



USAID | AgroInvest Project
FROM THE AMERICAN PEOPLE

QUARTERLY REPORT JULY 1 – SEPTEMBER 30, 2013

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AGROINVEST

**QUARTERLY REPORT
JULY 1 – SEPTEMBER 30, 2013**

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

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ACRONYMS

EU	European Union
FAO	Food and Agriculture Organization of the United Nations
GOU	Government of Ukraine
LGAF	Land Governance Assessment Framework
LOE	Level of Effort
MAPF	Ministry of Agrarian Policy and Food
NGO	Non-governmental Organization
OFM	Owner Finance Mechanism
PO	Producer Organization
SMP	Small and Medium Producer
SOW	Scope of Work
UNITER	Ukraine National Initiatives to Enhance Reforms Project

INTRODUCTION

Project Overview

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

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

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

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

QUARTERLY HIGHLIGHTS

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

- Developed proposals on improving the main provisions of the draft Law of Ukraine "On Agricultural Land Circulation", presented them to partners, discussed them during regional public events, and submitted them to the Government of Ukraine (GoU) through the Ministry of Agrarian Policy and Food (MAPF) in the form of an "alternative" draft law;
- Five agricultural industry associations were selected through a competitive process for grant awards to build their capacity in advocacy and agricultural policy analysis and commenced implementation of the capacity building programs with two associations: the Ukrainian Pig Breeders Association and Organic Federation of Ukraine;

- Implemented a large-scale training campaign for state registrars and notaries on new registration procedures in cooperation with the Ministry of Justice and the State Registration Service. Training events were conducted in 10 regions with a total of 1,222 participants, representing 34% of the total number of state registrars in Ukraine and 1-2 public notaries per rural raion;
- Continued the Land Rights Public Education and Outreach Campaign reaching an additional 1.8 million people through a variety of media instruments. The Legal Land Rights Services Program continued with an increasing focus on improving governance and democracy in the target communities through the newly developed and innovative expert groups on land issues at the raion level involving local authorities, NGOs and community groups;
- In cooperation with subcontractor TA Consult, developed innovative training modules to be used in the comprehensive agrotechnological trainings for partner financial institutions;
- Raised awareness of SMPs on opportunities of accessing lending resources via a press tour which also sparked the development of an educational video entitled "Revival of Rural Credit Cooperation";
- Initiated a public dialog among credit unions and their governing bodies regarding introducing new legislative initiatives that could impact credit unions' agrilending abilities;
- Conducted two specialized agrotechnological trainings for SMP-customers of partner credit unions, their customers and potential financial partners (Agro Capital Management and Oikocredit Ukraine) to promote modern technological solutions for peach production combined with affordable lending offers and, the concept of using partner technological support as an effective instrument for risk hedging for lending through credit unions;
- Completed the national gender analysis of rural agriculture issues and opportunities. The analysis will be used to help shape Ukrainian policy initiatives with a specific focus on the needs of rural women and communities as well as to shape the activities of the AgroInvest Project and its programmatic partners;
- Conducted the training of trainers of the trainers who will be working with NGOs throughout Ukraine to better understand and integrate gender mainstreaming into their activities focused on rural development.

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, the AgroInvest team made further progress in monitoring, reviewing and analyzing legislation on land-related issues. During this quarter, heightened focus was placed on the draft Law of Ukraine “On Agricultural Land Circulation” which was drafted by the State Agency for Land Resources and published for discussion in April 2013. This draft law was developed in accordance with December 2012 amendments to the Land Code as a legislative document establishing the main principles of the pending agricultural land market and removing the existing moratorium on the sale and purchase of agricultural land. As a part of this work, the AgroInvest team:

- Updated its analysis of the draft Law “On Agricultural Land Circulation” in response to a revised version of the draft legislation which was released on June 13, 2013;
- Jointly with USAID representatives, AgroInvest finalized proposals to improve the main provisions of the proposed draft law;
- Held meetings with representatives of key partner industry associations to present and discuss the proposals and seek the partners’ support in lobbying for them (meetings were held with the Ukrainian Club of Agribusiness on July 1, 2013; Ukrainian Agricultural Federation on July 5 and on July 24, 2013; and Ukrainian Agrarian Confederation on July 18, 2013);
- Jointly with USAID representatives, AgroInvest discussed the proposed improvements to the draft law in a meeting with the management of the State Agency for Land Resources (on July 3, 2013);
- In response to a request from the MAPF, AgroInvest submitted an alternative draft law “On Agricultural Land Circulation” to the MAPF for review on July 25, 2013; and
- Facilitated a public discussion of the draft law and presented proposals to improve it during regional public events with partner industry associations. These included a presentation in Kherson on August 29, 2013 and in Zaporizhya on September 18, 2013. Both events were organized jointly with regional offices of the Chamber of Industry and Trade of Ukraine and the National Association of Agricultural Advisory Services “Dorada”.

In addition, together with USAID representatives, the project team held discussions regarding the provisions of the proposed draft Law “On Agricultural Land Circulation” with the management of the newly created State Land Bank. These were followed by a

letter to the Chair of the Board of the Bank with comments to certain legal aspects of Bank's the operations sent on July 26, 2013.

Experts of the Land Rights Resource Center, which was established by the Land Union of Ukraine under an AgroInvest grant, also continued analyzing legal and legislative documents addressing land issues and developed proposals with solutions to issues identified through their analysis. In July-September 2013, these activities, in particular, included activities aimed at simplifying the land allocation procedure:

- The Law of Ukraine "On Amending Selected Pieces of the Ukrainian Land Legislation with regard to Streamlining the Land Allocation Procedure" which was drafted by experts of the Resource Center, was approved by the Verkhovna Rada of Ukraine on July 4, 2013 and signed into law by the President on July 23, 2013, thus unblocking the process of land allocation. Provisions of this law streamlined the land allocation procedure by:
 - *Establishing that land registration should be done at the local level rather than at a regional or national level* – as a result, citizens do not need to waste time and money for transportation (in some cases, multiple times), spend time in long queues, often needing to come again next day because the queue was too long and the office had closed before they were able to submit their documents, etc.;
 - *Explicitly prohibiting state bodies from requiring any surveys, expert opinions and other documents not envisioned in law* – thus the burden of providing evidence that the land plot is suitable for agricultural purposes is shifted from the applicant to the state bodies; moreover, this provision closes the loop for corruption (in the past citizens faced a dilemma either to pay a bribe or to order a costly survey which the state body requested, but was not required by law);
 - *Decreasing the number of state bodies whose approval of the land allocation plan is mandatory from five to one (only in special cases approval of some other bodies is needed, and these cases are clearly defined in the law)* – as a result, the time needed to have the land allocation plan approved decreases by 80% and the potential for corruption is reduced because there are less bodies that must be dealt with; and
 - *Liquidating Commissions for Agreeing Land Management Documentation* – These commissions were supposed to review decisions of various bodies involved in the approval of land documentation; however, in fact, they existed only on paper, and were nothing more than an additional obstacle and source of corruption.
- Preparation and submission of a request (dated July 17, 2013) to the President of Ukraine and the Ministry of Justice of Ukraine to veto the draft law of Ukraine "On Amendments to Certain Legislative Acts of Ukraine regarding the Improvement of the Land Allocation Procedure." In its request to veto

this draft legislation, the Land Union pointed out discrepancies between the approved law and the Law on State Land Cadastre as well as the lack of efficient implementation procedures for the law.

- Submission of a request to the State Land Agency of Ukraine to address issues related to the withdrawal of land survey qualification certificates from a number of land survey companies without a proper justification (September 25, 2013 letter to the SLA).
- Based on multiple appeals by the Land Union to the office of the President and the justification and arguments provided, the Administration of the President of Ukraine drafted an Order to the Cabinet of Ministers and other government bodies requesting to address a number of pending issues in land relations. It is expected that this Order will be signed by the President in October-November 2013.
- Resource Center experts continued their participation in a working group established by the Ministry of Agrarian Policy and Food (MAPF) on May 20, 2013, to address comments emerging from the public discussion of the draft law “On Agricultural Land Circulation”. As a part of this work, in August 2013 experts of the Resource Center developed proposals to add to the draft law provisions to improve regulations on the use of the irrigation systems in the agricultural sector.

Land Market Implementation Proposals

Owners Association Concept. Based on the findings of the legal analysis and according to the results of AgroInvest’s Year 4 work planning session in July, 2013, the Project has discontinued its work towards the development of mandatory land owners associations based on regulatory and constitutional constraints related to the mandatory aspects of this concept. Instead, the Project will explore voluntary “Master Leases” as an alternative approach to address pending land lease issues. As a part of this work, the Project has finalized a Ukrainian version of the Master Lease concept paper developed with USAID support to present to project partners including agricultural industry associations and the MAPF. Particularly, findings based on legal analysis findings and further clarifications were added to the document. If, and only if, there is strong interest expressed from the side of the MAPF will the “Master Leases” approach be pursued. It is noted that due to limited resources, it will be made clear to the MAPF that the Project will not be able to support the “Master Leases” approach’s implementation, only its development to a limited extent, and only with USAID concurrence.

Land lease agreements. As a part of its work to analyze the current status of lease arrangements in Ukraine, the Project continued collecting land lease agreements with involvement of project partners. The Project itself, the Association of Advisory Services and the Agrarian Union were able to collect additional 33 lease agreements. As of September 30, 2013, 252 leases have been collected which equates to 50% of the expected number. Due to the complexity of gathering the leases, the Project has been creative regarding its collection of the documents. In collaboration with the Project, the

Association of Village Mayors addressed the State Land Agency of Ukraine (SLA) with a request to provide the Association with copies of leases in September 2013. The SLA supported this request by directly reaching out to its branches in Ivano-Frankivsk, Chernigiv, Poltava, Lugansk, and Mykolayiv and instructing them to make copies of leases from their files for the purposes of AgroInvest's research. The Project expects to finalize collection of 500 leases by the end of November 2013.

