



**USAID** | **AgroInvest Project**  
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# **QUARTERLY REPORT APRIL 1 – JUNE 30, 2014**

# AGROINVEST

**QUARTERLY REPORT  
APRIL 1 – JUNE 30, 2014**

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

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## ACRONYMS

ARC	Autonomous Republic of Crimea
ASC	Agriculture Service Cooperative
CURE	Center for Ukraine Reform Education
DCA	Development Credit Authority
EU	European Union
GOU	Government of Ukraine
IEE	Initial Environmental Evaluation
LOE	Level of Effort
MAPF	Ministry of Agrarian Policy and Food
NGO	Non-governmental Organization
SMP	Small and Medium Producer
WOCCU	World Council of Credit Unions

# INTRODUCTION

## Project Overview

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

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

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

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

In April-June 2014 Ukraine continued to experience significant political, social and economic instability which continues to impact AgroInvest's technical and administrative activities. While the political situation has shown signs of stabilizing this quarter, the eastern territories of Ukraine, primarily Donetsk and Lugansk oblasts, continue to be volatile areas and the Autonomous Republic of Crimea remained a self-declared independent territory. In May, Presidential elections were held and Petro Poroshenko was elected as Ukraine's new President and early parliamentary elections may take place as early as fall of this year. The impact of the ongoing situation in Ukraine on the Project's activities is discussed throughout this quarterly report.

## QUARTERLY HIGHLIGHTS

Despite the ongoing political instability in Ukraine in April-June 2014, the AgroInvest Project team continued technical implementation. Key activities and accomplishments during this period include the following:

- Analyzed laws and regulations that govern activities of the State Agricultural Inspection Agency and developed proposals, including a draft law to change and streamline the functions of the Agency;
- Finalized the analysis of agricultural land lease agreements, developed proposals and recommendations for the Government and land owners and shared them with stakeholders;
- Executed the Project's annual policy priority needs assessment;
- Developed a draft Law "On Amendments to the Law of Ukraine "On Farming" and a draft Law "On Amendments to the tax Code of Ukraine (in stimulating the development of family farms)" aimed at creating conditions for transforming subsidiary household farms into commercial family farms;
- Marked a successful completion of AgroInvest and its partners' efforts to see a passage of a law that liquidated the State Land Bank of Ukraine;
- The Rada passed several laws that create a better environment for farmers and producers, specifically: mandatory certification of grain silos and grain quality certification have been abolished; obligatory technical inspection of agricultural machinery have been abolished; regional stocks of agricultural commodities have been abolished. Passage of these laws became possible due to the persistent lobbying efforts of AgroInvest and its industry association partners;
- Conducted final three training seminars focused on various crop cultivation techniques and best practices for financial specialists of two partner banks and three credit unions entitled "Agrotechnologies for Financial Analysts";
- Initiated the introduction of the Development Credit Authority (DCA) loan guarantee instrument to Ukrainian credit unions, including the selection of six candidates for the DCA program, preparation of the draft term sheet for the loan guarantee application and agreement with the DCA Group, as well as the discussion with all candidates on the basic terms of the mechanism;
- Developed recommendations on improving legislation for credit unions in compliance with the EU legislation through engagement of a specialist from Poland;
- Developed and implemented an innovative loan product for agricultural inputs purchase based on promissory notes for partner value-chain actors (VCA);
- Conducted four practical agro-technological training sessions combined with lending offer promotions for farmers (customers of AgroInvest partner credit unions) covering innovations in production technologies of cucumbers and other vegetables;

- Ended grants and activities with agriculture service cooperative (ASC) “Khayal-2009”, ASC “Umyut”, ASC “Frukty Krymu”, ASC “Dzhylek”, ASC “Start-M”, and ASC “Golden Bee” due to the USAID directive to cease activities in the Autonomous Republic of Crimea (ARC) ”;
- Because of the situation in Crimea, AgroInvest and the management of ASC “Golden Bee” agreed to relocate to Ivano-Frankivsk oblast where they are now registered as ASC “Small Golden Bee”;
- Signed a new producer organization grant agreement with the agricultural service cooperative “Molochni Riky” to improve the organization’s capacity to produce animal feed;
- Finalized and started distributing the methodological recommendations for SMPs on post-harvest treatment and storage of agricultural produce.

## SECTION I: ACCOMPLISHMENTS AND PROGRESS TO DATE

### Technical Implementation

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

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

*Analysis of legislation on agricultural land market.* During the reporting period, AgroInvest continued its activities in monitoring, reviewing and analyzing legislation on land-related issues. One of the main activities focused on streamlining regulations on mandatory crop rotation for farming enterprises. During the previous reporting periods, AgroInvest developed and proposed amendments to the Law of Ukraine “On Land Protection,” the Law of Ukraine “On Land Management” and the Land Code of Ukraine to make the development and application of crop rotation schemes more simple and affordable to farmers. According to partner industry association estimates, such simplification and streamlining of the existing rules on crop rotations will save farmers approximately \$100 million annually. Legislation that introduced the development, approval and application of crop rotation schemes became obligatory for farmers who used more than 100 hectares of agricultural land in 2013. Application of this legislation turned out to be overly complicated and costly for farmers, resulting only in insufficient adherence to the mandatory nature of crop rotations, but not to the improvements in farming practices.

In April-June 2014, the Project started promoting the proposed changes to legislation through public events and discussions with partners. On April 16, 2014, AgroInvest held a round table to discuss the crop rotation issue with private sector farming companies, industry associations, GOU representatives and land experts. The AgroInvest team shared the experience of crop rotation regulations in the EU and other countries, presented the draft legislation developed by the Project, and initiated a discussion with the stakeholders. The participants voiced their support for AgroInvest’s proposals to cancel the mandatory nature of government approval for crop rotation schemes of farming enterprises. This round table was followed up by several media publications and a radio program where AgroInvest experts were able to further advocate for the proposals.

AgroInvest partners, in particular the Agrarian Union of Ukraine and the Land Union of Ukraine also actively supported the cancellation of the expensive and unjustified regulations on crop rotations during meetings of the Committee of Verkhovna Rada of Ukraine on Agricultural Policy and Land Relations. Several organizations, in addition to AgroInvest Project, have developed proposals to amend the legislation on crop rotation schemes. Some of these proposals have already been submitted to the Verkhovna Rada and are currently awaiting review and approval, delaying the final decision on this issue. AgroInvest’s team believes that the representatives of farming enterprises and industry associations should identify which among these proposals is the most likely to be approved and focus on promoting that set of ideas. AgroInvest will continue organizing public discussions on crop rotations to speed up the approval of the legislation.

During the reporting period, AgroInvest also continued assisting its partner industry associations to simplify the registration of lease agreements for agricultural land. Many farmers were unable to register their lease agreements as is required by law, due to low capacity of the State Registration

Service in registering rights to immovable property and land. As a result, the farmers do not have a full right to cultivate the lands they lease and remain at risk of heavy penalties and fines imposed by the State Tax Authority. Several legislative proposals to address this issue, including one developed with AgroInvest's assistance, have been moving through the approval process very slowly. To speed-up the approval process, on May 14, 2014, AgroInvest organized a round table attended by the Minister of Justice, the Head of the State Registrations Service and the Chairman of the State Land Agency, representatives of leading agricultural industry associations, and experts. In discussing ways to push the legislation forward, the panel proposed the establishment of a working group under the Chairman of the State Registration Service to develop and agree a set of proposals and amendments to the legislation. The working group, however, has not yet been established due to May 2014 management changes at the State Registration Service. As soon as the working group is established, AgroInvest's experts will participate in the activities of the working group.

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:

- Developed a draft law of Ukraine "On Amendments to Certain Legislative Acts of Ukraine regarding the Transfer of Responsibilities over Management of State-owner Land to the Local Level". The proposed law was registered in Verkhovna Rada on April 24, 2014 ([registration No. 4758](#)) and is awaiting a review by the Parliamentary Committee on Agricultural Policy and Land Relations. Once approved, the law will simplify the procedure for allocation of state-owned land by reducing the number of necessary agreements and moving the decision-making process to the local (rayon) level – in line with the new GOU's focus on decentralization.
- Prepared a draft law of Ukraine "On Amendments to the Law of Ukraine on State Land Cadastre (on Optimization of Responsibilities of State Cadastre Registrars)" ([registration No. 4083a](#), dated June 16, 2014). Submitted at the end of the reporting period, the draft law needs to be scheduled for a review by the Parliamentary Committee on Agricultural Policy and Land Relations. Once approved, the law will simplify the procedure for cadastral registration of land plots by allowing cadastral transactions to be executed in any office of the State Cadastre.
- Developed a draft law of Ukraine "On Amendments to Certain Legislative Acts of Ukraine regarding the Removal of Administrative Barriers during the Development of Land Management Documentation. This law was registered in Verkhovna Rada on June 20, 2014 under the [registration No. 4138a](#)). Its approval will speed up the preparation of the land management documentation by cancelling the mandatory state expertize of such documentation for privately owned (leased) land plots.
- Prepared comments and proposals to a draft Law of Ukraine "On Amendments to Certain Legislative Acts of Ukraine regarding the use of Agricultural Land for Commercial Agricultural Production. The State Land Agency developed the [draft law](#) and submitted it for public discussion via its website. The law will change the procedure on government control over soil quality.

In addition, the experts of the Resource Center developed a set of well-structured proposals to prevent abuse of power and corruption in land relations entitled: “Ten Steps to Combat Corruption – Recommendations for Government Actions”. The document will be presented for public discussion in July, and then disseminated with AgroInvest assistance.

*Land lease agreements.* This quarter, the Project finished analyzing land lease data and completed the report on agricultural land lease agreements. Based on the information collected, AgroInvest validated the research results through meetings and discussions with partners and stakeholders across Ukraine, and presented the results for discussion and comments to the public, including legal experts on land, government officials, and individual land owners. Based on this study, AgroInvest prepared recommendations to individual land owners on how to protect their property and interests when entering into land lease agreements. The Project will publish these recommendations and disseminate them among village councils, NGOs and land owners. In addition, AgroInvest prepared a briefer for the GOU with recommendations on how to improve agricultural land lease arrangements. Further activities of AgroInvest on land lease agreements will include drafting several legislative documents (a draft law, a draft Cabinet of Minister resolution and a draft Order of the Ministry of Agrarian Policy and Food) so as to create a more transparent land lease environment and better protect the land lease rights of Ukrainians.

*Removal of the State Land Bank.* On June 17, the Verkhovna Rada liquidated the State Land Bank and removed all references to it in the Land Code and in the Law on Banks and Banking Activity. The Cabinet of Minister drafted and submitted the law in April. Its approval creates hope for further positive developments on land legislation, including the removal of the moratorium on agricultural land sales. The concept proposed behind the State Land Bank was questionable and risky as it included several conflicting functions and was based on a preferential position of the State Land Bank vis-à-vis other market participants. This was noted and received negative comments from AgroInvest and its partners who collectively played a major role in lobbying for the State Land Bank’s demise.

### **Other Policy Initiatives**

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

Together with its partner agriculture industry associations, AgroInvest analyzed the regulatory frameworks that govern the activities of the State Agricultural Inspection Agency. The team, then, developed comprehensive proposals on how to revise functions of the State Agricultural Inspection Agency so to streamline Ukraine’s agriculture inspection system and delimit its potential for institutional corruption. The team has proposed a draft law, with amendments to various legislative documents, that streamlines and removes duplication of activities with other government agencies. The proposal was presented to leading Ukrainian agricultural industry associations, discussed and

finalized based on the comments received. AgroInvest’s partner industry associations plan to submit the proposals and the draft law to the Cabinet of Ministers for approval and subsequent submission to the Verkhovna Rada, and AgroInvest will continue supporting the process.

*International experience with the role of self-regulatory organizations in formulation and implementation of agricultural policy.* In January and February, AgroInvest prepared an analytical report that described international best practices for self-regulatory organizations in formulating and implementing agricultural policy. The report was discussed with the MAPF in April 2014. The next steps might include drafting a law and a study tour for key stakeholders to one of the EU countries that could serve as a model for Ukraine. The team will make the final decision during AgroInvest’s June 2014 annual work planning workshop.

*Update of the analysis of the estimated impact of potential trade restrictions on the export of Ukrainian dairy products by the Russian Federation.* In November 2013, AgroInvest prepared an analysis of the estimated impact of trade restrictions on the export of Ukrainian dairy products imposed by the Russian Federation. The team assessed the possible impact on agricultural producers and prices of their products, in particular small farmers who produce the bulk of raw milk in Ukraine, and recommended diversification of Ukrainian dairy export products. In April 2014, AgroInvest updated the report with trade statistics for the entirety of 2013 and additional recommendations. This report was presented to USAID in mid May 2014 and was later shared with members of the working group on dairy sector development under the MAPF.

*Assistance to industry associations with national-level conferences - the 13<sup>th</sup> National Grain Forum "Grain Forum - 2014: New Markets, Challenges and Opportunities".* During the reporting

period, AgroInvest assisted its partner organizations with the National Grain Forum in Odessa, held from June 17-18, 2014, an annual event that typically gathers Ukrainian grain traders, agricultural producers, grain processors, logistics and surveyor companies, engineering companies and financial institutions. AgroInvest organized a round table entitled “Investment and Trade in Ukrainian Agriculture.” USAID Administrator Rajiv Shah, the Minister of Agrarian Policy and Food of Ukraine, CEOs of leading Ukrainian and American agricultural producers, traders, and input suppliers attended the event. The discussion focused on the main policy changes required to increase the production of agricultural commodities, raise the efficiency of export logistics, and attract more investment in production, processing and transportation of Ukrainian agricultural and food products. It is expected that proposals made at the round table will be used by the MAPF in developing new legislation and regulations to improve the performance of the agriculture sector in the country.



*Legislative and regulatory framework for development of agricultural producer organizations.* Draft law of Ukraine “On Amendments to the tax Code of Ukraine regarding the Improvement of VAT Taxation for Commodities Produced by Household Farms and Sold Through Agricultural

Service Cooperatives” was registered in the Verkhovna Rada on April 17, 2014 (registration No. 4731). The draft was developed with AgroInvest’s assistance and allows for fair, transparent, and equitable taxation conditions for agricultural service cooperatives, creating incentives for increased sales of agricultural produce through cooperatives. The draft law is awaiting review by several committees of the Verkhovna Rada among which the Committee on Tax Policy is most prominent.

*Draft law on small family farms.* At the request of the MAPF, and in cooperation with its partners, AgroInvest developed a draft law “On Amendments to the Law of Ukraine “On Farming” and a draft law “On Amendments to the tax Code of Ukraine (in stimulating the Development of family farms)’. These laws are to create conditions for transformation of subsidiary household farms into commercial family farms. Both draft laws have been presented for public review and discussion in June 2014, and will be submitted to the MAPF in July.

*Update of Agricultural Policy Priorities of AgroInvest project.* In close collaboration with its key partners and stakeholders, AgroInvest’s Agricultural Economist, Douglas Hedley, prepared an update of its agricultural policy priorities. The “Review and Update of the AgroInvest Project’s Agriculture Policy Priorities” will inform project’s Year 5 work-planning activities on agricultural policy.

*Deregulation of business environment in the agricultural sector.* During this reporting period, the Verkhovna Rada passed several laws that will significantly improve business environment in the agriculture sector. The laws will abolish the mandatory certification of grain silos and grain quality certification, cancel the obligatory technical inspection of agricultural machinery; and abolish regional stocks of agricultural commodities. A persistent advocacy of AgroInvest partners, the agricultural industry associations, sped up the passage of these laws. The table below presents preliminary estimations of the direct impact the laws will have on expenditures of agricultural producers and traders.

