



USAID | AgroInvest Project
FROM THE AMERICAN PEOPLE

QUARTERLY REPORT JANUARY 1 – MARCH 31, 2013

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AGROINVEST

**QUARTERLY REPORT
JANUARY 1 – MARCH 31, 2013**

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The author's views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

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ACRONYMS

AJLEP	USAID Access to Justice and Legal Empowerment Project
COP	Chief of Party
EBRD	European Bank for Reconstruction and Development
EC	European Commission
ENPARD	European Neighborhood Program for Agriculture and Rural Development
EU	European Union
FAO	Food and Agriculture Organization of the United Nations
FINREP-II	USAID Financial Development Program
GOU	Government of Ukraine
IFC	International Finance Corporation
LGAF	Land Governance Assessment Framework
LOE	Level of Effort
MAPF	Ministry of Agrarian Policy and Food
NGO	Non-governmental Organization
OECD	Organization for Economic Co-operation and Development
OFM	Owner Finance Mechanism
PDP	USAID Parliamentary Development Project in Ukraine
PO	Producer Organization
RFA	Request for Applications
RFP	Request for Proposals
SLA	State Land Agency
SMP	Small and Medium Producer
SRS	State Registration Service
SOW	Scope of Work
TAIEX	Technical Assistance and Information Exchange Instrument
UNITER	Ukraine National Initiatives to Enhance Reforms Project

INTRODUCTION

Project Overview

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

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

- Component 1: Support a Stable, Market-Oriented 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

AgroInvest is a five-year project, extending to 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

In January-March 2013, the AgroInvest project team continued technical implementation activities in the project focus areas. Key activities and accomplishments during this period included the following:

- Selected five agricultural industry associations through a competitive process for grant awards to build their capacity in advocacy and agricultural policy analysis.
- Scaled up the Legal Land Rights Services Program to help citizens understand and protect their land rights. The program is operational at the national level (through the Land Rights Resource Center and Web-portal project) and in eight oblasts of Ukraine (through grant agreements with four providers of secondary legal land rights services).
- Presented the Market Survey on the current status of agrilending to SMPs to the Ukrainian financing community and SMP-agribusinesses.

- Conducted the final training sessions on enhancing technologies of lending to SMPs via credit unions (including the launch of the system of trainings for trainers development, and actual trainings conducted by the trainers).
- Developed two new innovative credit products for credit unions (bee keeping and mini-dryer for drying fruits and herbs financing).
- Scaled up the Land Rights Public Education and Outreach Campaign.
- Completed the analytical phase of the Baseline Survey on Land Rights Awareness, Small- and Medium-scale Agricultural Producers Access to Finance, and Agricultural Market Infrastructure. The analytical report will be ready in April 2013 followed by a wide discussion of the findings through a series of roundtables.
- Conducted the final training event for credit union trainers. In total, 14 trainers were trained to train their colleagues from other CUs and agri-producers on agrilending and access to finance (risk assessment, sales and marketing of the credit offer, agroinsurance use etc.) on the basis of didactic materials developed by AgroInvest. As a result, these trainers conducted 18 seminars for credit union officers and agriculture producers, which included approximately 300 trainees.
- Law of Ukraine on Amendments to the Law of Ukraine on Agricultural Cooperation #11221 developed with the support of the AgroInvest Project was approved in whole by the Verkhovna Rada of Ukraine on November 20, 2012 and endorsed by the President of Ukraine, and officially promulgated on January 19, 2013 (Law of Ukraine #5495-VI dated November 20, 2012).
- Conducted the third round of the post-harvest handling and logistics grant program, which resulted in four producer organizations' selection

SECTION I: ACCOMPLISHMENTS AND PROGRESS TO DATE

Technical Implementation

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

Task A: Accelerate Market-Oriented Reforms

Analysis of legislation on agricultural land market

During the reporting period AgroInvest continued focusing its activities on monitoring, reviewing and analyzing legislation on land-related issues. This, in particular, included:

- Analysis of the draft Law of Ukraine “On Amendments to Certain Legislative Acts of Ukraine (regarding simplification of the procedure for allocation of land plots)” which was registered in the Verkhovna Rada (Parliament of Ukraine) on January 8, 2013 and review of the draft Law of Ukraine “On Amendments to the Land Code of Ukraine and other Legislative Acts in the Sphere of Land Relations

(regarding simplification of the procedure for allocation of land plots)” which was registered on January 22, 2013. The analyses concluded that both proposed draft laws would not simplify but rather significantly complicate the procedure for allocation of land plots. These conclusions were presented at a meeting of the Scientific and Expert Council under the Committee of Verkhovna Rada for Agricultural Policy and Land Relations.

- Analysis and recommendations to the Ministry of Agricultural Policy and Food’s (MAPF) Order No. 258 “On Approval of Provisions for Territorial Units of the State Land Agency of Ukraine” dated January 25, 2013. These recommendations were submitted to the Chairman of the Parliamentary Committee for Agricultural Policy and Land Relations on March 4, 2013.
- At the request of the Ministry of Justice (MOJ) of Ukraine, comments and recommendations for improvement of the procedure for state registration of a land plot and property rights to a land plot in cases when the State Deed has been issued but the cadastre number is not available. These recommendations were sent to the Ministry of Justice on March 22, 2013.

Experts of the Resource Center, which was established by the Land Union of Ukraine under a grant provided by AgroInvest, also analyzed other legal and legislative documents addressing land issues and developed proposals with solutions to issues identified during the analysis. This, in particular, included:

- Comments to the draft Law of Ukraine “On Land Lease (regarding the value of annual lease payments for agricultural land plots or land shares)”;
- Comments to the draft Law of Ukraine “On Amendments to Certain Legislative Acts of Ukraine on Improvement of the Development of Land Use Plans which Ensure Ecological and Economic Justification of Crop Rotations and Improve the Land”;
- Analysis and recommendations to amend Temporary Standards of technical documentation for land survey and management regarding establishment of land plot boundaries and allocation of land plots on site;
- Comments to the draft Law of Ukraine “On Amendments to Article 288 of the Tax Code of Ukraine (regarding payments for using land plots)”;
- Comments to draft Law of Ukraine “On Amendments to Certain Legislative Acts of Ukraine (on determining the irrigated land and land lease payments)”;
- Explanation of the Law of Ukraine No. 5245-IV “On Amendments to Certain Legislative Acts of Ukraine regarding Delineation of State and Communally-Owner Land” and an explanation of the draft Law of Ukraine “On Horticultural Activity of Citizens”.

In January-March 2013 the Verkhovna Rada of Ukraine demonstrated minimal activity to approve the new legislation due to a political deadlock between the majority and the

opposition. With few exceptions, draft laws registered in the Verkhovna Rada during this period have not moved through the review process. Two hearings of the Verkhovna Rada's Committee for Agricultural Policy and Land Relations scheduled for February and March 2013 have been postponed.

The State Land Agency of Ukraine (SLA) began developing a draft Law on the Turnover of Agricultural Land, which would replace the draft Law On Land Market as a legislative document to establish main principles of agricultural land market and remove the existing moratorium on sale and purchase of agricultural land. At the end of March 2013, the SLA announced the main conceptual provisions of the upcoming Draft Law on Turnover of Agricultural Land. The text of the proposed law, however, has not been published. AgroInvest conducted an analysis of the proposed conceptual provisions and requested a meeting with the management of the SLA to discuss them, which is expected to take place in April 2013.

Presentations and Manuals on Agricultural Land Issues

During the reporting period AgroInvest Project made presentations on land issues at the following events:

Date	Event name	Participants	Presentations by AgroInvest
January 24, 2013	Interregional scientific and practical conference entitled "Land Market: Organizational and Legal Framework and Forecast of Socio-Economic Consequences" organized by the All-Ukrainian Association of Village Councils and the International Renaissance Foundation.	Heads of village councils from Kyiv, Cherkasy, and Zhytomyr oblasts. Representatives of the MAPF, State Agency for Land Resources of Ukraine, Foundation for Support of Local Government under the President of Ukraine, Kyiv Regional State Administration, NGOs, academics, and managers of agricultural enterprises.	New Realities of Land Market: Forming Land Plots and Registering the Rights to them after January 1, 2013
February 21, 2013	4 th International Conference on Commercial Horticulture	NGOs, academics, and managers of agricultural enterprises.	Prospects for Development of Land Legislation of Ukraine in 2013: State Land Cadastre, Registration of Rights, Lease and Valuation of Land
February 22, 2013	Franco-Ukrainian seminar entitled "Agricultural Land Policy: Objectives and Tools" organized by the State Land Agency	State Land Agency, surveyors, NGOs, academics, and managers of agricultural enterprises.	Current Issues of Improving the Rights of Small Landowners in Current Conditions
March 15,	Round table to discuss the	leading experts in land	On the Need to

2013	most pressing problems of regulating land relations in Ukraine organized by the Association "Land Union of Ukraine" and NGO "Union of Surveyors of Ukraine"	relations, academics, government agencies and organizations, local governments, and business leaders	Ensure Independent Analysis of Land-Related Legislation
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During the reporting period AgroInvest Project also prepared a “Manual on Forming Land Plots and Registering Rights to Them”. This manual reflects all changes in legislation which became effective as of January 1, 2013. It will be prepared for publication and printed for dissemination in April 2013. It is currently available in digital format on the Project’s website:

http://www.agroinvest.org.ua/files/Resources/Posibnyk_Kulynych_19_04_2013.pdf.

Land Market Implementation Proposals

AgroInvest continued exploring and developing proposals related to the land market.

Owners Association Concept. Based on series of focus groups held during the previous reporting periods, the Project finalized conclusions and recommendations on the Owners Association concept. The findings were used to prepare the Owners Association Concept, developed in March 2013 with support from USAID personal services contractor, Richard Beilock.

Further verification and improvement of the Owners Association Concept, as well as development of other implementation documents, will be based on the following two activities that were launched during the reporting period.

- (1) The Project prepared and placed a request for proposal to undertake the first stage of legal analysis regarding the creation of Owners Associations in Ukraine. This first stage will be devoted to legal feasibility of Owners Associations only. It is expected that the Project will contract a legal firm to do legal analysis which will be completed by mid-May 2013.
- (2) AgroInvest continued working with the Institute of Economics and Forecasting of the National Academy of Sciences towards involving the organization efforts to improve the Concept, conducting additional field research and promoting the Concept among GOU bodies and other institutions. The Project and the Institute have agreed on a list of joint activities envisioned in future contractual relationships to be formalized in early April 2013.