Other Policy Initiatives

Update of Agricultural Policy Priorities of AgroInvest project. In May-June 2013, in close collaboration with its key partners and stakeholders, AgroInvest prepared an update of the agricultural policy priorities of the project. The “Review and Update of the AgroInvest Project’s Agriculture Policy Priorities” was executed by Agrarian Policy Specialist, Dr. Don Van Atta and was finalized and submitted to USAID in early July 2013. The update identified the following areas of focus for policy work of the AgroInvest project: (i) improving market-based incentives for small and medium primary agricultural producers (“farmers”) to survive and prosper by increasing profitable production and sales; (ii) guaranteeing farmers’ and land owners property rights; and (iii) in partnership with sector NGOs and associations promoting the shift from governance suited to a command economy to that appropriate for a market one. This document has informed project planning activities on agricultural policy issues for Year 4 of the project.

Assistance to MAPF in Developing Food Security Legislation. In June 2013 the MAPF requested AgroInvest to provide support to the Ministry in developing a law “On Fundamentals of Food Security”. The government of Ukraine considers food security to be one of the main issues of agricultural policy in the country. Food security considerations are taken into account in designing and implementing national programs for the agricultural sector and drafting any new legislation that deals with key issues in the sector. Therefore, this draft law represents an important agricultural policy document in Ukraine

In response to this request, AgroInvest engaged the University of Missouri (UoM) to prepare a paper addressing the following issues: (i) what food security means; (ii) what instruments are available to ensure that food security issues are covered; and (iii) what experience is available on how developed and developing countries address the issue of food security. This paper was submitted to the MAPF at the end of August 2013. In addition, to assist with drafting a new law on food security issues, the UoM reviewed and prepared detailed comments (critique) to an earlier draft of the Law on Food Security which was vetoed by the President of Ukraine in January 2012.

Analytical Group on Issues of Foreign Economic Activities. In August 2013, AgroInvest completed the evaluation of proposals received in response to a request for applications to provide analytical and advisory support and capacity building to the MAPF on improvement of agricultural policy in the sphere of foreign economic activities. A consortium led by the Ukrainian Agrarian Confederation was selected for the award through a competitive process. The objective of this work is to raise the ability of the

MAPF to monitor international agricultural markets, analyze issues related to trade in agricultural and food commodities and prepare proposals on government policies in this area. Pre-award determination and negotiations of the grant agreement were executed in September and the activities of the analytical group are planned to commence in October 2013. Materials produced by the analytical group will help the government to make more strategic decisions in the area of foreign economic relations.

Legislative and regulatory framework for development of agricultural producer organizations. During the reporting period, AgroInvest continued to finalize the comprehensive Scientific and Practical Commentary to the Law of Ukraine “On Agricultural Cooperation” and related legislative documents. This Commentary was agreed with the MAPF and the Ministry of Justice in August 2013. Additional expert opinions were received from leading sector experts from Poltava Economics and Trade University in September. The Commentary will be finalized, printed and distributed during the next quarter. In addition, at the request of the MAPF, AgroInvest updated the draft “Model rules of internal activities of agricultural service cooperatives” and submitted it to the Ministry for approval.

The Project also continued its work on the development of the economic feasibility study for the modification and amendments to the Tax Code of Ukraine regarding VAT taxation of agricultural produce sold by agricultural service cooperatives (under subcontract #AGRO-SC13-3B-028). This feasibility study is being conducted at the request of the MAPF. Results of this study will be presented for discussion to officials of the MAPF and researchers and practitioners in the sphere of cooperative operations in October 2013. Once finalized, draft amendments to the Tax Code will be sent to the MAPF for approval and further submission to the Cabinet of Ministers.

Participation in a working group on dairy sector under the MAPF. On August 20, 2013, AgroInvest took part in a meeting of the newly formed working group on dairy sector development under the MAPF. This working group consists of representatives of dairy industry associations, private sector companies and MAPF officials. The Project will continue its involvement in this working group in order to understand and address the most important issues of the dairy sector in view of the fact that a major portion of raw milk in Ukraine is produced by small (household) farmers.

Support to the Internship Program in the Verkhovna Rada and MAPF. Within the framework of the NGO Interns League established by the USAID Parliamentary Development Program, AgroInvest supported one-year internships for three young professionals (Olesia Markova of Rivne, Andriy Hnidets of Lviv and Olena Khomenko of Odessa) who were engaged with the work of the Verkhovna Rada and the MAPF. The internship program cycle started in October 2012 and finished in July 2013. The interns analyzed draft laws and other legislation, as well as participated in high level discussions on agricultural policy issues. They also assisted AgroInvest directly by processing data and conducting research pertaining to land issues. The interns supported by the Project have demonstrated impressive performance and were offered positions with the agencies where they were interning. Olena Khomenko has become a professional employee of the

Department of Foreign Economic Relations within the MAPF and Andriy Hnidets accepted a position of assistant/adviser to a member of the Parliament at the end of the program.

Task B: Strengthen Industry Associations

In July-September 2013, AgroInvest continued working with eleven industry associations selected to participate in the capacity building grant program.

1. All-Ukrainian NGO Ukrainian Agrarian Confederation (implementation of this grant agreement ended in August 2013).

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

- Undertaking regular monitoring of new legislation on agricultural sector issues in the Verkhovna Rada of Ukraine;
- Preparation and publication of an analysis of the price situation on the grain market of Ukraine covering the 2013-2014 marketing year;
- Development of comments and proposals to the draft law “On Milk and Dairy Products” and the draft law “On Agricultural Land Circulation”;
- Development of proposals on reducing the cost of grain handling and transportation for the interagency working group on the logistics of grain export during 2013-2014 marketing year.

2. All Ukrainian NGO Ukrainian Grain Association (implementation of this grant agreement ended in September 2013).

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

- Facilitation of the creation of an interagency working group on the logistics of grain export during 2013-2014 marketing year and active participation in activities of this working group;
- Translation, publication, and development of analytical materials based on USDA data covering longitudinal global commodities trends;
- Publication of nine interviews in national media on the most pressing issues on the grain market;
- Publication of weekly news monitoring reports for the information on Ukrainian grain market.

3. All-Ukrainian NGO Ukrainian Agriculture Service Cooperative Members' Union.

Main accomplishments of the Ukrainian Agriculture Service Cooperative Members' Union during this quarter included:

- A keynote presentation during a national workshop on the European experience and practice in development of agricultural cooperatives;

- Preparation and publication of a practical manual for agricultural service cooperatives.

4. All-Ukrainian NGO Union of Rural Women of Ukraine.

Main accomplishments of the Union of Rural Women of Ukraine during the reporting period included:

- Preparation and dissemination of information bulletins for Union members and partners;
- Conducting a survey highlighting the role of gender in rural areas. The survey results will be used to improve the gender balance and for planning future activities of the Union of Rural Women.

5. Society for Promotion of Rural Green Tourism in Ukraine

Main accomplishments of the Society for Promotion of Rural Green Tourism in Ukraine during the reporting period included:

- Active discussions with representatives of the MAPF and selected members of the Verkhovna Rada of Ukraine pertaining to two draft laws of Ukraine - “On Amendments to the Law of Ukraine on Private Farming regarding the Development of Rural Green Tourism” (No. 2530a) and “On Amendments to the Tax Code of Ukraine regarding Taxation of Services Provided in the Sphere of Rural Green Tourism” (No. 2529a);
- Preparation of the publication “Rural Settlement in Ukraine”.

6. NGO Organic Federation of Ukraine (implementation of this grant agreement ended in August 2013; the Organic Federation submitted an application for the third round of Industry Associations and was awarded a second grant on a competitive basis which commenced in late September).

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

- Facilitating approval of the draft law “On Production and Circulation of Organic Agricultural Products and Raw Materials”. Due to activities of the Organic Federation of Ukraine this law was approved by the Verkhovna Rada on September 2, 2013 and the President of Ukraine is expected to sign in early October;
- Organizing and holding the Organic Week and the Fifth All-Ukrainian Organic Products Fair;
- Organizing an international symposium entitled “Organic Products: Face-To-Consumer”;
- Publication of the next issue of the magazine “Organic UA”.

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

Main accomplishments of the National Association of Agricultural Advisory Services during this reporting period included:

- Organizing three training seminars for representatives of regional advisory services;
- Publication and dissemination of five bi-weekly information bulletins for members and partners;
- Development of the Association's Facebook page.

8. Association of Farmers and Private Land Owners of Ukraine.

Main accomplishments of the Association of Farmers and Private Land Owners of Ukraine during this reporting period included:

- Active participation in activities of the interagency working group on the logistics of grain export during the 2013-2014 marketing year;
- Publication and dissemination of two of the Association's bulletins;
- Analysis of government support for the development of private farming in Ukraine;
- Organizing a round table on state support of the agricultural sector and price situation on the grain market.

9. All-Ukrainian NGO Association of Village Mayors.

Main accomplishments of the Association of Village Mayors during this quarter included:

- Preparation of a practical manual entitled "Practical Advice for Village Heads for the Improvement of Sustainable Rural Development and Agricultural Production";
- Development and submission to the government of comments and proposals to the draft Law of Ukraine "On Amendments to the Law of Ukraine 'On Local Self-Governance in Ukraine' to Clarify the Procedures for Performance of Certain Powers of Leadership and Number Competences at Rural Territories Management"; the draft Law of Ukraine "On Amendments to the Budget Code of Ukraine and the Law of Ukraine 'On Local Self-Governance in Ukraine' in Regard to Current Expenditures of Development Budgets for Local Budgets"; and the draft Law of Ukraine "On Amendments to the Law of Ukraine 'On Population Employment' to Improve the Procedure for Obtaining Unemployed Status";
- Initiating amendments to the Decree of the Cabinet of Ministers of Ukraine dated July 18, 2012, #480 "On Approval of the Action Plan for the Period until 2014 on Implementation of the Concept of Reforming the System of Professional Improvement for State Officials, Local Self-Governance Officers and Local Council Members". The purpose of the amendments was to involve the participation of village council deputies in educational programs supported by the state. The activities of the Association resulted in adoption of the proposed amendments by the Decree of the Cabinet of Ministers of Ukraine dated September 11, 2013 # 698-p "On Adoptions to

the Action Plan for the Period until 2014 on Implementation of the Concept of Reforming the System of Professional Improvement for State Officials, Local Self-Governance Officers and Local Council Members”.

