



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

# **QUARTERLY REPORT JANUARY 1 – MARCH 31, 2015**

**April 2015**

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# AGROINVEST

**QUARTERLY REPORT  
JANUARY 1 – MARCH 31, 2015**

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## ACRONYMS

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

## INTRODUCTION

### Project Overview

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

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

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

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

## QUARTERLY HIGHLIGHTS

From January to March 2015, the AgroInvest project team marked the following key activities and accomplishments:

- Commenced the activities of the Analytical and Coordination Platform for agriculture sector industry associations
- Selected experts and initiated activities of an analytical team in the Ministry of Agrarian Policy and Food of Ukraine (MAPF) to build the capacity of the Ministry to analyze policy options and prepare legislation
- Initiated competitive selection of a subcontractor to conduct a study on responsible investments in the agriculture sector
- At the request of the MAPF, supported the activities of working groups and became increasingly involved in the ongoing development process of the Comprehensive Strategy for Agriculture and Rural Development in Ukraine for the period 2015 to 2020, a strategy paper being prepared jointly by the Ministry and the European Commission
- Assisted in organizing and participated in the U.S.-Ukrainian Agrarian Congress on March 24 and 25, 2015 in Washington, D.C.
- Conducted a study tour for representatives of industry associations and government agencies to the Czech Republic and Poland to learn about the experiences of select EU countries in government regulation of agricultural and food markets and the role of self-regulating organizations
- Finalized a report on government regulation of agricultural and food markets and the role of self-regulating organizations in select EU countries
- Conducted high-profile capacity building trainings on advocacy activities for national and regional agriculture sector industry associations
- Presented the USAID AgroInvest Land Rights Public Education and Outreach Campaign at the 2015 World Bank Land and Poverty Conference in Washington, D.C.
- Continued to support land reform and training of legal land rights service providers through the Land Rights Resource Center and Web-Portal
- Continued implementation of the Ten Steps to Combat Corruption in Land Relations Program
- Initiated a comprehensive analysis of local administrations' experience in providing regional subsidies for SMPs
- Launched a training program to familiarize farmers with new lending opportunities for potential borrowers of partner credit unions
- Supported the two national-level associations of credit unions in Ukraine in advocating policy changes aimed at improving access to credit for SMPs, conducting training seminars to share best practices in lending to SMPs, and conducting a training of credit union internal auditors and on-site internal audit sessions
- Conducted four agri-technological trainings (two for financial officers of partner financial institutions to increase their ability to issue and monitor loans to SMPs and two for credit union members)
- Advocated for the passage of the draft law of Ukraine #2052 "On Amending the Tax Code of Ukraine (regarding Improving the Value-Added Taxation of Agriculture Produce Produced by Smallholdings and Marketed through

Agriculture Service Cooperatives),” which was initiated and developed with technical assistance from AgroInvest; the draft law was registered in the Parliament of Ukraine on February 6, 2015.

- Advocated for the passage of the draft law of Ukraine #1599 “On Amending Selected Laws of Ukraine on Stimulating Establishment and Operations of Family Farms,” which was initiated and developed with technical assistance from AgroInvest; the draft law passed first reading on March 4, 2015.
- Developed the draft law of Ukraine “On Local Agri-Food Markets” jointly with the Ministry of Agrarian Policy and Food and presented it for public discussion
- Conducted the first phase of a training program to develop a network of consultants for small and medium-sized enterprises on implementing and ensuring high performance of certification and food safety systems based on Hazard Analysis and Critical Control Points (HACCP) and Global GAP standards
- Published two guides on bookkeeping for agriculture service cooperatives to help regulate relationships between cooperatives and their members who supply raw milk for processing and receive proceeds from selling finished products

## SECTION I: ACCOMPLISHMENTS AND PROGRESS TO DATE

### Technical Implementation

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

##### Task A: Accelerate Market-Oriented Reforms

###### *Analysis of Legislation on the Agricultural Land Market*

During the reporting period, AgroInvest continued to monitor, review, and analyze legislation and other policy documents on land-related issues. This analysis focused on draft legislation registered in the Parliament or proposed for public discussions and review by government agencies and project partners. From January to March 2015, this analysis included:

- A review and opinion on the appropriateness of the creation of the State Service for Geodesy, Mapping, and Cadastre from a reorganization of the State Land Agency. The Cabinet of Ministers initiated the reorganization in September 2014 and requested comments from AgroInvest on the legal implications of this process.
- A review of the draft law “On Amendments to Certain Laws of Ukraine Regarding Prevention of Corruption in Land Relations” (draft law No. 1906, registered on February 2, 2015). On February 6, 2015, the results of the review were presented at a meeting of the Board of the National Academy of Agricultural Sciences of Ukraine. In the opinion of AgroInvest experts, the draft legislation promoted the deregulation of land relations but contained a number of inappropriate, ill-founded provisions (for example, providing territorial village communities the right to manage the land beyond the village territory without defining the boundaries of authority). This draft law was subsequently recalled by the authors and never presented for review at the plenary session of the Verkhovna Rada.
- An assessment of the new procedure for determining the lease payments for state and municipally-owned land.
- Development of amendments to the law “On Land Lease,” regarding the establishment of separate regulations for the lease of agricultural and non-agricultural land.

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

- Participated in preparation of the draft law “[On Amendments to the Land Code of Ukraine on Holding Land Auctions](#)” (draft law No. 2279, dated March 3, 2015) for discussion and approval in the Verkhovna Rada. The

objective of this draft legislation is to ensure transparent processes for acquiring rights to state and communally-owned land plots, by preventing acquisition of these land plots on a non-competitive basis. In addition, to minimize budgetary expenses, the draft law improves the procedure for conducting land auctions using extra budgetary funds as it allows the implementer of the auction to use its own funds to hold the auction and later on be reimbursed by the successful bidders. The draft law has been supported by the Parliamentary Committee on Agrarian Policy and Land Relations.

- Participated in preparation of the draft law “[On Amendments to Certain Legislative Acts of Ukraine on Clarification of the Authorities of Notaries and Peculiarities of Registration of Derivative Rights to Agricultural Land Plots](#)” (draft law No. 0944, dated November 27, 2014) for the second reading in the Verkhovna Rada. The objective of this draft legislation is the simplification of registration of lease rights to agricultural land plots by means of (i) broadening the authority of notaries to access and use the data of the State Land Cadastre and (ii) allowing owners or lessees to file applications for registration of their rights to land plots in an electronic format. In the process of preparing the draft law for second reading, the Land Union of Ukraine worked with the Ministry of Justice of Ukraine and the Ministry of Agrarian Policy and Food to add a provision authorizing notaries to perform state registration of the lease of agricultural land, regardless of notarization of the lease. This provision was supported by the Committee and the Verkhovna Rada. The law was adopted and entered into force.
- Contributed to preparing the draft law “[On Amendments to Certain Legislative Acts of Ukraine Regarding the Simplification of Conditions for Business Activities \(Deregulation\)](#)” (draft law No. 1580, approved on first reading on December 26, 2014) for the second reading. This draft legislation proposed a number of steps aimed at simplifying the requirements for leasing agricultural land and deregulation. As revised for the second reading, the draft law included the following innovations in land relations: (i) enabling legal persons to use land allocated to private plot holders for individual farming, (ii) reducing the number of essential terms of the lease agreement from 11 to three and abolishing mandatory annexes to the lease agreement; (iii) abolishing the requirement for all landowners and users of agricultural land to develop land survey projects for crop rotation; (iv) abolishing the requirement to execute a transfer/acceptance certificate for each land lease act. The law was adopted and entered into force.
- Contributed to preparing the draft law “[On Amendments to Certain Legislative Acts of Ukraine Regarding the Definition of the Content, Composition, and Approval Procedure for Land Management Documentation](#)” (draft law No. 0904, dated November 27, 2014) for the second reading. This draft legislation is intended to improve and streamline the procedure for the approval of land management documentation. Per the advice of the Land Union, the Parliamentary Committee on Agrarian Policy and Land Relations excluded provisions from the final version of the draft law that require unnecessary coordination of technical documentation on the establishment or renewal of

land plot boundaries with land management bodies, city planning bodies, and architecture bodies. The above proposal was supported by the Committee.

*Cancellation of overly complicated and costly crop rotation schemes.* In March 2015, the Verkhovna Rada approved the law “On Deregulation” (law No. 191-VIII) that came into force on April 4, 2015. This law repealed overly complicated and costly crop rotation requirements for national agricultural producers. Beginning in 2013, the development and application of pre-approved crop rotation schemes became mandatory for farmers who used more than 100 hectares of agricultural land. AgroInvest conducted a legal analysis of the regulations for obligatory crop rotation in Ukraine, produced a study on obligatory crop rotation in select countries outside of Ukraine, and held several public discussions on the issue. In addition, AgroInvest experts participated in radio programs and prepared articles to highlight the significance of this change. In 2014, AgroInvest developed and submitted recommendations to the government to simplify and reduce the cost of crop rotation requirements. The joint efforts of AgroInvest and its partner industry associations, including the Agrarian Union of Ukraine, the Private Farmer Association, and others, convinced the GOU and Parliament to support the cancellation of the mandatory crop rotation schemes.

*Responsible investments study.* In March 2015, AgroInvest issued an RFP to select a subcontractor to conduct a study on responsible investments in the agriculture sector. AgroInvest intends to subcontract a non-governmental organization or an analytical group engaged in the sector to conduct a study of social partnerships between lessees and rural communities focusing on the following objectives: (1) receiving feedback from local authorities (oblast, raion, and village levels), agricultural land lessees, and villagers in regard to practical implementation of social partnerships, their efficiency, transparency, and other issues; (2) summarizing current experiences with social partnerships between agricultural producers of different sizes and local communities, based on case studies in select regions; (3) developing recommendations to promote best practices in social partnerships and, if appropriate, making suggestions for amending or changing relevant legislation. It is expected that the study will commence in May and will be completed by the end of summer 2015. It is worth noting that the Strategy for Agriculture and Rural Development 2015-2020 being developed by the MAPF includes a provision on improving responsible investment/social partnerships between agricultural producers and local communities.

*Cooperation with the Kyiv School of Economics to implement the World Bank IDF grant for land policy activities.* During the reporting quarter, AgroInvest expanded its cooperation with a team of experts implementing a capacity development grant for evidence-based land and agricultural policy-making in Ukraine. The grant is designed to support the Government of Ukraine in developing an evidence-based agricultural reform strategy, and to monitor its implementation. Kyiv School of Economics (KSE) commenced implementation of this grant program in February 2015. KSE and AgroInvest held meetings and discussions to establish priority issues for review under the grant program. In March 2015, AgroInvest was included in the grant steering committee under the Ministry of Agrarian Policy and Food. KSE and AgroInvest plan to coordinate their activities on land policy issues and organize joint events later this year.

## Other Policy Initiatives

*Participation in developing a Comprehensive Strategy for Agriculture and Rural Development in Ukraine for 2015-2020.* During the reporting period, AgroInvest increased its support to the development of a Comprehensive Strategy for Agriculture and Rural Development in Ukraine for 2015-2020, which is being prepared by the MAPF in close collaboration with the European Commission and other international donor organizations. The project helped prepare a strategic vision and specific activities on agricultural land reform, rural development, agricultural finance, support to small farms and service cooperatives, and market infrastructure development for small and medium-sized agricultural producers. To this end, AgroInvest experts actively participated in four of the eight MAPF working groups. A first draft of the strategy document was presented for public discussion and consultations in March 2015 (<http://minagro.gov.ua/en/node/15828>). AgroInvest will continue to support the MAPF and will assist in organizing public events to discuss the strategy next quarter (April to June 2015).

*Analytical group for the Ministry of Agrarian Policy and Food.* During the previous quarter, AgroInvest initiated activities aimed at establishing an analytical and advisory group in the Ministry to provide analytical support to core functions of the MAPF and strengthen its capacity in developing and implementing agriculture sector reforms. In February 2015, the project identified and engaged the first two experts. In March 2015, in conjunction with the MAPF, the project continued searching for additional experts to complete the analytical team. It is expected that the selection of analysts for this group will be completed in the next quarter and the analytical group will be providing assistance to the Ministry through the end of the calendar year.

*Assistance to the MAPF in developing a new version of the draft law “On State Support to the Agriculture Sector.”* Development of this draft law was included in the MAPF’s action plan of activities for 2015. At the request of the Ministry, AgroInvest experts provided comments and suggestions on the concept of the new law, its structure, main elements and specific support activities to be included, in particular those aimed at assisting small and medium-sized agricultural producers. Project specialists participated in discussions on specific mechanisms of government support to the sector and made suggestions on how to make these mechanisms more efficient, equitable, and transparent.

*Study tour to the Czech Republic and Poland for representatives of industry associations and government agencies.* In January 2015, AgroInvest cooperated with the Czech University of Life Sciences and the Polish Institute of Rural and Agricultural Development (IRWiR PAN) to organize and lead a study tour to the Czech Republic and Poland on the experiences of select EU countries in government regulation of agricultural and food markets and the role of self-regulating organizations. Six leaders of Ukrainian national-level agriculture sector industry associations and six GOU officials representing the Ministry of Agrarian Policy and Food of Ukraine, the Ministry of Economic Development and Trade, and President’s Administration, took part in the study tour. The program’s goal was to support the deregulation of the business environment in the agriculture sector by introducing participants to the experiences of EU member states in government regulation of agricultural markets and trade and divesting regulatory functions to private sector self-regulatory organizations. Participants increased their knowledge on international best

practices, specific policy arrangements, and instruments enabling them to apply the information learned to develop policy proposals in Ukraine. Additionally, participants had the opportunity to meet and establish direct contacts with their counterparts in the Czech Republic and Poland, allowing for follow-up interaction and exchange of information.

*Facilitation of the Ukrainian-American Agrarian Congress.* During the reporting period, AgroInvest supported and participated in the Ukrainian-American Agrarian Congress, which was held on March 24-25, 2015, in Washington, D.C. The Congress aimed to facilitate experience sharing and strengthen business relationships to find ways to realize Ukraine's agrarian potential. The event was organized by the Ukrainian Grain Association, a Ukrainian NGO and AgroInvest partner, and APK-Inform, a Ukrainian information agency. The Congress included a round table on "Ukrainian-American Agrarian Dialogue," which was attended by representatives from the Ministry of Agrarian Policy and Food of Ukraine, the Ukrainian Parliamentary Agrarian Committee, and government authorities, business leaders, and NGOs from both countries.

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

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

In this reporting period, AgroInvest continued supporting the activities of five national agricultural industry associations through the project's capacity building grants program. Highlights industry association partner activities that took place this quarter are provided below:

1. *Ukrainian Agrarian Confederation.* Main accomplishments of the Ukrainian Agrarian Confederation during this quarter include:
  - Preparing and publishing analytical notes on the following agricultural policy issues: (i) export and import balance of trade, with a focus on agricultural commodities and food products, during the first 11 months of 2014; (ii) analysis of the USDA agricultural commodities market report for December 2014; (iii) assessment of the economic and financial results of the calendar year 2014 for agricultural sector producers; (iv) preliminary assessment of agriculture sector support programs in the 2015 budget law; (v) rating agricultural commodity exporters based on the value of VAT compensation received from the government in calendar year 2014
  - Preparing and disseminating comments on the Resolution on the Cabinet of Ministers (resolution No. 553, dated October 16, 2014) on river transportation fees
  - Participating in a meeting of the Grain Market Working Group under the MAPF and developing proposals and revisions to a Memorandum of Understanding between the MAPF and agriculture sector industry associations

The period of performance for this grant program ended in January 2015.