Land lease agreements. Given the significant importance of existing issues with land lease relationships between lessees and millions of small landowners, the Project has initiated an agricultural land lease study, which will analyze more than 2,000 actual land leases to identify the main risks for land share owners and common illegal provisions that lead to imbalances in land lease relationships. Based on results of the field work, the Project will then elaborate recommendations to improve lease contract relationships.

AgroInvest has selected oblasts and raions to collect actual lease agreements in order to make the sample representative. The Association of Village Mayors, an AgroInvest partner, began collecting the lease agreements in March 2013.

Land Governance Assessment Framework (LGAF)

Together with USAID, AgroInvest participated in the video conferenced World Bank LGAF Ukraine meeting in March 2013. Participants discussed World Bank experts' comments and recommendations to LGAF Ukraine Final report, which was circulated among the participants prior to the meeting. The experts found the document to be a "careful and detailed assessment of the land governance status in Ukraine" first over the last 10 years.

Based on USAID and AgroInvest consultations after the meeting it was determined that the 2012 LGAF Final Report is a snapshot and the document itself should not be updated. Instead separate preamble to the report will be prepared to reflect key LGAF priority recommendations for the near future given LGAF experts' findings and recommendations and recent developments in legislation. The Ukraine LGAF study and recent subject legislative and institutional developments will be discussed at the World Bank annual land and poverty forum in April, 2013. It is expected that the report will be finalized and presented at a seminar in Kyiv on May 13, 2013.

Producer Organization Development Policy Initiatives

Further progress was made to improve the legal framework for developing producer organizations. The Draft Law "On Amending the Law of Ukraine "On Agriculture Cooperation"" approved by the Verkhovna Rada of Ukraine on November 20, 2013 (№ 11221) was approved by the President, published and made effective on January 19, 2013 (Law No. 5495-VI of November 20, 2013). This law was developed with AgroInvest support in 2012 to improve the legal and tax status of agricultural cooperatives and their members. Passage of this law allowed the following: (i) establishment of a non-profit status for cooperatives; and (ii) removal of the existing double-taxation of agricultural service cooperatives and members who sell their produce through the cooperative. This creates conditions for more transparent storage and marketing of agricultural produce and improves pricing in the food market chain. For full text of the law in English, please see Annex 1.

The issue that remains to be addressed by the legal framework for developing producer organizations is the value-added tax (VAT). Existing VAT legislation does not create favorable conditions for agricultural service cooperatives and their members when they sell agricultural commodities through formal marketing channels. In January 2013 AgroInvest made a proposal on amendments to the Tax Code of Ukraine as it related to the setting of VAT on agricultural produce cultivated/produced by individual farmers and sold via official distribution channels including with assistance of agricultural service cooperatives. Further work on this will require economic analysis of amendments to the tax legislation which is expected in April-July 2013. For additional information on this issue, please see page 26.

The Project has also made progress on developing model charters for producer organizations and methodological recommendations for accounting in agricultural service cooperatives. Additional information on the model charters and methodological recommendations for accounting can be found under Component 3.

Other Policy Initiatives

In March 2013 AgroInvest received a request from the MAPF to assist with developing the agriculture sector strategy for 2014-2020, which is required by the President's Action Plan for 2013-2014. This strategy will establish a basis for the National Program of Agriculture Sector Development until 2020.

In order to assist the MAPF with preparing the sector strategy, AgroInvest will engage an experienced agricultural policy economist to: (i) review a proposed concept paper that outlines the main issues to be addressed in the future agriculture sector strategy and provides recommendations for its improvement; and (ii) at the request of the MAPF, provide information to the GoU officials and other stakeholders on experiences of other countries in addressing policies related to large-scale and small-scale farming, and what elements of these policies could be applicable in Ukraine's situation. The agricultural policy economist will prepare recommendations and present on experiences of other countries in early April 2013.

On February 19, 2013, AgroInvest presented on wholesale market development at the meeting of the Commission for Market Development of the Public Council of the MAPF. The presentation identified main policy issues with the development of wholesale markets in Ukraine. More details on the recommendations made during the meeting are described under Component 3 below.

In February-March 2013, the Project provided support to the Ukrainian Grain Association in preparing and publishing analytical information on the role of Ukraine in international grain markets and main policies required to increase it. This information was presented at a meeting of the Public Council of the MAPF on March 19, 2013 together with proposals on improving the development of the domestic logistics and transportation system. It will serve as a basis for further policy discussions on the grain market in Ukraine.

Task B: Strengthen Industry Associations

AgroInvest continued implementing capacity building grant programs with seven of its partner industry associations:

1. All-Ukrainian NGO Ukrainian Agrarian Confederation
2. All Ukrainian NGO Ukrainian Grain Association
3. All-Ukrainian NGO Ukrainian Agriculture Service Cooperative Members' Union
4. All-Ukrainian NGO Union of Rural Women of Ukraine
5. Society for Promotion of Rural Green Tourism in Ukraine
6. NGO Organic Federation of Ukraine

7. National Association of Agricultural Advisory Services “Dorada”.

A competition for a new round of grants for industry associations for capacity building and advocacy activities was announced in December 2012. AgroInvest received applications from 19 national and regional agricultural industry associations with proposed concepts for capacity building and advocacy projects and the following five industry associations were selected for grant awards on March 26, 2013:

1. All Ukrainian Association of Village and Suburban Settlement Councils
2. Agrarian Union of Ukraine
3. Association of Wholesale Markets of Agricultural Produce
4. Association of Pig Breeders of Ukraine
5. National Association of Agricultural Advisory Services of Ukraine.

It is expected that these industry associations will undergo the pre-award determination in April 2013. Implementation of these five grants to build capacity of agricultural industry associations in advocacy and agricultural policy analysis is expected to commence in May 2013.

Task C: Provide Public Education for Land Rights

The Project continued the Legal Land Rights Services Program to help citizens understand and protect their land rights. AgroInvest also scaled up the Land Rights Public Education and Outreach Campaign and proceeded with the analytical phase of the Baseline Survey on Land Rights Awareness, Small- and Medium-Scale Agricultural Producers Access to Finance, and Agricultural Market Infrastructure.

Legal Land Rights Services Program

The Legal Land Rights Services Program continued and advanced. Four grantees, namely the Institute of Transitional Societies, The First Agrarian Cluster, the Kherson Regional Organization “Committee of Voters of Ukraine”, Civic Platform on Implementation of Land Reform in Dnipropetrovsk Oblast continued to implement their projects and serve ever increasing numbers of rural landowners.

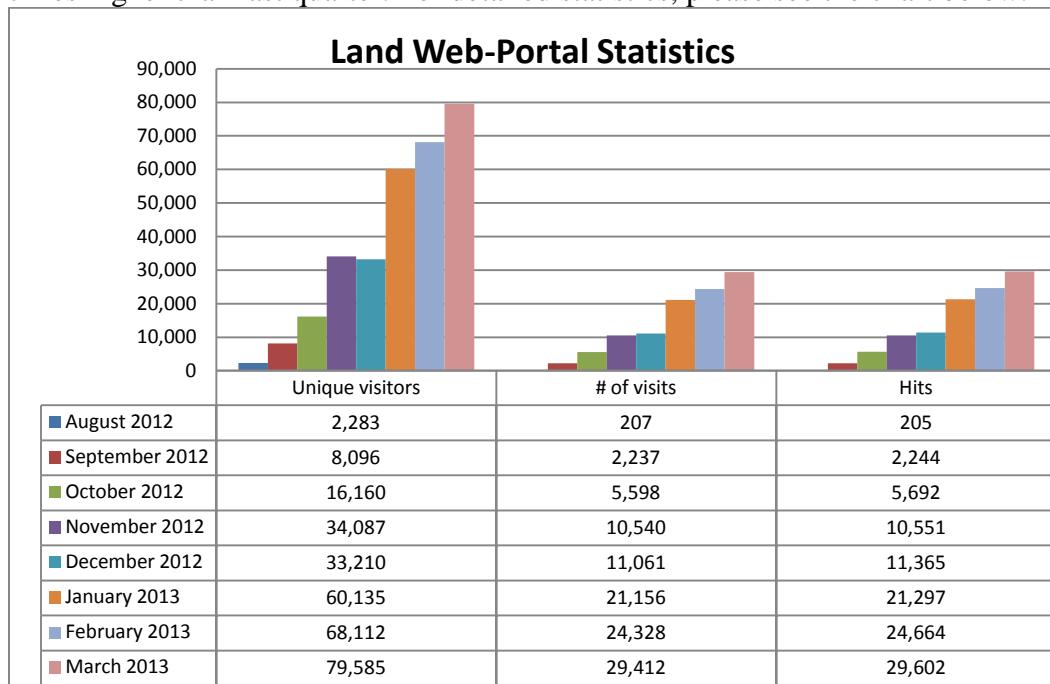
The Legal Land Rights Services Program currently covers eight oblasts with support from the Kyiv-based Land Rights Resource Center. The program providers are able to easily stay connected with each other and the Land Rights Resource Center through the following intranet group: <https://landunion.teamlab.com/>. The group is instrumental for daily communications among the program participants and also serves as a database of materials developed by the Resource Center and other participants, including weekly land legislation updates.

The Land Web-portal (www.zem.ua) continues to evolve, as new sections have been added and the interface has been updated to make access to the new pages easier, namely:

- Public Cadastre Map
- Downloadable legislation database
- Weekly reviews of new legislation
- Frequently Asked Questions
- Roadmaps
- Document templates
- Protection of land rights
- Database of land plots
- Tips on gardening
- Practical recommendations for farmers (establishment of a farm, operation, taxation)
- Useful information and links
- Video about land issues
- Mass media on land issues.

The screenshot shows the homepage of the Land Web-Portal. At the top, there is a navigation bar with links: ГОЛОВНА, ПРО НАС, НОВІНКИ, ПОСЛУГИ, НАВАННЯ, РЕКОМЕНДАЦІЯ, and КОНТАКТИ. Below the navigation bar is a grid of twelve service icons with corresponding text labels: Публічна кадастрова карта, База земельних ділянок, Питання - відповідь, Покрокові схеми, Шаблони документів, Захист прав на землю, База земельного законодавства, Законодавство: огляд, коментарі, Господарство: дім, сад, город, Фермерство: створення, розвинення, сподівання, Корисна інформація та посилання, and Відеоматеріали по земельних ведомствах. Below the grid, there is a section titled 'База земельного законодавства' with a table of contents for laws and regulations. Further down, there is a section titled 'Систематизовано оновлювана база земельного законодавства України' with a table of contents for laws and regulations. The bottom of the page features a footer with various links and logos related to land management and agriculture.

