and Kharkivska Kasa Vzayemodopomohy) operate. Overall, twenty training seminars will be held.

Work with Partner Credit Unions

Developing partner credit unions' capacity to increase effective agrilending to SMPs. This quarter, AgroInvest conducted four on-site internal audits of the Task Force member credit unions (CU Hospodar, CU St. Martin, and CU Nartsys from the UNASCU Task Force; CU Vyhoda from the AUCUA Task Force). The audits were focused on lending to SMPs and the financial operations of the credit unions. Following the audits, the credit unions' needs in terms of additional external funding from UNASCU and AUCUA united credit unions during the peak periods of February and March 2015 were identified (i.e. the spring planting campaign). The on-site audits in all four credit unions revealed mismatches of the loan purposes and loan classifications; such matching is especially important when processing and analyzing agrilending practices of partner credit unions. For example, loans provided for the purpose of small holding operations were classified as consumer loans originated for "other purposes."

Additionally, three seminars to share best practices in agrilending and update partner credit unions on the latest changes in legislative initiatives on credit unions were held this quarter. Two seminars were held in Kyiv for the UNASCU Task Force on October 2, 2014 and November 26, 2014, and the third one for the AUCUA Task Force on December 18, 2014. The seminars served as a platform to identify areas where partner credit unions would require AgroInvest support and facilitation in 2015. Some areas identified include the development of strategies for building the resilience of credit unions during times of crisis, reducing farm lending risks, expanding service offers to individuals to increase membership and customer bases, and improvement of credit officers' communication with borrowers and debtors.

Agrotechnological trainings for SMP customers of partner credit unions as leverage for increased agrilending. From October to December 2014, AgroInvest delivered four practical training sessions for the farmer-clients of partner credit unions and their loan officers. These trainings included:

- "Growing Cucumber Plants at Fruit Bearing Phase During the Autumn Cycle: Financial and Economic Outcomes of the Technological Process," 20 participants; CU Hromada members, Kherson oblast;
- "Prospective Greenhouse Cucumber and Tomato Hybrids and Their Production Specifics: Summary of the 2014 Season and Projections for 2015," 22 participants; CU Narodna Dovira members, Kherson oblast;
- "Technologies of Cucumber and Tomato Production in Film Green Houses: Plant Protection Systems for Spring and Fall Production Cycles," 28 participants; CU Yednist members, Kherson oblast;
- "Cabbage, Pepper, and Eggplant Production Technologies: Plant Protection Systems," 41 participants; CU Yednist members, Kherson oblast.

The above training events increased the knowledge of small agriculture producers regarding the latest developments of the vegetable seed market, efficient growing and plant protection methods, and sales projections for vegetables in 2015. Partner credit unions confirmed the usefulness of the AgroInvest-supported trainings, as producers participating in the trainings on a regular basis improved their loan repayment discipline and increased their profit, thus, being able to apply for larger loans.

Gaining awareness on the successful implementation of legislation on credit unions in line with EU standards and applying this experience to modify Ukrainian legislation on credit unions. This quarter, AgroInvest conducted a study tour to Poland to introduce a group of representatives of the Ukrainian government, including members of Parliament and both partner associations of credit unions, to the successful experience of Polish credit unions in their transition to comply with EU standards.

The study tour participants comprised of 15 individuals, including key officials of the Cabinet of Ministers of Ukraine, the Ministry of Agricultural Policy and Food, the Committees on Euro-Integration and Financial and Banking Activities of the Parliament, the Ministry of Finance, the Ministry of Economic Development and Trade, the National Commission for Financial Services, and the State Deposits Guarantee Fund. In Poland, the group had numerous meetings and discussions with:

- The National Association of Polish Credit Unions (NACSCU). The Director of NACSCU presented the Polish model of a credit cooperation system and credit union development in Poland;
- Representatives of the Polish Parliament. Senator Grzegorz Bierecki, Vice Chairman of the Budget and Public Finance Committee of the Senate, presented comprehensive information about the legislative process in Poland, which enabled Polish credit unions to become effective financial institutions in their country (as an EU member state);
- Mr. Piotr Piłat, Director of the Financial Market Development Department in the Ministry of Finance of Poland, discussed the Polish system of regulating the credit union market. His presentation was enriched by extensive information provided by Mr. Dariusz Twardowski, Director of the Cooperative Banking and Cooperative Savings and Credit Unions Department of the Polish Financial Supervision Authority (KNF);
- Various Polish credit unions that have demonstrated noticeable progress and effective operational experience within the EU and its regulatory framework (Stefczyk Credit Union, TZ SKOK, and other credit unions and affiliated companies).

AgroInvest continued to support the process of transforming and updating the Ukrainian legislation on credit unions by organizing two roundtables for the study tour group and representatives of official bodies that could be involved in the process of legislative developments (i.e. the National Bank of Ukraine and the Presidential Administration). The roundtables were held in Kyiv on November 20 and December 16, 2014. Under AgroInvest’s moderation, participants developed an action plan for moving forward. The group will meet again in early 2015 to continue its work.

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.”

This quarter, AgroInvest conducted the tender process for the final round of its producer organization (PO) grants program. Two ASCs were selected and it is anticipated that implementation will commence in February 2015 after the requisite environmental assessments are completed and USAID approval of the grant awards is obtained.

On October 1, 2014, USAID AgroInvest, in cooperation with the Vinnytsya Oblast State Administration and Vinnytsya Oblast Association of Agricultural Advisory Services, conducted a seminar on the development of agricultural service

cooperatives. The event was attended by representatives of the local authorities, agricultural service cooperatives, and initiative groups interested in setting up agricultural service cooperatives. Seminar participants discussed many issues, including the legal aspects and organizational principles for the creation and organization of the economic activity of agricultural service cooperatives in Ukraine.

On October 31, 2014, USAID AgroInvest organized and participated in the Exhibition of Organic Produce at Shuvar Wholesale Market in Lviv. The event was organized in cooperation with Shuvar, the AgroLviv project, the Organic Federation (AgroInvest's partner), and the Swiss FiBL project. As part of the event, AgroInvest held a seminar entitled "Outlooks for the Development of a Marketing Chain for Organic Produce in Western Ukraine." The event increased participants' awareness of opportunities and advantages in organic farming. The event was attended by farmers, representatives of agricultural service cooperatives, and other key stakeholders interested in the further development of organic farming and the improvement of marketing.

From November 23 to 27, 2014, USAID AgroInvest, in cooperation with the Central European Academy Studies and Certification Foundation (CEASC) (Bydgoszcz, Poland), the Apipol KRAKOW research enterprise (Krakow, Poland), and the University of Economics in Krakow (UEK) (Krakow, Poland), conducted a practical training as part of the Program, "Intensive Beekeeping – Apipol System," in Poland. The practical training was attended by AgroInvest partners engaged in the production and processing of beekeeping products. As a result of the training, participants were exposed to the best practices of beekeeping, and learned about opportunities to market beekeeping products in the EU and the corresponding requirements to do so.

On December 9, 2014, USAID AgroInvest, in cooperation with the Ivano-Frankivsk Oblast State Administration, organized and conducted a workshop entitled "The Experience of Agricultural Service Cooperatives of Ivano-Frankivsk Oblast in Organizing the Provision of Services for the Production and Marketing Operations of Private Farms." During the workshop, AgroInvest project partners ASC "Pure Flora" and ASC "Lypivskyy" shared their experience in implementing grant projects supported by AgroInvest and services to their members. USAID AgroInvest made a presentation on the conditions and prospects of HACCP certification for SMPs and access to European markets.

AgroInvest project specialists, the international charitable organization "Community Wellbeing," and other partners jointly developed and prepared for publication two methodological guidelines on accounting structures and systems for agricultural service cooperatives, entitled:

- "Organizing Service by Agricultural Service Cooperatives from Collection, Cooling, and Processing of Raw Milk to Selling Finished Produce: Accounting, Taxation, and Selected Legal Aspects";
- "Organizing Procurement and Marketing Services by Agricultural Service Cooperatives: Accounting, Taxation, and Selected Legal Aspects."

These guidelines are intended to improve the relationships among agricultural service cooperatives and their members.

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

During this reporting period, the main activities under this task aimed to develop proposals for enhancing the legislation on agriculture market operations, and develop the design and feasibility studies for the construction of agricultural wholesale and retail markets and logistics centers.

AgroInvest continued to provide technical assistance this quarter for the implementation of nine projects to develop agrarian market infrastructure facilities (namely, one wholesale agricultural market, one wholesale livestock market, two wholesale and retail agricultural markets, and five other agrarian infrastructure facilities).

Unfortunately, due to the challenging economic situation, the unpredictable course/suspension of the anti-terrorist operation in the eastern regions of Ukraine, and the tense military situation at the border between Kherson oblast and Crimea, construction was suspended at most of the facilities of Kherson oblast. Nevertheless, required permit preparation and material procurement are still in progress. According to updated plans, the re-launching of construction is expected for March 2015.

This quarter, the project completed development of the feasibility study for the establishment of a logistics center at the agriculture service cooperative “Tavriysky Dar” in Velyka Lepetykha raion, Kherson oblast. The purpose of this feasibility study is to enhance local production facilities for post-harvest handling, storing, and pre-sale preparation of fruits and vegetables grown by small and medium-sized producers, to create new jobs in rural areas, and to improve food product distribution channels.

AgroInvest also completed the tendering process for the preparation of a feasibility study for the development of: (i) a farmers’ market and (ii) reconstruction of a servicing-and-slaughterhouse in the village of Muzykivka, Bilozerka raion, Kherson oblast. Creation of a community-based farmers’ market and a servicing-and-slaughterhouse will improve the access of small agricultural producers to agricultural produce sales markets and facilitate quality assurance.