2. *National Association of Agricultural Advisory Services “Dorada.”* Main accomplishments of the National Association of Agricultural Advisory Services during the reporting period included:
  - Initiating a survey of individual farmers to identify issues that prevent further development of agricultural service cooperatives
  - Maintaining and updating a website and an electronic library of publications on agricultural advisory services
  - Providing regular consultations to local government representatives on issues of agricultural cooperatives and advisory services
  - Issuing three regular bulletins to members and partners
  
3. *Agrarian Union of Ukraine.* Main accomplishments of the Agrarian Union during this reporting period include:
  - Undertaking an analysis of the law, “On Amendments to the Tax Code of Ukraine and Other Legislative Acts Regarding Tax Reform” (law No. 71, dated December 28, 2014) to assess the impact of this law on the tax obligations of agricultural producers
  - Preparing and holding a seminar for Union members on changes in the taxation of agricultural producers in calendar year 2015
  - Preparing an appeal to the chairman of the Verkhovna Rada and the head of the National Pension Fund of Ukraine regarding the need to make adjustments to the legislation in order to maintain pension benefits for employees of agriculture sector enterprises (farmers), following recent changes to the tax legislation (replacement of the fixed agricultural tax by the group for a single tax)
  - Issuance of [weekly bulletins](#) by the Independent Expert Board on the state of the Ukrainian grain market
  - Preparing an analytical note on the situation in financial markets for farmers and food producers
  
4. *Ukrainian Pig Breeders Association.* Main accomplishments of the Pig Breeders Association include:
  - Analyzing the law “On Pedigree Work in the Livestock Sector” and developing proposals on improving this legislation
  - Preparing and distributing a book on “Contemporary Pig Breeding” at the national exhibition, AgroAnimalSow 2015
  - Organizing a joint meeting of the Association and the State Veterinary Service to discuss the epizootic situation in the pig industry in Ukraine
  - Preparing and issuing regular monthly reviews of the pork market in Ukraine
  
5. *Ukrainian Agribusiness Club Association.* Main accomplishments of the Ukrainian Agribusiness Club during this quarter included:
  - Organizing a national round table to discuss proposals and options to change the tax system for the agriculture sector of Ukraine (held on February 18, 2015)
  - Working jointly with other industry associations to organize and hold a meeting of the All-Ukrainian Agrarian Forum to discuss important issues

in agricultural policy and develop proposals for the government (held on February 27, 2015)

- Monitoring legislation and regulatory acts that deal with agriculture and food sector issues and sharing the results of the monitoring with members of the Association
- Reviewing and preparing comments and proposals to one draft law and five Resolutions of the Cabinet of Ministers that deal with agriculture sector development
- Drafting and submitting for public discussion and consideration one draft Resolution of the Cabinet of Ministers
- Preparing and disseminating eleven press releases on pending issues of agricultural policy in Ukraine

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

In early February 2015, AgroInvest commenced activities of the Analytical and Coordination Platform for agriculture sector industry associations to implement a program aimed at providing ongoing, full-time support on monitoring of policy initiatives, undertaking policy analysis and legal reviews, and coordinating policy activities. AgroInvest selected OMP Law Company through a competitive process to create a full-time policy analysis and coordination platform (the Analytical Platform) to serve as an analytical and advisory group to support the activities of agricultural industry associations. It assists agricultural industry associations in monitoring all policy initiatives, undertaking policy analysis, and coordinating policy work.

From February to March 2015, the Analytical Platform reached out to 35 agricultural industry associations to collaborate and discuss current important issues in agriculture and agribusiness. Fourteen of the most active associations established a Coordination Council of the Platform to prioritize these issues and coordinate their activities. The Council identified the following critical issues: (1) development of self-regulatory organizations; (2) land issues; (3) deregulation in agribusiness; (4) taxation in agriculture; (5) access to finance; and, (6) agricultural cooperation.

On March 23, 2015, the Analytical Platform conducted a round table on self-regulatory organizations. The meeting was devoted to discussing the status and perspectives of self-regulatory organizations in the Ukrainian agro-industrial complex. In particular, the following was addressed: (1) basic existing models of self-regulatory organizations worldwide; (2) existing legislative initiatives on self-regulatory organizations in Ukraine; (3) criteria for existing associations to become self-regulatory organizations; (4) functions that can be transferred from the state to self-regulatory organizations; (5) framework of a subject draft law developed by the Analytical Platform. After the round table, the Platform established a working group consisting of industry association representatives to develop a complete draft law on self-regulatory organizations.

As part of its activities, the Analytical Platform constantly monitors legislation developments and prepares and circulates weekly bulletins among industry associations with important updates on draft legislation and court decisions. The bulletins have become very popular among these partners.

### *Advocacy Training for Agriculture Sector Industry Associations*

During the reporting period, AgroInvest organized two two-day workshops on advocacy, consensus building, and best practices for working with government officials to enhance the capacity of AgroInvest partner agriculture sector industry associations. The training was split into two separate workshops based on the capacity and skills of AgroInvest partner industry associations: “advanced” NGOs, which are stronger in their influence and abilities, received advanced training; “developing” NGOs, which are new, received more basic training in these areas.

The project engaged short-term legislative process and advocacy specialist Pamela Daniels to deliver the trainings on February 12-13 and 16-17, 2015. Prior to the trainings, one-on-one meetings/interviews were conducted with the various agricultural industry associations to understand their respective roles, responsibilities, resources, and experiences in their association’s lobbying capacity. As a result of these meetings/interviews, the training agenda was set and training materials were modified and enhanced to better meet the unique needs and challenges of the participants. In total, 36 participants who represented 25 industry associations and NGOs participated in the two training sessions.

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

During the reporting period, AgroInvest also supported the activities of five competitively selected oblast-level agricultural industry associations to build their capacity in policy analysis and engagement in discussions with local and central government authorities. This support was provided through a grant program focused on increasing the sustainability of regional associations and their ability to propose more useful and diverse services to their members. Highlights of the activities for each of these partner industry associations during the quarter are provided below:

- 1) *Poltava branch of the All-Ukrainian Public Organization “Union of Rural Women of Ukraine.”* The main accomplishments of the Poltava branch of the All-Ukrainian Public Organization “Union of Rural Women of Ukraine” during the reporting period included:
  - Organizing and holding a training seminar on standards and instruments of public policy for partner industry associations. It was held at the Poltava Agrarian Academy on March 18-19, 2015 for 87 representatives of regional sector associations.
  - Undertaking a survey of representatives of agricultural producers and public organizations in the sector and preparing a report that identified means and instruments of public influence on local government agencies.
  - Preparing three issues of the “Bulletin of the Union of Rural Women of Ukraine” and distributing them among Union members and partners.
  
- 2) *Interregional Union of Poultry Breeders and Forage Producers (Kharkiv).* The main accomplishments of the Interregional Union of Poultry Breeders and Forage Producers during the reporting period included:

- Undertaking a comparative legal analysis of current Ukrainian legislation and laws that regulate poultry and forage producer farm types in select countries of the former Soviet Union and EU, with a focus on small and medium-sized producers.
- Based on the above analysis, developing proposals on improving the organizational and legal basis for poultry and fodder industry operations in Ukraine.
- Developing proposals on improving the legislation for financial and credit support to the poultry and fodder industry in Ukraine
- Establishing contacts with associations of poultry and fodder producers in EU countries and preparing a visit of the German poultry association to Ukraine in April 2015.
- Finalizing the Union's web-portal to ensure better information sharing and communication between members of the Union.
- Organizing a round table entitled "To Wait and Hope or to Influence," attended by Union members, local authorities of Kharkiv Oblast, scientists, investors, and the media.

3) *Association of Rural Development of Poltava Region.* The main accomplishments of the Association of Rural Development of Poltava Region during the reporting period included:

- Creating an Advisory Council under the Association of Rural Development of Poltava Region, which consists of representatives of industry associations that operate in the agro-industrial sphere in Poltava Oblast.
- Conducting a total of five seminars and three round tables to discuss priority issues to be addressed by the Association. The following priorities were identified during the discussions: (i) raising the competitiveness of small and medium-sized businesses; (ii) developing mechanisms for economic and social partnerships; (iii) facilitating cooperation and innovations; and (iv) improving environmental issues and raising the quality of life in rural areas.
- Holding consultations with representatives of agricultural businesses, public sector organizations, and raion authorities on the development of proposals for regional programs to raise the competitiveness of small and medium-sized businesses in the agriculture sector.

4) *Ternopil Oblast NGO "Union of Landowners."* The main accomplishments of the Ternopil Oblast Union of Landowners during the reporting period included:

- Establishing a Task Force and organizing two meetings/sessions of the Task Force to plan activities, prioritize main areas of focus and tasks, and discuss organizational issues.
- Conducting a working meeting with the Department of Agricultural Development of the Ternopil Regional Administration to discuss collaboration and cooperation under the project's umbrella.
- Organizing and conducting a roundtable entitled "Impact of Legislative Innovations in the Agriculture Sector and the Financial Crisis on the

Situation of Agricultural Enterprises and Landowners of Ternopil Oblast in 2015.”

- Publishing in newspaper "Free Life" a paper explaining the need for farmers to understand their land rights and advertising the *pro bono* legal land rights services provided by the Union.
- Providing 129 consultations to rural land owners on land lease agreements and registration of their rights to land.

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

- Initiating a survey entitled “State of the Market for Traditional and Regional Products and Prospects for Support of Producers of Traditional Products in Ukraine.”
- Analyzing the existing businesses that operate in Zhytomyr and Vinnytsia oblasts and identifying those products that can be legally labeled as traditional Ukrainian foods.
- Establishing working groups under the umbrella of the Zhytomyr and Vinnytsia Oblast Councils that are tasked to develop regional capacity building programs for producers of traditional products and create regional registries for these types of products.

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

In the reporting quarter, AgroInvest continued its Land Rights Public Education and Outreach Campaign, “My Land, My Right,” as well as the Legal Land Rights Services Program, both to stimulate positive changes in the legislative framework and practices in various aspects of land relations and to increase awareness and help rural citizens protect their land rights.

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

In the reporting period, AgroInvest continued implementing the Land Rights Public Education and Outreach Campaign, “My Land, My Right.” This activity is implemented in partnership with the Center for Ukraine Reform Education LLC (CURE). The campaign includes a series of activities and uses a set of communications tools, including the National Agrarian & Land Press Club, information materials, and television and radio programs.

Beginning in 2015, the focus of the information campaign shifted towards land and agricultural issues that are currently very high on the policy reform agenda, such as anti-corruption, decentralization, and deregulation. In this way, the campaign addresses a broad and comprehensive range of topics supported by the AgroInvest project.

This quarter six, seven-minute “My Land, My Right” radio programs were broadcast on the First National Radio Channel. The total audience of these programs exceeded 1.5 million listeners. The following topics were covered:

**Table 1. My Land, My Right Campaign**

Date	Topic
Jan. 13, 2015	<a href="#">Deregulation as One of the Main Areas of the New Agrarian Policy</a>
Jan. 27, 2015	<a href="#">Innovations in the State Registration of Real Estate Rights: Information Becomes More Accessible</a>
Mar. 17, 2015	<a href="#">Family Farms: Is it Profitable for an Individual Household to Obtain the Title of Agricultural Producer?</a>
Mar. 24, 2015	<a href="#">Is the Introduction of a Minimum Lease Term of Agricultural Land Justified?</a>
Mar. 26, 2015	<a href="#">Credit Unions: New Initiatives of Agrilending</a>
Mar. 31, 2015	<a href="#">Decentralization of Governmental Land Management Powers: Pros and Cons</a>

The [National Agrarian & Land Press Club](#) continued to bring together experts and journalists to discuss and raise awareness of the most critical and topical agrarian policy reforms. In January and March, the Press Club conducted four meetings.

Of special note was the January 23, 2015 round table, entitled “How Do the Government and the Agricultural Community See the New Regulatory Policy on Agriculture and How Successful Will It Be?” The round table was attended by Deputy Minister of Agrarian Policy and Food Volodymyr Lapa and other top officials, as well as leaders of industry associations and leading researchers. The event was instrumental in raising pressing issues of agricultural reform. These include decentralization, deregulation, and anti-corruption initiatives to be included in the Government Program.



Meeting of the National Agrarian & Land Press Club, January 23, 2015

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

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

Date	Format	Title
January 23, 2015	Round table	How Do the Government and the Agricultural Community See the New Regulatory Policy in Agriculture and How Successful Will It Be?
January 29, 2015	Press conference	Fighting Corruption in Land Relations: Reality or Simulation?
March 19, 2015	Round table	Will Family Farms Receive Appropriate Legal Support?
March 31, 2015	Round table	How will the Introduction of a Minimum Lease Term of Agricultural Land Affect Agribusiness, the Economic Status of Land Owners, and Help Decrease the “Shadow” Segment of the Land Market?

### *Legal Land Rights Services Program*

In the reporting period, the Legal Land Rights Services Program continued to be implemented in cooperation with the Land Union of Ukraine, through the Kyiv-based Land Rights Resource Center.

The Land Rights Resource Center continued to work towards the implementation of the “Ten Steps to Combat Corruption – Recommendations for Government Actions” program. The Land Rights Resource Center also performed other activities, including trainings, consultations to providers of primary legal land rights services, and developing new materials that were posted on the Land Web-Portal and disseminated

through legal land rights services providers. In addition, experts of the Land Rights Resource Center organized and/or took part in expert discussions and led a number of legislative initiatives aimed at improving the legal and regulatory environment surrounding land relations.

*Work Towards the Implementation of the “Ten Steps to Combat Corruption – Recommendations for Government Actions” Program*

During the reporting period, the Land Rights Resource Center took part in drafting a comprehensive law aiming to implement all steps envisioned in the Ten Steps Program and organized/participated in three public events to support its implementation:

- On January 26, 2015, the Land Rights Resource Center took part in a meeting on the prospects for improving legislation on combating corruption in land relations at the Kyiv Institute of Land Relations.
- On January 29, 2015, the Land Rights Resource Center organized a press conference to discuss next steps in the implementation of the 10 Steps Program. The event was held as part of the regular meeting of the National Agrarian & Land Press Club. The press conference analyzed the status of the implementation of provisions to fight corruption in land relations and the results of the Ten Steps Program.
- On February 6, 2015, a press briefing was organized under the umbrella of the Presidium of the National Academy of Agrarian Sciences entitled “Changes in the Legislation on Combating Corruption in Land Relations.”



In the reporting period, the Land Rights Resource Center took part in drafting the draft law on [“Amendments to Certain Legislative Acts of Ukraine on Prevention of Corruption in Land Relations”](#) (law No. 1906, dated February 2, 2015). The law is meant to implement key steps envisioned in the Ten Steps Program, in particular: (1) abolishment of unnecessary procedures and legal restrictions; (2) shifting decision-making to the lowest possible level to ensure greater ease and efficiency of decision making in the land sphere; (3) improvement or exclusion of legislative provisions that create uncertainty in legal regulation in the land sphere and, in this way, unnecessarily expand the authority of land-related authorized bodies; (4) ensuring openness and transparency in the participation of stakeholders and the participation of representatives of state and local communities; and (5) the technical and legal improvement of legislation that will make the legislation easier to observe and more predictable. The draft law has been sent to nine parliamentary committees for discussion.