Table 1. Quantitative impact of AgroInvest partner industry associations’ efforts to improve regulatory environment during the reporting period

No.	Abolishment of regulatory acts	Quantitative benefits for businesses *
1	Abolishment of certification of grain silos	\$0.3 million
2	Abolishment of certification of grain quality	\$15 million
3	Abolishment of obligatory inspection of agricultural machinery	\$10 million
4	Abolishment of expensive and obligatory land survey plans, including crop rotation plans prepared by certified land surveyors** for farmers	\$100 million

\* According to IFC, UCAB estimations

\*\* Obligatory land survey plans that include crop rotation plans have not been cancelled yet, however common agreement to cancel it among businesses and all key government agencies has been reached.

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

In the period of April through June 2014, AgroInvest continued supporting the activities of 10 partner agricultural industry associations selected through the Project's capacity building grant program. Highlights of each of these partners' activities during the reported period are provided below:

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

- Preparing and publishing analytical notes on the following agricultural policy issues: (i) a draft law No. 4693 registered in the Verkhovna Rada of Ukraine on April 14, 2014, proposing the establishment of a 15 percent export duty for soybeans; the note served as a basis for further advocacy of the industry associations against approval of the law; (ii) the situation in the Ukrainian agricultural sector in January-May 2014; (iii) the value-added tax (VAT) regime and benefits in the agriculture sector of Ukraine; (iv) the forecast for Ukrainian grain harvest in 2014; (v) grain stocks in Ukraine in May 2014; (vi) results of export and import operations in January-March 2014; and (vii) the agricultural insurance market in Ukraine;
- Organizing a seminar for farming companies and trading enterprises entitled "Supply of Agricultural Commodities to EU Countries Based on the Autonomous Trade Preferences Regime" on May 20, 2014;
- Preparing a set of analytical materials for a meeting of agricultural industry association with the Prime Minister of Ukraine on May 8, 2014;
- Analyzing four draft Resolutions of the Cabinet of Ministers, preparing and disseminating comments and proposals to them;
- Initiating the establishment of, and actively participating in, a working group hosted by the Council of Entrepreneurs under the Cabinet of Ministers to develop proposals for reforms of the central bodies of executive power in the agricultural policy sphere;
- Preparing several open appeals to the GoU and/or Parliament on pending legislation that deals with agrarian policy and agriculture sector issues (jointly with other industry associations).

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

- Lobbying in the Verkhovna Rada for new legislation to simplify grain logistics and trade, and facilitating the approval of a law that cancelled grain quality certification and obligatory certification of grain silos;
- Organizing a national-level meeting with railway and port authorities to coordinate grain logistics-related activities during 2014/15 grain marketing season;
- Together with analytical and information agency APK-Inform, organizing the 13<sup>th</sup> National Grain Forum, the "Grain Forum 2014: New Markets, Challenges and Opportunities" in Odessa, with USAID Administrator Dr. Rajiv Shah's participation;
- Chairing a working group hosted by the Council of Entrepreneurs under the Cabinet of Ministers to develop proposals for reforms of the central bodies within the executive power in the agricultural policy sphere;

- Developing, translating, and publishing analytical materials based on the United States Department of Agriculture data, covering longitudinal global commodities trends, and publishing weekly news monitoring reports on the Ukrainian grain market.
3. *Organic Federation of Ukraine*. Main accomplishments during this quarter include:
    - With the Agricultural Inspection Agency of Ukraine, developing a draft of the Cabinet of Ministers Resolution “On Approval of Detailed Rules for Simultaneous Production of Organic and Traditional (non-organic) Agricultural Raw Materials”;
    - Advocating approval of amendments and additions to the Law of Ukraine No. 425-VII “On Production and Circulation of Organic Agricultural Products and Raw Materials” by committees of the Verkhovna Rada of Ukraine;
    - Preparing and holding a specialized three-day organic products and technologies fair, entitled “Organic-2014” (as part of the MAPF annual agriculture fair);
    - Organizing jointly with the MAPF of Ukraine, a national round table “Food Security and Food Safety – the Organic Vector;”
    - Organizing a workshop entitled “Development of Agricultural Service Cooperatives that Produce Organic Products;”
    - Publishing the next issue of the quarterly magazine, “Organic UA.”
  4. *Society for Promotion of Rural Green Tourism in Ukraine*. Main accomplishments during the reporting period include:
    - Holding a practical training session for green tourism experts;
    - Continuing public discussions and refining the text of a draft law of Ukraine - “On Amendments to the Law of Ukraine on Private Farming regarding the Development of Rural Green Tourism” (registration No. 2530a in the Verkhovna Rada of Ukraine);
    - Initiating preparation of a nationwide conference entitled "Policy Development and Operation of Rural Tourism in Ukraine as a Factor of Rural Development."
  5. *National Association of Agricultural Advisory Services “Dorada.”* Main accomplishments of the National Association of Agricultural Advisory Services during this reporting period include:
    - Conducting a nationwide survey of 550 SMPs and representatives of central and local governments to identify information needs of agriculture service cooperatives;
    - Analyzing the results of the survey, publishing and disseminating the report based on the survey;
    - Developing a training program for regional cooperative trainers;
    - Developing recommendations for information support for the establishment and operation of ASCs and initiating legislative and policy improvements in this area;
    - Initiating preparation of the first two-day training seminar for regional cooperative trainers (instructors).
  6. *Association of Farmers and Private Land Owners of Ukraine*. Main accomplishments during this reporting period include:
    - Organizing a regional and national seminar entitled “The Experience of Private Family Farming in the EU Countries and Options for its Application in Ukraine;

- Participating in working group under the State Agricultural Inspection Office that deals with inspection of agricultural machinery to develop proposals for cancellation of technical inspection for farm machinery;
- Organizing a round table on pending issues of private farming development with a Deputy Minister of Agrarian Policy and Food;
- Holding a seminar entitled “Possibilities and Procedures for Creation of Agricultural Service Cooperatives in Ukraine.

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

- Signing of the memoranda on cooperation with the International Commission for Human Rights to establish a joint working group that will deal with the implementation of rights and liberties of rural residents;
- Participating in the Expert Council on prevention of corruption and ensuring efficient management of land resources under the State Land Agency (created by an Order of the Agency No. 157, on May 27, 2014);
- Preparing recommendations for the State Land Agency on prevention of corruption in land relations;
- Updating, editing and refining the text of a manual entitled “Practical Advice for Village Heads for the Improvement of Sustainable Rural Development and Agricultural Production” and preparing its final layout for printing;
- Developing proposals to draft the Law of Ukraine “On Amendments to the Law of Ukraine On Land Lease” and draft Law of Ukraine “On Amendments to Certain Legislative Acts of Ukraine regarding the Priority of Public Procurement of Certain Agricultural Products from Household Farmers and presenting these proposal to the Committee of Verkhovna Rada on Agricultural Policy and Land Issues;
- Participating in a meeting of the Government Committee on Regional Development to discuss the State Strategy for Regional Development until 2020.

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

- In the context of activities of the All-Ukrainian Agrarian Forum, co-chaired by the Union, preparing comments to the draft decision of the GoU from May 8, 2014 based on the analysis of the Third Agrarian Forum held in April;
- Based on results of a survey, developing “Proposals of the Agrarian Union of Ukraine regarding the Simplified Taxation System for Medium-Size Agricultural Producers and Private Family Farmers and the Expansion of the Tax Base of Agricultural Land”;
- Developing a position of the Agrarian Union on the issue of reforming (liquidation) of the State Agricultural Inspection Office;
- The Analytical Center of the Agrarian Union continued preparing analytical notes for its members, partners and Government officials on the issues of milk prices; taxation for agricultural cooperatives and reforms in the agriculture sector;
- Issuing [weekly bulletins](#) of the Independent expert board on grain market situation.

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

- Participation in a meeting of the working group at the MAPF on development and deregulation of the swine industry. This working group was set up at the initiative of the Association under the grant program with AgroInvest. In June this year, the working group met to discuss deregulation of the industry, decentralization of pedigree selection activities, and the need to synchronize the industry with modern production conditions and the European standards in the areas of veterinary and environmental legislation;
- In collaboration with its partners, organizing the “Pig Day” on a farm in Khmelnytskyi oblast where participants learned about new production technologies;
- Organizing the International Congress entitled “Profitable Swine Business” in Kyiv and a round table for meat processing plants on the topic of “What Actions Should Meat Processors Take to Move Forward?”

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

- Organizing the April 2014 Third All-Ukrainian Agrarian Forum (Stage 1) and preparing the Stage 2 meeting for July 2014;
- Submitting to the GoU and the Verkhovna Rada a set of analytical notes that explain registration of lease agreements, the VAT regime and tax benefits in the agriculture sector, as well as export issues;
- Organizing the “AgroDebates” on the topic of “Regulation in the Plant Quarantine Sphere – How Much Do Agricultural Producers Pay?” Representatives of the MAPF of Ukraine, the Ministry of Economic Development and Trade of Ukraine, IFC, agribusinesses, professional associations and international organizations attended the debate. Participants learned about the European Union experience with the regulation of plant quarantine and about the approaches to improve legal acts regulating plant quarantine system;
- Organizing a round table for dairy farmers, processing enterprises and Government officials “When Ukrainian Dairy Products will Access the EU Market?”
- Submitting to the Verkhovna Rada a draft law which proposes to remove the existing export duty on live animals;
- Preparing and disseminating 13 press releases on pending issues of agricultural policy in Ukraine.



AgroDebate, Kyiv, June 19, 2014 organized by the Ukrainian Agribusiness Club with the support from an AgroInvest grant funds.

### **Capacity building grant program for agricultural industry associations**

During this reporting period, AgroInvest selected training providers and started capacity building courses for agricultural industry associations based on the organizational capacity needs assessment of the agricultural industry associations conducted by AgroInvest earlier in the year. The following training courses were successfully completed:

- Development of Presentation Skills, on May 20<sup>th</sup>;
- Legal Status of Non-Profit Organizations and Their Regional Branches, on June 5<sup>th</sup>;
- Selected Aspects of Taxation and Bookkeeping in Not-for-profit Organizations, on June 11<sup>th</sup>;
- Strategic Planning and Good Governance in Organizations, on June 26<sup>th</sup>.

The trainings were well-received by the sector industry associations. More than 25 participants attended each session, representing 22 various national and regional agricultural industry associations and NGOs. Approximately 40 percent of the participants came from organizations that had not worked with AgroInvest before, allowing the Project to expand its capacity development activities to a wider group of industry associations. In addition, regional representation of the industry associations was significant: approximately 35 percent of all participants came to the training from outside of Kyiv, in particular from Kharkiv, Dnipropetrovsk, Zaporizhia, Poltava, Lviv, and Chernivtsi. Four additional training sessions will be held in July and September/October, 2014.

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

The Project continued the Legal Land Rights Services Program to help the citizens understand and protect their land rights; in addition, the Land Rights Awareness and Education Campaign “My Land, My Right” covered a broad range of land and agrarian policy topics.

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

During this reporting period, six seven-minute long radio programs were aired as part of the “My Land, My Right” campaign, reaching nearly one million radio listeners. The programs were dedicated to the topics outlined in the Table 2 below.

Table 2. My Land, My Right campaign

Date	Topic
04.08.2014	<a href="#"><u>Will Registration of Rights to Immovable Property Streamline the Development of Leasing Relations in the Countryside?</u></a>
04.22.2014	<a href="#"><u>Diversification of Markets for Agricultural Products</u></a>
05.13.2014	<a href="#"><u>Do Agricultural Advisory Services Bring Ukrainian Farmers Closer to European Standards?</u></a>
05.27.2014	<a href="#"><u>When will the Queues in the State Registration Authority Disappear?</u></a>
06.10.2014	<a href="#"><u>How to Shift from Unofficial Trade in Agricultural Products to Civilized Markets?</u></a>
06.24.2014	<a href="#"><u>Is it Necessary to Protect the Rights and Interests of Owners of Land Shares, and How to Improve Lease Relations?</u></a>

The [National Agrarian & Land Press Club](#) established as part of the Land Rights Public Education and Outreach Campaign conducted five events during this reporting period. Four were national and took place in Kyiv, while one event was regional, and was held in Chernivtsi. The latter event was conducted in cooperation with the local partner – NGO “The First Agrarian Cluster.”

In addition, on May 14, the National Agrarian and Land Press Club organized a roundtable called the “Registration Service: When will the Queues for Registration of Real Estate Property Rights and their Encumbrances Disappear?” Key government officials, such as the Minister of Justice, the Head of State Land Agency, and the Head of State Registration Service, along with industry associations and lawyers attended the roundtable. The panelists discussed registration of lease agreements for agricultural land, which is a prerequisite for farmers to operate on leased land. Because the newly established State Registration Service did not provide enough state registrars to help the farmers register the land, delays occurred, but an important outcome from the roundtable discussion was that it is important to allow lease registration in any oblast, rather than only in the oblast where the land plot is located. The table below summarizes the events held, and Annex 1 provides more details.



Table 3. Events at the National Agrarian and Land Press Club

Date, venue	Format	Title
04.03.2014	Press Conference	Needs and Possibilities of Finding New Markets for Agricultural Produce
04.16.2014	Roundtable	Crop Rotation in the Field and in the Law: How to Harmonize the Farmers' Rights and Responsibilities?
05.14.2014	Roundtable	Registration Service: When will the Queues for Registration of Real Estate Property Rights and Their Encumbrances Disappear?
05.20.2014	Press Conference	Lease Agreements: How to Protect the Interests of Land Owners?
06.24.2014	Roundtable	Lease Agreements: How to Protect the Interests of Land Owners?

### Legal Land Rights Services Program

Re-launched in January, the Legal Land Rights Services Program is implemented in cooperation with seven partners, namely the *Land Union of Ukraine* (through the Kyiv-based Land Rights Resource Center) and six local-level providers of legal land rights services.

*Land Rights Resource Center.* This quarter, the Resource Center conducted four training events for the providers of the primary and secondary legal land services, including the following workshops: “New Procedure for State Registration of Rights to Immovable Property 2014” (April 7, Obukhiv, Kyiv oblast, 13 participants); “Land Disputes: Procedure and Practice of Settlement”

(May 27, Kyiv, 13 participants); “Land Relations 2014” (May 30, Brovary, Kyiv oblast, 41 participants); and “Specifics of Regulation of Land Relations in Germany” (June 18, Kyiv, 54 participants).

The Resource Center produced the following new materials:

1) Roadmaps<sup>1</sup>:

- *How to Restore Borders of a Land Plot on the Initiative of the Owner?*
- *Public Cadastre Map and How to Use it?*
- *How Can a Landowner Change a Lease by Mutual Agreement of the Parties?*

2) Document templates:

- *Deed of Gift for a Land Plot;*
- *Agreement on Making Amendments to a Lease Agreement.*

These and other materials developed by the Land Rights Resource Center are available at [the Land Rights Web-portal](#). This quarter, more than 93,000 users visited the Land Rights Web-Portal, bringing the total number of visitors to 510,000 since its launch. The number of pages visited exceeded 111,000, and the overall number of pages visited totaled 200,000.

During the reporting period, the Resource Center continued to analyze land laws and initiatives, develop comments and proposals on improvement of land legislation and regulations, participate on the Public Council of the State Land Agency, and work with the State Land Agency, the Center of State Land Cadastre, and the Association of Farmers and Private Landowners to identify problems and find solutions. Page 2 provides additional information pertaining to the specific legal and legislative documents the Resource Center this quarter.