The project continued to provide informational and training events related to the development and diversification of agriculture markets, as follows:

- In cooperation with local state authorities, AgroInvest organized two demonstration site visits to “Shuvar” wholesale market in Lviv for leaders of farms from Odesa oblast (October 17 to 18) and from Vinnytsya oblast (November 20 to 21). In total in 2014, 156 farmers attended five study tours where they learned about alternate distribution channels, ways to market fruits and vegetables, and the packaging and quality requirements for agricultural produce on commercial product lots. After completion of the study tours, participants actively shared the knowledge they gained with their local colleagues, who established new networks, created opportunities to market their fruits and vegetables in western Ukraine, and successfully exported their agricultural products with Shuvar support;

- On November 20, the project conducted a conference on “European and Ukrainian Fruit and Vegetable Markets: Challenges and Prospects,” as the final stage of a series of training sessions based at the wholesale agricultural market “Shuvar.” The main goals of the conference were to analyze the development of fruit and vegetable markets under restrictive conditions and the loss of traditional markets; forecast trends in fruit and vegetable markets for the next year; and discuss potential ways to diversify fresh produce production and its sales markets. The conference was attended by fruit and vegetables producers, leaders of producer associations, representatives of wholesale agricultural markets, wholesale and retail entities, trade unions, and local authorities – more than 150 participants in total;
- On November 26, in cooperation with the Kherson Oblast State Administration, AgroInvest held a round table on “Logistics and Fruit and Vegetable Markets: Problems of Establishment.” As part of the round table, representatives of local self-governments, members of agricultural service cooperatives, and other organizations involved in the implementation of projects for the establishment of market infrastructure facilities (markets, fruit and vegetable storehouses, dairy plants, servicing-and-slaughter houses), considered the results of the projects’ implementation in Kherson oblast and the action plan for 2015. One of the most important results was an agreement on the proposal to launch a program to supply schoolchildren with fresh milk at the ASC “Molochny Dnister.”

In the reporting period, AgroInvest actively spread knowledge on certification of agricultural produce under the Global GAP system, its processing under the HACCP system, and on improved access for SMPs to new distribution markets of agricultural products. Specifically:

- The project prepared and published two manuals (1,000 copies) of methodological recommendations on implementing HACCP-based food safety systems at small and medium-sized enterprises, related to storing, handling, and processing raw food and food products. These manuals are in high demand by farmers, their associations, NGOs, and local self-governments;
- In response to a request from the Ministry of Agrarian Policy and Food of Ukraine and national agrarian industry associations, on December 24, 2014, AgroInvest held a training session on food safety, the introduction of HACCP, and Good Agricultural Practice (Global GAP) principles. The training was attended by representatives of national agrarian industry associations. Participants learned the basics of certifying agricultural products under the Global GAP system and certifying processing enterprises under the HACCP system;
- Based on demand from farmers and their local associations, the project developed materials and initiated preparations for a network of 15 to 20 consultants to provide SMPs with information and practical advice on the introduction and development of an effective produce safety system.

AgroInvest continues to actively cooperate with the Ministry of Agrarian Policy and Food of Ukraine, MPs of the Verkhovna Rada, leaders of national industry associations, and experts from international technical assistance projects on the development and realization of draft laws and regulations on the development of

agrarian market infrastructure, producer organizations, family farms, and their cooperation.

Participation in Public Events Devoted to the Development of SMPs and POs

Component 3 team members actively participated in organizing and conducting numerous conferences, seminars, and trainings on enhancing the legislative framework and improving the organizational and legal support for PO and SMP development. They facilitated cooperation between POs/SMPs and processing companies, wholesale and wholesale-retail agriculture markets, and other customers.

Below is a select listing of the events that took place this quarter:

On October 16, USAID AgroInvest's representatives took part in the third East Ukrainian Agrarian Forum entitled "Agrarian Business Growth Roadmap: From Farmer to Agriholding." The project team delivered presentations on the development of agricultural cooperation and agrarian infrastructure in Ukraine.

On October 30, 2014, USAID AgroInvest took part in an international conference "Cooperation as a Way to Increase Efficiency: the German Experience for Ukraine." The conference was held at the International Exhibition of Highly Effective Profitable Agriculture (recognized by UFI) 'InterAgro 2014'."

On October 30, 2014, the International Conference entitled "Organic Market Development in Ukraine: Organic Export and Policy Dialog" was conducted as part of the World Food Ukraine 2014 exhibition in Kyiv, with support from AgroInvest. The event was organized by the Ministry of Agrarian Policy and Food of Ukraine, FiBL, AgroInvest, and other partners. The main topics included: export experiences (challenges and opportunities) and export facilitation; organic export market matchmaking; and organic positioning and legislative framework in Ukraine.

From December 8 to 9, 2014, USAID AgroInvest took part in the eleventh International Conference entitled "Vegetables and Fruits of Ukraine - 2014." As part of the conference, USAID AgroInvest experts delivered a presentation entitled "Development of Fruit and Vegetable Market Infrastructure in Light of the Recent Geopolitical Events in Ukraine." Also, AgroInvest contributed to discussions of pressing issues of legislative framework to support the development of a network of agricultural markets.

On December 9, 2014, USAID AgroInvest initiated and organized a roundtable discussion of proposals for amendments to the Law of Ukraine "On Cooperation" aiming to enable legal persons to be members of agricultural production cooperatives. The roundtable was attended by representatives of the Ministry of Agricultural Policy and Food, industry associations, law firms, and academics. As a result of the roundtable, it was agreed that additional consultations are needed in order to find an optimal organizational and legal mechanism for mutually beneficial cooperation between milk processing plants and milk producers.

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 54 public events from October to December 2014, and these events were used to increase visibility and report project successes to the public. Of special note are the following events:

- On November 14, 2014, USAID and five Ukrainian credit unions launched an eight year program that will support agricultural development in Kharkiv, Kherson, and Lviv oblasts by making available \$6 million in financing. The participating credit unions are Vygoda (Lviv); Anisia (Lviv); Hromada (Kherson); Narodna Dovira (Kherson); and Kasa Vzeyemodopomohy (Kharkiv). This is the first time a USAID Development Credit Authority (DCA) program is partnering with credit unions in Ukraine. The launch of the program was attended by USAID Mission Director Jed Barton and high-level officials from Ukrainian government agencies.
- 
- Ceremonial launch of the DCA partnership program, November 14, 2014
- On November 20, 2014, in Lviv, USAID AgroInvest and Shuvar Wholesale Market conducted a conference entitled "EU and Ukraine Horticulture Markets: Prospects and Challenges." Conference participants reviewed the development of the horticulture market and ways to increase marketing opportunities for fresh produce. Participants discussed ways to overcome existing problems as well as prospects and challenges for domestic producers to enter new markets in both Ukraine and Europe. Much attention was given to new prospects that are opening for the horticulture sector of Ukraine in connection with the signing of the EU Association Agreement. USAID Mission Director Jed Barton, representatives of the Ministry of Agrarian Policy and Food, and a number of oblast administrations participated in the discussions.
- 
- Conference, "EU and Ukrainian Fruit and Vegetable Markets: Challenges and Prospects," Lviv, November 20, 2014

AgroInvest's experts participated in four interviews for print and electronic media and also in two radio programs covering six topics. The project continued to invite media to events and provide comments and/or expert opinions on various topics. These efforts resulted in 87 print, electronic, and online media reports covering a variety of topics, such as policy issues, access to finance for SMPs, and market infrastructure development. For a full list of publications, please refer to Annex 2.

National Agrarian & Land Press Club. During the reporting period, the National Agrarian & Land Press Club organized three public events, including one regional

meeting, as part of the conference "EU and Ukraine Horticulture Markets: Prospects and Challenges" in Lviv (for details of these events, please refer to Annex 1). In addition, the Press Club prepared nine articles for further dissemination among media outlets across Ukraine. The table below details the topics and the number of re-prints for each of these articles. These publications are a useful tool to attract the attention of decision-makers to the issues AgroInvest and its partners are addressing. Their significant coverage and well thought-out messages contribute to the success of the project's technical assistance.

Table 4. National Agrarian & Land Press Club Events

Title	No. of Reprints
<p><u><i>Family Farms are the Main Producers of Potatoes, Vegetables, Fruit, and Meat, but they Do Not Have Farmer Status and Therefore Cannot Develop</i></u> Report about discussion of the ways to resolve an important problem, which needs to be addressed for small farmers to be able to develop. This problem is caused by a gap in Ukrainian legislation, which results in a situation where small farmers are not legislatively recognized as agricultural producers and, for this reason, cannot sell their produce in organized markets, use tax preferences, or be members of agricultural service cooperatives.</p>	31
<p><u><i>Ukrainian Farmers Have Already Started the Process of Joining the European Union</i></u> Interview with AgroInvest Agrarian Policy Expert Natalia Seperovich focusing on the first steps Ukrainian agricultural producers are making to enter EU markets, problems they face, and various legislative and administrative reforms needed for them to be able to integrate and compete with EU producers.</p>	25
<p><u><i>Ukrainian Land Relations in Light of the American Experience</i></u> Interview with Andriy Koshyl, head of the Land Rights Resource Center, supported by USAID AgroInvest, discussing how various aspects of land relations are addressed in the US. This interview was based on information Andriy was exposed to during a study tour to the US to learn from the US experience in combatting corruption in land relations. The study tour was organized for a group of experts from the Land Rights Resource Center with support of USAID AgroInvest in September-October 2014 as part of the program "Public Interest in Best Practices of Land Governance in the U.S.A.," funded by the International Visitor Leadership Program.</p>	29
<p><u><i>Information on Real Estate in Ukraine Opens the "Seven Seals"</i></u> Interview with AgroInvest Senior Legal Advisor Pavlo Kulynych promoting the important legislative change advocated by USAID AgroInvest, namely, making information on real estate and property rights contained in the State Register available to all interested users. This reform will contribute to the development of land relations and the agricultural sector at large.</p>	28
<p><u><i>The Partnership Program Launched in Ukraine Will Help Small Farmers Access Credit to Develop Their Business</i></u> Article announcing the launch of the USAID DCA Partnership Program which provides Ukrainian credit unions with resources needed for them to provide financial support to small and medium-size farmers, which is especially critical given Ukraine's complicated financial environment and economic challenges.</p>	21
<p><u><i>How to Create Conditions for Ukrainian Farmers to Market in Europe?</i></u> Report about a discussion that took place during the Conference "EU and Ukraine Horticulture Markets: Prospects and Challenges," regarding steps Ukrainian producers have to take in order to get prepared for exporting to the EU.</p>	26
<p><u><i>New Year's Fears of Ukrainian Livestock Breeders</i></u> Interview with AgroInvest Component 3 Leader Mykola Hrytsenko about the need to radically improve safety in the livestock sector, especially in light of EU accession and</p>	33