This quarter included more than 75,000 visits to the Land Web-Portal and 200,000 hits. By the end of this quarter, the number of visitors per day exceeded 2,500 which is three times higher than last quarter. For detailed statistics, please see the chart below.



In order to help the target audience access the web-portal and find useful information, AgroInvest produced video and radio spots as part of the information campaign to prompt landowners to access the Land Web-Portal for solutions to their issues. The video also explains that those who do not have Internet can access the Land Web-Portal in a Modern Library (a group of libraries all over Ukraine, where computers with access to Internet were supplied as part of Bill and Melinda Gates/USAID Bibliomist Program).



Also, in this reporting period the Resource Center produced a booklet on terms and conditions of a lease agreement and state registration of land lease agreements, which was disseminated through providers of secondary land rights services in eight oblasts of Ukraine. The video and radio spots were broadcast on two TV and radio channels and were sent to 24 regional press clubs and members of the National Agrarian & Land Press Club.

Furthermore, during the reporting period, the Resource Center:

- Worked intensively to explain the new procedure for land rights registration that took effect on January 1;
- Established cooperation with the Ministry of Justice of Ukraine and State Registration Service, which envisages providing training to state registrars on land issues in order to help them better understand land legislation;
- Analyzed land laws and initiatives, developed comments and proposals on improvement of land legislation and regulations, participated on the Public Council of the State Land Agency;
- Worked intensively with the State Land Agency and Center of State Land Cadastre to identify problems and find solutions;
- Concluded a cooperation agreement with the Association of Farmers and became the official legal land advisor of the Association; organized three seminars for members of the Association to answer their questions on land and lease relations;
- Conducted an online conference on land issues for AJLEP partners (Jan. 28); took



Head of the Land Rights Resource Center presents at the AJLEP Quarterly Meeting, Zaporizhia, February 21, 2013

part in the Quarterly Meeting of ALEP (Feb 21-22), and published an article in AJLEP's Newsletter about the Land Rights Resource Center and Land Web-Portal thus providing support on land issues for all members of the AJLEP Land Rights Coalition. Also, a visit to the local department of the State Land Cadastre was organized for participants to learn more about the Public Cadastre Map. AJLEP Coalition members will use this knowledge to help their clients protect their land rights;

- Organized, or took part in, 4 expert discussions/round tables on topical land issues;
- Provided 50 consultations to providers of primary and secondary legal land services;
- Conducted 11 training events for providers of primary and secondary legal land services, employees of the State Land Agency, farmers, etc., including one international event on the German Cadastre System;
- Developed and posted on the Land Web-Portal new templates of documents and roadmaps:
 - Roadmap on how to use the Public Cadastre Map;
 - Roadmap on the registration of a land plot;
 - Roadmap on the registration of a land lease agreement;
 - Roadmap on the procedure for state registration of land and property rights to land in cases where land deed has been issued but the cadastral number was not assigned;
 - Template of a claim in case of illegal seizure of a land plot.
 - Template of an application to the State Registration Service on registration of land rights and incumbents.
- Participated in the information campaign (gave 11 interviews, participated in public events, press-conferences, events of the Agrarian & Land Press Club, commented on land issues for press, participated in TV and radio programs, etc.).

Providers of secondary legal land rights services:

- Operated a total of 20 contact points in eight oblasts, including permanent offices and contact points providing services according to established schedules; the contact points work either in village halls or in offices of the state cadastre;
- Conducted a total of 56 events (roundtables, presentations, community meetings, seminars for local authorities) in eight oblasts attended by 1,921 participants;
- Provided 1,683 consultations to vulnerable landowners, helped 2,974 people register their land deeds, and resolved 67 conflicts;

Baseline Survey and Land Rights Public Education and Outreach Campaign

Baseline Survey

AgroInvest's subcontractor completed the analytical phase of the Baseline Survey on Land Rights Awareness. The data was checked and analyzed, and preliminary findings were presented to USAID. It is planning to organize a series of round table discussions to present and discuss the survey's findings.

Land Rights Public Education and Outreach Campaign

The Land Rights Awareness & Education Campaign became fully operational and the subcontractor, Center for Ukraine Reform Education LLC (CURE), organized all planned events and conducted all activities as scheduled.

The campaign includes the media campaign, radio programs and talk shows, video and radio spots, as well as the establishment and operation of the Agriculture and Land Press Club. Thematically, the campaign is mainly focused on land issues but since the land is a cross cutting theme for many other issues of focus for AgroInvest, the campaign looks into those other issues as well — through the lens of land.

In this reporting period, six 10-minute radio programs as part of this campaign "My Land, My Right" were aired dedicated to the following topics:

1. [National cadastral system. Public cadastral map](#) (14.01.2013)
2. [Land Moratorium: who is the loser?](#) (28.01.2013)
3. [Cooperation in Agriculture](#) (11.02.2013)
4. [Why land consolidation is needed?](#) (25.02.2013)
5. [Lending for small and medium farmers](#) (11.03.2013)
6. [Farmer movement in Ukraine](#) (25.03.2013)

In addition to the 10-minute radio programs aired bi-monthly, a 40-minute radio talk show is aired on a quarterly basis. In this reporting period, the talk show was dedicated to the burning topic of "[Land Cadastre and New Procedure for Registration of Land Rights: Results of the First Months of Operation](#)". It was aired on February 27, and the speakers were: Director of the State Land Cadastre, Andrij Tarnopolsky, and Deputy Head of Department for State Registration of Rights to Immovable Property of the State Registration Service of Ukraine, Anatoli Leshchenko.

The National Agrarian & Land Press Club established as part of the Land Rights Public Education and Outreach Campaign conducted five events in the reporting period. In order to support the overall goals of AgroInvest, the subject matter of these events were



not limited to land issues; however, for all of them land was among the main topics as land is indeed of key importance for all activities in the agricultural sector. For more details please refer to Annex 2.

COMPONENT 2: Stimulate Access to Finance

Work with Partner Banks

Supporting marketing strategy development by presenting the Market Survey to financial and agribusiness public

The “Market Survey on the Current Status of Agrilending to SMPs in Ukraine” was executed under a subcontract implemented by LLC TA Consult in close cooperation with AgroInvest. The Market Survey identified specific agrilending technologies applied by SMPs in Ukraine, and specified all input information for professional cash flow planning and monitoring, and providing other practical instruments for developing successful marketing strategies for any financial institution willing to initiate or improve agrilending to SMPs. Special attention was paid to the competition environment in the segment of agrilending to SMPs. The Market Survey results provide a comprehensive road map for developing agrilending to SMPs strategies and practices. For every oblast of Ukraine, the survey lists the agrilending technologies applied by SMPs, the prospects and critical drivers for their further development, current status and type (working capital versus capital expenditures) of main investment needed to support the agri technologies improvement, and the current status and characteristics of agrilending offers available in the surveyed locations. It can be used to specify regions and a targeted selection of agro-technologies to train credit analysts and develop new and effective credit products on the basis of fundamental instruments provided by the Market Survey, such as technological cards with detailed calendar lists of agricultural operations and their corresponding costs.

On March 5, 2013, AgroInvest presented the Marketing Survey at an event entitled "Current Status of Lending to Small and Medium-Sized Agriculture Producers in Ukraine." Participants included specialists from Ukrainian banks, the European Bank for Reconstruction and Development (EBRD), national associations of credit unions, financial companies, consultants, USAID, and the U.S. Embassy.

During the presentations, representatives from the MAPF, the Association of Ukrainian Banks, and consulting company IPC confirmed the importance of the Market Survey for financial institutions and agribusinesses as an innovative development instrument for increasing agrilending.

The presentation was widely covered by mass-media, which included publications in the Kyiv Post and other newspapers and magazines ,TV and radio interviews. A list of the survey’s appearance in the media can be found in Annex 3. The text of the Market Survey was placed on the AgroInvest site.

On March 22, 2013, the Land and Agrarian Press Club, which was established with support from AgroInvest, held its third meeting and was, devoted to the topic “How is the

spring sewing campaign financed in 2013?" Representatives of the MAPF, the Association of Farmers, partner banks, and national credit unions associations participated in the discussion. AgroInvest led the discussion on applied and prospective agrilending approaches.

Other facilitation activities

- Due to AgroInvest support, a branded risk assessment instrument was contracted by AgroInvest partners: Kredobank and Metabank. The risk assessment instrument includes the spectrum of training efforts and software packages that would enable the banks' staff to conduct risk assessment of SMPs on the basis of drafting the applicants' cash flow projections, assessing the risks of operations, and monitoring them further. The method of assessing the credit risk on the basis of cash flow is considered as the most concise and realistic approach. AgroInvest assisted the banks in drafting action plans and both banks have already launched the initial stages of the instrument installation: introductory meetings with IFC were held and sample assessment projects implemented.
- AgroInvest developed a detailed plan of agrotechnological trainings for credit analysts of partner banks to improve their agrilending practices to SMPs. The program of such trainings for partner banks and credit unions will be subcontracted (the tender was announced in March 2013).
- Two partner banks – Kredobank and Metabank – participated in an Organization for Economic Co-operation and Development (OECD) workshop entitled "Establishing Credit Guarantee Scheme for Small and medium Agricultural Enterprises in Ukraine" on February 28th, 2013 to provide their comments, vision, and advice to the Credit Guarantee Scheme that is under development of OECD. AgroInvest collected and commented on their inputs and submitted them to the OECD. It was confirmed by the OECD that the partner banks would become potential pilot participants for the Credit Guarantee Scheme as soon as it is launched.
- The project for financing irrigation equipment for seed growers underwent further development with Pioneer, two potential equipment suppliers (Bauer and Valmont/Valley), two partner banks (Kredobank and Metabank), and financial company OIKO Credit Ukraine. As a result, financial offers of all financial partners were presented to two seed growing partners of Pioneer, and one of them accepted the offer of the OIKO Credit Ukraine. As soon as electricity supply is provided to the farm (Interagroservice) irrigation equipment will be financed by AgroInvest financing partner OIKO Credit Ukraine. On February 27th the project was presented at the 1st International Seed conference, to Maisadour and Kraft Jacobs Suchard.

