



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

# QUARTERLY REPORT APRIL 1 – JUNE 30, 2015

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# AGROINVEST

**QUARTERLY REPORT  
APRIL 1 – JUNE 30, 2015**

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

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## ACRONYMS

ASC	Agriculture Service Cooperative
AUCUA	All-Ukrainian Credit Union Association
CURE	Center for Ukrainian Reform Education
CEO	Chief Executive Officer
CMS	Credit Management System
DCA	Development Credit Authority
DCFTA	Deep and Comprehensive Free Trade Area
ENCU	European Network of Credit Unions
EC	European Commission
EU	European Union
Global GAP	Global Good Agricultural Practice
GOU	Government of Ukraine
HACCP	Hazard Analysis and Critical Control Point
IBSER	Institute for Budgetary and Socio-Economic Research
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
M&E	Monitoring and Evaluation
MP	Member of Parliament
NBU	National Bank of Ukraine
NGO	Non-Governmental Organization
PO	Producer Organization
RFP	Request for Proposals
RRP	Reanimation Reform Package
SMP	Small and Medium Producer
TAIEX	Technical Assistance and Information Exchange
UNASCU	Ukrainian National Association of Savings and Credit Unions
VAT	Value-Added Tax
UWF	Ukrainian Women's Fund
WOCCU	World Council of Credit Unions

# INTRODUCTION

## Project Overview

The purpose of the 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 that are 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.

## QUARTERLY HIGHLIGHTS

From April through June 2015, the AgroInvest project team marked the following key activities and accomplishments:

- Provided assistance to the Ministry of Agrarian Policy and Food of Ukraine (MAPF) in finalizing the Comprehensive Strategy for Agriculture and Rural Development in Ukraine for 2015-2020, which is being jointly developed by the Ministry and the European Commission.
- Selected a subcontractor and commenced implementation of the study on social partnerships between agricultural land lessees and rural communities
- Developed seven draft laws that deal with land issues in the agriculture sector and presented them for public discussion.
- Prepared the annual update to the project's Strategic Policy Priority Needs Paper.
- At the request of the MAPF, initiated competitive selection of a subcontractor to conduct a national survey of land owners, farming enterprises, and the population at large on land reform in the Ukrainian agriculture sector.
- Organized a presentation, "Pig Production Without Antibiotics: How Much It Costs," during the 7th International Profitable Pig Production Congress in Kyiv.
- Publicly presented the report on government regulation of agricultural and food markets and the role of self-regulating organizations in selected EU countries, and developed a draft law "On the Framework of Self-Regulation in the Agrarian Sector of the Economy of Ukraine."
- Held a two-day agricultural policy training for students and young professionals in conjunction with the Interns' League.
- Continued support of the Analytical and Coordination Platform for agriculture sector industry associations.
- Continued to support land reform and training of legal land rights service providers through the Land Rights Resource Center and Web-Portal.
- Conducted a comprehensive analysis of local administrations' experience in providing regional subsidies for SMPs in three Oblasts, and held subsequent discussions of the results with those administrations' management.
- Conducted 15 training sessions in Lviv, Kherson, and Kharkiv Oblasts to familiarize 366 farmers with new lending opportunities for potential borrowers of the DCA-partner credit unions.
- Conducted 15 innovative training events on closed value chain rabbit breeding for 502 SMPs that are members of partner credit unions.
- Organized and conducted a study tour that sent seven high-ranking Ukrainian officials to Brussels to meet the European Network of Credit Unions, the Vice President of the European Parliament, and the EU Commission and share critical knowledge on the strategic development of Ukrainian credit unions and the harmonization of Ukrainian legislation with EU standards.
- Conducted six classroom and field-based Oblast training sessions (two per Oblast) for farmers in support of the AgroInvest and DuPont-Pioneer Partnership Program in Kherson, Lviv, and Kharkiv Oblasts.

- Launched a series of agro-technological training for members of Kherson partner credit unions to increase the effectiveness of vegetable production on their farms and to leverage their creditworthiness.
- Completed the implementation of a training course for 24 consultants to provide small and medium-sized enterprises with information and applicable suggestions on the introduction and support of HACCP and Global GAP food safety systems.
- Developed action plans and prepared the documentation required for HACCP and Global GAP certification for six partner producer organizations.
- Jointly with the USAID Regional Economic Growth Project and the Centre for the Promotion of Imports from Developing Countries of the Ministry of Foreign Affairs of the Netherlands, AgroInvest conducted a two-day training in Kyiv on EU market developments; export opportunities; product quality; and food safety and certifications for fresh and processed fruits and vegetables. The training was targeted at producers, manufacturers, and exporters of fresh and/or processed fruits and vegetables. It was attended by representatives from Ukraine, Belarus, Moldova, Georgia, Armenia, and Azerbaijan.

## 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 the Agricultural Land Market*

During the reporting period, the AgroInvest team made further progress in monitoring, reviewing, and analyzing legal and policy documents that deal with land reform in the agriculture sector. During this quarter, heightened focus was placed on issues related to lifting the existing moratorium on the sale and purchase of agricultural land, on proposals related to decentralization, and on development of the Comprehensive Strategy for Agriculture and Rural Development in Ukraine for 2015-2020. As a part of this work, the AgroInvest team:

- Drafted a new law, “On Agricultural Land Circulation.” Approval of a law such as this is a legal precondition for lifting the moratorium on agricultural land sales. The objective of this draft law is to create the legal framework for a viable and transparent agricultural land market in Ukraine. After soliciting expert feedback, AgroInvest will facilitate public discussion of the draft law and its subsequent submission to the Verkhovna Rada of Ukraine.
- Prepared an analysis of the Ukrainian law, “On Voluntary Consolidation of Territorial Communities” (Law No. 157-VIII, dated February 5, 2015; <http://zakon4.rada.gov.ua/laws/show/157-viii>), and the resolution of the Cabinet of Ministers, “On Approval of Methodology for Creation of Capable Territorial Communities” (No. 214 of April 8, 2015; <http://zakon4.rada.gov.ua/laws/show/214-2015-%D0%BF>). The analysis reviewed the authority and responsibilities of local territorial communities in the sphere of land relations, as granted by these laws, and proposed further legislative changes. AgroInvest staff shared the findings of the analysis in public presentations and meetings with partners.
- Actively participated in developing the land-related section of the draft Comprehensive Strategy for Agriculture and Rural Development in Ukraine for 2015-2020, which is being drafted by the Ministry of Agrarian Policy and Food and the European Commission. AgroInvest experts participated in working group meetings and prepared proposals for an action plan that facilitates the development of an open and transparent market for agricultural land.
- Took part and made presentations during a series of national-level public events on agricultural land reform. These included:
  - A round table, “Roadmap of Land Reform,” which was organized by the public organization AgroReformsUA on April 22, 2015;
  - A round table, “Social and Economic Consequences of Market Circulation of Agricultural Land,” which was organized by the

- National Academy of Agricultural Sciences and the State Service for Geodesy, Mapping, and Cadaster on May 26, 2015;
- National land debates organized by the Ukrainian Agribusiness Club and German-Ukrainian Agricultural Policy Dialogue Project on May 28, 2015;
- A round table, “Four Stages of Land Reform in Ukraine: Expected and Actual Results,” at the State Service for Geodesy, Mapping, and Cadaster on June 18, 2015; and
- A round table, “Current Stage of the Land Market and Directions for Development of the Cadaster System in Ukraine,” at the State Service for Geodesy, Mapping, and Cadaster on June 25, 2015.

This quarter, experts from the Land Rights Resource Center, which was established by the Land Union of Ukraine under an AgroInvest grant, continued to conduct analyses of legal and legislative documents on land relations. Resource Center specialists analyzed various legal documents on land issues and developed proposals to prepare draft laws for public discussion. During the reporting period, the Resource Center conducted the following activities:

- Participated in the preparation of amendments and proposals to the draft law, “On Amendments to Certain Laws of Ukraine Regarding the Increased Transparency of Property Relations in Order to Prevent Corruption” (draft law No. 2423, dated March 19, 2015), which was prepared by the Committee of Verkhovna Rada on Agricultural and Land Relations for the second reading and approval in the Parliament;  
[http://w1.c1.rada.gov.ua/pls/zweb2/webproc4\\_1?pf3511=54468](http://w1.c1.rada.gov.ua/pls/zweb2/webproc4_1?pf3511=54468). This draft law proposes making the information in the State Land Cadaster publicly available online in order to increase the transparency of land relations. Approval of this provision of the draft law is one of the actions proposed by the Land Union in its Ten Steps to Combat Corruption in Land Relations program.
- Participated in preparation of a draft resolution of the Verkhovna Rada of Ukraine, “On Holding the Parliamentary Hearings Entitled: “Regulation of the Circulation of Agricultural Land: In Search of a Ukrainian Model” (registration No. 2894 of May 19, 2015;  
[http://search.ligazakon.ua/l\\_doc2.nsf/link1/DH28E00I.html](http://search.ligazakon.ua/l_doc2.nsf/link1/DH28E00I.html)). The purpose of the proposed Parliamentary hearings is: (i) raising the awareness of the government, political parties and experts of the need to develop a strategic vision for further progress of the land reform in the agriculture sector; (ii) ensuring an open dialogue for all stakeholders of the land reform regarding the moratorium on the sale of agricultural land in Ukraine; and (iii) developing proposals for the legal framework of circulation of agricultural land in Ukraine.
- Prepared proposals to the draft law, “On Amendments to Certain Legislative Acts of Ukraine (Regarding Unified Legal Destiny of a Land Plot and Immovable Property Located on It” (draft law No. 2027a, dated June 4, 2015;  
[http://w1.c1.rada.gov.ua/pls/zweb2/webproc4\\_1?pf3511=55479](http://w1.c1.rada.gov.ua/pls/zweb2/webproc4_1?pf3511=55479)). The draft law is aimed at addressing legal uncertainties related to the transfer of the right

to land when immovable property that is located on land that is sold. When approved, the law will unify the ownership transfer procedure for all types of legal agreements and establish legal consequences for violating legislative provisions.

- Contributed to the preparation of the draft law, “On Amendments to Certain Legislative Acts of Ukraine Regarding the Regulation of Certain Aspects of the Legal Status of Land of a Family Farm” (draft law No. 2028a, dated June 4, 2015; [http://w1.c1.rada.gov.ua/pls/zweb2/webproc4\\_1?pf3511=55480](http://w1.c1.rada.gov.ua/pls/zweb2/webproc4_1?pf3511=55480)). Approval of this law will allow for the removal of administrative obstacles for the acquisition and transfer of rights to land for family farms, and will subsequently facilitate the development of these types of farms.

*National survey of landowners, farming enterprises and population at large on land reform in the agriculture sector of Ukraine.* At the request of the MAPF, AgroInvest commenced a national survey of rural landowners, managers of farming enterprises, and Ukrainian population at large to assess the implementation of the land reform in the agriculture sector and determine attitudes towards opening the market for agricultural land in Ukraine. The survey is envisioned to provide inputs into how to improve implementation of land reform. A request for proposals was published in June 2015; AgroInvest intends to select a subcontractor during summer 2015, and the survey is expected to be completed in October 2015.

*Social Partnerships Study.* In May 2015, AgroInvest selected a subcontractor to implement a study on social partnerships between agricultural land lessees and rural communities. A month later, the subcontractor started field research in six Oblasts (Kyiv, Lviv, Ternopil, Odessa, Sumy, and Chernigiv) by conducting site interviews with farmers, local authorities, and rural residents.

A significant increase of large-scale land lease operations over the last decade in Ukraine has led to increase in investments, but has also decreased the number of small and medium-sized farmers. More investment in agriculture is generally a positive action, however there are possible negative implications on rural livelihoods, including environmental problems. With this study, AgroInvest is promoting responsible investment in the agricultural sector and helping mitigate potential negative implications. Given Ukraine’s specificities, the study will focus on:

- Receiving feedback from local authorities (Oblast, raion and village levels), agricultural land lessees, and villagers; practical implementation of social partnerships, including their efficiency, transparency, and other related issues;
- Summarizing current experience of social partnerships between agricultural producers of different sizes and local communities based on case studies in selected regions;
- Developing recommendations to promote best practices of social partnerships and, if appropriate, making proposals for amending relevant legislation.

### **Other Policy Initiatives**

*Participation in developing a Comprehensive Strategy for Agriculture and Rural Development in Ukraine for 2015-2020.* Together with the European Commission and

other international donor organizations, AgroInvest continued supporting the development of MAPF's Comprehensive Strategy for Agriculture and Rural Development in Ukraine for 2015-2020. AgroInvest prepared 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-sized agricultural producers. AgroInvest's partner industry associations were also engaged in developing specific parts of the Strategy. The second draft was completed at the end of June 2015, and the Strategy will be finalized and sent for approval to the Cabinet of Ministers and the President's Council of Reforms at the end of July.

During the reporting period, AgroInvest also engaged a team of experienced Polish experts who assisted the MAPF in designing proposals for the institutional reform of the Ministry – an essential step that will ensure the MAPF has the necessary capacity to implement the Strategy.

*Analytical support within for the Ministry of Agrarian Policy and Food.* During the reporting period, AgroInvest continued supporting activities of three analysts embedded in the MAPF to support its core analytical functions and increase its capacity for developing and implementing agriculture sector reforms. In April-June 2015, the analysts completed the following tasks/activities:

- Prepared a comprehensive overview of the tax reform in agriculture;
- Calculated state support and its impact on the key performance indicators of Ukrainian agriculture through 2020;
- Analyzed the current domestic barley market and developed forecast;
- Analyzed current state of foreign trade with the Russian Federation;
- Developed an information package about the grain market in Ukraine; trained the Ministry staff on how to prepare daily info-packages;
- Analyzed the milk market and next steps related to the development of dairy industry;
- Recommended simplified registration procedures for agricultural machinery;
- Assisted the MAPF in amending the draft law "On Safety and Hygiene of Fodder" by responding to questions and comments to the draft law received from other government agencies;
- Prepared a draft Order of the MAPF "On Approval of Technical Description for the National Logo of Organic Products (Raw Materials)."

*Assistance to the MAPF in developing a draft law "On Local Agricultural Markets."*

At the request of the MAPF, AgroInvest experts provided comments and suggestions to the concept of the draft law and main provisions that support the development of local market infrastructure for small farmers. Project specialists participated in discussions on specific wording of the law and also coordinated revisions to the text based on comments from agriculture sector industry associations and experts. The draft law was part of the MAPF's action plan for 2015; we expect it to be registered in the Verkhovna Rada during the next quarter.

*Update of Agricultural Policy Priorities of the AgroInvest project.* In close collaboration with its key partners and stakeholders, AgroInvest's Agricultural

Economist Stanley Johnson, updated the project's agricultural policy priorities. The "Review and Update of the AgroInvest Agriculture Policy Priorities" will inform project activities on agricultural policy through the end of AgroInvest.

*International AgriInvest Forum.* With AgroInvest's support, the MAPF and Ukrainian Investment Council's initiative to organize the International AgriInvest Forum in Kyiv came to fruition on May 19, 2014. The forum participants discussed: (i) the experience of other countries in implementing agriculture sector reform, (ii) financing Ukrainian exporters by MFIs and commercial banks, (iii) building export strategy for the agriculture and food sector of Ukraine, and (iv) practical advice for successful export of Ukrainian food products to foreign markets. The event served as a useful platform for interaction and dialogue between government officials, managers and owners of agribusiness enterprises, representatives of international investment organizations, financial institutions, legal firms, and consulting firms.

*Providing porcine expertise at VII International Congress on Profitable Pig Production in Kiev, June 2, 2015.* At the VII International Congress on Profitable Pig Production in Kiev, which was held on June 2, 2015, AgroInvest's porcine expert Remco Schrijver delivered a presentation on pig production without antibiotics. According to Mr. Schrijver, use of antibiotics in food-producing animals can have a negative impact on public health. Food animals serve as a reservoir of resistant pathogens that can directly or indirectly result in antibiotic resistant infections in humans. AgroInvest grantee, the Pig Breeders Association, strongly supports the need to introduce a concept of pork production without antibiotics for Ukrainian pig producers. Mr. Schrijver's presentation addressed the ban on non-therapeutic antibiotic use in many countries and alternatives, as well as its impact on farm economics.