10. All-Ukrainian NGO Agrarian Union of Ukraine.

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

- Preparation of three initial analytical papers: (1) Analysis of agrarian policy regarding land market reform; (2) Analysis of agrarian policy regarding pricing and price regulation in agriculture; (3) Analysis of agrarian policy regarding taxation and subsidy programs in agriculture;
- Publication of its weekly bulletin on current agricultural commodity prices in the country and at international markets with a short analysis and forecast (an electronic copy of the weekly is available on the Union’s web-site: <http://www.aau.org.ua/>);
- Organizing and holding a 10-day training seminar for managers of agricultural enterprises-members of the Union.

11. NGO Pig Breeders Association. This grant agreement was signed in July 2013 and has the objective of strengthening the institutional capacity of the Association through participation in national-level working groups and development of new standards for the industry.

Main accomplishments of the Pig Breeders Association during this quarter include:

- Monitoring veterinary tariffs across the country and documenting the differences in tariffs in various regions of Ukraine in order to ensure uniform application of tariffs (as per Cabinet Decree No. 96 dd. February 2013);
- Active participation in the MAPF’s Working Group on the deregulation of the business environment contributed to the preparation of the draft law “On Amendments to the Certain Legal Acts (with regard to improvement of legislation on using subsoil assets by agricultural enterprises)”.

The fourth round of competition for industry association grants for capacity building and advocacy activities was completed in August 2013. Five industry associations were selected for the capacity building grants. A grant agreement with the Organic Federation of Ukraine was signed in September 2013 and grant agreements with the four other associations are expected to be signed in October 2013.

Task C: Provide Public Education for Land Rights

Land Rights Public Education and Outreach Campaign

During this quarter, the Land Rights Awareness & Education Campaign “My Land, My Right” continued, and the subcontractor, the Center for Ukraine Reform Education LLC (CURE), organized all planned events and conducted all activities as scheduled.

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

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

1. [**How to assign a cadastre number to a land plot?**](#) (July 22,2013)
2. [**Discussion of the draft law "On circulation of agricultural land**](#) (July 29,2013)
3. [**How do loans from credit unions contribute to the development of farms**](#) (August 19,2013)
4. [**Green Markets**](#) (August 27,2013)
5. [**What kind of reforms is needed for credit cooperatives to develop?**](#) (September 16,2013)
6. [**Terms and conditions of an agricultural land lease agreement**](#) (September 30,2013)

Also, in the reporting period, three installments of the TV program “My Land, My Rights” were aired. They covered the following topics:

1. [**Procedure for assignment of a cadastre number. How to use the Public Cadastre Map?**](#) (July 29, 2013). In the program, experts of the Land Rights Resource Center established by the Land Union with support of AgroInvest and experts of USAID AgroInvest explained how to secure a cadastre number and how to use the electronic cadaster map to make sure the land plot is correctly located on the map with no overlaps. In case of any problems, land owners were explained how to warn the Cadaster operator on the problem and launch the procedure to fix it.
2. [**Cooperation between agricultural producers and credit unions"**](#) (August 23, 2013). The program showed concrete examples of mutually beneficial cooperation between agricultural producers / producer organizations and credit unions.
3. [**"Lease agreements and lease relations"**](#) (September 27, 2013). In the program, experts of the Land Rights Resource Center established by the Land Union with support of USAID AgroInvest explained to rural landowners the terms and conditions of lease agreements and important aspects to which they must pay

attention when signing a lease agreement in order to prevent conflicts in the future.

The [National Agrarian & Land Press Club](#) established as part of the Land Rights Public Education and Outreach Campaign conducted four events during this reporting period, including three press club meetings and one press tour. In order to support the overall goals of AgroInvest, the subject matter of these events was not limited to land issues; however, land was among the main topics of each meeting as land is of key importance for all activities in the agricultural sector. For more details please refer to Communications section and Annex 1.

Legal Land Rights Services Program

The Legal Land Rights Services Program continued in the reporting period in cooperation with two partners, namely the *Land Union of Ukraine* (through the Kyiv-based Land Rights Resource Center) and the *Civic Platform on Implementation of Land Reform in Dnipropetrovsk Oblast*.

Land Rights Resource Center

During this reporting period, the Land Rights Resource Center conducted training campaigns, provided consultations to providers of primary legal land rights services, produced a number of new materials (available at the Land Web-Portal and disseminated by legal land rights services providers), organized and took part in expert discussions, and initiated a number of legislative initiatives, described above, aiming to improve the legal and regulatory environment dealing with land relations.

One of the major activities of the Land Rights Resource Center this quarter was the continuation of the large-scale training campaign for state registrars and notaries entitled “State Registration of Land Plots and Rights to Land Plots; Authority of Local Governments with Regard to Land Management.” In 2013, a new State Registration Service was established in Ukraine tasked with undertaking the state registration of title to real estate, including land. In addition to state registrars, notaries are now procedurally required to be engaged in the registration of the title to real estate. Both state registrars and notaries required additional training so as to better understand the specifics of land issues, know how the cadastre system functions, and understand the newly implemented registration procedures. Also, local authorities at the raion and village levels, who are primary contact points of rural landowners needed to learn about the new procedures. This series of trainings was designed to address these needs and was launched at request of the Ministry of Justice.



Training for state registrars conducted by the Land Rights Resource Center, Kherson, September 6, 2013

It is implemented in cooperation with local departments of the Ministry of Justice and State Registration Service. In addition to state registrars and notaries, village and raion authorities as well as partners of the USAID AJLEP project were invited to the training events. With a focus on further dissemination, the presentations and other materials used at the events are available as the Land Rights Web-Portal. The training events were conducted in 10 regions with a total of 1,222 participants, representing 34% of the total number of state registrars in Ukraine and 1-2 public notaries per rural raion. The campaign will continue in the next quarter and it is planned to cover all oblasts of Ukraine.

The events are also instrumental in learning about local problems faced by state registrars and notaries, especially regarding gaps in coordination of activities between the two registration systems that operate in Ukraine, namely, the State Registration System and the State Land Cadastre. Experts of the Land Rights Resource Center analyze this information and convert it into policy proposals to address the gaps and thus improve the operation of both systems for the benefit of rural landowners.

In addition to the above mentioned training campaign, the Resource Center conducted four training events for providers of primary and secondary legal land services, including one seminar entitled “Optimizing costs and improving liquidity of land plots, one international event facilitated by the German Company for Land Administration and Sales (Bodenverwertungs-und-verwaltungs, GmbH / BVVG) on managing state-owned lands in Eastern Germany, and two training of trainers seminars for providers of primary legal land right services and agricultural advisors. A total of 143 individuals participated in these trainings.

In addition to training efforts, the Resource Center produced the following new materials:

- 1) Poster on the “Procedure for Changing Allowed Purpose of Land.”
- 2) Roadmaps:
 - “How to draw a voluntary abandonment of land ownership?”
 - “What to do if you need to get the ownership of land, but you have already used their right to free privatization?”
- 3) Document templates:
 - Sample contract to transfer ownership of land plots due to voluntary abandonment
 - Sample application for voluntary abandonment of land ownership
 - Claim for termination of a land lease agreement.
- 4) Explanatory notes:
 - “What kinds of agricultural land are subject to the moratorium?”
 - “In what cases can the government buy your land for public purposes?”
 - “Elements of the redemption price in case of alienation of land for public purposes and/or reasons of social necessity.”

These and other materials developed by the Land Rights Resource Center are available as the Land Web-portal (www.zem.ua). This quarter included more than 76,000 visitors to the Land Rights Web-Portal bringing the total number of unique visitors since the launch of the program to 232,000. The number of pages visited during this reporting period exceeded 68,000, and the overall number of pages visited totaled 160,000. For detailed statistics, please see the chart.

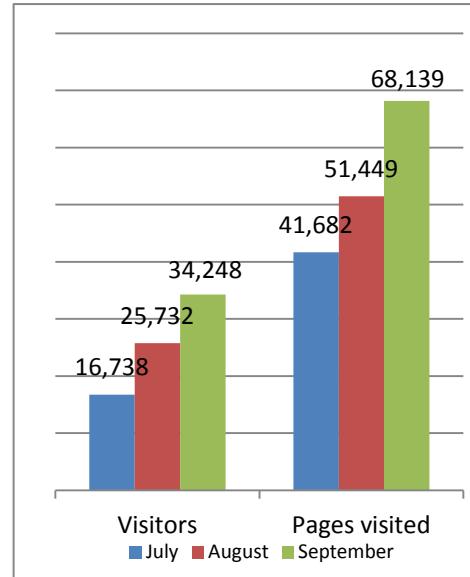
Furthermore, during the reporting period, the Resource Center:

- Analyzed land laws and initiatives, developed comments and proposals on improvement of land legislation and regulations, participated on the Public Council of the State Land Agency;
- Worked intensively with the State Land Agency and Center of State Land Cadastre to identify problems and find solutions;
- Organized or took part in eight expert discussions/round tables on topical land issues, mostly focused on the draft law On Agricultural Land Circulation and land relations;
- Provided 64 consultations to providers of primary and secondary legal land rights services, mainly related to: land registration; corrections of errors in the state land cadastre; approval of land use documents; state registration of land title; privatization; assignment of cadastral number of the land plot; and lease relations;
- Participated in the information campaign (gave interviews, participated in public events, press-conferences, events of the Agrarian & Land Press Club, commented on land issues for press, participated in TV and radio programs, etc. – a total of 6 events).

Providers of secondary legal land rights services

During this period, the secondary legal land rights services program was implemented in one oblast – Dnipropetrovsk – in partnership with the local NGO *Civic Platform on Implementation of Land Reform in Dnipropetrovsk Oblast (the Civic Platform)*.

Specifically, this quarter, with cost-sharing support of the International Renaissance Foundation, the Civic Platform implemented a new tool aimed at improving democracy by addressing land issues in the Dnipropetrovsk oblast. This is being accomplished through expert groups established in rayon centers with the involvement of local authorities and activists to identify problems dealing with land issues, classify them into groups of problems that can be resolved at varying levels (raion, oblast, national) and develop measures to address those problems accordingly. During this reporting period,



five such expert groups were created in five raions, and it is planned to expand this activity to other raions and oblasts in the future.