Enhancing Lending via Credit Unions

Facilitating enhancement of the legislation on financing small and medium-sized agriculture producers through credit unions

AgroInvest developed the scope of work (SOW) for a subcontract to facilitate enhancement of the legislation on financing SMPs through credit unions. The SOW envisages the following activities:

- Facilitate modification of the current legislation (relevant laws of Ukraine) to enable credit unions to extend loans to legal entities, specifically agriculture producers (currently, only individual customers may use credit union services);
- Facilitate modification of the current legislation to enable small and medium-sized agriculture producers – credit unions' borrowers – to receive government financial support whereby they would be reimbursed for a part of the loan interest (currently, only bank borrowers are eligible for such government support);
- Facilitate implementation in Ukrainian regions of local programs for financial support of agriculture producers whereby the latter would be reimbursed for a part of the loan interest (currently, such programs exist in Lviv, Vinnitsa, and a few other oblasts).

Furthermore, the SOW sets forth the following tasks and activities:

- Enhance the regulatory framework of the National Commission for Regulating Financial Services Markets with regard to credit union operations and lending of small and medium-sized agriculture producers;
- Ensure proper lending of small and medium-sized agriculture producers through credit unions by means of legal advice, development and refining of documentation and training.

The subcontract execution is subject to further consideration in the next quarter. As the newly adopted “National action plan for 2013 the Program of economic reforms 2010-2014 implementation”, which was released on March 12, 2013, envisages forthcoming transformations of credit unions into cooperative banks, further facilitation of the development of the legislative environment for credit unions as a basis for effective agrilending increases will require analysis of the prospects and terms of providing agrilending to SMPs by cooperative banks in Ukraine in the nearest future.

Training program on various aspects of lending to small and medium-sized agriculture producers for credit union officers

AgroInvest conducted the last training session on lending to agricultural SMPs and wrapped up the training program for credit union officers in Kosiv, Ivano-Frankivsk oblast on January 31st and February 1st.

The training sessions were held between June 2012 and January 2013 in a number of regions. The trainees were grouped by affiliation with credit union associations – VAKS/PZV and NAKSU. Twelve training sessions were held and attended by 243 credit union officers. The training course covered by following subjects:

- Specifics of agriculture production in Ukraine and opportunities for lending to small and medium-sized agriculture producers;

- Risk management in agriculture production and linkage to lending;
- Specific aspects of assessing creditworthiness of agriculture producers;
- Development of credit products for small and medium-sized agriculture producers;
- Specifics of managing past-due loans to agriculture producers.

The training program was highly appreciated by the trainees. The average score for usefulness, teaching, organization and handout quality was 4.9 on the scale of 1 to 5.

At the completion of the training process, the subcontractor identified areas where more profound training is needed and provided concrete recommendations on organizational aspects of training, handouts, evaluation of training, and formation of trainees groups. The training resulted in intensification of credit unions' lending operations with regard to small and medium-sized producers. This is reflected both in the increase of quantitative indicators of agrilending values and the quality of financial services rendered to SMPs (applications processing characteristics, scope of lending offer, flexibility of loan practices etc.). Credit unions began to apply various new effective borrowers' assessment tools, develop new lending products, and initiate and conduct promotional meetings with agri-producers focused on efficiency increase, etc.

Program of training credit union trainers in agrilending

The last training on agrilending for trainers was held on January 24-25, 2013. It was preceded by evaluation of trainers' activities in testing/refining the gained skills (from November 2012 through January 2013).

While working on their own, the trainers conducted 18 seminars for credit union officers and agriculture producers which covered the following subjects:

- Prospects for lending to individual agriculture producers (rural households) and related risks;
- Valuation of agriculture producers' assets;
- Assessment of individual agriculture producers' creditworthiness;
- Efficient distribution; leading distributors, customer categories; telephone conversations;
- Modern technologies for soft fruit production;
- Modern technologies for melon/gourd production;
- Agrilending and agri insurance.

The seminars lasted between two and six hours and the number of trainees ranged from 4 to 25. Nearly 300 people attended all the seminars held by the trainers on their own.

Altogether, 14 trainers were trained under the train the trainer program. According to the training evaluation data, 55 percent of the trainers fall under Category A (i.e. those who

have mastered adult training basic), 25 percent fall under Category B, and 20 percent belong to Category C (beginner trainers). It is planned to continue meeting with these trainers on a regular basis, and learn their experience and lessons. Implementation of the "train the trainer" program enabled credit unions make the training results sustainable.

Development of new credit products for small and medium-sized agriculture producers

AgroInvest initiated development of tailor-made credit products for small and medium-sized agriculture producers with credit unions. The first training seminar devoted to development of such products was held in Kosiv, Ivano-Frankivsk oblast, on February 2, 2013. It was attended by representatives from 18 credit unions. The discussion focused on development of the following eight credit products: development of a small greenhouse; purchase and installation of a greenhouse heating system; apiary development; rabbit production; quail farm development; purchase of agriculture machinery; purchase of small agriculture machinery; and dryer purchase.

On February 16, 2013, AgroInvest held the training seminar on developing new credit products for small and medium-sized agriculture producers for the staff of Credit-Soyuz credit union, Cherkasy oblast. The credit union management announced a contest for the most interesting ideas for new credit products to be generated by the staff.

On February 26, 2013, AgroInvest met with representatives from Razom do Uspikhy (Achieving Success Together), a credit union from Vinnitsa oblast to discuss the loan for purchasing driers for fruit, vegetables, herbs, and mushrooms. The product was presented at the seminar for entrepreneurs in Mohylev-Podilsky on February 27, 2013.

On March 12, 2013, Project representatives met with Kharkiv Mutual Benefit Society, a credit union located in Kharkiv oblast, to discuss the credit product for beekeeping development. The product was presented at the meeting of the Kharkiv Regional Beekeepers Union on March 19, 2013. Both products will be tested under pilot projects, and relevant knowledge will be transferred to other credit unions – members of the Task Force.

Introduction of the Internal Audit / Internal Auditor Service in credit unions which are specialized in lending small and medium-sized agriculture producers

ABC-Center LLC, an AgroInvest subcontractor, held a seminar on the introduction of Internal Audit / Internal Auditor Service in credit unions specialized in lending to small and medium-sized agriculture producers in Lviv and Kyiv on January 21st and January 23rd, respectively. The seminars were attended by 43 representatives from credit unions – members of the VAKS/PZV Task Force on agrilending. The training course included instruments on instruments policies, regulations and methodologies, as well as templates.

The trainees appreciated the practical usefulness of the training, and requested that AgroInvest hold advanced trainings for internal auditors once internal audit services are launched in credit unions.

Improving management of loan portfolios in credit unions which are specialized in lending to small and medium-sized agriculture producers

ABC-Center LLC, an AgroInvest subcontractor, conducted an on-site review of the loan portfolio of Kharkiv Mutual Benefit Society credit union. Data of this and other reviews will serve a basis for developing recommendations on managing portfolios of credit union loans that are specialized in lending to small and medium-sized agriculture producers.

The Information-and-Advisory Service LLC, another AgroInvest subcontractor, conducted pilot testing of the internal audit methodology, which was developed for the Internal Audit Service of the National Credit Union Association of Ukraine, on March 21, 2013. The pilot testing was conducted at Moya Rodina (My Motherland) credit union, Chernihiv oblast, a member of the Task Force on Agrilending. This activity aims at analyzing the current state of the loan portfolios of credit unions which are specialized in lending to small and medium-sized agriculture producers and providing recommendations on improving their management. Such recommendations will improve the quality of lending processes, templates of applications, contract templates, etc or even principles of credit classification. Overall, this helps to improve the quality of credit services to SMPs and decrease or prevents delinquency.

Financial-and-mathematical model for calculating rates of interest on loans to agriculture producers

The financial-and-mathematical model for calculating rates of interest on loans to agriculture producers was developed by ABC-Center LLC and presented to credit unions at training seminars which were held in Lviv on January 21st and in Kyiv on January 23rd. The model is capable of risk assessment and loan interest rate calculations and enables credit unions to calculate break-even interest rates with and without allowance for risks of selected loan categories. The model is intended to set feasible interest rates on loans to agriculture producers.

The model was posted on AgroInvest's web site (<http://www.agroinvest.org.ua/eng/resources/calculator>) on March 15, 2013 so that Agroinvest partner credit unions and other interested credit unions may use it for free.

Cooperation with Component 3 for the purpose of developing programs of cooperation between credit unions and agriculture cooperatives

Credit-Soyuz credit union, jointly with Horodyshche raion state administration (Cherkasy oblast), approached AgroInvest and asked to hold a seminar regarding establishment of agriculture cooperatives and best practices of their operations in Ukraine. Component 3 experts conducted such a seminar on March 22, 2013. The audience included village mayors and representatives of initiative groups. The main topics included planning of service cooperatives, logistics of a cooperative (including in cooperation with the credit union), pricing, etc. The discussion focused also on developing cooperative facilities with

credit union loans. The next step is to assist in the creation and development of initiative groups and transforming them into an agricultural service cooperative.

International experience sharing

During the period under review, Component 2 selected participants and made the necessary arrangements to organize a study tour to the Netherlands for Ukrainian credit union representatives to learn about the operations of Rabobank agriculture-and-financial cooperative system and partner with Dutch companies which are planning to supply inputs for agricultural production in Ukraine.

The study tour will take place from April 8, 2013 through April 13, 2013. The group will include representatives from 13 credit unions, Task Forces coordinators – representatives from the National Credit Union Association of Ukraine and Deposit Guarantee Program Association, and two officials from the Ministry of Agrarian Policy and Food of Ukraine.

Innovative approach to expand financing on the basis of commercial collaboration between a leasing equipment supplier and a partner credit union

In the last quarter, an agreement on cooperation was signed between "Agro Capital Management", LLC and Credit Union "Narodna Dovira". As a result, the first five farmers - members of the Credit Union "Narodna Dovira" received financing within the ACM credit programs. All of them are householders from Tsyurupinsk and Hola Prystan Raion in Kherson Oblast. The amount of the credit received is 80,700 UAH, the minimum loan amount is 6,500 UAH, the maximum is 39,300 UAH, with an average of 16,140 UAH. The credit resources were used for purchasing drip irrigation tape, vegetable seeds, and spunbond, a mesh like webbing that can be used in fields to cover and insulate plants.