*School for Young Agricultural Policy Professionals.* On June 6th and 7<sup>th</sup> 2015, USAID AgroInvest, in cooperation with the Intern's League of the Verkhovna Rada, hosted a two-day workshop for 30 students from agriculture universities across Ukraine to discuss the interaction between the government and civil society in developing agrarian policy and the agricultural sector as a whole. Expert lecturers during the workshop included: Oleksiy Pavlenko, Minister of Agrarian Policy and Food; Volodymyr Lapa, Deputy Minister of Agrarian Policy and Food; Vadym Ivchenko and Leonid Kozachenko, who are both Members of Parliament; Alex Lissitsa, President of the Ukrainian Agribusiness Club; and Gennady Novikov, Head of the Agrarian Union of Ukraine. Topics that were covered included:

- An overview of the MAPF including its structure and key functions
- Decentralization as a tool for rural and agricultural development
- State support programs
- Current issues of land reform in Ukraine
- The role of civil society in the agrarian policy making process
- Agro-financing issues and opportunities for farmers in Ukraine

## **Task B: Strengthen Industry Associations**

*Capacity Building Program for National-Level Agricultural Industry Associations*

This reporting period, AgroInvest continued building the capacity of three national agricultural industry associations through our grants program. Highlights of industry association partner activities that took place this quarter are provided below.

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

- Organizing national conference on the problems of entrepreneurship in rural areas from an aspect of information support and deregulation Discussion of the Comprehensive Strategy for Agriculture and Rural Development in Ukraine for 2015-2020”;
- Organizing a roundtable on the role of agricultural advisory activities in implementing the roadmap of reforms in rural areas under the sustainable development strategy “Ukraine-2020”;
- Providing regular consultations to local government representatives on issues of agricultural cooperatives and advisory services;
- Issuing three regular bulletins to members and partners.

2. *Agrarian Union of Ukraine.* Main accomplishments of the Agrarian Union during this reporting period include:

- Developing proposals to the Comprehensive Strategy for Agriculture and Rural Development in Ukraine for 2015-2020:  
<http://www.auu.org.ua/analitichniy-centr/komentari-2015-2020>
- Preparing the film, “Agrarian Policy for the Community of Traditional Enterprises of the Agriculture Sector in Ukraine”
- Preparing the following analytical notes on the situation in the agriculture sector of Ukraine:
  - “Ways to Overcome the Deficit of Financial Resources”;
  - “Main Provisions of the Main Directions of the Budget Policy for 2016 Regarding the Agriculture Sector”;
  - “Land Reform: From Geodetic to Economic Paradigm of the Land Reform”;
  - Implications of Possible Cancellation of the VAT Benefits in the Agriculture Sector and its Impact on Economic Interests of Tax-payers in Agriculture.”

3. *Ukrainian Agribusiness Club Association.* Main accomplishments of the Ukrainian Agribusiness Club during this quarter include:

- Organizing a national Agribusiness forum to discuss proposals and options to increase financing of the agriculture sector of Ukraine during the current year (April 7, 2015);
- Together with Raiffeisen Aval Bank, organizing a regional agricultural forum entitled, “Agribusiness: Together to Success” in Vinnytsya Oblast (April 15, 2015);
- Organizing national agricultural debates on the provision of quality of agricultural chemicals to farming enterprises and ways to prevent distribution of counterfeit plant protection products (May 22, 2015);

- Organizing national agricultural debates on the implementation of land reform in the agriculture sector (May 28, 2015) and developing proposals for the government on main issues in land relations;
- Reviewing and preparing comments and proposals on the draft Law of Ukraine “On State Support of the Agriculture Sector”;
- Developing proposals to the Law of Ukraine “On Amendments to Certain Laws of Ukraine regarding the Clarification of the Powers of Notaries and Peculiarities of Registration of Secondary Rights to Agricultural Land Plots” (law No. 247-VIII dated March 5, 2015);
- Preparing and disseminating seventeen press releases on pending issues of agricultural policy in Ukraine.

#### *Analytical and Coordination Platform for Agriculture Sector Industry Associations*

From April to June 2015, AgroInvest continued providing support to the Analytical and Coordination Platform (implemented by the law firm OMP) for agricultural sector industry associations, whose purpose is to provide ongoing, full-time support on monitoring policy initiatives, conducting policy analysis and legal reviews, and coordinating policy activities of the sector associations. Most specifically, the Platform supports industry associations by monitoring legislation and circulating weekly newsletters on agri-sector and tax legislation, holding its Steering Committee’s monthly meetings, and preparing sectoral studies and drafting legislation. The main highlights of the activities of the Analytical and Coordination Platform during the reporting period are outlined below.

- Based on broad and intensive discussions with industry associations, the Analytical Platform developed a draft law “On Self-regulating Organizations in the Agriculture Sector.” The draft law was largely endorsed by the MAPF. It was then posted on the Ministry’s website for public discussion and was sent to other government agencies for review and comment;
- The Analytical Platform developed and presented to the industry associations the following draft laws that deal with agricultural land issues:
  - Draft law “On Non-Inherited Lands.” This draft law allows local councils to take the ownership of those agricultural land plots that have not been claimed by heirs;
  - Draft law “On Voluntary Registration of the Land Lease.” The proposed draft law proposes to remove the obligatory status of registration of leases for agricultural land this making the registration of leases a voluntary step that is performed only when one or both parties of the lease agreement wish to do so;
  - Draft law “On Unclaimed Land Shares (Paj)”;
  - This draft law establishes a procedure that allows local councils to take over and register those agricultural land parcels that have not distributed during the land privatization process and claimed or inherited by heirs;
  - Draft law “On Improvement of the Conditions for Use of Arrays of Land.” The proposed draft law establishes a simplified procedure for the cultivation of land plots when they are located within one larger field.
  - Draft law “On Splitting State Registration of the Land Leases and Taxation.” The proposed draft law allows farmers who submitted all

their lease agreement for registration to continue using agricultural land and enjoying tax privileges in cases when the State Registration Service was not able to process the documents submitted. This is proposed as a temporary measure until the Registration Service is able to clear the backlog of leases submitted for registration;

- Draft law “On Improvement of the Taxation for Agri producers.” The proposed draft legislation addresses a number of inconsistencies in the current legislation that deals with taxation of agriculture sector enterprises;
- Draft law “On the Legal Status of Field Roads.” This draft law proposes to clarify the legal status of the field roads and establishes a procedure regarding how these roads might be used for crop cultivation purposes within larger fields.

These draft laws are expected to be finalized in consultation with industry associations from the agricultural sector and are planned to be submitted for registration in the Parliament during the next reporting period;

- Experts of the Analytical Platform participated in the Comprehensive Strategy 2015-2020 working group meetings and prepared comments and proposals to the sections focused on taxation, deregulation, and land reform issues;
- The Analytical Platform launched its website: <http://www.agroconsulting.com.ua/>. Information on Platform’s activities, events, and weekly legislation monitoring are available on the website.

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

During the reporting period, AgroInvest continued supporting the activities of five Oblast-level agricultural industry associations focused on increasing sustainability of regional associations and their ability to diversify service provision to their members. Highlights of the activities for each during the quarter are provided below.

- 1) *Poltava branch of the All-Ukrainian Public Organization “Union of Rural Women of Ukraine.”* The main accomplishments of the Poltava branch of the All-Ukrainian Public Organization “Union of Rural Women of Ukraine” during the reporting period included:
  - Undertaking content-analysis of strategic documents that govern the development of the agricultural and rural sector of Poltava Oblast;
  - Undertaking content analysis of documents issued by the local authorities with the purpose of supporting and facilitating the development of entrepreneurship in the Poltava region;
  - Preparing analysis of documents which regulate budgetary relations in Poltava Oblast;
  - Organizing and holding two regional seminars on the most important issues of agricultural policy for partner industry associations. These seminars dealt, in particular, with the land reform, the development of marketing channels for farm produce, and the need to foster cooperation of small agricultural producers. They were held in the towns of Myrgorod and Zynkyv and gathered 110 representatives of

regional sector associations, agricultural producers, and local government officials.

- 2) *Interregional Union of Poultry Breeders and Forage Producers (Kharkiv)*. The main accomplishments of the Interregional Union of Poultry Breeders and Forage Producers during the reporting period included:
- Developing an analytical note on implementation of public-private partnership mechanisms “Innovation Clusters and Their Role in the Development of the Poultry Breeding”;
  - Holding the seminar, “Efficient Technologies in Poultry Breeding and Fodder Production: New Ideas, Modern Products” for managers of poultry and fodder producing enterprises and experts (May 15, 2015);
  - Presenting proposals on reforming the agriculture sector at a meeting with the Kharkiv Oblast administration on June 19, 2015;
  - Further development of the Union’s web-portal (<http://ptahokorm-union.com/>) which now includes a communication center (in the format of a forum - <http://forum.ptahokorm-union.com/>) and information on issues of certification of agricultural products and implementation of modern technologies in the agro-industrial complex.
- 3) *Association of Rural Development of Poltava Region*. The main accomplishments of the Association of Rural Development of Poltava Region during the reporting period included:
- Creating six permanent working groups aligned with the Association’s priorities: (i) on raising the competitiveness of small and medium-size businesses in agriculture; (ii) on mechanisms for the implementation of social and economic partnerships; (iii) on the improvement of the environment and quality of life in rural areas; (iv) on increasing the capacity of staff by means of providing advisory services; (v) on cooperation and innovations; and (vi) on cooperation with international technical assistance projects in the implementation of HACCP and Global GAP systems;
  - Conducting six seminars and three roundtables on the following issues: (i) raising the competitiveness of small and medium-size agricultural businesses; (ii) efficient communication as an important element of advocacy; (iii) development of cooperation and innovations; (iv) improvement of the environment; and (iv) raising the quality of life in rural areas.
- 4) *Ternopil Oblast NGO "Union of Landowners."* The main accomplishments of the Ternopil Oblast Union of Landowners during the reporting period included:
- Organizing five meetings of the Union’s Task Force to plan activities and prioritize main areas of focus for the upcoming period;
  - Holding a meeting of a focus-group with representatives of local small businesses in the agriculture sector to discuss the the most important issues that hamper their development, such as timely registration of land lease agreements, development of insurance system for farm

operations, and government support for marketing of agricultural produce;

- Organizing and holding a roundtable entitled, “Simplification of Business Environment (Deregulation) and Important Issues in the Sphere of Agribusiness” for managers of local agricultural enterprises and representatives of the local government;
- Preparing and issuing a booklet entitled, “Raising the Efficiency of Government Policy in the Agriculture Sector of Ternopil Oblast”;
- Providing 45 consultations to rural land owners on land lease agreements and registration of their rights to land.

5) *NGO "Association of Traditional Products and National Cuisines of Ukraine."*  
The main accomplishments of the Association of Traditional Products and National Cuisines of Ukraine during the reporting period included:

- Continuing preparation of a survey entitled, “State of the Market for Traditional and Regional Products and Prospects for Support of Producers of Traditional Products in Ukraine”;
- Holding meetings of working groups under the umbrella of the Zhytomyr and Vinnytsia Oblast Councils on the development of regional capacity building programs for producers of traditional products and the creation of regional registries for these types of products.

### **Task C: Provide Public Education for Land Rights**

Between April and June 2015, AgroInvest continued its Land Rights Public Education and Outreach Campaign, “My Land, My Right,” as well as the Legal Land Rights Services Program. The activities promote sound approaches in changing the legislative framework that governs land relations, including the anticipated opening of the land market. They also raise awareness and assist rural citizens in understanding and protecting their land rights.

#### *Land Rights Public Education and Outreach Campaign*

This quarter, USAID AgroInvest continued to support the Land Rights Public Education and Outreach Campaign, “My Land, My Right” implemented by the Center for Ukraine Reform Education LLC (CURE). The campaign is a multi-faceted and integrated activity that employs a range of communications tools:

- National Agrarian & Land Press Club
- Information materials, and;
- TV and radio programs.

The information campaign supports a wider range of topics related to land and agriculture at-large that currently guide the policy reform agenda, such as anti-corruption, decentralization, and deregulation. As such, the information campaign is an essential element that helps AgroInvest achieve its project goals.

Between April and June 2015, in partnership with CURE, AgroInvest prepared 12, seven-minute, “My Land, My Right” radio programs. These programs are broadcast on a weekly basis on the First National Radio Channel and generally have approximately 260,000 listeners. The following topics were covered:

**Table 1. My Land, My Right Radio Programs**

<b>Air Date</b>	<b>Title</b>
April 7	<a href="#"><i>Local Agrarian Markets – Whether They Will Help Sell Villagers’ Products in a Civilized and Profitable Way</i></a>
April 14	<a href="#"><i>Timely Registration of Agricultural Land Leases: Whether Notaries Can Cope with the Task</i></a>
April 21	<a href="#"><i>How to Create an Effective Model for Professional and Civic Self-regulation?</i></a>
April 28	<a href="#"><i>State Support for Agricultural Producers</i></a>
May 5	<a href="#"><i>Taxation of Immovable Property at Subsidiary Land Plots - Whether the Draft Law Will Become a Law?</i></a>
May 12	<a href="#"><i>Advisory Service in the Context of Agricultural Produce Safety and Quality</i></a>
May 19	<a href="#"><i>New Taxation System of Agricultural Producers</i></a>
May 26	<a href="#"><i>Strategy for Agrarian and Rural Development for 2015-2020</i></a>
June 2	<a href="#"><i>Food Safety and Implementation of HACCP Principles</i></a>
June 9	<a href="#"><i>How and When to Lift the Moratorium on the Sale of Agricultural Lands</i></a>
June 16	<a href="#"><i>What are Prospects of the Development of Self-regulatory Institution in Ukraine</i></a>
June 23	<a href="#"><i>New rules for Livestock Waste Disposal</i></a>

The [National Agrarian & Land Press Club](#) held two roundtables and a media tour during the reporting period. The roundtables brought together experts and journalists to discuss and raise awareness of the most critical and topical agrarian policy reforms. On the roundtable from June 25<sup>th</sup>, participants discussed a variety of factors that impede the development of small agri-businesses, including land issues, taxation, and the need to create legislative framework that would establish family farms and modern and efficient extension services.



Meeting of the National Agrarian & Land Press Club, June 25, 2015

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

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

<b>Date</b>	<b>Format</b>	<b>Title</b>
April 9	Round table	Whether Credit Unions are Able to Help Small and Medium Sized Rural Businesses Survive in Terms of the Exacerbation of the Economic Crisis and Using Their Funding to Assist Them to Perform Spring Field Works in an Efficient and Timely Manner
June 17	Media tour	USAID Support is Turning a Cooperative into a Modern Strawberry Processor
June 25	Round table	What Impedes the Development of Small Agrarian Business?

### *Legal Land Rights Services Program*

In the reporting period, the Land Rights Resource Center worked to develop land-related sections of the Comprehensive Strategy for Agricultural and Rural Development for 2015-2020. The Center's experts were active in the Land Reform Working Group established as part of this activity and tasked with developing a strategy to create an open and transparent agricultural land market by improving the land lease market, stimulating the lease of state and communally-owned land in an open and transparent manner, and by completing the land cadaster.