Title	No. of Reprints
commitments Ukraine assumed as a WTO member. Also, AgroInvest's activities to help producers implement safety standards are presented in detail.	
<p data-bbox="302 348 1101 380"><u>Stephen Verbunt: Land Reform Requires a Clear Vision and Action Plan</u></p> <p data-bbox="302 380 1260 516">Interview with Stefan Verbunt, Resident Twinning Advisor of the Project "Assistance in Development of an Open and Transparent Land Market in Ukraine," funded by the EU and implemented by the Netherlands, Germany, and Lithuania. The interview covers pressing issues of land reform in Ukraine. AgroInvest's efforts in the land area are also highlighted.</p>	31
<p data-bbox="302 537 699 569"><u>Public Demand for Agrarian Reform</u></p> <p data-bbox="302 569 1260 674">Report about discussion of the sections of the Coalition Agreement dealing with agriculture. The discussion was organized by USAID AgroInvest at a round table "Coalition Agreement: Agrarian and Land Issues," which took place on December 11 in Kyiv as part of the monthly meeting of the National Agrarian & Land Press Club.</p>	24

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 television programs produced), and informational materials available for re-printing. The website attracts approximately 2,500 unique visitors per month with each visitor visiting on average 10 pages. Of note, the volume of downloaded materials has doubled over the period of one year. The table below shows statistics on the use of AgroInvest's website in 2014.

Table 5. AgroInvest Website Use

Month	Unique Visitors	Number of Visits	Pages	Hits	Volume/Downloads, GB
Jan	2,379	4,644	17,899	104,966	4.07
Feb	2,185	3,820	16,232	97,214	4.99
Mar	2,177	3,966	29,880	113,122	4.02
Apr	2,272	4,100	18,204	102,948	4.21
May	2,006	3,766	14,207	85,191	3.26
Jun	1,984	4,361	16,435	91,680	2.67
Jul	2,221	4,978	19,420	111,066	4.55
Aug	1,926	4,553	16,165	90,500	4.37
Sep	2,368	4,853	19,519	110,981	4.98
Oct	2,767	5,624	24,732	137,166	6.68
Nov	3,231	6,111	29,089	159,598	9.84
Dec	2,739	5,537	26,545	129,519	8.62
Total	28,255	56,313	248,327	1,333,951	62.26

Publications. This quarter, USAID AgroInvest supported the publication of two manuals:

- [Guidelines on the HACCP-Based Food Safety Systems for SMPs Engaged in Processing and Storage of Fruits and Vegetables.](#) This is a practical guide focused on helping SMPs understand basic concepts and receive practical advice on implementation of the HACCP system in order to ensure its effectiveness. These guidelines are intended primarily for those food producers who are engaged in the processing or storage of fruits and vegetables, including storage, washing, packaging, grinding, drying, canning, refrigeration, freezing, making jams, juices, etc.
- [Guidelines on the HACCP-Based Food Safety Systems for SMPs Engaged in Processing of Dairy Products, Meat, and Honey.](#) This is a practical guide focused on helping SMPs understand basic concepts and receive practical advice on implementation of the HACCP system in order to ensure its effectiveness. These guidelines are intended primarily for those food producers who are engaged in the processing or storage of products of animal origin, such as meat, milk, and honey.

Both manuals are available on the project website and are disseminated at training and public events attended by SMPs.



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.

GENDER INTEGRATION

On October 15, 2014, the AgroInvest Project organized and conducted an all-Ukrainian conference dedicated to the 2014 International Day of Rural Women. AgroInvest has conducted this conference annually. The conference was attended by 74 participants from across Ukraine and included farmers, representatives of small rural households, agriculture service cooperatives, experts, non-governmental organizations, representatives of the government, international donor organizations, and other USAID-funded projects. The conference consisted of two segments. The first segment was comprised of presentations from the Association of Women Farmers and the Council of Rural Women on the main achievements of those organizations in the past year. Additionally, Natalia Kutsmus from Zhytomyr Agro-Ecological University conducted a presentation on the main challenges for gender



integration in rural areas. The second segment of the conference included a presentation from the USAID FIN-REP II project regarding its “Go Women” campaign and practical issues of accessing finance in rural areas.

The discussions during this year’s conference focused on tense issues, reflecting the difficult social and economic situation in Ukraine and its effects on the lives of people in rural areas. The main problem raised by the participants was how to get by in the current situation and the necessary resources to be able to survive.

During the sessions, participants were encouraged to develop possible scenarios for addressing upcoming changes and to brainstorm ways to overcome challenges. Special attention was dedicated to the October 26 Parliamentary elections.

In addition, during the reporting period, the project consulted the All-Ukrainian NGO National Environmental Center of Ukraine on the importance of gender-sensitive approaches in developing livestock production. This NGO is planning to launch an educational program to facilitate compliance of environmental requirements in relation to livestock production in rural areas. This program could be highly beneficial for small and medium producers of meat and dairy products, especially women, as women, in most cases, are responsible for the animals in rural households. During the discussion, project staff explained the importance of ensuring equal involvement of rural women in the educational process and possible ways for the NGO’s upcoming project to ensure this.

SECTION II: DELIVERABLES

The following deliverables were completed and submitted during the reporting period:

Deliverables	Date Submitted
AgroInvest Year 5 Annual Work Plan covering October 1, 2014 – September 30, 2015	Approved by USAID October 17, 2014
July 1- September 30, 2014 Quarterly Report	October 31, 2014
Recommendations on Improving Ukraine's Pig Industry Regulations	November 26, 2014
Pesticide Evaluation Report and Safe-Use Action Plan (PERSUAP)	December 2, 2014

SECTION III: CHALLENGES AND PLANS TO OVERCOME THEM

Following the early elections at the end of October, the new convocation of the Verkhovna Rada of Ukraine started meeting in December 2014. The composition of the Rada and, in particular, its Committee for Agricultural Policy and Land Relations has changed considerably. The parliament created a coalition and appointed a new cabinet of ministers, which led to changes in top management of the Ministry of Agrarian Policy and Food of Ukraine (MAPF). The appointment of a new minister and deputy ministers within the MAPF may also trigger further changes of mid-level officials in the Ministry. Combined with the announced reduction in the number of Ministry staff, and some reform of its organizational structure, these changes may slow down policy decisions/discussions and approval of various regulatory documents, including the ones developed by AgroInvest and its partners. At the same time, the new Cabinet of Minister and new Parliament may be more receptive to new ideas and might be able to implement more difficult economic reforms. In order to minimize the impact of the changes at the MAPF and the Committee for Agricultural Policy and Land Relations on implementation of proposed policy actions, AgroInvest will increase and strengthen its contacts with the Ministry and Committee, and actively engage in discussions with senior officials to continue promoting implementation of market-oriented reforms in the agriculture sector. The project will also continue its close collaboration and dialogue with mid-level officials and experts in respective government agencies, and swiftly establish new contacts where needed.

At the end of November 2014, the parliamentary majority signed the Coalition Agreement, which represented a roadmap for the legislative activities of the Verkhovna Rada from 2015 to 2016. Agriculture sector reform issues in the Coalition Agreement seem to have a bias towards the interests of larger agricultural enterprises, rather than smaller entities. This may result in somewhat reduced focus of agricultural policy on the development of small and medium-size farmers, agricultural service cooperatives, or market infrastructure for SMPs. To address this potential shift, AgroInvest will continue focusing on agricultural policy issues that are beneficial for SMPs and will increase the focus of its media campaign and public events on the needs of smaller farmers and individual landowners who live in rural areas.

Furthermore, the political and economic environment could impact ongoing and planned activities under Component 2 in the following ways:

- The ongoing and continually worsening crisis in the financial environment has already caused banking activity to shrink. For instance, partner bank Kredobank had to decrease its assets given the changes to the classification of the small banks category that the National Bank of Ukraine implemented in 2015. Two other partner banks experienced complications with their operational efficiency and liquidity as well. To address this, AgroInvest will continue to support the banks in increasing their ability to operate in new niches, in particular, the SMP segment;
- Lack of external financing available in the market could decrease the ability of the credit unions (DCA partners) to render agrilending to SMPs. AgroInvest will continue informing potential investors on promising opportunities to enter risk-sharing agreements with the DCA partners when lending to them.

AgroInvest's efforts to support introduction of updated legislation for credit unions would increase attractiveness of the partner credit unions to potential investors;

- In the existing, tense economic environment (UAH devaluation; inflation exceeding 25%), AgroInvest will concentrate on providing the best knowledge on loan portfolio management to partner financial institutions. Introduction of internal audit practices would enable the partner credit unions to organize their operations in the most transparent, predictable, manageable, and effective way;
- AgroInvest's support to credit union associations in updating Ukrainian legislation on credit unions could be impeded by ongoing uncertainty with the state regulating body for credit unions. Under such circumstances, AgroInvest will support development of legislative initiatives and updates to the areas where involvement of a regulating office becomes inevitable, and proceed with further facilitation as soon as the regulator is assigned by the GOU.