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

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

This quarter, these partners executed the following:

- Supported the operation of contact points (Law Centers) where rural landowners can receive legal services and consultations according to established schedules. The lawyers

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<sup>1</sup> These roadmaps are flowcharts that serve as concise process maps for both government officials and land users to better understand the complexities and navigate the procedures regarding land in Ukraine. These roadmaps have become extremely popular and can be found on the Land Rights Web-portal as well as local government offices throughout the country.

read documents, provide information, consultations, and legal advice, help prepare claims, go to court, if needed, or help resolve the issue by mediation, if possible;

- Organized “mobile” contact points according to established schedules, where citizens from rural areas come for consultations, information, and legal aid;
- Conducted community meetings and group consultations for rural landowners;
- Conducted workshops on a variety of land-related subjects for village mayors, land surveyors and other providers of primary legal services. Typically, they invite to these workshops local authorities of rayon level (such as rayon state administrations, and rayon offices of the State Land Agency and/or State Registration Service) for participants to hear “first-hand” recommendations and advice from authorities;
- Coached providers of primary legal land rights services who disseminate posters and leaflets with roadmaps developed by the Land Rights Resource Center and materials from the Land Rights Web-portal; they also refer their community members to the Law Centers should they need secondary legal services;
- Conducted webinars for land managers;
- Participated in meetings with the oblast and rayon authorities to discuss problems which they identified when providing consultations to rural landowners in order to find solutions jointly with authorities.

One of the partner NGOs, the *Civic Platform on Implementation of Land Reform in Dnipropetrovsk oblast*, continued to support the establishment of expert groups in rayons of Dnipropetrovsk and Poltava oblasts. The expert groups include local community leaders, village and town mayors, land surveyors, heads of State Land Agency rayon departments, Ministry of Justice rayon offices, lawyers of rayon state administrations, representatives of the rayon council and rayon state administration having competence address land reform issues. Next quarter, the expert groups will meet monthly to identify and analyze existing conflicts related to the land in the rayons, complete a matrix of conflict analysis and identify possible solutions, as well as prepare suggestions to address the major conflict situations. For the next quarter, it is planned to organize a knowledge sharing event to present the initiative to other partners for possible replication in other oblasts

Providers of legal land rights services collect information about typical problems and advise the Resource Center on topics relevant for future roadmaps. This information is then analyzed and used by the Resource Center for preparing the needed roadmaps, and developing legislative and procedural changes, as appropriate.

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

Table 4. Results related to land rights services

Indicator	Reporting period (April-June 2014)	Since the program launch (June 2012- June 2014)
Number of consultations	1,710	9,525
Number of land deeds issued in target communities	1,881	45,921
Number of land conflicts resolved as a result of project assistance	47	548
Number of round tables, presentations, training events, community meetings	72	282
Number of participants	2,493	7,606
Number of materials disseminated	6,023	26,858
Number of media publications, including TV & radio	203	1,572
Number of people who received info from media	1,775,423	32,910,299

## COMPONENT 2: Stimulate Access to Finance

### Work with Partner Banks

*Agro-technological trainings for financial specialists of partner financial institutions.* This quarter, AgroInvest continued its specialized agro-technological trainings for financial analysts of partner financial institutions. AgroInvest developed two additional modules for seed production technologies (specifically corn, sunflower, and grape) and irrigation techniques. The trainings will allow loan officers to obtain reliable risk assessment results for SMPs loan applications.

AgroInvest conducted trainings for joint groups of trainees from Metabank and Kredobank in safer and more convenient locations. AgroInvest modified training modules to fully address the needs of loan officers from partner credit unions. The specific trainings carried out during this quarter are outlined in the table below.

Table 5. Trainings during the quarter

Date	Participants	Location	Description of Training
04.11.2014	17 loan officers of Metabank and Kredobank	Zaporizhya	Module #1, "Field crops: corn, sunflower, soya" with specification: analysis of seed growers operations, specifics of operations, direct cost evaluations, and specifics of irrigation systems
05.23.2014	12 financial analysts of Metabank and Kredobank	Zaporizhya	Module #5, "Dairy farming" and Module #6 "Pig-breeding" with disclosure of specifics of operations, revenue and direct costs evaluation, operational and financial impact of major constituents on production results
06.12/13.14	20 loan officers of 3 partner credit unions (Hromada, Narodna Dovira and Yednist)	Kherson	Focus on all 6 training modules adjusted for credit unions specialists (Field Crop Production (wheat, corn, sunflower, barley); Vegetables (tomatoes, cucumber, onion, carrot, beet); Orchards (peach, apple, pear); Intensive Horticulture (tomatoes, cucumbers, onion, greens); Dairy farming; Pig Breeding

*Cooperation between partner banks and agricultural industry leaders as an instrument of enhancing agrilending to SMPs.* During the reporting period, the loan products based on promissory notes, which were developed by Kredobank in cooperation with AgroInvest specialists, were accepted by such input suppliers as DuPont, BASF and Eridon, and the first three loans with a combined total of 2 million UAH were issued by Kredobank to SMP-customers of the companies.

*Analyzing the current experience in regional programs of subsidizing loan costs for agricultural SMPs that were launched by select regional state administrations of Ukraine.*

AgroInvest's specialists visited the regional (oblast) administrations of Rivne, Volyn, and Lviv in April, 2014. Meetings with the Heads of the Departments of Agricultural Development in each oblast allowed for the collection of information pertaining to agrilending to SMPs supported through their respective loan subsidizing programs.

In Volyn, the program supports the purchase of tractors by SMPs and partially covers interest on total amount of commercial lending not exceeding 50,000 UAH. This program is applicable for working capital financing (purchase of agricultural inputs).

Subsidies issued within the program of the Rivne oblast administration partially cover interest on loans intended for purchasing of agricultural equipment (tractors, plows, freezers), and livestock (cows).

The Lviv subsidy program is operating successfully since 2011. The oblast administration offers subsidies to support agricultural production of SMPs dealing with livestock breeding, organic production and construction of vegetable storage facilities. Lviv's tender process for this program is organized in a transparent and well-documented way.

All three oblast administrations confirm their commitment to continue and enlarge these programs; they are interested in sharing their experience with other oblasts of Ukraine. Next quarter, AgroInvest will launch a public awareness campaign to inform the citizens about the best practices of these regional subsidy programs; similarly, in quarter four the Project will have informed the public about regional development focused on decentralization and deregulation.

## **Work with Partner Credit Unions**

*Facilitating the activities intended to ensure the proper quality of loan portfolios offered by credit unions providing loans to SMPs and reducing past-due agriculture loans*

*Internal audits and on-site monitoring in Agrilending Task Forces' member credit unions.* This quarter AgroInvest partners, the Informational-and-Advisory Service and ABC-Center, conducted four audits in the following credit unions: credit union "Stanislavska" (Ivano-Frankivsk), "Vzaemnyi Credit" (Zaporizhyya), "Melitopol-Credit" (Melitopol) and "Nadiya" (Ivano-Frankivsk). Practical recommendations were provided to the credit unions on eliminating the shortcomings related to legal issues, lending and financial aspects of their operations, diversification of their loan portfolios, and processing non-performing loans.

*Training events for credit union partners conducted the quarter.* On June 24, the Informational-and-Advisory Service and the ABC-Center conducted training sessions focused on discussing the auditors' findings, preventing typical mistakes and offered practical solutions to loan officers of credit unions. Representatives of 32 partner credit unions – members of AgroInvest's Task Forces - took part in the training event.

On April 3, AgroInvest organized a visit to the Credit Union “Anisiya” (Lviv oblast), to share the best SMPs lending practices. Twelve representatives from other credit unions joined the group and learned about the history of the Credit Union “Anisiya”, its loan products for SMPs, promotions methods of its financial services for villagers, and its plans for further development of agri-lending including those with the support of USAID AgroInvest. Special attention was paid to the credit union's excellent management of agricultural loan portfolio, an area many other partner credit unions see minimizing the non-performed loans ratio as a priority task.

On April 3-4, 2014, AgroInvest conducted a training seminar entitled "Efficient Promotion of Credit Unions' Loan Products for Small and Medium-Sized Agriculture Producers". Twenty representatives attended the training that covered the following topics: positive changes in credit unions' practices as a result of experience gained at initial training sessions; summary on the Secret Buyer Project implementation in credit unions including discussions of practical cases and ways to enhance services to credit union SMP-members; results of the “Youth to Credit Unions” contest including presentation of the Lviv Banking Institute students' vision of modern ways to promote financial services of credit unions in Ukraine; anti-crisis marketing plans with practical advice on adaptation of marketing policies during the current political and economic crisis in Ukraine.

In June 2014, the ABC-Center conducted its regular summary study of credit unions' (members of the AUCUA Task Force) efficiency in agri-lending and provided recommendations on further improvement of their practices. 15 partner credit unions took part in the survey, which serves as the basis for AgroInvest specialists for planning further technical assistance programs to partner credit unions to increase their capacity in agrilending to SMPs. The survey demonstrated that the Project's partner credit unions actively participated AgroInvest events and that they readily implemented recommendations of AgroInvest specialists and trainers in their day-to-day operations. In particular they applied models of risk assessment specific for agrotechnologies, developed and implemented new loan products and promotion strategies for those products (using web-sites, social networks etc.) according to general templates and approaches which had been presented by AgroInvest to the credit unions at the trainings.

#### *Loan products and instruments for SMPs*

*Training on new loan products for SMPs.* During the reporting period, AgroInvest's partners “IKS” LLC and the “ABC-Center” LLC conducted two trainings presenting loan products developed with the support of AgroInvest for partner credit unions.

During the April 10<sup>th</sup> training, delivered by “IKS” LLC 10 loan officers of partner credit unions – members of the UNASCU Task Force learned about specifics of SMP lending and the impact of newly adopted regulation for credit unions.

During the April 15-16<sup>th</sup> training, delivered by “ABC-Center” LLC, 17 loan officers of partner credit unions learned about the new loan products for financing farms’ and households’ operations, especially in the areas of bee keeping, purchasing drying equipment for agricultural produce, strawberry growing, dairy farm developing, and purchasing milking equipment.

*Agrotechnological trainings for SMP-borrowers of partner credit unions.* This quarter AgroInvest completed the final four trainings focused on modern technologies of cucumber cultivation. These training sessions were conducted as part of an eight session training program AgroInvest developed for SMPs in partnership with Hromada credit union. The program’s overall goal is to increase the volume of loans issued by Hromada to its members. Those that participate in the training series are given preferential treatment for subsequent loans because the riskiness is alleviated as the credit union can be more confident that the farmers in question have increased their agricultural acumen. As of the end of the quarter, the SMP participants have already begun submitting loan applications to Hromada.

*Facilitation of public dialog regarding legislative initiatives, which could impact credit unions’ agrilending abilities*

*Improving the legal environment of credit unions in accordance with EU directives.* AgroInvest specialists focused on legislative initiatives to ensure access for SMPs to credit unions' financial services by means of facilitating the enhancement of an enabling legislative framework for credit union operations. Pawel Grzesik, the Director of the National Association of Credit Unions in Warsaw was engaged as Credit Union Development Specialist by AgroInvest to support this work. Mr. Grzesik analyzed the current Ukrainian legislation regulating credit union operations, reviewed a draft of the economic component of the EU-Ukraine Association Agreement, and developed and substantiated proposals on excluding certain provisions of the EU Directives regulating credit unions, which could cause more damage than benefit at the present stages of Ukraine’s credit union system’s development. Additionally, Mr. Grzesik provided his recommendations on techniques for lobbying the referenced exclusions from the EU Directives based on the Polish experience and experience of other European credit union systems He as well developed and substantiated proposals and draft regulations intended to harmonize the Ukrainian legislation on credit unions with relevant EU regulations and rules.

During his first mission to Ukraine (May 12-23), Mr. Grzesik met with officials from UNASCU, AUCUA, the National Commission for Financial Services Regulation, the MAPF, the Ministry of Finance, the Parliamentary Committee for European Integration and Banking, the Presidential Administration, the GIZ Project, IFC, the World Bank, and the EU Delegation to Ukraine in order to discuss and finalize his acquaintance with the current status of Ukrainian legislation which regulates credit unions’ activity and identify any and all outstanding issues needed to be addressed. Based on these meetings and findings, Mr. Grzesik developed a set of detailed recommendations towards further harmonization of the Ukrainian legislation with the relevant EU legislative norms and standards.

On June 5, 2014 during his second mission to Ukraine, Mr. Grzesik and AgroInvest conducted a round table discussion entitled “EU Legislation’s Impact on the development and Regulation of Ukrainian Credit Unions.” At the roundtable, Mr. Grzesik’s proposals and recommendations and rationales for excluding certain EU Directive provisions that could adversely affect Ukrainian credit unions’ operations were presented. In addition, recommendations on techniques for lobbying for the above mentioned exclusions were discussed. The event’s participants also discussed areas for improvement of Ukrainian legislation regulating the credit unions operations in Ukraine. The round table brought together representatives of the state bodies regulating credit unions activities, credit union associations, international technical assistance projects and other stakeholders.



High ranking GoU authorities listen to Pawel Grzesik’s presentation on the harmonization of EU and Ukraine credit union regulations

### **Access to Finance Literacy program**

#### *Public education campaign on access to finance for SMPs*

*Training for trainers.* AgroInvest specialists continued its “training of trainers public education campaign on access to finance for SMPs through partner credit unions. The training sessions are presented to partner credit union officers and instruct them on the tools, materials, and methods for increasing financial literacy amongst their existing and potential SMP-borrowers. The training included skills building on how to attain a loan from a stable and secure financial institution, how to avoid pitfalls of predatory or pseudo-creditors, how to calculate and assess the actual costs of lending, and how to choose the most favorable credit terms.

The Project conducted two such training sessions in this quarter, entitled “Practical Advice on Obtaining Loans and Financial Security for SMPs” (on April 10, for the UNASCU Task Force, and on April 15 for the AUCUA/DPP Task Force). The 27 participants were given a set of handouts for the trainings and discussions they will subsequently have with farmers and SMPs, including the leaflet "How to Receive a Good Loan for Farm/Small Household Development: Practical Advice to SMPs" and the "Farmer’s Notebook". Both of these materials were developed by the AgroInvest Project in past years.

*Development of the concept of advanced support of credit unions’ operations in Ukraine to overcome the crisis.* The AgroInvest Project is continuing to work closely with the USAID Ukraine Mission and the USAID Development Credit Authority (DCA), which is based out of Washington, DC, to launch a loan portfolio guarantee (LPG) program through AgroInvest. USAID/Ukraine envisions that this will be a multi-year, \$5 million DCA LPG program in cooperation with five to seven select Ukrainian credit unions to increase their agrilending portfolios. The target deadline for signing the respective credit unions is late September, 2014.

This quarter several partner credit unions were invited to Kyiv for interviews with USAID and representatives from the DCA to begin the assessment process. The interviews enabled USAID and DCA to assess various options of the best LPG mechanism to use and their potential impact on the

increase of agrilending to SMPs. The term sheet for the LPG program's introduction to credit unions was drafted and agreed upon by AgroInvest, the Mission, and the DCA. AgroInvest then met with multiple partner credit unions and discussed the terms sheet in detail which resulted in the identification of 11 pilot credit unions who will be narrowed down to no more than six in anticipation of the DCA representatives' return visit to Kyiv August 6-15, 2014 to conduct the detailed risk assessment of the six shortlisted candidate credit unions.

AgroInvest also began developing an initial environmental examination (IEE) for the DCA LPG which will serve as an amendment to the Project's initial IEE. AgroInvest has begun drafting the IEE amendment and submit it for USAID's review, comment, and ultimate approval next quarter.

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

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

A significant emphasis of Project's activities this quarter remained (1) organizing and implementing trainings and studies focused on building the capacity of SMPs and POs and (2) coordinating and implementing competitive grant Projects for POs.

The Project started implementing a new capacity building grant program with ASC "Molochni Riky" located in Posyagva village, Goschunsky rayon, Rivne oblast. The ultimate goal of this grant is to help the PO establish a combined feed and feed mix production facility.

AgroInvest also continued its monitoring and capacity development efforts with 17 producer organization grantees. Of note this quarter, and due to the changes in the status of the ARC as well as USAID's directive to cease activities in the ARC, activities ended on grants with ASC "Khayal-2009", ASC "Umyut", ASC "Frukty Krymu", ASC "Dzhylek", ASC "Start-M", and ASC "Golden. Despite partnership with ASC "Golden Bee" in ARC being forced to end, AgroInvest was able to work with the management of ASC "Golden Bee" to relocate it to Ivano-Frankivsk oblast and re-register as ASC "Small Golden Bee."