In addition, the Land Rights Resource Center organized and/or participated in the following events designed to support the above mentioned goal and facilitate public discussion of the draft Strategy:

- Public panel discussion on the topic of how and when to lift the moratorium on the sale of agricultural lands, held on May 20. The participants discussed the extent to which Ukraine is prepared for lifting the moratorium. In order to make this process sound, the Land Rights Resource Center proposed to open the market on a step-by-step basis, starting in a few pilot regions in order to test the mechanism of the market's functioning and to identify safeguards against take-overs and corruption;
- Roundtable on the topic of competitive and sustainable land use, held on May 21. The participants learned about best practices related to reforming agricultural land markets in EU member states as well as policy options developed by the Land Reform Working Group;
- 19<sup>th</sup> International Conference "Real estate market: status, outlook, and role of professionals," held in May 21-23. At this event, the Resource Center made a presentation entitled, "Land Market in Ukraine: Current Status and Outlook";
- Press Breakfast "Agricultural lands of Ukraine: to sell or not to sell?" held on May 27. At this event, the pros and cons of lifting the moratorium were discussed in detail for the sake of awareness building in the media community;
- Panel Discussion "Agricultural reforms in Ukraine" as part of the Ukrainian Forum on Agricultural and Food Strategies "Agro 2015," held on June 4. At this event, the Resource Center made a presentation, "Land Reform in Ukraine: Opportunities and Risks";
- Workshop "Land Auctions," held on June 9. At this event German experience of organization of land auctions was presented;
- Round Table "Land reform roadmap – what do regions think about it?" held on June 18;
- Round Table "Will Ukraine be able to retain its statehood in case of uncontrolled sale of land?" held on June 23;
- Round Table "Current state of land market and areas of development of the cadaster system in Ukraine," held on June 25;
- Round Table "Issues related to transition of heirless property to communal ownership," held on June 26. At this event, a wide range of issues dealing with heirless land plots were discussed, including the mechanism for informing local authorities about such land plots, judicial practices, management of such land plots during the interim before they are

acknowledged as heirless property, and legislative changes that are needed to streamline and improve the procedures of transferring heirless property into communal ownership for further legal use;

- Inter-Agency Coordination Meeting “Land reform in Ukraine: strategy and first steps,” held on June 26. At this event, the Resource Center made a presentation on the main challenges of the land reform, avenues of reform policy, and other aspects being in focus for the Land Reform Working Group.

On the outreach front, the Land Rights Resource Center produced the following new materials this quarter:

- Roadmap: How to Report Discrepancies to the Land Lease Agreement
- Document templates/samples: Sample of the Discrepancy Report to the Land Lease Agreement
- Booklet promoting the Land Rights Web Portal maintained by the Land Rights Resource Center and supported by AgroInvest (for more details, see *Communications Section*).

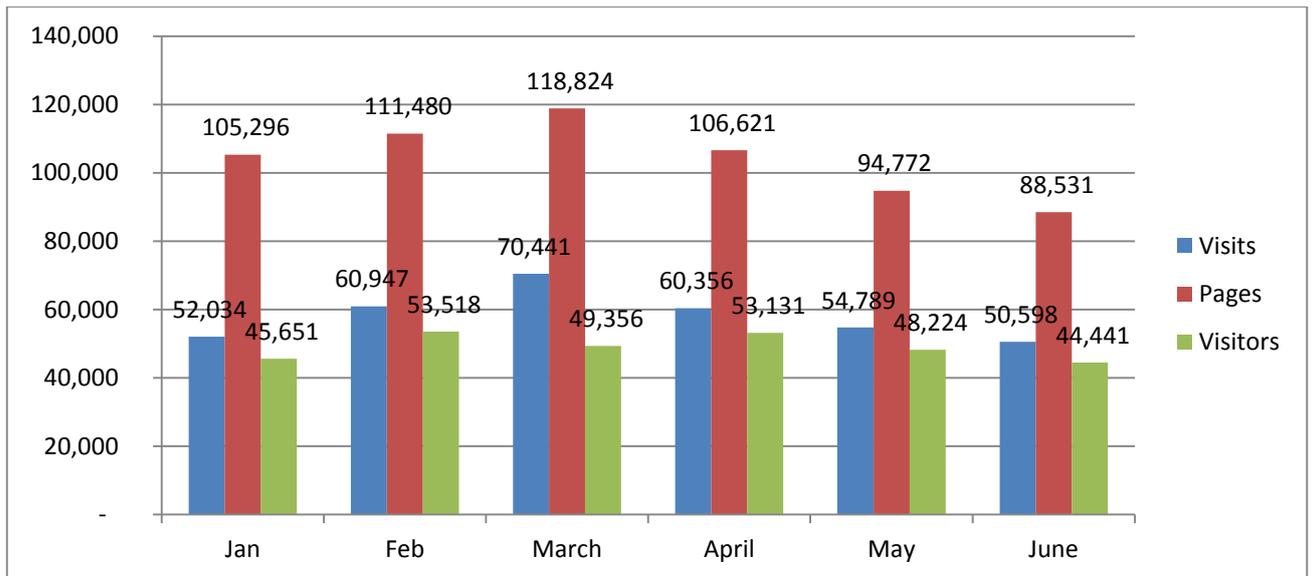
In addition, new sections were developed and included in the Land Rights Web-portal to address pressing issues focused on:

- Informing farmers and private landowners on a simplified procedure for transfer of land to rent (section entitled “For Farmers and Landowners: the Simplified Procedure for Transfer of Land to Rent”);
- Informing farmers and private landowners on strengthening the capacity of local governments to manage public lands and developing recommendations on the procedure for transfer of state-owned land to communal ownership (section entitled “For Local Governments: Disposal of Public Lands and Recommendations on the Transfer of State-Owned Land to Communal Ownership”);
- Informing farmers and private landowners on the procedure for land privatization for farmers who used the right for permanent use of land (section entitled “For Farmers: Procedure for Land Privatization”);
- Informing farmers on the order of participation in land auctions (section entitled “Procedure for Farmers’ Participation in Land Auctions”);
- Information on decentralization of rural communities (section entitled “Decentralization of Rural Communities”).

All materials are available via the Land Rights Web-Portal ([www.zem.ua](http://www.zem.ua)).

This quarter, approximately 150,000 people visited the Land Rights Web-Portal, bringing the total number of unique visitors since the launch of the program to 1,037,796. The number of pages visited in the reporting period exceeded 290,000 and the overall number of pages visited totaled 1,265,000. For detailed month-by-month statistics for the last six months, please see the chart below.

### **Exhibit 1. Land Rights Resource Center Web-Portal Use**



Furthermore, during the reporting period, the Land Rights Resource Center:

- Analyzed land laws and initiatives, developed comments and proposals on how to improve land legislation and regulations, and participated in the Public Council of the State Land Agency.
- Worked intensively with the State Service for Geodesy and Land Cadaster (former State Land Agency), the Ukrainian Association of Village Councils, and the Association of Farmers and Private Landowners to identify land related problems and find solutions. In particular, various problems include the difficulty for local governments to identify land plots whose owners die having no heirs, imperfect mechanism of recognition such land plots as heirless property, as well as problems with subsequent registration of plots as communal property and further disposition. To resolve this problem, the Resource Center developed a draft law, organized wide public discussions jointly with the Ukrainian Association of Village Councils, and introduced the draft law in the Parliament. Currently, the draft law is with the Parliament Committee, and will be considered by Parliament once it is ready. Another problem that has been identified and on which experts of the Resource Center worked with the State Service for Geodesy and Land Cadaster was lack of a clear list of types of land documentation and requirements for preparation of such documentations. The State Service for Geodesy and Land Cadaster with representatives of the Resource Centre prepared draft law entitled, "[On Amendments to Some Legislative Acts of Ukraine regarding the List, Content, and Approval Procedure for Land Documentation](#)" (Law No. 497-VIII). The law was adopted on June 2, 2015. Thus, a large step toward the harmonization of types of documentation used in various regions of Ukraine has been made. This law will also help prevent corruption and reduce the costs (both time and money-wise) of land registration.
- Provided 36 consultations to providers of primary and secondary legal land rights services, mainly related to land registration, correcting errors in the State Land Cadaster, approval of land use documents, state registration of land title, privatization, assignment of land plot cadastral number, lease relations, and more.

- Provided assistance to 21 people in resolving land-related conflicts dealing with:
  - free privatization of land (11 cases);
  - land registration in the State Land Cadastre (3 cases);
  - registration of land rights in the State Register of Rights to Immovable Property (2 cases); and
  - inheritance of land (5 cases).

## **COMPONENT 2: Stimulate Access to Finance**

### *Study Assessing the Efficiency of Regional Programs for Supporting SMP Funding*

In April and May 2015, Institute for Budgetary and Socio-Economic Research (IBSER) specialists conducted a survey on current practices of regional subsidies within the regional administrations' programs in support of SMP funding from Oblast budgets. The survey was conducted in the Lviv, Volyn, and Rivne Oblasts.

For each of the Oblasts, IBSER specialists interviewed specialists from the regional administrations and collected comprehensive information about the types of the ongoing programs, the supported agricultural sectors, and the effect of the programs' implementation on the number and value of outstanding loans. As the survey results demonstrated, the outstanding loans under these programs never reached the original goals.

IBSER performed an in-depth analysis of why the effectiveness of the programs was so limited. The findings pointed to the following reasons:

- Lack of funds in the regional budgets for the programs' implementation;
- Limited ability of the regional administrations to define the most important areas in which SMP agribusinesses would require increased access to finance;
- Excessive documentation required to apply for the subsidies;
- Non-transparent selection of financial institutions to be considered for the program;
- Non-transparent tender processes for farmer selection for the regional subsidy programs.

The analysis also allowed for a better understanding of the various nuances of the specific parameters of these programs in the different Oblasts, for example:

- Subsidies for purchasing assets required in agricultural production (equipment, machinery, livestock etc.);
- Grants and/or loans for purchasing assets rendered for SMPs by the state administrations at lower costs;
- Subsidies to reimburse a portion of interest rates on loans originated to SMPs by other financial institutions.

The analysis also highlighted the programs' successes, areas for improvement, and those that should be discontinued. In the coming quarter, IBSER will focus on

developing templates and roadmaps that other Oblasts can use and apply to set up such programs. As Ukraine continues to move forward with its committed decentralization strategy, these regional programs for supporting SMP funding are attracting the interest of local authorities as a means of financing their local farmers.

#### *Support for the Improvement of Ukrainian Legislation on Credit Unions in Compliance with the EU Standards*

To continue supporting the harmonization of Ukrainian legislation with the EU, AgroInvest sponsored a study tour to Brussels, Belgium to establish working relationships with the European Network of Credit Unions (ENCU). ENCU will act as an advocating agent to help GoU authorities better understand the necessary exclusions from the EU directives on financial institutions to further develop Ukrainian credit union system. The delegation consisted of seven high-ranking GoU representatives of the Cabinet of Ministers, the Presidential Administration, the Ministry of Finance, the Ministry of Economic Development and Trade, the National Commission on Financial Markets, the Verkhovna Rada Committee on Banking and Financial Activities, and the Verkhovna Rada Committee on European integration met with representatives of the ENCU, the European Commission (EC) Directorate General on Justice and Consumers, the EC Directorate General on Financial Stability, Financial Services and Capital Markets Union, the EC Directorate General on Neighborhood and Enlargement Negotiations (specifically the Support Group for Ukraine), and the EC Directorate General on Taxation and Customs Union. The delegation also met with Ryszard Czarnecki, Vice-President of the European Parliament and Co-Chair of the European Parliament Credit Union Interest Group and Tibor Szanyi, Vice-Chair of the EU-Ukraine Parliamentary Cooperation.

The meetings were devoted to a general overview of the directives that are mandated by the EC for financial institutions, including credit unions. The delegation was informed that the directives must be implemented within the three years following the signing of the European Union Deep and Comprehensive Agreement with Ukraine. Several of these directives have the potential to adversely affect the operations of credit unions in Ukraine, and therefore the delegation and the EC officials discussed the potential of excluding Ukraine from several directives and the processes required. Several other EU countries have received such exclusions in support of their credit union systems, but they must be explicitly requested from the start of the process. The delegation made the EU officials aware of the legislative and operational environment under which the Ukrainian credit union sector is operating and the need to receive exclusions from specific directives in order to allow for the operational and administrative realities in Ukraine. The most important directives are:

- The Capital Requirements Package (CRD IV, 2013)
- Consumer Credit Directive (CCD, 2008)

#### *Support for the DCA LPG Partner Credit Unions*

##### *1) Demonstration/Capacity-building Training for SMPs*

AgroInvest scaled up its activities in agro-technological training rendered to SMPs – members of partner credit unions – and focused on crops typical for larger farms in the three Oblasts (Kharkiv, Kherson, Lviv) where the DCA partner credit unions operate.

AgroInvest developed a partnership program with Pioneer/DuPont and partner credit unions Oblastwhereby three farms (one per Oblast) are serving as model farms where sunflowers were planted and farmers from the Oblast regularly gather to receive on-site training related to all aspects of the cultivation cycle, as well as financial literacy.

Two training sessions were held at each of the farms:

	<b>Subjects for Discussion</b>	<b>Location (Farm)</b>	<b>Date</b>
Classroom based	<ul style="list-style-type: none"> <li>• Introduction</li> <li>• The right seed based on field conditions</li> <li>• Sunflower production (tillage, fertilizer applications, planting, weed control, etc.)</li> </ul>	Kherson	April 17
		Kharkiv	April 17
		Lviv	April 20
In-field	<ul style="list-style-type: none"> <li>• Sunflower field observation</li> <li>• Key stages of sunflower growth</li> <li>• Field operations planning (weed, insect, and disease control)</li> </ul>	Kherson	June 10
		Kharkiv	June 9
		Lviv	May 28

Approximately 20-30 farmers per Oblast attended the training sessions. Representatives from the DCA partner credit unions also participated in the training sessions with the goal of increasing access to finance for SMPs. Bringing the credit union staff together with farmers helps them develop relationships and build trust, and also increases confidence on both the demand and supply side of the financing relationship. As the DCA LPG program continues during the next seven years, stronger ties between the farmers and the financial institutions can lead to increased financing for the critical agriculture inputs, such as those on which these trainings focus.

*2) Support to the DCA LPG Partner Credit Unions in Other Aspects of the DCA Program:*

- Provided ongoing advice to the CEOs and credit managers on applicability of the DCA agreement terms to specific loans;
- Developed *The Environmental Protection and Human Health Manual for USAID Development Credit Authority Loan Portfolio Partner Credit Unions* and planned the corresponding environmental compliance training;
- On June 11-12, 2015, AgroInvest conducted the regular quarterly meeting for top managers of partner credit unions in the Kherson Oblast. At the meeting, participants analyzed the results of the first half-year of the work under the DCA agreement, exchanged experiences, and best practices. Additionally, an International Finance Corporation (IFC) specialist presented the Cash Flow-Linked Agri Risk Assessment (CLARA) tool. The credit unions showed high interest in using this tool and found it very useful for managing agricultural lending risk. IFC agreed to provide the DCA LPG partner credit unions with one year of free access to the software.
- AgroInvest subcontractor, TA Consult, provided a series of training sessions to prepare SMPs to identify borrowing opportunities, and thus, facilitate an increase in the credit unions' lending volume. Fifteen seminars for potential borrowers of five partner credit unions in the Kherson, Lviv, and Kharkiv

Oblasts were held. The seminars were attended by 366 individuals. Credit union managers presented opportunities for the upcoming crop season.

*Work with Credit Unions – Members of the Agri-Lending Task Forces*

To support partner credit unions in both task forces, the following activities were carried out this quarter:

*Internal audit sessions in the credit unions – members of Agri-Lending Task Forces.* As a part of on-site audits, auditors assessed the operational and financial conditions of five credit unions: “Credit Chernobyl” (April 21-22, 2015, Cherkassy region), “Narodna Volya” (June 3-4, 2015, Chernihiv region) and Getman (June 10-11, 2015, Chernihiv region) – UNASCU members and *Boykivshchyna* (February 18-19, 2015, Lviv region), *Chernihivska* (May 26-27, 2015, Chernihiv region) – AUACU members. The assessment included a review of their business development procedures, targeted borrower categories, and loan products. Practical recommendations were provided to the credit unions that specialize in lending to SMPs on eliminating shortcomings regarding legal issues, risk assessment, internal control systems, new product introduction, diversification of loan portfolios, and overdue debt monitoring.

*Best agrilending practices promotion.* AgroInvest supported preparation of an article about the positive experience of the UNASCU Tasks Force in agrilending development: “Dreaming, Studying, Developing” about experience of one of the most active agrilending members of the UNASCU Task Force: “Moya Rodyna” (“My Family”, Chernihiv region). The article was published on the UNASCU web-site and in the UNASCU quarterly bulletin.