The table below summarizes the main results achieved by the providers of the secondary legal land rights services in the reporting period and since the launch of the program in June 2012. These numbers represent all seven oblasts, where the program operated till the beginning of the reporting period and in one oblast where it still operates.

Indicator	July-September 2013 (reporting period)	June 2012-June 2013 (total since program was launched)
Number of consultations	319	5,396
Number of land deeds issued in target communities	7,196	15,595
Number of land conflicts resolved as a result of project assistance	11	261
Number of round tables	1	24
Number of participants in round tables	23	963
Number of presentations, training events, community meetings	12	149
Number of participants in presentations, training events, and community meetings	1,152	4,782
Number of materials disseminated	1,325	16,179
Number of media publications, including TV and radio	319	847

COMPONENT 2: Stimulate Access to Finance

Work with Partner Banks

Cooperation between partner banks and companies – agricultural industry leaders as an instrument of enhancing agrilending to SMPs

During the reporting period, AgroInvest continued working on the development of specialized lending products and offers for SMP-customers of agricultural industry leaders.

As practice has proven, input distributors are among the most important players in developing agrilending to SMPs. As large input suppliers prefer to work with SMPs through their distributors rather than directly, AgroInvest works closely with these distributors and the financial institutions to develop lending tools which are beneficial to all parties involved. Discussions with Monsanto's Ukrainian distributors this quarter (Agroscope and Bizon-TEH), enabled Kredobank, one of AgroInvest's partner banks, to finalize the development of two new lending offers:

- 1) Agrilending to SMPs based on promissory note mechanisms. This lending offer allows for financing of Monsanto's inputs through the authorized distributors for a period of 1 to 12 months to SMPs who operate 100 or more hectares. The benefits of this product allow for minimal documentation requirements, low financing rates (3.5-4%), guaranteed collection by the distributor, increased processing of application 1-3 days as opposed to the prior 1- 2 months, and all parties optimize their working capital funds.
- 2) Agrilending to SMPs as a cash-based financing. This lending offer allows for financing of Monsanto's inputs through the authorized distributors for a period of 1 to 18 months to SMPs who operate 100 or more hectares. The benefits of this product allow for minimal documentation requirements, low financing rates at least 1 to 3% lower than other competitive offers available, increased processing of application five days as opposed to the prior 1- 2 months, and all parties optimize their working capital funds.

Both products were discussed with the distributors, the input supplier and the risk departments of the bank, and were accepted by Monsanto for pilot implementation for the next corn seed sales season of 2013-2014.

Metabank, in its turn, enriched the lending products with opportunities of collateralizing future crops of SMPs. Thus, in view of the constant and increasing lack of assets which could be pledged (collateralized) by SMPs to back up their loan applications and ensure repayment of their liabilities to the bank, Metabank developed lending offers which include accepting forward contracts for sale of barley to traders. AgroInvest worked with Metabank to help them understand the main principles of forward contracts (how to estimate the

producer's creditworthiness, evaluate the revenue expected, methods of corresponding risk assessment, etc.), and the agrotechnological aspects of the barley production cycle.

Innovative approaches and solutions developed by AgroInvest to increase access to finance to SMPs were presented at the 3rd International Conference on "Lending to Small- and Medium-Sized Business" on September 10, 2013. The presentation focused on the principles, terms, and implementation results of new lending products developed by AgroInvest in 2013. Based on participation in the conference, AgroInvest was approached by several banks demonstrating serious interest in potential cooperation with AgroInvest to receive technical assistance in increasing their agrilending to SMPs. These banks included Kyivs'ka Rus', the Bank National Credit, the Bank Unison, and UkrAgazbank. During the upcoming quarter, AgroInvest will meet with these banks to further discuss their interest. As a result of ErsteBank's (one of AgroInvest's current partner banks) recent reorganization and the uncertainty regarding its future, AgroInvest may select one of these new banks to fill ErsteBank's void.

Agrotechnological trainings for credit officers of partnering financial institutions

This quarter, training modules were developed in close collaboration with subcontractor TA Consult as the first stage of implementation of the agrotechnological trainings for credit officers of partner financial institutions (banks and credit unions). The sample training modules take into account the "Market Survey on the Current Status of Agrilending to SMPs in Ukraine," which AgroInvest completed in early 2013 and cover the agrotechnological areas of field crop production of vegetables, orchards, and intensive horticulture, as well as dairy farming and pig breeding. One crop was selected for each module, but the structure of the modules envisages its usage for multi-crop training purposes.

The training modules are based on PowerPoint presentations divided into multiple chapters including: general information (market share of the crop produce, import and export potential, production areas and yield per SMP-categories and oblasts, 5-years dynamics of crop production etc.); technology of production (machinery and equipment required, technological cycle, other inputs for productions, application practices, soil tillage methods, dependency between technologies and their profitability etc.); marketing of produce; and specifics of risk assessment of SMPs (strategic marketing of agricultural produce, reporting pillars of SMPs' business, important risk factors which should be assessed, methods of financial analysis etc.). All presentations are supported by video files which present the technologies in action.

Partner banks were questioned about their training plans for the staff which is involved in agrilending to SMPs, and corresponding schedule of trainings was compiled and submitted to the subcontractor. Representatives of partner credit unions (members of both Task Forces) will be invited to participate in the trainings as well, and the first training event is scheduled for the middle of November 2013. It will include all six modules presented for partner credit unions of the Southern region during a 2-days event.

Enhancement of Agrilending to SMP's through Credit Unions

Development of the new credit products for SMPs and best practice and experience sharing

Agrilending Task Force meeting. On July 18-19, 2013 in Simferopol, a meeting of the AUCUA/DPP and UNASCU Agrilending Task Forces created with AgroInvest Project support was held. The two new specialized loan products for SMPs that were developed during the last quarter: "Strawberries" (for the cultivation of open-field strawberries) and "Milking machines" (for the purchasing of individual milking machines for small-farms) were presented and discussed at the meeting.

Included as part of these loan products are supportive materials such as recommendations for key lending terms, a set of templates (credit agreement, collateral, guarantees, etc.), and information about the relevant types of agricultural production to help assess the creditworthiness of potential loan recipients. Also at the meeting, methodological recommendations for managing credit portfolios within the credit unions were presented and passed for implementation in the credit unions that are specializing in lending to SMPs and have the intention to enhance their financial sustainability and improve the quality of its services. These documents include recommendations for credit unions on how to (i) manage credit union's assets and liabilities and SMP-loan portfolio; (ii) administer lending and deposit operations; and (iii) disseminate information about loan offers of credit unions among their customers. The event was attended by representatives of 10 credit unions from the Southern and Central regions of Ukraine.



Credit product "Strawberries" and internal study-tour to the strawberry cooperative- This quarter, AgroInvest conducted three internal demonstration site visits to Agricultural Service Cooperative (ASC) "Losyatynske Molochne Dzherelo" (Losyatyn village, Ternopil oblast) with the purpose of sharing experience and best practices pertaining to the cultivation of strawberries and raspberries as well as purchasing seedlings using the credit product "Strawberries". The training was intended for cooperative members and other local farmers (potential borrowers) and officers of USAID AgroInvest

partner credit unions who offer this product and are interested in promoting it.

ASC Losyatynske Molochne Dzherelo is participating in the project "Development of Strawberry Cooperatives" and has broad experience in the cultivation of open-field strawberries using drip irrigation and mulch film. 80 percent of the cooperatives produce are supplied to "Danone" for use in its products which is evidence of the high quality of the produce and 20 percent of the produce goes to the fresh market. ASC "Losyatynske

Molochne Dzherelo” is also increasing the quality of its produce through cool storage facilities purchased via a grant from USAID AgroInvest.

According to results of the activity, agricultural producers from Kharkiv, Cherkassy, Chernigiv and Lviv oblasts purchased more than 5,000 high quality seedlings of “Polka” and “Honey” strawberry varieties from ASC “Losyatynske Molochne Dzherelo” having used the information and financial support provided by USAID AgroInvest credit unions partners.

Raising awareness of small and medium sized producers to the opportunities of accessing lending resources through credit unions and participation and facilitation of public dialog regarding legislative initiatives that could impact credit unions' agrilending abilities

During this reporting period AgroInvest implemented multiple activities aimed at highlighting the role of credit unions in funding SMPs. The purpose of the activities were to inform agricultural producers, prior to the autumn sowing campaign, about the opportunities to access loans from credit unions to secure needed inputs. The second purpose was to draw attention of the state authorities to the fact that credit unions are virtually the only source of funding for small and medium sized producers in rural areas and therefore any legislation should preserve the existing system of credit unions.

- In mid-August 2013, USAID AgroInvest partner, the Ukrainian Education Reform Center, collected materials for a TV program “My Land – My Right” that was aired on the central Ukrainian TV channel on September 25, 2013. The program covered the topic “How loans provided by credit unions contribute to the development of farms”. It demonstrated real examples of agricultural producers from the Lviv region who were able to secure loans from a credit union on favorable terms and to purchase the inputs they required for production (fuel, seeds, fertilizers, fodders, equipment and others), to sow and harvest and, consequently, to preserve and even expand their business. These farmers shared their experience about the process of applying for and receiving their loans, the advantages of working with credit unions and the importance of cooperation. A radio version of the program was also adapted from the video and was aired nationally on radio ERA on September 16, 2013.
- On September 6, 2013 in Kyiv, USAID AgroInvest held a press conference entitled “What should be the legislation on credit cooperation in Ukraine to enable credit unions to implement their potential for supporting the development of small and medium producers?” Representatives of the USAID AgroInvest Project, the AUCUA and UNASCU were speakers at the conference. Listed below were the issues discussed: reasons for updating the Law of Ukraine “On Credit Unions”; currently proposed changes to the Law “On credit Unions” and whether they fully meet the interests of credit unions’ development, especially in view of agrilending increase. 74 publications (articles, radio programs, TV spots, etc.) on the

opportunities for SMPs to access loans through credit unions appeared in Ukrainian media as a direct result of this press conference.