On April 7, 2014, AgroInvest organized a demonstration site visit to AgroInvest grantee, ASC "Lypivsky" in Ivano-Frankivsk oblast. Local government representatives, farmers, heads of agriculture servicing cooperatives and other stakeholders interested in enhancing post-harvest handling/processing of agriculture produce visited the site. As an AgroInvest partner and grantee, Lypivsky, received funds for purchasing equipment for handling and processing vegetables and grain. In addition, specialists from different suppliers presented the terms and conditions for procurement of produce for traders and supermarkets chains. Thus, small producers were better able to see and understand how they may compete with larger enterprises by combining their efforts through ASC or POs to create a logistics system.

During the reporting period, AgroInvest started an activity on methodological and institutional support for the creation of agricultural service cooperatives in organic production, manufacturing and distribution of domestically produced seed material. The developed proposals (models) were presented at the specialized conferences, round tables and published in media, and namely:

- On May 28, 2014, USAID AgroInvest in collaboration with partner organizations, the Ministry of Agrarian Policy and Food of Ukraine, representatives of agricultural service cooperatives and farmers, held a round table discussion on organic production development based on agricultural service cooperation. Participants discussed the problems and prospects for development of agricultural service cooperatives specialized in organic production and processing. As a result of the discussion, proposals were prepared to improve the regulatory framework for the agricultural sector in organic production.
- On June 5, 2014, AgroInvest organized a presentation entitled “Cooperation at the Seed Production Market” as a part of the “Seed 2014” Conference, as well as conducted a discussion about potential organizational and economic patterns for the association of small and medium sized farmers with domestic seed producing companies into agricultural service cooperatives to improve the provision of small agricultural producers with high quality seeds without involving intermediaries.

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

Progress pertaining to AgroInvest supported market infrastructure development activities this quarter are summarized below:

- This quarter Component 3 specialists continued providing technical support to the development of the “Shelen” wholesale agriculture market in Rivne oblast. The construction and installation of the first trade pavilions and the administrative facilities continued. Given the situation in Ukraine, identifying and securing the commitment of investment continues to be a challenge in realizing the subsequent phases of market development. Despite this delay, the owners of “Shelen” have ensured that the area of the market dedicated to trading from vehicles is been prioritized so that the market may at least function this way while the other phases of the market are finalized and additional investment and funding is secured.
- During the reporting period, completed were AgroInvest-funded feasibility studies for the wholesale-and-retail agricultural market in Chornyanochka village, Kakhovka rayon, Kherson oblast and the reconstruction of a vegetable storage facility of the agricultural service cooperative “Ovochevnyk Plus” in Podove village, Novotroitske rayon, Kherson oblast. The two facilities are now ready to obtain relevant permits for construction. AgroInvest will support the management of these facilities to secure the permits from local authorities.
- Technical support this quarter also continued for the development of wholesale-and-retail agricultural markets and storages facilities according to the design documents developed with support of the AgroInvest Project. Construction contined on the Hola Prystan wholesale-and-retail agricultural market’s covered meat, fish and dairy pavilion (65 sq. m for 200 trading slots). Also, “Charodiy” wholesale livestock market in Zhashkiv rayon, Cherkasy oblast began work on reconstruction of the market’s slaughter house and restructuring the market’s work premises and facilities. Agricultural service cooperative

“Beryslav - Agro” in Beryslav rayon, Kherson oblast started work on reconstruction of a fruit and vegetable storage facility in accordance with the developed technical documentation. Specifically this quarter, the owners of the market applied for the required permits from the local authorities and began work on connecting the premises to the power supply system.

### **Task C: Activities Devoted to the Development of SMPs and POs**

AgroInvest continued to support the development of Ukrainian POs and SMPs directly, by organizing conferences, seminars, and training events, and by proposing changes to the existing Ukrainian legislative framework. Of note this reporting period:

- In cooperation with the Zaporizhyya Chamber of Commerce and Industry, and with the “AgroLviv” Project, farmers from Zaporizhyya oblast visited the wholesale-and-retail agricultural market “Shuvar” in Lviv. The participants studied alternative distribution channels for fruit and vegetable produce, the requirements for forming commercial commodity lots, and packaging and quality requirements for their produce in order to access such distribution channels. Additionally, the site visit provided the opportunity for the participants to establish business relations and reach agreements for selling fruit and vegetable produce cultivated by Zaporizhyya farmers in the western part of Ukraine and for exporting their products under assistance from the “Shuvar” market.
- AgroInvest started the development of methodological Hazard Analysis and Critical Control Points (HACCP) recommendations for SMPs. Specifically, AgroInvest is developing two types of materials; the first is focused on recommendations on HACCP principles for small dairy, meat, and honey producers, and the second is focused on HACCP principles for small and medium sized vegetable and fruit marketing and storage enterprises. Based on the recommendations, AgroInvest will conduct a set of specialized regional training sessions for SMPs the incorporation of the HACCP principles into their operations.
- AgroInvest participated in the April Working Group meeting on the topic of "Ukraine Seed Farming," attended by breeders, seed producers, farmers, scientists and media. The purpose of the meeting was to consider new institutional ways for integrating local seed producers with their customers (agricultural producers) on mutually beneficial terms. AgroInvest specialists presented on entitled topic of the "International Experience and the Possibility of Cooperation (in a format of a cooperative) for Seed Producers and Small and Medium-sized Agricultural Producers in Ukraine". As a result, it was decided to develop and implement a pilot project to establish a cooperative with seed producers and farmers to set up direct links and exclude the middlemen during the marketing of seeds. AgroInvest provide technical and institutional support for the establishment and development of this cooperative.



A seminar as part of the Demonstration Site Visit to Shuvar Market, Lviv, June 17, 2014

- On April 2, AgroInvest held a round table entitled "Developing the Market Infrastructure in Kherson Oblast; Searching for New Distribution Channels." Participants of the round table included representatives from the oblast and local governments, heads of agriculture servicing cooperatives and associations of small and medium-sized producers, and other stakeholders interested in further enhancement of the system for marketing farmers' and rural households' produce. The event included the discussion and drafting of a joint action plan for developing efficient distribution channels for agriculture produce. The round table discussed the results of pilot projects implemented with technical support from USAID AgroInvest. Participants also discussed promising proposals from agricultural service cooperatives regarding the development of logistics facilities in Kherson oblast, and the vision of the central and local governments, agricultural producers, farmers and local ASCs with regards to the implementation of further measures aimed at the development of rural communities.



"Developing the Market Infrastructure in Kherson Oblast; Searching for New Distribution Channels" roundtable, Kherson, April 2, 2014

- On June 5, 2014, another roundtable entitled "Food Security and Food Safety: Organic Sector," was held within the specialized exhibition of organic products and technologies "ORGANIC-2014" organized by the MAPF of Ukraine in cooperation with Ukraine Organic Federation supported by USAID AgroInvest. During this roundtable, Eric Bleich, COP of the USAID AgroInvest Project, covered the issues of support for the development of organic movement in Ukraine by AgroInvest; and Sergiy Dovgan, Head of the agricultural service cooperative "Snovyanka" from Chernihiv oblast (an AgroInvest grantee) described his own experience with organic grain crop production and processing.
- On June 6, 2014, USAID AgroInvest experts participated in the round table meeting "Rural Development in the System of European Integration Processes in Ukraine" as a part of the International Agricultural Exhibition "AGRO -2014" organized by USAID AgroInvest partner, the National Association of Agricultural Advisory Services of Ukraine, in cooperation with the Department for Scientific and Educational Support of Agriculture and Rural Development of the Ministry of Agrarian Policy and Food of Ukraine. Agricultural producers, representatives of industry associations, researchers, policy-makers, government officials and local authorities, international organizations, international technical assistance projects and media attended the event. During the roundtable AgroInvest delivered a presentation entitled "Influence of Agricultural Cooperation on Village Development". The presentation and its follow-up discussion covered international best practices pertaining to the development of cooperatives, relevant issues of small and medium farms organizing into agricultural service cooperatives in Ukraine and actuality of the improvement of legal framework for cooperatives' activities in terms of value added taxation.

The Component 3 team continued the lobbying for the Law of Ukraine “On Amendments to the Law of Ukraine “On Farm Enterprises,” specifically the parts of the law related to the legal requirements for the establishment, recognition, and organization of the operations of family farms. Key activities to this end included:

- On April 23, during a working group meeting at the Ministry of Agrarian Policy and Food, AgroInvest stressed the need for simplification of the procedures for obtaining permits by small business entities in rural areas. As an outcome of the working group, the key provisions to be included in the draft law were agreed to as well as the group of experts, which would also include AgroInvest specialists, which would draft the law.
- On May 19, AgroInvest hosted a round table to discuss the draft law with partner organizations, representatives of Ministry of Agrarian Policy and Food, representatives of farm enterprises, and scientists. Based on the discussions and outcomes of this round table, the draft law was revised. The revised draft has also been discussed during the June 18 round table entitled “Small Family Farms – What Should They Be?” which was held in Kyiv under support of the National Scientific Center “Institute for Agrarian Economy” and on June 20 as a part of the International Conference “Increasing Incomes of Rural Population through the Development of Small Family Farms United into Cooperatives.” which took place in Dnipropetrovsk.

## **PROJECT COMMUNICATIONS**

The Project employs a variety of communications tools to ensure that progress and success of activities implemented throughout Ukraine are properly highlighted. USAID AgroInvest continues to use a set of proven and efficient tools to do so via its website, Facebook page and the National Agrarian and Land Press Club. This quarter, the Project organized 100 public events and prepared information materials that serve as a reliable source of useful information on various issues the Project focuses on, including policy issues, access to finance for SMPs, and market infrastructure development. In addition, the project was highlighted in 112 media publications (the specific list can be found in Annex 2).

*National Agrarian & Land Press Club.* The National Agrarian & Land Press Club organized five public events during this reporting period. Details pertaining to these events can be found in Annex 1. In addition, the Press Club prepared nine articles disseminated to the media outlets across Ukraine for reprint. These materials cover various Project topics. The table below shows the number of re-prints for each of these topics. Due to significant coverage and well-thought out messages, these publications are an important tool that helps attract attention of decision makers to the issues AgroInvest and its partners are addressing.

Table 6. National Agrarian &amp; Land Press Club events

Title	# of reprints
<a href="#">Organic Farming as a Means to Ensure a Healthy Future in Ukraine</a> Interview with Serhij Dovhan, head of the “Makishkinsky Sad” cooperative which is a USAID AgroInvest grant recipient. The cooperative received grant to develop organic farming, and the interview describes success, organic farming development, and the role of cooperatives.	18
<a href="#">The Registration System Must Pass a New Exam for Maturity</a> Report about land registration issues based on the discussions held during the roundtable organized by the National Agrarian & Land Press Club.	15
<a href="#">Agricultural Ukraine Should Think not Only About Foreign, but Also Domestic Markets</a> Report about trade in agricultural produce based on the discussions held during a roundtable organized by the National Agrarian & Land Press Club.	16
<a href="#">Problematic crop rotation</a> Report about obligatory crop rotation and approaches to maintain fertility of soils using different mechanisms. The report is based on the discussions held during a roundtable organized by the National Agrarian & Land Press Club.	20
<a href="#">Land Lease Survey</a> Interview with Oleksandr Muliar, USAID AgroInvest expert, highlighting the findings of the Land Lease Survey and recommendations on how the standard lease agreement template should be improved to better protect the lawful interests of landowners.	28
<a href="#">Credit Unions: The Path Through the Thorns of the Financial Crisis to the Stars on the EU Flag</a> Interview with Victoria Volkovska, the head of the All-Ukrainian Association of Credit Unions (AgroInvest partner), discussing current issues faced by credit unions and ways to improve access to finance for SMPs.	29
<a href="#">Organic Farmers Begin to be Friends with Coops</a> Report about discussions that took place during the “Development of Organic Cooperatives” roundtable organized by USAID AgroInvest.	26
<a href="#">Farming in Ukraine May Become a Family Business</a> Interview with Mykola Hrytsenko, USAID AgroInvest Market Infrastructure Component Leader, on the need to develop changes to the law “On Farming” that would enable a friendlier environment for family farms.	26
<a href="#">How the Polish Experience can be Useful to Help Credit Unions of Ukraine in the Process of European Integration?</a> Interview with Pawel Grzesik, director of the Warsaw Office of the National Credit Union Association of Poland, who visited Ukraine to review the current legislation regulating credit unions and help develop proposals to amend legislation so as to harmonize it with EU legislation with appropriate exemptions needed for Ukrainian credit unions to continue to operate.	25

*Project Website.* AgroInvest continued to develop and maintain its [bilingual website](#), to share the latest Project news, reference materials, and grant and subcontract opportunities. The website content is regularly updated in terms of learning and training opportunities, cooperation, agro-sector news and information materials, including links to all radio and TV programs produced, and

information materials available for re-printing. The table below shows statistics of the usage of AgroInvest’s web-site during the reporting period.

Table 7. AgroInvest website usage

Month	Unique visitors	Number of visits	Pages	Hits	Volume/ downloads, GB
April 2014	2,272	4,100	18,204	102,948	4.21
May 2014	2,006	3,766	14,207	85,191	3.26
June 2014	1,984	4,361	16,435	91,680	2.67
<b>Total</b>	<b>6,262</b>	<b>12,227</b>	<b>48,846</b>	<b>279,819</b>	<b>10.00</b>

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

During the reporting period, the Project continued to issue its electronic [USAID AgroInvest Newsletter](#) (in Ukrainian). The target audience of this publication is broad, from institutional partners to media to interested farmers. After each public event, new subscribers are added to the mailing list of the publication. The newsletter is issued on a monthly basis and is well received by the readership. The project is frequently contacted by interested parties with enquiries about additional details, especially regarding the planned events, which suggests that the publication meets its purpose. Due to cooperation with the USAID Bibliomist project, the Newsletter is available on web-sites of many libraries throughout Ukraine.

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

- [“Post-harvest Processing and Storage of Fruits and Vegetables”](#), a 55-page manual developed by USAID AgroInvest for farmers who grow or plan to grow vegetables and/or fruits for the purpose of marketing them through regulated markets and marketing channels and would like to learn not only the basic concepts but also details about the technology of collection, storage, pre-processing and marketing of their produce. The manual describes best practices and new technologies of storage of a wide range of varieties and groups of vegetables and fruits, helps farmers assess the technology and storage methods that would best serve them, how to obtain the necessary permits, how to develop a business plan for primary processing and marketing, etc. The manual is available on the AgroInvest web-site and will be disseminated on CDs to farmers during training and public events.



- [\*Guide for Village Mayors\*](#), a 529-page practical guide developed for village mayors by the Association of Village Councils and the National University of Biological Resources with participation of USAID AgroInvest experts Mykola Hrytsenko (on cooperatives) and Pavlo Kulynych (section on land). The guide is designed to help village mayors find practical guidance on numerous issues they face in everyday work, ranging from land issues to cooperative development, fiscal issues to rural community development and so on. The Guide will be disseminated by the Association of Village Councils among village mayors.

## GENDER INTEGRATION

During this reporting period, AgroInvest continued to provide gender integration trainings for its partners and other agriculturally focused NGOs. All trainings were completed by the Ukrainian Women’s Fund (UWF). In May the Project extended the grant agreement with the UWF until August 2014 to be able to fulfill all the tasks and activities envisioned through the grant. The justification for the extension of the grant is based on the UWF not being able to complete all planned activities as a result of the ongoing crisis in Ukraine. In addition, two additional follow-up seminars and a final presentation of the outcomes of training program were included to the UWF’s grant. Based on the outcomes of the final seminars and the final presentation the Project will plan the activities for the upcoming year in order to address the gaps and needs of rural women.