*Agro-technological trainings for SMP customers of partner credit unions.* AgroInvest continued to deliver practical training sessions on developing rabbit farms for customers of 10 partner credit unions and their respective loan officers. Participants of the seminars included 502 SMPs from Lviv, Kharkiv, Chernigiv, Cherkassy, Rivne, and Kherson regions. The seminars focused on familiarizing the participants with the entire range of conditions and components of efficient rabbit production including site selection, hutch types, breeding, veterinary care, slaughter, and marketing. Following the seminars, farmers applied for credit and as of June 30, 2015, 23 loans totaling UAH 269,600 were disbursed.

*Sharing best practices in overdue debt management and in improving efficiency of SMP Lending.* On June 11, AUCUA, with AgroInvest support, held a training seminar in Kyiv entitled, “Management of Overdue Loans: How to Improve Efficiency of SMP Lending.” Participants of the training – credit union specialists – learned modern methodologies of overdue loan management with an emphasis on lending to agricultural producers. The seminar was attended by 17 credit union managers and AUCUA representatives. Practical experiences of managing overdue debt were shared by the CEO of “Diya” credit union from Chernihiv Oblast and loan officers of “KreditSous” credit union from Cherkassy.

*Sharing best practices in agri-lending and updating partner credit unions on the latest changes in legislative initiatives on credit unions.* With AgroInvest support,

AUCUA held a training seminar in Lviv on June 12 for partner credit union members of the Agri-Lending Task Force. The training, entitled “Internal Audit in Credit Unions: Regulator’s Requirements” targeted managers and internal auditors of credit unions. The seminar program included the following topics: development of a risk minimizing approach to internal audits; general structure and major stages of internal audits; preparation of an auditor's report and compliance with the Regulator requirements. The seminar covered the development of a risk mitigation approaches; the general structure and major stages of internal audits; and preparation of an auditor's report in compliance with the Ukrainian Regulator’s requirements.

### **COMPONENT 3: Facilitate Market Infrastructure for SMPs**

During the reporting period, the project continued to work with its existing producer organization partners. Highlights of relevant activities regarding each PO this quarter are listed below:

- ASC “Zakhidny” – completed the procurement of technological equipment and launched production; developed guidelines and procedures for identification of critical points for animal feed product safety in-line with the HACCP provisions and Ukrainian legislation on fodders;
- ASC “Ivankovetsky Svitanok” – completed installation of all technical equipment, and after many months of delay due to local corruption issues, was able to connect the dairy to the power grid; produced first batch of dairy products that are currently being analyzed by the relevant inspecting authorities, developed guidelines and procedures for identification of critical points for dairy products safety in line with HACCP provisions;
- ASC “Losyatynske Molochne Dzherelo” - developed guidelines and procedures for identification of critical points for dairy product safety in line with the HACCP provisions and for cultivation of berries in line with the Global GAP standards;
- ASC “Shyroky” - developed guidelines and procedures for identification of critical points for vegetable and fruit product safety in line with the HACCP provisions as well as for berry cultivation in line with the Global GAP standards;
- ASC “Small Golden Bee” – through the attraction of additional third party resources, the ASC was able to expand its packaging line, thereby providing additional services for the cooperative’s members;
- Lviv Oblast ASC Union “Rivnopravnist” – calibrated and commenced operation of two mobile (in-pasture) bovine milking units and milk collection/cooling points;
- ASC “Snovyanka” – completed procurement of the remaining equipment required to complete the full animal feed production line;
- ASC “Molochni Riky” –developed guidelines and procedures to identify critical points for fodder products safety in line with the HACCP provisions and Ukrainian legislation on fodders.

In addition, the team completed the analysis and finalized the economic and environmental review of the grants for ASC “Beechnut” (Chernivtsi Oblast) and ASC “Kurgan” (Odesa Oblast). ASC Beechnut is focused on the collection of wild fruits and herbs, which it dries, packages, and sells. ASC Kurgan is a cooperative made up

of grape processors and this specific grant is focused on developing their capacity to produce grape concentrate. As of the end of the quarter, the requisite environmental mitigation and monitoring plans were under review of the Mission Environmental Officer and the Bureau Environmental Officer. Upon receiving the required clearances, AgroInvest will commence implementation of these activities next quarter.

On April 7, 2015, AgroInvest organized and conducted a demonstration site visit for small and medium-sized producers from Kherson Oblast, members of Yednist' credit union, to the wholesale market of agricultural producer "Pochatok," located in Odesa. The focus of the site visit was to raise awareness of the participants about various types of agricultural markets operating in Ukraine, to explore the legal options and requirements for the formation of effective marketing and sales channels for their produce, and to establish sustainable cooperation with such markets.

On April 27 and 28, 2015, the USAID AgroInvest project, jointly with the USAID Regional Economic Growth Project and the Ministry of Foreign Affairs of the Netherlands, conducted a two-day training on EU Market Developments, Export Opportunities, Product Quality, Food Safety, and Certifications in Fresh and Processed Fruits & Vegetables. The training was attended by producers, manufacturers, and exporters of fresh and/or processed fruits and vegetables from Ukraine, Belarus, Moldova, Georgia, Armenia, and Azerbaijan. During the training, market trends and developments in the fresh and processed fruit and vegetable sector were covered, focusing on high value markets. Metro Cash & Carry and Auchan supermarket representatives also participated and made presentations on their respective requirements for buying produce.

During this quarter, Component 3 also focused on supporting the development of legislation on a variety of issues. This support included continued cooperation 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 to develop draft laws and regulations on the development of agrarian market infrastructure, producer organizations, and family farms and their cooperation.

On May 18, 2015, AgroInvest specialists and the deputy Minister of Agrarian Policy and Food, Mr. V.I. Lapa participated in a working group meeting on the finalization of the Draft Law of Ukraine "On Local Agricultural and Food Markets." As a result of the meeting, the working group determined that they will build off of the draft law proposed by AgroInvest and prepare a final version of the law for submission to the Verkhovna Rada.

#### *Participation in Public Events Devoted to Development SMPs and POs*

Component 3 team members actively participated in organizing and conducting numerous conferences, seminars, and trainings on enhancing the legislative framework for SMP development and improving the organizational-and-legal support to PO. Highlights of events that took place this quarter are presented below.

At the invitation of the Department for Agroindustrial Development at the Vinnytsya Oblast State Administration, on June 11, 2015, project specialists participated in a

seminar on issues of organizing operations of agricultural service cooperatives of Vinnytsya Oblast and discussing the program of an Oblast support program for farms and agricultural cooperatives through 2020. At the event, AgroInvest representatives covered the challenges and barriers for agricultural service cooperatives' development, and particularly, improperly regulated value added taxation on products cultivated by individuals – members of cooperatives distributing their produce through the cooperative and lack of the governmental policy for family farm development.

On April 22, 2015, AgroInvest team took part in a round table dedicated to the topic “Prospects for the Integration of Ukrainian Agri-Sector into International Markets, Its Adoption to the EU Terms and Standards.” The round table was initiated by the All-Ukrainian Public Organization “Ukrainian Bar Association.” AgroInvest presented best practices in distributing fruit-and-vegetable produce from small agricultural producers to organized markets through their associations.

On April 29, 2015, project experts participated in a meeting with the Deputy Minister of Economic Development and Trade of Ukraine that was dedicated to the discussion of relevant issues and problems relating to the development of small and medium businesses in the production and service spheres. At the meeting, AgroInvest presented proposals developed in cooperation with its various partners to simplify legislation regulating the tax burden on small and medium rural business.

On May 20, 2015, AgroInvest took part in a round table entitled “Land Market in Ukraine and Strategy for Fruit and Vegetables Marketing - Correlation” in Kherson. Project specialists made speeches dedicated to the expansion of the sales market for fruit and vegetable products cultivated by Kherson and Ukrainian agricultural producers. They also dedicated speeches to lifting the Moratorium on sale of agricultural lands in 2016. The round table resulted in a resolution to develop a further action plan to address problems in Kherson Oblast.

On May 28, 2015, AgroInvest co-organized and attended the Donor Forum entitled "Engaging and Realization of Investment Projects of International Technical Assistance for the Development of the Agricultural Sector in Kherson Region in Order to Enter the European Market and Developments in the Implementation of the GlobalGAP and HACCP Certification Systems for Agricultural Produce." The forum was organized by the Kherson Oblast State Administration and was attended by representatives of the Kherson Oblast state administration, NGOs, heads of rural councils, heads of agricultural enterprises, agricultural service cooperatives, and farmers. The event presented potential programs and current donor projects implemented in the region and in Ukraine as a whole. AgroInvest presented achievements in the development of agricultural logistics and implementation of the certification systems. As part of the Forum, a meeting was organized to integrate and coordinate efforts to create an enabling environment for family farms and cooperatives. Also, the meeting focused on issues regarding infrastructure, logistics, and the marketing of agricultural produce. One of the key issues of focus was the certification of produce that is produced by small and medium agricultural producers via the HACCP and Global GAP systems.

AgroInvest, jointly with the Ukrainian Chamber of Commerce and Industry, held two

round tables (June 17 in Mariupol and June 18 in Zaporizhzhia) entitled, “Current Status and Prospects of the Agricultural Sector in Donetsk and Zaporizhzhia Oblast.” The round tables covered problems and prospects related to agricultural production in the anti-terrorist operation zone. AgroInvest project specialists made a presentation entitled, “Access of Farmers to Agricultural Markets, Development of Wholesale Agricultural Markets and Cooperatives, and Certification of Agricultural Produce Production and Processing.” The topics that were covered sparked special interest in Donetsk Oblast farmers, particularly those interested in agricultural produce production and processing certification under the HACCP and Global Gap systems. Consequently, Mr. V.S. Pavlov, a farmer from Mariupol, approached AgroInvest after the event on behalf of the local farmers with a request to provide them with methodological materials and to ensure that they were invited to participate in future AgroInvest events and training. Additionally, the Director of the Department for agroindustrial development of Donetsk Oblast State Administration proposed to organize a targeted seminar on agricultural produce safety and development of distribution markets for agricultural producers.

On June 30, 2015, the Component 3 team took part in a conference “Information Support of Agricultural Service Cooperation and Small and Medium Businesses – Role of Agricultural Advisory services: Theory, Policy and Practice.” AgroInvest specialists delivered a presentation on problems and prospects of the development of small and medium entrepreneurship in rural areas, and proposed mechanisms to support rural business and eliminate barriers.

## **PROJECT COMMUNICATIONS**

Between April and June 2015, USAID AgroInvest continued to implement the project’s communications strategy and ensure that target audiences are fully informed about the project’s messages and ongoing efforts to accelerate and broaden economic recovery in Ukraine through support to the agriculture sector, and increase the country's contribution to global food security.

The main topics of the quarter focused on:

- Development of the Uniform Comprehensive Strategy for Agricultural and Rural Development,
- Goals for the implementation of an efficient and transparent land market in Ukraine,
- Role of self-regulatory organizations of the agricultural sector in deregulation,
- Shifting the focus of state support towards those who really need it, i.e. small and medium-scale producers,
- Efficient and fair taxation system for agricultural producers,
- Credit unions as the main source of finance for small and medium producers,
- Local markets as a missing but essential element of market infrastructure,
- Food security and implementation of HACCP and GlobalGAP principles,
- Family farms as an essential element of the rural economy,
- New rules for livestock waste disposal, and
- Technical assistance for farmers on the borderline territories in the Eastern Ukraine.

The Project used all available avenues to convey these messages, including radio programs, information materials, AgroInvest’s web-site and Facebook page, and events organized or attended by the project. During the second quarter of 2015, the Project was highlighted in 69 media publications, listed in Annex 2.

### *Events and Presentations*

During the reporting period, AgroInvest’s technical team continued to use every opportunity to convey the project’s goals, present its activities, and create efficient partnerships with journalists, media outlets, and stakeholders.

The Project partnered with various organizations, first and foremost with the Ministry of Agrarian Policy and Food, as well as industry associations, to organize a variety of events both at the national and local levels. Furthermore, the Project’s experts were among key speakers at many major forums, round tables, seminars, and conferences. This quarter, the total number of public events organized, co-organized, or supported by the Project reached 62. Each and every one of these events were used as an opportunity to spread the word about USAID AgroInvest’s activities, goals, successes, and progress achieved to-date.

The following events are of note:

- On June 3-5, 2015, USAID AgroInvest, in partnership with the Ministry of Agrarian Policy and Food and partner industry associations, organized a series of high-level events as part of the AGRO-2015 National Exhibition. These events included:

- Ukrainian Forum on Agrarian and Food Strategy;
- Roundtable “Food Security and Food Safety – the Organic Vector”; and
- Roundtable “Outlooks for the Development of Self-Regulation in the Agricultural Sector”.



- On June 5-6, 2015, USAID AgroInvest, in partnership with the League of Interns of the Verkhovna Rada and Bohdan Gavrylyshyn Charity Fund, organized a two day training seminar on agrarian policies for students and young professionals entitled, “School for Young Agrarian Policy Makers.” During these two days, 30 students selected through a selective competition had a unique opportunity to meet with Parliament Members, high-level representatives of the Ministry of Agrarian Policy and Food, powerful industry associations, financial institutions, and agrarian companies. They also worked in small groups to discuss possible ways to address pressing policy issues under the guidance of reputable experts.



- During the period of June 22-26, 2015, USAID AgroInvest sponsored a study tour to Brussels, Belgium. The delegation consisted of high-ranking Ukrainian officials from the Ministry of Finance, Ministry of Economic Development and Trade, the Presidential Administration, the Financial Services Regulator's office, the Secretariat of the Cabinet of Ministers, and several Verkhovna Rada committees. The delegation met with a diverse array of European Commission (EC) officials. The significance of the study tour is that it specifically centered on ensuring a better understanding amongst key Ukrainian officials of the steps required to approximate Ukrainian legislation and regulations with those of the EU in order to protect the credit sector in Ukraine, increase agrilending, protect against corruption, and ultimately better position Ukraine for EU accession.



Study Tour, Brussels, Belgium, June 22-26, 2015

- On 17 June 2015, USAID AgroInvest and the USAID Mission in Ukraine, jointly with the Agricultural Service Cooperative (ASC) "Losyatynske Molochne Dzherelo," held a Strawberry Harvest Festival. The event presented the successes of strawberry production in the village of Losyatin, Ternopil Oblast. With technical and grant support of USAID AgroInvest, the cooperative provides important services to local farmers and private farms, including cooling, storage, and marketing services. The cooperative also established direct relationships with end users, processors, and sales channels, and also works to implement HACCP principles.



USAID Ukraine Mission Director Jed Barton at the Strawberry Harvest Festival, Ternopil oblast, June 17, 2015

- On June 17-19, 2015, USAID AgroInvest, in cooperation with partner industry associations and Chamber of Commerce, participated in a three day brainstorming designed to help farmers in Mariupol (a rayon on the border with the Russia-occupied territory of Donetsk Oblast) find solutions to the numerous problems they face. AgroInvest made presentations on possible solutions, including access to markets, cooperation, the development of wholesale and local markets, and the certification of produce (GlobalGAP and HACCP).



Brainstorming to discuss assistance needed by farmers on the border with Russia-occupied territories, Donetsk oblast, June 17, 2015

### *National Agrarian & Land Press Club*

The National Agrarian & Land Press Club organized two public events and one media tour this reporting period. For details, please refer to Annex 1.

In addition, the Press Club prepared nine articles/stories which were disseminated for free reprinting among media outlets. These materials further elaborated upon the main topics of AgroInvest's focus during the reporting period. The table below lists the materials and shows the number of re-prints for each item. Due to massive coverage and very well-thought messages, these publications are an important tool that helps attract attention of decision makers to the issues that AgroInvest addresses.