Also, the Land Rights Resource Center actively worked towards the incorporation of the ideas of the Ten Steps Programs in the Coalition Agreement and Government Program. As a result of these efforts, Step 2 (Transfer All Land Management Functions to Local Self-Governance Bodies) from the Ten Steps Program was

included in Item 1.2 and Step 3 (Make the State Land Cadastre Truly Public and Convenient) was included in Item 1.4 of Coalition Agreement.

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

*Other Activities of the Land Rights Resource Center as Part of the Legal Land Rights Services Program*

From January to March 2015, the Land Rights Resource Center conducted five public events for providers of primary and secondary legal land services and local authorities, including:

- Workshop on “Land Relations 2015. Solutions to Problematic Issues” (January 22, 2015, in Uzhgorod, 76 participants)
- Workshop on “Land Relations in 2015. Addressing Issues” (February 19, 2015, in Ivano-Frankivsk, 91 participants)
- Workshop on the legislative basis for the use of land plots for gardening as part of the international conference, “Development of the Nut Business” (February 25, 2015, in Kyiv)
- Workshop on “Local Government Authority on the Management of State and Communally-Owned Land. Lease (Sub-Lease) of Land Plots” (February 25, 2015, in Kirovohrad)
- Conference on “The Land Management Sector of Ukraine: Challenges and Outlooks” (March 14, 2015, in Kyiv)

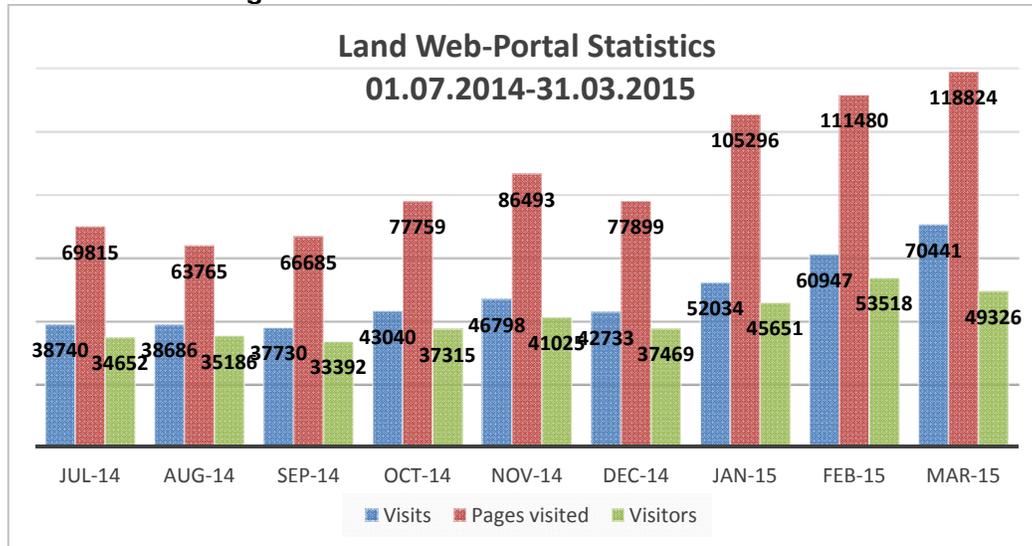
In addition, the Resource Center produced the following new materials:

- E- manuals on the following topics:
  - [\*Land to the Farmer. Features of Creation and Operation of a Farm.\*](#) The manual explains key issues of acquiring land: privatization, lease, perpetual lease, etc.
  - [\*Land Payments\*](#) The manual includes information materials about taxation of land plots, specifics of implementation of monetary appraisal of the land plot, comments, and answers to frequently asked questions regarding rental payments and land tax.
- Roadmap: [Mechanism for landholder’s use of preemptive right to conclude a land lease agreement for a new term](#)
- Document templates/samples: [Sample message in a letter from a landholder to a landlord on the use of pre-emptive right to conclude a lease agreement for a new term](#)

These and other materials developed by the Land Rights Resource Center are available at the Land Rights Web-Portal ([www.zem.ua](http://www.zem.ua)) maintained by the Center. This quarter there were approximately 150,000 visitors to the Land Rights Web-Portal, bringing the total number of unique visitors since the launch of the program to 892,000. The number of pages visited in the reporting period exceeded 335,000, and the overall number of pages visited totaled 975,000. Of note, the average number of visits on a monthly basis increased in the reporting quarter compared to the previous

quarter by 27.7% (from 44,190 to 61,141), and the average number of pages visited increased by 72.15% (from 80,717 to 111,867). For detailed month-by-month statistics for the last 9 months, please see the chart below.

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



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

- Participated in meetings of the working group on land established for the purpose of designing the Single and Comprehensive Strategy for Agriculture and Rural Development in Ukraine 2015-2020
- Analyzed land laws and initiatives, developed comments and proposals on the improvement of land legislation and regulations, and participated in the Public Council of the State Land Agency
- Worked intensively with the State Land Agency, the Center of State Land Cadastre, and the Association of Farmers and Private Landowners to identify land related problems faced by these organizations and to find solutions.
- Provided 91 consultations to providers of primary and secondary legal land rights services, mainly related to land registration, correcting errors in the State Land Cadastre, approval of land use documents, state registration of land title, privatization, assignment of land plot cadastral number, lease relations, and more
- Participated in the information campaign “My Land, My Right” conducted by AgroInvest, including participation in six public events, press-conferences, an Agrarian & Land Press Club event, comments on land issues in the media, and participation in television and radio programs

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

*Agro-Technological Training Sessions for Financial Specialists of Partner Financial Institutions*

From January to March 2014, AgroInvest conducted two trainings for loan officers of the partner bank, *Metabank*. The training modules focused on developing financial skills of loan officers to enable them to diversify the loan portfolio in the worsened economic environment. The training called “Field Crops Production” that was conducted in Zaporizhzhia on February 13, 2015, helped financial analysts understand the impact of application of various pre-planting tillage technologies and fertilizers on the SMPs’ cash flow. The “Field Crops Production in the Southern and Eastern Oblasts of Ukraine” training that was conducted in Zaporizhzhya on March 20, 2015, focused on the impact of weed control. The content was adjusted for niche crops (coriander, flax, sorghum and other) production in the southern and eastern regions of Ukraine, with specific focus on updated status of costs of agrochemicals, and logistics and marketing channels for these niche crops sales.



#### *Study to Assess the Efficiency of Regional Budget-Funded Programs for Supporting SMP Finance*

In February 2015, AgroInvest started a subcontract with the Institute for Budgetary and Socio-Economic Research (IBSER) that will deliver an assessment of the regional programs in support of SMP funding from oblast budgets, including the development of recommendations on improving performance of such programs, and dissemination of best practices to other pilot oblasts of Ukraine. This subcontract aims to improve existing practices of subsidizing agrilending to SMPs from local budgets, and start similar activities in other regions of Ukraine on the basis of recommendations and template documents developed by IBSER.

In March 2015, IBSER developed the assessment methodology, thus completing the first stage of the subcontract. The methodology specifies the objective and targets of the study, key tools and information resources, and specific activities to be implemented under the subcontract. In the next quarter, IBSER specialists will collect comprehensive information about regional subsidies’ programs in Lviv, Volyn, and Rivne oblasts. Information will be collected from regional offices involved in designing and implementing local programs. Once this information is summarized and reviewed, it will be used as the basis to develop recommendations on the ways to improve these programs. IBSER will develop a set of documentation packages with information required to launch similar subsidy programs in other pilot regions of Ukraine, and will organize a series of round tables with regional authorities to support this launch.

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

In early 2015, AgroInvest specialists identified conflicting view points within the national-level credit union associations (AUCUA and UNASCU) that hinders further development of Ukrainian legislation on credit unions. *Inter alia*, the associations have different understandings of an optimal regulation system for credit unions, ways for

participation in the guarantee fund, and management of self-regulatory organizations. To help its partners overcome the conflict and support the development of a joint legislative platform, on February 9, AgroInvest organized a joint meeting of both associations' management teams to discuss their different views and develop a joint approach and platform. As a result, the management developed a joint strategy for moving forward with developing the credit union system, agreeing also to obtain legal permission to serve farmers as both individuals and legal entities. This important policy change will help credit unions increase agrilending and thus ensure greater access to funding for SMPs. On March 3, 2015, at the meeting with Mr. Ihor Pashko, Head of the National Commission for Regulation of Financial Services Markets in Ukraine, the two national associations successfully presented and advocated for the credit unions' joint development strategy. The draft of the updated legislation for the development of credit unions that is compliant with the EU standards is presently under consideration at the National Commission. The next steps are as follows: the draft legislation will be handed over by the National Commission to the Cabinet of Ministers and two profile Committees of the Verkhovna Rada for further consideration; after that, the draft law will be submitted to the Verkhovna Rada for review and subsequent approval. This updated legislation is of crucial importance as a step towards increasing agrilending as it will allow credit unions to provide agrilending to legal entities. Such lending would enable small farmers operating on 100-500 hectares get access to finance. On the other hand, subsidies from the central and oblast budgets would become available to such farmers (regardless of whether they borrow from banks or credit unions).

*Participation in the Development of the Single and Comprehensive Strategy for Agriculture and Rural Development in Ukraine for 2015-2020*

In early 2015, the Ministry of Agricultural Policy and Food of Ukraine founded a number of special working groups tasked with development of various sections of the Single and Comprehensive Strategy for Agriculture and Rural Development in Ukraine for 2015-2020. Under component 2, AgroInvest assisted in the development of proposals for the Strategy within Working Group 3.2 (Access to Finance).

Existing legislation in Ukraine limits the possibility of financing SMPs through non-banking financial institutions, such as credit unions. At the same time, SMPs produce a significant portion of total agricultural output of Ukraine, especially in vegetable and fruit production (more than 85%).

Because of this, AgroInvest advocated that the Strategy include the creation of a favorable environment for provision of banking and non-banking loans for SMPs. Part of this entails putting in place anti-corruption measures and implementing judicial reforms, re-directing subsidies to the local budgets to support critical production segments, and promoting the adoption of the EU-harmonized legislation for credit unions as lenders to producers with limited access to finance. This approach will facilitate expansion of their lending businesses while fomenting rapid institutional development.

Once implemented, these policy changes will help improve access to finance for SMPs through:

- Decentralization of the government subsidies programs that will result in the delegation of subsidies to local budgets and ensure targeted support to key

segments in specific regions. At the same time, this new framework will help prevent corruption.

- Credit unions will develop institutionally in line with EU standards and will become essential lenders for SMPs, while the relevant guarantee fund shall secure the risk of investors, etc.

The draft Strategy is currently available on the Ministry's website for discussion through April 15, 2015.

#### *Support of the Dialogue Between US officials and Ukrainian SMPs and Credit Unions*

On March 11, 2015, USAID AgroInvest organized a round table discussion entitled "Improving Access to Seeds for Ukrainian Farmers" that was attended by members of credit unions and members of the United States House of Representatives. Congresswoman Marcy Kaptur (OH) and Congressman Pete Visclosky (IN) met with Ukrainian farmers and representatives of credit unions to discuss major inhibitors to growth and access to good quality seeds for small Ukrainian farmers, especially women farmers.



Dialogue with Ukrainian Farmers,  
March 11, 2015

The CEOs of three partner credit unions and their customers – small farmers – described what international donors and potential investors could do to raise living standards in Ukrainian rural areas, develop farming and improve the quality of life. For instance, used agricultural machinery, dryers for fruits and vegetables, milking machines could help the smallest farmers to add value to their produce. At the same time, supply of sewing machines, blankets and other home equipment could help numerous refugees from eastern regions of Ukraine. Credit unions also stressed that providing external financing to credit unions at a minimal cost could enhance their lending capacity significantly. The lists of all credit unions' proposals were completed and handed over to the visitors.

#### *Support for Partner Credit Unions that Executed the DCA Agreement*

This reporting period, AgroInvest supported the five partner credit unions in the following aspects of the DCA program:

- 1) Conducted a training for CEOs of partner credit unions to ensure understanding of the DCA Agreement terms.
- 2) Provided ongoing advice to the CEOs and credit managers on applicability of the DCA Agreement terms to particular loans.
- 3) Organized the so-called "CMS Club" of five loan officers (one from each participating credit union) to support and guide their activities in reporting through the Credit Management System (CMS), which is the main reporting tool specified in the DCA Agreement. AgroInvest specialists provided the members of the CMS Club with detailed manual on CMS translated into Ukrainian, and trained the loan officers in all details of the reporting.
- 4) Conducted the first regular meeting of top managers of partner credit unions in Striy raion of Lviv oblast (February 26-27, 2015). At the meeting, the

participants developed an action plan as a follow-up to discussion on enhancing their agrilending within the DCA Agreement, including ways to attract external funding for credit unions to increase lending to SMPs.

- 5) Worked towards familiarizing prospective borrowers under the DCA mechanism, with new opportunities to obtain loans. During the reporting period, AgroInvest entered into a subcontract with TA Consult to provide a series of trainings to prepare SMPs to identify borrowing opportunities, and thus facilitate an increase in CUs lending volume. The training modules developed in February and March, focused on financial literacy of agriculture producers, and include topics such as financial accounting in small farms; analysis of agriculture operations in small farms; assessment of farm's cash needs during the agriculture production season; rules for selection a reliable financial partner; selection of optimal lending conditions; and what a borrower needs to know about the lending cycle.

The first two seminars for potential borrowers of Hromada credit union in Chaplynsky raion, Kherson oblast were held on March 30, 2015, and were attended by 33 small farmers. Hromada loan offers also presented lending opportunities for the current agriculture season.

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

In order to improve the efficiency of lending provided by credit unions, the following activities were carried out during the reporting quarter:

*Conducting internal audit sessions in the credit unions – members of Agri-Lending Task Forces.* As a part of on-site audits, auditors assessed the operational and financial condition of four credit unions, namely *Zaporozhye* (January 27-28, 2015), *Partner-Plus* (February 24-25, 2015), *Credit-Expert* (March 24-25, 2015), and *Koryukivska* (February 28-29, 2015). The assessment included a review of their business development procedures, targeted borrower categories, and types of loan products.

To improve financial sustainability, auditors recommended that credit unions retain deposit interest rates at 20% per annum and increase interest rates by 5-10 percent, in order to offset losses from past due loans in 2014. The auditors also found that all credit unions lacked funding to satisfy SMPs' demands for loans in the first half of 2015 as they could not meet approximately 25 percent to 35 percent of the demand.

To improve the quality of farm lending, the auditors recommended that credit unions account for the seasonal nature of agriculture business operations when developing loan repayment schedules and avoid scheduling repayment of the loan principle in the last month of the loan contract term. The auditors also recommended that credit unions single out consumer loans extended for agriculture purposes, as well as develop in-house systems for assessing agriculture inherent risks based on specific regional characteristics. For example, this could entail developing a set of specific rules and limitations tailored to local context and specific practices of the region, avoid lending for crops and animal production not suited to a particular climatic zone or very risky fledgling business ventures or to borrowers who use obsolete farming technologies.