A systemic and worsening problem for the successful implementation of Component 3 activities remains the inconsistency of the GOU in introducing government programs and declarations for financial support for the development of agricultural cooperatives and market infrastructure, including agricultural markets. The key challenges are summarized below:

- *Lack of a strategy/concept for the comprehensive development of agrarian market infrastructure.* Solution(s): Adoption of a strategy for the development of agrarian market infrastructure by the Government of Ukraine. The feasibility study of the National Project for the establishment of a national wholesale market network, "Green Market," developed with AgroInvest support at the request of the MAPF can become the basis for such strategy. AgroInvest will continue to follow up and provide technical support for the finalization and adoption of an appropriate strategy.
- *Issues with the establishment and operation of local food markets and food logistic platforms, as agrarian sector facilities are not regulated at the legislative level.* There is a lack of regulation for the allocation of land plots and public-private partnership(s) in this sphere. Operations of local and regional markets are still regulated by the Decree of the Cabinet of the Ministry of Economy and European Integration of Ukraine, the Ministry of Internal Affairs, the State Tax Administration of Ukraine, the State Committee for Standardization, Metrology and Certification of Ukraine dated February 26, 2002, which actually requires an adjustment to the current conditions. Solution(s): Passing the Law of Ukraine "On Local Food Markets" provided for by the Coalition Agreement and the Action Plan for 2015 of the Ministry of Agrarian Policy and Food. The justifications and suggestions for the draft law were developed with AgroInvest assistance. The project will continue supporting the draft law's finalization and adoption.
- *Excessive/unreasonable centralization and bureaucratization when making decisions on the establishment of wholesale agricultural markets.* Decisions on certification of and state support for wholesale agricultural markets are

adopted exclusively at the level of the Ministry of Agrarian Policy and Food. Local self-governments and local authorities have virtually no leverage to stimulate and support the development of local and regional food markets. Solution(s): Adoption of the law on the development of local food markets implies decentralization of decision-making on these issues and, namely, allocation/delegation to local self-governments and local authorities the right to make decisions on the establishment and support of the development of food markets and other agrarian market infrastructure facilities.

- *Diversification/finding new agricultural produce distribution markets for small and medium-sized agricultural producers.* Shrinking, and in some cases closure, of the traditional agricultural distribution markets to Russia and Crimea creates a threat for SMPs, which have no opportunity to shift their activities rapidly to other markets. At the same time, the increasing competitiveness of European markets (particularly the Polish market) due to the drop in prices for agricultural produce in Eastern Europe, resulting from the closure of Russian markets and lack of opportunity to sell manufactured agricultural produce, is significantly impacting Ukrainian producers. Solution(s): AgroInvest will continue to carry out specialized training events 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. Moreover, AgroInvest will conduct a series of regional training sessions for representatives of authorities, small and medium agricultural producers, and processors, in order to disseminate information on the produce quality certification system in compliance with the HACCP and Global GAP standards.

As previously noted, because of the challenging economic situation, unpredictable anti-terrorist operation in eastern Ukraine, and tense military situation at the Kherson oblast/Crimea border, construction was suspended at most of the facilities in Kherson oblast in this reporting period. To address this, AgroInvest will continue its cooperation with local authorities to assist in the development of these markets and to support fundraising efforts. According to the updated calendar, construction is expected to be re-launched in March 2015, although this depends on the developing situation in the East and South.

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

- Launch the activities of the Analytical and Coordination Platform for agriculture sector industry associations;
- Select experts and initiate activities of the analytical team in the Ministry of Agrarian Policy and Food;
- Release a tender to conduct a study on responsible investments in agriculture, and select a subcontractor;
- Continue participating in working groups to design a Comprehensive Strategy for Agriculture and Rural Development in Ukraine for the period 2015 to 2020, jointly with the MAPF and the European Commission;
- Provide assistance in organizing and participate in the third round of 5th Annual Ukrainian Grain Congress on March 23 and 24, 2015 in Washington DC;
- Monitor the implementation of activities under the grant programs with national and oblast-level industry associations, and provide support and assistance to partners if/when needed;
- Finalize and present for public discussion a report on government regulation of agricultural and food markets and the role of self-regulating organizations in selected EU countries;
- Conduct a study tour to Czech Republic and Poland on government controls and activities of self-regulating organizations;
- Continue participating in activities of the expert group on agriculture and agribusiness under the Reanimation Reform Package initiative;
- Conduct capacity building trainings on economic policy analysis and lobbying activities for agriculture sector industry associations;
- Continue the Land Rights Awareness & Education Campaign, including radio and television programs, and work with media through the National Agrarian & Land Press Club;
- Continue 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;
- Make a presentation of the Land Rights Public Education and Outreach Campaign at the 2015 World Bank Land and Poverty Conference;

Component 2: Stimulate Access to Finance

- Conduct at least two agro-technological trainings for financial officers of partner financial institutions to increase their ability to issue and monitor loans to SMPs;
- Execute a subcontract on analyzing actual experiences in regional subsidies for SMPs, and develop and disseminate recommendations in defined pilot oblasts of Ukraine;

- Organize and conduct a site visit to Kherson for Kharkiv branch managers of the CU "Kharkivska Kasa Vzayemodopomohy" to familiarize them with the methodologies of financial and economic analysis of agriculture borrowers and loan processes that are used by the Kherson partner credit unions "Hromada" and "Narodna Dovira";
- Conduct the quarterly working meeting of managers of the DCA partner credit unions in Lviv oblast in February 2015;
- Train the DCA partner CUs on how to use the DCA Credit Management System (CMS);
- Conduct three on-site internal audit sessions for credit unions of the UNASCU Task Force;
- Hold one training seminar to share best practices of lending to small and medium-sized agriculture producers and update the participants on the latest developments in the legislation on credit union operations, for credit unions of the UNASCU Task Force;
- Hold one training seminar devoted to the "Energy Conservation" loan product for credit specialists of partner credit unions from the AUCUA Task Force;
- Conduct at least three agro-technological trainings on horticulture and animal breeding for members of partner credit unions from both Task Forces;
- Support development of updated legislation for credit unions, in compliance with EU standards.

Component 3: Facilitate Market Infrastructure for SMPs

- Provide technical support for finalization (approval and adoption) of the following draft laws of Ukraine:
 - Draft Law of Ukraine "On Amending Certain Laws of Ukraine (with Regard to Stimulating the Establishment and Operations of Family Farms)," registered in the Verkhovna Rada on December 23, 2014 under the number 1599;
 - "On Amendments to the Tax Code of Ukraine (Regarding Stimulation of the Development of Family Farms)," registered in the Verkhovna Rada on December 23, 2014 under the number 1600;
 - "On Amendments to the Law of Ukraine 'On Wholesale Agricultural Markets'";
 - "On Amendments to the Tax Code of Ukraine Regarding VAT Taxation on Agricultural Produce Cultivated by Individual Farms and Sold by Agricultural Service Cooperatives";
- Execute the feasibility study for (i) the establishment of farmers' markets and (ii) the renovation of a servicing-and-slaughterhouse in the village of Muzykivka, Bilozerka raion, Kherson oblast;
- Organize and conduct two to three internal 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 marketing forms for fruit and vegetable produce and to share knowledge and best practices regarding market requirements regarding forming commodity lots, packaging, and produce quality;

- Develop and disseminate a documentary film on best practices in the development of fruit and vegetable produce distribution channels and ensuring product safety and quality;
- Finalize the environmental assessments and execute producer organization grants;
- Hold an internal demonstration site visit to spread best practices on value added chain development on the basis of POs implementing the AgroInvest project's grant programs;
- Begin the HACCP advisor training program. This program will develop and train a cadre of HACCP specialists that will have the understanding and ability to advise small and medium-sized producers and work with them to attain their HACCP certification. As part of the training, the trainees will support the development of the documentation required for six AgroInvest partner POs for their HACCP certification and for two AgroInvest partner POs for their Global GAP certification.

Gender Integration

- Finalize and sign an agreement with the Ukrainian Women Fund for facilitating gender-related activities during Year 5 of the Project;
- Under the agreement with UWF, complete revisions of the training modules for further training campaigns.