This successful approach of developing cooperation with ACM will be used as a template for other Crimean credit unions.

SMP Capacity Building

Trainings on financial and managerial literacy

On February 27th AgroInvest conducted training for farmers and other small agro entrepreneurs in Vinnitsa oblast devoted to the topic “Practical advice on collaboration with financial institutions to cover lending demands.” How to apply for financial support (lending), how to evaluate quality of financial service offered, how to assess the actual cost of lending for the consumer, and how to select a trustworthy and supporting financial partner were among the topics discussed with participants.

More than 100 attendees SMPs confirm their interest in such training due to a lack of appropriate local knowledge. The training was developed as a pilot template for future training campaign on financial and managerial education of SMPs.

Based on the results of the Farmer's Notebook (developed in Q1 Y3) use, the feedback and recommendations for improvement were received from partner credit unions.

According to them, the Farmer's Notebook was improved and sent for printing. In particular, the table for entering contact information on the products suppliers and buyer, additional pages for notes have been added, the height of rows was enlarged for users' convenience, etc. Its second edition will be 2,000 copies, and will be distributed among all credit union working group members interested in the delivery of such primary accounting tool to their agri clients.

Trainings on agri technologies and correlated agrilending opportunities for SMPs in AgroInvest focus segments

The Project delivered four agri technological trainings this quarter to small farmers, partner credit unions members, and their staff. The trainings aimed to increase small farmers' awareness on modern production technologies, post-harvest handling, and marketing of agricultural products to provide them with affordable "turn-key" financial offers of partner credit unions. It is expected that the knowledge gained, and the best practices learned at the trainings will lead to increased economic efficiency of small farmers and that will increase their creditworthiness.

170 farmers from Kherson and Odessa regions participated in the following trainings:

- "Modern technologies and melon market's trends";
- "Vegetable market prognosis for 2013. Commercial varieties and hybrids of vegetables";
- "Vegetable market prognosis for 2013. Modern plastic greenhouses of arch-type";
- "Peaches and apricots are perspective crops for the South of Odessa region. Modern production and marketing technologies".
-

These trainings were attended by farmers – clients of the Project's financial partners such as credit unions "Yedinstvo", "Narodna Dovira", "Pridunavje" and Chernomoskiy Bank for Reconstruction and Development. Project agri partners (technologies owners) in these trainings included such companies as "Rijk Zwaan Ukraine", "Agro-Optima", and "Prime-Fruit." Their experts shared experience and knowledge pertaining to modern production and marketing technologies with the farmers. Sound and affordable financial solutions were offered to SMPs by financial partners.

Facilitation and support in applying for new credit products developed by partner banks

Due to the reduction in profitability of traditional agricultural businesses and efforts to diversify production in recent years, small and medium farmers have demonstrated increased interest in growing fruits and berries. Financial institutions also supplemented their credit products with investment financing, including financing of perennial plantations. As a result, a need arose for a tool to allow farmers to foresee fruit and berries plantations' profitability and cash flow based on the number of years that have been invested in them.

Project specialists therefore developed the profitability and cash flow calculation model for the period of construction (investments) of perennial plantations, and presented it to the participants of the AgroInvest supported Ukraine Agribusiness Club's Agrischool on Horticulture. The model will be used for risk assessments when drafting and monitoring business plans of the farmers. The user friendly structure of the model allows simulating various business decisions to maximize profitability. The farmers, key participants of the Agroschool, confirmed their interest in applying the tool and its further development with additional agrotechnological applications. It will be equally useful for loan officers of credit unions and partner banks. Earlier versions of the model were presented to them and are already successfully used in their everyday risk assessment practice.

Owner Financing Mechanism

To prepare supporting documentation and procedures for Owner Financing to be presented for implementation to partner financial institutions as OFM intermediaries when the moratorium on agricultural market sales is lifted, two subcontracts tenders were announced to:

- Design and develop the legal documentation templates (templates of contractual documents and agreements) required for implementation of the Owner Financing Mechanism (OFM) with a bank as an intermediary. The Subcontract draft was presented to the law firm Baker & McKenzie for review and signing;
- Determine legal requirements to allow for creation of an instrument for lease-purchase agreements of agricultural land in Ukraine when a credit union would act as an intermediary.

COMPONENT 3: Facilitate Market Infrastructure for SMPs

Task A: Producer Organization Development

The main activities during this reporting period focused on two priority directions:

- Organizing and conducting trainings and studies to develop the program for small and medium sized producers and producer organization (PO) capacity building;
- Organizing and conducting competitions to select and implement new PO grant projects as well as monitor existing PO grants.

Producer Organization Grants Program

- AgroInvest continued to provide technical assistance and monitor the implementation of five grant agreements, as further described below:
 - Through a grant provided by AgroInvest in February, 2013, the Cooperative Enterprise "Molochny Kray" of Storozhynets ASC Union "Hospodar Pidhirrya" launched dairy processing and production of dairy products;
 - AgroInvest funded the cold storage equipment for ASC "Khayal-2009", which began rendering services to its members in storing strawberry frigo seedlings;

- The cooperatives “Krymekoprodukt”, “Zakhidny”, “Budzhak” began equipment procurement (manufacturing at the plants in accordance with their orders);
- The grant agreements for three producer organizations (ASC “Ivankovetsky Svitanyok”, ASC “Severyn”, ASC “Umyut”) have been submitted for approval to USAID;
- The transformation of the Marketing Group “Shyroke” into ASC “Shyroke” took place, and the Cooperative was officially registered on March 26, 2013.

The AgroInvest grants evaluation committee evaluated the concept papers received in response to the third round of the grant competition for producer organizations. On February 23, 2013, an additional training on principles of ASC business planning was held for the bidders who were selected to submit full grant applications. As a result of the competition, the evaluation committee selected four organizations to receive grants:

1. Lviv Oblast Cooperative Union “Rivnopravnist”;
2. ASC “Frukty Krymu”;
3. ASC “Lypivsky”;
4. ASC “Losyatynske Molochne Dzherelo” (the project directions are vegetable, fruits, berries cooling and storage; dairy pre-processing; potatoes and grain crops sorting, packaging and storage).

The next steps are finalization of the grant agreements and submission to USAID for approval.

In cooperation with the MAPF, AgroInvest held two workshops on agricultural service cooperative development for representatives of the regional state authorities, extension services and producer organizations of Poltava, Kharkiv, Donetsk, Dnipropetrovsk, Zaporizhya, Kirovohrad, Lviv, Rivne, Volyn, Ivano-Frankivsk, Ternopil, Zakarpattya, Khmelnytsky, and Chernivtsi Oblasts. The new version of the Law of Ukraine on Agricultural Cooperation was also presented during these workshops. Through these two workshops, 150 specialists received new and current information to support the development of cooperatives in the field.

AgroInvest also conducted a study tour/training on processing and marketing dairy products. The Cooperative Enterprise “Molochny Kray” of Storozhynets Agricultural Service Cooperatives Union “Hospodar Pidhirrya” (Chernivtsi Oblast), was used as the training site. The training participants included small and medium sized producers and representatives of local authorities from Vinnytsya Oblast. The establishment of the dairy processing plant “Molochny Kray” of Storozhynets Agricultural Service Cooperatives Union “Hospodar Pidhirrya” was supported by AgroInvest within the implementation of the grant program for development of producer organization. The dairy processing plant began operation in February 2013.

AgroInvest facilitated training and informational workshops on developing entrepreneurial initiatives in rural areas and establishing agricultural service cooperatives in Lityn and Tyvriv raions (on March 13) and Bar and Zhmerenka raions (on March 14) of Vinnytsya Oblast. The workshops were conducted under the initiative of the MAPF, Parliament Member, Mr. V.M. Zhrebnyuk, and with support of the raion authorities.

At the invitation of Kirovohrad Oblast State Administration, AgroInvest participated in a workshop on the “Development of Rural Territories of Kirovohrad region: Status and Prospects” (March 6, 2013). During the workshop, the AgroInvest Project presented the Project’s approaches to promote the development of market infrastructure for agricultural SMPs. The workshop included MAPF representatives, Ukrainian NGOs, raion state administrations, as well as Heads of raion, village and town councils of Kirovohrad Oblast.

Invited by Kyiv Oblast State Administration, AgroInvest conducted a regional training and informational workshop on establishing and developing agricultural service cooperatives (March 20, 2013). This workshop was held with attendance of representatives of the MAPF, Kyiv Oblast State Administration, as well as Heads of raion administrations, raion councils, and Heads of village and town councils of Borodyanka, Makariv, Ivankiv Raion of Kyiv Oblast. As a result of the event, proposals were initiated to support local level establishment of agricultural service cooperatives in potato cultivation and meat and dairy farming.

AgroInvest also participated in a training and informational workshop on establishing and developing agricultural service cooperatives for representatives of initiative groups from Horodysche and other raions of Cherkasy Oblast (March 22, 2013). Planning service cooperative activities, developing administrative regulations, accessing credit through credit unions, and other issues were discussed during the workshop held in cooperation with the Credit Union “Kreditsoyuz” for Heads of villages and representatives of the initiative groups. The next step will include AgroInvest assistance in developing initiative groups to create agricultural service cooperatives.

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

This quarter, the main activities under Task B were aimed at conducting feasibility and market studies for the construction of an agricultural wholesale market in Rivne Oblast, and identifying a subcontractor to perform the feasibility studies for establishing wholesale and retail markets and logistic centers in the Autonomous Republic of Crimea and Kherson Oblast.

The marketing studies for establishing a meat processing plant and retrofitting a dairy processing plant of the agricultural service cooperative “Molochny Dnistr” were completed this quarter. The market studies’ findings and recommendations on organizing the stages of work were discussed with leaders of the rural communities located within the catchment area of the cooperative activities, representatives of Belozirka Raion State Administration and Kherson Oblast State Administration, and responsible implementers

of the subcontracts. The market studies materials and recommendations have been approved and the implementation of the 2nd stage of the subcontracts, which include environmental feasibility studies, have begun.

Implementation of the subcontract on developing feasibility studies to establish agricultural wholesale and retail markets in the village of Dobre in Simferopol Raion and in the urban settlement of Zuya of Bilohirsk Raion in AR Crimea is completed. The study results and recommendations on construction of the markets were presented and discussed at the MAPF of the Autonomous Republic of Crimea and during the round table on “Results and Plans of the AgroInvest Project Activities in AR Crimea” (March 06, 2013), which was attended by the Deputy Ministers, Ministerial specialists, representatives of local authorities and self-governance, agricultural producers and their associations.