*Irina Cheburkova, Lugansk  
Advisor on Community Development Programs in  
the Oblast Administration*

Gender Integration training became my starting point after taking the position of Advisor in the oblast administration. While we were doing the group activities at the training I finally realized how I can work and be a leader in the process of re-vitalizing the oblast’s rural communities through gender integration. After the training I applied to UWF for additional information and materials on community development to increase my professional capacity. I now realize that working with communities requires a long term systematic approach, but I believe it is worth doing and women could and should be the leaders and drivers of these efforts.”

## SECTION II: DELIVERABLES

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

Deliverables	Date Submitted
January 1- March 31, 2014 Quarterly Report	April 30, 2014
Review and Update of the AgroInvest Project’s Agriculture Policy Priorities	June 30, 2014

## SECTION III: CHALLENGES AND PLANS TO OVERCOME THEM

*Component 1.* Public protests and other events that happened in Ukraine during November 2013-February 2014 period have significantly changed the political situation in the country. The results

of the presidential election has confirmed this and demonstrated that the composition of the Parliament no longer reflects the influence of political parties represented in it. There is increased political pressure in the society for early parliamentary elections which may be called in fall 2014. This may result in the inability of the Verkhovna Rada to approve complex legislation and its unwillingness to focus on difficult or complex issues. If this happens, there will be a slow-down in approval of important legislation on agricultural issues, including draft laws prepared by AgroInvest and its partners. In order to address this risk, AgroInvest plans to focus on developing strong arguments for its proposals and presenting the proposals to experts and media in order to raise public understanding of the importance of the proposed actions in order to increase their chances for approval.

When taking the office in February 2014, the new Cabinet of Ministers of Ukraine has declared its intention to deregulate agriculture and agribusiness sector activities in order to abolish corruption and facilitate market development. Several important decisions on the deregulation of the agriculture section were approved and implemented in April-June 2014. However, there seems to be insufficient coordination of deregulation proposals prepared by various expert and policy groups. While addressing the same set of issues, these proposals often propose different solutions and start competing with each other. To address this challenge, AgroInvest will heighten communication with its partners on deregulation issues and establish more clear coordination arrangements between experts and various groups which work on agriculture sector issues.

*Component 2.* The economic crisis has significantly deepened this quarter. Practically all banks have frozen or limited their lending activities. Several international financing companies, like OIKO Credit based out of The Netherlands, have temporarily ceased their lending activities to Ukrainian financial institutions. Partner credit unions, especially in Luhansk oblast have also decreased their lending activities and as a result, their loan portfolios have contracted and funding resources to support their liquidity decreased as well. Due to the uncertain situation, partner credit union and bank officers significantly limited their participation in training and other events supported by AgroInvest this quarter due to safety and security concerns associated with travel. To address these complications, AgroInvest is implementing such activities as: providing anti-crisis recommendations to partner financial institutions (loan portfolio management, introduction of additional risk hedging options for lending operations); increasing the use of webinars and electronic forms of communication to share information and conduct trainings; and working to introduce the loan guarantee in partnership with USAID Ukraine and the DCA to support partner credit unions' agrilending portfolios as a means of weathering the ongoing crisis and stimulating agrilending to SMPs in rural areas.

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

- *The current political and economic situation continues to frighten foreign and domestic investors.* This situation still remains relevant for the wholesale agricultural market "Shelen" in Rivne oblast as well as the Latvian investors who had committed to develop the Navigator-Agro logistics and cold storage facility in Kherson oblast, but have withdrawn

their financial commitments. To address these issues, Component 3, in close cooperation with Component 2, will continue to conduct investment forums (as standalone events and combined with existing, larger events) to present the potential business projects as a means of attracting domestic and foreign investment.

- *Problems related to the political events in Ukraine and with the Government and Parliament changes.* The anticipated changes in the Parliament lead to a decrease in law-making activities affecting the consideration and adoption of draft laws related to the development of market infrastructure, specifically: the Draft Law of Ukraine on Amendments to the Law of Ukraine on Wholesale Agricultural Markets; the Draft Law of Ukraine on Amendments to the Tax Code of Ukraine regarding the improvement of VAT taxation on agricultural produce harvested by individual homesteads and sold by agricultural service cooperatives; and the Draft Decree of the Cabinet of Ministers of Ukraine on Approval of the Pre-Feasibility Study of the National Project “Green Market” and Identification of Main Forms of the Government Support to Implement the “Green Market” Project. AgroInvest will continue its activities in terms of lobbying and working for the adoption of the mentioned legislation at the level of the MAPF and in cooperation with the relevant Parliament committees and partners.
- *Law capacity of SMPs to distribute their products at foreign markets.* Given the changes in the market conditions, especially with the EU, Ukrainian SMPs will have increasing opportunities to export their produce. However, due to the lack of relevant certifying documents and the inability to prove the quality of their products, it is not likely they will be able to actually use such opportunities. In order to disseminate information on the produce quality certification system in compliance with HACCP standards, Component 3 is developing methodological recommendations for SMPs and, in the next reporting period, will conduct a series of regional training sessions for representatives of authorities, small and medium agricultural producers and processors.

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

The following is a select list of USAID AgroInvest’s events and activities for the coming quarter. AgroInvest will continue to adhere to its Year 4 Work Plan timeline and activities. However, given the ongoing political and social instability in Ukraine, the Project will continue to monitor and adjust its activities based on the events as they unfold. Safety and security for all Project staff and its partners will remain highest priority.

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

- Submit the proposals on reforming the activities of the State Agricultural Inspection Agency to partner industry associations and support their discussion and review/approval process;
- Develop draft legislation and bi-laws based on recommendations of the agricultural lease agreements report;

- Prepare an analysis of the impact of the implementation of the DCFTAs between the EU and various countries which signed such agreements in the past and make recommendations for the implementation of the DCFTA between Ukraine and the EU in the agricultural sector;
- Establish working relations and participate in activities of the Package of Reanimation Reform initiative – a well-established group of Ukrainian civil society organizations who have good support in the Verkhonva Rada and focus, inter alia, on agriculture reform issues;
- Develop a request for applications and select up to five regional agricultural industry associations to implement capacity building programs in line with USAID’s request that AgroInvest focus efforts on decentralization activities;
- Print and disseminate the manual prepared by All-Ukrainian Association of Village Mayors “Practical Advice for Village Mayors for the Improvement of Sustainable Rural Development and Agricultural Production”;
- 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;

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

- Complete and finalize recommendations on developing the legislation for credit unions in compliance with the EU standards and disseminate the expert’s final report among relevant governmental bodies, offices, organizations and associations;
- Begin preparing all required steps for a study tour to Poland in September or October for Ukraine officials responsible for reforming the Ukrainian credit union sector in line with EU standards in line with USAID request that AgroInvest focus on EU harmonization activities;
- Support the DCA loan guarantee action plan according to the timeframe developed by the DCA to ensure the contractual signing by the end of September 2014 for the program. To this end AgroInvest will negotiate the standard terms and conditions with said credit unions, support the DCA’s visit in mid-August when they will travel to Ukraine to conduct risk assessments of said credit unions, conduct an IEE as a requirement of the loan guarantee program to be implemented;
- Complete a draft of the campaign for sharing the advanced regional experience of the western oblasts in subsidizing SMPs operations among other oblasts of Ukraine to support decentralization and deregulation and to support increased agrilending for SMPs;
- Continue conducting the agrotechnological training sessions for loan officers of partner financial institutions;
- Conduct at least two agrotechnological trainings for members of partner credit unions to increase demand on agrilending

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

- Continue to support the draft Law “On Amendments to the Law of Ukraine “On Farming” and a draft Law “On Amendments to the tax Code of Ukraine (in stimulating the development of family farms)”. Next quarter emphasis will be placed on working with the MAPF to finalize the draft and submit it to the Rada for consideration;
- Conducting trainings in the pilot regions for potential SMPs and POs on development of projects for strengthening capacity for each separate producer organizations that will be aimed at expanding services, improving access to markets and enhancing productivities for organizations’ members;
- Finalizing and disseminating the models for SMPs’ development into agricultural service cooperatives in the area of organic and seed material production;
- Printing and disseminating a compendium of the methodological recommendations for SMPs on post-harvest treatment and storage of fruit and vegetable produce; on the introduction of food safety system based on the HACCP principles;
- Selecting and developing feasibility studies for up to three logistic facilities (farmers’ markets, animal and crop produce pre-sale treatment facilities);
- Conducting training on the organization of operations of wholesale agricultural markets to improve SMPs and POs access to such markets;
- Organizing and conducting up to three demonstration site visits for farmers from the southern and eastern regions of Ukraine to wholesale markets in central and western Ukraine to establish alternative distribution channels and marketing forms for fruit and vegetable produce, to learn about the market requirements towards forming commodity lots, packaging and produce quality.

## SECTION V: LEVEL OF EFFORT REPORT

Labor Category	Total (work days)	Total in Current Invoice (work days)	Total Invoiced to Date (work days)	Total Remaining (work days)
LT Technical Assistance (Key Personnel)	1,239	21	830	409
LT Technical Assistance (Expatriate)	81	0	81	0
LT Technical Assistance (CCN)	14,405	252	9,707	4,698
ST Technical Assistance (Expatriate)	600	39	305	295
ST Technical Assistance (CCN)	595	0	409	186
HO Support	240	5	200	40
<b>Total</b>	<b>17,160</b>	<b>317</b>	<b>11,532</b>	<b>5,628</b>

*\*LOE was reallocated as per contract modification number 10 dated March 4, 2014*

## SECTION VI: ANNEXES

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

Title, date	Main issues discussed	Speakers	# of reporters	Statistics
<p><b>Press Conference</b> entitled: "Needs and Possibilities of Finding New Markets for Agricultural Produce"</p> <p><b>April 3, 2014</b></p>	<ul style="list-style-type: none"> <li>▪ What encourages the farmers to find new markets for their products;</li> <li>▪ What agricultural producers require diversification of markets;</li> <li>▪ What new markets are most attractive to Ukrainian farmers;</li> <li>▪ What farmers should do to strengthen their position in the Chinese market;</li> <li>▪ What is the future of Ukrainian farmers in the Russian market;</li> <li>▪ What kind of preferences will Ukrainian producers receive on the EU market?</li> </ul>	<p><b>Volodymyr LAPA</b>, CEO of the Ukrainian Agribusiness Club;</p> <p><b>Ivan TOMYCH</b>, President of the Union of Agricultural Service Cooperatives of Ukraine, Honorary President of the Association of Farmers and Private Landowners of Ukraine;</p> <p><b>Gennadiy NOVIKOV</b>, Chairman of the Agrarian Union of Ukraine;</p> <p><b>Mykola HRYTSENKO</b>, Market Infrastructure Component Leader, USAID AgrolInvest.</p>	<p><b>22</b></p>	<p>14 publications, 6 TV/Radio programs</p>
<p><b>Round table</b> entitled: "Crop Rotation in the Field and in the Law: How to Harmonize the Farmer's Rights and Responsibilities?"</p> <p><b>April 16, 2014</b></p>	<ul style="list-style-type: none"> <li>▪ Do Ukrainian fields require crop rotation and what solutions does crop rotation offer;</li> <li>▪ Why farmers adhere to the Law on Crop Rotation;</li> <li>▪ How does the Law on crop rotation work;</li> <li>▪ Why does the Law on Crop Rotation constantly change, and how should its final version look like;</li> <li>▪ Who is interested in the application of the Law on Crop Rotation in its current version;</li> <li>▪ Why are domestic producers unsatisfied with the Law on crop rotation;</li> <li>▪ What conditions on crop rotations are acceptable to farmers?</li> </ul>	<p><b>Mykola KULYK</b>, Head of the Land Management Department of the State Agency for Land Resources of Ukraine;</p> <p><b>Olexander KALIBERDA</b>, Deputy Chief of Party, USAID AgrolInvest;</p> <p><b>Marian ZABOLOTSKY</b>, Chief Analyst of the Ukrainian Agrarian Association;</p> <p><b>Yosyp DOROSH</b>, Director of the State-owned Enterprise "Kyiv Research and Project Institute of Land Management";</p> <p><b>Yulia MALYAR</b>, Head of the Land Legislation Department in Astarta - Kyiv Ltd.;</p> <p><b>Sergiy BILENKO</b>, expert of the Land Rights Resource Center, Land Union of Ukraine;</p> <p><b>Anna MATVIENKO</b>, expert of the Land Rights Resource Center, Land Union of Ukraine;</p> <p><b>Andriy MARTYN</b>, Head of the Land Planning Design Department of the National University for Bioresources and Nature Management of Ukraine; expert of the Land Rights Resource Center,</p> <p><b>Pavlo KULINICH</b>, Senior Legal Advisor, USAID AgrolInvest;</p> <p><b>Oleksandr MULIAR</b>, Agricultural Policy Specialist, USAID AgrolInvest.</p>	<p><b>25</b></p>	<p>17 publications, 6 TV/Radio programs</p>

Title, date	Main issues discussed	Speakers	# of reporters	Statistics
<p><b>Roundtable</b> entitled: "Registration Service: when the queue for registration of real estate property rights and their encumbrances will be over?"</p> <p><b>May 14, 2014</b></p>	<ul style="list-style-type: none"> <li>▪ How many lease agreements (land lease rights) have been registered since the beginning of 2014?</li> <li>▪ Why does the current land registration process not meet the needs of landowners and land users?</li> <li>▪ How effective is the new government Decree on the "Approval of State Registration of Rights to Real-Estate Property and Their Encumbrances;"</li> <li>▪ What problems in the registration of land lease rights are caused by an ineffective interaction between the State Land Cadaster and the State Registry of Real Estate Rights;</li> <li>▪ Is it worth to expand the range of "state registrars of land lease" to notaries, employees of village councils (village heads and village surveyors);</li> <li>▪ How best to remove registry problems?</li> </ul>	<p><b>Pavlo PETRENKO</b>, Minister of Justice of Ukraine;  <b>Igor ALEKSEYEV</b>, Head of the State Registration Service of Ukraine;  <b>Sergiy RUDYK</b>, Chairman of the State Agency for Land Resources of Ukraine;  <b>Kyrylo LEVTEROV</b>, Partner of the Law Firm "OMP"  <b>Olexander KALIBERDA</b>, Deputy Chief of Party, USAID AgrolInvest;  <b>Marian ZABOLOTSKY</b>, Chief Analyst of the Ukrainian Agrarian Association;  <b>Yulia MALYAR</b>, Head of the Land Legislation Department in Astarta - Kyiv Ltd.;  <b>Anna MATVIENKO</b>, expert of the Land Rights Resource Center, Land Union of Ukraine;  <b>Pavlo KULINICH</b>, Senior Legal Advisor, USAID AgrolInvest;  <b>Oleksandr MULIAR</b>, Agricultural Policy Specialist, USAID AgrolInvest</p>	<p><b>23</b></p>	<p>22 publications, 2 TV/Radio programs</p>
<p><b>Press Conference:</b> "Lease Agreements: How to Protect the Interests of Land Owner?"</p> <p><b>May 20, 2014</b>  <b>City of Chernivtsi</b></p>	<ul style="list-style-type: none"> <li>▪ Why is the Land Lease Survey important;</li> <li>▪ What regions did the survey cover and what are general findings;</li> <li>▪ How does the land lease look like in the Chernivtsi oblast;</li> <li>▪ What impairs the rights of landlords;</li> <li>▪ What kind of financial and other losses land owners face if the lease agreements do not fully reflect their rights and interests;</li> <li>▪ How to avoid current problems and what is their effect on agricultural development in Ukraine;</li> </ul>	<p><b>Pavlo KULINICH</b>, Senior Legal Advisor, USAID AgrolInvest;  <b>Oleksandr MULIAR</b>, Agricultural Policy Specialist, USAID AgrolInvest;  <b>Maryna ZARYTSKA</b>  Public Outreach &amp; Communications Manager, USAID AgrolInvest;  <b>Nadiya MELNYK</b>, Deputy Head of the regional NGO "First Agrarian Cluster", Manager of the Project "Regulation of Land Relationships in rural areas of Chernivtsi oblast";  <b>Mykhailo SAKHATSKYI</b>,  Chairman of the NGO "Bukovyna Association of Agricultural Advisory Services"</p>	<p><b>15</b></p>	<p>5 publications</p>