- On September 10, 2013, a press tour entitled "Revival of Rural Credit Cooperation" was conducted to familiarize journalists with the activities of Credit Union "Kreditsoyuz" regarding its financial services and interaction with small and medium sized agricultural producers. This credit union is notable due to its very active strategy of lending to SMPs, and the fact that it provides credit from UAH 500 up to UAH 1 million for the development of agricultural production. Representatives of the credit union participated in all USAID AgroInvest events and implemented all received recommendations; in particular, new products for lending to SMPs are utilized.

Activities of partner credit unions on the development of agrilending and implementation of new credit products for SMPs

This quarter credit unions members of the AUCUA/DPP and UNASCU Agrilending Task Forces carried out more than 70 events aimed at the development and expansion of lending to SMPs. According to the information provided by these credit unions, over 700 participants attended these events.

For example, on September 17, representatives of the credit union "Vyhoda" participated in a round table entitled "The Current Situation with Ensuring Rights and Opportunities for Rural Women" conducted by the Verkhovna Rada of Ukraine. The event was attended by NGOs, women farmers, representatives from different cooperatives, extension services, the International Charitable Organization "Community Well Being", the Non-Governmental Association "Women's Information and Consultation Center", and the Ministry of Foreign Affairs of the Kingdom of the Netherlands. The main result of the credit union's participation was that MPs heard firsthand how credit unions operate in Ukraine and how they help poor, rural inhabitants to survive during the tough times and also on problems faced by credit unions due to the existing legislative uncertainty and on the need to preserve the non-profit status of credit unions. Additionally, Maria Syuma, the Head of credit union "Vygoda", conveyed to the MPs information on land issues in rural areas.

Credit union "Boykivschyna" (Drohobych city, Lviv oblast) and the credit union "Kredyt-Soyuz" (Cherkasy city) participated in local Village Day and Field Day festivals. During these festivals, heads of agricultural enterprises and farms, festival guests, and representatives from local authorities had the opportunity to learn about the work of the credit unions, new credit products developed with USAID AgroInvest support, and about knowledge generated by the Project Task Forces on promising crop varieties and different methods of their cultivation.

The credit union "Kharkivska Kasa Vzaemodopomohy" participated in a fair of beekeepers of Kharkiv oblast. This activity resulted in a proposal of cooperation from the largest company for beekeepers to the credit union, and namely, the company would

recommend beekeepers to purchase its equipment through the credit union assistance. The innovative credit product for beekeepers developed by AgroInvest was presented at the fair and the credit union received several new applications for credit upon the presentation.

Agrotechnological trainings as the basis of development of cooperation targeted at increasing agrilending to SMPs

In July and September 2013 two practical training sessions were delivered to farmers - clients partner credit unions covering the following issues: "Peach's agro-techniques in the summer-autumn period. Cooperation in marketing as a way to increase SMP's profitability" (30 participants, Odessa Oblast) and "Technological support for a credit project - a way to reduce the risk of agro. Example: cost-effective production of field crops under drip irrigation in the Southern region" (30 participants, Kherson Oblast).

The purpose of these trainings is to improve the creditworthiness of agricultural producers through sustainable development of their businesses. The activities resulted in agreement with Oikocredit Ukraine and Agro Capital Management on developing specialized investment credit products for the purchase of drip irrigation systems and fruit production. Agro-Optima, an AgroInvest agri-technological partner, has already provided information on prices and specifications for sets of standard drip irrigation equipment for 10 ha and 50 ha. Effective January 2014, SMPs in the Southern regions will be able to purchase drip irrigation equipment on affordable terms and condition.

As another part of cooperation with Agro Capital Management and Oikocredit Ukraine, AgroInvest experts advised agriculture producers from the Southern region on the terms and conditions on which these companies provide funding and provided recommendations on selecting an appropriate lender depending on the purpose and amount of a loan. Specifically, the private agriculture company, Synenko A.A., from Hola Prystan raion, Kherson oblast, filed an application with Oikocredit Ukraine for a UAH 2,000,000 loan to purchase irrigation equipment needed to increase its irrigated area by 116 ha. Additionally Agro Capital Management is considering a loan application from agriculture servicing cooperative Krymecoprod. The latter wants to borrow UAH 450,000 to equip nine milk collection points in Belohorsk raion in Crimea.

In August 2013, with AgroInvest financial support, ten grapes growers (members of partner credit unions) took part in The Golden Cluster – 2013 Conference. They learned useful and up-to-date information regarding the international and domestic table grape markets, new grapes varieties, vine growing and grapes handling technologies. At an exhibition, which was held as part of the Conference, they familiarized themselves with offers from leading suppliers of inputs, machinery and equipment for viniculture accompanied by financing opportunities developed by credit unions under AgroInvest's guidance and support.

Development of a new model of the “all-around” financing of SMPs

As credit unions have historically focused on short-term lending to SMPs, the long-term financing needs of SMPs remain unsatisfied due to the high interest rates offered by credit unions. At the same time, banks are still not willing to finance the long term applications of the smallest SMPs, as well. To cover this gap, AgroInvest developed a new approach for the “all-around” agrilending to the smallest SMPs whereby their short-term needs are financed by credit unions and their long terms needs by any financing company which has working relationships with these credit unions. The all-around financing approach is aimed at accelerating the rise of SMPs’ business effectiveness sustainability.

In September 2013, negotiations took place between the financing company Oikocredit Ukraine and Hromada Credit Union managers as part of a development model of co-financing perspective agri projects. The parties reached agreement that when borrowing over UAH 1,500,000 the farmers (Hromada members) will receive funding from Oikocredit. Thus, three to four Hromada members are expected to receive up to UAH 6,000,000 of investment funding from Oikocredit Ukraine in the next year.

COMPONENT 3: Facilitate Market Infrastructure for SMPs

Task A: Producer Organization Development

The Project’s main activities this quarter continued to focus primarily on the following two priorities: (1) the organization and implementation of trainings and studies focused on building the capacity of SMPs and POs and (2) the organization and implementation of competitive grant Projects for POs.

Work continued on the development of the economic feasibility study for the modification and amendments to the Tax Code of Ukraine regarding VAT taxation on agricultural produce sold by agricultural service cooperatives. The activity is conducted at the request of the MAPF. In October 2013, results of this activity will be presented for public discussion to officials of the MAPF as well as to researchers and practitioners in the sphere of cooperative operations. A relevant presentation will be made at the International Conference on Cooperative Development. Once refined, draft amendments to the Tax Code will be sent to the MAPF as a model to integrate SMPs into the agricultural produce marketing system.

The Project also continued its monitoring and capacity development efforts among partner producer organizations’ grant projects, including:

- The monitoring and capacity building activities of 11 AgroInvest PO grant recipients. Grants with Storozhynets ASC Union “Hospodar Pidhirya”, ASC “Khayal-2009”, ASC “Zakhidny”, ASC “Budzhak”, ASC “Severyn”, ASC “Ivankovetsky Svitanyok”, ASC “Umyut”, all signed in previous reporting periods continued and new grant agreements were signed this quarter with ASC “Frukty”

- Krymu”, ASC “Lypivsky”, ASC “Losyatynske Molochne Dzherelo”, ASC “Shyroke”;
- Equipment procurement was funded for ASC “Severyn” (equipment for a cool storage chamber), ASC “Losyatynske Molochne Dzherelo” (equipment for a cool storage chamber) and ASC “Ivankovetsky Svitanyok” (equipment for a dairy processing line);
- A grant agreement for Lviv Oblast Cooperatives’ Association “Rivnopravnist” was developed and submitted for USAID review and approval.

This quarter six new cooperatives were selected during the fourth round of the grant tender for producer organizations: ASC “Chysta Flora” (freezing equipment for berries and fruit), ASC “Zolota bdjola” (honey packaging), ASC “Snovyanka” (oil extrusion and mixed livestock feed preparation), ASC “Start-M” (vegetable sorting), ASC “Djilek” (vegetable cooling and storage), ASC “Molochni riky” (mixed fodder preparation). In October 2013, site-visits and pre-award responsibility assessments will be executed by AgroInvest SAF and Component 3 team members.

In cooperation with the Ministry of Agricultural Policy and Food of the Autonomous Republic of Crimea, AgroInvest organized and conducted training for leaders of Crimean servicing cooperatives titled "Developing and implementing cooperatives' business operations programs". At this training event, producers and other key stakeholders interested in further improving the distribution system for produce of farms and individual agricultural households were able to improve their knowledge of how to formulate their business development plans.

On July 19, 2013, Component 3, jointly with Kherson Oblast Administration organized and conducted a seminar of development of agriculture servicing cooperatives in Kherson oblast. Participants to the seminar included officials from the oblast state administration, regional department and local offices for agri-industrial development, representatives from the Association of Village and Town Councils, cooperative managers and leaders, researches. 80 individuals attend the seminar.

Component 3, Task B: Developing Effective Market Infrastructure for Small and Medium-Sized Producers

Under Component 3 Task B. the main activities this quarter focused on (1) preparing a preliminary feasibility study for the National Green Market Project and, accordingly, formulating the national concept for developing the market infrastructure of the Ukrainian agro-industrial sector, (2) developing the design and feasibility studies for the construction of an agricultural wholesale and retail markets and logistic centers in the Autonomous Republic of Crimea and Kherson Oblast, and (3) providing technical assistance with development of the wholesale agriculture market in Rivne oblast.

The preliminary feasibility study for the National Green Market Project – Developing a Network of Wholesale Food Markets, was prepared. This activity was launched at the request of the MAPF and the National Agency for Investment and National Project

Management. The Green Market Project is a component of the 2013 National Plan for implementing the Economic Reform Program for 2010-2014 "Prosperous Society, Competitive Economy, Efficient State" which was established by Presidential Decree # 128/2013 dated March 12, 2013.

The feasibility study for the National Green Markets Project serves a basis for drafting a Cabinet of Ministers Decree regarding the principal areas of developing the agro-industrial sector infrastructure and public-private partnership in this sphere. In addition, as part of this activity, AgroInvest is developing proposals on enhancing the legislative and regulatory frameworks to ensure the comprehensive development of the agrarian market infrastructure. For example, AgroInvest has proposed to amend the Law of Ukraine "On Wholesale Agricultural Markets" with a separate section on farmers' markets to apply the said law provisions for facilitating the allocation of land and providing state support for such markets' construction. These legislative changes will enhance the status of farmers' markets, accelerate and reduce the costs of resolving land issues and, consequently, will increase investments in construction.