SECTION V: LEVEL OF EFFORT REPORT

LOE Matrix as of December 31, 2014

Labor Category	Total Work Days	Total Work Days Utilized To Date	Total Remaining Work Days
LT Technical Assistance (Key Personnel)	1,239	962	277
LT Technical Assistance (Expatriate)	81	81	0
LT Technical Assistance (CCN)	14,405	11,252	3,153
ST Technical Assistance (Expatriate)	600	405	195
ST Technical Assistance (CCN)	595	573	22
HO Support	240	208	32
Total	17,160	13,480	3,680

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

SECTION VI: ANNEXES

**Meetings of the National Agrarian & Land Press Club
October-December 2014**

No.	Event	Major Issues Covered	Speakers	Number of Journalists	Number of Publications, TV, and Radio Spots
1	<p>Press Club meeting entitled: “How to Support Family Farms’ Development?”</p> <p>October 14, 2014</p>	<ul style="list-style-type: none"> • What are the principle differences between family farms and other farming entities; • At what types of homesteads will family farms be established; • What will be the procedure for family farm registration; • Which taxation mechanisms will be applied to family farms; • Will family farms be supported by the state and in what form; • How many family farms could be established in Ukraine; • How could the appearance of family farms influence the rural agrarian economy and rural development? 	<p>Facilitator: Serhiy HUBIN,</p> <p>Vitaliy SABLUK, Director of Economic Development, Markets, and Investment Policy, Ministry of Agrarian Policy and Food of Ukraine;</p> <p>Mykola HRYTSENKO, Market Infrastructure Component Leader of the USAID AgroInvest Project;</p> <p>Lyubov MOLDOVAN, Chief Researcher of the State University “Institute for Economics and Forecasting” of the National Academy of Sciences of Ukraine, Doctor of Economics, Professor;</p> <p>Viktor SHEREMETA, Vice President of the Association of Farmers and Private Landowners of Ukraine;</p> <p>Hennadiy NOVIKOV, Head of the Agrarian Union of Ukraine;</p> <p>Roman KORINETS, President of the National Association of Rural Advisory Services of Ukraine;</p> <p>Oleksandr DERUNETS, Owner of</p>	17	15

No.	Event	Major Issues Covered	Speakers	Number of Journalists	Number of Publications, TV, and Radio Spots
			individual rural household, Zhurivka raion, Kyiv oblast.		
2	<p>Round table at “Shuvar” wholesale market located in Lviv entitled: “European and Ukrainian Fruit and Vegetable Markets: Challenges and Prospects”</p> <p>November 20, 2014</p>	<p>The round table covered prospects for the fruit and vegetable sector of Ukraine appearing after the country entered into the EU-Ukraine Association Agreement. The round table was organized as part of the conference, “European and Ukrainian Fruit and Vegetable Markets: Challenges and Prospects”</p>	<p>Facilitator: Serhiy HUBIN, Jed Barton, USAID Mission Director, delivered a speech and answered journalists’ questions during the round table; Vitaliy SABLUK, Director of Economic Development, Markets, and Investment Policy, Ministry of Agrarian Policy and Food of Ukraine; Roman Fedyshyn, Founder of the group of companies “Shuvar”; Marharyta Stepanova, Deputy Director of the Department of Agricultural Development, Kherson Oblast State Administration.</p>	17	22

No.	Event	Major Issues Covered	Speakers	Number of Journalists	Number of Publications, TV, and Radio Spots
3	<p>Round table entitled: Does the Roadmap for Agrarian Development Outlined in the Coalition Agreement Meet Public Demands, and Political and Economic Realities?</p> <p>December 11, 2014</p>	<ul style="list-style-type: none"> • What reforms for the agro-industrial complex have been proposed by Ukrainian authorities and how efficient can they be; • What is the importance of land reform in the Coalition Agreement and why it is built exclusively on lease relations; • How the issue of simplification of procedures for agricultural land registration will be addressed; • What will be the minimal agricultural land lease period and whether its establishment is required; • How effective the provision of the Coalition Agreement that envisages agricultural land lease payment to be exclusively in monetary form will be; • What will be the destiny of collectively-owned land plots and abandoned inheritances; • What are the preconditions for conducting the all-Ukrainian normative monetary evaluation of agricultural land in 2015 and 	<p>Facilitator: Serhiy HUBIN,</p> <p>Oleksandr SEN, Deputy Minister of the Agrarian Policy and Food of Ukraine;</p> <p>Vitaliy SABLUK, Director of Economic Development, Markets, and Investment Policy, Ministry of Agrarian Policy and Food of Ukraine;</p> <p>Oleksandr KRASNOLUTSKYI, Head of the Office for Land Management, Use, and Protection of the State Land Agency of Ukraine;</p> <p>Oleksandr KALIBERDA, Deputy Chief of Party of the USAID AgroInvest project;</p> <p>Oleksandr ZHEMOYDA, Executive Director of the Ukrainian Agrarian Business Club;</p> <p>Hennadiy NOVIKOV, Head of the Agrarian Union of Ukraine;</p> <p>Andriy KOSHYL, President of the Land Union of Ukraine;</p> <p>Serhiy BILENKO, Member of the Council of the Association “Land Union of Ukraine”;</p> <p>Andriy MARTYN, National University for Bioresources and</p>	24	15

No.	Event	Major Issues Covered	Speakers	Number of Journalists	Number of Publications, TV, and Radio Spots
		<p>will it bring increased rent payments for leased agricultural land;</p> <ul style="list-style-type: none"> • How to increase the interest of local rural communities in the development of lease relations within their territories; • Which approaches and main parameters will be incorporated into the new system of agricultural produce taxation to be developed by June 1, 2017; • How will the state support the entry of Ukrainian agricultural producers into international markets and improve their positions in domestic markets; • What will be done at the national level to ensure the sustainable development of rural areas? 	<p>Nature Management of Ukraine; Oleksandr MULYAR, Agrarian Policy Specialist of the USAID AgroInvest Project; OIha KHUDAKIVSKA, Institute of Agrarian Economy.</p>		

**List of Press Publications Highlighting USAID AgroInvest
October 1 – December 31, 2014**

1.  [The 11th International Conference "Fruits & Vegetables of Ukraine 2014," December 8-9](#)
2.  [Why is our VAT not in line with European standards?](#)
3.  [Stefan Verbunt: Land reform requires a clear vision and action plan](#)
4.  [VetEffect supports Ukraine Association of Pig Producers for biosecurity modernization](#)
5.  [Results of 2014: Annual meeting of the Ukrainian Association of Pig Breeders](#)
6.  [EU and Ukrainian sugar industry prospects discussed in Kyiv](#)
7.  [Public demand for agrarian reforms](#)
8.  [Breakthrough of the domestic agro-industrial complex](#)
9.  [What kind of land reform is needed in Ukraine?](#)
10.  [Farewell to homemade lard, cheese, milk, and meat](#)
11.  [Lending to small and medium agricultural producers: new programs, new products](#)
12.  [Ukrainians could be deprived of lard, milk, and cheese](#)
13.  [Land reform requires a clear vision and action plan](#)
14.  [Ternopil activists are looking into land issues](#)
15.  [As you sow, so shall you reap: Ukrainian Association of Pig Breeders 2014 summarized results](#)
16.  [Training for local cooperation trainers](#)
17.  [On December 9-10, 2014, with support from USAID AgroInvest, UNASCU held a scientific-practical conference](#)
18.  [Ukrainian rural green tourism – a European trajectory](#)
19.  [Does the road map outlined in the Coalition Agreement align with agrarian sector development? \(video\)](#)
20.  [Public activists are going to improve the situation in the agrarian sphere](#)
21.  [Contemporary challenges in the development of fruit and vegetable markets was analyzed in the Lviv region](#)
22.  [Session "Does the road map for agrarian development outlined in the Coalition Agreement meet public demands, and political and economic realities?"](#)
23.  [New Year's fears of Ukrainian animal breeders](#)

24.  [USAID will provide aid to 120,000 Ukrainians suffering from the Donbas conflict](#)
25.  [Volodymyr Sydorovsky: "We need changes in the legislation and significant funding for villages"](#)
26.  ["The Partnership Program, facilitating access to credit for small and medium agricultural producers' development, started in Ukraine," National Agrarian and Land Press Club \(interview\)](#)
27.  [New opportunities for Ukrainian credit unions to fund small and medium agricultural producers](#)
28.  [Kherson region farmers discussed prospects for cooperation with European partners](#)
29.  [Outlook for the development of small and medium agricultural enterprises discussed in Lviv](#)
30.  [In Ternopil region, consulting "hotline" for landowners is launched](#)
31.  [Overview of legislation updates for the period 17.11-23.11.2014](#)
32.  [Expert: "An alternative for land lease appeared in Ukraine"](#)
33.  [America will help us in the development of the agrarian sector](#)
34.  [6 million US dollars will be channeled to Kherson farmers over eight years](#)
35.  [USA will allocate 6 million US dollars for Ukrainian credit unions to fund Ukrainian farms](#)
36.  [Development of farming is hampered by the lack of funding](#)
37.  [USA will allocate 6 million US dollars for the development of the Ukrainian agrarian sector](#)
38.  [USAID started partnership with five Ukrainian credit unions](#)
39.  [USAID and credit unions will help small-sized farmers to fundraise](#)
40.  [USAID AgrolInvest conducted a round-table, "Summing up results of the study tour to Poland"](#)
41.  [The food sector of Ukraine requires a new strategy](#)
42.  [Credit union associations propose the Regulating Body work out certain issues of credit cooperative market activities](#)
43.  [Data on land plots are still classified](#)
44.  [Is it possible to unite Ukrainian realities and European legislation?](#)
45.  [In Lviv, prospects for small agricultural producers' development were discussed](#)
46.  [Ukrainian food supermarket will be opened in Europe](#)
47.  [USAID starts partnership with five Ukrainian credit unions](#)