Title, date	Main issues discussed	Speakers	# of reporters	Statistics
	<ul style="list-style-type: none"> <li>▪ How can the "Regulation of Land Relationships in rural areas of Chernivtsi oblast" help landowners to protect their land rights?</li> </ul>			
<p><b>Roundtable</b> entitled: "Lease Agreements: How to Protect the Interests of Land Owners?"</p> <p><b>June 24, 2014</b></p>	<ul style="list-style-type: none"> <li>▪ What are the findings of the land lease survey conducted by USAID AgroInvest;</li> <li>▪ What impairs the rights of landlords in surveyed regions;</li> <li>▪ What kind of financial and other losses land owners suffer if their rights and interests have been disregarded;</li> <li>▪ How to avoid existing problems with land lease, and what is their impact on the overall development of the agricultural sector of Ukraine.</li> </ul>	<p><b>Olena BORODINA</b>, Head of the Department of Economics and Agrarian Policy Transformations of the Institute of Economics and Forecasting of the National Academy of Sciences of Ukraine;</p> <p><b>Oleksandr POLIVODSKY</b>, Director of the Law Firm "Sophia";</p> <p><b>Kyrylo LEVTEROV</b>, Partner of the Law Firm "OMP"</p> <p><b>Vitalina LEONENKO</b>, Surveyor of Vyshedubechansk village council of Vyshgorod rayon, Kyiv oblast;</p> <p><b>Larysa VASYLENKO</b>, Expert on land issues of the NGO "Civic Platform of Implementation of Land Reform in Dnipropetrovsk oblast";</p> <p><b>Pavlo KULINICH</b>, Senior Legal Advisor, USAID AgroInvest;</p> <p><b>Oleksandr MULIAR</b>, Agricultural Policy Specialist, USAID AgroInvest;</p> <p><b>Maryna ZARYTSKA</b>, Public Outreach &amp; Communications Manager, USAID AgroInvest;</p> <p><b>Andriy KOSHYL</b>, Director of the Resource Center of Land Rights, Land Union of Ukraine</p>	<b>8</b>	23 publications, 1 TV/Radio program

## Annex 2: List of Press Publications Highlighting USAID AgrolInvest

*Note: These articles can be accessed via linked headlines*

1.  [Testament can be overturned!](#)
2.  [Woman helped to get her money back](#)
3.  [USAID Mission Director in Ukraine about assistance to the country, financial literacy and entrepreneurship for women](#)
4.  [Pawel Hzhesik "Bill of credit unions in general complies with the European requirements"](#)
5.  [What is the statute of limitations applicable to claims for termination of the agreement of land gift?](#)
6.  [Land lease agreements: how to defend the rights of landowners?](#)
7.  ["Tenants in Ukraine often violate the renewal terms of the lease agreements" - expert](#)
8.  [In 33% of cases landowners learn about the leases from tenants - expert](#)
9.  [In 8% of land lease agreements rent is lower than it should be - O.Muliar](#)
10.  [20% of all land leases in Ukraine include violations related to the agreement renovation - USAID](#)
11.  [Farming in Ukraine](#)
12.  [How Polish experience can be useful to Credit Unions of Ukraine in the process of European integration?](#)
13.  [Two-thirds of the land disputes in Ukraine are related to the lease - O. Muliar](#)
14.  [Land lease market needs improvements - expert](#)
15.  [What does joining the inheritance relations envisage?](#)
16.  [In which cases it is possible to terminate the deed of land gift at the request of the gift initiator?](#)
17.  [The priority of Tatarbunary Center of Secondary Legal Rights Services is to help people](#)
18.  [What one should know about the division of inheritance](#)
19.  [Farming in Ukraine can turn into family business](#)
20.  [Land lease agreement - learn, study, get advice!](#)
21.  [Land sales in the form of auctions. What is worth to know](#)
22.  [Minister took part in the Round Table organized by USAID](#)
23.  [How to turn knowledge into income? How close are Ukrainian advisory services to European standards?](#)
24.  [USAID will launch 2 pilot projects in Ukraine on seed farming](#)

25. [!\[\]\(64e618e0b8a62985fd12e422d2ee819c\_img.jpg\) Land Lease: Risks and Weak Points](#)
26. [!\[\]\(30957f6687543a4bf12c2e20323237ea\_img.jpg\) Round table "The impact of EU legislation on Ukraine credit unions regulation and development"](#)
27. [!\[\]\(7d0c0e40aa6608e6fcaf990fe162650b\_img.jpg\) Organic producers are starting to be friends with co-operators](#)
28. [!\[\]\(c447d29a025507b8c5339dcbc7b07c72\_img.jpg\) America will develop Ukrainian agriculture](#)
29. [!\[\]\(18c68be392cbefa2fe5b86ddec484095\_img.jpg\) USAID will launch two pilot projects on seed production in Ukraine](#)
30. [!\[\]\(b1018613336bf9efa828c21f259ce779\_img.jpg\) American support to the Ukrainian village within USAID AgroInvest Project will increase](#)
31. [!\[\]\(57674651f5fcbbb3629a0bd5965deb86\_img.jpg\) Business idea that worth a million!](#)
32. [!\[\]\(04a5ed749a696adbf03c95ae6ecad73f\_img.jpg\) From now on, the family farming will be regulated by a new law](#)
33. [!\[\]\(d5eca59d5f7c9f4ae2c9d618e44e3858\_img.jpg\) The draft law on family farming is already prepared](#)
34. [!\[\]\(47b13a793aafee25b060f6614dab5eff\_img.jpg\) The issue of organic farming development based on agricultural service cooperatives was discussed](#)
35. [!\[\]\(cee89401296f7c105ed3b01ac13dc8b9\_img.jpg\) Overview of legislation news for the period of May 26 – June 1, 2014](#)
36. [!\[\]\(462060e860efbfdd8dc12081b3a7e315\_img.jpg\) Is it possible to use as collateral a land plot that was received under an annuity agreement?](#)
37. [!\[\]\(670c2c1126977a65f7546f7740353270\_img.jpg\) Farmers are looking for new markets](#)
38. [!\[\]\(44cfe8e22b11716453a1db88642240b8\_img.jpg\) In Ukraine, credits for small agricultural enterprises are hardly accessible](#)
39. [!\[\]\(f46de3f4fb824798c89b1cfb77eebd4b\_img.jpg\) With no stamp in the passport one is entitled for inheritance in the fourth turn...](#)
40. [!\[\]\(09f704bd73f56a26208957bdd8fe2d76\_img.jpg\) A success story. A woman found out what number she is in the queue for inheritance](#)
41. [!\[\]\(4fbee3efbc6a88cff0642a1e9146a93a\_img.jpg\) Credit Unions: the path through the thorns of the financial crisis to the stars on the EU flag](#)
42. [!\[\]\(d2f589f6f7b563d23b2cfef3ab1f7208\_img.jpg\) What is happening with credit unions in Crimea](#)
43. [!\[\]\(c985ac7c19a018e2da633a737b323e6e\_img.jpg\) New rules for the rights registration to immovable property and their encumbrances in 2014](#)
44. [!\[\]\(fcdf77119701abcee87b2ccc0269911d\_img.jpg\) Agrarian Ukraine should think not only of foreign, but also about domestic markets](#)
45. [!\[\]\(99def79dea6a2ade775317acc9f9e8af\_img.jpg\) Researched land lease: where are the holes?](#)
46. [!\[\]\(cd6f1638357c1b46a03af50ca1cf3d9e\_img.jpg\) The agrimarket experts discussion: crop rotation and private ownership for land ...](#)
47. [!\[\]\(6b813126a6a226854db77d2e149b4cde\_img.jpg\) Agrarians are looking for new markets](#)
48. [!\[\]\(88dc5517229ae73a4fc93b66135a65a1\_img.jpg\) Land lease was researched](#)
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50. [!\[\]\(2cad029340c78252aa763ee13e352977\_img.jpg\) In Lviv oblast there is cooperation with international technical assistance projects](#)
51. [!\[\]\(9c2235f7d9a7db63492eb20d84adf133\_img.jpg\) There is one more resolved land-related issue in Voznesensk](#)
52. [!\[\]\(fe63f2ceb45069e14b7508370c8bbfe0\_img.jpg\) In April, two educational events on land rights were conducted in Mykolayiv region](#)
53. [!\[\]\(d92a0fa64728f8a829bfe63ed309f43c\_img.jpg\) Voluntary refusal of a land plot](#)
54. [!\[\]\(f0b944f547258fcdf4f7cd488a5ed40a\_img.jpg\) How to make the authorities to provide a land plot to an individual](#)

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56. [!\[\]\(8439a8c7a63385593bd59084c02109fc\_img.jpg\) Ukrainian farmers are losing the Russian market. And so, they are forced to urgently seek for it's replacement](#)
57. [!\[\]\(2ec3b0f3ae63a66971269df8437b6abf\_img.jpg\) Overview of legislation news for the period of April 28 – May 04, 2014](#)
58. [!\[\]\(413c480e3806b9e4a546f933464ebe96\_img.jpg\) Is it possible to get the master plan and detailed plan of a town territory?](#)
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60. [!\[\]\(435afe026b47e1e720f40c9e814ca367\_img.jpg\) Credit guarantees in the agricultural sector](#)
61. [!\[\]\(d0a27f4a86c3e2c3310ceaca26cb1892\_img.jpg\) 280 hectares of land in Ukraine were certified on organic farming](#)
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69. [!\[\]\(87f213129ec9456655e9e297c7c11a1e\_img.jpg\) Will the lines disappear in the institutions for the state registration of the rights to immovable property?](#)
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71. [!\[\]\(4d1b625aec6fab440c10734810ed787e\_img.jpg\) When is the permanent alimony agreement terminated and under what grounds it can be early terminated?](#)
72. [!\[\]\(400a77ea71e0baa71a9528ec91381ff7\_img.jpg\) Small agricultural producers will not survive due to grain crops only – an opinion](#)
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74. [!\[\]\(2bd6e950c15fdc74170095542c17027e\_img.jpg\) How can you get land into ownership for free](#)
75. [!\[\]\(cedd1548bcb027b947c19a642b2379cc\_img.jpg\) Rather to require crop rotation, they offer to control soil quality](#)
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79. [!\[\]\(e79f65b9b6cbb9877ea3b78d22d89af0\_img.jpg\) When the consideration of an application for the state registration of the rights is stopped?](#)

80. [!\[\]\(effca7eadfe2a32bc20c04f4afdeb123\_img.jpg\) How to willingly give up a land plot?](#)
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82. [!\[\]\(1a75258c56ed9a18b389b2d410653f13\_img.jpg\) A training of the Business School "Million is Simple"](#)
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92. [!\[\]\(0229432b7f0a66eeab1cda38e30c971e\_img.jpg\) A disabled resident of Kherson had to prove her right for inheritance in the court](#)
93. [!\[\]\(18cc30834d7359deaf4fbb6f039542cb\_img.jpg\) What if the term of a land lease agreement between you and the authority is not expired yet, but the landlord decides upon it's early termination?](#)
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96. [!\[\]\(5fd84bf779b0da10db02cdd4d7519a5b\_img.jpg\) A focus group on land legislation problems was held in Kherson](#)
97. [!\[\]\(e73d8c3d5d22494ff1bccc4a6cd74721\_img.jpg\) Right s for what objects are subject to state registration?](#)
98. [!\[\]\(dcbb1360126a37ec7314d2b110a72c0f\_img.jpg\) "Land" education for Kherson residents in March: the cossack as well as the deputy now known about AgrolInvest](#)
99. [!\[\]\(27927aff20005294bb9827d8b16e5a94\_img.jpg\) Who will win and who I will lose if the moratorium for agricultural land is still abolished](#)
100. [!\[\]\(9ac4ea299c4acf45f12a2760d346ca9d\_img.jpg\) Overview of legislation news for the period of March 31 - April 06, 2014](#)
101. [!\[\]\(774dd13976c259573d386eaeb31f0711\_img.jpg\) In what cases the notary at the same time carries out the state registration of rights and property rights that are derivatives?](#)
102. [!\[\]\(fbc1dde8d4100edfdf5a40d1ebe1d5ca\_img.jpg\) Peculiarities of documents submission for the state registration of the rights](#)
103. [!\[\]\(b2b8b174fea779dab3fe2704ee2a6e25\_img.jpg\) Organic farming is a healthy future for Ukraine](#)
104. [!\[\]\(c54236bb7c5bd80364d6fd451aefd41b\_img.jpg\) Units for land plots measuring](#)

105.  [How to exclude seized property from the inventory act?](#)
106.  [A village woman proves her right to privatize land in the court](#)
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## Annex 3: Environmental Mitigation and Monitoring Report



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

# Environmental Mitigation and Monitoring Report

## April 1 - June 30, 2014

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

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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 that most of the USAID support under the AgroInvest project will consist of interventions entirely within the categories listed in paragraph (c)(2) of Section 216.2 of Title 22 CFR 216, and therefore are categorically excluded from any further environmental review requirements."

That said, the AgroInvest Project screens each of its sub-projects/activities as they are identified to determine the level of risk for potential adverse environmental impacts (e.g. low risk, medium risk and high risk), followed by preparation of Environmental Review and Assessment (ER) Checklists when applicable so as to clearly identify any potential impacts due to the sub-project implementation. Based on the outcome of the ER checklists, Environmental Mitigation and Monitoring Plans (EMMPs) for preventing or minimizing the occurrence of adverse impacts are prepared. The EMMPs

are then incorporated into the sub-project design and implementation to satisfy the requirements of USAID regulation 22 CFR 216, and to ensure that the sub-project design is environmentally sound.

### **AgroInvest Activities**

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

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

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

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

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

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

#### *Events in Ukraine affecting AgroInvest Component 3 Grantees/Activities in Crimea*

As was stated last quarter, AgroInvest was informed by the Regional Contracting Officer on March 18, 2014 that all USAID funded projects with active operations in Crimea were to cease any additional payments and not begin any new activities until further notice. This directive was the direct result of Russia's illegal annexation of the Crimean peninsula. In April, after discussions with the Contracting Officer, it was decided to move forward with closing the grants with agriculture service cooperative (ASC) "Khayal-2009", ASC "Umyut", ASC "Frukty Krymu", ASC "Dzhylek", ASC "Start-M", and ASC "Golden Bee." As these grants are now closed, and the location of their former activity are in an area

AgroInvest staff can no longer access at the present time, the Project can no longer monitor compliance with these organizations' EMMPs.

#### *Development Credit Authority Loan Portfolio Guarantee*

The AgroInvest Project is working closely with the USAID Ukraine Mission and the USAID Development Credit Authority (DCA), which is based out of Washington, DC, to launch a loan portfolio guarantee (LPG) program through AgroInvest. USAID/Ukraine envisions that this will be a multi-year, \$5 million DCA LPG program in cooperation with five to seven select Ukrainian credit unions to increase their agrilending portfolios.

Pursuant to ADS 249.3.4.2, loan portfolio guarantees made by USAID without the right to approve individual loans qualify for the categorical exclusion set forth in 22 CFR 216(c)(2)(x) and consequently are not subject to the general procedures contained in 22 CFR 216.3.

Therefore, as a legal matter, DCA activities generally constitute support for intermediate credit institutions and, therefore, are entirely within the classes of action cited in Title 22 of the CFR Section 216.2 (Applicability of Procedures) paragraph (c)(2) which reads, "Support for intermediate credit institutions when the objective is to assist in the capitalization of the institution or part thereof and when such support does not involve reservation of the right to review and approve individual loans made by the institution [22 CFR 216.2(c)(2)(x)]."