Component 3 continued providing technical assistance to develop the wholesale agriculture market "Shelen", in Rivne oblast. Excavation works are underway on the project site and the structural units have been ordered and are currently being manufactured. USD 4,120,000 was invested in the project as of September 30, 2013.

The technical designs for wholesale-and-retail agriculture markets in Dobre village, Simferopol raion, and Zuya town, Bilohorsk raion were finalized this quarter. They were presented and discussed with engagement of public, local government officials, and officials from the Crimean Ministry of Agricultural Policy and Food. The process of land plot allocation for these market projects has been completed. Both plots have been properly registered in the land cadastre. Currently, the market design process is in its final stage and preparation for obtaining construction permits is underway. As of September 30, 2013, internal investments in the preparation for construction of these markets amounted to USD 1,581,800 including USD 820,600 for Dobre market and USD 761,200 for Zuya market.

Market studies and preparation of feasibility studies for the development of two wholesale-and-retail markets in the Crimea (Krasnogardeyske and Kukushkino) have been completed. The results of this activity have been presented to and approved by the Crimean Ministry of Agricultural Policy and Food. The processes of allocating land plots and attracting investment for development of these markets is currently underway.

Activities focused on preparing the feasibility study for development of wholesale livestock market Charodiy, in Cherkasy oblast have been completed. These activities included substantiation of the market's capacity, development of design solutions with regard to the technological structure of the market, energy saving indicators, the use of recycled resources, labor safety, and environmental impact before, during, and after renovation as well as during operation.

Component 3 continued providing technical support to the development of the Hola Prystan wholesale-and-retail agriculture market. Specifically, AgroInvest specialists, jointly with local government officials, addressed legal aspects of changing the designated purpose of land allocated to the market and organizing the seasonal operations of the section of the market where local SMPs will be able to sell their produce from trucks. In addition, 100 covered stalls were opened for selling fruit and vegetables. Construction of a pavilion for selling meat, fish and dairy products (680 m², 200 stalls) continued. Internal investments in development of these facilities amounted to USD 148,000 as of September 30, 2013.

Participation in Public Events Devoted to Development SMPs and POs

The AgroInvest team actively participated in organizing and leading conferences, workshops, and trainings on developing POs and SMPs and on the establishment of a working system for wholesale and individual wholesale markets.

On July 22-23, 2013, USAID AgroInvest participated in conducting a conference aimed at sharing European experience of cooperatives in order to implement the state policy on the establishment and support of development of agricultural cooperatives. The conference was organized under the EU TAIEX program by the Ministry of Agrarian Policy and Food of Ukraine and the State Scientific and Methodological Center "Ahroosvita."

Participants of the conference established the Coordinating Cooperative Council, which includes representatives of cooperatives, government agencies, technical assistance projects, and academic circles. The main purpose of this Council is to identify areas for improvement of the existing legislation on service cooperatives and practical steps needed for its development in Ukraine. USAID AgroInvest is also represented on this Coordinating Cooperative Council.

On August 01, 2013, AgroInvest specialists took part in the training seminar titled "Mechanisms for increasing capacities of agriculture advisory services". Inter alia, the seminar highlighted AgroInvest activities and Agriculture Support Program. The seminar participants were particularly interested in how they can work with AgroInvest to develop their business plans and better understand the current legislative and tax requirements governing ASCs in Ukraine.

On September 27, 2013, an AgroInvest's Market Infrastructure Specialist made a presentation titled "Developing the regional logistic system and agro-industrial sector infrastructure" at the VII International Investment Forum "Tavriya Prospects".

PROJECT COMMUNICATIONS

USAID AgroInvest communication activities continued to evolve this quarter, creating ever more opportunities to broaden public access to information about Project work. Using media outputs such as TV and radio programs, AgroInvest informs, educates and raises awareness of the target audience about burning land and agriculture related issues.

The Project employs a number of communications tools to ensure progress, success and sustainability of activities performed throughout Ukraine are properly reflected. USAID AgroInvest's web site, Facebook page and Agrarian Press Club are very effective tools of communications and the Project's numerous public events and publications serve as a proven source of useful information on various agro sector related issues, i.e. agricultural legislation, access of agrarians to finance and market infrastructure development.

Events and Presentations

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

The Project was presented at round tables, seminars, and conferences organized by AgroInvest and partner organizations. The total number of public events organized, co-organized or supported by the Project totaled 84 between July and September 2013. In these events information about USAID AgroInvest, its goals, and progress to-date were highlighted.

Of note are the following events:

- On August 14-15, 2013, USAID AgroInvest facilitated two demonstration site visits to agricultural service cooperative "Losyatynske Molochne Dzherelo," to expose small and medium-sized agriculture producers – members of credit unions Kredyt-Soyuz, Boikivshchyna, Slobozhanska, Kredyt-Fos, Narodna Dovira, Diya, Samopomich, Dovira and Yednannia – to cutting-edge technologies for strawberry and raspberry growing and distribution as well as to help them obtain loans for strawberry and raspberry field development. Representatives of agricultural cooperatives Agrosvit, Zarinok, Berlin and Agroolimp as well as private farmers participated in the site visits. During the site visits, experts from the cooperative explained and demonstrated to participants the technologies they utilize pertaining to drip irrigation and utilizing film coverings for crops. It is planned that should a participating agriculture producer decide to expand their farm, purchase seedlings, drip irrigation system, film or other inputs, the credit unions will work with the producer(s) to develop financing opportunities for such purposes.
- On September 7, 2013, USAID AgroInvest participated in the Fifth All-Ukrainian Organic Products Fair. Co-organizers of the event included the All-Ukrainian NGO



Demonstration site visits on growing and marketing of strawberries and raspberries, Ternopil oblast, August 14-15, 2013



Fifth All-Ukrainian Organic Products Fair, September 7, 2013, Kyiv

"Living Planet," Biolan Ukraine Association, and Illintsi State Agricultural College. USAID AgroInvest's Chief of Party took part in the opening ceremony. Given the growing importance of organic farming in Ukraine, the Fair has become a symbolic bridge between the direct organic producers and their potential consumers. Producers from all over Ukraine offered visitors certified organic vegetables, fruits, berries, honey, juice, beverages, syrup, jam, cereals, flour, milk, dairy and meat products and so on. Also the visitors were able to taste organic foods and beverages, take part in contests, and enjoy the wonderful music and songs by famous Ukrainian artists and art groups.

- On September 10, 2013, a press tour entitled "Revival of Rural Credit Cooperation" was conducted as part of the My Land - My Right public education campaign which is being implemented by the Ukrainian Education Reform Center with USAID AgroInvest Project's assistance. The press tour familiarized journalists with the activities of Credit Union "Kreditsoyuz", partner of USAID AgroInvest Project, with a focus on its financial services and interaction with small and medium agricultural producers. The trip to Cherkassy oblast started with a press-conference at which experts informed participants about the activities of credit unions, rural credit cooperation and amendments that need to be implemented in the legislation on credit unions in order for them to unleash their potential of ensuring access to funding for small and medium producers. Journalists had the opportunity to visit farmers who secured lending from the "Kreditsoyuz" and learn about the results of this cooperation.

- On September 18, 2013, USAID AgroInvest with its partner, "Land Union of Ukraine", participated in a joint seminar facilitated by the German Company for Land Administration and Sales (Bodenverwertungs-und-verwaltungs, GmbH / BVVG) managing state-owned lands in Eastern Germany. The following experts made presentations at the event:

- Gerhard Ludden - Legal Advisor, Deputy Head of BVVG branch in Saxony-Anhalt;
- Anya Lindermann – Advisory Engineer, BVVG;
- Rudolf Fitz – Legal Advisor for the Rural Union in Bavaria;
- Christoph Molkebur – Environment and Land Protection Information Officer of the Ministry of Environment, Health and Consumer Right Protection of the state of Bavaria.

Invitees included lecturers and students from the National University of Bioresources and Nature Management of Ukraine, specialists of the Ministry of Agrarian Policy and Food of Ukraine and the State Agency for Land Resources of Ukraine, representatives from local state administrations and local self-governments specialized in land relations.



Revival of Rural Credit Cooperation press tour in Cherkasy oblast, September 10.

National Agrarian & Land Press Club

The National Agrarian & Land Press Club organized four public events in the reporting period, including 3 meetings and one press tour. For details, please refer to Annex 1.

In addition, the Press Club prepared twelve articles/stories disseminated for free reprinting among media outlets. These materials cover all major subject matters in focus for AgroInvest. The table below shows the number of re-prints for each item. Due to massive coverage and very well thought through messages, these publications are an important tool that helps attract attention of decision makers to issues AgroInvest aims to resolve.