48. [!\[\]\(d8586ce8559a9a2c5ebb55a93278f596_img.jpg\) Individual agricultural households: are they market actors?](#)
49. [!\[\]\(73a874a125ee67e7ca78e1a9644acc9a_img.jpg\) What should the global pig breeding industry expect for the next 15 years?](#)
50. [!\[\]\(661b164103e34ce231eb6342eb93a9db_img.jpg\) How have farmers begun the process of joining the European Union?](#)
51. [!\[\]\(f3b5735f4c9fe5abf85dffc80af7ddf1_img.jpg\) The main aspects of Ukrainian enterprises entering EU agricultural markets were discussed in Kyiv](#)
52. [!\[\]\(4683cebadf2cc21458aed5ee38aff106_img.jpg\) Results of a study tour to Poland to learn about the legislation that regulates credit unions](#)
53. [!\[\]\(d515ae892464e8499c3b5d43622f30b9_img.jpg\) Overview of legislation updates for the period 20.10.-26.10.2014](#)
54. [!\[\]\(43aa1314c4812feba6552d3b8f102be4_img.jpg\) Family farms without a charter](#)
55. [!\[\]\(b2f6759ccc3c43743b515a3382cf9842_img.jpg\) Our farmers and the EU: the doors are open](#)
56. [!\[\]\(204f37a6d7e7b412b7502d4553077b95_img.jpg\) How to create a family farm?](#)
57. [!\[\]\(1c9c37c8a79857d2245d4adc78e14f6e_img.jpg\) Information on training seminars for local cooperative trainers](#)
58. [!\[\]\(42c73e68227bc0f3b4afebde6e5f65d7_img.jpg\) Family farms don't have the opportunity to develop](#)
59. [!\[\]\(f1f0d50f31a24efc6e35a6acdcd76333_img.jpg\) Press conference on the International Day of Rural Women](#)
60. [!\[\]\(4b1d589f360b1d74abcecc1e7270648c_img.jpg\) Online broadcast of the International AgroInvest Forum](#)
61. [!\[\]\(6d70fad831c05caa1e122d7d39e17d41_img.jpg\) Forum, "The variety of forms of cooperation and their systematic development"](#)
62. [!\[\]\(f5be9486f3c7ed3eba6bd62ad55dacbf_img.jpg\) Workshop for cooperative trainers](#)
63. [!\[\]\(b80bbfd02800051ce88c2ca34aa8c3d6_img.jpg\) In Kiev, village heads and community activists participated in a training on the legal aspects of community management](#)
64. [!\[\]\(ed145ed30bf76a2e0a3359e677a9fd69_img.jpg\) Do not buy a pig in a poke](#)
65. [!\[\]\(837a2c8b06fdfa9e5a06e4f7925627ab_img.jpg\) Land reform: how not to oppose the lessee to the lessor?](#)
66. [!\[\]\(0bebfed10a676d0f5eb532dc085b5d07_img.jpg\) Domestic farmers have already started the process of joining the European Union](#)
67. [!\[\]\(1a65279206e74d27ac523a083e910bea_img.jpg\) Ukrainian land relations in light of the American experience](#)
68. [!\[\]\(28befcfc6dfbeafbb05d8ea09c088682_img.jpg\) Agricultural cooperatives have the chance to win a grant for UAH 300,000](#)
69. [!\[\]\(cdfad70aa0d3ab4bdeaf5231fd957011_img.jpg\) Farmers in Cherkasy oblast have learned about a competition for a US grant](#)
70. [!\[\]\(a9dc046ec4c16a9a8b3f0d675f9d5624_img.jpg\) Grant program aiming at capacity building for agricultural producers](#)
71. [!\[\]\(717fceb49204b65f435620d35117f0b8_img.jpg\) How to ensure the development of family farming?](#)
72. [!\[\]\(bc97f24cba21f72f09445e5544b2bcf7_img.jpg\) New rules for pig farms may appear as early as next week](#)
73. [!\[\]\(8bb930a0fb27e5ac1e0a30f502dece01_img.jpg\) Round table, "Concept for the development of credit unions in Ukraine"](#)

74.  Agriculture Ministry contributes to the development of sales for farmers
75.  Presentation of analytical study, "Association Agreement with the EU as a mechanism for agricultural development and economic growth: the experience of countries in Africa, America, and Lessons for Ukraine," Kyiv
76.  Land lease for 7 years – a bird in the hand is worth two in the bush
77.  The art of presentation - PwC training as part of USAID AgrolInvest
78.  International conference, "Development of organic markets in Ukraine": Exports of organic products and policy dialogue"



USAID | **AgroInvest Project**

FROM THE AMERICAN PEOPLE

Environmental Mitigation and Monitoring Report

October 1 – December 31, 2014

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

January 2015

This publication was produced for review by the United States Agency for International Development. It was prepared by 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 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, in order to clearly identify any potential impacts due to 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

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 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 means of accomplishing this is through providing small grants to these organizations for equipment procurement and installation. As the equipment and any activities pertaining to its use have 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 in this development to creating and assisting local-level initiative groups, and conducting feasibility studies for regional 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 Ukrainian environmental regulations. Additionally, when 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

Pesticide Evaluation Report and Safe-Use Action Plan

This quarter, AgroInvest continued to develop a Pesticide Evaluation Report and Safe-Use Action Plan (PERSUAP). USAID and its implementation partners are obliged to follow the U.S. Government environmental regulations outlined in 22 CFR 216 (b)(1), requiring that all proposed

projects involving assistance for the procurement (including payment in kind, donations, and 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 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, such as 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. The 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.

Specifically, during the reporting period, the pesticide and agrichemical specialist (Alan Schroeder) whom AgroInvest identified to execute the PERSUAP, traveled to Ukraine from October 13 to 24 to execute the fieldwork required to develop the PERSUAP. While in Ukraine, Mr. Schroeder conducted numerous site visits to relevant locations and met with key stakeholders to collect the information needed to develop the PERSUAP. Based on this trip, Mr. Schroeder completed the draft PERSUP for USAID review. In December, the Mission Environmental Officer reviewed and forwarded the PERSUAP to the Bureau Environmental Officer in Washington, DC for review and comment. Next quarter, upon feedback from the BEO, Mr. Schroeder and AgroInvest will work together to revise the PERSUAP as needed.

Exhibit 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 Process Straw from the Fields by Producing Fuel Briquettes	AGRO-GA11-3A-04/2	10/22/12-10/17/13 *Terminated on 10/17/13	10/1/12	The grant with ASC Krymekoproduct was officially terminated on October 17, 2013, based on the grantee's 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 quarter, the project conducted a close-out site visit where the status of equipment was verified as well as the contract(s) for the supply of goods and services (in accordance with the grant and the grantee's EMMP). After the visit, the requisite documentation to close the grant was prepared. Despite the grant ending this quarter, the cooperative continued development documents for its HACCP certification, namely the description of process operations and a description of the premises.

	Grantee	Program/Project Name	Grant Agreement Number	Start/End date	Date EMMP approved	Notes
						During the next reporting period, AgroInvest will engage a consultant to further assist the cooperative 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 were completed.
4	ASC Boodjak	Developing of a milk processing facility	AGRO-GA11-3A-04/3	01/03/13-12/30/14 *Extended to September 2015	12/20/12	As of the end of the reporting period, ASC Boodjak is currently compliant with its EMMP. At the request of the cooperative, AgroInvest prepared documents for the project's prolongation, so that the overall results of the grantee's

	Grantee	Program/Project Name	Grant Agreement Number	Start/End date	Date EMMP approved	Notes
						activities can be fully realized. As such, the grantee's EMMP will remain in effect, and AgrolInvest will continue to monitor and support compliance with it.
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 *Extended to September 2015	12/20/12	<p>As of the end of the reporting period, ASC Zakhidnyi is currently compliant with its EMMP.</p> <p>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.</p> <p>This reporting period, Zakhidnyi also developed 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> <p>At the request of the cooperative, AgrolInvest prepared documents for</p>

	Grantee	Program/Project Name	Grant Agreement Number	Start/End date	Date EMMP approved	Notes
						the project's prolongation, so that the overall results of the grantee's activities can be fully realized. As such, the grantee's EMMP will remain in effect and AgrolInvest will continue to monitor and support compliance with it.
6	ASC Ivankivetskyi Svitanok	Establishment of a milk processing facility	AGRO-GA12-3A-06/04	04/16/13-4/16/15	3/28/13	As of the end of the reporting period, ASC Ivankivetskyi Svitanok is currently compliant with its EMMP. Ivankovetsky Svitanok developed 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.
7	ASC Severyn	Construction of a cool chamber for fruit and berry 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	AGRO-GA12-3A-	05/21/13-6/20/14	Original EMMP	Given the circumstances in Crimea, in consultation with and approval

	Grantee	Program/Project Name	Grant Agreement Number	Start/End date	Date EMMP approved	Notes
		Crimea	06		approved 4/29/13 Revised EMMP approved 8/30/13	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 were completed.
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	<p>As of the end of the reporting period, ASC Losyatynske Molochne Dzherelo is currently compliant with its EMMP.</p> <p>Losyatynske Molochne Dzherelo has developed 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 and Global GAP certification in line with all required environmental compliance issues.</p> <p>On December 12, 2014, during an AgrolInvest site visit, the status of equipment was verified as well as the contract for the supply of goods</p>

	Grantee	Program/Project Name	Grant Agreement Number	Start/End date	Date EMMP approved	Notes
						and services (in accordance with the grant and the grantee's 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	<p>As of the end of the reporting period, ASC Shyroke is currently compliant with its EMMP.</p> <p>ASC Shyroke has developed 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 attain its HACCP and Global GAP certification in line with all required environmental compliance issues.</p>
11	ASC Lypivsky	Establishment of a 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 EMMP.
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

	Grantee	Program/Project Name	Grant Agreement Number	Start/End date	Date EMMP approved	Notes
						terms of the grant were completed.
13	ASC Dzhylek	Establishment of a Cool Storage Facility for Vegetables and Fruits	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 to Dzhylek 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 were completed.
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 were completed.
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. This quarter, Rivnopravnist conducted the procurement and

	Grantee	Program/Project Name	Grant Agreement Number	Start/End date	Date EMMP approved	Notes
						<p>installation of equipment in line with EMMP requirements.</p> <p>This quarter, AgrolInvest staff conducted a site visit to Rivnopravnist, during which the status of equipment was verified (in accordance with the grant requirements and the grantee's EMMP).</p>
16	ASC Golden Bee	Establishment of a modernized honey processing and packaging facility	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 to Golden Bee 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 were completed.
17	ASC Small Golden Bee	Establishment of a modernized honey processing and packaging facility	AGRO-GA13-3A-12/7	06/26/14 – 06/26/15	6/25/14	As of the end of the reporting period, ASC Small Golden Bee is currently compliant with its EMMP.
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>This quarter, the tender to procure equipment was conducted in line</p>

	Grantee	Program/Project Name	Grant Agreement Number	Start/End date	Date EMMP approved	Notes
						with EMMP requirements.
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	As of the end of the reporting period, ASC Chysta Flora is currently compliant with its EMMP.
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	As of the end of the reporting period, ASC Molochni Riky is currently compliant with its EMMP. This reporting period, Molochni Riky developed 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 attain its HACCP certification in line with all required environmental compliance issues.