*Sharing best practices in agrilending and updating partner credit unions on the latest changes in legislative initiatives on credit unions.* On March 19, 2015, AgroInvest organized a seminar held in Kyiv for 14 loan officers from the UNASCU Task Force who shared their experience on a wide range of issues associated with agrilending. Some of the issues discussed concerned lack of collateral due to increased demand for loans because of two and three-fold increases in prices for production inputs. One of the possible solutions that participants discussed was use of personal and residential property as collateral. The participants also discussed the introduction and promotion of loan products developed with AgroInvest support (agriculture production in greenhouses, soft fruit production, dairy production, etc.), as well as the development of measures to repay loans given to SMPs whose past due debts rose in 2014 because of the economic crisis. Finally, the participants discussed ways of retaining the existing deposits and attracting new depositors for the purpose of increasing lending capacities. Thus, SMPs would be able to receive affordable and targeted lending and access new loan products developed with AgroInvest support. In addition, their residential property will be more widely used as collateral for loans, and lending value will increase.

*Sharing best practices in energy efficiency loans as a tool to increase agrilending to SMPs.* At a seminar in Kyiv for the AUCUA Task Force held on March 04, 2015 and attended by 19 credit union managers and AUCUA representatives, the *Anisia* and *Vyhoda* credit unions from Lviv oblast presented successful experiences in using local budget funds for subsidizing loans for energy efficiency purposes. Such subsidies made lending far more attractive to prospective borrowers. The participants received information about the procedure for obtaining budget allocations, subsidies, effective methods for promoting and implementing lending programs, as well as a full package of documents credit unions need to provide loans for energy efficiency purposes.

Extending loans for energy efficiency purposes enables partner credit unions to promote a reduction in both regional energy dependency and borrowers' costs. At the same time, the lending cycle of credit unions specialized in agriculture becomes less seasonal as funding is more predictable and used more evenly. As a result, credit unions are able to increase value of affordable loans to agriculture producers.

*A knowledge sharing visit.* From January 21-23, 2015, AgroInvest organized a knowledge sharing visit for four specialists from *Kharkivska Kasa Vzayemodopomohy* (KKV) Credit Union who learned about best farm lending practices of *Hromada* and *Narodna Dovira* credit unions operating in Kherson oblast. The participants learned about staff training strategy and policies, such as time management, formal operational standards, and employee incentives; and also about effective loan funding methods, such as deposit products, distribution channels, and cultural, entertainment, and educational events for existing and prospective depositors. They also gain insight into borrower creditworthiness assessment methods and past due debt collection methods. Kherson-based credit unions, in turn, learned about KKV's experience in consumer lending for urban customers and re-lending of existing expensive card loans. They plan to launch the latter program in summer of 2015 to diversify their loan portfolios and reduce liquidity risks (seasonality factor).

At the beginning of the reporting period, KKV already started using the Kherson experience in attracting new agriculture borrowers through village councils and local

agriculture departments. Particularly interesting for the participants of the event was to learn that KKV's credit officers use specific analytical tools developed with AgroInvest support, such as agri-technological cards, cash flow analysis, models of profit and loss statements and balance sheets that are proving useful in assessing risk of lending to SMPs.

### *Cooperation with Component 3*

During the reporting period, the *Narodna Dovira* credit union participated in a two-day seminar designed for credit union specialists who wish to obtain HACCP certification of agriculture producers and processors. Based on the knowledge gained at the seminar, *Narodna Dovira* is advising its SMP borrowers to become certified in HACCP so that they would be better positioned on the agriculture market, and value of lending could increase.

In February, AgroInvest organized a demonstration site visit to the *Stolychny* market for nine SMP borrowers from *Yednist* and *Narodna Dovira* credit unions. In addition, they had also attended the seminar in Kyiv, called "Tools to Help Small Fruit and Vegetable Producers Access Customers." At both events, the farmers learned about best practices for fruit and vegetables marketing channels based on the "from farm to fork" principle. Upon this site visit and demonstration of successful business samples, they decided to sell 30% to 40% of their produce at the *Stolychny* market in 2015. This will allow them to increase profits by 10% to 15% and become more creditworthy.

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

### **Task A: Producer Organization Development**

During the reporting period, AgroInvest continued to focus primarily on (1) coordinating and implementing competitive grant projects for producer organizations (POs); (2) organizing and implementing trainings and studies focused on building the capacity of SMPs and POs; and (3) supporting implementation of food safety systems as a tool to increase competitiveness.

#### *Trainings for Producer Organizations*

On February 27 and March 20, AgroInvest conducted two seminars for beekeepers from Vinnitsa and Cherkasy oblasts. During the seminars prospects for uniting beekeepers in an agriculture service cooperative and ways for organized and efficient marketing of Apian Products were discussed. The participants developed a road map for setting up an agriculture service cooperative for beekeepers, and considered mechanisms and a model for establishing regional branches of the cooperative, as well as ways to develop commercial lots for apian products. Once beekeepers form a cooperative, they will be able to collect commercial lots of beekeeping produce (honey, pollen, beebread, beeswax, raw beeswax, dead bees, bee moth, royal jelly and others) and to expand its sales markets; this way, they will create added value to their products. Also, development of such a cooperative will ensure collective safety control and compliance with ethics standards.

#### *Supporting Implementation of Food Safety Systems*

This period, intensive work continued related to Global GAP and HACCP certification of agriculture producers. In January, AgroInvest conducted the first phase of the training program focused on developing a network of consultants to provide small and medium-sized enterprises with information and practical advice on implementing and ensuring high-performance food safety systems.

To help participants gain the practical skills needed to implement HACCP and Global GAP based food safety and quality systems, AgroInvest hosted a series of training sessions where the participants learned how to prepare the document packages (including staff job descriptions, critical control points diagnosis and actions analysis, traceability and accountability protocols) required for certification and implement food safety systems at the facilities of five pilot agriculture service cooperatives, namely ASC "Strawberry Cooperatives Development" in Ternopil oblast, ASC "Molochni Riky" in Rivne oblast, ASC "Zakhidny" in Rivne oblast, ASC "Ivankovetsky Svitanok" in Kirovohrad oblast, and ASC "Shyroke" in Kherson oblast.

For the purposes of practical development and wider dissemination of information on the implementation of agriculture produce safety systems, AgroInvest will develop an informational guide called the "Principles and Practical Application of Global GAP Standard-Based Certification of Agriculture Produce." The publication will be published in the next reporting period and disseminated for general use among specialists and agricultural producers.

During the last twenty years, one of the major problems for agricultural service cooperative development was the lack of methodological guidelines to organize proper financial accounting. Repeated attempts of the governmental authorities to develop such guidelines were not successful. To address this shortfall, AgroInvest organized an expert group and developed two guidelines on organizing accounting/book-keeping in agriculture service cooperatives. The guidelines passed two expert peer review evaluations and were published. They are intended to regulate relationships between cooperatives and their members who supply raw milk for processing and receive proceeds from selling finished produce.

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

This quarter, AgroInvest focused on developing proposals to enhance the legislation on agriculture market operations, and developing the design and feasibility studies for the construction of agricultural wholesale and retail markets and logistics centers.

#### *Creating an Enabling Legislative Environment*

AgroInvest continued intensive cooperation with the Ministry of Agrarian Policy and Food, members of the Parliament, leaders of national industry associations, and international technical assistance projects in the development and promotion of draft laws on agrarian market infrastructure, producer organizations, family farms and their cooperation.

At the invitation of the Parliamentary Committee on Agrarian Policy and Land Relationships, AgroInvest co-presented in a committee meeting on February 3 the draft law "On Amending Selected Laws of Ukraine on Stimulating Establishment and Operations of Family Farms," registered under No. 1599 on December 23, 2014. The members of the Parliament passed the draft law after first reading on March 04, 2015. AgroInvest greatly contributed to refining and preparing this draft law for the second reading.

The enactment of this draft law will simplify the procedure for family farm registration, streamline accounting and taxation, and allow family farms to move out of the grey economy sector and distribute their produce through official sales channels at real market prices. This will increase the income of small agricultural producers and increase the number of registered family farms. Another important expected outcome of the law is that young farmers will get access to land owned by their elder family members, who are not able to operate on their land plots. By establishing a family farm with their children/grandchildren they will be able to contribute the land plot to the family farm and thus enable young farmers to farm. Currently, we have a situation, where due to the moratorium, elderly landowners may neither sell nor pass land onto their relatives. As a result, when they pass away the land plot becomes "ownerless property." At the same time, young people have no access to land. This law will be of crucial importance as a means to solve this problem until such time when the moratorium is lifted.

AgroInvest also contributed to improvements to the draft law of Ukraine "On amending the Tax Code of Ukraine that is to enhance imposition of the value-add tax on agriculture produce produced by small holdings and marketed through agriculture service cooperatives." The draft law was registered in the Parliament of Ukraine on February 06, 2015 (#2052). The implementation of this draft law will eliminate the discriminatory aspects of the tax system for agricultural service cooperatives. It will accelerate their growth in number and; finally, will improve efficiency of economic activities of their members.

In addition, AgroInvest also worked with the Ministry of Agrarian Policy and Food on the draft law of Ukraine "On Local Agri-Food Markets." In March 2015, the draft was presented for public discussion. On the initiative of AgroInvest, this draft law was envisioned in the Coalition Agreement (a document that determined the priority actions of the new government, which was adopted by the majority of parties in the Ukrainian Parliament) and the project currently provides ongoing support to make sure it is enacted. This draft law determines the legal basis for organization of the activities of participants of local agro-food markets in Ukraine; it regulates relations in the sphere and is aimed at the protection of rights and lawful interests of certain category of producers of agricultural produce and its consumers.

During the reporting period, AgroInvest participated in the working groups on infrastructure and logistics and producers organizations that were established to design the Single and Comprehensive Strategy for Agriculture and Rural Development in Ukraine 2015-2020. These working groups, among others participating in the designing of the Strategy, operate under the aegis of the Ministry of Agrarian Policy. In their work on developing the Strategy, the working groups are

using EU methodologies in order to adapt Ukrainian legislation to European standards. The strategies for development of agrarian economy subsectors drafted by the working groups were published on the web site of the Ministry of Agrarian Policy and Food of Ukraine for public discussion and additional suggestions in April 2015. After the finalization by the working groups, the complete strategy will be submitted to the Ministry of Agrarian Policy and Food to be discussed and used as a basis for the development of the governmental activity program.

#### *Market Infrastructure Development*

During this reporting period, AgroInvest completed the feasibility study for developing the farmers market in Musykivka village, Bilozerka raion in Kherson oblast. This led to partners being able to start preparing the land plot for construction of the market. Development of the farmer market in this rural community will expand local markets, allowing the customers to access higher quality, local agriculture produce. The new market will serve as a demonstration site for other rural communities who need to solve problems associated with marketing agriculture products locally.

AgroInvest also continued working to obtain requisite permits and approvals, and to find external sources of funding for development of 10 agrarian market infrastructure facilities, namely one wholesale agriculture market, one wholesale livestock market, two wholesale-and-retail markets, and six other agrarian infrastructure facilities. The feasibility studies for these facilities were prepared earlier with AgroInvest assistance. However, the construction of, and funding for, most projects in Kherson oblast were suspended because of the complex economic and political situation caused by the conflict in the southern and eastern regions of Ukraine.

#### *Training and Information Activities*

AgroInvest continued with trainings aimed at improving access to fruit and vegetable distribution channels for SMPs. More specifically, on February 18, 2015, in cooperation with the Kherson Oblast State Administration, the project held the Investment and Innovation Components in Marketing of Agriculture Produce regional conference as part of the Farmer-2015 agri-industrial exhibition. The purpose of the conference was to establish business contacts, find new channels for marketing agriculture produce, create proper conditions for information sharing, enhance the investment mobilization process, increase profitability of agriculture operations, and expose participants to modern innovation technologies and machinery.

The project also conducted two internal demonstration site visits for farm leaders from Mykolaiv, Odesa, and Kherson oblasts to the *Stolychny* wholesale market (Kyiv, February 25, 2015) and *Pochatok* wholesale market (Odesa, March 17, 2015). These visits were instrumental to agriculture producers from Southern regions who have lost access to their traditional fruit and vegetables markets. During these visits, farmers were able to familiarize themselves with alternative channels and forms of marketing fruit and vegetables, requirements to commercial lot of produce, packaging and quality requirements. As a result of these trainings, the farmers have started sharing knowledge with their fellow farmers and are now able to market their products and are creating new business opportunities.

In cooperation with the Green House Farms Association, and as part of the Greenhouse Facilities conference, on February 25, AgroInvest held a seminar entitled “Tools to Provide Access to Customers for Medium-Sized Farmers (Fruit and Vegetable Producers).” Over 80 participants, mainly farmers from Kherson, Odesa and other oblasts, learned about best practices for developing channels for marketing vegetables grown in greenhouses by the "farm to fork" principle and discussed potential ways for diversifying production of fresh products through new distribution channels. Seminars like this one are important as they provide an opportunity for farmers and small agricultural producers to learn about the newest production technologies, leading producers of seeds, protectants and fertilizers, packing and processing of agricultural produce; and, ultimately, to increase the profitability of their own production and better meet customers’ requirements.

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

During the reporting period, AgroInvest organized numerous conferences, seminars, and trainings on improving the legislative and regulatory framework of Ukraine and enhancing the development of the PO/SMP sector through provision of organizational-and-legal support. The project continued to facilitate cooperation between POs and SMPs with processing companies, wholesale and wholesale-retail agriculture markets, as well as other customers.

On the invitation of the Ministry of Agrarian Policy and Food, AgroInvest participated in the first meeting of the fruit and vegetable sector representatives that was held on January 21, 2015. Deputy Minister Vladyslava Rutyska, leaders of industry associations and companies in the fruit and vegetable sector attended the meeting that intended to establish a task force under the Ministry to work on furthering the development of fruit and vegetable production by developing proposals to enhance laws and regulations influencing development of horticulture and vegetable production.

On January 28, 2015, AgroInvest attended the “Solving Problems in Relationships between Food Producers and Retail Chains: Ukraine-Specific Problems and International Experience” roundtable. The main purpose of the round table was to find ways to regulate relationships between food producers and retail chains. Participants identified three major problems in the relationships between food producers and retail chains, namely, the collusion of a number of large retail chains and inflated prices for food products (according to the Antimonopoly Committee, the unjustified revenues exceeded UAH 19,000,000,000 in 2012); up to 180 days delay in settlements with agriculture producers and other suppliers; and discrimination of SMPs.

Following the round table, a task force was set up to develop the “Agri-Food Market Participants' Code of Ethics.” At the moment, the draft code of ethics has been presented for public discussion. After public discussion and suggestions, the draft will be finalized by the working group in June 2015 and will be submitted for consideration at the level of the Ministry of Agrarian Policy and Food to be adopted in the form of a regulatory act.

In collaboration with the Union of Agriculture Service Cooperatives, an all-Ukrainian non-government organization, AgroInvest organized the Fourth National Public Hearings on Agriculture Service Cooperative Development Matters on January 29<sup>th</sup>. The participants at the hearings included members of the Parliament, national and local government officials, elected officials, cooperative leaders, farmers, researchers, international technical assistance project experts, and media representatives. After discussing major problems hampering the development of small and medium-sized agriculture producers and their associations, the participants agreed on actions needed to promote SMPs interests, one of which is to ask the Parliament and the Government to eliminate discriminatory actions towards SMPs in terms of provisions of the tax legislation.

At the invitation of the EU’s Technical Assistance Information Exchange (TAIEX), AgroInvest participate in the international seminar, called European Experience of Self-Governance in the Agriculture Sector – Agrarian Chambers as a Rural Development Tool on February 9 and 10. The seminar focused on essential issues of developing self-governance in the agriculture sector and successful practical ways to resolve them based on Polish, French, Romanian, and Italian experiences.