The feasibility study for establishing an agrarian information and marketing center in Kherson Oblast also began this quarter. The project was presented to potential beneficiaries at an event that included participation by the Head of Kherson Oblast Administration, Mr. M.A. Melnyk, and the Director of Kherson wholesale market “Yantar”. Discussions at the event led to an approved plan for cooperation with state agencies, agricultural producer associations, and traders. The key objective is to improve SMPs access to current information on supply/demand and pricing policies for agricultural products in order make timely managerial decisions.

Addressing the request from the MAPF and the State Agency for Investments and National Projects of Ukraine to assist in developing a pre-feasibility study for the National Project “Green Markets” - Creation of Wholesale Food Markets’ Network”, AgroInvest prepared a statement of work and conducted a tender to identify a subcontractor to perform the activity. The AgroInvest Evaluation Committee will meet on April 12 to review the proposals received.

The development of the pre-feasibility study of National Project “Green Markets” is included in the National Action Plan on the Implementation of Economic Reform Program for 2010-2014 “Prosperous Society, Competitive Economy, Effective State” approved by the Decree of the President of Ukraine #128/2013 dated March 12, 2013.

Addressing the request from the MAPF, AgroInvest selected a subcontractor to develop a scientific and practical commentary to the Law of Ukraine on Agricultural Cooperation and related legislative texts. The commentary is expected to be useful for small and medium agricultural producers that have established or are interested in establishing agricultural cooperatives, as well as for local self-governance bodies, local authorities, lecturers, post-graduate students, students of agrarian educational establishments, and officers at the state registration agencies.

Addressing the request from the MAPF, the Project released a solicitation for a subcontractor to develop a feasibility study for establishing a livestock wholesale market, “Charodiy” in Cherkasy Oblast. Unfortunately, upon careful review of the proposals none were selected because the budgets submitted significantly exceeded market prices. The tender was re-announced targeting a broader base of potential subcontractors. The

established market is expected to serve as a model so that other markets can be created throughout the other regions of Ukraine and, primarily, in the Polissya zone.

In January, the Project team developed and submitted to the MAPF a proposal on amendments to the Tax Code of Ukraine as it related to the setting of VAT on agricultural produce cultivated/produced by individual farmers and sold via official distribution channels including with assistance of agricultural service cooperatives. The proposal has received solid MAPF support and AgroInvest received a letter from the MAPF (18 January 2013) with request to conduct a request for an economic feasibility study to modify and amend the Tax Code of Ukraine regarding VAT taxation on agricultural produce sold by agricultural service cooperatives. AgroInvest developed and RFP and held a tender for implementation of this work. Due to the absence of qualified experts to conduct the required work in the proposals received, the competition was re-issued and selection of a subcontractor will take place next quarter. For the re-competition, the request is being forwarded to a broader number of potential participants, including national research institutions. The materials/findings of the economic feasibility study are expected to substantiate the amendments to the Tax Code of Ukraine and the development of a model to integrate small individual agricultural producers into agricultural produce marketing systems.

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

AgroInvest organized conferences, workshops, and trainings on developing POs and SMPs and systems for wholesale and retail wholesale markets. As a result, participants identified new projects in the Autonomous Republic of Crimea and Kherson, such as the creation of wholesale and retail markets in S.Chernyanka Kahovsky district, Kherson region, S.Kukushkine Rozdolne district, and village Krasnogvardeyskiy Crimea.

On February 18-19, 2013, the Project participated in a conference on European Prospects for Young Ukrainian Agrarians (under the auspices of TAIEX¹), where options for cooperation with the European Association of Young Farmers were discussed. The conference sections on the development of agricultural service cooperation and development of ENPARD Program², which were moderated by AgroInvest staff, were of particular interest for the conference attendees as evidenced by the evaluation forms the participants completed.

Cooperation with the Ministry of Agrarian Policy and Food and Local Government Authorities under Component 3

Under cooperation with the MAPF on February 19, 2013, AgroInvest held meetings for the Commission for Development of Agrarian Markets of Ukraine of the Public Council under the Ministry. As a result, recommendations to improve the organization and functioning of agricultural wholesale markets were developed and approved, as follows:

¹ TAIEX is the Technical Assistance and Information Exchange instrument managed by the Directorate-General Enlargement of the European Commission. TAIEX supports partner countries with regard to the approximation, application and enforcement of EU legislation. It is largely demand driven and facilitates the delivery of appropriate tailor-made expertise to address issues at short notice.

² ENPARD is a policy initiative, part of the EU's commitment to inclusive growth and stability in its Neighborhood, which recognizes the potential importance of agriculture in terms of food security, sustainable production and rural employment.

1. To modify and add the current legislation as it relates to:
 - Ownership and business forms of agricultural wholesale markets, procedures for acquiring agricultural wholesale market status by an entity;
 - Normalization of the certification requirements for agricultural wholesale markets with determined ownership and business forms;
 - Nature of trafficking agricultural wholesale market's services for agricultural producers;
 - Particularities of agricultural wholesale markets' management organization and control over their activities both as by the State and as by the agricultural producers and consumers.
2. To incorporate into the Support Program for Agricultural Wholesale Market Development the activities on the specialized inter-raional livestock markets in the zone of its most concentration and breeding.

Additionally, the Commission requested that AgroInvest analyze the current functions of Ukrainian wholesale markets' and develop recommendations to improve their organization.

On January 15, 2013, a working meeting with the participation of the Minister of Agricultural Policy and Food of the Autonomous Republic of Crimea, AgroInvest COP, and specialists from the Ministry and the Project was held in the offices of the MAPF of the Autonomous Republic of Crimea. The meeting focused on the key results and prospects for cooperation in developing producer organizations, facilitating access to financing, and lending to small and medium producers, and developing infrastructure for agrarian markets. As a result of the meeting, participants agreed to conduct a joint round table on March 6th to consider the high priority areas of cooperation of the AgroInvest Project in AR Crimea for 2013.

March 6, 2013, the round table "AgroInvest Activities Results and Plans in AR Crimea" was held in Crimea. During the round table, the Protocol of Intention between the AgroInvest Project and the MAPF of the Autonomous Republic of Crimea, as well as the Protocols of Intentions between the Project and technical assistance recipients in Crimea were signed. Moreover, the event participants were able to discuss the Project's key areas of activities in AR Crimea for 2013.

In accordance with the operational requirements from the Department for Scientific and Educational Support and Rural Development of the MAPF, AgroInvest provided technical assistance in the following areas:

- Preparation of the budget of operational costs to establish an agricultural service cooperative and development of model structure for multifunctional agricultural service cooperatives (January 30, 2013);
- Improved funding for agricultural service cooperatives operating within the National Program for Promotion of Small Business Development in Ukraine

funded through the Ukrainian Foundation for Entrepreneurship Support (February 02, 2013);

Developed an analytical report on production, import, and consumption of main types of fruit and vegetable products in Ukraine for 2012. The work aimed to identify the import dependent segments. In this respect, apples, peaches, table grapes, and water melons were found to be the most sensitive. To reduce these products import share, cold chains from the field should be developed to reduce the losses of fruit and vegetable products during storage and transportation stages. At the same time, the losses of borsch vegetables (up to 30% of total production) and fruits and berries (whose losses are beyond their import share), are the critical crops for the market.

The team conducted the analysis of the draft “Methodological Recommendations on Recording and Analysis Systems for Agricultural Service Cooperatives’ Activities” published for discussion by the MAPF in respect of the norms and provisions of the Law of Ukraine on Amendments to the Law of Ukraine on Agricultural Cooperation #5495 effective from January 19, 2013. The proposals to the draft recommendations were submitted to the Ministry for consideration and elaboration on February 8, 2013.

AgroInvest finalized the draft model by-laws for Agricultural Service Cooperatives taking into consideration the modification and amendments provided for by the Law of Ukraine on Amendments to the Law of Ukraine on Agricultural Cooperation #5495-VI dated November 20, 2013. The finalized draft model by-laws were sent to the MAPF with the official letter #01-30-2013-2 dated January 30, 2013. The draft model by-laws for Agricultural Service Cooperatives were agreed with all MAPF departments and are expected to be signed in a decree of the Minister in April 2013. The draft model by-laws can be found in Annex 4.

PROJECT COMMUNICATIONS

USAID AgroInvest leads a wide range of communication activities to reach its target audiences by means of various information products, such as a web site, Facebook page, publications, as well as numerous public events and outreach activities through various local, regional, and national media outlets (for a detailed listing please see Annex 3).

Events and Presentations

During the reporting period, the AgroInvest team used every opportunity to communicate the Project’s goals, disseminate information about its activities, and develop partnerships and coalitions with media representatives and stakeholders.

The Project was presented at round tables, seminars, and conferences organized by AgroInvest and partner organizations. The total number of public events organized, co-organized or supported by the Project reached 90 between January and March 2013. In these events information about USAID AgroInvest, its goals, and progress to-date were highlighted.



Quarterly Meeting of the partners of the USAID AJLEP Project, February 20-21, 2013, Zaporizhya

Some of these events were organized in cooperation with other technical assistance projects and partners of USAID AgroInvest, such as:

- On February 20-21, 2013, AgroInvest participated in the Quarterly Meeting of the partners of the USAID AJLEP Project. The meeting was organized jointly with the Ministry of Justice of Ukraine and the Department of Justice in Zaporizhya oblast. The event aimed at increasing the capacity of legal service providers that protect the interests of low-income citizens to ensure the effective enforcement of court rulings and enforcement practices through discussion of novelties in legislation and strengthening the organizational capacity of the coalition through sharing of best practices. USAID AgroInvest and the Land Rights Resource Center established by the Land Union of Ukraine with support of AgroInvest took part in the event. Presentations were made on recent developments in land legislation and on land rights registration procedures.
- On February 27, 2013, AgroInvest participated in the first international conference on prospects for the development of the seed industry in Ukraine. The conference was organized by the Seed Association of Ukraine, and its partners the European Seed Association (ESA), the International Seed Federation (ISF) and the US-Ukrainian Business Council (USUBC). The main purpose of the conference was to analyze and define the current state of the investment process in Ukraine, its specificities in the agricultural sector, and suggest ways to optimize it. USAID AgroInvest made a presentation entitled "Expanding access to agri-financing for small and medium enterprises through cooperation with manufacturers of high-tech seeds."
- On February 28, AgroInvest participated in the Donor Coordination Meeting, which was held in the Council of Ministers of Crimea, chaired by the Minister of Economic Development and Trade of Crimea, Svitlana Verba. The event was attended by over 100 representatives of international organizations, technical assistance projects and programs, as well as Crimean ministries and committees, local governments and NGOs. The Minister of Economic Development and Trade Crimea presented the results of technical assistance projects in the Crimea, and the main activities that are planned in the near future. At the event, speeches were made by USAID Deputy Mission Director Ann Marie Yastishok, USAID AgroInvest Chief-of-Party Eric Bleich, coordinator of the program "Support to Joint Cooperation Initiative in Crimea" Enzo Damiani, Senior Project Expert of the Canadian International Development Agency (CIDA) Volodymyr Senyuk, project manager of EU Energy Saving Initiatives in the Construction Sector in Eastern Europe and Central Asia Roberto Lo Chichero Vaina, and others. Also at the event, the Protocol of Intent was signed between the Crimean Ministry of Economic Development and Trade and USAID AgroInvest.