Title	Number of reprints
<a href="#"><u>Credit Unions became the Main Creditors for Small and Medium Agricultural Producers</u></a> – Information about the press club meeting dedicated to the topic of access to finance for small and medium producers.	40
<a href="#"><u>Land Lease: Legislation is Updated, but the Problems are Still There</u></a> – Information about the press club meeting dedicated to the newly adopted law and its impact on land lease relations, in particular, the imposition of the 7-year mandatory land lease term.	39
<a href="#"><u>Whether the Budget will be Enriched with A Rural Cesspool Tax</u></a> – Interview with Mykola Hrytsenko, USAID AgroInvest Market Infrastructure Component Leader, on new changes in the Tax Code and their impact on Ukrainian producers.	43
<a href="#"><u>GlobalGAP System Provide the Prospects for Ukrainian Producers</u></a> – Interview with Vladyslav Karpenko, USAID AgroInvest Market Infrastructure Component Specialist, on the role of GlobalGAP system in improving quality of Ukrainian produce and widening export opportunities for Ukrainian producers.	51
<a href="#"><u>Pavlo Kulynych – “I support a gradual lifting of the Land Moratorium”</u></a> – Interview with Pavlo Kulynych, USAID AgroInvest Senior Legal Advisor, on the possibilities of introducing an efficient and transparent land market in Ukraine.	46
<a href="#"><u>Rabbits are More than Only a Valuable Fur...</u></a> – Interview with Natalia Lischytovych, USAID AgroInvest Access to Finance Component Leader, on the training program for farmers interested in establishing a rabbit business and opportunities to lend from AgroInvest's partner credit unions.	29
<a href="#"><u>Will Ukraine Finally See Family Farms?</u></a> - Interview with Mykola Hrytsenko, USAID AgroInvest Market Infrastructure Component Leader, on the new law on family farms developed with technical assistance of USAID AgroInvest.	49
<a href="#"><u>Social Lobby is Being Formed in Ukrainian Agro-Industrial Complex</u></a> - Interview with Oleksandr Muliar, USAID AgroInvest Policy Component Specialist, on the possible role for industry associations in self-regulation of the agricultural sector.	37
<a href="#"><u>A New Development Strategy is Offered to Ukrainian Rural Areas</u></a> - Interview with Oleksandr Kaliberda, USAID AgroInvest Policy Component Leader, on AgroInvest's inputs in the Uniform Comprehensive Strategy for Agricultural and Rural Development, which is developed by a number of top specialists under the aegis of the Ministry of Agrarian Policy and Food and EU Delegation with wide technical support of AgroInvest and partner industry associations.	TBD

### Project Web-site

During the reporting period, AgroInvest continued to develop and maintain its [bilingual web-site](#) to share the latest project news, reference materials, and grant and

subcontract opportunities. The table below shows statistics of the usage of AgroInvest’s web-site during the reporting period.

Month	Unique visitors	Number of Visits	Pages	Hits	Volume/ Downloads, GB
April	3,746	7,074	30,230	163,786	9.80
May	3,368	6,364	24,193	138,981	9.75
June	3,321	6,260	24,630	142,381	9.33
<b>Total</b>	<b>10,435</b>	<b>19,698</b>	<b>79,053</b>	<b>445,148</b>	<b>28.88</b>

### Social Media

In addition to the Project web-site, AgroInvest promotes its activities through its [Facebook](#) page. The page contains information about the project, its activities, success stories, newsletters, legislation updates and numerous photos from events organized by AgroInvest. On average, the project posts about 200 new pieces of information on its page each month. The number of visitors of the Project FB page varies from 700 to 1,500 per week.

In the reporting period, AgroInvest continued to develop and increase its Twitter usage to disseminate information about its activities.

### Publications

In the reporting period, USAID AgroInvest supported the publication of a booklet promoting the Land Rights Web Portal maintained by the Land Rights Resource Center and supported by AgroInvest. The booklet details all the sections that can be found in the Land Rights Web Portal and further explains how to use the roadmaps and document templates available. This publication was prepared specifically to support the upcoming follow-on grants to providers of the secondary legal land rights services. It will be disseminated by the grantees participating in the Legal Land Rights Services Program at their training events and will help participants of the events make the utmost use of both training received and the Web Portal.



During the reporting period, AgroInvest continued to issue its electronic [USAID AgroInvest Newsletter](#) (in Ukrainian). The target audience of this publication is wide, ranging from institutional partners to media, and from central government to interested farmers. The newsletter is issued on a monthly basis and is well received by the readership. The project is frequently contacted by interested parties with enquiries for additional details, especially regarding planned events. Such contact is evidence

that the publication meets its purpose. Due to cooperation with Bibliomist project, the Newsletter is available on the websites of many libraries throughout Ukraine.

## **GENDER INTEGRATION**

This quarter, seven training sessions of the “Education of Formal and Informal Leaders of Rural Communities Regarding Gender Integration” program, which is implemented by the Ukrainian Women’s Fund, were completed in Kharkiv, Kyiv, Poltava, Kherson, Vinnytsia, Volyn, and Cherkassy. Over 160 people were trained with almost equal representation between men and women. The main objective of the program is to support the decentralization process currently taking place in Ukraine by focusing on improving the capacity of local leaders to make and advocate decisions through inclusive community involvement and consultation.

On April 20<sup>th</sup>, AgroInvest participated in the conference “EU Gender Policy: Are Best Practices Applicable for Ukraine?” facilitated by the International Center for Policy Studies with the support of the Swedish Embassy in Ukraine. The main discussion was focused on ensuring 30% representation of women in the Parliament of Ukraine, but another priority discussion related to the problem of access for women to the actual decision-making or even “being heard.” It was determined that this problem has become even more crucial in light of the decentralization reform because it is expected that this reform initiative will affect more women than men. Conclusions from the conference will be incorporated into AgroInvest’s “Education of Formal and Informal Leaders of Rural Communities Regarding Gender Integration” program.

Lastly, in addition to other areas of AgroInvest’s support to the development of the MAPF’s Comprehensive Strategy for Agriculture and Rural Development in Ukraine for 2015-2020 described in numerous areas throughout this report, project staff reviewed the report from a gender-sensitive approach, provided comments, and drafted text for provisions to be included in, and addressed by, the Strategy.

## SECTION II: DELIVERABLES

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

<b>Deliverables</b>	<b>Date Submitted</b>
The Environmental Protection and Human Health Manual for USAID Development Credit Authority Loan Portfolio Partner Credit Unions	April 29, 2015
January 1 - March 31, 2015 Quarterly Report	April 30, 2015
Review and Update of the AgroInvest Project's Agricultural Needs and Priorities, June 2015	June 30, 2015

## SECTION III: CHALLENGES AND PLANS TO OVERCOME THEM

- Recent public discussions on the future of agricultural land reform in Ukraine demonstrated the lack of coordinated efforts of the government in preparing conditions for lifting the moratorium on the sale of agricultural land as of January 1, 2016 (current legal end of the term of the moratorium). A roadmap for further land reform in Ukraine, including the removal of the moratorium, was developed by a working group on land as a part of drafting the Comprehensive Strategy for Agriculture and Rural Development in Ukraine for 2015-2020. There is now a need for advocacy activities among policy makers to ensure that there is sufficient support to lift the land moratorium in the near future. In cooperation with partners who support the opening of the land market, AgroInvest will increase its activities in advocating for better understanding of the benefits of lifting the land sale moratorium. The project will use the results of the upcoming land survey as a basis for this advocacy work with its partners.
- The Verkhovna Rada of Ukraine has delayed the approval of the draft laws "On Amending Selected Laws of Ukraine on Stimulating Establishment and Operations of Family Farms" (registered in the Parliament under # 1599 on December 23, 2014) and "On Amendments to the Tax Code of Ukraine (regarding Stimulation of the Development of Family Farms)" (registered in the Parliament under # 1600 on December 23, 2014). These draft laws were developed to create conditions for transforming subsidiary household farms into commercial family farms. Moreover, the version of the draft law "On Amending Selected Laws of Ukraine on Stimulating Establishment and Operations of Family Farms" prepared for the second reading has deviated from the original concept of the law and needs to be reworked. This reflects the lack of understanding among the members of the Committee on Agriculture and Land Relations of the Parliament regarding the need to develop small-scale farming. To facilitate the approval of this important legislation, including the maintenance of the original concept of draft Law No. 1599, AgroInvest will continue its efforts in disseminating the benefits of the proposed legislation to the members of the Parliament, officials, and experts. This will increase awareness of the need to create appropriate conditions for the development of small farming operations. AgroInvest will also continue providing expert support to specialists of the Committee on Agriculture and Land Relations of the Parliament to improve the working of the draft Law No. 1599 before it is presented for the second reading.
- The conflict in the eastern Oblasts of Ukraine and the slowdown in economic reforms continue to exacerbate the financial system crisis in Ukraine. More than 50 banks have become insolvent and disappeared from the Ukrainian market. Despite this, partner bank (Kredobank) is in good standing and, despite the challenges, is managing to strategically increase its agri-lending to SMPs. AgroInvest will continue to develop and implement its programs of support to partner financial institutions, especially in the areas of loan portfolio management and minimizing non-performing loans. In addition, four

specialized agro-technological trainings will be conducted for Kredobank financial officers in the next quarter.

- In July 2015, new legislation requiring cash registers to be used by credit unions may come into effect. Credit union practices will be negatively impacted by this law because (1) cash registers are not usually used in credit unions anywhere in the world; (2) banks are not subject to this law; (3) purchasing these costly cash registers for each rural branch will stress the credit unions already limited operating funds; (4) there are no instructions and/or explanation on operational procedures related to the use of cash registers, whereas the law stipulates immense fines for each and every mistake of their usage. To overcome this, AgroInvest will work with its partners to advocate that this law should not be put into effect.
- Lack of access to external financing hinders the capacity of credit unions (DCA partners) to provide lending to SMPs. To address this, AgroInvest will continue to work with international donors to inform them about the DCA LPG program and the benefits that could arise in case of their cooperation with the DCA partner credit unions.
- Given the changes in market conditions, Ukrainian SMPs will increasingly experience more opportunities to export their produce. However, due to the lack of relevant certifying documents and the inability to prove the quality of their products, their potential is presently very limited. In order to disseminate information on the requisite produce quality certification systems (HACCP and Global GAP standards), Component 3 will continue its trainings and support for local authorities and small and medium agricultural producers and processors.
- The system and procedures for providing subsidies significantly worsened this quarter and this has had an adverse effect on the motivation of small agricultural producers to distribute their produce through official channels. Specifically, it has created prerequisites for more “black” and “grey” agricultural market activities and has resulted in limiting agricultural service cooperatives’ activities in procuring and selling products. To address this, AgroInvest and its partners continue to advocate for legislative and regulatory reforms to address the current subsidy and tax regimes that are currently stifling SMPs and cooperatives in Ukraine.
- The issue of allocating land plots for farmers’ markets and other agrarian market infrastructural facilities is still unresolved and is one of the key factors impeding the attraction of domestic investments for the construction of such facilities. Resolving the issue is possible, provided that the Law of Ukraine “On Amendments to the Law of Ukraine ‘On Wholesale Agricultural Markets,’” which was developed under the technical support of the USAID AgroInvest Project, is passed.

## **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.

### **Component 1: Support a Stable, Market-Oriented Policy Environment**

- Commence implementation of the field work for the national survey of land owners, farming enterprises and population at large on the land reform in the agriculture sector in Ukraine;
- Complete the Social Partnerships study and present its findings to the professional community and central government agencies;
- Facilitate registration of land-related draft laws developed by Analytical Platform in the Verkhovna Rada of Ukraine;
- Develop a regulatory act on the implementation of the Community scales for the classification of beef, pig, and sheep carcasses and the reporting of prices thereof as defined in EU Regulations 1249/2008, 3220/84, 1760/2000 and 1825/2000 to be approved by MAPF;
- Continue supporting the Analytical and Coordination Platform for agriculture sector industry associations;
- 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;
- Continue to conduct the Land Rights Awareness & Education Campaign, including radio and TV programs, meetings of the National Agrarian & Land Press Club, and preparing information materials;
- Continue to support the Land Rights Resource Center and Land Web-Portal;
- Launch three follow-on grant programs to promote capacity building of local providers of secondary legal land rights services and support them in providing high-quality pro-bono services to rural landowners to help them understand and protect their land rights and get prepared for the upcoming opening of the land market.

### **Component 2: Stimulate Access to Finance**

- Conduct four agri-technological training sessions for financial officers of partner financial institutions to increase their ability to issue and monitor loans to SMPs;
- Ensure correctness of timely CMS reporting of the DCA partner credit unions
- Conduct a working meeting of managers of credit unions involved in the DCA program in Kharkiv Oblast in September 2015;
- Conduct strategy-planning sessions for the DCA LPG partner credit unions to prepare long- and short-term strategy development focused specifically on agri-lending;
- Conduct an Environmental Compliance Training for loan officers of the DCA LPG partner CUs;
- Together with IFC, conduct training on agri-credit risk assessment tool CLARA (Cash Flow-Linked Agri Risk Assessment) for loan officers of the DCA LPG partner credit unions;

- Conduct trainings on “Tomato, Pepper, and Cucumber Greenhouse Production from A to Z” for agri-producers who are clients of the DCA LPG partner CU “Narodna Dovira” (Kherson region);
- Hold up to five on-site internal audit sessions and one training to share best practices of lending small and medium-sized agriculture producers and update the participants on latest development in the legislation on CU operation for credit unions – members of the UNASCU Task Force
- Hold one on-site monitoring session of legal, lending, and financial operations, a training seminar of sharing experience, training on "Management of Overdue Loans," a training seminar on the mistakes detected during the on-site monitoring sessions for partner credit unions – members of the AUCUA Task Force.

### **Component 3: Facilitate Market Infrastructure for SMPs**

- Following up on implementation of 11 producer organizations’ projects on value added chains development.
- Signing grant agreements with POs and starting implementation of the grant projects on value added chains development.
- Conducting trainings in the pilot regions for potential SMPs and POs on development of projects for strengthening capacity for each separate producer organizations that will be aimed at expanding services, improving access to markets, and enhancing productivities for organizations’ members.
- Holding an internal demonstration site visit to spread the best practices on value added chains’ development on the basis of POs implementing the grant programs provided by the AgroInvest Project.
- Developing a guidance document covering methodological recommendations pertaining to certification according Global G.A.P. that is standard for primary producers.
- Developing a set of training modules, inclusive of the corresponding training materials, and conducting 2 seminars on Global G.A.P. and HACCP.
- Preparation the requisite documentation for four PO’s to guide them in HACCP implementation.
- Preparation for publishing, printing, and disseminating information and education guidelines “Principles and practical application of agricultural produce certification under the Global GAP standards.”
- Development, printing, and disseminating the methodological recommendations on implementing HACCP-based food safety systems at small- and medium-sized enterprises’ storing, handling, and processing raw and food products.
- Monitoring and providing technical support for construction/modernization of agrarian logistic facilities, which development was initiated due to the Project technical support.
- Conducting training on the organization of operations of wholesale agricultural markets to improve SMPs and POs access to such markets. Organizing and conducting 2-3 study tours for farmers from the southern and eastern regions of Ukraine to wholesale markets of the central and western Ukraine to establish alternative distribution channels and marketing forms for fruit and vegetable produce, to learn about the market requirements towards forming commodity lots, packaging, and produce quality.