## PROJECT COMMUNICATIONS

During the reporting period, USAID AgroInvest continued its outreach through numerous public events, activities of the National Agrarian and Land Press Club, AgroInvest website, Facebook page, Twitter, and various project publications.

### *Public Events*

The project organized 43 public events in the reporting period, all of which increased the project’s visibility.

Of special note are the following events:

- On January 25-31, 2015, USAID AgroInvest organized a study tour for leaders of Ukrainian national-level agriculture sector industry associations, government officials representing the Ministry of Agrarian Policy and Food of Ukraine, the Ministry of Economic Development and Trade, and the Presidential Administration. This activity is described in more detail under Component 1A of the report.

- On March 23, 2015, USAID AgroInvest participated in the annual World Bank conference on Land and Poverty. The annual conference brought together representatives from governments, civil society, academia,



the private sector and the development community to discuss issues of concern to land practitioners and policymakers worldwide. Under the theme of “Linking Land Tenure and Use for Shared Prosperity,” the 2015 Conference provided a forum for evidence-based discussions on innovative approaches to global and regional initiatives, and concrete steps to improve land governance and awareness at country levels in ways that contribute to poverty reduction, gender equality, and sustainable economic growth.



USAID AgroInvest presented An “Integrated Approach to Help Ukrainians Protect their Land Rights” devoted to the Legal Land Rights Service Program, which the project has been implementing since 2012.

- On March 24-25, 2015, USAID AgroInvest participated in, and supported, the Ukrainian-American Agrarian Congress in Washington DC. The Congress was aimed at finding ways to realize Ukraine's agrarian potential and developing the Ukrainian-American dialog in the agrarian sector to facilitate experience sharing and strengthening of business relationships. More information on this event is provided in Component 1A section of the report.

The AgroInvest experts also gave three interviews to print and electronic media about family farms, local markets development and terms of land lease in Ukraine. As a result, these materials have reached a broad audience ranging from more than 90 media channels, including newspapers, online platforms, TV and radio. For a full list of publications, please refer to Annex 2.

#### *National Agrarian & Land Press Club*

During the reporting period, the National Agrarian & Land Press Club organized four public events (for details of these events please refer to Annex 1) and prepared seven issues of the *My Land, My Right* Radio Program. In addition, the Press Club prepared six articles for further dissemination among media outlets across Ukraine. The table below details the topics and the number of re-prints for each of these articles. These publications are a useful tool to attract attention of decision makers to the issues AgroInvest and its partners are addressing. The significant coverage and well-thought out messages contribute to achieving successes of the project’s technical assistance.

**Table 3. National Agrarian & Land Press Club Publications**

Title	No. of Reprints
<a href="#"><u>Mykola Hrytsenko – Local Markets Solve Strategic Tasks</u></a> Interview with AgroInvest Component 3 Leader, Mykola Hrytsenko about the need to develop legislation on local markets of agriculture produce according to the commitment under the Coalition Agreement. Expert explains how this step will improve and foster access to agricultural produce for both local consumers and abroad.	41
<a href="#"><u>Will it be Possible to Unleash Domestic Agro-Industrial Complex?</u></a> Article is based on the meeting of the Press club and discusses the need for new regulatory	26

Title	No. of Reprints
policy in agriculture, steps taken by the Ministry and new legislative initiatives on deregulation of the agrarian sector.	
<a href="#"><u>Ten Steps...of No Way Forward?</u></a> The material raises the issue of land corruption and tools to fight it, describes experts' views and possible solutions. It also spreads a word about the "Ten Steps to Combat Corruption in Land Relations" program developed by USAID AgroInvest project and Land Union of Ukraine.	29
<a href="#"><u>A Bondman or a Kulak: Way for a Peasant?</u></a> Interview with AgroInvest Component 3 Leader, Mykola Hrytsenko about development of family farms in Ukraine. Expert explains the importance of the adoption of the draft law on creation and functioning of family farms, which was elaborated with assistance of USAID AgroInvest project.	32
<a href="#"><u>Minimum Term of Land Lease: Panacea or Justice?</u></a> Interview with AgroInvest Agricultural Policy Expert, Oleksandr Muliar about controversial Law that foresees minimum of 7 years of land lease. AgroInvest experts think it is humiliating and discriminatory towards small landowners/holders and the publication explains the pros and cons of the Law.	29
<a href="#"><u>Family Farms - Time for Talking is Over</u></a> Report about a discussion of the establishment of family farms in Ukraine. The material consolidates views of the government officials and experts, who joint an open discussion in the framework of the National Agrarian and Land Press Club Meeting.	24

### Project Website

AgroInvest continues to maintain its [bilingual website](#) by updating it with various agri-sector news pieces, press statements, briefs about project events, outreach materials, opportunities for cooperation, including various grants and subcontracts announcements, and analytical materials. The Calendar of Events is regularly updated on the website, and serves as a primary source of information about numerous training and educational activities and opportunities for the project partners, beneficiaries, and general public.

The website contains links to all radio and TV programs produced and information materials prepared through the National Agrarian and Land Press Club.

The table below shows statistics of the usage of AgroInvest's website during the period from January to March 2015. According to data shown, the number of new visitors and the volume of information being downloaded from the website are growing each month.

**Table 4. AgroInvest Website Use**

Month	Unique visitors	Number of Visits	Pages	Hits	Volume/Downloads, GB
Jan	2,699	5,425	25,206	130,570	7.52
Feb	3,344	6,060	28,977	155,880	9.03
Mar	3,943	7,167	29,537	179,475	10.92
Total	9,986	18,652	83,720	465,925	27.47

## Social Media

USAID AgroInvest takes advantage of the growing popularity of social media by active use of its [Facebook](#) page to promptly communicate about project activities. The number of visitors of the project Facebook page varies from 700 to 1,500 weekly. AgroInvest uses the page as a good platform and additional tool to inform its audience about current legislative initiatives and updates, to raise public awareness to most burning issues in agriculture, share photo reports, and announce the upcoming events. In the reporting period, AgroInvest started using Twitter as a way to promote its activities.

## Publications

During the reporting period, USAID AgroInvest has published the following materials:

- [Guidelines on the Harvesting, Cooling and Processing of Dairy Products](#). This is a practical guide to regulate relations between agricultural service cooperatives and their members, such as those who give raw milk for processing and receive revenue from the sale of final dairy products such as milk, cheese, yogurt, or sour cream. The guidelines are designed for agricultural service cooperatives specializing in the procurement and storage of raw milk in remote regions (local procurement cooperatives) and agricultural service cooperatives that provide services for the processing of raw milk and sale of final products (processing cooperatives).
- [Guidelines for Agricultural Service Cooperatives on the Harvesting and Marketing Services](#). This is a practical guide to help better understand the legal regulation of accounting and taxation of agricultural service cooperatives that deal with harvesting and marketing of agricultural dairy products (mostly milk). Guidelines briefly discuss the accounting of indivisible foundations, calculation of production costs, expenses, incomes and performance indicators.

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

- [Farmer's Notepad](#)  
This is a second edition of the accounting notepad for farmers. This publication looks to increase their accounting acumen and record keeping by providing tables for day-to-day monitoring of all expenses.



In addition, the project continues to issue the electronic [USAID AgroInvest Newsletter](#) (in Ukrainian). The publication's readership comprises a wide audience ranging from institutional partners to media and to interested farmers. The mailing list expands after each public event, as new subscribers are added. The newsletter is also released on the project's website and Facebook page. 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 planned events, which suggests that the publication meets its purpose. Due to cooperation with the USAID Bibliomist project, the Newsletter is available on websites of many libraries throughout Ukraine.

## **GENDER INTEGRATION**

From January to March 2015, AgroInvest completed the following tasks focused on gender integration:

- Finalized and signed agreement with the Ukrainian Women's Fund for facilitating gender-related activities during Year 5 of the project
- As part of the activities under the agreement with the Ukrainian Women's Fund, completed revisions of the training modules for further training campaigns

On March 17, 2015, AgroInvest signed the grant agreement with the International Charitable Foundation "Ukrainian Women Fund" for the implementation of the program "Education of Formal and Informal Leaders of Rural Communities regarding Gender Integration in the Process of Rural Communities' Mobilization." The main objective of this program is to support the decentralization at the local level by improving the capacity of local leaders to make and advocate community decisions at various levels. In addition, this program is expected to build capacity of Ukrainian NGOs in dealing with rural gender issues. The main goals of the program are:

- Improvement of self-efficacy and capacity of rural community formal and informal leaders (both males and females) in community mobilization issues as they will contribute to increased effectiveness of decentralization reform in Ukraine and sustainable rural development
- Support gender-sensitive approaches (gender budgeting, development and support of partnerships, lobbying, coordination), to ensure women empowerment and that all specific needs of rural men and women are accounted for in the process of reforms to avoid possible socioeconomic losses
- Development (by training participants) of gender integration initiatives into community mobilization activities in order to demonstrate practical applications of their obtained knowledge and skills

In addition, the program will contribute to the implementation of the State Program for Ensuring Equal Rights and Opportunities for Women and Men for the period up to year 2016. That State Program includes a section devoted to the implementation of activities intended to develop the leadership skills of women for their participation in managerial decision-making and the skills of pursuing a business activity (with a special focus on women from rural areas, ethnic minorities, and women with special needs), and special seminars for such women are envisaged. In the course of program

implementation, the Ukrainian Women’s Fund will be coordinating its efforts with the central and local government authorities with regard to training delivery.

By the end of March, upon signing the agreement, the project and the Ukrainian Women’s Fund reached agreement on the structure and content of final training program and the handbook on community mobilization. It was decided that the training events will be conducted by two trainers. Participants will be invited based on the following principles:

- Each training will be attended by at least five members of one rural community (at least four communities per training)
- Preference in choosing communities will be given to those that are expected to be united under the local governance reform
- Each “community team” should include the village mayor or his/her deputy and a representative of Public Council under local government and up to three informal leaders or activists
- Special focus will be given to equal representation of men and women in the “community team”

## SECTION II: DELIVERABLES

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

Deliverables	Date Submitted
Report on Potential Increased Exports of Agricultural Exports to the EU and other Countries by Volodymyr Lapa (Ukrainian version)	January 5, 2015
October 1 - December 31, 2014 Quarterly Report	January 31, 2015
Ukrainian version of the Pesticide Evaluation Report and Safe Use Action Plan (PERSUAP)	March 31, 2015

## SECTION III: CHALLENGES AND PLANS TO OVERCOME THEM

### *Component 1:*

- Opposition of a large number of members of Verkhovna Rada who represent interests of large agribusiness companies to the approval of the draft laws "On Amending Selected Laws of Ukraine on Stimulating Establishment and Operations of Family Farms" (registered in the Parliament under # 1599 on December 23, 2014) and “On Amendments to the Tax Code of Ukraine (regarding Stimulation of the Development of Family Farms)” (registered in the Parliament under # 1600 on December 23, 2014). These draft laws were developed to create conditions for transforming subsidiary household farms into commercial family farms. To facilitate the approval of this important

legislation by the Parliament, AgroInvest will continue its efforts in disseminating the benefits of the legislation to the officials, experts, representatives of industry associations and the public at large to increase the awareness of the importance to develop small farming businesses.

- Lack of political will and coordinated efforts of the authorities in order to lift the moratorium on the sale of agricultural land as of January 1, 2016 (current legal end of the term of the moratorium). There were conflicting statements from top government officials regarding the moratorium in early 2015. This calls for the need to develop a roadmap for further land reform in Ukraine and continue advocacy activities among policy makers to ensure there is sufficient support to lift the land moratorium in the near future. Jointly with partners who support the opening of the land market, AgroInvest will step up its activities in advocating for better understanding of the benefits of lifting the land sale moratorium.

#### *Component 2:*

- The ongoing conflict has had a significant impact on Ukraine's financial system, and UAH/USD exchange rate increased by significantly (250% and more). Due to IMF support, the National Bank of Ukraine was able to stabilize the exchange rate to some extent late this quarter; however, restructuring of the banking sphere is an ongoing and complex endeavor. Several large, medium-sized, and small banks announced their bankruptcy, including one of AgroInvest's partner banks – Kyivska Rus. Due to the recent decision of the NBU to re-classify Kredobank to the category of small banks, the bank is minimizing its activities and considering strategic updates. At the same time, AgroInvest's third partner bank – Metabank – is heavily reliant on AgroInvest's support in identifying new niches for their lending activities. Kredobank and Metabank both experience complications with their operational efficiency and liquidity. AgroInvest will continue to support the loan officers of the banks to help them improve their skills for operating in new niches of lending to the SMP segment.
- Similar to earlier periods, the lack of external financing hinders the capacity of credit unions (DCA partners) to lend to SMPs. AgroInvest will keep informing potential investors on promising opportunities to enter risk sharing agreements with the DCA partners or launching other programs aiming at increasing the social impact. AgroInvest will also continue supporting legislative initiatives that enable credit unions to lend to agribusinesses as entities.

#### *Component 3:*

- Shrinking and/or closure of the traditional agricultural distribution markets (Russia, Crimea) continues to threaten SMPs, which have no opportunity to promptly shift their activities to other markets. AgroInvest will continue providing specialized trainings for groups of farmers from eastern and southern Ukraine on the formation of distribution channels for their produce through wholesale markets of the central and western regions of Ukraine.

- Low capacity of SMPs to export their produce: Given the changes in the market conditions, Ukrainian SMPs will experience increasing opportunities to export their produce. However, due to the lack of relevant certifying documents and consequent inability to prove the quality of their products, increasing their sales may be complicated. In order to disseminate information on quality certification systems in compliance with the HACCP standards, AgroInvest's component 3 is developing methodological recommendations for SMPs and, in the next reporting quarter, will conduct a series of regional training sessions for representatives of authorities, small and medium agricultural producers and processors.
- The current taxation system is discriminatory for SMPs willing to operate in a transparent taxation environment as compared to other categories of agriculture producers. This hampers the development of transparent channels for marketing agriculture produce and boosts the development of the grey market. Today, this is a major hindrance not only to development of new agriculture service cooperatives but also to operations of existing ones. This issue will be resolved only if the Parliament passes a law that was drafted and justified back in the year of 2013 with technical assistance from AgroInvest. The project will continue advocating for the passage of this law.
- The issue of allocating land for development of farmer markets and other agrarian market infrastructure facilities still needs to be resolved as this hinders the process of mobilizing domestic investments for such projects. This issue may be resolved only if the Parliament passes a law which was drafted with technical assistance from AgroInvest.

## **SECTION IV: PLANNED ACTIVITIES FOR NEXT QUARTER**

The following is a select list of USAID AgroInvest's events and activities for the coming quarter, in accordance with the Year 5 Work Plan.

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

- Continue assisting the MAPF in designing a Comprehensive Strategy for Agriculture and Rural Development in Ukraine for the period 2015 to 2020 which is being jointly developed by the Ministry and the European Commission.
- Select a subcontractor and commence implementation the study on social partnerships between agricultural land lessees and rural communities.
- Organize a presentation "Pig Production without Antibiotics: How Much it Costs" during the 7<sup>th</sup> International Congress "Profitable Pig Production" in Kyiv in June 2015.
- Make a public presentation of the report on government regulation of agricultural and food markets and the role of self-regulating organizations in selected EU countries.