USAID | AgrolInvest Project

FROM THE AMERICAN PEOPLE

SUCCESS STORY

Protecting Landowners' Rights with Pro Bono Legal Assistance



Photo: VOLODYMYR TRNDAFIL

Vira Ovcharenko reads information about the USAID AgrolInvest-supported pro bono legal land rights services program at her local library.

***“I can confidently say that these are the lawyers who work for a positive outcome - for the client. I am very grateful to the lawyers and to the USAID AgrolInvest project for their support in securing my land rights, for a meaningful analysis of the situation, and for their protection of morals and truth.”
- Vira Ovcharenko, farmer***

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

Vira Ovcharenko, a small farmer from Mykolaiv oblast, was in despair. During the mass land privatization of the 1990s, she received a four hectare land plot for farming. This “land share” was an acknowledgement of her hard work for the local collective farm.

Since that time, land legislation in Ukraine developed to be increasingly complex and confusing. When the form for land deeds changed, all landowners had no choice but to apply for new ones. Later, land cadastre numbers were introduced, and Vira, like millions of other rural landowners, had to secure a number – a complicated procedure that included executing expensive land surveys. In early 2014, a new State Registration System was established, and land rights had to be re-registered with the state.

This is where Vira found herself at an impasse. She could not register her rights to the land plot because the same cadastre number was assigned to another land plot. This was not her fault; rather, it was an error made by an officer of the local State Land Agency. To rectify the issue, agency officials informed her that she had to execute all the land survey work again (an expense she could not afford). With this, she lost faith in the system.

Vira applied to various bodies many times over the course of the year trying to solve this problem on her own, but all her efforts ended in failure. She realized that she desperately needed a lawyer’s services but did not have the funds to hire a private lawyer.

After a year of futile efforts, she came across information about free legal services provided by lawyers from the Law Center in Voznesensk, a center supported by USAID AgrolInvest.

This Law Center was established as part of the USAID AgrolInvest program launched in 2013, which helps vulnerable rural landowners like Vira Ovcharenko protect their land rights. In addition to Law Centers, the program includes a national-level Resource Center, which develops information and training materials for Law Center lawyers and analyzes typical cases to develop “roadmaps” – step-by-step instructions on how to resolve problems and better protect land rights. These activities are supported by a wide-scale information campaign, including radio and television programs and distribution of information materials through a variety of channels, including local libraries and mayors’ offices.

Lawyers from the Law Center in Voznesensk provided Vira with full legal support, including representing her in court and helping her to prepare the requisite documentation. With their assistance, she won the case and was able to protect her rights and register her land. Moreover, she was reimbursed all costs incurred due to the incorrect actions/guidance of the local State Land Agency.

Since the launch of this USAID AgrolInvest program, over 13,000 rural landowners have received consultations, lawyers have helped resolve more than 700 land-related conflicts, and over 9,000 people have taken part in round tables, presentations, training events, and community meetings to receive information about their land rights and how to protect them.



USAID | AgroInvest Project

FROM THE AMERICAN PEOPLE

SUCCESS STORY

Strengthening NGOs to Advocate for Business-Enabling Agricultural Policy



Photo: OLEKSANDR MULIAR

The “Agrarian Communication Center” being presented by the Agrarian Union at the Ukraine 2014 AgroExpo.

“In today’s age, farmers require more timely and comprehensive information to support and protect their interests. To this end, the Agrarian Union of Ukraine has established, and successfully operates, an analytical center that meets all challenges and suggests ways and mechanisms to address the urgent problems of farmers.”
- Gennady Novikov, Head of the Agrarian Union

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

According to expert estimates, Ukraine’s gross agricultural output could double within the next five years if the proper enabling business environment is created. One area where quick changes are necessary to achieve this goal is in strengthening agricultural sector associations with the potential to fulfill self-regulatory functions.

Currently, there are no self-regulatory organizations in Ukraine. All regulatory work is done by government agencies, which often have a poor understanding of farmers’ needs and frequently use unsuitable, inherited “command economy” tools to regulate business. Strengthening sector associations and making them self-regulatory helps relieve the state from unnecessary regulatory functions and makes regulation more efficient. Associations tend to be more familiar than bureaucrats with the sector’s problems and their possible solutions. Moreover, reducing interactions between business and government officials limits opportunities for corruption.

To support sector associations in becoming self-regulatory, USAID AgroInvest has implemented a wide-scale capacity building program for agricultural sector industry associations. Among others, the Agrarian Union of Ukraine, an association of medium-sized farmers, received a grant designed to help the organization develop its ability to analyze agricultural policy in order to better advocate for legislative initiatives that support the development of the Union’s members.

Through USAID AgroInvest support, the Agrarian Union was able to launch an Analytical Center in June 2012. The Analytical Center was established because the Agrarian Union realized that it is not sufficient to represent members’ interests through reactive measures alone. Rather, there was a need to proactively formulate and advocate for agricultural policy that takes their interests into account.

Based on close communication with members and analysis of the problems they face, the Analytical Center identified a number of areas for analysis. These included deregulation, taxation, development of agrarian markets, access to finance, and innovations. Analysis was conducted both to support the members in their on-farm decision-making and to initiate policy changes at the national level.

To strengthen the foundations on which agricultural policy should be based, an electronic communication system entitled “Agricultural Communication Center” was established as part of the Analytical Center. This is a comprehensive system that contains current and regularly-updated information farmers need (news, legislation, analytics, prices, catalogues of chemicals and agricultural equipment, catalogues of producers, traders, and suppliers), as well as a platform that allows for direct communication with experts, and participation in forums to discuss policy initiatives.

Currently, the system has more than 700 users and can be accessed from desktops, tablets, and even mobile phones. All aspects of the platform are interactive and users can provide feedback and participate in forums and discussions. The system enables the Agrarian Union to be in constant communication with its members, understand and analyze problems in real time, and use the feedback as a starting point for new analysis and for advocating business-enabling policy initiatives.

Performance Management and Evaluation Summary

PERFORMANCE INDICATOR	Year 1	Year 2	Year 3	Year 4	Year 5			Cumulative Project		Notes and Explanations
	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	31/10	4	4	6	66	41	<p>1. AgroInvest prepared an analysis of the draft law “On Amendments to Certain Legislation Acts of Ukraine Regarding the Improvement of the Mechanism for State Control Over Protection of Land Fertility” and the draft law “On Amendments to the Land Code of Ukraine and Other Legislative Acts on Limiting the Excessive Intervention of the Government in Economic Activities of Agricultural Producers.”</p> <p>2. AgroInvest prepared an analysis of land-related issues in the draft law “On Amendments to Certain Legislative Acts of Ukraine Regarding the Simplification of Conditions for Business Activities (Deregulation),”</p>

PERFORMANCE INDICATOR	Year 1	Year 2	Year 3	Year 4	Year 5			Cumulative Project		Notes and Explanations
	Annual Actual/ Annual Target	Actual This Quarter	Actual Annual	Annual Target	Actual Result	LOP Target				
										<p>registration No. 1580.</p> <p>3. AgroInvest analyzed #442 Act of the Cabinet of Ministers from September 10, 2014, "On Optimization of the System of Central Bodies of Executive Agencies."</p>
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	26/6	3	3	3	48	21	<p>1. The draft law "On Amendments to Certain Legislative Acts of Ukraine on the Improvement of Legal Regulation for Application of Crop Rotations in Agriculture," which was developed by AgroInvest, was registered in the Verkhovna Rada (December 4, 2014; draft, registration No. 1253).</p> <p>2. Experts from the Land Union prepared the draft law of Ukraine "On Amendments to Certain Legislative Acts of Ukraine on Clarification</p>

PERFORMANCE INDICATOR	Year 1	Year 2	Year 3	Year 4	Year 5			Cumulative Project		Notes and Explanations
	Annual Actual/ Annual Target	Actual This Quarter	Actual Annual	Annual Target	Actual Result	LOP Target				
										<p>of the Authorities of Notaries and Peculiarities of Registration of Derivative Rights to Agricultural Land Plots” for discussion and approval in the Verkhovna Rada (draft law No. 0904; dated November 27, 2014).</p> <p>3. Experts from the Land Union prepared the draft law of Ukraine “On Certain Measures for Increasing the Role of Local Communities in Managing Land Resources.” This draft law was registered in the Verkhovna Rada on December 2, 2014, registration No. 1159.</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	0	0	1	3	9	No policies were rejected/ /vetoed/removed during this quarter.