## SECTION V: LEVEL OF EFFORT REPORT

### LOE Matrix as of June 30, 2015

Labor Category	Total Work Days	Total Work Days Utilized To Date	Total Remaining Work Days
LT Technical Assistance (Key Personnel)	1,239	1,093	146
LT Technical Assistance (Expatriate)	81	81	0
LT Technical Assistance (CCN)	14,405	13,014	1,391
ST Technical Assistance (Expatriate)	600	489	111
ST Technical Assistance (CCN)	595	776	0
HO Support	240	226	14
<b>Total</b>	<b>17,160</b>	<b>15,679</b>	<b>1,662</b>

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

**Meetings of the National Agrarian & Land Press Club  
April-June 2015**

No.	Event	Major Issues Covered	Speakers	Number of Journalists	Number of Publications, TV, and Radio Spots
	<p>Round table:</p> <p><b>“The extent to which credit unions are able to help small and medium rural businesses survive, in terms of the exacerbated economic crisis and using credit union funding to assist them to perform spring field work in an efficient and timely manner ”</b></p> <p>April 9, 2015</p>	<ul style="list-style-type: none"> <li>• How the current economic crisis and devaluation of the national currency has influenced financial markets and credit union activities;</li> <li>• Conditions under which credit unions offer lending to small and medium agricultural producers;</li> <li>• What amount of borrowed funds have credit unions allocated to conduct spring field work by farmers and individual homesteads?;</li> <li>• What is impeding expansion of agrilending by credit unions and what must be done to overcome the current barriers?;</li> <li>• Why credit unions are particularly interested in the creation of family farms and how they can support their establishment and future development;</li> <li>• The role of credit unions in rural socio-economic development</li> </ul>	<p>Facilitator: <b>Serhiy HUBIN</b></p> <p><b>Speakers:</b>  <b>Bagrat AKHIDZHANOV</b>, Director of the Department for Financial and Credit Policy and Accounting of the Ministry of Agrarian Policy and Food of Ukraine;  <b>Larysa MENDRUL</b>, Director of the Department of the National Commission for State Regulation of Financial Service Markets;  <b>Viktoria VOLKOVSKA</b>, President of the All-Ukrainian Association of Credit Unions;  <b>Lyudmyla KRAVCHENKO</b>, Vice President of the National Ukrainian Association of Saving and Credit Unions;  <b>Larysa POLOZOVA</b>, Chairperson of the supervisory board of the credit union “Hromada” (Kherson Oblast);  <b>Oleksandr SYNYUK</b>, Chairperson of the Board of the credit union “Narodna Dovira” (Kherson Oblast);  <b>Volodymyr SYDOROVSKY</b>, Chairperson of the Board of the credit union “Anisia” (Lviv Oblast);</p>	14	8

No.	Event	Major Issues Covered	Speakers	Number of Journalists	Number of Publications, TV, and Radio Spots
			<p><b>Maria SYUMA</b>, Chairperson of the Board of the credit union “Vuhoda” (Lviv Oblast);</p> <p><b>Oiha SMETANA</b>, Chairperson of the Board of the credit union “Kharkivska Kasa Vzayemodopomohy” (Kharkiv Oblast);</p> <p><b>Yuriy TYAHUR</b>, Chairperson of the Board of the credit union “St. Martin” (Zakarpatska Oblast);</p> <p><b>Oleh ARSIONOV</b>, Chairperson of the Board of the credit union “Yednist” (Kherson Oblast);</p> <p><b>Nataliya LISCHYTOVYCH</b>, USAID AgrolInvest Agriculture Finance Component Leader;</p> <p><b>Oleh STOYANOV</b>, USAID AgrolInvest Agriculture Finance Specialist</p>		
	<p>On-site meeting of the National Press Club in Losyatyn village, Ternopil Oblast:</p> <p><b>“USAID support is transforming a co-op into a modern strawberry processor”</b></p> <p>June 17, 2015</p>	<ul style="list-style-type: none"> <li>Journalists visited the agricultural service cooperative “Losyatynske Molochne Daherelo,” which conducts activities focused on strawberry production in Losyatyn village</li> </ul>	<p><b>Jed Barton</b>, USAID Mission Director, made a welcome speech during the celebration</p> <p>The event was also attended by representatives from the Ternopil Oblast State Administration, the Ternopil Oblast Council, Danone, Heifer International, and local farmers and consumers</p>	12	7

No.	Event	Major Issues Covered	Speakers	Number of Journalists	Number of Publications, TV, and Radio Spots
	Round table:  <b>“What is impeding the development of small agrarian businesses?”</b>  June 25, 2015	<ul style="list-style-type: none"> <li>• What are the main tax factors influencing the development of farming?;</li> <li>• How to resolve VAT issues on agricultural produce produced by individuals and sold through agricultural service cooperatives;</li> <li>• Why communal subsidies issues are not resolved in favor of agricultural service cooperatives;</li> <li>• Why issues on taxation of rural immovable property are still not resolved in the interest of villagers and local budgets;</li> <li>• What are the threats to the Draft Law of Ukraine No.1599, “On Amendments to Certain Legal Acts of Ukraine on the Stimulation of Establishing Family Farms,” which is expecting its second reading in the Verkhovna Rada of Ukraine?;</li> <li>• Why is there a need to restore non-profit status to agricultural service cooperatives?;</li> </ul>	Facilitator: <b>Serhiy HUBIN</b>  <b>Speakers:</b> <b>Oleh KHOMENKO</b> , Director of the Department for Scientific and Educational Support and Development of Entrepreneurship in Rural Areas of the Ministry of Agrarian Policy and Food of Ukraine; <b>Svitlana PAVLENKO</b> , Deputy Director of the Department for Scientific and Educational Support and Development of Entrepreneurship in Rural Areas of the Ministry of Agrarian Policy and Food of Ukraine; <b>Maksym DZDOROV</b> , Chief of the Operative Deregulation Office of the State Regulatory Service of Ukraine; <b>Vitaliy SABLUK</b> , Deputy Director for Scientific Support of Law-Drafting of the National Scientific Center of the Institute of Agrarian Economy; <b>Olena BORODINA</b> , Head of the Department for Economics and Agrarian Transformation Policies of the State University “Institute for Economics and Forecasting” of the National Academy of Sciences of Ukraine; <b>Vitaliy LVOV</b> , Vice President of the Association of Farmers and Private Landowners of Ukraine;	14	TBD

No.	Event	Major Issues Covered	Speakers	Number of Journalists	Number of Publications, TV, and Radio Spots
		<ul style="list-style-type: none"> <li>• Why the system for agricultural produce collection and distribution has still not received proper legal support;</li> <li>• What are the prospects for financing agricultural entrepreneurship?</li> </ul>	<p><b>Mykola POYEDYNOK</b>, Head of the All-Ukrainian Association of Village and Town Councils;</p> <p><b>Tetyana BRIVKO</b>, Vice President of the National Association of Rural Advisory Services of Ukraine;</p> <p><b>Oleh YUKHNOVSKYI</b>, Chair of the Agro-Industrial Entrepreneurs' Committee at the Ukrainian Chamber of Commerce and Industry;</p> <p><b>Petro MAKOVSKYI</b>, Corporate Management Expert, Director of "ALFA-OMEGA Plus, Ltd.";</p> <p><b>Tamara SOLYANYK</b>, Director of the USAID Leadership in Economic Governance Program;</p> <p><b>Oleksandr KALIBERDA</b>, Deputy Chief of Party of the USAID AgroInvest Project;</p> <p><b>Mykola HRYTSENKO</b>, Market Infrastructure Component Leader of the USAID AgroInvest Project;</p> <p><b>Nataliya SEPEROVYCH</b>, Agrarian Policy Specialist of the USAID AgroInvest Project;</p> <p><b>Denys MARCHYUK</b>, Coordinator of the Agro-Industrial Complex Analytical Platform Project;</p> <p><b>Kyryl LEVTEROV</b>, Expert of the Agro-Industrial Complex Analytical Platform Project</p>		

**List of Press Publications Highlighting USAID AgroInvest  
April 1 – June 30, 2015**

1. [!\[\]\(f3eee9e16642d048ba929a1333876158\_img.jpg\) USAID Provides Cool Atmosphere for AgBusiness](#)
2. [!\[\]\(2d8391a96f4a2402e5626b0c323b0e2d\_img.jpg\) Temporary, but constant \[moratorium\]](#)
3. [!\[\]\(20c6dd23ef91e03388ad4a148cece2f9\_img.jpg\) Money for Agriculture](#)
4. [!\[\]\(44bf1d2b3eff40f23cafdd1e6317af59\_img.jpg\) Guidelines from USAID AgroInvest for Future Farmers](#)
5. [!\[\]\(66c1940575916f4be2139cbdee5082ce\_img.jpg\) Khmelnytsky region's community leaders learned how to work in conditions of decentralization](#)
6. [!\[\]\(812c3baa11adc40ce39ce84020d45384\_img.jpg\) The joint USAID conference covered issues of decentralization and business support mechanisms](#)
7. [!\[\]\(a93771219123fc1b6e54aee2d20ca6c5\_img.jpg\) Farmers will compete with agriholdings in the land market - opinion](#)
8. [!\[\]\(eedab9ea57f9b45abcd24ef68ff11b0a\_img.jpg\) Round table "Prospects for the development of a self-regulation institution in the agrarian sector of Ukraine"](#)
9. [!\[\]\(345708cc3b617a32654d456857109b34\_img.jpg\) Will Ukraine finally see family farms?](#)
10. [!\[\]\(ea31d414b8f76e61e9eafa8d866dd61f\_img.jpg\) DuPont Pioneer and USAID AgroInvest announced a Partnership Program](#)
11. [!\[\]\(bce36b0c17b49d1a546ca32fdad3b4c2\_img.jpg\) Round table "Food security and safety of food – an organic vector"](#)
12. [!\[\]\(c29125e8fbb16c3fd4402d6929c00780\_img.jpg\) Round table "What hinders the development of small agrarian businesses?"](#)
13. [!\[\]\(a345d47eda8eff3233ca55733f86dc1b\_img.jpg\) Land does not tolerate haste](#)
14. [!\[\]\(d957b5484311b8ac2f900211a2af1469\_img.jpg\) Gamma News, June 25, 2015](#)
15. [!\[\]\(2318f7c0082ae3e96190adab82c68233\_img.jpg\) Thanks to multiple international projects, the Ternopil region has a chance to become the Ukrainian strawberry capital](#)
16. [!\[\]\(4b9ae6e8e05603b3853dc1d581f33229\_img.jpg\) Workshop on the revitalization of rural communities](#)
17. [!\[\]\(4ad4763ccc048bd5974d0458b9498199\_img.jpg\) Voice of America reported on the Ternopil region \(VIDEO\)](#)
18. [!\[\]\(baca1325300471ea57abe8389b32b5d7\_img.jpg\) A social lobby is being formed in the Ukrainian agro-industrial complex](#)
19. [!\[\]\(344a44eac4d52e07bb3dc9534ffa5186\_img.jpg\) Local community leaders are in training](#)
20. [!\[\]\(475636d47ac9848e84d372d9279f1c5f\_img.jpg\) Russia will not impede Ukrainian entrance into the EU free trade zone beginning January 1, 2016](#)
21. [!\[\]\(115984816351a78812ef3918e62e64e9\_img.jpg\) How US assistance fostered the Ukrainian village of Losyatyn \(VIDEO\)](#)

22. [!\[\]\(45bcd06bce18f2fca00bbe9e8e99e1bd\_img.jpg\) KOLOS Radio Program #16, June 23, 2015](#)
23. [!\[\]\(9803b7eb667ddee1102f36ebf1c9c2da\_img.jpg\) Minimum land lease term of seven years: panacea or justice?](#)
24. [!\[\]\(26275bda4741787e4bb955824940dbf0\_img.jpg\) "Cooperatives are one of the most promising areas of rural development"](#)
25. [!\[\]\(638fde1fb32b1ea92b6669c2a660e7d9\_img.jpg\) PROMOTING THE DEVELOPMENT OF THE FOOD SECTOR AND FARMING](#)
26. [!\[\]\(bbb15764f1bb1bd30600ce31226c5960\_img.jpg\) FARMERS NEED STATE SUPPORT](#)
27. [!\[\]\(a64ac4929acaec6f294d7534aa4c688b\_img.jpg\) First training sessions supported by the USAID AgroInvest project](#)
28. [!\[\]\(b589664ee8876165e802deea59d0ffff\_img.jpg\) Kolos Radio Program #12, May 26, 2015](#)
29. [!\[\]\(37fd621dc22597329a9007c6750fff65\_img.jpg\) Ukraine seeks to get rid of state-owned "agro-dead weight"](#)
30. [!\[\]\(de59f0d0f2417eaf3748b6185091c25b\_img.jpg\) Government is preparing a tax for waste pits!](#)
31. [!\[\]\(e0c922d779ec76ba67de5ec22d4a860b\_img.jpg\) Overview of legislation updates for the period from May 4 through May 10, 2015](#)
32. [!\[\]\(ccd49983a6ef530c593f16b1e5330551\_img.jpg\) GlobalGAP system proposes new prospects for Ukrainian agrarians](#)
33. [!\[\]\(0556b82da8732a43dc37765c848cf191\_img.jpg\) Workshop on the establishment of rabbit breeding family farms at homesteads](#)
34. [!\[\]\(5f427ff3311e1d11001d2905d7a5d41e\_img.jpg\) How to be stronger under crisis conditions](#)
35. [!\[\]\(0248362cafe4ebecb63dd608cc76c363\_img.jpg\) Participants of "YOUNG AGRO-POLITICIAN SCHOOL" are selected](#)
36. [!\[\]\(749059e5ded6206b56ad9a50d2252c70\_img.jpg\) Practical training on the introduction and enhancement of effectiveness of product safety systems](#)
37. [!\[\]\(cf1681719b302449c1ed048a165a91f9\_img.jpg\) Roundtable entitled "Improve Access to Seeds for Ukrainian Farmers" was held in Kyiv](#)
38. [!\[\]\(64785bb0da343042e9a2a01e5cdc8a33\_img.jpg\) Rabbits are not only a valuable fur](#)
39. [!\[\]\(b99599af8f596a6e10e12924b3a14ad7\_img.jpg\) Quo Vadis \(Where are you going?\) Experts of the Analytical Platform participated in a panel discussion "How and When to Abolish the Moratorium on Sales of Agricultural Land?", which was conducted at the Kyiv School of Economics on May 20, 2015](#)
40. [!\[\]\(f0e9356979356dc3d63dd60bf796e383\_img.jpg\) Agro Debates "Quality of Crop Protectants at the Domestic Market" – Ukrainian Agribusiness Club](#)
41. [!\[\]\(e6c148d3da5dcbbc0457315a88c6f5c1\_img.jpg\) YOUNG AGRO-POLITICIAN SCHOOL](#)
42. [!\[\]\(5b3724d683676b107c96faeeddec66f2\_img.jpg\) On May 21, a panel discussion related to the prospects of denationalization and development of state-owned enterprises in the agrarian sector was held](#)

43. [!\[\]\(0ed60a96863af14ca05bb983a984c572\_img.jpg\) Crimean beekeepers hid from the "Russian world" in Western Ukraine, thanks to US assistance](#)
44. [!\[\]\(f2b8a206af43d0636a91f2832f470b57\_img.jpg\) The Alltech Company attended the 4th International Congress, "Profitable Pig Breeding"](#)
45. [!\[\]\(8e3bb435dbd600461a8b687db5d385dd\_img.jpg\) Seminar on Rabbit Breeding](#)
46. [!\[\]\(db7fdfc4817e35892ab828b5b7ae22e7\_img.jpg\) RABBIT BREEDING WORKSHOP](#)
47. [!\[\]\(4d9feab142a96b3547c1cdb700470e5f\_img.jpg\) Does Ukraine dare to abolish the Land Moratorium?](#)
48. [!\[\]\(d4c880bb35ffd8afd5aac5f22ab0d8f8\_img.jpg\) Pavlo Kulynych "I am a supporter of gradual lifting of the moratorium"](#)
49. [!\[\]\(8c1b88049dec15c68b1e78cb529eda74\_img.jpg\) When the moratorium on sales of agricultural land is lifted, the poor will become even poorer](#)
50. [!\[\]\(b3ab28fbbd3a6972b1ab22481a9515d5\_img.jpg\) Credit unions have become the main creditors for small and medium agricultural producers](#)
51. [!\[\]\(c0000faa1c63e1c5c46f4d55ccabb6bf\_img.jpg\) ON MAY 5-6, 2015, THE CENTER HELD A TRAINING SEMINAR, AS PART OF THE USAID AGROINVEST PROJECT, ON "STUDY OF FORMAL AND INFORMAL MEN AND WOMEN LEADERS OF RURAL COMMUNITIES ON GENDER INTEGRATION IN THE MOBILIZATION OF RURAL COMMUNITIES"](#)
52. [!\[\]\(4c261b93263ab0eb3c05f7ab94be0019\_img.jpg\) Profitable Pig Breeding, an International Congress \(June 2, 2015\)](#)
53. [!\[\]\(d3cf7118ab35d9e7fae2815e3a4e6112\_img.jpg\) Native Village](#)
54. [!\[\]\(0cc0b9a44ac12b62862c6de411ba1627\_img.jpg\) Land is not honey, you cannot eat too much of it ...](#)
55. [!\[\]\(3f92d27eef89b04bfcb0d702d8e21753\_img.jpg\) Kolos Radio Program №8, 28.04.2015](#)
56. [!\[\]\(23b41f83f269501e5abdc25690ecd833\_img.jpg\) Land lease: the legislation has been updated, but the problems remain the same](#)
57. [!\[\]\(c0710ee08130d1d866ca96d110cb238b\_img.jpg\) Credit unions have become the main creditors of small and medium farmers](#)
58. [!\[\]\(c2b276151d155c0aa6c8db883ddad66a\_img.jpg\) The experience of Lviv city in supporting the agricultural sector may be extended to other regions](#)
59. [!\[\]\(8c808c78a48e236359ebccdd4b8f51c7\_img.jpg\) Prospects for integration of the Ukrainian agricultural sector into international markets](#)
60. [!\[\]\(6d6a5bb01d05adaf66a1e33e29c9347f\_img.jpg\) The USAID AgroInvest project in action](#)
61. [!\[\]\(9f597a1eb9dc22c0d8b9434f2ebb22c4\_img.jpg\) Training course on launching a family rabbit farm: from place selection to the first slaughter and sales of meat](#)
62. [!\[\]\(073922d8a23500e7e8a004e16d81739c\_img.jpg\) Kolos Radio Program №7, 21.04.2015](#)

63.  Banks "rest" and credit unions have become the major creditors of small and medium agricultural producers...
64.  News on Hamma TV
65.  Kolos Radio Program №6, 14.04.2015
66.  Members of the Public Council participated in a discussion of the law on the simplification of the business environment (deregulation)
67.  Agri Invest Forum
68.  Credit unions support farmers
69.  Will family farms become a reality in rural areas?