- Monitor the implementation of activities under the grant programs with national and oblast-level industry associations, and provide support and assistance to partners if/when needed.
- Prepare an annual update to the Strategic Policy Priority Needs Paper.
- Support the Interns' League in holding a two-day agricultural policy training for students and young professionals.
- Continue supporting the Analytical and Coordination Platform for agriculture sector industry associations. The Platform is expected to develop a first draft of a law on self-regulatory organizations in agriculture; finish a comparative analysis of different options for taxation in the sector; and launch its website to inform the partners on activities, accomplishments and plans.
- Provide assistance to MAPF in:
  - Developing a final version of the draft law "On State Support of the Agriculture Sector"
  - Developing draft law "On Self-Regulatory Organizations in Agriculture"
  - Designing a draft law "On Local Agri-Food Markets" (jointly with Component 3)
  - Promoting approval of three draft laws that promote family farming in Verkhovna Rada of Ukraine (jointly with Component 3); and,
  - Finalizing the Concept and the Program of Agriculture Sector and Rural Development for 2015-2015
- Continue the Land Rights Awareness & Education Campaign, including radio and TV programs, and work with media through the National Agrarian & Land Press Club.
- Continue the operation of the Land Rights Resource Center and Land Web-Portal, including a training campaign for local governments on practical aspects of decentralization in rural communities, development of a draft law on the procedure for establishing/changing borders of territorial communities, development of guidelines for the implementation of appraisal of land plots as a tax base for the local budgets, implementation of anti-corruption analysis of land-related draft laws; creation of a dedicated section in the Land Web-Portal on the decentralization of rural communities.

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

- Conduct at least two agri-technological trainings for financial officers of partner financial institutions to increase their ability to issue and monitor loans to SMPs
- Conduct a working meeting of managers of credit unions involved in the DCA program in Kherson oblast in June 2015
- Support activities of the DCA partners, especially in the CMS reporting
- Conduct 18 training seminars to familiarize trainees with new lending opportunities for potential borrowers of partner credit unions
- Hold three on-site internal audit sessions and one training seminar on social monitoring principles for credit unions – members of the UNASCU Task Force
- Hold two on-site monitoring sessions of legal, lending, and financial operations, a training seminar for persons responsible for internal audits, training on "Energy Conservation" loan product with reference to SMPs, a training seminar on the principles of social monitoring and past due debt management for partner credit unions – members of the AUCUA Task Force

- Conduct at least three agri-technological trainings on animal breeding for members of partner credit unions from both Task Forces
- Support the development of updated legislation for credit unions compliant with EU standards
- Approve revised training modules for the educational program for rural formal and informal leaders

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

- Provide technical support for finalization at the stages of approval and adoption of the following draft laws of Ukraine:
  - “On Amending Selected Laws of Ukraine on Stimulating Establishment and Operations of Family Farms” (registered in the Parliament under #1599 on December 23, 2014)
  - “On Amendments to the Tax Code of Ukraine (regarding Stimulation of the Development of Family Farms)” (registered in the Parliament under #1600 on December 23, 2014)
  - “On Amendments to the Tax Code of Ukraine regarding VAT Taxation on Agricultural Produce Cultivated by Individual Farms and Sold by Agricultural Service Cooperatives” (registered in the Parliament under #2052 on February 06, 2015)
  - “On Amendments to the Law of Ukraine On Wholesale Agricultural Markets”
  - “On Local Agri-Food Markets”
- Conduct trainings in the pilot regions for potential SMPs and POs on development of projects for strengthening capacity for each separate producer organizations that will be aimed at expanding services, improving access to markets and enhancing productivities for organizations’ members.
- Complete the preparation of the feasibility study for the renovation of the slaughter and service workshop in Musyktivka village, Bilozerka raion, Kherson oblast.
- Conduct training on the organization of operations of wholesale agricultural markets to improve SMPs and POs access to such markets.
- Conduct training sessions for SMPs and respective POs on the introduction of HACCP principles. Completing the development of documentation on implementing HACCP principles for six producer organizations and documentation on implementing Global GAP principles for two producer organizations.
- Complete the program of developing a network of consultants who will provide small and medium-sized enterprises with information and practical advice on implementing and ensuring high performance of HACCP- and Global GAP-based food safety systems.
- Prepare, print, and distribute a guidebook "Principles and Practical Application of Global GAP Standard-Based Certification of Agriculture Produce."

## SECTION V: LEVEL OF EFFORT REPORT

### LOE Matrix as of March 31, 2015

Labor Category	Total Work Days	Total Work Days Utilized To Date	Total Remaining Work Days
LT Technical Assistance (Key Personnel)	1,239	1,028	211
LT Technical Assistance (Expatriate)	81	81	0
LT Technical Assistance (CCN)	14,405	12,059	2,346
ST Technical Assistance (Expatriate)	600	417	183
ST Technical Assistance (CCN)	595	621	0
HO Support	240	213	27
<b>Total</b>	<b>17,160</b>	<b>14,418</b>	<b>2,768</b>

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

**SECTION VI: ANNEXES**

**Meetings of the National Agrarian & Land Press Club  
January - March 2015**

No.	Event	Major Issues Covered	Speakers	Number of Journalists	Number of Publications, TV, and Radio Spots
1	<p>Press Club meeting entitled "<b>How the Government and Agrarian Community View the New Regulatory Policy in the Agrarian Sphere and How Successful Will It Be?</b>"</p> <p>January 23, 2015</p>	<ul style="list-style-type: none"> <li>• Why is agricultural deregulation needed?</li> <li>• How effective will a new regulatory policy implemented in agriculture be?</li> <li>• What kind of legislative support is required for modern agricultural deregulation?</li> <li>• How easy is it to introduce a new regulatory policy in light of the resistance it may meet from a well-organized group of management bureaucrats?</li> <li>• Are the Ministry of Agrarian Policy and Food, State Land Agency, and other regulators ready to delegate part of their supervisory functions to NGOs that deal with agricultural production?</li> <li>• How should the Ministry of Agrarian Policy and Food and the State Land Agency cooperate with civil society</li> </ul>	<p>Facilitator: <b>Serhiy HUBIN</b></p> <p><b>Speakers:</b>  <b>Volodymyr LAPA</b>, Deputy Minister of Agrarian Policy and Food of Ukraine;  <b>Leonid KOZACHENKO</b>, MP of the Verkhovna Rada of Ukraine, member of "Petro Poroshenko's Bloc," MPs' Faction;  <b>Oleksandr ZHEMOYDA</b>, Executive Director of the Ukrainian Agrarian Business Club;  <b>Oleksandr YAROSLAVSKY</b>, Deputy Director General of the Ukrainian Agrarian Confederation;  <b>Maryan ZABOLOTSKY</b>, Analyst of the Ukrainian Agrarian Association;  <b>Oleh PROTSENKO</b>, Project Manager of the NGO "Lehkyi Business";  <b>Denis SOBOLEV</b>, Strategic Development Manager of the American Chamber of Commerce;  <b>Mykola PUHACHEV</b>, Deputy Director of the National Scientific</p>	20	17

No.	Event	Major Issues Covered	Speakers	Number of Journalists	Number of Publications, TV, and Radio Spots
		<p>organizations to regulate agrarian relations?</p> <ul style="list-style-type: none"> <li>• To what extent does the new regulatory agricultural policy take into account the realities of domestic and international experience?</li> <li>• When will Ukrainian farmers really feel the results of deregulation?</li> </ul>	<p>Center, “Institute of Agrarian Economics”;  <b>Olena BORODINA</b>, Director of the Department of Economics and Policy of Agrarian Transformations of the State University, “Institute of Economics and Forecasting” by the NASU.</p>		
2	<p>Press Club meeting entitled “<b>Fighting Corruption in Land Relations: Reality or Simulation?</b>”</p> <p>January 29, 2015</p>	<ul style="list-style-type: none"> <li>• "10 Steps to Combat Corruption in Land Relations": results of implementation</li> <li>• Why is eradicating corruption in land relations a challenge in Ukraine?</li> <li>• What interferes with the implementation of concrete steps to combat corruption in the land sector?</li> <li>• Real mechanisms of influence by the NGO sector on government decision-making</li> <li>• What international donor activities lead to real progress in the fight against corruption in land relations?</li> </ul>	<p>Facilitator: <b>Serhiy HUBIN</b></p> <p><b>Speakers:</b>  <b>Andrew MARTYN</b>, Doctor of Economics, Head of the Department of Land Management, NUBiP Ukraine;  <b>Andriy KOSHYL</b>, President of the Land Union of Ukraine;  <b>Serhiy BILENKO</b>, Member of the Council of the Land Union of Ukraine;  <b>Anna NAHNYBIDA</b>, Executive Director of the NGO “Association of Land Surveyors of Ukraine”;  <b>Pavlo KULINICH</b>, Senior Legal Advisor of the USAID AgroInvest project.</p>	18	15

No.	Event	Major Issues Covered	Speakers	Number of Journalists	Number of Publications, TV, and Radio Spots
3	<p>Press Club meeting entitled "<b>Will Family Farms Receive Appropriate Legal Support?</b>"</p> <p>March 19, 2015</p>	<ul style="list-style-type: none"> <li>• How will the establishment of family farms affect the welfare of villagers, rural development, and the agrarian economy in general?</li> <li>• How family farms are able to influence the legalization of commodity flows and the reduction of corruption in the country</li> <li>• What taxation system will be applied to family farms?</li> <li>• Do family farms have sufficient financial, organizational, and technical support from the government?</li> <li>• What farms may be deemed family farms, and what are their fundamental differences from existing farms?</li> <li>• How many family farms will be created in Ukraine in the near future?</li> <li>• What should private landowners do, who have already leased their land plots to farmers and agriholdings and who now, after the establishment of family farms,</li> </ul>	<p>Facilitator: <b>Serhiy HUBIN</b></p> <p><b>Speakers:</b>  <b>Volodymyr LAPA</b>, Deputy Minister of Agrarian Policy and Food;  <b>Vadym IVCHENKO</b>, MP of Ukraine;  <b>Valeriy DAVIDENKO</b>, MP of Ukraine;  <b>Ivan TOMYCH</b>, President of the Association of Farmers and Private Land Owners of Ukraine;  <b>Mykola HRYTSENKO</b>, Market Infrastructure Component Leader of the USAID AgrolInvest project.</p>	19	15

No.	Event	Major Issues Covered	Speakers	Number of Journalists	Number of Publications, TV, and Radio Spots
		would like to farm their land themselves?			
4	<p>Round table entitled “<b>How will the Introduction of a Minimum Lease Term of Agricultural Land Affect Agribusiness, the Economic Status of Land Owners, and Help Decrease the ‘Shadow’ Segment of the Land Market?</b>”</p> <p>March 31, 2015</p>	<ul style="list-style-type: none"> <li>• Why farmers cultivating multi-hectare land arrays are the most interested in the introduction of a minimum land lease term</li> <li>• Whether a minimum land lease term will always support business interests of small and medium-sized agricultural producers</li> <li>• In the case of a minimum land lease term, what additional problems will be faced by individual household owners who establish family farms?</li> <li>• Whether the introduction of a minimum lease term can result in small-scale landlords losing control of their property</li> <li>• Whether long-term lease is profitable for land plot (land share) owners</li> <li>• How a minimum land lease term will affect land value, the innovative capacities of those who till it, and competitiveness at the land market</li> </ul>	<p>Facilitator: <b>Serhiy HUBIN</b>,</p> <p><b>Speakers:</b>  <b>Leonid KOZACHENKO</b>, MP of Ukraine;  <b>Mykola ORLOV</b>, Managing Partner of the LLC Law Offices of OMP;  <b>Richard ROZWADOWSKI</b>, Chief of Party of the Agro-Lviv project;  <b>Oleksandr MULYAR</b>, Agrarian Policy Specialist of the USAID AgroInvest project;  <b>Pavlo KULINICH</b>, Senior Legal Advisor of the USAID AgroInvest project;  <b>Roman KORINETS</b>, President of the National Association of Rural Advisory services of Ukraine;  <b>Vitaliy LVOV</b>, Vice President of the Union of Agricultural Service Cooperatives of Ukraine.</p>	17	9

No.	Event	Major Issues Covered	Speakers	Number of Journalists	Number of Publications, TV, and Radio Spots
		<ul style="list-style-type: none"> <li>• How a minimum land lease term will help decrease the “shadow” segment of the land market</li> </ul>			

**List of Press Publications Highlighting USAID AgroInvest  
January 1 – March 31, 2015**

1. [!\[\]\(ae6e390f8f86cd4962fc11e65808610c\_img.jpg\) Minimum Term of Land Lease - Panacea or Justice?](#)
2. [!\[\]\(ddfc7ed54d9d36d389d7161e306c2d42\_img.jpg\) Ministry of Agrarian Policy and USAID Continue Cooperation to Develop Legislative Framework for Reforms](#)
3. [!\[\]\(7692f3e38c5b86a7a35bfd78331f5478\_img.jpg\) Are credit unions capable of helping small and medium rural businesses in the current economic crisis?](#)
4. [!\[\]\(ee56a8b4c11b7f25b0efb8e1fdf33a3f\_img.jpg\) USAID to support development of agriculture in Ukraine](#)
5. [!\[\]\(e3ed746e05866fba44e1db6af25e972d\_img.jpg\) Ministry of Agrarian Policy and USAID will continue joint work on legislation development](#)
6. [!\[\]\(76b52757019e753b192f0f613f0cd0ae\_img.jpg\) Support to Small and Medium Producers of Volyn' Oblast Will be Provided Through American Project](#)
7. [!\[\]\(f8c8e51fe3a14c51bda824cf89af8f39\_img.jpg\) Family Farms - The Time for Talking is Over](#)
8. [!\[\]\(365f6c551b4299085795a913af7e507c\_img.jpg\) Family Farms in Ukraine Received Access to the Market Without Brokers and Middlemen - Ministry of Agriculture](#)
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# **USAID** | **AgroInvest Project**

FROM THE AMERICAN PEOPLE

## **Environmental Mitigation and Monitoring Report**

### **January 1 – March 31, 2015**

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

**April 2015**

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## **Introduction**

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

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

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

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

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

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

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

That said, the AgroInvest project screens each of its sub-projects/activities as they are identified to determine the level of risk for potential adverse environmental impacts (e.g. low risk, medium risk, and high risk), followed by preparation of an Environmental Review and Assessment (ER) Checklist, when applicable, to clearly identify potential impacts due to sub-project implementation. Based on the outcome of the ER checklists, AgroInvest may prepare Environmental Mitigation and Monitoring

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

### **AgroInvest Activities**

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

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

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

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

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

### **Quarterly Environmental Mitigation and Monitoring Highlights**

This quarter, AgroInvest began executing the requisite environmental compliance reviews and document preparation for two new producer organization projects: ASC Bukovy Horishok (Chernivtsi oblast, processing of herbs) and ASC Kurhan (Odesa oblast, processing of grape juice). Upon drafting and submitting the streamlined environmental monitoring and mitigation reports to USAID, the project was requested to revert back to executing and submitting full environmental review

checklists and environmental monitoring and mitigation plans. As such, AgroInvest is in the process of drafting these documents, in collaboration with Environmental Compliance Specialist Ms. Olena Artemova.

This quarter the AgroInvest program completed the draft *Environmental Protection and Human Health Manual for USAID Development Credit Authority Loan Portfolio Partner Credit Unions*. The project will submit the manual for MEO and BEO review early next quarter.