However, as a policy matter, the USAID Ukraine Mission as instructed AgroInvest to conduct an IEE for the anticipated activities to be covered by the DCA LPG which will serve as an amendment to the Project's initial IEE. AgroInvest will draft the IEE amendment in the next quarter and submit it for USAID's review and comment. Updates regarding this activity will be provided in next quarter's Environmental Mitigation and Monitoring Report.

#### *Pesticide Evaluation Report and Safe-Use Action Plan*

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

AgroInvest is currently working on identifying the pesticide and agrichemical specialist(s) best qualified to undertake this activity. The target deadline to have the draft of the PERSUAP completed and submitted to AgroInvest's COR and the Mission Environmental Officer is October 2014. Updates on the development of the PERSUAP will be provided in AgroInvest's subsequent Environmental Mitigation and Monitoring Reports.

Annex 1: Component 3A Producer Organization Grantees

#	Grantee	Program/Project Name	Grant Agreement Number	Start/End date	Date EMMP approved	Notes
1	ASC Krymekoproduct	Creation of Rendering Service System to Collect, Remove and Processing of Straw from the Fields by Producing Fuel Briquettes	AGRO-GA11-3A-04/2	10/22/12-10/17/13 *This grant was terminated on 10/17/13	10/01/12	The grant with ASC Krymekoproduct was officially terminated on October 17, 2013 based on the grantees failure to make progress with the timeframe agreed to regarding its responsibility in renovating the facility where the briquette making equipment would be placed.
2	ASC Gospodar Pidgiryia	Development of Dairy Industry in Pidgiryia Region	AGRO-GA11-3A-04/1	10/22/12-1/22/14	10/04/12	As of the end of the reporting period, ASC Gospodar Pidgiryia is currently compliant with its EMMP. This reporting period, the company began to develop documents for its HACCP certification.
3	ASC Khayal-2009	Creation of a cool storage chamber to organize strawberry and strawberry seedling storage	AGRO-GA12-3A-06/01	12/18/12-06/20/14	12/07/12	Given the circumstances in Crimea, in consultation with, and approval from, the Contracting Officer, the grant to Khayal-2009 was closed this quarter. Given the inability for Project staff to travel to Crimea, the final EMMP and grant close out site visit to ensure final compliance with all terms of the grant.
4	ASC Boodjak	Developing of a milk processing facility	AGRO-GA11-3A-04/3	01/03/13-02/30/14	12/20/12	As of the end of the reporting period, ASC Boodjak is currently compliant with its EMMP.
5	ASC Zakhidnyi	Improving the Quality of Compound Feed through Implementation of Extrusion and Granulation Technologies	AGRO-GA12-3A-06/02	12/28/12-02/28/14	12/20/12	As of the end of the reporting period, ASC Zakhidnyi is currently compliant with its EMMP. Of note this quarter: Tenders to procure equipment and its installation were conducted in-line with EMMP requirements and staff was trained in the new equipment operation and safety procedures. Zakhidnyi also began the paperwork to increase its power supply to support its expanding operations in light of the new equipment.
6	ASC Ivankivetskyi Svitanok	Establishment of a milk processing facility	AGRO-GA12-3A-06/04	04/16/13-04/16/15	03/28/13	As of the end of the reporting period, ASC Ivankivetskyi Svitanok is currently compliant with its EMMP. Of note this quarter: Ivankivetskyi Svitanok continued to struggle to connect to the local power supply. The local privatized power company is seeking bribes and the cooperative, rightfully, refuses to pay. AgroInvest and the local authorities continue to support the rectification of this situation as possible.
7	ASC Severyn	Construction of a cool chamber for fruits and berries storage	AGRO-GA12-3A-06/03	04/16/13-04/16/15	03/29/13	As of the end of the reporting period, ASC Severyn is currently compliant with its EMMP.
8	ASC Umyut	Phytoindustry development in the Crimea	AGRO-GA12-3A-06	05/21/13-06/20/14	Original EMMP approved 04/29/13	Given the circumstances in Crimea, in consultation with, and approval from, the Contracting Officer, the grant to Umyut was closed this quarter. Given the inability for Project staff to travel to

					Revised EMMP approved 08/30/13	Crimea, the final EMMP and grant close out site visit to ensure final compliance with all terms of the grant.
9	ASC Losyatynske Molochne Dzherelo	Establishment of a cool storage chamber for berries	AGRO-GA12-3A-08/1	07/30/13-07/30/15	07/09/13	As of the end of the reporting period, ASC Losyatynske Molochne Dzherelo is currently compliant with its EMMP.
10	ASC Shyroke	Establishment of a Cool Storage Facility for Vegetables and Melons	AGRO-GA12-3A-06/6	07/31/13-07/31/15	07/13/13	As of the end of the reporting period, ASC Shyroke is currently compliant with its EMMP.
11	ASC Lypivsky	Establishment of Facility for processing potatoes and crops	AGRO-GA12-3A-08/2	08/12/13-08/13/15	08/08/13	As of the end of the reporting period, ASC Lypivsky is currently compliant with its EMMP. Of note this quarter: On April 07, 2014, during an AgroInvest site visit, the installation status of equipment was verified as well as the contract for the supply of goods and services (in accordance with the contract and the grantee's EMMP).
12	ASC Fruits of Crimea	Development of a modernized fresh fruit and vegetable logistics/processing facility	AGRO-GA12-3A-08/3	08/29/13-06/20/14	08/13/13	Given the circumstances in Crimea, in consultation with, and approval from, the Contracting Officer, the grant to Fruits of Crimea was closed this quarter. Given the inability for Project staff to travel to Crimea, the final EMMP and grant close out site visit to ensure final compliance with all terms of the grant.
13	ASC Dzhylek	Establishment of a Cool Storage Facility for Vegetables and Fruits	AGRO-GA13-3A-12/1	11/11/13-06/20/14	MEO approved streamlined EMMP 11/19/13	Given the circumstances in Crimea, in consultation with, and approval from, the Contracting Officer, the grant to Dzhylek was closed this quarter. Given the inability for Project staff to travel to Crimea, the final EMMP and grant close out site visit to ensure final compliance with all terms of the grant.
14	ASC "Start M"	Development of a modernized fresh vegetable logistics/processing facility	AGRO-GA13-3A-12/2	11/15/13-06/20/14	MEO approved streamlined EMMP 11/19/13	Given the circumstances in Crimea, in consultation with, and approval from, the Contracting Officer, the grant to Start-M was closed this quarter. Given the inability for Project staff to travel to Crimea, the final EMMP and grant close out site visit to ensure final compliance with all terms of the grant.
15	ASC Rivnopravnist	Development of Pasture Based Dairying and Milk Collection Points	AGRO-GA12-3A-08/4	01/03/14-07/03/15	12/23/13	As of the end of the reporting period, ASC Rivnopravnist is currently compliant with its EMMP. Of note this quarter: Rivnopravnist conducted the tendering process for selection and procurement of equipment in-line with EMMP requirements.
16	ASC Golden Bee	Establishment of modernized honey processing and packaging facility	AGRO-GA13-3A-12/3	12/10/13-06/20/14	MEO approved streamlined	Given the circumstances in Crimea, in consultation with, and approval from, the Contracting Officer, the grant to Golden Bee was closed this quarter. Given the inability of Project staff to travel

					EMMP 12/03/13	to Crimea, the final EMMP and grant close out site visit to ensure final compliance with all terms of the grant.
17	ASC Small Golden Bee	Establishment of modernized honey processing and packaging facility	AGRO-GA13-3A-12/7	06/26/14–06/26/15	06/25/14	Despite partnership with ASC “Golden Bee” in ARC being forced to end, Agro Invest was able to work with the management of ASC “Golden Bee” to relocate it to Ivano-Frankivsk oblast and re-register as ASC “Small Golden Bee.” Activities and EMMP requirements for “Small Golden Bee” remain the same as they were for “Golden Bee”
18	ASC Snovyanka	Improving the Quality of Compound Feed through Implementation of Extrusion and Granulation Technologies	AGRO-GA13-3A-12/4	03/07/14-09/07/15	MEO approved streamlined EMMP 03/03/14	As of the end of the reporting period, ASC Snovyanka is currently 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	03/10/14- 09/10/15	MEO approved streamlined EMMP 03/03/14	As of the end of the reporting period, ASC Chysta Flora is currently compliant with its EMMP. Of note this quarter: The tender to procure equipment was conducted in-line with EMMP requirements.
20	ASC Molochni Riky	Improving the Quality of Compound Feed through Implementation of Extrusion and Granulation Technologies	AGRO-GA13-3A-12/6	04/11/14-10/12/15	MEO approved streamlined EMMP 04/02/14	Grant agreement with ASC “Molochni Riky” was signed this quarter. As of the end of the reporting period, ASC Molochni Riky is currently compliant with its EMMP and the tender to procure equipment was conducted in-line with EMMP requirements.

## Annex 4: Success Story



# USAID | AgrolInvest Project

## SUCCESS STORY

### LEGAL LAND RIGHTS PROGRAM HELPS COMBAT CORRUPTION

**USAID AgrolInvest's Legal Land Rights Services Program not only helps landowners but also paves the road to combat corruption**



*Presentation of the Program "10 Steps to Combat Corruption in Land Relations" at a press club meeting as part of AgrolInvest's national information campaign My Land, My Right.*

*The USAID AgrolInvest Project is designed to provide technical assistance to accelerate and broaden economic recovery in Ukraine through support to the agriculture sector and increase the country's contribution to global food security. The project also implements a legal land rights program to help citizens understand and protect their land rights.*

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Photo: RUSLANA PRYDA

Ivan Gladij is the head of "Kalyna" farm in Kluvinitsi village in the western Ukrainian oblast of Ternopil. In October 2012, state agriculture inspectors from the Ternopil region inspected his farm and issued an Act stating Mr. Gladij was illegally using 19 hectares of village council's land. Because his land was contested, Mr. Gladij was unable to harvest wheat that year, and has seen his revenues decrease quite a bit.

After learning about the *Legal Land Rights Services Program* implemented by the USAID AgrolInvest Project through informational materials posted in the community, Mr. Gladij applied for legal aid at a legal center established by the "First Agrarian Cluster," which is one of the AgrolInvest grantees. The Cluster lawyers examined the case, and determined it is a rather straightforward case. Mr. Gladij had a lease agreement with the village council for 30 acres, which included 19 disputed hectares. An easy case to prove in the court; yet the case took two years. Why? Because Mr. Gladij refused to pay bribe to the inspectors.

To help farmers such as Mr. Gladij protect their land-related rights in Ukraine, the USAID AgrolInvest Project implements the *Legal Land Rights Program*. Through this program, and in partnership with local NGOs, AgrolInvest provides free legal assistance to rural landowners and farmers. The Program comprises three interlinked elements: the *National Land Rights Resource Center*, *Law Centers* in eight oblasts of Ukraine, and the national information campaign *My Land, My Right*.

The "brain" of the entire program is the *Land Rights Resource Center*. The Center analyzes the cases collected by local NGOs, such as Mr. Gladij's, classifies them, and develops "roadmaps" – step-by-step instructions on how to solve various land issues. The roadmaps are published as posters or booklets, and are available from the Resource Center's [Land Web-Portal](#), together with document templates. Based on information collected through the Program, Center's experts developed the *10 Steps to Combat Corruption in Land Relations*. In addition to identifying typical problems of rural landowners, the Center has also developed legislative initiatives to solve these problems. Two of these draft laws are awaiting parliamentary approval.

The lawyers of the "First Agrarian Cluster" helped Mr. Gladij protect his lawful right to farm the land he had sown with winter wheat. To truly combat corruption, it is not sufficient to merely instruct people not to pay bribes. The solution must be more systemic, and that means help establish a system in which officials will be discouraged from seeking bribes.

## Annex 5 Success Story



# USAID | AgrolInvest Project

FROM THE AMERICAN PEOPLE

## SUCCESS STORY

### HELPING AGRICULTURE COOPERATIVES SURVIVE IN A TIME OF CRISIS



A collection of different varieties of honey produced by the "Little Golden Bee" agriculture service cooperative.

**Many of USAID AgrolInvest's Agriculture Service Cooperative partners are facing new and unique challenges as a result of the ongoing political and economic turmoil in Ukraine, as such, the Project is making it priority to help them navigate through these troubling times**

The Golden Bee agricultural service cooperative was founded in 2008 to unite local households engaged in beekeeping of the Pervomayske region of the Autonomous Republic of Crimea. Since its founding, the cooperative has experienced slow, but steady growth, and its future was looking bright. In 2013, the cooperative collected and processed over 100 tons of honey, and has grown to 31 members. In the autumn of 2013, USAID AgrolInvest began working with the cooperative to strengthen its internal administrative processes and procedures, as well to modernize Golden Bee's processing and packaging line.

When AgrolInvest conducted a site visit to Golden Bee this past October, the members of the cooperative were excited about the European Union Association Agreement and its corresponding Deep and Comprehensive Free Trade Agreement (DCFTA) that the Government of Ukraine was to sign in late November. The cooperative members saw DCFTA as a way of opening new trade opportunities and access to the EU honey market. However, on November 21, 2013, the government in Ukraine announced it was suspending signing of the agreement with the EU, setting in motion chain of events – including Russia's illegal annexation of Crimea – marked by long term instability in Ukraine and the region.

A month later, USAID AgrolInvest terminated its grant to Golden Bee. However, the cooperative soon requested AgrolInvest's help to reestablish a new Golden Bee elsewhere in Ukraine. The best location identified was the village of Sivka-Kaluska in Ivano-Frankivsk oblast. AgrolInvest worked closely with Golden Bee and Ivano-Frankivsk authorities to streamline the registration process for the renamed cooperative, now called Little Golden Bee, and to locate an ideal facility for its operation. AgrolInvest was soon able to reissue a new grant award to the Little Golden Bee with the same activity plan and anticipated results.

All members of the Golden Bee cooperative in Crimea remain members of the Little Golden Bee based out of Ivano-Frankivsk. Raw honey collected by the Crimean members in Pervomayske, Crimea will be transported to Sivka-Kaluska in Ivano-Frankivsk for processing and packaging. The Little Golden Bee will maintain approximately 60 percent of its honey market in western Ukraine, and in fact, this relocation brings honey producers closer to their consumer base, and potentially cuts production costs. Moreover, new honey producers are joining the Little Golden Bee cooperative, bringing varieties of raw honey based on geographical and vegetation differences between the Crimean and the Ivano-Frankivsk regions – a value-add due to diversification of the Little Golden Bee's product line.