Title	Number of reprints
1. <u>Land moratorium still raises heated discussions</u> – the article describes situation with land moratorium in Ukraine, attitudes of citizens and experts' opinions on how it slows the agrarian reform and economy as a whole	44
2. <u>Crop rotation: when the law cannot be followed...</u> – an interview with Roman Korinets, President of Agricultural Advisory Services of Ukraine – USAID AgroInvest's partner – on pros and cons of the Maintaining Soil Fertility Law	19
3. <u>Pavlo Kulynych: State monopoly will hurt land market</u> – an interview with Pavlo Kulynych, Senior Legal Adviser of USAID AgroInvest, which reviews the Draft Law on Agricultural Land Circulation	34
4. <u>Credit unions: to reform or to destroy?</u> – an article about the situation with Credit Unions Reform initiated by the National Bank of Ukraine; it provide experts' comments of the President of All Ukrainian Association of Credit Unions, Viktoria Volkonska and Ivan Vyshnevskyi, the Chairman of the Association of Credit Unions' Deposit Guarantee Program – USAID AgroInvest's partners	10
5. <u>With the adoption of the new law, it will be easier to coordinate land documents</u> – an interview with Andriy Koshyl, Head of the Land Rights Resource Center on Land Rights about the procedure of land rights registration with regards to the adoption of new legislation	32
6. <u>Agricultural markets will become greener</u> – an interview with Mykola Hrytsenko, Market Infrastructure Component Leader of the USAID AgroInvest Project on the Green Markets National Project	37
7. <u>Registration of rights to real estate becomes more comfortable for people</u> – an interview with Anna Matvienko, expert of the Land Rights Resource Center on Land Rights speaks about the training campaign for state registrars and notaries conducted by the Land Rights Resource Center with support of USAID AgroInvest in cooperation with the Ministry of Justice of Ukraine.	10

Title	Number of reprints
8. <u>Green Markets will feed Ukrainians with fresh produce</u> – an article based on the meeting of the National Agrarian and Land Press Club supported by USAID AgroInvest Project, where the results of the pre-feasibility study on the Green Markets National Project were presented.	38
9. <u>Specifcs of lending in the current year</u> – an article based on meeting of the National Agrarian and Land Press Club and press-tour supported by USAID AgroInvest Project devoted to lending to SMPs offered by credit unions and legislative changes that would help increase access to finance for SMPs	26
10. <u>Land lawmaking and Shakespearean passions</u> – an article reviewing recent proposals regarding draft law on land circulation	26
11. <u>Authorities of Dnipropetrovsk oblast are in dialogue with the public</u> – an article about new instrument for solving land problems through dialogue of authorities and civil society implemented by USAID AgroInvest's partner – Public Platform for Implementation of Land Reform in Dnipropetrovsk Oblast	15
12. <u>Recipe of success from a rural cooperative</u> – an interview with Mykola Novosad, head of cooperative “Losyatyn Mild Spring” – USAID AgroInvest's partner.	22

Project Web-site

AgroInvest continued to develop and maintain its bilingual web-site: www.agroinvest.org.ua to share the latest Project news, reference materials, and grant and subcontract opportunities. The site content is regularly updated in terms of learning and training opportunities, cooperation, agro-sector news and information materials, including links to all radio and TV programs produces, and information materials available for re-printing.

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

Month	Unique visitors	Number of visits	Pages	Hits	Volume/ downloads, GB
July 2013	3,057	5,980	25,180	137,751	3.00
August 2013	2,833	5,359	21,739	111,874	2.57
September 2013	2,586	4,747	20,761	124,913	3.66
Total	8,476	16,086	67,680	374,538	9.23

Notably, over the past fiscal year (October 2012 – September 2013), the Project’s web site was visited by more than 28,000 unique visitors who made over 1.2 million hits and downloaded approximately 25 gigabytes of information. The amount of downloaded information has doubled compared to last year.

The integration of social media tools, such as Facebook, is an increasingly important component of AgroInvest communications. AgroInvest continues to develop its [Facebook Page](#). The page contains information about the Project, its activities, success stories, and numerous photos from events organized by AgroInvest. During the reporting period AgroInvest posts reached more than 1,000 readers every on a weekly basis. Over the reporting period, 1,398 new posts, including articles, legislation overview, and photo reports from public events were added to the page. Almost all of these have been shared by USAID Ukraine Facebook administrators. In the reporting period, the number of engaged users of USAID AgroInvest on Facebook totaled 61,515.

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

Publications

In the reporting period, USAID AgroInvest supported the development and dissemination of the following publications:

- Guide of Investment Proposals in Agro-Industrial Sector of Ukraine, a 246 page guide with detailed information on various investment opportunities available in the agricultural sector of Ukraine. The guide was prepared in cooperation with the Ministry of Agrarian Policy and Food and presents proposals by oblast. It will be disseminated at various international and domestic investment with the view of attracting investment in a number of sectors of Ukrainian agriculture;
- Practical Manual “Agricultural Service Cooperative: Beginnings” – a guide that contains tons of useful information for those who would like to establish an agricultural service cooperative, ranging from main principles for establishing a cooperative to model statutes, applicable laws and templates of various documents. The publication was prepared by the USAID AgroInvest’s partner – Union of Agricultural Service Cooperatives. It is disseminated free-of-charge among cooperatives and producer groups willing to establish a cooperative.

GENDER INTEGRATION

During this reporting period the AgroInvest Project focused on the following tasks related to gender integration activities:

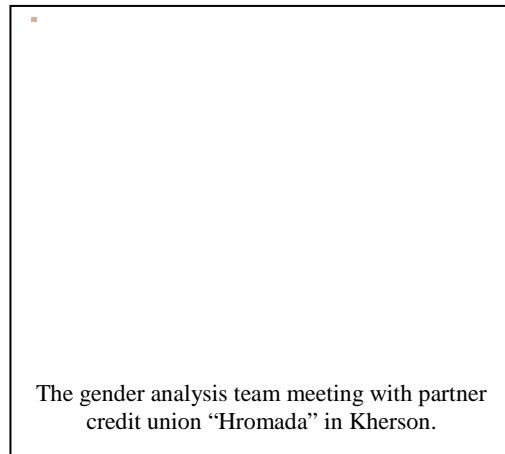
- Conducting the gender analysis in agriculture development of Ukraine;

- Participating in Training for Trainers under the grant program with the Ukrainian Women Fund;
- Conducting training “Women in agriculture” for Council of women-farmers in Zaporizhzhya region.

Under the first task, the Project conducted a gender analysis, which included a preparatory stage, primary and secondary data collection, and drafting the report.

The preparatory stage included development of the list of potential candidates for field research, reaching out to them, and getting the agreement for further participation. On this platform a questionnaire for different types of informants had been developed. Also, this platform included an introductory meeting with the Ministry of Agricultural Policy and Food (Department for development rural territories) and USAID officials.

Primary data collection included: a) in-depth individual interviews and focus-groups with women and men, either agricultural cooperatives, women farmers, or members of their families; rural households' female or male owners; experts on agrarian development policy; gender equality experts; national and local government officials; representatives of agricultural advisory services; representatives of farmers' business and marketing associations; representatives of women's civil society organizations; b) site-visits to agrarian cooperatives, which included those led by women; c) visits to seasonal farmers' markets; and d) meetings with the MAPF, USAID officials and AgroInvest team for consultative, supervisory and advisory purposes.



The gender analysis team meeting with partner credit union “Hromada” in Kherson.

Secondary data collection included: a) an analytical review of GoU national and local/oblast policies on agriculture and on ensuring gender equality; b) an analysis of USAID's gender policies and reports; and c) a review and analysis of AgroInvest's program and practices.

Informants were selected by determining their relation to the agriculture/agrarian sector. Other selection criterion were mostly random, and respected a non-discrimination approach regarding age, sex, sexual orientation, nationality and ethnicity, disability, social status, education, etc. Informants' groups were selected taking into account the focus on: female and male-farmers; farmers' family members; agri-cooperatives and rural individual households, led by women or men; women's and gender-related associations and civil society organizations; agri-advisory services and credit unions, with experience serving rural and agri-clients (both, female and male); officials from national and local governments' departments on agri-economic and rural development and those responsible for implementing Ukraine's policy on ensuring equal rights and opportunities

for women and men. The number of female-male informants, and the types of related legal or physical entities was significant for obtaining a precise and verified evidence-based data. There were a total of 67 respondents, of whom 52 (or 77.6%) were women. Forty-two were rural citizens (62.7%), of whom 35 (83%) were women. Urban citizens, individuals who are involved in agri-policy or in agri-production, accounted for 25 persons (37.3%), of whom 16 (64%) were women.

Findings, results of research and analysis been formalized in the report and the Project during the period submitted to the USAID draft report of the Gender Analysis. The main conclusions of the report are presented in the following box:

There are strategic reasons for the GoU, USAID and AgroInvest to focus on women within their agrarian and agriculture policies and programs: (1) Women not only account for more than half of the rural population, but contribute significantly to many dimensions of family farm businesses, (2) As a matter of gender relations, women are critical partners for their husbands, in order for the family farm to be a success, and (3) The family farms will disappear if younger women and men have no reason to stay and work in agriculture in rural areas, leaving men without wives and vice versa. But focusing on women means making sure they are seen and heard, recognizing them as assets for the economic dimensions of agrarian policy, and investing in them as valuable partners. The reason for successfully engaging women and men, in their respective spheres and contributing their particular knowledge and perspectives, is not simply to respect gender equality principles or commitments. Rather, it is a critical approach for crafting effective policies and achieving

In July 2013 the Project conducted training for the Council of women-farmers in Zaporizhzhya region. This training was requested by the organization and was in line with a training conducted of members of mentioned organization in Kherson region. During the training, participants observed cold storage facilities available in the Velyki Kopani wholesale fruit and vegetable market, and been presented potential business-plans for obtaining mini-cold storage facilities from the Astra company. Many of the participants were particularly interested in cold storage facilities as they all focus on production of fruits and berries (grapes, strawberries, blackberries) which require cold storage for best retail opportunities.

In August 2013 the Project conducted the selection of trainers and executed the training for trainers under a grant to the Ukrainian Women Fund. The two-day training for trainers was conducted in Kyiv and joined trainers from different regions of Ukraine. The main topics covered during the training session were gender and its place in everyday life of rural communities, how to reveal gender issues during trainings in socioeconomic ways and demonstrate its impact on life in the community, legal provisions on ensuring gender equality in Ukraine, and many others. The selection of trainers was based on the principle of differentiation – select people from



Training of trainers participants receiving their certificates

different fields of work (economics, finance, NGOs), but with strong interest in gender issues in rural area. Such an approach would increase the capacity of the UWF in the network of gender trainers and would bring new and fresh points of view to the process of the trainings. One of the trainers, a professor from one of the most well-known Ukrainian Universities, Kyiv-Mohyla Academy, mentioned after the training: “Such topics as economic division of labor, un-paid homework (mostly done by women in rural area) and its contribution to the GDP of the country should be included into any planning and research activities”. The Project will continue working with increasing capacity of trainers before the start of trainings and thus increase the capacity of selected NGOs in understanding and integration of gender in agriculture activities and rural development.