Donor Coordination Meeting,
February 28, 2013, Simferopol

- On February 28, 2013, AgroInvest participated in the conference "Topical Problems of Foreign Economic Relations of Ukraine with Other Countries in the Area of Trade in Agricultural Produce." The conference was organized by the Agrarian Markets Development Institute (AMDI) under the USAID project "Financial Systems and Dialogue in Agricultural Policy." The event was attended by representatives of government, international financial organizations, banks, professional industry organizations, suppliers of inputs, agribusiness groups, and academic institutions. During the meeting, key areas of international economic integration of Ukraine were addressed, including the role and place of Ukraine in the international agricultural market, prospects for further promotion of agricultural produce on world food markets, performance of WTO commitments by Ukraine, improved policies for subsidizing domestic produce and export development as conditions of membership in the WTO, the role of European investment in agriculture and food industry in Ukraine, evaluation of the capacity EU agricultural markets, and other issues.
- AgroInvest actively participated in the two-day exhibition of resources of civil society organizations and international organizations entitled InfoFair 2013. The event, organized by the Parliamentary Development Project (PDP II), took place on March 5-6, 2013 in the Parliament of Ukraine. The purpose of the event was to broaden knowledge of, and access to, resources available in Ukrainian non-governmental and international organizations in order to deepen ties between legislators and these organizations and to achieve through this cooperation more effective legislative work of the Ukrainian parliament. The fair provided an opportunity for USAID AgroInvest to present its work on all three components. The event was useful in establishing direct contact with parliament members and their assistants; disseminating materials and resources which are available from AgroInvest and its partners. Many parliament members expressed interest in organizing joint events, especially on land issues.



Conference "Topical Problems of Foreign Economic Relations of Ukraine with Other Countries in the Area of Trade in Agricultural Produce," February 28, 2013, Kyiv



InfoFair 2013 in the Parliament of Ukraine, March 5-6, 2013

- On March 29, 2013, industry association partners of AgroInvest in cooperation with the National Agrarian & Land Press Club held a press conference on the topic "What will stop farming – bad weather or fiscal pressure?" The purpose of the press conference was to explain the government and the wider public the position of the industry associations regarding changes in the taxation of the agricultural sector. The list of speakers included: president of the Association "Ukrainian Agribusiness Club" Alex Lissitsa, president of the "Union of Poultry Farmers of Ukraine," chairman of the association "Union of Combined Fodder of Ukraine" Alexander Bakumenko, CEO of Bakhmut Agricultural Union Yuri Aknevsky, chairman of the Agrarian Union of Ukraine Gennadiy Novikov, Vice President of the Association of Farmers and Private Landowners of Ukraine Viktor Sheremet. The speakers reasonably proved that changing the tax system of the agricultural sector at the present stage is very risky not only for agricultural enterprises due to reducing the profitability of production to zero. It can have an extremely negative impact on economic and social development of the rural areas, as well as food security of Ukraine.



National Agrarian & Land Press Club

The National Agrarian & Land Press Club organized five public events in the reporting period. For details, please refer to Annex 3. In addition, the Press Club prepared seven articles/stories disseminated for free reprinting among media outlets. These materials cover all major subject matters in focus for AgroInvest. The table below shows the number of re-prints for each item. Due to massive coverage and very well thought through messages, these publications are an important tool that help attract attention of decision makers to issues AgroInvest aims to resolve.

Title	Number of reprints
- <u>The state has tightened control over its land ownership</u> – an interview with the chief legal advisor to the USAID AgroInvest, Pavlo Kulynych	88
- <u>Unmanaged tourism</u> – an interview with the head of the Union for Promotion of Rural Green Tourism in Ukraine, Volodymyr Vasiliiev	88
- <u>Is there life once land moratorium is lifted?</u> – an article about National Agrarian & Land Press Club Meeting	96
- <u>Advisers are ready to actively work</u> – an interview with Vice President of the National Association of Agricultural Advisory Services of Ukraine Tetyana Bryvko	32
- <u>Registration system is still to show its best side</u> – an interview with the director of the legal department of the Land Union of Ukraine, Anna Matvienko	33

Title	Number of reprints
- <u>Farmers' movement or farm stagnation?</u> – an article about National Agrarian & Land Press Club Meeting	41
- <u>Horticulture sector needs certainty on land issues</u> – an interview with the President of the Ukrainian Club of Agrarian Business, Alex Lissitsa	38
- <u>New approaches to agri-lending</u> – an interview with the Agriculture Finance Component Leader, USAID AgroInvest, Natalia Lischytovych	14
- <u>Learning from German land precisionism</u> – an article about international experience of maintaining a land cadastre	27
- <u>Ukrainian agribusiness feels confident on foreign markets</u> – an article about the conference "Actual Problems of Foreign Economic Relations of Ukraine with Other Countries in the Area of Trade in Agricultural Produce."	36
- <u>Rural cooperatives are waiting for loyal taxes</u> – an interview with the Market Infrastructure Component Leader of USAID AgroInvest, Mykola Hrytsenko.	58

Project Web-site

AgroInvest continued to develop and maintain its bilingual web-site: www.agroinvest.org.ua to share the latest Project news, reference materials, and grant and subcontract opportunities. The site content is regularly updated in terms of learning and training opportunities, cooperation, agro-sector news and information materials.

As an example, an Instrument for Calculation of Interest Rates for Loans has been added to the resource section in the reporting period. The instrument is accompanied by a user guide. It is based on a financial and mathematical model of risk assessment and was developed for credit unions - members of the Agri-lending Task Forces established with support of AgroInvest. This tool is designed to calculate the rates for loans to small and medium agricultural producers provided by credit unions and other financial institutions.

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

Month	Unique visitors	Number of visits	Pages	Hits	Volume/downloads, GB
January 2013	3,680	5,426	27,079	159,765	2.93
February 2013	3,717	5,220	22,798	136,010	2.67
March 2013	3,944	5,629	25,307	150,472	2.59
Total	11,341	16,275	75,184	446,247	8.19

Notably, over January-March 2013, the Project's web site was visited by more than 11,000 unique visitors who made half a million hits and downloaded eight gigabytes of

information. The number of visitors increased three times in the current year comparatively to the last year.

The integration of social media tools, such as Facebook is an increasingly important component of AgroInvest communications. AgroInvest continued to develop its [Facebook Page](#). The page contains information about the Project, its activities, success stories and numerous pictures from events organized by AgroInvest. Over the reporting period, 224 new posts were added to the page. In the reporting period, the number of engaged users of USAID AgroInvest in Facebook totaled 17,238 bringing and total number to 37,269 (since the beginning of the project).

Publications

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 about additional details, especially regarding the planned events, which is evidence that the publication meets its purpose.



With the purpose to ensure awareness about new loan product for beekeepers, the Project has published leaflets and flyers named "Loan product Beekeeping." The loan product has been jointly developed by Credit Union "Kharkivska Kasa"

Vzemodopomohy" and USAID AgroInvest in cooperation with ABC-Center. The leaflet and poster contain detailed information about loan terms and conditions, benefits and requirements for those who would like to secure a loan from the credit union. The leaflets and flyers will be disseminated among beekeepers by credit unions.



Aiming at provision of information that shall serve as a resource to help financial organizations better focus their lending strategies in the agricultural sector and develop special products targeted at small and medium producers (SMPs), AgroInvest has published report on a marketing survey entitled "Current Status of Lending to Small and Medium-Sized Agriculture Producers in Ukraine." The disk contains information for financial institutions that will help them determine the best geographic regions for spreading their lending practices and directing efforts to develop



optimal products designed for SMPs, promote these products to the market and minimize costs during the initial implementation period. As a result, SMPs will have better access to finance. This information is also available on the Project's web-site.

In order to support the awareness campaign on land reform that is being implemented by the Land Rights Resource Center in partnership with USAID AgroInvest, the Project has supported the issuance of the guidelines on conclusion of land lease agreements. This publication developed by experts in the sphere of land rights and land property is aimed to answer the most frequently asked questions regarding land leases. The brochure is being disseminated at AgroInvest events to rural land owners.

GENDER INTEGRATION

Gender-related activities during the reporting period have focused on two main activities. The first was the selection of an organization to perform gender trainings for project partners and other agriculturally focused and interested organizations. The second focus during this quarter has been the development of scope of work for the execution of an assessment of gender dimensions in rural Ukraine.

It is anticipated that the proposed program for gender trainings will significantly contribute to the newly introduced indicator GNDR-3; "Proportion of females who reported increased self-efficacy at the conclusion of USG supported training/programming." In the request for applications, specific emphasis was placed on the practical implementation of the knowledge that will be obtained during the trainings as well as the close connection of the training modules to the USAID Gender Equality and Female Empowerment Policy. Proposed tasks to be completed under the grant program are as follows:

- Review the national legislation and action plan and USAID documents on gender issues;
- Develop training modules and prepare a team of trainers;
- Prepare and hold training events for beneficiaries;
- Support beneficiaries with practical application of the knowledge and skills gained/mastered at the training events;
- Prepare a report and disseminate the experience.