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## Annex 6: Performance Management and Evaluation Summary

PERFORMANCE INDICATOR	Year 1	Year 2	Year 3	Year 4			Cumulative Project		Notes and Explanations
	Annual Actual/Annual Target	Annual Actual/Annual Target	Annual Actual/Annual Target	Actual this Quarter	Actual Annual	Annual Target	Actual result	LOP Target	
<b>Project objective 1.1: Market-oriented policy reforms accelerated</b>									
Indicator									
1.1.1- Number of policies/regulations/administrative procedures analyzed as a result of USG assistance	4/5	14/10	13/10	5	16	10	47	41	<p>1. AgrolInvest prepared an analysis of the Provisions to the State Agricultural Inspection of Ukraine (approved by the Decree of the President of Ukraine No. 459/2011 dated April 13, 2011).</p> <p>2. Agrarian Union of Ukraine prepared the analysis of the Law of Ukraine “On State Support of Agriculture” and developed suggestions how to amend it.</p> <p>3. UCAB, Ukrainian Grain Association and Ukrainian Agricultural Confederation prepared analysis of a draft COM Resolution “On Approval of Technical Requirements for Grain Storage”.</p> <p>4. UCAB, Ukrainian Grain Association, Agrarian Union of Ukraine and Ukrainian Agricultural Confederation prepared the analysis of draft Law of Ukraine “On Establishment of rates for the Export Duty on Rapeseeds” (registration No. 3658, dated 21.11.2013). ra</p> <p>5. UCAB, Ukrainian Grain Association, Agrarian Union of Ukraine and Ukrainian Agricultural Confederation prepared the analysis</p>

PERFORMANCE INDICATOR	Year 1	Year 2	Year 3	Year 4			Cumulative Project		Notes and Explanations
	Annual Actual/Annual Target	Annual Actual/Annual Target	Annual Actual/Annual Target	Actual this Quarter	Actual Annual	Annual Target	Actual result	LOP Target	
									of draft Law of Ukraine “On Establishment of the Export Duty on Soybeans” (registration No. 4693, dated 14.04.2014).
1.1.2- Number of policy reforms/regulations/administrative procedures drafted and presented for public/stakeholder consultation as a result of USG assistance	1/2	7/5	11/5	6	22	6	41	21	<p>1. AgroInvest developed and presented for public discussion a draft Law “On Amendments to Certain Legislative Acts of Ukraine Regarding the Removal of Overlapping Functions of the State Body of Executive Power that Implements State Policy in the Sphere of Supervision (Control) in Agroindustrial Complex”.</p> <p>2. AgroInvest developed and presented for public discussion a draft Law “On Amendments to the Law of Ukraine “On Farming”.</p> <p>3. AgroInvest prepared and presented for public discussion a draft Law “On Amendments to the Tax Code of Ukraine (in stimulating the development of family farms)”.</p> <p>4. Experts of the Land Union of Ukraine’s Resource Center, developed a draft Law of Ukraine “On Amendments to Certain Legislative Acts of Ukraine Regarding the Transfer of Responsibilities over Management of State-owner Land to the Local Level” (registered in Verkhovna Rada on April 24, 2014, registration No. 4758).</p>

PERFORMANCE INDICATOR	Year 1	Year 2	Year 3	Year 4			Cumulative Project		Notes and Explanations
	Annual Actual/Annual Target	Annual Actual/Annual Target	Annual Actual/Annual Target	Actual this Quarter	Actual Annual	Annual Target	Actual result	LOP Target	
									<p>5. Experts of the Resource Center also developed a draft Law of Ukraine "On Amendments to the Law of Ukraine on State Land Cadastre (on Optimization of Responsibilities of State Cadastre Registrars)" (registration No. 4083a dated June 16, 2014).</p> <p>6. Experts of the Resource Center also developed a draft Law of Ukraine "On Amendments to Certain Legislative Acts of Ukraine Regarding the Removal of Administrative Barriers During the Development of Land Management Documentation" (registration No. 4138a dated June 20, 2014).</p>
1.1.3- Number of policies rejected/vetoed/removed that are inconsistent with agricultural market-friendly/investment-friendly procedures	0/0	0/3	1/3	0	0	2	1	9	No policies/procedures rejected/vetoed/ removed during this quarter
1.1.4- Number of policies, regulations and administrative procedures passed	0/0	0/3	6/3	2	3	3	9	10	1. On April 9, 2014, the Parliament passed the Law "On Abolishment of a Number of Permit Documents" (signed as Law No. 1193-VII on April 25, 2014) which removed mandatory certification of grain silos and grain quality certification. The Ukrainian Grain Association, Ukrainian Agribusiness Club, Agrarian Union of Ukraine and Ukrainian Agricultural

PERFORMANCE INDICATOR	Year 1	Year 2	Year 3	Year 4			Cumulative Project		Notes and Explanations
	Annual Actual/Annual Target	Annual Actual/Annual Target	Annual Actual/Annual Target	Actual this Quarter	Actual Annual	Annual Target	Actual result	LOP Target	
									Confederation advocated strongly for this change.
									2. On June 3, 2014, the Parliament passed the Law "On Amendments to Certain Legislative Act of Ukraine (on Ensuring Safe Use of Agricultural Machinery)" (signed as Law No. 1303-VII on June 19, 2014) which abolished mandatory technical inspection of agricultural machinery. The Agrarian Union of Ukraine, the Association of Private Farmers and Landowners and the Ukrainian Agribusiness Club advocated for this change.
<b>1.1.5- Number of public-private dialogue mechanisms utilized as a result of USG assistance</b>	2/4	3/8	5/8	2	5	8	15	32	1. AgroInvest and its partner industry associations (Association of Private Farmers, Association of Extension Services) became members of a working group on development of small farms in Ukraine (approved by Order of the Ministry of Agrarian Policy and Food (MAPF) No. 212 dd. June 4, 2014.
									2. Expert Council on corruption prevention and efficient management of land resources under the State Land Agency was created by the Order of the Agency No. 157, on May 27, 2014. AgroInvest partner, the Association of Village Mayors, became an active member.
<b>Project objective 1.2: Industry associations strengthened</b>									

PERFORMANCE INDICATOR	Year 1	Year 2	Year 3	Year 4			Cumulative Project		Notes and Explanations
	Annual Actual/Annual Target	Annual Actual/Annual Target	Annual Actual/Annual Target	Actual this Quarter	Actual Annual	Annual Target	Actual result	LOP Target	
Indicator									
1.2.1- Number of regional-level working groups engaged by partner industry associations	NA	NA	0/5	0	0	5	0	20	No regional working groups engaged during the reporting period.  Next quarter, AgroInvest will launch a regional grants program targeting local associations envisioned to focus on the development of regional-level working groups.
1.2.2- Number of institutions/organization undertaking capacity/competency strengthening as a result of USG assistance	2/0	6/8	4/8	11	12	4	24	20	AgroInvest conducted four capacity building courses for agricultural industry associations: (1) Development of Presentation Skills (May 20); (2) Legal Status of Non-Profit Organizations and Their Regional Branches (June 5); (3) Selected Aspects of Taxation and Bookkeeping in Not-for-profit Organizations (June 11); (4) Strategic Planning and Good Governance in Organizations (June 26). The following new industry associations participated in these training courses: 1. Potato Growers Association 2. Inter-regional Union of Poultry and Feed Producers 3. Ukrainian Association of Insurance Carriers 4. Ukrainian Association of Agrarian Engineers 5. Association of wine-growers and wine-makers of Ukraine 6. Ukrainian Seed Community Association 7. Seed Association of Ukraine 8. Association of Milk Producers 9. Zaporizhia Agrarian Chamber 10. Peasant Union of Ukraine

PERFORMANCE INDICATOR	Year 1	Year 2	Year 3	Year 4			Cumulative Project		Notes and Explanations
	Annual Actual/Annual Target	Annual Actual/Annual Target	Annual Actual/Annual Target	Actual this Quarter	Actual Annual	Annual Target	Actual result	LOP Target	
									11. Ecology and Medical Academy NGO.
1.2.3- Aggregated increase in self-financing for target industry associations	0/0	0/3	3,8%/6%	N/A at this time	N/A at this time	8%	3,8%	26%	This indicator will be reported at the end of Y4.
1.2.4- Number of new members in partner industry associations	0/0	0/5	115/10	13	72	10	187	35	Three new members joined the Association of Pig Breeders; 3 new members joined the Ukrainian Agribusiness Club; 5 new members joined the Organic Federation of Ukraine; 2 new members joined the Ukrainian Agrarian Confederation.
<b>Project objective 1.3:Public education for land rights provided</b>									
Indicator									
1.3.1- Number of media appearances on land issues	0/0	0/0	814/100	77	271	100	1,085	500	The number of media appearances includes publications generated as part of the “My Land, My Right” outreach campaign, publications developed by the Land Rights Resource Center posted on the Land Web-Portal, and publications covering local content from AgrolInvest’s partners in Chernivtsi, Dnipropetrovsk, Ivano-Frankivsk, Kherson, Mykolaiv, Odesa, Poltava, and Ternopil oblasts.
1.3.2- Awareness of land rights among target communities	0/25%	NA/30%	20,32%/35%	N/A at this time	N/A at this time	45%	20,32%	55%	The data for this indicator is not available at the moment as the progress survey is planned for the beginning of Year 5.
1.3.2a- Share of female rural citizens in target communities	0/50%	NA/50%	50%/50%	63%	63%	50%	50%	50%	No data update for past period. Evaluation is expected to take place at the beginning of Year 5.

PERFORMANCE INDICATOR	Year 1	Year 2	Year 3	Year 4			Cumulative Project		Notes and Explanations
	Annual Actual/Annual Target	Annual Actual/Annual Target	Annual Actual/Annual Target	Actual this Quarter	Actual Annual	Annual Target	Actual result	LOP Target	
1.3.3- Number of land deeds issued in target communities	0/0	340/2,000	10,207/6,000	1,881	30,326	3,000	40,873	12,500	The number of land deeds issued in the target communities is based on the data from local partners.
1.3.4- Number of land conflicts resolved as a result of project assistance	0/0	24/150	229/350	47	287	300	540	1,000	47 land-related conflicts were resolved with the support provided by local partners.
1.3.5- Percentage of legal aid service cost covered by non-project sources	0/0	0%/5%	17,37%/40%	NA at this time	17,17%	40%	17,37%- Indicator calculated on annual basis as an average of quarterly figures. Will be updated at the end of Year 4.	100%	This indicator will be calculated based on an annual reporting of project partners at the end of Year 4.
<b>Project objective 2.1: Sustainable access to financial services for SMPs provided</b>									
Indicator									
2.1.1- Value of agriculture finance facilitated	\$0/\$0	\$13,14M/\$4M	\$33,4M/\$7M	\$2,9M	\$16,5M	\$15M	\$63M	\$60M	Though the annual target has been achieved, the value of financing is decreasing compared to previous quarters due to: (1) seasonal decrease in agrilending; (2) military operations in Lugansk and Donetsk oblasts that have frozen agrilending and limited it drastically in Zaporizhzhya, Kherson, and Kharkiv.
2.1.2- Number of credit transactions facilitated	NA	7,052/1,000	8,027/2,000	1,804	5,851	3,000	20,930	10,000	The number of credit transaction has not decreased significantly because the actual number or loans remains more or less stable even though the size of loans has decreased.

PERFORMANCE INDICATOR	Year 1	Year 2	Year 3	Year 4			Cumulative Project		Notes and Explanations
	Annual Actual/Annual Target	Annual Actual/Annual Target	Annual Actual/Annual Target	Actual this Quarter	Actual Annual	Annual Target	Actual result	LOP Target	
2.1.3- New loan portfolio at risk at 90 days	0/0	10%/10%	4%/10%	4%	4%	10%	4%	10%	Though the annual target will be achieved, we are noting a slight increase in the NPL-ratio in NAKSU credit unions. A detailed analysis will be conducted next quarter. Credit unions of VAKS improved their NPL-ratio; their experience will be shared with other credit unions.
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	1	3	1	8	6	One innovative loan product was developed this quarter: financing of SMP-customers of VCA-partners on the basis of promissory notes.
2.1.5- Number of SMPs trained in financial competencies pertaining to increasing access to finance	NA	NA/NA	404/460	136	426	500	830	2,500	Due to instability in Ukraine, training efforts were concentrated in Western/Northern oblasts this quarter.
2.1.5a- Share of women SMPs trained in financial competencies pertaining to increasing access to finance	NA	NA/NA	29%/25%	56%	48%	30%	29%	30%	76 of the 136 SMPs trained in financial competencies under the Component 2 were females.

PERFORMANCE INDICATOR	Year 1	Year 2	Year 3	Year 4			Cumulative Project		Notes and Explanations
	Annual Actual/Annual Target	Annual Actual/Annual Target	Annual Actual/Annual Target	Actual this Quarter	Actual Annual	Annual Target	Actual result	LOP Target	
<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	18	20	During the reporting period AgroInvest signed an agreement with ASC Zolota Bdzhilka. This ASC is not counted/reported as "new" as it is the previously counted as Golden Bee.
3.1.2- Value of investment (in kind or otherwise) facilitated through producer group projects	\$0/\$0	\$0/\$450,000	\$847,454/\$500,000	\$78,400	\$373,331	\$625,000	\$1,220,785	\$2,225,000	\$78,400 was invested in producer organizations through cost-shares included in AgroInvest grants.
3.1.3- Perceived improvement in the quality of services provided to members by producer organizations	0/0	5%/5%	17,6%/10%	N/A at this time	N/A at this time	10%	19%	35%	The actual result of the indicator will be based on an annual survey that will take place August-September 2014.
3.1.3a- Share of female members reported improvement of services provided by producer organizations	0/0	21%/16%	46%/16%	N/A at this time	N/A at this time	17%	43%	18%	The actual result of the indicator will be based on an annual survey that will take place August-September 2014.
3.1.4- Number of producer organizations, water users associations, trade and business associations and community-based organizations receiving USG assistance	51/5	48/40	98/35	4	44	40	241	160	Representatives of four organizations participated in the Project trainings.

PERFORMANCE INDICATOR	Year 1	Year 2	Year 3	Year 4			Cumulative Project		Notes and Explanations
	Annual Actual/Annual Target	Annual Actual/Annual Target	Annual Actual/Annual Target	Actual this Quarter	Actual Annual	Annual Target	Actual result	LOP Target	
3.1.5- Number of participants in USG supported trade and investment capacity building trainings	137/125	392/400	365/350	65	287	150	1181	1175	65 people have been trained in investment development this quarter though Component 3 activities.
3.1.5a- Share of female training participants	23%/50%	55%/50%	48%/50%	47%	42%	50%	48%	50%	The share of females who participated in the trainings, based on the participant list, is 47%
<b>Project objective 3.2: More effective market infrastructure for SMPs developed</b>									
Indicator									
3.2.1- Number of wholesale markets formed (through at least Stage 4)	0/0	0/0	1/1	0	0	1	1	2	In agreement with USAID, given the crisis in Ukraine and the deteriorating investment climate, identification and development of the second wholesale market has been suspended indefinitely.
3.2.2- Number of local/regional markets of market infrastructure (e.g. storage/cold storage, packing/processing/sorting facilities) formed with project assistance	0/0	3/44	6/6	0	0	4	9	14	No new entities in this area were formed this quarter, but activities continued with the development of the Chernyanka market, ASC Beryslav Agro (fruit storage), and ASC Ovochivnyk Plus (vegetable storage).
3.2.3- Number of trading/market places established	0/0	300/500	201/1000	0	0	2,000	501	5,000	No trading/market places have been established this quarter due to deteriorating investment climate and, consequently, slowdown of AgroInvest-supported markets/trading venues construction.
3.2.4- Number of micro enterprises linked to larger firms as a result of USG assistance to the value chain	0/0	119/100	216/200	115	327	400	662	1,000	115 micro enterprises are being linked to larger firms.

PERFORMANCE INDICATOR	Year 1	Year 2	Year 3	Year 4			Cumulative Project		Notes and Explanations
	Annual Actual/Annual Target	Annual Actual/Annual Target	Annual Actual/Annual Target	Actual this Quarter	Actual Annual	Annual Target	Actual result	LOP Target	
3.2.4a- Share of female-owned micro enterprise	0/0	17%/16%	46%/16%	53%	47%	17%	46%	18%	An average share of female owned micro enterprises linked to larger firms this quarter accounted for 53% of the 115 defined above.
3.2.5- Value of investment facilitated in market infrastructure	0/0	\$2,170,673/ \$400,000	\$3,67M/ \$10,6M	\$464,000	\$995,500	\$10,25M	\$6,836,173	\$21,25M	\$464,000 in investments was realized by Shelen (Riven) and Gola Pristan (Kherson).As noted above, the instability in Ukraine has had an impact on the overall investment climate.
<b>Cross-Cutting Indicator</b>									
Proportion of females who report increased self-efficacy at the conclusion of USG supported training /programming	0/0	0/0	31%/20%	0%	58%	60%	31%	60%	Indicator calculated on an annual basis as average of quarterly figures. Will be updated at the end of Year 4. Trainings were delayed due to logistical challenges, but the projects has been working closely with the Ukrainian Women's Fund to develop a plan and implement delayed activities in the next quarter.