# USAID | AgroInvest Project

FROM THE AMERICAN PEOPLE

## Environmental Mitigation and Monitoring Report

### April 1 – June 30, 2015

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

July 2015

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## **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 the Project's local partners, and the project also aims to establish linkages between USAID Environmental Procedures and Policy and Ukrainian Environmental Policy during the implementation and operation of all sub-projects to ensure the sustainability of Ukrainian agriculture after the end of USAID funding.

### **USAID Environmental Procedures and Policy**

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

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) Checklist when applicable so as to clearly identify any potential impacts due to the sub-project implementation. Based on the outcome of the ER checklists, Environmental Mitigation and Monitoring Plans

(EMMPs) for preventing or minimizing the occurrence of adverse impacts are prepared. The EMMPs are then incorporated into the sub-project design and implementation to satisfy the requirements of USAID regulation 22 CFR 216, and to ensure that the sub-project design is environmentally sound.

### **AgroInvest Activities**

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

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

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

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

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

## Quarterly Environmental Mitigation and Monitoring Highlights

This quarter, the AgroInvest program submitted the *Environmental Protection and Human Health Manual for USAID Development Credit Authority Loan Portfolio Partner Credit Unions to the USAID MEO and BEO*. The Manual was formally approved on June 2, 2015.

The Manual contains guidance on how to make environmental assessments of loan applications / projects. This Manual was prepared for the following five Development Credit Authority (DCA) Loan Portfolio Guarantee (LPG) partner credit unions upon the request of the United States Agency for International Development (USAID):

- Hromada (Kherson)
- Narodna Dovira (Kherson)
- Vygoda (Lviv)
- Anisia (Lviv)
- Kharkiv Kasa Vzayemodopomohy (Kharkiv)

AgroInvest will conduct training for the credit unions on how to use and apply the Manual for environmental assessments of the proposed microlending applications in order to do the following:

- To exclude environmentally ineligible types of activities from financing;
- To reliably identify microlending applications / projects that require additional permits, licenses and other documents in accordance with the environmental legislation of Ukraine, before they get microlending support;
- To make sure that the activities (described in the application / project) requiring environmental review, permits or licenses in accordance with the environmental legislation of Ukraine meet all the regulatory requirements as proved by the relevant documents submitted before the loan finalization;
- To make sure that the loan beneficiaries are aware of their obligations to comply with the environmental legislation and that they do have necessary capacity and resources to fulfill them.

The subject training will be executed on July 30th and 31st, 2015 in Kyiv. Alan Schroeder, the author of the USAID Ukraine PERSUAP that was developed under AgroInvest, and Olena Artemova, short-term Ukrainian environmental compliance specialist, will conduct the two-day training session. USAID Mission Environmental Officer Larissa Piskunova, will also attend the training. After the formal training, Olena Artemova will provide continued support to the credit unions by reviewing the Environmental Compliance Checklists and relevant Environmental Mitigation and Monitoring Plans and providing recommendations for improvement as necessary.

## 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	10/1/12	The grant with ASC Krymekoproduct was officially terminated on October 17, 2013, as the grantee failed to make progress with the agreed timeframe for renovation of the facility in which the briquette making equipment would be stored.
2	ASC Gospodar Pidgirya	Development of Dairy Industry in the Pidgirya Region	AGRO-GA11-3A-04/1	10/22/12-11/22/14	10/4/12	The ASC Gospodar Pidgirya grant has been closed and the corresponding "Record of Compliance with Activity-Specific Environmental Mitigation and Monitoring Plans" was submitted and accepted by USAID.
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	Due to the Crimea crisis, the grant to Khayal-2009 was closed, with the approval from the Contracting Officer. Given the inability for Project staff to travel to Crimea, Agrolinvest completed the final EMMP and grant close-out site visit to ensure full compliance with all terms of the grant. The corresponding "Record of Compliance with Activity-

						Specific Environmental Mitigation and Monitoring Plans” was submitted and accepted by USAID.
4	ASC Boodjak	Development of a milk processing facility	AGRO-GA11-3A-04/3	01/03/13-12/30/14 Extended through July 31, 2015	12/20/12	ASC Boodjak remains compliant with its EMMP. At the request of the cooperative, the grant was extended allowing the grantee to complete all planned activities. The grantee’s EMMP remains in effect, and AgrolInvest continues 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 July 31, 2015	12/20/12	ASC Zakhidnyi remains compliant with its EMMP.  Of note this quarter: equipment installation was conducted in-line with EMMP requirements and staff was trained on new equipment operation and safety procedures.  Zakhidnyi has developed documents for its HACCP certification, namely the description of process operations and the description of the premises. During the reporting period, AgrolInvest has engaged a consultant to

						assist the cooperative in attaining its HACCP certification in-line with all required environmental compliance issues. This work was completed in the reporting period and all materials submitted to cooperative.
6	ASC Ivankivetskyi Svitanok	Establishment of a milk processing facility	AGRO-GA12-3A-06/04	04/16/13-4/16/15	3/28/13	<p>ASC Ivankivetskyi Svitanok remains compliant with its EMMP.</p> <p>This quarter (April 9) AgrolInvest staff conducted a site visit to ASC Ivankivetskyi Svitanok, during which they verified the status of the equipment (in accordance with the grant requirements and the grantee's EMMP).</p> <p>At present, AgrolInvest is working to finalize and close the grant and submit the "Record of Compliance with Activity-Specific Environmental Mitigation and Monitoring Plans" to USAID.</p>
7	ASC Severyn	Construction of a cool chamber for fruits and berries storage	AGRO-GA12-3A-06/03	04/16/13-4/16/15	3/29/13	<p>ASC Severyn remains compliant with its EMMP.</p> <p>This quarter (April 3) AgrolInvest staff conducted a site visit to Severyn during</p>

						<p>which they verified the status of the equipment (in accordance with the grant requirements and the grantee's EMMP).</p> <p>At present, Agroinvest is working to finalize and close the grant and submit the "Record of Compliance with Activity-Specific Environmental Mitigation and Monitoring Plans" to USAID.</p>
8	ASC Umyut	Phytoindustry development in the Crimea	AGRO-GA12-3A-06	05/21/13-6/20/14	<p>Original EMMP approved 4/29/13</p> <p>Revised EMMP approved 8/30/13</p>	<p>Given the crisis in Crimea, and with the approval from the Contracting Officer, the grant to Umyut was closed. Given the inability for Project staff to travel to Crimea, AgroInvest completed the final EMMP and grant close-out site visit to ensure final compliance with all terms of the grant.</p> <p>The corresponding "Record of Compliance with Activity-Specific Environmental Mitigation and Monitoring Plans" was submitted and accepted by USAID.</p>
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	ASC Losyatynske Molochne Dzherelo remains compliant with its EMMP.

						<p>Losyatynske Molochne Dzherelo also has developed documents for its HACCP certification, namely the description of process operations and the description of the premises. During the reporting period, AgroInvest has engaged a consultant to assist the cooperative in attaining its HACCP and Global GAP certification in-line with all required environmental compliance issues. This work was completed in the reporting period and all materials were submitted to cooperative.</p> <p>This quarter (June 16), AgroInvest staff conducted a site visit to Losyatynske Molochne Dzherelo during which the status of the equipment was verified (in accordance with the grant requirements and the grantee's EMMP).</p>
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>ASC Shyroke remains compliant with its EMMP.</p> <p>ASC Shyroke also has developed documents for its HACCP certification, namely the description of process</p>

						<p>operations and the description of the premises. During the reporting period, AgroInvest has engaged a consultant to assist the cooperative in attaining its HACCP and Global GAP certification in-line with all required environmental compliance issues. This work was completed in the reporting period and all materials were submitted to cooperative.</p> <p>This quarter (May 27) AgroInvest staff conducted a site visit to Shyroke during which they verified the status of the equipment (in accordance with the grant requirements and the grantee's EMMP).</p>
11	ASC Lypivsky	Establishment of Facility for processing potatoes and crops	AGRO-GA12-3A-08/2	08/12/13-8/13/15	8/8/13	ASC Lypivsky remains 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	Due to the crisis in Crimea, and with the approval from the Contracting Officer, the grant to Fruits of Crimea was closed. Given the inability for Project staff to travel to Crimea AgroInvest completed the final EMMP and grant

						close-out site visit to ensure final compliance with all terms of the grant. The corresponding “Record of Compliance with Activity-Specific Environmental Mitigation and Monitoring Plans” was submitted and accepted by USAID.
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 crisis in Crimea, and with the 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. The corresponding “Record of Compliance with Activity-Specific Environmental Mitigation and Monitoring Plans” was submitted to and accepted by USAID.
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	Due to the crisis in Crimea, and with the approval from the Contracting Officer, the grant to Start-M was closed. Given the inability for Project staff to travel to Crimea AgroInvest

						completed the final EMMP and grant close-out site visit to ensure final compliance with all terms of the grant. It is noted the corresponding “Record of Compliance with Activity-Specific Environmental Mitigation and Monitoring Plans” was submitted to and accepted by USAID.
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	ASC Rivnopravnist remains compliant with its EMMP.  This quarter (June 24) AgrolInvest staff conducted a site visit to ASC Rivnopravnist during which they verified the status of the equipment (in accordance with the grant requirements and the grantee’s EMMP).
16	ASC Golden Bee	Establishment of modernized honey processing and packaging facility	AGRO-GA13-3A-12/3	12/10/13-6/20/14	MEO approved streamlined EMMP 12/3/13	Due to the crisis in Crimea, and with the approval from the Contracting Officer, the grant to Golden Bee was closed. Given the inability of Project staff to travel to Crimea AgrolInvest completed the final EMMP and grant close-out site visit to ensure final compliance with all terms of the grant. It is noted the

						corresponding “Record of Compliance with Activity-Specific Environmental Mitigation and Monitoring Plans” was submitted to and accepted by USAID.
17	ASC Small Golden Bee	Establishment of modernized honey processing and packaging facility	AGRO-GA13-3A-12/7	06/26/14 – 06/26/15	6/25/14	<p>ASC Small Golden Bee remains compliant with its EMMP.</p> <p>This quarter (June 23) Agroinvest staff conducted a site visit to ASC Small Golden Bee during which they verified the status of the equipment (in accordance with the grant requirements and the grantee’s EMMP.</p> <p>At present, Agroinvest is working to finalize and close the grant and submit the “Record of Compliance with Activity-Specific Environmental Mitigation and Monitoring Plans” to USAID.</p>
18	ASC Snovyanka	Improving the Quality of Compound Feed through Implementation of Extrusion and Granulation	AGRO-GA13-3A-12/4	3/7/14- 9/7/15	MEO approved streamlined EMMP 3/3/14	<p>ASC Snovyanka remains compliant with its EMMP.</p> <p>Of note this quarter: The tender to procure equipment was conducted in-line with EMMP requirements.</p>

		Technologies				
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	ASC Chysta Flora remains 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	ASC Molochni Riky remains compliant with its EMMP.  This reporting period, Molochni Riky developed documents for its HACCP certification, namely the description of process operations and the description of the premises. During the reporting period, AgroInvest has engaged a consultant to assist the cooperative in attaining its HACCP certification in-line with all required environmental compliance issues. This work was completed in the reporting period and all materials submitted to cooperative.
21	ASC Beechnut	Phytoindustry development	Agro-GA14-3A-20/1	7/10/2-15-10/26/2015	6/23/15	This quarter the MEO and BEO approved the cooperative's EMMP. Grant activities will commence in July 2015.
22	ASC Kurgan	Grape juice	Awaiting	Awaiting		EMMP was submitted to MEO

		processing	approval of EMMP to commence with implementation	approval of EMMP to commence with implementation		for review this quarter. AgrolInvest is awaiting final approval/clearance from the EMMP by the MEO and BEO to commence with the grant.
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# USAID | AgroInvest Project

FROM THE AMERICAN PEOPLE

## SUCCESS STORY

# AgroInvest Helps Establish Family Rabbit Farms throughout Ukraine

**More than 500 farmers from six regions of Ukraine have been equipped with a ready-made solution to establish profitable rabbit businesses and obtain the access to funding that is needed to establish the farm.**



Photo: RUSLANA PIURA

“Rabbit business is quite common in our region,” noted Maria Syuma, CEO of Vygoda Credit Union (Lviv region). “But farmers tended to grow rabbits for their own consumption. Through seminars and innovative technologies that have been presented to them, farmers understand that they can make money on this business and it will be very profitable for them and good for others because rabbit meat is dietary and good for health. Credit union members began to apply for loans immediately after the seminar. We have funded the establishment of 10 rabbit farms already. As a follow-up of this work, we have implemented a credit product *Establishment and Development of Family Rabbit Farm*. We organize meetings with farmers and distribute this knowledge further, using training materials. I am sure that this work will have a lasting positive effect on small and medium farmers in our region.”

U.S. Agency for International Development  
[www.usaid.gov](http://www.usaid.gov)

In Ukraine, about 30 percent of the population is living in rural areas and many villagers are looking for opportunities for small-scale operations with a short payback period. One possibility to address this need is establishing a family rabbit farm.

USAID AgroInvest offers an all-inclusive solution, helping micro-farmers not only obtain needed knowledge and skills to establish a family rabbit farm, but also secure funding for this business from partner credit unions.

AgroInvest organized a large-scale training campaign through partnership with a local consultancy. The all-day trainings were very practical and provided ready-made solutions on every aspect of the rabbit business. The seminars helped farmers understand the entire range of conditions and components of efficient rabbit production, including site selection, hutch types, breeding, veterinary care, slaughter, and marketing.

Moreover, each seminar was organized in partnership with a local credit union and was targeted at members of this credit union. In addition to farmers, loan officers of the credit unions also participated in the seminars in order to better understand the future business of their clients.

The seminars were supported by a focused media campaign. Moreover, training materials are available on AgroInvest’s website and websites of partner credit unions. In order to train even more micro-farmers, CDs with the training video will be available in every interested credit union across Ukraine.

Overall, 10 partner credit unions took part in the program that was attended by 502 small farmers from Lviv, Kharkiv, Chernigiv, Cherkassy, Rivne, and Kherson regions.

Following the seminars, farmers applied for credit and as of June 30, 2015, loans totaling UAH 269,600 were disbursed to establish 23 family rabbit farms.