In developing the scope of work for the execution of the assessment of gender dimensions in rural Ukraine, the Project has discussed specific problems of gender issues in rural areas of Ukraine with different groups (gender-specific NGOs, scientists and researchers, other donors) and has defined the main framework for what shall be included in the assessment and how it can best be conducted. It has been defined that the main focus will be on socioeconomic roles and responsibilities of men and women in rural households, access to decision-making at the community and household levels, income gaps, and female empowerment. To execute the assessment and ensure that the defined topics are thoroughly covered, it is expected to hire a local consultant with strong experience in researching gender in rural areas.

SECTION II: DELIVERABLES

The following deliverables and reports have been completed and submitted during the reporting period:

Deliverables	Date Submitted
October 1- December 31, 2012 Quarterly Report	January 31, 2013

SECTION III: CHALLENGES AND PLANS TO OVERCOME THEM

The following main challenges for efficient implementation of Component 1 have been identified:

1. Fragmentation of legislative proposals dealing with land issues remains one of the main challenges for legislative activities of AgroInvest on land issues. In many cases proposals for new or amended legislation in relation to agricultural land identify and address narrow issues, quite often referring to different laws and regulations. In addition, there were cases that such proposals are competing and proposing alternative (or contradictory) solutions to address the same issues.

In order to address this challenge AgroInvest plans to continue monitoring legislative proposals on a regular basis, ensure good communication with partners, and disseminate comments prepared and analysis made to a broad audience of policy makers. The project will continue focusing on developing proposals that facilitate development of an open, transparent and equitable market for agricultural land.

2. The balance of interests between agricultural producers and millions of small land owners has become a key issue that has an important multilateral impact on land management, land transaction cost, justice in income distribution and empowering small land owners. AgroInvest has been studying the ways of resolving this issue and the Concept of Owners Associations is being developed as an alternative approach to addressing potential conflicts of interest between a single farmer and multiple landowners and to lower transactions costs. The future work in regard to implementation of the Concept is subject to a legal analysis of the Concept's implementation. It is expected that the results of the legal analysis will be available by the mid June 2013.

Implementation concerns for Component 2 are as follows:

1. An area for concern continues to be Ukraine's continuing economic crisis which could be characterized by the decline of industrial outputs, decrease of the National Bank of Ukraine hard reserves etc. Potential devaluation of the

Ukrainian Hryvnia is a constant concern as well. To overcome at least some of the negative impacts of this state of affairs Project specialists are constantly focusing on increased risk management methodologies and practices of quality loan portfolio management in the training and instruments it provides to partner financial institutions and SMPs as well as promotion and involvement of agro-insurance mechanisms in lending products when applicable.

2. The shrinkage in banks activities due to the worsening financial stability in Ukraine which is partially driven by diversity of the international financial markets and investment climate decline in Ukraine.. It is possible that partner banks may reconsider their strategic intention to expand agrilending to SMPs. The Project overcomes this risk with constant monitoring of other banks activities and possibly replacing any present partner banks that may drop out of the Project. One such potential replacement bank is identified, and is subject to further due diligence.
3. As the lifting of the moratorium on agricultural land sales could happen earlier than 2016, and there are vague indications on this (i.e. the recently released draft law on land turnover which was posted on the website of the State Land Agency, the Project continues to develop the Owner Financing Mechanism to be implemented by partner financial institutions so as to be ready once the moratorium is lifted.
4. New legislation developments are scheduled for implementation in Ukraine in the near future that would force mandatory formation of cooperative banks out of credit unions. As the majority of Ukrainian credit unions are not likely to comply with mandatory requirements for such bank formations, and may terminate their activities To overcome this risk, Project specialists are working to share the best international practices on cooperative bank development (demonstrating international experiences at the best successful examples, request on expert advice on the matter), and will contribute to the legislative adjustments and recommendations for new legislative innovations.

As for Component 3, the following major factors and challenges are hampering development of agrarian market infrastructure in Ukraine:

1. Because of the difficult financial-and-economic situation in Ukraine and the consequences of the global financial crisis, there is little interest on the part of investors and there are limited opportunities for mobilizing investments for the purpose of developing logistic facilities and wholesale agriculture markets. To facilitate investing and lending processes, AgroInvest is conducting additional consultations with potential lenders (e.g. EBRD and investment companies) in order to present the projects and establish contacts with owners of logistics facilities.

2. As the legislative framework regarding land, including non-agriculture land, still needs to be enhanced, there are problems with the execution of leases and the transfer of ownership of land to be used for developing logistics facilities (vegetable storage facilities and markets). These processes are time consuming (may take up to one year) and burdensome. AgroInvest does its best to cover this problem in the media and selects partners (stakeholders) from those who/which have already formalized their land relationships.
3. As very few organizations submit proposals for the development of technical-and-economic documentations for logistics facilities and other projects, AgroInvest is conducting additional consultations for potential bidders and takes extra efforts to disseminate information on tenders.

SECTION IV: PLANNED ACTIVITIES FOR NEXT QUARTER

The following presents USAID/AgroInvest's major events and activities for the coming quarter:

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

- Present to the MAPF on experiences of other countries in addressing policies related to large-scale and small-scale farming and make recommendations to improve the proposed concept paper for national agriculture sector strategy;
- Complete the first of two phases of legal analysis regarding the creation of Owners Associations in Ukraine;
- Complete land lease study based on 2,000 actual lease agreements;
- Present the Ukraine LGAF report at the World Bank's Land and Poverty Conference taking place April 8-11, 2013 in Washington, DC;
- In the agreement with USAID and the World Bank determine how best to finalize LGAF Final Report;
- Undertake pre-award determination for five agricultural industry associations selected to build their capacity in advocacy and agricultural policy analysis and commence implementation of grant agreements;
- Conduct a series of four roundtables to present findings of the baseline awareness building and land rights literacy survey;
- Continue and scale up the Legal Land Rights Services Program in 8 oblasts of Ukraine;
- Conduct a series of seminars for state registrars in cooperation with the Ministry of Justice of Ukraine;

- Continue the Land Rights Awareness & Education Campaign, including radio programs, TV and radio talk shows, producing video and radio spots on topical issues, and work with media through the National Agrarian & Land Press Club.
- Support a media competition on agrarian and land issues as part of the information campaign;
- Publish the “Manual on Forming Land Plots and Registering Rights to Them”.

Component 2, Stimulate Access to Finance

- Begin agrotechnological trainings for financial specialists of partner financial institutions;
- Assess applicability and parameters of capital inflow activities to be considered to support credit unions agrilending capital capacity;
- Execute a subcontract intended to facilitate the access to finance for SMPs by means of advising agriculture producers of existing opportunities for accessing finance, improving their financial literacy, and raising their awareness of their rights as users of financial services in the lending process;
- Conduct the study tour to the Netherlands for credit union officers;
- Support execution of the subcontract aimed at improving management of portfolios of credit unions which are specialized in lending SMPs;
- Conduct a seminar on opportunities for accessing foreign investment for credit unions as micro finance organizations, develop and present expert recommendations on adjusting practices of agrilending at credit unions to changing market environment;
- Jointly with ACM and a partner CU Narodna Dovira, share the template of joint agrilending cooperation approach with credit unions in Crimea;
- Develop the Model of investments assessment for perennial plantations and feed it with technological inputs for fruit and berry crops
- Facilitate agrilending financing to SMPs thorough cooperation with OIKO Credit Ukraine and develop joint training events with OIKO Credit Ukraine;
- Conduct a training for credit officers from Crimean credit unions on models of profitability calculations for four business types: animal production (dairy farming, sheep production, pigs production) and perennial plantations industries proper application;
- Finalize the development of the required legal templates for the OFM for cases in which a bank would be the intermediary;
- Finalize the legal review of the OFM for cases in which a credit union would be the intermediary.

Component 3, Facilitate Market Infrastructure for SMPs

- Follow-up implementation of 13 producer organizations' projects on added value chains development;
- Conduct the tender to select proposals from producer organizations within the fourth grant competition for POs; signing grant agreements with the selected POs and commencing with implementation of the grants;
- Conduct trainings for potential SMPs and POs on development of projects to strengthen the capacity for each separate producer organizations aimed at expanding services, improving access to markets, and enhancing productivities for organizations' members;
- Hold workshops to spread the best practices on added value chains' development on the basis of POs implementing the grant programs provided by the AgroInvest Project.
- Continue to provide technical assistance for the wholesale agricultural market "Shelen" in Rivne Oblast and supporting investment attraction for its construction;
- Continue to provide technical assistance for the wholesale and retail agricultural market in Hola Prystan, Kherson Oblast;
- Organize summer trading site operations for two wholesale and retail markets in AR Crimea (Dobre village and Zuya urban settlement),
- Establish a meat processing facility and retrofitting of the dairy processing plant of the agricultural service cooperative "Molochny Dnistr" in Kherson Oblast;
- Establish information and marketing for agrarian center in Kherson Oblast;
- Work towards modifications and amendments to the Tax Code of Ukraine on VAT taxation on agricultural produce;
- Continue to support the development of the livestock wholesale market "Charodiy" in Cherkasy Oblast;
- Select a firm to conduct the pre-feasibility study for the National Project "Green Markets" - Creation of Wholesale Food Markets' Network";
- Organize and conduct competition to select a subcontractor to develop the feasibility study for the establishment of the wholesale agricultural market "Hektar" in Odesa Oblast and the wholesale and retail agricultural market in Krasnohvardiyske Raion in AR Crimea.

Project Communications

- Prepare mission Weekly Highlights and submit to USAID
- Prepare monthly highlights for broad audience of project partners
- Maintain the project web-site and Facebook page
- Support USAID Field Days in Ivano-Frankivsk and Simferopol

- Prepare publications on current project issues, including success stories

Cross-cutting issues/Gender:

- Finalize and release Scope of Work for a short-term expert to conduct Gender Assessment
- Complete background stage under the gender training grant activity, specifically: analysis of legal field for gender integration in Ukraine and USAID relevant documents, identify basic needs for trainings of potential training audiences, development of modules and selection of trainers.

SECTION V: LEVEL OF EFFORT REPORT

LOE Matrix as of March 31, 2013

Labor Category	Total Work Days	Total Work Days Utilized To Date	Total Remaining Work Days
LT Technical Assistance (Key Personnel)	1,270	504	766
LT Technical Assistance (Expatriate)	111	81	30
LT Technical Assistance (CCN)	14,405	5,468	8937
ST Technical Assistance (Expatriate)	755	203	552
ST Technical Assistance (CCN)	420	359	61
HO Support	199	186	13
Total	17,160	6801	10,359