PERFORMANCE INDICATOR	Year 1	Year 2	Year 3	Year 4	Year 5			Cumulative Project		Notes and Explanations
	Annual Actual/ Annual Target	Actual This Quarter	Actual Annual	Annual Target	Actual Result	LOP Target				
1.1.4- Number of policies, regulations and administrative procedures passed	0/0	0/3	6/3	4/3	0	0	1	10	10	No policies, regulations, or administrative procedures were passed during this quarter.
1.1.5- Number of public-private dialogue mechanisms utilized as a result of USG assistance	2/4	3/8	5/8	8/8	1	1	4	19	32	AgroInvest and its partner industry associations joined the working groups on development of new agriculture sector strategy under the MAPF.
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	0/5	0	0	3	0	20	No regional working groups were engaged during the reporting period. AgroInvest commenced implementation of 5 regional grant programs this quarter with local associations that focus, inter alia, on the development of regional-level working groups.
1.2.2- Number of institutions/organization undertaking capacity/competency	2/0	6/8	4/8	12/4	5	5	0	29	20	AgroInvest commenced implementation of 5 new grants with local industry associations:

PERFORMANCE INDICATOR	Year 1	Year 2	Year 3	Year 4	Year 5			Cumulative Project		Notes and Explanations
	Annual Actual/ Annual Target	Actual This Quarter	Actual Annual	Annual Target	Actual Result	LOP Target				
strengthening as a result of USG assistance										1) Poltava branch of the All-Ukrainian Public Organization "Union of Rural Women of Ukraine." 2) Interregional Union of Poultry Breeders and Forage Producers (Kharkiv). 3) Ternopil Oblast Regional Organization "Union of Land Owners." 4) Association of Traditional Products and National Cuisines of Ukraine (Vinnytsya). 5) Association of Rural Development of Poltava Region.
1.2.3- Aggregated increase in self-financing for target industry associations	0/0	0/3	3.8%/6%	15.4%/8%	NA at this time	NA at this time	9%	15.4% Indicator calculated on annual basis as average of quarterly figures. Will be updated at the end of Yr5	26%	This indicator will be reported at the end of the fiscal year.
1.2.4- Number of new members in partner industry associations	0/0	0/5	115/10	116/10	9	9	10	240	35	Two new members joined the Association of Pig Producers; 6 new

PERFORMANCE INDICATOR	Year 1	Year 2	Year 3	Year 4	Year 5		Cumulative Project		Notes and Explanations	
	Annual Actual/Annual Target	Annual Actual/Annual Target	Annual Actual/Annual Target	Annual Actual/Annual Target	Actual This Quarter	Actual Annual	Annual Target	Actual Result		LOP Target
members joined the Agrarian Union of Ukraine; 1 new member joined the Agrarian Confederation of Ukraine.										
Project objective 1.3: Public education for land rights provided										
Indicator										
1.3.1- Number of media appearances on land issues	0/0	0/0	814/100	411/100	75	75	100	1,300	500	75 publications were published/aired during the reporting period. Most publications were prepared by the Civic Platform of Land Reform, a project partner in the Dnipropetrovsk region.
1.3.2- Awareness of land rights among target communities	NA	NA/30%	20.32%/35%	20.32%/35%	NA at this time	NA at this time	55%	20.32%	55%	
1.3.2a- Share of female rural citizens in target communities	NA	NA/50%	50%/50%	50%/50%	NA at this time	NA at this time	50%	50%	50%	
1.3.3- Number of land deeds issued in target communities	0/0	340/2,000	10,207/6,000	32,800/3,000	3,328	3,328	1,500	46,675	12,500	3,328 land deeds were issued in target communities this reporting period. It is noted that the annual result for Year 4 was updated (increased from 32,793 to 32,800 due to the findings of annual

PERFORMANCE INDICATOR	Year 1	Year 2	Year 3	Year 4	Year 5			Cumulative Project		Notes and Explanations
	Annual Actual/ Annual Target	Actual This Quarter	Actual Annual	Annual Target	Actual Result	LOP Target				
1.3.4- Number of land conflicts resolved as a result of project assistance	0/0	24/150	229/350	386/300	89	89	200	728	1,000	data verification). During the reporting period, 89 land-related conflicts have been resolved with the project's assistance.
1.3.5- Percentage of legal aid service cost covered by non-project sources	0%/0%	0%/5%	17.37%/40%	17.42%/75%	45.08%	45.08%	100%	17.42% Indicator calculated on annual basis as average of quarterly figures. Will be updated at the end of Yr5	100%	In the reporting period, project partners covered 45.08% of the delivered legal services from non-project sources. The annual figure for Year 4 was updated (from 16.91% to 17.42% due to results of annual data verification).
Project objective 2.1: Sustainable access to financial services for SMPs provided										
Indicator										
2.1.1- Value of agriculture finance facilitated	0/0	\$13.4M/\$4M	\$33.4M/\$7M	\$19.2M/\$15M	\$3.9 MM	\$3.9 MM	\$34M	\$69.6M	\$60M	The value of financing per partner proves that credit unions are better adjusted to market fluctuations caused by the worsening economic environment. Hromada has increased agrilending almost twice; the same tendency is demonstrated by UNASCU Task Force, whereas other partners

PERFORMANCE INDICATOR	Year 1	Year 2	Year 3	Year 4	Year 5			Cumulative Project		Notes and Explanations
	Annual Actual/ Annual Target	Actual This Quarter	Actual Annual	Annual Target	Actual Result	LOP Target				
2.1.2- Number of credit transactions facilitated	NA	7,052/1,000	8,027/2000	7,026/3,000	1,454	1,454	4,000	23,559	10,000	show stable results in value. The number of transactions has slightly decreased this quarter because of the general decrease of creditworthy borrowers, whereas value per transaction increased due to the local currency devaluation.
2.1.3- New loan portfolio at risk at 90 days	0%/0%	10%/10%	4%/10%	4.5%/10%	6.0%	6.0%	10%	6.0%	10%	The general worsening of the economic environment is demonstrated by a slight increase of NPL ratio, as partner financial institutions widely apply loan restructuring as a liquidity support tool, which is being recommended by AgrolInvest to preserve production capacity of borrowers.
2.1.4- Number of innovative financial products developed and	0/0	3/3	2/2	3/1	0	0	0	8	6	No new credit products were developed as AgrolInvest is focusing its

PERFORMANCE INDICATOR	Year 1	Year 2	Year 3	Year 4	Year 5			Cumulative Project		Notes and Explanations
	Annual Actual/Annual Target	Annual Actual/Annual Target	Annual Actual/Annual Target	Annual Actual/Annual Target	Actual This Quarter	Actual Annual	Annual Target	Actual Result	LOP Target	
introduced into the market as result of project assistance										efforts to increase the effectiveness of the products developed in earlier quarters.
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	0	0	18	20	During the reporting period, AgrolInvest conducted a selection process for two cooperatives. Grants with these two organizations will be signed, and thus counted, in the next quarter.
3.1.2- Value of investment (in kind or otherwise) facilitated through producer group projects	\$0/\$0	\$0/\$450,000	\$847,454/\$500,000	\$426,247/\$625,000	\$18,884	\$18,884	\$650,000	\$1,292,585	\$2,225,000	\$18,884 USD was invested into producer organizations through cost-shares included in AgrolInvest grants during this quarter.
3.1.3- Perceived improvement in the quality of services provided to members by producer organizations	0%/5%	5%/5%	17.6%/10%	26.5%/10%	NA at this time	NA at this time	10%	26.5% Indicator calculated on annual basis as average of quarterly figures. Will be updated at the end of Yr5	35%	The actual result of this indicator is based on an annual survey, which will take place in July-August 2015.

PERFORMANCE INDICATOR	Year 1	Year 2	Year 3	Year 4	Year 5			Cumulative Project		Notes and Explanations
	Annual Actual/ Annual Target	Actual This Quarter	Actual Annual	Annual Target	Actual Result	LOP Target				
3.1.3a- Share of female members reported improvement of services provided by producer organizations	0%/0%	21%/16%	46%/16%	44%/17%	NA at this time	NA at this time	18%	44% Indicator calculated on annual basis as average of quarterly figures. Will be updated at the end of Yr5	18%	The actual result of this indicator is based on an annual survey, which will take place in July-August 2015.
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	63/40	19	19	40	279	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	572/150	337	337	150	1,803	1,175	337 people have been trained in investment development this quarter.
3.1.5a- Share of female training participants	23%/55%	55%/50%	48%/50%	41%/50%	28%	28%	50%	44% Indicator calculated on annual basis as average of quarterly figures. Will be updated at the end of Yr5.	50%	Average share of females participating in trainings according to the Lists of Participants under indicator 3.1.5 for the past quarter accounted for 28%.

PERFORMANCE INDICATOR	Year 1	Year 2	Year 3	Year 4	Year 5			Cumulative Project		Notes and Explanations
	Annual Actual/Annual Target	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 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	0	0	0	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 reflect this.
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	3/4	6/6	3/4	0	0	0	12	14	No new local/regional markets or market infrastructure entities were formed. Development continued on those from previous quarters already engaged by AgrolInvest.
3.2.3- Number of trading/market places established	0/0	300/500	201/1,000	0/2,000	0	0	1,500	501	5,000	Given the financial challenges facing the country, no new trading/market places were established this quarter.
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	428/400	245	245	300	1008	1,000	During this period, 245 micro enterprises have been linked to larger firms.

PERFORMANCE INDICATOR	Year 1	Year 2	Year 3	Year 4	Year 5			Cumulative Project		Notes and Explanations
	Annual Actual/ Annual Target	Actual This Quarter	Actual Annual	Annual Target	Actual Result	LOP Target				
3.2.4a- Share of female-owned micro enterprise	0%/0%	17%/16%	46%/16%	44%/17%	63%	63%	18%	44% Indicator calculated on annual basis as average of quarterly figures. Will be updated at the end of Yr5.	18%	Average share of female-owned micro enterprise was 63% according to the Lists based on 3.2.4.
3.2.5- Value of investment facilitated in market infrastructure	\$0/\$0	\$2,170,673/\$400,000	\$3.67M/\$10.6M	\$1,055,500/\$10.25M	0	0	\$0	\$6,896,173	\$21.25M	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 supported training/programming	NA	NA	31%/20%	56%/60%	0	0	60%	56% Indicator calculated on annual basis as average of quarterly figures. Will be updated at the end of Yr5.	60%	This quarter, AgroInvest released an RFA to engage a partner to continue the project's gender training program. The follow-on program will commence next quarter.