**Annex 5**

PERFORMANCE INDICATOR	Year 1	Year 2	Year 3	Year 4	Actual this Quarter	Year 5	Annual Target	Cumulative Project		Notes and Explanations
	Annual Actual/Annual Target	Annual Actual/Annual Target	Annual Actual/Annual Target	Annual Actual/Annual Target		Actual Annual		Actual result	LOP Target	
<b>Project objective 1.1: Market-oriented policy reforms accelerated</b>										
Indicator										
<b>1.1.1- Number of policies/regulations/administrative procedures analyzed as a result of USG assistance</b>	4/5	14/10	13/10	31/10	3	9	6	71	41	<p>1. The AgroInvest Project analyzed the Law of Ukraine, “On Voluntary Consolidation of Territorial Communities” (Law No. 157-VIII, dated February 5, 2015).</p> <p>2. The AgroInvest Project analyzed the Resolution of the Cabinet of Ministers, “On Approval of Methodology for Creation of Capable Territorial Communities” (No. 214 of April 8, 2015).</p> <p>3. The Agrarian Union of Ukraine prepared analyzed and prepared comments to the draft Comprehensive Strategy for Agriculture and Rural Development in Ukraine for 2015-2020.</p>
<b>1.1.2- Number of policy reforms/regulations/administrative procedures drafted and presented for</b>	1/2	7/5	11/5	26/6	11	22	3	67	21	1. The Ukrainian Land Union drafted and presented for discussion proposals to the draft

PERFORMANCE INDICATOR	Year 1 Annual Actual/ Annual Target	Year 2 Annual Actual/ Annual Target	Year 3 Annual Actual/ Annual Target	Year 4 Annual Actual/ Annual Target	Actual this Quarter	Year 5 Actual Annual	Annual Target	Cumulative Project Actual result	Notes and Explanations
public/stakeholder consultation as a result of USG assistance									<p>law “On Amendments to Certain Laws of Ukraine Regarding the Increased Transparency of Property Relations in Order to Prevent Corruption” (draft law No. 2423, dated March 19, 2015).</p> <p>2. The Ukrainian Land Union prepared and submitted for public discussion proposals to the draft law “On Holding the Parliamentary Hearings Entitled: “Regulation of the Circulation of Agricultural Land: In Search of a Ukrainian Model” (registration No. 2894 of May 19, 2015.</p> <p>3. The Ukrainian Land Union drafted and presented for discussion proposals to the draft law “On Amendments to Certain Legislative Acts of Ukraine (Regarding Unified Legal Destiny of a Land Plot and Immovable Property Located on It” (draft law No. 2027a,</p>

PERFORMANCE INDICATOR	Year 1 Annual Actual/ Annual Target	Year 2 Annual Actual/ Annual Target	Year 3 Annual Actual/ Annual Target	Year 4 Annual Actual/ Annual Target	Actual this Quarter	Year 5 Actual Annual	Annual Target	Cumulative Project Actual result	LOP Target	Notes and Explanations
										<p>dated June 4, 2015).</p> <p>4. The Ukrainian Land Union prepared and submitted for public discussion proposals to the draft law “On Amendments to Certain Legislative Acts of Ukraine Regarding the Regulation of Certain Aspects of the Legal Status of Land of a Family Farm” (draft law No. 2028a, dated June 4, 2015).</p> <p>5. The Analytical and Coordination Platform that was created by AgroInvest to support associations developed and presented for public discussion the draft law “On Self-regulating Organizations in the Agriculture Sector.”</p> <p>6. The Analytical and Coordination Platform that is implemented by OMP developed and presented for public discussion the draft law</p>

PERFORMANCE INDICATOR	Year 1 Annual Actual/ Annual Target	Year 2 Annual Actual/ Annual Target	Year 3 Annual Actual/ Annual Target	Year 4 Annual Actual/ Annual Target	Actual this Quarter	Year 5 Actual Annual	Annual Target	Cumulative Project Actual result	Notes and Explanations
									<p>“On Non-Inherited Lands.”</p> <p>7. The Analytical and Coordination Platform implemented by OMP developed the draft law “On Voluntary Registration of the Land Lease” and presented it for public discussion.</p> <p>8. The Analytical and Coordination Platform implemented by OMP developed the draft law “On Unclaimed Land Shares (Paj)” and presented it for public discussion.</p> <p>9. The Analytical and Coordination Platform implemented by OMP developed the draft law “On Improvement of the Conditions for Use of Arrays of Land” and presented it for public discussion.</p> <p>10. The Analytical and Coordination Platform implemented by OMP</p>

PERFORMANCE INDICATOR	Year 1	Year 2	Year 3	Year 4	Actual this Quarter	Year 5	Annual Target	Cumulative Project		Notes and Explanations
	Annual Actual/Annual Target	Annual Actual/Annual Target	Annual Actual/Annual Target	Annual Actual/Annual Target		Actual Annual		Actual result	LOP Target	
										<p>developed the draft law “On Splitting State Registration of the Land Leases and Taxation” and presented it for public discussion.</p> <p>11. The Analytical and Coordination Platform implemented by OMP developed the draft law “On Improvement of the Taxation for Agri Producers” and presented it for public discussion.</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	2	1	5	9	No policies were rejected/vetoed/removed during this quarter.
1.1.4- Number of policies, regulations and administrative procedures passed	0/0	0/3	6/3	4/3	0	1	1	11	10	No new policies, regulations, or administrative procedures were passed 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	2	6	4	24	32	1. On June 26, 2015, The Ukrainian Club of AgriBusiness joined a working group on the

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	Annual Actual/Annual Target	Annual Actual/Annual Target	Annual Actual/Annual Target	Annual Actual/Annual Target		Actual Annual		Actual result	LOP Target	
										<p>improvement of the policy for development of the dairy sector and creation of the market for milk, MAPF Order No. 247.</p> <p>2. On February 14, 2015, Ukrainian Club of Agribusiness became a member of a working group established by the State Sanitary and Epidemiological Service to develop new state sanitary norms for the content of pesticides in agriculture and food products.</p>
<b>Project objective 1.2: Industry associations strengthened</b>										
Indicator										
<b>1.2.1- Number of regional-level working groups engaged by partner industry associations</b>	NA	NA	0/5	0/5	16	18	3	18	20	<p>NGO "Association of Traditional Products and National Cuisines of Ukraine" joined a regional working group on designing the strategic plan for Vinnytsya Oblast development (the working group was created in February 2015 and reported during this quarter).</p>

PERFORMANCE INDICATOR	Year 1	Year 2	Year 3	Year 4	Actual this Quarter	Year 5	Annual Target	Cumulative Project		Notes and Explanations
	Annual Actual/Annual Target	Annual Actual/Annual Target	Annual Actual/Annual Target	Annual Actual/Annual Target		Actual Annual		Actual result	LOP Target	
										<p>On February 10, 2015, Ternopil Oblast NGO "Union of Landowners" became a member of the Pubic Council under the Ternopil Oblast Administration (reported during this quarter).</p> <p>In April-July 2014, 13 rayon administrations of Dnipropetrovsk Oblast and 1 rayon administration of Poltava oblast created working groups on land issues with the assistance of AgrolInvest grantee – the Civic Platform on Implementation of Land Reform in Dnipropetrovsk oblast. The actual report on the activities was received this quarter.</p>
1.2.2- Number of institutions/organization undertaking capacity/competency strengthening as a result of USG assistance	2/0	6/8	4/8	12/4	0	8	0	32	20	No new organizations were engaged for capacity/competency strengthening during this period.
1.2.3- Aggregated increase	0/0	0/3	3.8%/6%	15.4%/8%	NA at this	NA at this	9%	15.4%	26%	This indicator will be

PERFORMANCE INDICATOR	Year 1	Year 2	Year 3	Year 4	Actual this Quarter	Year 5	Annual Target	Cumulative Project		Notes and Explanations	
	Annual Actual/ Annual Target		Actual Annual		Actual result	LOP Target					
in self-financing for target industry associations					time	time				Indicator calculated on annual basis as average of quarterly figures. Will be updated at the end of Yr5	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	126	189	10	420	35	One hundred and twenty private farms joined the Association of Private Farmers and Landowners of Ukraine; three new members joined the "Association of Traditional Products and National Cuisines of Ukraine" and three new members joined the Interregional Union of Poultry Breeders and Forage Producers.	
<b>Project objective 1.3:Public education for land rights provided</b>											
Indicator											
1.3.1- Number of media appearances on land issues	0/0	0/0	814/100	411/100	30	163	100	1,388	500	30 publications were generated and released as a result of meetings of the National Land & Agrarian Press Club.	
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%	Through discussions with USAID, it was decided not to execute the follow-up land rights	

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	Annual Actual/ Annual Target		Actual Annual		Actual result	LOP Target				
										awareness survey required to measure this indicator, but rather to execute a national survey (which was requested by the Ministry of Agrarian Policy and Food) on the view of an open land market in Ukraine.
<b>1.3.2a- Share of female rural citizens in target communities</b>	NA	NA/50%	50%/50%	50%/50%	NA at this time	NA at this time	50%	50%	50%	In the reporting period, the survey was not conducted.
<b>1.3.3- Number of land deeds issued in target communities</b>	0/0	340/2,000	10,207/6,000	32,800/3,000	NA at this time	3,328	1,500	46,675	12,500	The next and final round of activities of the local legal service providers will start in the upcoming quarter and the results on issued land deeds in target communities will be updated/reported accordingly in subsequent quarterly reports.
<b>1.3.4- Number of land conflicts resolved as a result of project assistance</b>	0/0	24/150	229/350	386/300	NA at this time	89	200	728	1,000	The next and final round of activities of the local legal service providers will start in the upcoming quarter, and results on resolved conflicts will be updated/reported

PERFORMANCE INDICATOR	Year 1 Annual Actual/ Annual Target	Year 2 Annual Actual/ Annual Target	Year 3 Annual Actual/ Annual Target	Year 4 Annual Actual/ Annual Target	Actual this Quarter	Year 5 Actual Annual	Annual Target	Cumulative Project Actual result	LOP Target	Notes and Explanations
										accordingly in subsequent quarterly reports.
<b>1.3.5- Percentage of legal aid service cost covered by non-project sources</b>	0%/0%	0%/5%	17.37%/40%	17.42%/75%	NA at this time	45.08%	100%	17.42%	100%	Indicator calculated on annual basis as average of quarterly figures. Will be updated at the end of Yr5  Due to local partners not operating this quarter, there are no updates to report this quarter. Results are expected to increase in the upcoming quarters because legal service providers will start their final round of activities in July 2015.
<b>Project objective 2.1: Sustainable access to financial services for SMPs provided</b>										
Indicator										
<b>2.1.1- Value of agriculture finance facilitated</b>	0/0	\$13.4M/\$4M	\$33.4M/\$7M	\$19.2M/\$15M	\$1.7M	\$8.9M	\$34M	\$74.6M	\$60M	The economic and financial environment have led to a freeze in agricultural lending in banks. As a result, partner bank Metabank focuses on servicing existing loans versus issuing new ones. Partner credit unions report lending values close to the figures of previous quarter but are focusing attention on collection issues.
<b>2.1.2- Number of credit transactions facilitated</b>	NA	7,052/1,000	8,027/2,000	7,026/3,000	1,512	4,413	4,000	26,518	10,000	The number of transactions rendered by partner credit unions is

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	Annual Actual/Annual Target	Annual Actual/Annual Target	Annual Actual/Annual Target	Annual Actual/Annual Target		Actual Annual		Actual result	LOP Target	
										close to the figures of the previous quarter. This demonstrates that the partners prefer not to extend their customer base significantly, and are instead focusing on serving their existing (trusted) customer base.
<b>2.1.3- New loan portfolio at risk at 90 days</b>	0%/0%	10%/10%	4%/10%	4.5%/10%	5.9%	5.9%	10%	5.9%	10%	All partners report a slight increase of the NPL ratio (by 14% on average comparing to previous quarter) due to a worsened economic environment, which influences numerous requests from customers to prolong lending terms.
<b>2.1.4- Number of innovative financial products developed and introduced into the market as result of project assistance</b>	0/0	3/3	2/2	3/1	0	0	0	8	6	No new innovative financial products were developed in the reporting quarter, and attention was paid to implementation and improving performance of loan products developed in Y2-Y4
<b>Project objective 3.1: Producer organizations developed/strengthened</b>										
Indicator										
<b>3.1.1- Number of producer organizations identified,</b>	0/5	9/8	10/7	0/0	0	0	0	18	20	No new PO grants were signed this quarter

PERFORMANCE INDICATOR	Year 1 Annual Actual/ Annual Target	Year 2 Annual Actual/ Annual Target	Year 3 Annual Actual/ Annual Target	Year 4 Annual Actual/ Annual Target	Actual this Quarter	Year 5 Actual Annual	Annual Target	Cumulative Project Actual result	LOP Target	Notes and Explanations
assessed and selected for assistance										though pending final environmental clearance, two are anticipated to be signed and commence in July 2015.
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	\$55,678	\$88,009	\$650,000	\$1,361,710	\$2,225,000	\$55,678 was invested in producer organizations through cost-shares included in AgroInvest grants during the 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 survey for evaluation of the indicator was partially conducted in the previous quarter; overall results will be summarized after the survey will be completed in all ASCs.
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 survey for evaluation of the indicator was partially conducted this quarter. Overall results will be summarized after the survey will be completed in all ASCs.
3.1.4- Number of producer organizations, water users	51/5	48/40	98/35	63/40	0	21	40	281	160	During the reporting period, no new

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	Annual Actual/ Annual Target		Actual Annual		Actual result	LOP Target				
associations, trade and business associations and community-based organizations receiving USG assistance										organizations participated in trainings conducted by the project.
<b>3.1.5- Number of participants in USG supported trade and investment capacity building trainings</b>	137/125	392/400	365/350	572/150	35	487	150	1,953	1,175	35 people have been trained in investment development this quarter.
<b>3.1.5a- Share of female training participants</b>	23%/55%	55%/50%	48%/50%	41%/50%	51%	24%	50%	44%	50%	The average share of females participating in trainings is 51%, according to the Lists of Participants.  Indicator calculated on annual basis as average of quarterly figures. Will be updated at the end of Yr5.
<b>Project objective 3.2: more effective market infrastructure for SMPs developed</b>										
Indicator										
<b>3.2.1- Number of wholesale markets formed (through at least Stage 4)</b>	0/0	0/0	1/1	0/0	0	0	0	1	2	Continuous deterioration of investment climate in Ukraine resulted in the suspension of identification of the second wholesale market for assistance.

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	Annual Actual/ Annual Target		Actual Annual		Actual result	LOP Target				
<b>3.2.2- Number of local/regional markets of market infrastructure (e.g. storage/cold storage, packing/processing/sorting facilities) formed with project assistance</b>	0/0	3/4	6/6	3/4	0	3	0	15	14	No new markets were assisted in the reporting period.
<b>3.2.3- Number of trading/market places established</b>	0/0	300/500	201/1,000	0/2,000	0	0	1,500	501	5,000	No new trading/market places were established this quarter. It is expected that the upcoming opening of the new markets will result into new trading places to be reported in subsequent quarters.
<b>3.2.4- Number of micro enterprises linked to larger firms as a result of USG assistance to the value chain</b>	0/0	119/100	216/200	428/400	30	331	300	1,094	1,000	During the reporting period, 30 micro-enterprises have been linked to larger firms as a result of Project assistance.
<b>3.2.4a- Share of female-owned micro enterprise</b>	0%/0%	17%/16%	46%/16%	44%/17%	52%	68%	18%	44% Indicator calculated on annual basis as average of quarterly figures. Will be updated at the end of Yr5.	18%	The share of female-owned micro-enterprises linked to larger companies accounted for 52% of the total.

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<b>3.2.5- Value of investment facilitated in market infrastructure</b>	\$0/\$0	\$2,170,673/\$400,000	\$3,67M/\$10.6M	\$1,055,500/\$10.25M	\$19,047	\$19,047	\$0	\$6,915,220	\$21.25M	\$19,047 was attracted into market infrastructure development this quarter. Taking into account the general economic vulnerability, long-term investments are not expected to demonstrate significant growth.
<b>Cross-Cutting Indicator</b>										
<b>Proportion of females who report increased self-efficacy at the conclusion of USG supported training/programming</b>	NA	NA	31%/20%	56%/60%	83%	83%	60%	56%	60%	The first series of training sessions demonstrated that 83% of female training participants reported an increase of self-efficacy as a result of participation in the training program.