The manual contains guidance on how to make environmental assessments of loan applications/projects. It was prepared for the following five Development Credit Authority (DCA) Loan Portfolio Guarantee (LPG) partner credit unions at the request of USAID:

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

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

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

In addition, this quarter the AgroInvest project completed translation of the Pesticide Evaluation Report and Safe Use Action Plan (PERSUAP). The translated document will be used in subsequent environmental loan screening process trainings AgroInvest is conducting for its DCA partner credit unions in support of the USAID agriculturally-focused DCA LPG program in Kherson, Kharkiv, and Lviv.

## Component 3A Producer Organization Grantees

	Grantee	Program/Project Name	Grant Agreement Number	Start/End date	Date EMMP approved	Notes
1	ASC Krymekoproduct	Creation of rendering service system to collect, remove, and process straw from the fields by producing fuel briquettes	AGRO-GA11-3A-04/2	10/22/12-10/17/13	10/1/12	The grant with ASC Krymekoproduct was officially terminated on October 17, 2013, as the grantee failed to make progress within the agreed timeframe for renovation of the facility in which the briquette making equipment would be stored.
2	ASC Gospodar Pidgirya	Development of dairy industry in Pidgirya region	AGRO-GA11-3A-04/1	10/22/12-11/22/14	10/4/12	<p>ASC Gospodar Pidgirya is compliant with its EMMP.</p> <p>Even though the grant ended last quarter, the cooperative continues to develop documents for its HACCP certification, namely the description of process operations and the description of the premises. During the next reporting period, AgrolInvest will engage a consultant to further assist the cooperative in attaining its HACCP certification in line with all required environmental compliance issues.</p>

3	ASC Khayal-2009	Creation of a cool storage chamber to organize strawberry and strawberry seedling storage	AGRO-GA12-3A-06/01	12/18/12-6/20/14	12/7/12	Because of the Crimea crisis, the grant to Khayal-2009 was closed, with approval from the Contracting Officer. Given the inability of project staff to travel to Crimea, AgroInvest completed the final EMMP and grant close-out site visit to ensure full compliance with all terms of the grant.
4	ASC Boodjak	Development of a milk processing facility	AGRO-GA11-3A-04/3	01/03/13-12/30/14 Extended through July 2015	12/20/12	ASC Boodjak remains compliant with its EMMP. At the request of the cooperative, the grant was extended, allowing the grantee to complete all planned activities. The grantee's EMMP remains in effect, and AgroInvest continues to monitor and support compliance with it.
5	ASC Zakhidnyi	Improving the quality of compound feed through implementation of extrusion and granulation technologies	AGRO-GA12-3A-06/02	12/28/12-12/28/14 Extended to July 2015	12/20/12	ASC Zakhidnyi remains compliant with its EMMP.  Of note this quarter: Tenders to procure equipment and its installation were conducted in line with EMMP requirements, and staff were trained on new equipment operation and safety procedures.  At the request of the cooperative, the grant was

						<p>extended, allowing the grantee to complete all planned activities. The EMMP remains in effect, and AgrolInvest continues to monitor and support compliance with it.</p> <p>Zakhidnyi developed documents for its HACCP certification, namely the description of process operations and the description of the premises. During the reporting period, AgrolInvest engaged a consultant to assist the cooperative in attaining its HACCP certification in line with all required environmental compliance issues. This work will be continued during the next reporting period.</p> <p>This quarter (January 30) AgrolInvest staff conducted a site visit to Zakhidnyi, during which they verified the status of the equipment (in accordance with the grant requirements and the grantee's EMMP).</p>
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6	ASC Ivankivetskyi Svitanok	Establishment of a milk processing facility	AGRO-GA12-3A-06/04	04/16/13-4/16/15	3/28/13	<p>ASC Ivankivetskyi Svitanok remains compliant with its EMMP.</p> <p>Ivankovetsky Svitanok developed documents for its HACCP certification, namely the description of process operations and the description of the premises. During the reporting period, AgroInvest engaged a consultant to assist the cooperative in attaining its HACCP certification in line with all required environmental compliance issues. This work will be continued during the next reporting period.</p> <p>This quarter (February 12), AgroInvest staff conducted a site visit to Ivankivetskyi Svitanok, during which they verified the status of the equipment (in accordance with the grant requirements and the grantee's EMMP).</p>
7	ASC Severyn	Construction of a cool chamber for fruit and berry storage	AGRO-GA12-3A-06/03	04/16/13-4/16/15	3/29/13	ASC Severyn remains compliant with its EMMP.
8	ASC Umyut	Phytoindustry development in the Crimea	AGRO-GA12-3A-06	05/21/13-6/20/14	Original EMMP approved 4/29/13	Given the crisis in Crimea, and with approval from the

					Revised EMMP approved 8/30/13	Contracting Officer, the grant to Umyut was closed. Given the inability of project staff to travel to Crimea, AgrolInvest completed the final EMMP and grant close-out site visit to ensure final compliance with all terms of the grant.
9	ASC Losyatynske Molochne Dzherelo	Establishment of a cool storage chamber for berries	AGRO-GA12-3A-08/1	07/30/13-7/30/15	7/9/13	<p>ASC Losyatynske Molochne Dzherelo remains compliant with its EMMP.</p> <p>Losyatynske Molochne Dzherelo developed documents for its HACCP certification, namely the description of process operations and the description of the premises. During the reporting period, AgrolInvest engaged a consultant to assist the cooperative in attaining its HACCP and Global GAP certification in line with all required environmental compliance issues. This work will be continued during the next reporting period.</p> <p>This quarter (January 29), AgrolInvest staff conducted a site visit to Losyatynske Molochne Dzherelo, during</p>

						which the status of the equipment was verified (in accordance with the grant requirements and the grantee's EMMP).
10	ASC Shyroke	Establishment of a cool storage facility for vegetables and melons	AGRO-GA12-3A-06/6	07/31/13-7/31/15	7/13/13	<p>ASC Shyroke remains compliant with its EMMP.</p> <p>ASC Shyroke developed documents for its HACCP certification, namely the description of process operations and the description of the premises. During the reporting period, AgrolInvest engaged a consultant to assist the cooperative in attaining its HACCP and Global GAP certification in line with all required environmental compliance issues. This work will be continued during the next reporting period.</p> <p>This quarter (March 11), AgrolInvest staff conducted a site visit to Shyroke, during which the status of the equipment was verified (in accordance with the grant requirements and the grantee's EMMP).</p>

11	ASC Lypivsky	Establishment of a facility for processing potatoes and crops	AGRO-GA12-3A-08/2	08/12/13-8/13/15	8/8/13	ASC Lypivsky remains compliant with its EMMP.
12	ASC Fruits of Crimea	Development of a modernized fresh fruit and vegetable logistics/processing facility	AGRO-GA12-3A-08/3	8/29/13-6/20/14	8/13/13	Given the crisis in Crimea, and with approval from the Contracting Officer, the grant to Fruits of Crimea was closed. Given the inability of project staff to travel to Crimea, Agrolvest completed the final EMMP and grant close-out site visit to ensure final compliance with all terms of the grant.
13	ASC Dzhylek	Establishment of a cool storage facility for vegetables and fruits	AGRO-GA13-3A-12/1	11/11/13-6/20/14	MEO approved streamlined EMMP 11/19/13	Given the crisis in Crimea, and with approval from the Contracting Officer, the grant to Dzhylek was closed. Given the inability of project staff to travel to Crimea, the final EMMP and grant close-out site visit to ensure final compliance with all terms of the grant were completed.
14	ASC "Start M"	Development of a modernized fresh vegetable logistics/processing facility	AGRO-GA13-3A-12/2	11/15/13-6/20/14	MEO approved streamlined EMMP 11/19/13	Given the crisis in Crimea, and with approval from the Contracting Officer, the grant to Start-M was closed. Given the inability of project staff to travel to Crimea, Agrolvest completed the final EMMP and grant close-out site visit

						to ensure final compliance with all terms of the grant.
15	ASC Rivnopravnist	Development of pasture-based dairying and milk collection points	AGRO-GA12-3A-08/4	1/3/14-7/3/15	12/23/13	ASC Rivnopravnist remains compliant with its EMMP.
16	ASC Golden Bee	Establishment of a modernized honey processing and packaging facility	AGRO-GA13-3A-12/3	12/10/13-6/20/14	MEO approved streamlined EMMP 12/3/13	Given the crisis in Crimea, and with approval from the Contracting Officer, the grant to Golden Bee was closed. Given the inability of project staff to travel to Crimea, Agrolinvest completed the final EMMP and grant close-out site visit to ensure final compliance with all terms of the grant.
17	ASC Small Golden Bee	Establishment of a modernized honey processing and packaging facility	AGRO-GA13-3A-12/7	06/26/14 – 06/26/15	6/25/14	ASC Small Golden Bee remains compliant with its EMMP.
18	ASC Snovyanka	Improving the quality of compound feed through implementation of extrusion and granulation technologies	AGRO-GA13-3A-12/4	3/7/14- 9/7/15	MEO approved streamlined EMMP 3/3/14	ASC Snovyanka remains compliant with its EMMP. Of note this quarter: The tender to procure equipment was conducted in line with EMMP requirements.
19	ASC Chysta Flora	Establishment of a cool storage facility for fresh fruits and berries	AGRO-GA13-3A-12/5	3/10/14- 9/10/15	MEO approved streamlined EMMP 3/3/14	ASC Chysta Flora remains compliant with its EMMP. This quarter (January 21), Agrolinvest staff and USAID

						staff conducted a site visit to Chysta Flora, during which the status of the equipment was verified (in accordance with the grant requirements and the grantee's EMMP).
20	ASC Molochni Riky	Improving the quality of compound feed through implementation of extrusion and granulation technologies	AGRO-GA13-3A-12/6	4/11/14-10/12/15	MEO approved streamlined EMMP 4/2/14	<p>ASC Molochni Riky remains compliant with its EMMP.</p> <p>This reporting period, Molochni Riky developed documents for its HACCP certification, namely the description of process operations and the description of the premises. AgroInvest engaged a consultant to assist the cooperative in attaining its HACCP certification in line with all required environmental compliance issues. This work will be continued during the next reporting period.</p> <p>This quarter (January 30), AgroInvest staff conducted a site visit to Molochni Riky, during which the status of the equipment was verified (in accordance with the grant requirements and the grantee's EMMP).</p>



# USAID | AgrolInvest Project

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## SUCCESS STORY

### Overly Complicated and Costly Crop Rotation Requirements Cancelled



*A round table organized by USAID AgrolInvest to discuss ways to streamline regulations on crop rotation in Ukraine*

Photo: RUSLANA PURA

Crop rotation is an important agricultural practice used to preserve the fertility of land. It is essential to establish sound and appropriate regulatory tools to achieve this aim.

In Ukraine, crop rotation practices became overregulated when the government introduced regulations requiring all farming enterprises to have crop rotation schemes developed by certified land survey companies and approved by state authorities before beginning farming.

In addition to being costly, these regulations had the very real potential to hinder the development of better technologies in the sector by mandating that farmers use pre-approved crop rotation schemes and technologies.

Agricultural producers and industry associations increasingly raised concerns about the complexity and high costs of adhering to the established requirements, and the topic even gained momentum in international media.

USAID AgrolInvest addressed this issue in a comprehensive manner. Project experts conducted a legal analysis of all regulations on obligatory crop rotation requirements in Ukraine, reviewed how this issue is regulated in a number of other countries, and held several public discussions on the issue.

In addition, AgrolInvest conducted a targeted information campaign, including radio programs and articles, to highlight the importance of deregulation in the area of crop rotations.

Finally, AgrolInvest developed and submitted recommendations to the government to simplify and reduce the cost of crop rotation requirements.

The joint efforts of the project and its partner industry associations, including the Agrarian Union of Ukraine, the Private Farmers Association, and others, helped convince the Parliament to support this initiative. On April 4, 2015, the Law on Deregulation (№191-VIII) came into force and eliminated mandatory crop rotations.

According to expert estimations, the abolishment of expensive and obligatory land survey plans, including crop rotation plans prepared by certified land surveyors, will save agribusinesses in Ukraine approximately \$100 million for every period of crop rotation schemes (i.e. every 5-7 years).



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## SUCCESS STORY

### Value-Added Borsch: Connecting Agricultural Cooperatives to New Markets



Three members of the Lypivsky cooperative with post-harvest processing equipment used to produce dried vegetables



Vasyl Savvitsky, head of Lypivsky, with dried vegetables produced using equipment purchased with the support of USAID AgrolInvest

Photo: VLADYSLAV KARPENKO

In 2014, the yield of vegetables and potatoes in the Rohatyn district of the Ivano-Frankivsk oblast in Western Ukraine was very high, and members of the *Lypivsky* cooperative were very happy. However, this productivity also highlighted a major problem - the lack of adequate storage facilities and subsequent need to sell produce in the fall, the season when prices are the lowest.

By participating in a USAID AgrolInvest capacity building program for producer organizations, *Lypivsky* took steps to resolve this problem. With project support, the organization was able to purchase critical post-harvest processing equipment. The grant program not only provides help in purchasing equipment, but also supports the institutional development of partner cooperatives and offers numerous training activities on topics such as the provision of services to cooperative members, post-harvest processing, and marketing.

With AgrolInvest's support, the cooperative purchased the equipment for sorting, cutting, and drying their produce. They tested it and found that it was particularly useful for drying certain types of vegetables: onions, carrots, red beets, and cabbage, and it was possible to make the dried produce needed to cook borsch, a traditional Ukrainian soup.

On December 9, 2014, in Ivano-Frankivsk, AgrolInvest hosted a tasting workshop featuring borsch cooked with dried vegetables produced by *Lypivsky*. The workshop focused on sharing the experiences of agricultural cooperatives and supporting their production and marketing capabilities. In addition to learning lessons from their peer cooperatives, participants had the opportunity to assess the quality of the dried vegetables, both separately as well as in freshly-cooked borsch... and they were very satisfied!

Thanks to equipment purchased with AgrolInvest's assistance and the new skills received at training events, *Lypivsky* has been able to switch sales from fresh produce to processed, value-added products, and establish stable marketing channels.

For example, the cooperative established contacts with a group of volunteers from Lviv, a city in Western Ukraine, that helps furnish supplies to the army in Eastern Ukraine. The partnership between these volunteers and *Lypivsky* was a success; they were able to significantly increase the volume of dry foods produced, when compared to the capacities of volunteers who dry foods using low-performance household equipment.

Through this collaboration, soldiers in Eastern Ukraine were able to improve their diets quickly and easily, by incorporating vegetables grown without chemicals and cooked without spending too much time on washing and cutting. Additionally, as this product is well-preserved, it requires no special temperature conditions for storage. So, now vegetables from Rohatyn are consumed not only in the Ivano-Frankivsk region but also in Eastern Ukraine.