SECTION II: DELIVERABLES

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

Deliverables	Date Submitted
Review and Update of the AgroInvest Project's Agriculture Policy Priorities	July 15, 2013
Alternative to the draft law “On Agricultural Land Circulation”	July 25, 2013
April 1- June 30, 2013 Quarterly Report	July 31, 2013
Year 4 Annual Work Plan	September 2, 2013
Gender Analysis: Opportunities to Strengthen Family Farms and the Agriculture Sector in Ukraine	September 30, 2013

SECTION III: CHALLENGES AND PLANS TO OVERCOME THEM

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

1. There is uncertainty with the final content and the timing of submission of the draft law “On Agricultural Land Circulation” to the Verkhovna Rada of Ukraine. Despite earlier announcements that the draft law has been finalized by the working group under the MAPF and would be sent to the Cabinet of Ministers and the Verkhovna Rada for approval, this has not happened during the reporting period. There is a chance that the submission of the draft law for parliamentary review will be delayed further. At the same time, some provisions proposed in

this draft law have appeared in Parliament as legislative initiatives of individual members of the Parliament. This, in particular, includes proposals on the State Land Bank and on changes to legislation on lease agreements. AgroInvest will monitor developments with this draft law very closely and continue to engage in and facilitate discussions of the law or its parts as opportunities arise.

2. Gathering copies of lease agreements for their subsequent analysis turned out to be much more complex and difficult than anticipated. A number of AgroInvest partner industry associations which agreed to provide copies of lease agreements from selected oblasts reported that this could not be done due to reluctance of lessees and lessors to provide copies of the documents. AgroInvest is seeking the direct involvement of the Association of Village Councils and State Land Agency in collecting a sufficient number of lease agreements for the analysis.

Implementation concerns for Component 2 are as follows:

1. The continuing economic crisis raises ongoing concerns for partner financial institutions. In late September, 2013 Moody's downgraded the ratings of Ukrainian government bonds from B3 to C1. With respect to macroeconomics, the GDP fell by 1.1% in the first quarter of 2013, and in the second quarter the GDP fell by 1.3% compared with the same period of 2012. According to the IMF, GDP growth at 0% is expected for 2013. In attempts to mitigate the negative impacts of the worsening economic environment, the package of risk decreasing initiatives continues to be developed and offered by AgroInvest for financial partners to implement in the course of their agrilending to SMPs. The initiatives are aimed at increasing the quality of the partners' credit portfolios and are based on advanced methods of risk assessment of SMPs.
2. To prepare the partner credit unions for operating in the potentially new legislative environment expected to be introduced in Ukraine in the coming years and ensure the sustainability of AgroInvest's efforts to increase agrilending to the smallest SMPs through credit unions, AgroInvest continues to share best international practices of cooperative bank operations with them, and is initiating a public dialog to support the development of the most appropriate legislation to enable the credit unions to increase their agrilending capacities.

As for Component 3, the following major factors and challenges continue to hamper the development of agrarian market infrastructure in Ukraine:

1. Development of wholesale and retail agricultural markets in Ukraine is a relevant task for Ukrainian economy, but there are still some critical points in the process that hinder their development, namely:
 - Difficult processes related to the allocation and registration of land plots for the markets (from 6 months up to 2 years);
 - Farmers' markets face discriminative conditions compared to those wholesale markets with regard to land allocation;

- Complex and unpredictable processes related to obtaining construction permits from the State Architecture and Construction Inspection Agencies of Ukraine. For example, management of the wholesale agricultural market “Shelen” has not been able to obtain the appropriate construction permit since July, as a result, they are failing to meet the planned schedule for trading facility construction and commissioning.

In order to address these problematic issues, AgroInvest conducted a systematic analysis of the legislation in the area and developed proposals for appropriate amendments to the Law of Ukraine “On Wholesale Agricultural Markets”. Additionally AgroInvest is discussing these issues with the MAPF and other relevant agencies within the confines of established MOU’s and protocols of intentions with these bodies.

2. Development of agricultural service cooperatives and their effective business activities remains constrained through value added tax requirements on agricultural produce of individual producers, i.e. the individual members of the cooperatives who marketing their produce through such cooperatives (the situation leads to unequal economic conditions for individuals distributing their agricultural produce through cooperatives and the entities being subject to a preferential taxation). With AgroInvest’s technical support, a feasibility study of the said problem has been conducted and a draft law of Ukraine on Amendments to the Tax Code of Ukraine was developed. Public discussions of the draft law are underway.
3. Proper and systematic transaction accounting is essential for the development of agricultural service cooperation. Unfortunately, Ukraine has not yet adopted a unified accounting methodology for cooperatives. To address this issue, AgroInvest is participating in the development of methodological recommendations for cooperative accounting. The Project has also developed a scientific and practical commentary to the Law of Ukraine on Agricultural Cooperation and related legislative texts

SECTION IV: PLANNED ACTIVITIES FOR NEXT QUARTER

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

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

- Continue lobbying for the improvement of the draft law “On Agricultural Land Circulation”, if/when it is registered in the Verkhovna Rada of Ukraine, update the analysis of the draft law, submit it to the parliamentary committee on land and agricultural issues, and share with key project partners;
- Commence implementation of the analytical group under the Ministry of Agrarian Policy and Food;

- Complete institutional assessment of partner industry associations;
- Complete the collection of lease agreements, initiate their analysis to develop practical advice for land share owners and proposals on how to improve legal framework for agricultural land leases;
- Re-launch/continue the Legal Land Rights Services Program in at least eight oblasts of Ukraine;
- Continue a series of seminars for state registrars and notaries in cooperation with the Ministry of Justice of Ukraine;
- Continue the Land Rights Awareness & Education Campaign, including radio programs, TV and radio talk shows, producing video and radio spots on topical issues, and work with media through the National Agrarian & Land Press Club;
- Support a media competition on agrarian and land issues as part of the information campaign.

Component 2, Stimulate Access to Finance

- Select a partner bank to replace Erste Bank, which has frozen its agrilending activities due to a change in its marketing strategy (ownership change driven);
- Develop the booklet for potential bank applicants (middle-sized agricultural producers) with a focus on proper financial reporting;
- Develop the manual on general lending practices with agricultural specifics for potential applicants of credit unions;
- Develop materials for the financial literacy education and consulting programs for banks' and credit unions' clients in partnership with USAID FINREP-II Project;
- Conduct a study based on the results of the internal audit of credit unions - members of the AUCUA/DPP Agrilending Task Force, to analyze their current practices and areas for improvement; develop corresponding training module;
- Conduct trainings for credit unions specialists on the basics of effective communications with borrowers to support the increase in quality of lending services for SMPs;
- Conduct the first regional training sessions for persons acting as internal auditors in credit unions;
- Conduct on-site monitoring inspections of credit unions' legal and financial-and-credit activities to support the increasing in quality of lending services for SMPs;
- Begin the study of the current experience in regional programs of subsidizing the loans cost for agricultural SMPs that were launched by regional state administrations in a few oblasts of Ukraine to find out if this practice is workable in Ukraine and could be replicated in other oblasts;
- Conduct internal demonstration site visits to the credit unions to promote best practices in agrilending among other partner credit unions;

- Publish the compendium of model (template) business plans for small agriculture producers and distribute it to partner credit unions;
- Conduct at least three agrotechnological trainings for SMPs in the Southern region including coverage of cucumber production in film green houses and rabbit production;
- Conduct a training seminar on economic and other specific aspects of the main agriculture industries for staff members of partner credit unions from the Southern region;
- Work closely with Oikocredit Ukraine and Agro Capital Management to continue the development of offers of investment funding for the purchase of irrigation equipment and the construction of green houses and grain storage facilities;
- Work with Hromada to develop a deposit product to insure against weather-related risks faced by agriculture borrowers.

Component 3, Facilitate Market Infrastructure for SMPs

- Provide technical support to the processes of modification and amendments to the Tax Code of Ukraine regarding VAT taxation on agricultural produce sold by agricultural service cooperatives;
- Continue monitoring the activities of partner POs as well as capacity building initiatives aimed at them;
- Conducting trainings for SMPs and POs to strengthen their capacity in expanding services, improving access to markets and enhancing their productivity;
- Holding internal demonstration site visits to spread best practices on developing and strengthening value chains on the basis of POs implementing grants provided by the AgroInvest;
- Provide technical assistance and support the process of drafting a Cabinet of Ministers decree on the approval of preparation of a preliminary feasibility study for the National Green Market Project and implementation of local investment projects – components of the National Green Market Project;
- Provide technical assistance and support to the construction of Shelen wholesale agriculture market in Rivne oblast through assisting Shelen with attracting and mobilizing necessary investments;
- Provide technical assistance and support to:
 - Construction/renovation of two wholesale-and-retail agriculture markets in the Crimea (in Zuya and Dobre)
 - Development of two (milk processing and slaughter) facilities at the agriculture servicing cooperative, Molochny Dnister, in Kherson oblast
 - Development of the wholesale livestock market, Charodiy, in Cherkasy oblast

- Monitor the activities and development of the designs and feasibility studies for the following:
 - Development of two wholesale-and-retail markets in Crimea (in Krasnogvardiysk and Kukushkine)
 - Development of the wholesale-and-retail agriculture market in Hola Prystan, Kherson oblast
 - Development of the wholesale-and-retail agriculture market in Chernianka (Kakhovka raion); construction and renovation of three logistic facilities (Navigator-Agro, agriculture servicing cooperative "Ovochivnyk-Plus" and agriculture servicing cooperative "Beryslav Agro") in Kherson oblast

Project Communications

- Prepare mission Weekly Highlights and submit to USAID;
- Prepare monthly highlights for broad audience of project partners;
- Maintain the project web-site and Facebook page;
- Prepare publications on current project issues, including success stories;

Cross-cutting issues/Gender:

- Conduct the all-Ukrainian conference dedicated to the International Day of Rural Women in partnership with the MAPF (October 15th, 2013);
- Finalize the Gender Analysis in Agriculture Development report;
- Begin implementation of trainings for gender integration (under grant program to the Ukrainian Women's Fund) among AgroInvest partners.

SECTION V: LEVEL OF EFFORT REPORT

LOE Matrix as of September 30, 2013

Labor Category	Total Work Days	Total Work Days Utilized To Date	Total Remaining Work Days
LT Technical Assistance (Key Personnel)	1,270	635	635
LT Technical Assistance (Expatriate)	111	81	30
LT Technical Assistance (CCN)	14,405	7,278	7,127
ST Technical Assistance (Expatriate)	755	253	502
ST Technical Assistance (CCN)	420	386	34
HO Support	199	190	9
Total	17,160	8,823	8,337