## Performance Management and Evaluation Summary

PERFORMANCE INDICATOR	Year 1	Year 2	Year 3	Year 4	Year 5			Cumulative Project		Notes and Explanations
	Annual Actual/Target	Annual Actual/Target	Annual Actual/Target	Annual Actual/Target	Actual This Quarter	Actual Annual	Annual Target	Actual Result	LOP Target	
	<b>Project objective 1.1: Market-oriented policy reforms accelerated</b>									
Indicator										
<b>1.1.1- Number of policies/regulations/administrative procedures analyzed as a result of USG assistance</b>	4/5	14/10	13/10	31/10	2	6	6	68	41	<p>1. Agrarian Union prepared analysis of law “On Amendments to the Tax Code of Ukraine and Other Legislative Acts Regarding Tax Reform” (law No. 71, dated December 28, 2014).</p> <p>2. Agrarian Union analyzed draft law “On Amendments to the Law of Ukraine on Peculiarities of the Insurance of Agricultural Produce with State Support.”</p>
<b>1.1.2- Number of policy reforms/regulations/administrative procedures drafted and presented for public/stakeholder consultation as a result of USG assistance</b>	1/2	7/5	11/5	26/6	8	11	3	56	21	<p>1. AgroInvest and its partners developed and presented for discussion proposals for the Comprehensive Strategy for Agriculture and Rural Development in Ukraine for the period 2015-2020.</p> <p>2. AgroInvest drafted and presented for discussion the draft law “On Land Lease” regarding the</p>

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	Annual	Annual	Annual	Annual	Actual	Actual	Annual	Actual	
	Actual/	Actual/	Actual/	Actual/Annual	This Quarter	Annual	Target	LOP Target	
	Target	Target	Target	Target					
									<p>establishment of separate regulations for the lease of agricultural and non-agricultural land.</p> <p>3. AgroInvest drafted and presented to MAPF proposals to the draft law “On State Support to the Agriculture Sector.”</p> <p>4. AgroInvest, jointly with the MAPF, developed and presented for public discussion draft law of Ukraine “On Local Agri-Food Markets.”</p> <p>5. AgroInvest drafted and presented for public discussion proposals to the Concept for Rural Development.</p> <p>6. The Ukrainian Land Union developed and presented for discussion the draft law “On Amendments to the Land Code of Ukraine on Holding Land Auctions” (registration No. 2279, dated March 3, 2015).</p>

PERFORMANCE INDICATOR	Year 1	Year 2	Year 3	Year 4	Year 5		Cumulative Project		Notes and Explanations
	Annual	Annual	Annual	Annual	Actual	Actual	Annual	Actual	
	Actual/	Actual/	Actual/	Actual/Annual	This Quarter	Annual	Target	LOP Target	
	Target	Target	Target	Target					
									<p>7. The Ukrainian Land Union drafted and presented for discussion proposals to the draft law “On Amendments to Certain Legislative Acts of Ukraine on Clarification of the Authorities of Notaries and Peculiarities of Registration of Derivative Rights to Agricultural Land Plots” (registration No. 0944, dated November 27, 2014).</p> <p>8. The Ukrainian Land Union prepared and submitted for discussion amendments to the draft law “On Amendments to Certain Legislative Acts of Ukraine Regarding the Definition of the Content, Composition, and Approval Procedure for Land Management Documentation” (registration No. November 27, 2014).</p>

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	Annual Actual/Annual Target	Annual Actual/Annual Target	Annual Actual/Annual Target	Annual Actual/Annual Target	Actual This Quarter	Actual Annual	Annual Target	Actual Result	LOP Target	
	1.1.3- Number of policies rejected/vetoed/removed that are inconsistent with agricultural market-friendly/investment-friendly procedures	0/0	0/3	1/3	2/2	2	2	1	5	

PERFORMANCE INDICATOR	Year 1	Year 2	Year 3	Year 4	Year 5			Cumulative Project		Notes and Explanations
	Annual Actual/Annual Target	Annual Actual/Annual Target	Annual Actual/Annual Target	Annual Actual/Annual Target	Actual This Quarter	Actual Annual	Annual Target	Actual Result	LOP Target	
1.1.4- Number of policies, regulations, and administrative procedures passed	0/0	0/3	6/3	4/3	1	1	1	11	10	Proposals to the law of Ukraine “On Amendments to Certain Legislative Acts of Ukraine Regarding the Simplification of Conditions for Business Activities (Deregulation),” developed by the Land Union, were approved in March 2015 (law No. 191-VIII).
1.1.5- Number of public-private dialogue mechanisms utilized as a result of USG assistance	2/4	3/8	5/8	8/8	3	4	4	22	32	<p>1. On January 28, 2015, AgrolInvest and the Ukrainian Club of AgriBusiness joined a working group on the development of a Complex Strategy for the Development Agriculture Production and Rural Territories in Ukraine for 2015-2020, MAPF Order No. 31.</p> <p>2. On February 10, 2015, AgrolInvest and its partner, the Agrarian Union of Ukraine, joined a working group on the development of an agriculture sector</p>

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	Annual Actual/Annual Target	Annual Actual/Annual Target	Annual Actual/Annual Target	Annual Actual/Annual Target	Actual This Quarter	Actual Annual	Annual Target	Actual Result		LOP Target
	<p>program through 2020 (Order of MAPF No. 44).</p> <p>3. In November 2014, the Agrarian Union became a member of a MAPF working group on dairy sector policy improvement but, due to reporting difficulties, the confirmation was received in February 2015 (MAPF Order No. 455, dated November 20, 2014).</p>									
<b>Project objective 1.2: Industry associations strengthened</b>										
Indicator										
<b>1.2.1- Number of regional-level working groups engaged by partner industry associations</b>	NA	NA	0/5	0/5	2	2	3	2	20	NGO "Association of Traditional Products and National Cuisines of Ukraine" joined two regional-level working groups in Zhytomyr and Vinnytsya oblasts.
<b>1.2.2- Number of institutions/organization undertaking capacity/competency strengthening as a result of USG assistance</b>	2/0	6/8	4/8	12/4	3	8	0	32	20	Three new industry associations joined the capacity building training held by AgroInvest in February 2015.
<b>1.2.3- Aggregated increase in self-financing for target industry associations</b>	0/0	0/3	3.8%/6%	15.4%/8%	NA at this time	NA at this time	9%	15.4% Indicator calculated	26%	This indicator will be reported at the end of the fiscal year.

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	Annual Actual/Annual Target	Annual Actual/Annual Target	Annual Actual/Annual Target	Annual Actual/Annual Target	Actual This Quarter	Actual Annual	Annual Target	Actual Result	LOP Target	
								on annual basis as average of quarterly figures. Will be updated at the end of Y5.		
<b>1.2.4- Number of new members in partner industry associations</b>	0/0	0/5	115/10	116/10	54	63	10	294	35	Twenty-eight new members joined the Association of Rural Women, twenty-five new members joined the Ternopil Oblast NGO “Union of Landowners,” and one new member joined the Pig Breeders Association.
<b>Project objective 1.3:Public education for land rights provided</b>										
Indicator										
<b>1.3.1- Number of media appearances on land issues</b>	0/0	0/0	814/100	411/100	58	133	100	1,358	500	The indicator reflects the number of publications generated by meetings of the National Land & Agrarian Press Club.
<b>1.3.2- Awareness of land rights among target communities</b>	NA	NA/30%	20.32%/35%	20.32%/35%	NA at this time	NA at this time	55%	20.32%	55%	In the reporting period, the survey was not conducted.
<b>1.3.2a- Share of female rural citizens in target communities</b>	NA	NA/50%	50%/50%	50%/50%	NA at this time	NA at this time	50%	50%	50%	In the reporting period, the survey was not conducted.
<b>1.3.3- Number of land deeds issued in target communities</b>	0/0	340/2,000	10,207/6,000	32,800/3,000	NA at this time	3,328	1,500	46,675	12,500	In the reporting period, we did not have the local component of the

PERFORMANCE INDICATOR	Year 1	Year 2	Year 3	Year 4	Actual This Quarter	Year 5	Annual Target	Cumulative Project		Notes and Explanations
	Annual Actual/Annual Target	Annual Actual/Annual Target	Annual Actual/Annual Target	Annual Actual/Annual Target		Actual Annual		Actual Result	LOP Target	
										program and hence no data can be provided on this indicator.
<b>1.3.4- Number of land conflicts resolved as a result of project assistance</b>	0/0	24/150	229/350	386/300	NA at this time	89	200	728	1,000	In the reporting period, we did not have the local component of the program and hence no data can be provided on this indicator.
<b>1.3.5- Percentage of legal aid service cost covered by non-project sources</b>	0%/0%	0%/5%	17.37%/40%	17.42%/75%	NA at this time	45.08%	100%	17.42%	100%	In the reporting period, we did not have the local component of the program and hence no data can be provided on this indicator.
<b>Project objective 2.1: Sustainable access to financial services for SMPs provided</b>										
Indicator										
<b>2.1.1- Value of agriculture finance facilitated</b>	0/0	\$13.4M/ \$4M	\$33.4M/ \$7M	\$19.2M/ \$15M	\$3.3M	\$7.2M	\$34M	\$72.9M	\$60M	In the reporting period, loans were issued to SMPs through partner financial institutions at the same value as in the previous quarter; however, as a rule, the spring planting campaign would require more financial resources. The same value indicates that the credit unions have strengthened their

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	Annual	Annual	Annual	Annual	Actual	Actual	Annual	Actual		
	Actual/	Actual/	Actual/	Actual/Annual	This Quarter	Annual	Target	LOP Target		
	Target	Target	Target	Target						
									lending policies to ensure lower NPL-ratios of their loan portfolios. At the same time, Metabank demonstrated a noticeable increase in lending due to serving larger farms with better creditworthiness and larger demand in financing (due to UAH devaluation).	
<b>2.1.2- Number of credit transactions facilitated</b>	NA	7,052/1,000	8,027/2,000	7,026/3,000	1,447	2,901	4,000	25,006	10,000	The number of credit transactions this quarter remained approximately equal to those of last quarter. This is attributed to the continued, challenging financial situation in the country.
<b>2.1.3- New loan portfolio at risk at 90 days</b>	0%/0%	10%/10%	4%/10%	4.5%/10%	5.1%	5.1%	10%	5.1%	10%	Strengthened lending policies and work to improve loan portfolio quality enabled all credit unions of both Task Forces and partner banks to improve their NPL-ratio, with the exception of the CU Hromada. The CU Hromada continues to work on collecting past due liabilities.

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2.1.4- Number of innovative financial products developed and introduced into the market as result of project assistance	0/0	3/3	2/2	3/1	0	0	0	8	6	According to the Y5 work plan, no new financial products were developed. Attention was paid primarily to sharing experiences of successful usage of loan products that were developed in Y2-Y4 and improving them according to the current environment in the country. Thus, loan products for smaller SMPs (private land plot owners) are becoming more popular than previously (financing of fruit and vegetable dryers, small equipment, milking machines).
<b>Project objective 3.1: Producer organizations developed/strengthened</b>										
Indicator										
3.1.1- Number of producer organizations identified, assessed, and selected for assistance	0/5	9/8	10/7	0/0	0	0	0	18	20	During the reporting period, AgroInvest conducted an EMMP and developed agreements with two new cooperatives; the agreements are planned to be signed next quarter.
3.1.2- Value of investment (in kind or otherwise)	\$0/\$0	\$0/\$450,000	\$847,454/\$500,000	\$426,247/\$625,000	\$13,447	\$32,331	\$650,000	\$1,306,032	\$2,225,000	\$13,447 was invested in producer organizations

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facilitated through producer group projects										through cost-shares included in AgroInvest grants during this quarter.
<b>3.1.3- Perceived improvement in the quality of services provided to members by producer organizations</b>	0%/5%	5%/5%	17.6%/10%	26.5%/10%	NA at this time	NA at this time	10%	26.5% Indicator calculated on annual basis as average of quarterly figures. Will be updated at the end of Y5.	35%	The survey for evaluation of the indicator will be performed in the upcoming period.
<b>3.1.3a- Share of female members reported improvement of services provided by producer organizations</b>	0%/0%	21%/16%	46%/16%	44%/17%	NA at this time	NA at this time	18%	44% Indicator calculated on annual basis as average of quarterly figures. Will be updated at the end of Y5.	18%	The survey for evaluation of the indicator will be performed in the upcoming period.
<b>3.1.4- Number of producer organizations, water users associations, trade and business associations, and community-based organizations receiving USG assistance</b>	51/5	48/40	98/35	63/40	2	21	40	281	160	During the reporting period, representatives of two new organizations participated in trainings conducted by the project.
<b>3.1.5- Number of participants in USG supported trade and</b>	137/125	392/400	365/350	572/150	115	452	150	1,918	1,175	115 people have been trained in investment development this quarter.

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<b>investment capacity building trainings</b>										
<b>3.1.5a- Share of female training participants</b>	23%/55%	55%/50%	48%/50%	41%/50%	20%	24%	50%	44%	50%	The average share of females participating in trainings is 20%, according to the Lists of Participants.
<b>Project objective 3.2: More effective market infrastructure for SMPs developed</b>										
Indicator										
<b>3.2.1- Number of wholesale markets formed (through at least Stage 4)</b>	0/0	0/0	1/1	0/0	0	0	0	1	2	Due to the deteriorating investment climate in Ukraine, identification and development of the second wholesale market has been suspended indefinitely. USAID has stated it will modify Agrolinvest's contract to reflect this.
<b>3.2.2- Number of local/regional markets of market infrastructure (e.g. storage/cold storage, packing/processing/ sorting facilities) formed with project assistance</b>	0/0	3/4	6/6	3/4	3	3	0	15	14	During the reporting period, feasibility studies were completed for Logistic Center ASC 'Tavrysky Dar,' a market in Muzykivka village, and a slaughterhouse in Muzykivka village. Construction began at all

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	Annual Actual/Annual Target	Annual Actual/Annual Target	Annual Actual/Annual Target	Annual Actual/Annual Target	Actual This Quarter	Actual Annual	Annual Target	Actual Result		LOP Target
<b>3.2.3- Number of trading/market places established</b>	0/0	300/500	201/1,000	0/2,000	0	0	1,500	501	5,000	three facilities this quarter. Given the financial challenges facing the country, as well as the winter season, no new trading/market places were established this quarter. With the new local markets coming on-line this quarter, as well as the spring agricultural season, new trading places are expected to begin materializing.
<b>3.2.4- Number of micro enterprises linked to larger firms as a result of USG assistance to the value chain</b>	0/0	119/100	216/200	428/400	56	301	300	1,064	1,000	During the reporting period, 56 micro-enterprises have been linked to larger firms.
<b>3.2.4a- Share of female-owned micro enterprise</b>	0%/0%	17%/16%	46%/16%	44%/17%	68%	68%	18%	44% Indicator calculated on annual basis as average of quarterly figures. Will be updated at the end of Y5.	18%	The share of female-owned micro-enterprises linked to larger companies accounted for 68% of the total, according to the Lists based on indicator 3.2.4.
<b>3.2.5- Value of investment facilitated in market infrastructure</b>	\$0/\$0	\$2,170,673/\$400,000	\$3.67M/\$10.6M	\$1,055,500/\$10.25M	0	0	\$0	\$6,896,173	\$21.25M	The instability in Ukraine continues to negatively impact the investment climate in Ukraine. This

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	Annual	Annual	Annual	Annual	Actual	Actual	Annual	Actual	LOP Target	
	Actual/	Actual/	Actual/	Actual/Annual	This Quarter	Annual	Target	Result		
	Target	Target	Target	Target						
										quarter, the exchange rate fluctuated from 17UAH/\$1 USD in January 2015 to as high as 38UAH/\$1USD in March 2015.
<b>Cross-Cutting Indicator</b>										
<b>Proportion of females who report increased self-efficacy at the conclusion of USG supported training/programming</b>	NA	NA	31%/20%	56%/60%	0	0	60%	56%	60%	No activities under this indicator were conducted in the past quarter. The training program will start in the next quarter.
								Indicator calculated on annual basis as average of quarterly figures. Will be updated at the end of Y5.		